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Report of the Comptroller and Auditor General of India

on

**General, Economic, Social,
Revenue and Economic (PSUs) Sectors**

For the year ended 31 March 2016

GOVERNMENT OF MIZORAM
(Report No. 2 of 2017)

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PREFACE

1. This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Mizoram under Article 151 of the Constitution of India.
2. This Report contains significant results of performance audit and compliance audit of the Departments of the Government of Mizoram under Social, Economic, General, Revenue and Economic (SPSUs) Sectors including the School Education Department, Health and Family Welfare Department, Social Welfare Department, Planning and Programme Implementation Department, Agriculture Department, Horticulture Department, Sericulture Department, Animal Husbandry and Veterinary Department, Fisheries Department, Soil and Water Conservation Department, Industries Department, Sericulture Department, Urban Development and Poverty Alleviation Department, Environment and Forests Department, Transport Department, District Council Affairs Department, Taxation Department, Land Revenue and Settlement Department, Geology and Mineral Resources Department and Food Civil Supplies and Consumer Affairs Department.
3. The cases mentioned in the Report are those which came to notice in the course of test audit during the year 2015-16, as well as those which came to notice in earlier years, but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2015-16 have also been included, wherever necessary.
4. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

This Audit Report has been prepared in five Chapters. Chapters I to V deal with Social, Economic (other than Public Sector Undertakings), General, Revenue and Economic (Public Sector Undertakings) Sectors. This Report contains four performance audits and ten compliance audit paragraphs.

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

CHAPTER-I

SOCIAL SECTOR

PERFORMANCE AUDIT

Right of Children to Free and Compulsory Education Act 2009 (RTE Act)

The Constitution (Eighty-Sixth Amendment) Act 2002 inserted Article 21-A in the Constitution of India to provide free and compulsory education of all children in the age group of six to fourteen years as a Fundamental Right in such a manner as the State may by law, determine. The Right of Children to Free and Compulsory Education Act 2009, which represents the consequential legislation envisaged under Article 21-A, gives every child the right to full time elementary education of satisfactory and equitable quality in a formal school which satisfies certain essential norms and standards. Article 21-A and the Act came into effect from 1 April 2010.

Sarva Shiksha Abhiyan, the main vehicle for implementing the provisions of the act mentioned above, has revised its framework of implementation and norms for intervention to correspond to its provisions. The Act has brought in new monitoring mechanisms to ensure that child rights are protected and provides for constitutionally created independent bodies like the National and State Commissions for Protection of Child Rights to perform this role. A performance audit on implementation of Rights of Children to Free and Compulsory Education Act 2009 in the State revealed the following significant findings:

- In the absence of actual child survey, audit could not authenticate the veracity of the department's data on the number of children who had attained the age of enrolment.
- The State could not establish schools for elementary education in all the eligible habitations within a period of three years from the commencement of the Act in the State.

Six habitations with 412 children and nine habitations with 853 children eligible for Primary Schools and Upper Primary Schools respectively as per neighbourhood norms were not provided with schools

- ₹ 743.16 lakh released for procurement of school uniforms during 2010-11 for 1.86 lakh school children by Government of Mizoram remained unspent due to non-completion of procurement formalities.
- ₹ 37.22 crore was incurred on salary of teachers in Aizawl and Lunglei who were deployed for non-educational works during 2010-16 which was against the provision of the Right to Education Act.
- As on 31 March 2016, 67 Primary and 34 Upper Primary Schools were in operation without obtaining requisite recognition certificate from the Department of School Education.
- ₹ 35 lakh for construction of additional classrooms meant for Class VIII were diverted on irregular works in three districts during 2011-12.

(Paragraph 1.3)

National Rural Health Mission

National Rural Health Mission (NRHM) was launched in April 2005 throughout the country with special focus on 18 States. Mizoram was one of the states selected for implementation of the Mission in 2005. The Mission seeks to provide accessible, affordable and quality health care to the rural population, especially the vulnerable sections. It covered the activities and programmes funded under NRHM Reproductive and Child Health Flexi-pool which encompassed the strengthening of infrastructure of healthcare centres at different levels, human resource management, implementation of schemes related to maternal health, institutional delivery, child health, immunisation, family planning, early detection, *etc.*

Performance audit on National Rural Health Mission in the State covered activities/programmes funded under the components of Reproductive and Child Health Flexi pool *viz.*, Strengthening of Health systems including Infrastructure, Mobile Medical Units, Patient Transport Systems (for referral and emergency), procurement of equipment and drugs, support to Accredited Social Health Activist workers and Village Health Sanitation & Nutrition Committees, Maternal and Child health interventions, Adolescent Health interventions and immunisation. Some of the significant audit findings are highlighted below:

- Facility surveys intended for identifying the health care needs of the people at the grassroots were not conducted in the State. District Health Action Plans were prepared without aggregating the Block and Village Health Action Plans.
- Loans to the tune of ₹ 15.40 crore released during 2011-16 from the Mission Flexipool fund to various other programs were not returned to the Mission Flexi pool.

- ₹ 4.16 crore was spent on upgradation of Community Health Centres at Khawzawl & Hnahthial from the Mission Flexipool without approval of Government of India.
- Seven out of 49 Sub Centers reconstructed/constructed during 2012-14 at a total cost of ₹ 45.14 lakh were non-operational.
- Mobile Medical Units with an aim of taking health care to the doorstep of the needy were not fully functional. Many machines (X-ray, Ultrasound, ECG and power back up) were nonfunctional.
- Under *Janani Suraksha Yojana*, which had twin objective of reducing maternal and infant mortality by providing cash incentives to pregnant women, ₹ 1.43 crore was due for payment to eligible pregnant mothers and Accredited Social Health Activist workers as of March 2016.

(Paragraph 1.4)

COMPLIANCE AUDIT PARAGRAPHS

Social Welfare Department granted old age pension of ₹ 1.48 crore to ineligible beneficiaries during 2010-15.

(Paragraph 1.5)

The Director, Hospital & Medical Education under Health & Family Welfare Department incurred an infructuous expenditure of ₹ 50 lakh due to installation of water treatment plants at five Government Hospitals without ensuring water source for water treatment plants.

(Paragraph 1.6)

CHAPTER-II

ECONOMIC SECTOR (Other than State Public Sector Undertakings)

PERFORMANCE AUDIT

New Land Use Policy

The New Land Use Policy, the Flagship Programme of Mizoram, was launched on 14 January 2011 with the triple aim of weaning farmers away from the destructive practice of shifting cultivation, attaining self-sufficiency in production of rice and reforestation of the land.

The Scheme was to help beneficiaries establish alternative means of livelihood by providing monetary assistance to help them switch over to higher income yielding permanent and sustainable livelihood activities. Beneficiaries were to be chosen by village level committees with the help of a professionally conducted baseline survey submitted to the implementing

board. These beneficiaries were then given the option to choose their trade of choice from a pre-selected list of trades which was decided by the board. These guidelines were not followed in actual practice as a result of which village level committees were unaware of both the chosen beneficiaries and their trades. Follow up on monitoring of beneficiaries was not available.

It was expected that the programme would result in the formulation and implementation of a Land Use Plan for the State and land reforms would be taken up. It was also anticipated that families depending on *jhum* cultivation would switch over to higher income yielding permanent and sustainable livelihood activities, food security would be ensured and ecological balance would be restored through rejuvenation of forest cover, improvement of surface and ground water management. However, the practice of *jhumming* is still widely prevalent, before commencement of the Scheme, the number of *jhum* cultivators in Mizoram was 68,433 which was reduced to 60,338 during 2014-15. In the same period, the increase in wet rice cultivation from 50 to 60 *per cent* (of total rice production in the State) has proved insufficient as the State's import of rice has remained at 70 *per cent*.

The performance audit on the New Land Use Policy (NLUP) revealed the following:

- The baseline survey results were not shared with Village Level NLUP Committee. Village level/District level plans were not prepared. No compact area was identified and as a consequence land-based trades were scattered over wide areas.
- The selection of beneficiaries to be done by the Village Level NLUP Committee was actually done by the NLUP Apex Body. In the selected sample districts audit identified at least 1400 ineligible beneficiaries.
- Due to delay in the release of cash assistance to the beneficiaries for more than three years, the timely implementation of the programme could not be ensured.
- In order to avoid lapse of budgetary grants NLUP funds were kept in Civil Deposits at the end of each financial year.
- Due to improper planning and *ad hoc* execution major objectives of the scheme: putting an end to *Jhum* cultivation, attaining self-sufficiency in production of rice, afforestation *etc.*, could not be achieved.
- There was an excess expenditure of ₹ 159.73 lakh in the procurement of geomembrane; ₹ 119.19 lakh in the procurement of Common Carp fish seed under the Fisheries Department.

(Paragraph 2.3)

CHAPTER-III

REVENUE SECTOR

PERFORMANCE AUDIT

Computerisation of Transport Department in Mizoram

The Ministry of Road Transport and Highways in an effort to modernise and streamline service delivery, transparency and revenue monitoring provided standardised software 'VAHAN' for registration of vehicles and 'SARATHI' for issuance of Driving Licenses (DLs) to the Transport Department, Government of Mizoram. The applications were developed by National Informatics Centre which also provided technical assistance, free of charge, for customisation and backend integration.

The performance audit on Computerisation of Transport Department in Mizoram revealed the following significant findings:

- Computerisation in the Department was executed without proper documentation and planning.
- All modules which were already available in the software were not being utilised.
- Non-existence/Delayed installation of physical components resulting in delayed service delivery by five days to 3,172 days.
- The physical, data security and logical access controls in existence were weak. There was no meaningful user login information and thus the audit trail was lost.
- There was compilation error of data already captured under VAHAN on generation of daily transaction reports rendering it unreliable.
- Business rules were not mapped into the software to ensure compliance with the provisions of the existing rules and acts.
- Incorrect collection of late registration fine from 3,067 vehicles amounting to ₹ 3.07 lakh and non-levy of late registration fine from 7,142 vehicles amounting to ₹ 7.14 lakh.

(Paragraph 3.11)

COMPLIANCE AUDIT

There was an under-assessment of tax of ₹ 5.21 lakh in Taxation Department.

(Paragraph 3.12)

Penalty of ₹ 37.56 lakh from 56 dealers, who failed to submit Audited Statement, was not imposed by the Assessing Officers of two zonal offices of Taxation Department.

(Paragraph 3.13)

CHAPTER-I
SOCIAL SECTOR

CHAPTER-I

SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 deals with the findings on audit of the State Government under Social Sector.

The names of the State Government Departments and the total budget allocation *vis-a-vis* expenditure incurred under Social Sector during the year 2015-16 are given in the following table:

Table-1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	School Education	984.90	860.97
2.	Higher and Technical Education	288.18	234.79
3.	Sports and Youth Services	31.90	23.10
4.	Art and Culture	15.03	13.63
5.	Medical and Public Health Services	552.60	374.13
6.	Water Supply and Sanitation	252.60	197.08
7.	Information and Public Relations	14.36	12.33
8.	Labour and Employment	20.18	15.14
9.	Social Welfare	175.62	137.92
10.	Disaster Management and Rehabilitation	19.96	23.34
11.	Local Administration Department	32.96	32.48
12.	Personnel & Administrative Reforms	2.77	2.54
13.	Urban Development and Poverty Alleviation	254.60	164.84
Total		2,645.66	2,092.29

Source: Appropriation Accounts, Government of Mizoram, 2015-16.

1.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the Heads of the Departments with a request to furnish replies to the audit findings within one month of receipt of the Inspection Reports. On receipt of replies, audit findings are either settled or further action for compliance is advised. Important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Report, which is submitted to the Governor of State under Article 151 of the Constitution of India.

The audits conducted during 2015-16 covered an expenditure of ₹ 134.05 crore out of the total expenditure of ₹ 2,092.28 crore of the State Government under Social Sector. This Chapter

contains findings on two Performance Audits viz. 'Implementation of Right of Children to Free and Compulsory Education Act, 2009' and 'National Rural Health Mission' and two compliance audit paragraphs.

PERFORMANCE AUDIT

SCHOOL EDUCATION DEPARTMENT

1.3 Right of Children to Free and Compulsory Education Act 2009 (RTE Act)

The Constitution (Eighty-Sixth Amendment) Act 2002 inserted Article 21-A in the Constitution of India to provide free and compulsory education of all children in the age group of six to fourteen years as a Fundamental Right in such a manner as the State may, by law, determine. The Right of Children to Free and Compulsory Education (RTE) Act 2009 which represents the consequential legislation envisaged under Article 21-A, means that every child has a right to full time elementary education of satisfactory and equitable quality in a formal school which satisfies certain essential norms and standards. The Article 21 - A and the RTE Act came into effect from 1 April 2010.

Sarva Shiksha Abhiyan (SSA) is the main vehicle for implementing the provisions of the RTE Act. The SSA Framework of Implementation and Norms for intervention has been revised to correspond to the provisions of the RTE Act. The Rights perspective under the RTE Act has also brought in new monitoring mechanisms to ensure that child rights under the Act are protected. The RTE Act provides for constitutionally created independent bodies like the National and State Commissions for Protection of Child Rights to perform this role. A performance audit on implementation of Rights of Children to Free and Compulsory Education Act 2009 in the State revealed the following significant findings:

Highlights

In the absence of actual child survey, audit could not authenticate the veracity of the Department's data on the number of children who had attained the age of enrolment.

(Paragraph 1.3.7)

The State could not establish schools for elementary education in all the eligible habitations within a period of three years from the commencement of the Act in the State. Six habitations with 412 children and nine habitations with 853 children eligible for Primary Schools and Upper Primary Schools respectively as per neighbourhood norms were not provided with schools

(Paragraph 1.3.8)

₹ 743.16 lakh released for procurement of school uniforms during 2010-11 for 1.86 lakh school children by Government of Mizoram remained unspent due to non-completion of procurement formalities.

(Paragraph 1.3.12)

₹ 37.22 crore was incurred on salary of teachers in Aizawl and Lunglei who were deployed for non-educational works during 2010-16 which was against the provision of the RTE Act.

(Paragraph 1.3.13.2)

As on 31 March 2016, 67 Primary and 34 Upper Primary Schools were in operation without obtaining requisite recognition certificate from the Department of School Education.

(Paragraph 1.3.15)

₹ 35 lakh for construction of additional class rooms meant for Class VIII were diverted on irregular works in three districts during 2011-12.

(Paragraph 1.3.17.2)

1.3.1 Introduction

The Right of Children to Free and Compulsory Education (RTE) Act, 2009 became operative with effect from 1 April 2010. It provides that all children in the age group of six to fourteen years have a right to free¹ and compulsory² education in a neighbourhood school till completion of Elementary Education (1st to 8th Class). *Sarva Shiksha Abhiyan* (SSA) is the main vehicle for implementing the provisions of the RTE Act.

After the operation of the RTE Act in the State in April 2010, the Government of Mizoram notified the Mizoram Right to Children to Free and Compulsory Education Rules on 23 March 2011. The Department of School Education, SSA Mission and State Council of Education Research and Training (SCERT) have been vested with the responsibility of implementation of the Act in the State. As of 31 March 2016 there were 1,950 Primary Schools (PS) and 1,511 Upper Primary Schools (UPS) with an enrolment of 1,21,040 and 93,277 students respectively. A performance audit of the implementation of the RTE Act was carried out to assess the status of implementation of the Act.

The RTE Act 2009:

- (i) Gives children the right to free and compulsory education till completion of elementary education in a neighbourhood school and ensures compulsory admission, attendance and completion of elementary education to every child in the six to fourteen years age group;

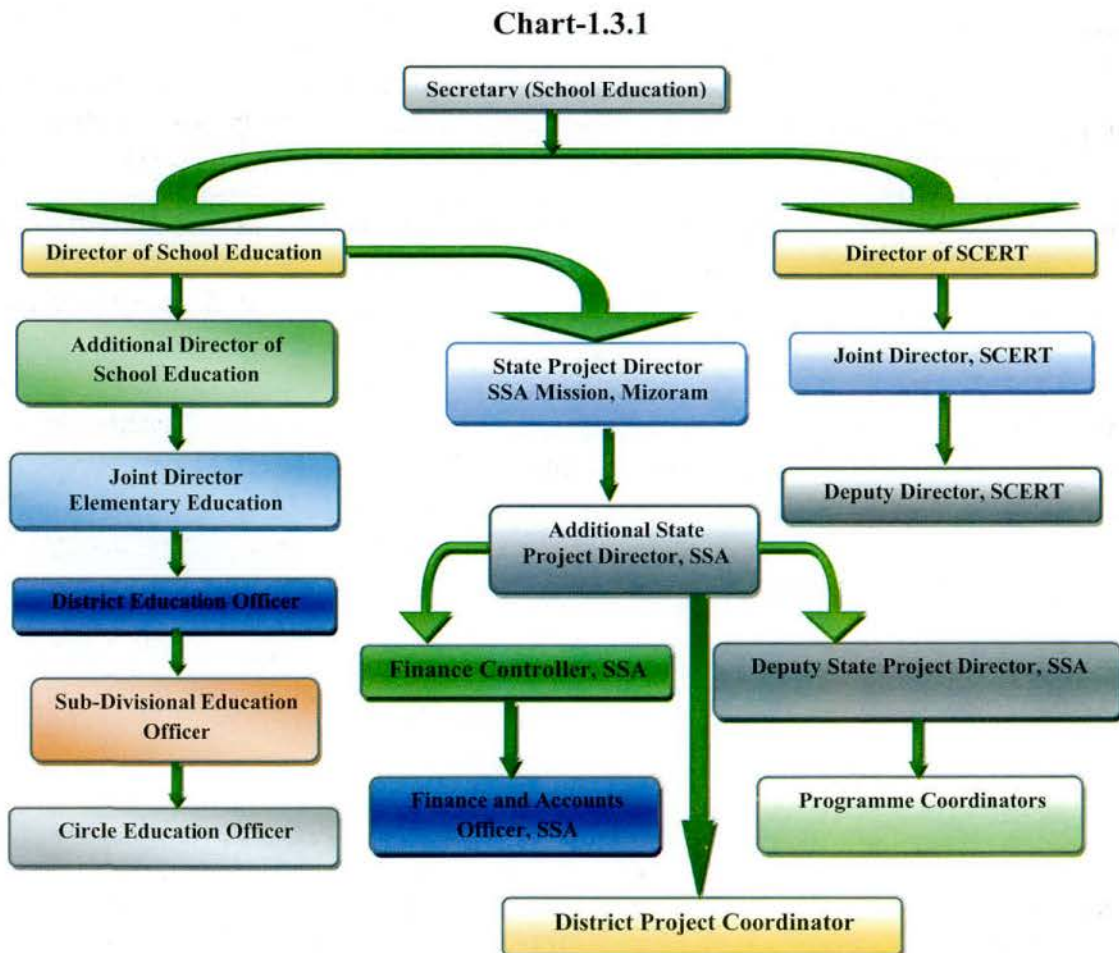
¹ 'Free education' means that no child shall be liable to pay any kind of fee or charges or expenses which may prevent him or her from pursuing and completing elementary education.

² 'Compulsory education' means obligation of the appropriate government to provide free elementary education and ensure compulsory admission, attendance and completion of elementary education to every child in the age group of six to fourteen years.

- (ii) specifies the duties and responsibilities of appropriate Governments, local authority and parents in providing free and compulsory education, and sharing of financial and other responsibilities between the Central and State Governments;
- (iii) lays down the norms and standards relating *inter alia* to Pupil Teacher Ratios (PTRs), buildings and infrastructure, school-working days, teacher-working hours;
- (iv) provides for rational deployment of teachers by ensuring that the specified pupil teacher ratio is maintained for each school and prohibits deployment of teachers for non-educational work, other than those specified in the Act;
- (v) provides for appointment of appropriately trained teachers, *i.e.* teachers with the requisite entry and academic qualifications; and
- (vi) requires the protection and monitoring of children’s rights and redressal of grievances by the National and State Commissions for Protection of Child Rights.

1.3.2 Organisational Set-up

The Organogram of the School Education Department responsible for implementation of the Act is as shown in the Chart below:



1.3.3 Audit Objectives

The performance audit was undertaken to get a reasonable assurance that-

- The RTE Act achieved its objective to make elementary education a fundamental right for all children between ages of six to fourteen years of age within three years *i.e.* 31 March 2013;
- The funds allocated were being utilised in an economical and efficient manner; and,
- The RTE Act was implemented and monitored in a planned manner.

1.3.4.1 Audit Scope and Sample

The performance audit covered the period from 2010-11 to 2015-16. Two districts *viz.* Aizawl and Lunglei Districts out of eight Districts in the State were selected on the basis of Probability Proportional to size sampling without Replacement (PPSWOR) method. In each selected district, four blocks³ (three rural and one urban) were selected on the basis of Simple Random Sampling without Replacement (SRSWOR) method. In each selected district, 30 schools (20 Government and 10 Aided Schools) were selected using SRSWOR method.

1.3.4.2 Audit Methodology

Audit methodology included examination of records, issue of audit queries/ observations, joint physical verification along with departmental officials, photographic evidence and questionnaires duly authenticated by the departmental officials wherever relevant.

Audit commenced after an entry conference held on 28 April 2016 with the officers of the Administrative Department and Head of the Department, wherein audit objectives, scope and criteria were discussed. The draft report was sent to the Government in September 2016 for their response. Replies of the State Project Director, SSA Mission, Mizoram have been received but the replies of the Government were awaited (February 2017). An Exit Conference was held in November 2016 with the Special Secretary of the Administrative Department, State Project Director, SSA Mission, Mizoram and other officers of the Department in which audit findings were discussed. The report has been finalised after considering the replies received and deliberations in the Exit Conference. The replies received have been suitably incorporated in the report wherever relevant.

1.3.5 Audit Criteria

The main sources from which audit criteria were drawn are the following:

- RTE Act 2009 of GoI;
- Mizoram Right of Children to Free and Compulsory Education Rules 2011;

³ Name of blocks in Aizawl District : Aibawk, Saitual, Bawngkawn and Darlawn
Name of blocks in Lunglei District : Station (Urban), Bunghmun, Eastern and Station (Rural)

- SSA Framework for Implementation;
- Annual Work Plan and Budget, SSA;
- District Information System for Education (DISE) Report of SSA Mission, Mizoram;
- Mizoram SSA Financial Regulation 2012; and
- Various orders, notification, circulars, instructions issued by MHRD and State Government.

1.3.6 Acknowledgement

Indian Audit and Accounts Department acknowledges and appreciates the co-operation of Officers and Staff of School Education Department, Mizoram and State Project Office, SSA Mission, Mizoram. We also appreciate the support of District, Block and School level authorities in the sampled districts in the course of the Performance Audit.

AUDIT FINDINGS

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

1.3.7 Coverage

Section 3(1) of RTE Act envisages that every child of the age of six to fourteen years shall have a right to free and compulsory education in a neighbourhood school till completion of elementary education.

Audit observed that the Department did not conduct any child survey during 2011-16 to ascertain the number of children who had attained the age of enrolment. In the absence of real time data, the SSA Mission, Mizoram sourced the data of children attaining the age of enrolment from All India Census (2011-12) and the projected population of National University of Educational Planning and Administration (NUEPA) during 2012-16.

The SSA Mission, Mizoram has maintained data of children enrolled in all Primary and Upper Primary schools (both recognised and unrecognised) in the State during 2010-16 in computerized format of Unified District Information System for Education (U-DISE).

The following table shows the details of children enrolled, not enrolled, number in PSs and UPSs during 2010-16.

Table-1.3.1

Year	Number of children who have attained the age of enrolment (As per projection on Census data)			Number of Children enrolled (As per DISE Data)		
	PS	UPS	TOTAL	PS	UPS	TOTAL
2010-11	NA	NA	NA	1,30,306	82,510	2,12,816
2011-12	93,933	94,422	1,88,355	1,25,005	87,793	2,12,798
2012-13	94,823	94,657	1,89,480	1,52,760	1,08,498	2,61,258
2013-14	94,086	95,106	1,89,192	1,24,039	93,924	2,17,963
2014-15	93,231	95,806	1,89,037	1,20,522	94,426	2,14,948
2015-16	92,444	93,933	1,86,377	1,21,040	93,277	2,14,317

Source: Departmental records

Audit noticed that the data on number of children enrolled, maintained by the School Education (SE) Department in DISE was much higher than the projected data of Census 2011. The Department attributed the difference to inclusion of under and over-aged children. However, in the absence of actual child survey, audit could not authenticate the veracity of data maintained by the SE Department.

The details of children not enrolled/dropped out during 2010-16 are as shown in the following table.

Table-1.3.2

Year	No. of children not enrolled		Number of Dropout children		Non enrolment Percentage		Dropout Percentage	
	PS	UPS	PS	UPS	PS	UPS	PS	UPS
2010-11	5,033	4,726	NA	NA	NA	NA	NA	NA
2011-12	2,978	5,256	7,531	7,984	3.17	5.57	6.02	9.09
2012-13	2,986	4,376	8,854	5,873	3.15	4.62	5.80	5.41
2013-14	2,169	1,939	35,384	24,058	2.31	2.04	28.53	25.61
2014-15	2,618	2,826	18,130	6,481	2.81	2.95	15.04	6.86
2015-16	1,973	1,564	13,491	4,797	2.13	1.67	11.15	5.14

Source: Departmental records

Audit noticed that-

- The non-enrolment percentage decreased from 3.17 to 2.13 for Primary School and 5.57 to 1.67 for Upper Primary School during 2011-16.
- The Dropout percentage in Primary School increased sharply from 6.02 (2011-12) to 28.53 (2013-14) and in Upper Primary School from 9.09 to 25.61 due to elimination of fake enrolment in schools till 2012-13.

While accepting the audit observation (November, 2016), the State Project Director, SSA Mission, Mizoram stated that U-DISE is the main source of data of children enrolled in schools and household survey could not be conducted due to lack of funds. In the Exit Conference, the Department ensured (November 2016) that these irregularities would be checked from 2017-18 onwards.

1.3.8 Mapping and Establishment of schools

Section 6 of RTE Act envisages that the appropriate Government and local Authorities shall establish, within such area or limits of neighbourhood, as may be prescribed, a school, where it is not so established, within a period of three years from the commencement of the Act (March 2013). Further, Section 5 (3) of Mizoram RTE Rules stipulates that for the purpose of determining and for establishing neighbourhood schools, the State Government/ local authority shall undertake school mapping and identify all children, including children in remote areas, children with disabilities, children belonging to disadvantaged groups, children belonging to weaker section within a period of one year from the appointed date and every year thereafter, update this list as on 30 October every year.

Scrutiny of records of the State Project Director, SSA Mission revealed that though school mapping was undertaken by the Mizoram Remote Sensing Application Centre (MIRSAC) during February 2011 the data on school mapping was not accepted by the Department on grounds of incomplete information.

As per information furnished by the Department, during 2015-16, out of 950 identified habitations in the State, 936 habitations had Primary Schools. Of the habitations without schools, 6 habitations with 412 children were eligible as per neighbourhood norms for Primary School. Similarly, 910 habitations were covered with Upper Primary School. Out of remaining uncovered 40 habitations, there were 9 eligible habitations with 853 children as per neighbourhood norms.

Thus, the State could not establish schools for elementary education in all the eligible habitations within a period of three years from the commencement of the Act in the State.

The State Project Director, SSA Mission stated (November, 2016) that school mapping was undertaken by MIRSAC during 2011 and updated on annual basis. The reply is not acceptable as this was the same survey which had not been accepted by the Department.

1.3.8.1 Provisions for children where no school exists in the neighbourhood

As per Rule 4 (4) of Mizoram RTE Rules 2011, for children from small hamlets, as identified by the State Government/Local Authority, where no school exists within the area of limits of neighbourhood norms, the State Government may make adequate arrangements, such as free transportation, residential facilities and other facilities, for providing elementary education in a school.

State Government did not make any arrangement of transport facilities to the children of small hamlets where no school exists. However, residential facilities were provided by the Department in 11 hostels in the State for covering some of the children of uncovered habitations.

1.3.9 Planning

Effective and efficient planning is a pre-requisite for achieving the objective of RTE Act. The Guidelines on SSA envisages a decentralized, need-based and participatory planning through a bottom-up approach with a focus on planning for universal access, equity, participation and quality. For this, every district level authority was required to formulate a need based prioritised Annual Work Plan and Budget (AWP&B) with a broad indication of resource availability to a district in a particular year, based on data sourced from School Development Plan (SDP) prepared by the School Management Committee (SMC), District Information System for Education (DISE) and Household Survey Reports.

Scrutiny of records of SSA Mission, Mizoram revealed that none of the 60 sampled schools in the two test-checked Districts had drawn their SDPs during 2010-16 on the ground of non-availability of experts and constant changes in members of SMCs. SSA Aizawl District had not conducted household survey after December 2010, while SSA Lunglei District conducted household survey only in selected villages to identify Out of School Children (OoSC).

In the absence of SDPs and household survey, district level authorities prepared their AWP&Bs using the DISE data mainly to assess the requirement of schools with respect to profile of students, enrolment, teachers and infrastructure. Thus, the district authorities could not formulate a well-informed need based plan at the district level. At the State Level, the AWP&Bs of SSA Mission were prepared by consolidating AWP&Bs of the districts.

The State Project Director, SSA Mission, Mizoram while accepting (November 2016) the audit observations stated that DISE data was the main source of data for preparation of AWP&B. Further, it was also asserted that Household survey was conducted only once as the Department had to obtain approval from GoI. Again, SDPs were not considered in the planning process as suggestions on SDPs by school authorities could not be adopted by the SSA. The fact remains that a decentralised need-based and participatory plan through a bottom up approach was not made.

1.3.10 Mainstreaming of Out of School Children

Section 4 of the RTE Act envisages special provisions for children not admitted to or who had not completed elementary education. Special training is to be provided to out of school children for mainstreaming them into regular schools at their age-appropriate class after identification of never enrolled children or those who dropped out before completing elementary education. Again, as per Rule 6 (1) of Mizoram RTE Rule 2011, the Local Authorities (Local Council/ Village Council) are required to maintain records of all children, through a household survey, from their birth till they attain 14 years.

The details of OoSC identified and mainstreamed during 2010-16 as per information provided by SSA Mission, Mizoram are indicated in the following table.

Table-1.3.3

Year	OoSC from last year	OoSC fresh identified	Total OoSC	OoSC Mainstreamed	OoSC not mainstreamed
2010-11	2,889	7,467	10,356	6,445	3,911
2011-12	3,911	4,310	8,221	4,936	3,285
2012-13	3,285	4,077	7,362	4,446	2,916
2013-14	2,916	6,843	9,759	8,865	894
2014-15	894	2,441	3,335	2,307	1,028
2015-16	1,028	4,674	5,702	3,510	2,192

Source: Departmental records

The State Project Director, SSA Mission, Mizoram claimed (May 2016) that the OoSC in the age group of six to fourteen years were identified by household survey at the block, district and State level and headmasters and regular teachers were providing Special training in schools. The reply is not acceptable in view of the following facts.

- No proper household survey was conducted to identify out of school children. After December 2010 no survey was conducted under SSA Aizawl District, whereas under SSA Lunglei district, household survey was conducted only in selected villages.
- The Local authorities (Village Councils) did not maintain any records of all children under their respective jurisdictions.
- Joint inspection of 60 sampled schools revealed that no OoSC was admitted at age appropriate classes in any of the schools and no teacher provided special training to OoSC in schools during 2010-16.

Thus, the claims of the Department that it covered 32,701 OoSCs in the State during 2010-16 could not be authenticated during test check.

The State Project Director, SSA Mission, Mizoram claimed (November 2016) that though household survey was not conducted during the audit period, identification of OoSC was undertaken every year in all the villages with the help of Cluster Resource Centre Coordinators and Village Education Committees.

The reply is not acceptable as documentation supporting the claim of the Project Director was not produced to audit.

1.3.10.1 Deployment of Special Trainers for Out of School Children

Section 4 of RTE Act envisages providing special provisions for children not admitted to, or who had not completed elementary education. Special training for age-appropriate admission of OoSCs was to be provided by the SSA in the form of residential or non-residential courses organised in school premises or safe, secure and accessible alternative facilities.

Scrutiny of the records at SSA Lunglei district revealed that during 2010-16, Special Trainers (ST) were recruited to impart special training to OoSCs in Residential Bridge Centres (RBCs) and Non-Residential Bridge Centres (NRBCs). However, during 2010-14 these STs were deployed in regular schools as NRBCs in the district came into operation only from 2014.

The details of year wise Special Trainers/Education Volunteers recruited for NRBCs but engaged in regular schools and expenditure incurred towards their salaries during 2010-16 are shown in the following table:

Table-1.3.4

Year	Number of STs recruited ranged between	Fund provided under OoSC intervention (₹ in lakh)	Remuneration of STs deployed in regular schools (₹ in lakh)	Percentage of diversion
2011-12	108 and 134	155.78	45.93	29
2012-13	15 and 200	249.05	51.30	21
2013-14	63 and 129	146.57	46.20	32
2014-15	62 and 75	97.95	19.29	20
2015-16	12 and 33	132.57	9.96	8
Total		781.92	172.67	22

Source: Departmental records

It can be seen from the table that out of ₹ 781.92 lakh released during 2011-16 for OoSC intervention to SSA Lunglei District, ₹ 172.67 lakh (22 per cent) was towards payment of remuneration of Special Trainers posted in regular schools which were not imparting any special training to OoSC. Further, no criteria of professional qualification was fixed for recruitment of the Special Trainers.

While accepting the facts, the District Project Coordinator, SSA Lunglei district stated (July 2016) that this was done to make up the shortage of teachers due to superannuation, transfer *etc.* and these schools were left with single teacher or no teacher.

The reply is not acceptable as Special Trainers were specifically recruited to provide trainings to OoSCs and shortage of regular teachers should have been met by redeployment of the excess teachers elsewhere as highlighted in Paragraph 1.3.13.1.

1.3.11 Facilities for disabled children

Rule 7 of the Mizoram RTE Rules 2011 envisages that in respect of children with disabilities which prevent them from accessing the school, the State Government/Local Authority will endeavour to make appropriate and safe transportation arrangements for them to attend school and complete elementary education. Also, the SSA implementation framework, under Paragraph 3.12 envisages provision of aids and appliances to all children requiring assistive devices.

It was observed that instead of arranging transport facilities, the Department during 2011-16 provided transport allowances at the rate of ₹ 100 to 250 per month for 10 months to the identified disabled children (ranging between 271 and 1716) and an expenditure of ₹ 90.39 lakh was incurred.

Scrutiny of the records of the District Project Office (DPO), SSA Aizawl district revealed that during 2010-11 and 2014-15 an expenditure of ₹ 5.73 lakh and ₹ 10.54 lakh respectively was incurred towards procurement of various aids and appliance for free distribution to children with special needs.

Audit noticed that out of ₹ 5.73 lakh and ₹ 10.54 lakh incurred on procurement of appliance and assistive devices for orthopedically impaired children during 2010-11 and 2014-15, aids, devices and appliances worth ₹ 3.76 lakh (65 per cent of total items procured) and ₹ 10.32 lakh (97 per cent) respectively were lying idle (as of June 2016). (**Appendix-1.3.1 and 1.3.2**). Reasons for non-distribution of the aids and appliances were not on record.



Wheelchairs lying idle



Hearing aids and other devices lying idle

While accepting the facts, the District Project Coordinator, SSA Aizawl district stated (July 2016) that the appliances which were still lying in the custody of the office would be distributed to the beneficiaries within the financial year. Further progress in this matter was awaited (February 2017).

1.3.12 Provision of school uniforms

The RTE Act mandates free and compulsory education for all the children in Government Schools. In line with this provision of the Act, SSA guidelines stipulates to provide two sets of uniforms for all girls and children belonging to SC/ST/BPL families in Government Schools within a ceiling of ₹ 400 per child per annum. The SSA norm envisages procurement of uniform to be decentralized to the school level by SMCs of the respective schools.

Scrutiny of the records revealed that ₹ 743.16 lakh was released by GoI to provide free school uniforms to 1.86 lakh school students in the State during 2010-11. The SSA Mission,

Mizoram did not disburse the fund to the SMCs as the SSA Mizoram apprehended that the SMCs in the State would not be in a position to handle procurement of uniform. As the fund remained unspent, ₹ 743.16 lakh was adjusted by GoI from fund released in the subsequent year.

The State Project Director, SSA Mission, Mizoram while accepting (November, 2016) the audit observation stated that non provision of school uniforms was not only due to non-completion of procurement formalities but also due to non-formation of SMCs. However, the fact remains that the students were deprived of school uniforms during 2010-11.

1.3.13 Provision for qualified teachers

As required under Section 23 of the RTE Act, 2009, the Central Government has notified National Council of Teacher Education (NCTE) as the academic authority to lay down the minimum qualifications for a person to be eligible for appointment as a teacher. NCTE has prescribed (August 2010) minimum qualification for recruitment of teachers in primary and upper primary schools.

It was noticed that though the RTE Act was implemented in Mizoram from the year 2010, the Education Department notified the minimum qualification of teachers in the line of NCTE notification after a gap of five years in March 2015.

As per information furnished by the State Project Director, SSA Mission, Mizoram the year wise position of teachers in primary and upper primary schools including unqualified teachers during the period 2010-16 were as under.

Table-1.3.5

Year	Number of teachers			Number of unqualified teachers			Percentage of unqualified teachers
	PS	UPS	Total	PS	UPS	Total	
2010-11	5,768	6,343	12,111	2,112	2,043	4,155	34
2011-12	5,634	7,276	12,910	2,222	3,147	5,369	42
2012-13	4,715	5,613	10,328	2,041	2,042	4,083	40
2013-14	4,660	5,911	10,571	1,954	2,424	4,378	41
2014-15	4,971	6,784	11,755	401	754	1,155	10
2015-16	4,758	6,688	11,446	105	565	670	6

Source: Departmental records

It can be seen from the above table that though the percentage of unqualified teachers has declined considerably from around 40 *per cent* during the period 2011-14 to 6 *per cent* in 2015-16, 105 Primary teachers and 565 Upper Primary teachers were unqualified as of 31 March 2016. It may also be mentioned that in absence of regular teachers, special trainers were being deployed against regular vacancies as highlighted in Paragraph 1.3.10.1. These factors would bound to have an impact on the quality of education imparted at those schools where such unqualified teachers and special trainers were deployed.

While accepting the audit observation, the State Project Director, SSA Mission, Mizoram stated (November, 2016) that all untrained teachers had been enrolled in Diploma in Elementary Education courses and would obtain requisite professional qualification at the end of 2016-17.

1.3.13.1 Deployment of Teachers

As per the RTE Act, one teacher should be provided for every 30 students for Primary School and one teacher for every 35 students for Upper Primary School. It also further envisages (i) at least two teachers per Primary School and (ii) in respect of Upper Primary School at least one teacher per class so as to provide at least one teacher each for Science and Mathematics, Social Studies and Languages.

Audit observed that the Department had not fixed the sanctioned strength of teachers for the Schools nor did it rationalise posting of teachers in Primary School and Upper Primary Schools.

Scrutiny of records of the State Project Director, SSA Mission, Mizoram revealed that during 2010-16 the number of Primary Schools managed by a single teacher ranged between 37 and 95 and number of such Upper Primary Schools ranged between 4 and 16. The number of students enrolled in single teacher Primary School ranged between 2812 and 5963 and that in single teacher Upper Primary Schools ranged between 59 and 503 as detailed in the following table.

Table-1.3.6

Year	Number of single teacher schools				Total	Total Enrolment
	PS	Enrolment	UPS	Enrolment		
2010-11	95	5,963	16	503	111	6,466
2011-12	37	2,971	5	139	42	3,110
2012-13	44	3,713	4	86	48	3,799
2013-14	60	3,284	4	76	64	3,360
2014-15	67	2,963	6	145	73	3,108
2015-16	64	2,812	6	59	70	2,871

Source: U-DISE, SSA Mizoram

Further scrutiny of the records of SSA Lunglei District revealed that out of 257 primary schools in the District during 2015-16, nine Primary Schools were managed without any regular teachers and consequently, these schools were manned by Special Trainers. Besides, another nineteen Primary Schools had only single teachers and were supplemented with Special Trainers. As Special Trainers deployed did not possess the requisite professional qualification as mandated in the RTE Act, it would have had an impact on the quality of education.

Joint inspection by audit team along with departmental staff in 60 sampled schools in SSA Aizawl and Lunglei Districts revealed that 53 schools (Primary School: 9 schools *plus* Upper

Primary School: 44 schools) had the Pupil Teacher Ratio (PTR) in excess of norms in Primary School in the range between 4 and 24 in Aizawl District and 3 and 47 in Lunglei District and in Upper Primary School, in the range between 2 to 14 (Aizawl District) and 2 to 23 (Lunglei District). The detailed position of 60 inspected schools showing deployment of teachers was shown in **Appendix-1.3.3**.

While accepting the audit observation, the State Project Director, SSA Mission, Mizoram stated (November, 2016) that the SSA Mission could make such schools functional only by providing Special Trainers to avoid increase in out of school children.

The reply of the State Project Director is not acceptable as the distribution of teachers in Primary and Upper Primary Schools in the sampled districts did not comply with the provisions of the RTE Act and indicated that teacher distribution had not been rationalised.

1.3.13.2 Deployment of teachers in non-educational work

Section 27 of RTE Act prohibits deployment of teachers for non-educational work, other than decennial census, elections and disaster relief.

Scrutiny of records in two sample districts, however, revealed that during 2010-11 to 2015-16, teachers recruited under SSA Mission and by the School Education Department in Primary and Upper Primary schools were engaged for non-educational works as Coordinators, Project Assistants, Data Entry Operators, Additional State Project Director, Deputy District Project Coordinator, Block/Cluster Resource Coordinators, Project Assistant *etc.* in Circle, Block, District and State level offices. The Department incurred ₹ 37.22 crore towards the salary cost of those teachers as detailed below.

Table-1.3.7

Name of Office	Year	Number of teachers deployed in non-educational works	Total salaries incurred on such teachers (₹ in lakh)
SSA, State Project Director	2010-16	14 to 24	324.50
SSA, Aizawl District	2010-16	53 to 63	970.58
SSA, Lunglei District	2010-16	4 to 11	90.72
School Education Department, Aizawl District	2010-16	33 to 34	1,127.29
School Education Department, Lunglei District	2010-16	31 to 46	1,209.04
Grand Total			3,722.13

Source: Departmental Records

While teachers recruited on regular basis were being deployed for non-educational works in violation of RTE Act, Special Trainer who did not possess required professional qualification were being used to manage or supplement in schools with no or deficit number of teachers as highlighted in previous paragraph.

The State Project Director, SSA Mission, Mizoram stated (November 2016) that the issue had been brought to the notice of the Department for consideration. Response of the Department was awaited (February 2017).

1.3.14 Pre-School Education

Section 11 of the RTE Act 2009 envisages that the State Government may make necessary arrangement for providing free Pre-School Education to prepare children above the age of three years for elementary education and to provide early childhood care and education for all children until they complete the age of six years. Further, Paragraph 4.4.1 of SSA guidelines stipulates for the stronger convergence of SSA with the ICDS programme of Ministry of Women & Child Development to promote Pre-school education.

The following table shows the status of implementation of Pre-School education in the State during 2010-16.

Table-1.3.8

Year	Number of Primary Schools	As per Department (Number)		As per DISE (Number)	
		Schools with Pre-School facility	Children enrolled for Pre-School	Schools with Pre-School facility	Children enrolled for Pre-School
2010-11	868	396	13,308	No records	
2011-12	865	396	10,525	-do-	
2012-13	859	396	11,250	552	38,646
2013-14	856	0	Nil	321	36,909
2014-15	851	66	1,403	320	37,780
2015-16	836	66	1,712	395	38,355

Source: Departmental records

It can be seen from the above table that as per the data of the Department Pre-School Education was provided in 396 Early Childhood Care & Education (ECCE) centres attached to Primary Schools till 2012-13. No Pre-School Education was provided in any of the schools during 2013-14. Since 2014-15 Pre-School Education had been provided in 66 Primary Schools. The number of children enrolled for Pre-School Education ranged between 1,403 and 13,308 during the period 2010-16.

DISE data depicted an entirely different set of figures, the number of schools that provided Pre-School Education ranged from 552 to 395 and the number of children enrolled in Pre-Schools ranged from 38,646 to 38,355. Thus, the authenticity of the data on Pre-Schools in the State could not be corroborated in audit.

Further, the SE Department had not taken any steps to converge the Pre-Schooling programme with the ICDS programme of the Social Welfare Department (December 2016).

The State Project Director, SSA Mission, Mizoram stated (November, 2016) that ECCE was no longer implemented under SSA since 2013-14 as per instructions of GoI and Social Welfare Department became responsible to implement ECCE.

The reply is not acceptable as ECCE was implemented during 2014-15 and 2015-16 in 320 and 395 primary schools respectively as per DISE data. The reply did not, however, clarify the discrepancies between the DISE data and Departmental data.

1.3.15 Recognition of Schools

Section 18 (1) of RTE Act envisages that no school, other than a school established, owned or controlled by the appropriate Government or the local authority, shall, after the commencement of the Act, be established or function, without obtaining a certificate or recognition from such authority, by making an application in such form and manner, as may be prescribed. Further, Rule 11(1) of the Mizoram RTE Rules 2011 stipulates that every school, other than a school established, owned or controlled by the State Government shall make a self-declaration for grant of recognition.

Scrutiny of records of the Directorate of School Education revealed that during 2010-16, number of Primary School and Upper Primary School were running without obtaining certificate of recognition as detailed in the following table.

Table-1.3.9

Year	No. of schools running without obtaining certificate of recognition	
	Primary	Upper Primary
2010-11	32	22
2011-12	29	18
2012-13	36	19
2013-14	40	20
2014-15	40	18
2015-16	67	34

Source: Departmental records

As can be seen from the table though the number of schools running without recognition increased from 32 to 67 (Primary School) and 22 to 34 (Upper Primary School) during 2010-16, the Department did not take any appropriate action.

Reply of the Department was awaited (February 2017).

1.3.16 Provision of reservation in unaided schools

Section 12 (1) RTE Act provides for admission of at least 25 per cent of the strength of Class I from children belonging to weaker section and children belonging to disadvantage group from the neighbourhood and providing them free and compulsory education till completion of elementary education by unaided schools and specified category schools. Further, Rule 5 of

the Mizoram RTE Rules 2011 envisages that children belonging to weaker and disadvantaged groups shall constitute children belonging to BPL families approved by the Rural Development Department. However, no specific provision was made in the Mizoram RTE Rules 2011 making it mandatory for 25 per cent reservation in private unaided schools for children belonging to weaker section and disadvantage group.

It was noticed in audit that the Department had not adopted (as of August 2016) the list of BPL families for identification of children belonging to weaker and disadvantaged section of the society. Thus, the State has not introduced the system of 25 per cent reservation of such children in unaided schools.

Due to non-implementation of 25 per cent reservation in private unaided schools, children belonging to weaker section and disadvantage group were deprived of free and compulsory elementary education in privately run unaided schools.

In the Exit Conference, the Special Secretary stated (November 2016) that the Government was actively considering the issue for implementation of this provision of the Act for which a Committee had been constituted.

1.3.17 Availability of Infrastructure in schools

Section 19 of the RTE Act envisages providing all weather buildings⁴ to schools. Norms pertaining to infrastructure and standards were to be fulfilled by all schools within a period of three years from the date of commencement of the Act.

Scrutiny of the records revealed that many schools did not have basic infrastructure facilities even after six years of implementation of the RTE Act as shown below:

Table-1.3.10

Facilities	No. of schools which did not fulfil	
	As on 01.04.2010	As on 31.03.2016
Separate toilets for boys and girls	940	58
Safe and adequate drinking water facility to all children	306	161
Mid-day meal kitchen shed	1,360	66
Play ground	1,596	1,192
Boundary wall and fencing	1,233	1,042
Library facilities	2,183	63
Electricity Connection	1,461	996

Source: Departmental records

⁴ All-weather building consisting of (a) at least one class-room for every teacher and an office-cum-store-cum-Head teacher's room, (b) barrier-free access, (c) separate toilets for boys and girls, (d) safe and adequate drinking water facility to all children, (e) a kitchen where mid-day meal is cooked in the school, (f) play-ground and (g) boundary wall/fencing

It can be seen that though there was considerable improvement in providing basic infrastructure in the area of separate toilets for boys and girls, Mid-day meal kitchen shed and Library facilities and to a fair extent in Electricity connection; a large number of schools were deficient in infrastructure facilities. Shortages of infrastructure in the schools were brought to the notice of the Department from time to time by the concerned school authorities in the data captured format of U-DISE. Accordingly, the requirements of infrastructure in schools were included in the Annual Work Plan & Budget prepared by the SSA, but no further actions had been taken and the schools remained deficient of these facilities.

While accepting the audit observation, the State Project Director, SSA Mission, Mizoram stated (November 2016) that infrastructure gaps in schools existed due to insufficiency of funds under capital head and development of infrastructure would be taken up after availability of funds.

1.3.17.1 Construction of new schools

The opening of new Primary and Upper Primary Schools within the areas of the limits of the neighbourhood shall be as per the norms laid down by the State Government under the State RTE rules.

Scrutiny of the records of State Project Director, SSA Mizoram revealed that during 2010-16, approval for construction of 31 new Primary Schools and 68 new Upper Primary schools was accorded by GoI as shown in the following table.

Table-1.3.11

Year	No. of new Primary schools		No. of new Upper Primary schools	
	Approved	Constructed	Approved	Constructed
2010-11	Nil	Nil	Nil	Nil
2011-12	21	Nil	63	Nil
2012-13	6	21	Nil	63
2013-14	1	Nil	5	Nil
2014-15	3	Nil	Nil	Nil
2015-16	Nil	Nil	Nil	Nil
Total	31	21	68	63

Source: Departmental records

It can be seen from the above table that 21 out of 31 approved Primary Schools and 63 out of 68 approved Upper Primary Schools were constructed during the period 2010-16. Ten Primary Schools and five Upper Primary Schools approved during 2013-15 were not constructed due to non-release of the funds from GoI. Reasons for non-release of the funds were not on record.

The State Project Director, SSA Mission, Mizoram accepted (November 2016) the audit observations.

1.3.17.2 Construction of additional classrooms

During 2011-12, GoI approved construction of 349 additional class rooms for Class VIII at the rate of ₹ five lakh per class room in the eight districts and released ₹ 17.45 crore. Scrutiny of records of the State Project Office, SSA Mission, Mizoram revealed that in three Districts (Champhai, Kolasib and Mamit) the concerned District Project Coordinators had diverted ₹ 35 lakh for execution of some other unapproved works without construction of seven additional classrooms as per the details given in the following table.

Table-1.3.12

District	Sl. No.	Amount diverted (₹in lakh)	Details of diversion
Champhai	1	5.00	Additional classroom for class VIII was not constructed but the fund was used for renovation of the whole school building of Government Middle School, Champhai.
	2	5.00	Additional classroom for class VIII was not constructed but the fund was diverted for extension of kitchen/dining hall etc. at JNV, Khawzawl.
Kolasib	3	5.00	Diverted for extension of building at Zotlang Upper Primary School.
	4	5.00	Diverted for extension of BRC Building at Kawnpui.
	5	5.00	Diverted for renovation of DPO, Kolasib building.
	6	5.00	Utilised for renovation of DPO, Kolasib building.
Mamit	7	5.00	Additional classroom at Tarabonia Upper Primary School not constructed due to boundary dispute between Mizoram and Tripura and the fund is reported to be still with the concerned VEC.

Source: Departmental records

The State Project Director, SSA Mission, Mizoram accepted (November 2016) the audit observations.

1.3.18 Financial Management

1.3.18.1 Budget allocation and actual release of funds

The fund under SSA was shared by Centre and State at the ratio of 90:10. The Ministry of Human Resource Development (MHRD) released fund directly to the SSA Mission and State Government also transferred its share to the SSA Mission till 2013-14. However, since 2014-15, the funds were first received by the State Finance Department and thereafter it was released to the SSA Mission for implementation of the scheme.

The position of year wise fund released by the Central and State Governments against the outlay approved by MHRD, GoI and expenditure incurred there against during 2010-16 is depicted in the following table.

Table-1.3.13

(₹ in crore)

Year	Approved Outlay	Availability of Funds					Expenditure	Closing balance
		Opening balance	Central Release	State Release	Misc. receipt	Total		
2010-11	116.72	3.33	101.15	7.00	1.43	112.92	90.60	22.33
2011-12	200.03	22.33	108.14	10	1.67	142.13	139.62	2.51
2012-13	236.72	2.51	153.21	16.89	0.87	173.47	164.34	9.14
2013-14	193.03	9.14	106.58	12.71	1.56	129.99	128.58	1.40
2014-15	210.46	1.40	147.40	12.18	0.60	161.58	122.91	38.67
2015-16	206.83	38.67	94.38	15.44	0.69	149.18	137.33	11.85
Total	1,163.79		710.86	74.22	6.82		783.38	

Source: Departmental records

It may be seen from the above table that against the approved outlay of ₹ 1,163.79 crore, GoI was required to release ₹ 1,047.41 crore as per the funding pattern, of which GoI released ₹ 710.86 crore. The short release of funds by GoI was due to adjustment of unspent balances which was attributable to inability of the State Government to utilise the available funds and submit UCs in time for further release of funds.

Further, as per the funding pattern, the State Government was to release ₹ 78.98 crore during 2010-16, but released only ₹ 74.22 crore, resulting in short-release of State share of ₹ 4.76 crore.

The State Project Director, SSA Mission, Mizoram (November 2016) stated that short receipt of fund from MHRD was not only due to adjustment of unspent balance but also due to insufficiency of fund at MHRD in some cases and non-receipt of sufficient state matching share.

The fact however remains that due to short-receipt of funds the Mission was deprived of funds meant for the implementation of the RTE Act amounting to ₹ 336.55 crore.

1.3.18.2 Delay in release of SSA funds

As per GoI instructions contained in the release orders of fund, the fund should be released to the SSA Mission within fifteen days from the date of receipt. Scrutiny of records revealed that during 2014-15 and 2015-16, there was delay ranging from 10 to 118 days in releasing of fund from the State Government to the SSA Mission, resulting in delay in implementation of the programme. The delay was less pronounced during the year 2015-16. The details of grants released by GoI to the State Government and transfer of the same by the State Government to the SSA Mission, Mizoram during 2014-17 (upto April 2016) as shown in the following table.

Table-1.3.14

Year	Date of release by GoI	Amount released (₹ in lakh)	Actual date of release by State	Amount released (₹ in lakh)	Period of delay* (in days)
2014-15	29.05.2014	4,039.02	10.07.2014	2,019.51	25
			01.08.2014	1,000.00	47
			29.08.2014	1,019.51	75
	22.10.2014	2,996.98	11.12.2014	2,996.98	32
	10.03.2015	6,144.90	22.04.2015	4,217.00	26
			10.07.2015	642.63	102
			23.07.2015	1,201.16	118
			23.07.2015	84.11	118
			19.02.2015	744.75	15.05.2015
	25.03.2015	69.30	25.06.2015	69.30	75
30.03.2015	744.75	25.06.2015	744.75	70	
2015-16	18.05.2015	932.65	09.07.2015	932.65	33
	19.10.2015	5,257.18	16.11.2015	5,257.18	11
	30.03.2016	3,247.68	26.04.2016	3,247.68	10

Source: Departmental records *- after allowing 15 days' time

Further, ₹ 61.45 crore and ₹ 7.45 crore released by GoI in March 2015 was irregularly retained in Civil Deposit by the Directorate of School Education Department after the money was drawn from the Government Treasury in March 2015.

The State Project Director, SSA Mission, Mizoram accepted (November 2016) the audit observation.

1.3.18.3 Diversion of SSA funds for payment of committed liabilities

During the year 2013-14, GoI released ₹ 106.58 crore as its share with the instruction (December 2013) to the State Government to release the deficit state matching share of ₹ 7.80 crore for obtaining the next instalment of grants-in-aid from GoI. However, the State Government sanctioned only ₹ 3.43 crore as state matching share. Due to short release, no further release of fund for the year was made by GoI.

Further scrutiny revealed that due to non-release of further instalment during 2013-14, the SSA Mission, Mizoram in order to make up the deficiency of funds to meet the committed liabilities of ₹ 677.85 lakh for payment of salaries of teachers for the month of March 2014, diverted ₹ 267.45 lakh from the savings of various interventions of 2013-14. The balance amount of ₹ 410.40 lakh was met from diverting the fund meant for interventions of payment of teacher salaries for 2014-15.

The State Project Director, SSA Mission, Mizoram accepted (November 2016) the audit observation.

1.3.18.4 Deduction and utilisation of supervisory cost

The SSA framework for implementation does not provide any provision for deduction of monitoring and supervision cost from the approved cost under civil works viz. construction of new schools, construction of additional classrooms, toilets and boundary walls.

Scrutiny of the records of SSA Mission, Mizoram revealed that the State Project Office (SPO) and District Project Offices (DPOs) had irregularly deducted ₹ 354.26 lakh from the approved fund of ₹ 85.96 crore during 2010-16 towards monitoring and supervision cost by the State and District level authorities as detailed in the following table.

Table-1.3.15

(₹ in lakh)

Year	Funds released to districts	Deductions at various levels (percentage deducted)		
		SPO	DPOs	Total
2010-11	2,363.80	35.46 (1.5)	70.91 (3)	106.37
2011-12	1,281.89	19.23 (1.5)	38.46 (3)	57.69
2012-13	2,779.36	41.69 (1.5)	83.38 (3)	125.07
2013-14	Nil	Nil	Nil	Nil
2014-15	Nil	Nil	Nil	Nil
2015-16	2,171.02	21.71(1.0)	43.42 (2)	65.13
Total	8,596.07	118.09	236.17	354.26

Source: Departmental records

The irregular deduction would have affected the extent and quality of work. Further, scrutiny of the records at office of the SPO and two sampled DPOs (Aizawl and Lunglei districts) revealed that the following amounts were spent for purposes other than the monitoring and supervision of works.

- **State Project Office:** During 2010-11, ₹ 4.13 lakh was spent on TA of officials, books, advertisement, renovation of office rooms *etc.* and the remaining amount of ₹ 9.30 lakh was incurred on payment of third party monitoring charges. The unspent balance of ₹ 22.04 lakh which formed part of the closing balance of the year 2010-11 was adjusted by GoI in the next year fund release.
- **DPO, Aizawl District:** Out of ₹ 17.15 lakh deducted during 2011-12, ₹ 15.65 lakh was irregularly spent for office renovation, vehicle hiring/repairing, procurement of office equipment, training travelling expenses *etc.* and the remaining balance of ₹ 1.50 lakh was diverted to Sub Divisional Education Officers for inspection of schools.
- **DPO, Lunglei District:** Out of ₹ 35.25 lakh deducted during 2012-13, ₹ 30.28 lakh was spent by the DPO on various activities⁵ and the remaining fund of ₹ 4.97 lakh was utilised on travelling expenses of officials.

⁵ Procurement of Green board (₹ 9.94 lakh), Renovation of various buildings/schools (₹ 17.55 lakh), Procurement of laptop (₹ 0.44 lakh), procurement of chalk *etc.* (₹ 1.57 lakh) and Vehicle repairing (₹ 0.78 lakh)

The State Project Director, SSA Mission, Mizoram replied (November 2016) that the supervisory cost was deducted at the State and district level as per the provision of SSA Manual on Financial Management and Procurement of SSA (Para 26.7) which *inter-alia* states that supervision cost and equipment bought for monitoring quality, if any, built into the unit cost can be retained at the district/State level for expenditure on supervision.

The reply is not acceptable as no supervision cost for monitoring quality was built in the unit cost of civil works approved by GoI.

1.3.18.5 Audit by Chartered Accountants

Paragraph 7.12.2 of SSA Framework of implementation provides for statutory audit of SSA accounts annually by the Chartered Accountant Firms.

Scrutiny of records of the State Project Director, SSA Mission, Mizoram revealed that the accounts of the SSA Mission, Mizoram for the years 2010-16 were duly audited annually by Chartered Accountant firms. Further, scrutiny of the audited reports of the Chartered Accountant for the years 2010-16 revealed that in every year's report, the Chartered Accountants had observed that in the balance sheet, there was a discrepancy of ₹ 83.59 lakh due to difference in cash and bank balance since 2003-04. The SSA Mission, Mizoram has appointed a Chartered Accountants firm⁶ to reconcile the accounts during 2014-15. The issue was yet to be resolved.

The State Project Director, SSA Mission, Mizoram accepted (November 2016) the audit observation. The reply was, however, silent as to why the discrepancy between cash and bank balance could not be reconciled by the Chartered Accountant even after lapse of more than one year.

1.3.19 Monitoring and Evaluation

1.3.19.1 State Advisory Council

As envisaged in Rule 26 of the Mizoram RTE Rules, 2011, the State Government has constituted (April 2010) the State Advisory Council (SAC) under the Chairmanship of Minister of School Education Department with 14 members from different departments/experience in connection with elementary education who will hold the office for a period of two years from the date of assumption of office. The SAC has to conduct meetings once in three months to monitor the implementation of RTE in the State.

Scrutiny of the records revealed that contrary to the provisions of the Mizoram RTE Rules, 2011, the members appointed during April 2010 continuously held the office till March 2013. Again, those new members who were appointed during March 2013 had been holding the office till August 2016 even after the expiry of two years. Further, the State Advisory Council managed to conduct a single meeting (September 2013) since its constitution till August 2016.

⁶ M/s Anil Hitesh & Associates

Thus, to that extent, the monitoring envisaged under RTE was not being done in the State.

While accepting the audit observation, the State Project Director, SSA Mission, Mizoram stated (November 2016) that the issue had been taken up with the Government.

1.3.19.2 School Management Committee

A School Management Committee (SMC) consisting of the elected representatives of the local authority, parents or guardians of children admitted in such schools was required to be constituted in all the Government and aided schools within six months of implementation of the Act and was to be reconstituted every two years. The SMC was to monitor the working of the school, prepare and recommend School Development Plan, monitor the utilisation of the grants received from the appropriate Government *etc.*

Joint inspection of 60 Government and Aided Schools under SSA Mission, Aizawl and Lunglei District revealed the following:

- 14 out of 60 schools did not constitute SMC.
- 23 schools did not reconstitute SMC every two years.
- None of the SMCs prepared School Development Plans during 2010-16.
- None of the SMCs imparted any Special training to children identified for such special training.
- However, all the 60 schools maintained separate bank account for the money received for implementation of various activities under RTE Act. The accounts of the SMCs were audited annually by Chartered Accountants during 2010-16.

Thus, the grass-root level planning and implementation of SSA at the School level was not as per the spirit of RTE Act.

In reply, State Project Director, SSA Mission, Mizoram stated (November 2016) that since all 60 schools having separate bank accounts received funds for implementation of various activities, the question of 14 out of 60 schools not constituting SMCs was doubtful.

The contention is not acceptable as joint physical verification was conducted along with Department officials. However, there was no record maintained regarding the constitution of SMCs, its members, minutes of meetings *etc.* In the Exit Conference (November 2016), the Special Secretary assured that necessary relevant records would be maintained henceforth at the State Level.

1.3.19.3 State Commission for Protection of Child Rights

The Mizoram Right of Children to Free and Compulsory Education Rules, 2011 envisages setting up of a State Commission for Protection of Child Rights. Till the setting up of such commission, the State Government shall constitute an interim authority known as the Right to Education Protection Authority (REPA) within six months of the commencement of the Act or the constitution of the State Commission for Protection of Child Rights, whichever is earlier.

The State Commission for Protection of Child Rights or the REPA shall set up a child help line, accessible by SMS, telephone and letter, which would act as the forum for aggrieved children/guardians to register complaints regarding violation of rights under the Act, in a manner that records but does not disclose, their identity.

Scrutiny of the records revealed that the State Government has not set up State Commission for Protection of Child Rights till date (March 2016), however, REPA consisting of a Chairman and five members was set up during September 2010. The School Education Department notified (March 2013) that any person having any grievance relating to the right of a child under the Act may make a written complaint to local authority of the concerned jurisdiction. However, no proper channel on child help line, accessible by SMS, telephone, as envisaged in the Act, was set up.

Thus, in the absence of proper channel for lodging complaints on violation of child rights, no complaint regarding violation of child rights was received by the REPA during 2010-16.

While accepting the audit observation, the State Project Director, SSA Mission, Mizoram stated (November 2016) that the matter will be brought to the notice of appropriate authority.

1.3.19.4 Evaluation study on implementation of RTE Act

As per the guidelines on SSA, independent research and supervision by autonomous research institutions and third party evaluations should be encouraged.

Scrutiny of the records revealed that the Joint Review Mission was organised during 2011 by the MHRD, GoI to monitor the overall programme implementation in all the States in the country. However, no evaluation study/impact assessment of implementation of RTE Act in the State had been taken up by any agency at State level during 2010-16 so far (September 2016).

The State Project Director, SSA Mission, Mizoram accepted (November 2016) the audit observation.

1.3.20 Conclusion

The performance audit of implementation of RTE Act revealed shortcomings in implementation of the scheme at the ground level. The credibility of Annual plans of SSA was doubtful in the absence of regular household survey and School Development Plans. The Department has not rationalized posting of teachers which resulted in imbalance of posting of teachers in schools where many schools remain overstaffed while others functioning with single or no regular teachers. The implementation of the Act also suffered due to delay in releasing of State Matching Share from the State Government and underutilisation of the available funds by the Department. Non implementation of 25 per cent reservation of children belonging to weaker and disadvantage group in unaided schools and non-setting up of proper system for addressing complaint on violation of child rights are areas of major concern which are yet to be addressed by the Government.

1.3.21 Recommendations

The Government may consider the following recommendations to improve the implementation of the RTE Act.

- Household surveys should be conducted at regular intervals to identify children eligible for enrolment and also ascertain actual enrolment in schools.
- The Department should ensure that no school in the State is functioning without proper recognition.
- The Department should ensure effective participation of School Management Committees in planning and implementation of the Act.
- Appropriate steps should be initiated by the Government to rationalize posting of teachers in schools. Teachers recruited for schools should not be deployed for non-educational works.
- 25 *per cent* reservation in unaided schools for children belonging to weaker and disadvantaged groups should be introduced as per the provisions of the Act.
- The State Commission for Protection of Child Rights to address any grievances on violation of child rights should be constituted at the earliest.

HEALTH & FAMILY WELFARE DEPARTMENT

1.4 Performance Audit on National Rural Health Mission

National Rural Health Mission (NRHM) was launched in April 2005 throughout the country with special focus on 18 States. Mizoram was one of the states selected for implementation of the Mission in 2005. The NRHM seeks to provide accessible, affordable and quality health care to the rural population, especially the vulnerable sections. The Mission was funded under three main components viz. (i) Reproductive and Child Health (RCH), (ii) Strengthening of Health System and (iii) National Disease Control Programme.

Performance audit on National Rural Health Mission in the State covered activities/ programmes funded under the components of RCH Flexipool viz., Strengthening of Health systems including Infrastructure, Mobile Medical Units, Patient Transport Systems (for referral and emergency), procurement of equipment and drugs, support to ASHA workers and VHSNC, Maternal and Child health interventions, Adolescent Health interventions and immunisation. Some of the significant audit findings are highlighted below:

Highlights

Facility surveys for identifying the health care needs of the people at the grassroots were not conducted in the State. District Health Action Plans were prepared without aggregating the Block and Village Health Action Plans.

(Paragraphs 1.4.7.1 & 1.4.7.2)

Loans to the tune of ₹ 15.40 crore released during 2011-16 from the Mission Flexipool fund to various other programs were not returned to the Mission Flexipool.

(Paragraph 1.4.8.6)

₹ 4.16 crore was spent on upgradation of CHCs at Khawzawl & Hnahtial from the Mission Flexipool without approval of GoI.

(Paragraph 1.4.8.8)

Seven out of 49 Sub Centres reconstructed/ constructed during 2012-14 at a total cost of ₹ 45.14 lakh were non-operational.

(Paragraph 1.4.9.3)

Mobile Medical Units (MMU) with an aim of taking the health care to the doorstep of the needy were not fully functional. Many machines (X-Ray, Ultrasound, ECG and power back up) were nonfunctional.

(Paragraph 1.4.14)

Under Janani Suraksha Yojana, which had twin objective of reducing maternal and infant mortality by providing cash incentives to pregnant women, ₹ 1.43 crore was due for payment to eligible pregnant mothers and ASHA workers as of March 2016.

(Paragraph 1.4.16.1)

1.4.1 Introduction

The National Rural Health Mission (NRHM)⁷ was launched in April 2005 throughout the country with special focus on 18 States. Mizoram was one of the states selected for implementation of the Mission in 2005. The NRHM seeks to provide accessible, affordable and quality health care to the rural population, especially the vulnerable sections. Key features to achieve the goals of the Mission include making the public health delivery system fully functional, accountable to the community, human resource management, community involvement, decentralisation, rigorous monitoring and evaluation against standards *etc.*

1.4.2 Organisational Structure

At the State level, NRHM functions under the overall guidance of the State Health Mission (SHM), headed by the Chief Minister. The activities under the Mission are carried out through the State Health Society (SHS). The Mizoram State Health Society was registered under the Societies Registration Act on 17 November 2005. The Governing Body of the SHS is headed by the Chief Secretary. The Executive Committee of the SHS is headed by the Principal Secretary, Health and Family Welfare Department. The State Programme Management Support Unit (SPMSU) acts as the Secretariat to SHS and is headed by the Mission Director.

At the district level, there are District Health Societies (DHSs) headed by the Deputy Commissioners of the eight Districts of the State who act as Chairpersons of the Governing Body of DHS and their Executive Committees are headed by the respective Chief Medical Officers (CMOs). The organisational chart is given below.

Chart-1.4.1



⁷ The National Urban Health Mission (NUHM) as a sub-mission of an over-arching National Health Mission (NHM) was launched on 20 January 2014, with National Rural Health Mission (NRHM) being the other sub-mission of National Health Mission.

1.4.3 Audit Objectives

The objectives of the performance audit are to assess whether:

- Planning and action taken for strengthening of infrastructure of healthcare facilities was as per revised IPHS guidelines;
- Strengthening of human infrastructure at healthcare facilities was prioritised;
- The objective of improving Maternal and Infant mortality rate by implementation of various interventions under Reproductive and Child Health (RCH) has achieved the desired result;
- The required quality assurance mechanism was in place and functioning effectively;
- The mechanism of data collection, management and reporting which serve as indicators of performance was robust and reliable.

1.4.4 Scope and coverage of Audit

The performance audit covering the period from 2011-12 to 2015-16 was conducted during May to September 2016 and covered the activities and programmes funded under NRHM RCH Flexi-pool which encompassed the strengthening of infrastructure of healthcare centres at different levels, human resource management, implementation of schemes related to maternal health, institutional delivery, child health, immunisation, family planning, early detection, *etc.* The performance audit involved scrutiny of the records and other evidence at the State Mission Directorate and at two (Mamit and Lawngtlai) out of nine District Health Societies (DHSs), two District Hospitals (DHs), two Community Health Centres (CHCs), seven Primary Health Centres (PHCs) and 18 Sub Centres (SCs) of the sample Districts, selected on the basis of simple random sampling without replacement method (SRSWOR).

1.4.5 Audit Methodology

The audit methodology involved the examination and analysis of the records/documents of SHS Aizawl, Mizoram and DHSs of sample districts and sample hospitals/health facilities and interview of JSY beneficiaries/ASHA workers.

Audit commenced after an entry conference was held on 29 April 2016 with participation of the officers of the Administrative Department and Head of the Department, wherein audit objectives, scope and criteria were discussed. The draft report was sent to the Government in October 2016 for their response. However, replies of the Government were awaited (March 2017). Mission Director, NHM furnished the reply to the Report. An Exit Conference was held in November 2016 with the Deputy Secretary of the Administrative Department, Mission Director (MD) NHM, Mizoram and other officers of the State Health Society in which audit finding were discussed. The Report has been finalised after considering the replies of Mission Director, NHM, Mizoram to audit observations and deliberations in the Exit Conference.

1.4.6 Audit criteria

Audit criteria adopted for arriving at audit conclusions were derived from the following:

- NRHM Framework for Implementation (2005-12);
- NHM Framework for Implementation (2012-17);
- NRHM Operational Guidelines for Financial Management;
- Indian Public Health Standards (IPHS) – Guidelines (2007) and (Revised 2012) for Sub-Centres (SCs), Primary Health Centres (PHCs), Community Health Centres (CHCs), Sub-District/ Sub-Divisional Hospital and District Hospital;
- Operational guidelines for Quality Assurance in public health facilities 2013;
- State Programme Implementation Plans (PIPs) and District Health Action Plans (DHAPs)

Acknowledgement

Indian Audit and Accounts Department acknowledges and appreciates the co-operation of Officers and Staff of State Health Society, Mizoram. We also appreciate the support of authorities of District Health Societies and Health facilities in the sampled districts during the course of the Performance Audit.

AUDIT FINDINGS

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

1.4.7 Planning

1.4.7.1 Baseline survey/Annual facility survey

Under the Mission, District Health Action Plan (DHAP) is to be prepared on the basis of preparatory studies, mapping of services and facility surveys conducted at village, block and district level, which would act as the baseline for the Mission against which progress would be measured. This exercise needs to be taken up at regular intervals to assess the progress under the Mission. This would help assess the status of the facilities *vis-à-vis* Indian Public Health Standards (IPHS) norms.

However, it was observed in audit that no baseline/ annual facility survey was conducted in the State. In the absence of a comprehensive database of health facilities, Audit could not analyse the gaps between demand for and availability of services in each facility.

1.4.7.2 Preparation of Health Action Plans

The NRHM strives for decentralised planning starting from the village and block level plans and to consolidate the plans into the DHAP which forms the basis of all interventions under

the Mission. The DHAP was to be prepared by the DHS and approved by the DHM. Further, a Programme Implementation Plan (PIP) for the State was to be prepared annually by the SHS by aggregating the DHAP of each district with a bottom to top approach. The District plan was also to be approved by the State so as to enable DHM to implement the scheme as per the approved plan.

However, during the scrutiny of records it was noticed that:

- In sample districts, no village and block level plans were prepared. The situation may be the same throughout the State. DHAPs were also not approved by the respective District Health Missions (DHMs).
- Bottom up approach planning was not adopted in respect of planning for drugs and equipment, *etc.*
- Though District plan was compiled at the SHS, a mechanism for according approval to District plans was not established.

The absence of the comprehensive village and block plans hindered the goal of decentralised planning. As a result, audit could not assess village-centric health issues and measures taken to improve the health conditions *etc.*

While accepting the audit observation, MD NHM attributed the non-preparation of village and block health plan to late receipt of the guidelines for preparation of a Programme Implementation Plan (PIP).

As regards planning for drugs and equipment, MD NHM stated that it was done at the State level to have the uniformity in the rates of drugs and equipment. It further added that district data was available at the State level and hence plans for SC clinic, infant warmers *etc.* were prepared solely at the State level.

The reply is not acceptable as the preparation of village and block health plan is a basic exercise not linked to receipt of the guidelines for preparation of PIP for a given year. Further, data available at the State Level may not appropriately prioritise local requirements. SHS should involve concerned stakeholders at the grassroots level in planning within the time frame.

1.4.8 Financial Management

1.4.8.1 Funding Pattern

The funding pattern of the Scheme in the State is 90:10 of Central share and State share. The funding to the State is based on the approved State Programme Implementation Plans (PIPs), which has five components⁸. Performance audit covered activities undertaken under NRHM

⁸ (i) NRHM Reproductive and Child Health (RCH) Flexible Pool, (ii) National Urban Health Mission (NUHM) Flexible Pool, (iii) Flexible Pool for Communicable Diseases, (iv) Flexible Pool for Non-Communicable Diseases and (v) Infrastructure Maintenance.

RCH Flexi pool. The position of receipt and expenditure of funds under NRHM RCH Flexi pool during 2011-12 to 2015-16 is as given in the following table.

Table-1.4.1

(₹ in crore)

Year	Opening Balance	Receipts	Total	Expenditure	Closing Balance
2011-12	11.56	33.12	44.68	34.33	10.35
2012-13	10.35	50.64	60.99	57.48	3.51
2013-14	3.51	45.08	48.59	45.71	2.88
2014-15	2.88	34.40	37.28	34.54	2.74
2015-16	2.74	81.31	84.05	76.08	7.97

Source: SHS's records

1.4.8.2 Release of funds

As per the operational guidelines on Financial Management, funds were to be released based on the utilisation of previous funds in a minimum of two or more tranches. GoI releases funds in May and October or as and when required, subject to the approval of a Programme Implementation Plan (PIP) by the National Programme Coordination Committee (NPCC).

During 2011-12 and 2015-16, it was observed that ₹ 45.33 crore was sanctioned/released⁹ at the close of the financial year by GoI. The change in funding pattern (*i.e.* releasing through the State budget instead of direct transfer to SHS) from 2014-15 resulted in further delay in transfer of funds to SHS account. As on August 2016, ₹ 2.10 crore of central funds pertaining to 2014-15 and 2015-16 was pending for release by the State to SHS.

The MD NHM accepting the facts stated (December 2016) that the SHS faced greater financial constraints after the change of funding pattern.

1.4.8.3 Release of funds to the Districts

As per operational guideline, SHS should transfer the funds to the districts within 15 days of the receipt of funds, which was in turn to be released to Village Health Sanitation and Nutrition Committee (VHSNC), Sub Centres, PHCs, CHCs and Sub-District Hospitals *etc.* However, it was observed that the funds were not released to the Districts within the stipulated time. Out of ₹ 3.98 crore approved in 2014-15, ₹ 1.16 crore was released in January 2015 and remaining funds (2014-15) along with funds approved in 2015-16 were released in August 2015 and January 2016.

The MD NHM stated (December 2016) that the SHS did not receive funds in time during 2014-15 due to which only 30 *per cent* was released to the districts during 2014-15.

⁹ Includes sanctions at the close of financial year and released in next financial year

1.4.8.4 State Matching Share

The State should deposit its share in the same financial year and confirm the credit of State's share of PIP (based on total releases under NRHM) within 15 days of the end of financial year. As on March 2016, backlog of State Matching Share was ₹ 6.02¹⁰ crore.

While accepting the delay in depositing State Matching Share, the MD NHM stated (December 2016) that the State Matching Share of ₹ 6.02 crore was released to SHS in October 2016.

1.4.8.5 Untied fund/Maintenance grant/ Rogi Kalyan Samiti (RKS) grant

During 2011-16, the SHS released ₹ 14.42 crore to the districts towards untied/maintenance/RKS grant. SHS reported the entire release to the Districts as utilised. But it did not have information on actual utilisation out of the releases.

While accepting the facts the MD NHM stated (December 2016) that the State was taking necessary actions to receive the reports in time from the Districts.

1.4.8.6 Loans from RCH Flexipool to other programmes

Due to paucity of funds in a programme/activity, SHS released funds from one account to another on temporary loan basis. Ministry also allowed (January 2015) states to utilise funds available in one programme/scheme of the Mission for another programme subject to the conditions that (i) Funds loaned temporarily will be returned to the original programme head/account, once funds become available in the programme, for which funds were temporarily borrowed and (ii) This should not be taken as a norm, but only in exceptional circumstances.

However, it was noticed that SHS was routinely giving temporary loans from NRHM RCH Flexipool to other programmes. The loans to the tune of ₹ 15.40 crore released during 2011-12 to 2015-16 to the various programmes were not returned, which would apparently impact implementation of various interventions funded under the NRHM RCH Flexipool.

While accepting the audit observation MD NHM stated (December 2016) that due to non-release of funds from GoI/State treasury in time, temporary loans were released to other programmes from NRHM RCH Flexipool and the same would be recouped as and when funds would be available in other activities.

The fact, however, remained that since the temporary loans were not returned for lengthy periods the various programs under NRHM RCH Flexi pool would have been adversely affected. Further, temporary loans were treated as expenditure resulting in the distortion of expenditure figures under NRHM RCH Flexipool.

¹⁰ State matching share on the total funds released under NRHM/NHM

1.4.8.7 Funds from Mission Flexipool kept in cash chest

As per operational guideline for Financial Management, there should be a separate bank account for RCH, Mission Flexipool and Immunisation *etc.*, under the group main account of NRHM. As stipulated, the SHS maintained separate bank accounts at Mizoram Rural Bank, Dinthar, Aizawl. Further scrutiny of the records/documents revealed that the SHS operated a second account at the same branch for the amount drawn on AC bills from Mission Flexipool. The funds were mainly used for civil works. The funds were kept in the bank account upto 31 July 2015, there after the entire balance was withdrawn from the bank and kept in the cash chest maintained in the SHS office. The cash balance in the cash chest was ₹ 1.06 crore as on March 2016. Holding large amounts in cash is fraught with risk of temporary misappropriation.

Further, during the scrutiny of the subsidiary cash book, it was noticed that the SHS had withdrawn an amount totalling to ₹ 51.40 lakh between July 2013 and July 2015. However, the purpose for which the money was withdrawn was not written in detail. In the absence of bills/ vouchers, audit could not verify the genuineness of the expenditure incurred and the possibility of funds being misappropriated could not be ruled out.

While accepting the audit observation, the MD NHM stated (December 2016) that as per verbal instruction of higher authority, second bank account was operated to account for ongoing civil works. It was further stated that ₹ 51.40 lakh was withdrawn for temporary loan and action was being taken to recoup the amount.

No record in support of withdrawal of ₹ 51.40 lakhas temporary loan and purpose of loan could be produced to audit. The reply also did not clarify as to why cash worth ₹ 1.06 crore was kept in the cash chest and corrective action was not taken to prevent holding of heavy cash balance in the cash chest.

1.4.8.8 Utilisation of funds for unapproved works/activities

It was observed in audit that funds were utilised by the SHS for works/activities not approved by GoI like upgradation of CHCs and purchase of vehicles, as detailed below:

- **Upgradation of CHC into 50 bedded SDH at Khawzawl**

SHS took up the upgradation work of CHC Khawzawl into a 50 bedded hospital from Mission Flexipool Funds at an estimated cost of ₹ 3.79 crore without the approval of GoI. The civil work started from June 2013 and was still in progress (2016). The SHS incurred ₹ 2.29 crore as on March 2016. In addition, SHS also spent ₹ 31 lakh on the water supply and sanitary work.



SDH Khawzawl under construction

- **Upgradation of CHC into SDH (Phase-1) Hnahtial**

SHS took up the upgradation work (Civil work) from April 2012 out of Mission Flexipool Fund at a cost of ₹ 1.34 crore without the approval of GoI. The work was completed at a total expenditure of ₹ 1.56 crore including the cost of internal sanitary and electrification work. The newly upgraded hospital was made operational in April 2015.

While accepting the facts the MD NHM stated (December 2016) that as per verbal instruction from higher authorities this wrong procedure had to be taken up and added that the State would try to avoid such situation in the future.

- **Purchase of vehicles**

As per the NRHM guidelines, interest earned shall be treated as grants-in-aid and shall be utilized for the same purpose for which the State PIP or District PIP is approved and shall also be subject to the same programme norms/guidelines as the grants-in-aid for the programme. This was to be factored into while approving the State PIPs.

Audit observed that SHS purchased three vehicles costing ₹ 29 lakh during April/ May 2013 from the cumulative interest of the funds deposited in the account without approval of GoI.

MD NHM stated (December 2016) that *ex-post facto* approval was given for purchase of three vehicles for emergency health care in several CHC, PHC and Sub-Centre level clinics.

The reply is not factually correct because these vehicles had been allotted to the Health Minister, MD and State Programme Officer (SPO). Keeping in view the allocation of the vehicles, this expenditure should have been from the State budget.

1.4.8.9 Statutory and Concurrent Audit

NRHM Operational Guidelines for Financial Management requires appointment of Statutory and Concurrent Auditors for audit of the accounts of SHS and DHSs including accounts of

CHCs/PHCs/Sub Centres/Village Health Sanitation & Nutrition Committees/Rogi Kalyan Samitis/National Disease Control Programmes.

During scrutiny of the records, Audit observed that:

- M/s Saraswati & Co., was appointed as the Concurrent Auditor for four financial years 2010-11, 2011-12, 2012-13 and 2013-14; thereafter M/s Kiran Joshi & Associates, was appointed as the Concurrent Auditor for three financial years 2014-15, 2015-16 and 2016-17 in violation of the condition of appointment for maximum two years in the guidelines.
- Appointment of the Concurrent Auditor was delayed by 175, 195 and 142 days during 2011-12, 2012-13 and 2014-15 respectively, which impacted the time schedule of submission of reports.
- The concurrent audit was carried out by the selected auditors on quarterly basis instead of monthly basis as stipulated.
- Both the Statutory Auditor and the Concurrent Auditor had not submitted their Reports for the year 2015-16 (as of December 2016).

Thus, the deficiencies in audit process and selection of auditors as pointed out above hampered timely completion of audit and submission of audit report to the Ministry of Health and Family Welfare.

The MD NHM stated (December 2016) that due to good performance of M/s Kiran Joshi & Associates during 2014-15 the firm was re-appointed for two consecutive years 2015-16 and 2016-17.

The reply is not tenable as this was in violation of extant instructions and the reply was silent on the issue of delayed appointment and delay in submission of reports by the Auditors.

1.4.9 Availability of Physical Infrastructure

As on 31 March 2016, there were nine District Hospitals, two Sub District Hospitals, nine CHCs, 57 PHCs and 370 Sub Centres in the State. The number of rural health facilities available in the State had been almost static. The position of District Hospitals, Sub District Hospitals, CHCs, PHCs and Sub Centres in the State in 2012 and 2016 is given in the following table.

Table-1.4.2: Position of Health Centres

Year	District Hospital	Sub District Hospital	CHC	PHC	SC
2012	8	3	9	57	370
2016	9	2	9	57	370

Source: SHS's records

The categorisation and mapping of the facilities in the State was not consistent and differed from source to source as indicated in the following table.

Table-1.4.3: Varying position of Infrastructure

	District Hospital	Sub District Hospital	CHC	PHC	SC
As per Gazette Notification	9	2	9	57	370
SHS MIS report	8	3	9	57	370
Information by Directorate of Health Services	12	12		57	372

While accepting the audit observation the MD NHM stated (December 2016) that the State had issued a Gazette notification on 13 June 2016 on mapping of facilities.

The fact remains that the varying position still persisted as information in the Gazette notification issued by the Directorate of Health Services differs from information in MIS Report as well as information specifically provided by the Directorate of Health Services on the request of Audit. These discrepancies regarding categorisation and mapping of facilities available in the State needs to be reconciled.

1.4.9.1 Upgradation of PHCs to 24 hours emergency service

As per IPHS, the PHCs over one hour journey time away from CHC can be upgraded to provide 24 hours emergency service. All 57 PHCs in the State are over one hour journey time away from CHC. However, 16 PHCs are yet to be upgraded to provide 24 hours emergency service.

The MD NHM stated (December 2016) that due to un-availability of human resources and infrastructure, the State could not follow IPHS norms.

1.4.9.2 Availability of basic facilities in Sub Centres

NRHM aims to bridge gaps in the existing capacity of the rural health infrastructure by establishing functional health facilities through revitalization of the existing physical infrastructure, such as health centre buildings and fresh construction or renovation, wherever required. The Mission also seeks to improve service delivery by putting in place enabling systems at all levels. Due to non-conduct of annual facility survey, Audit could not assess the status and incremental gains made in infrastructure available at all health centres.

However, audit observed lack of basic facilities like proper water supply, electricity connection, compound wall, toilet *etc.* during the visit to Sub Centres.

Table-1.4.4: Sub Centres without basic facilities

No. of Sub Centres test-checked	Electric connection	Water supply	Toilet	Compound wall
18	4	13	2	17

While accepting the facts the MD NHM stated (December 2016) that the SHS was trying its best to improve the basic facilities of Sub Centres.

1.4.9.3 Non-functioning Sub Centre

As per available information, during 2012-13 and 2013-14, SHS approved construction/reconstruction of 49 Sub Centre, the construction of which have been completed. Out of these, 7 Sub Centre does not figure in the list of 370 Sub Centre notified by the Government in May 2016. As such, apparently these Sub Centre have not been put to use. This resulted in unfruitful expenditure of ₹ 45.14 lakh spent on their construction.

1.4.9.4 Repair instead of reconstruction of Sub Centre

SHS proposed to reconstruct West Phaileng Sub Centre in 2012-13. However, village council could not provide the land for the site of new construction. SHS spent ₹ 6.00 lakh on repair/renovation of the existing building. However, during the site visit it was observed that the existing Sub Centre remained in poor condition as shown below.



West Phaileng Sub Centre in poor condition

1.4.9.5 Entrustment of work without calling tenders

As per the general financial rules and CPWD works manual, no work should be entrusted without proper procedures and call of tenders if the estimated amount is more than ₹ 50,000. However, it was observed that civil works of ₹ 1.02 crore were taken up in Mamit and Lawngtlai Districts without calling for tenders during 2011-12 to 2013-14. It was noticed that the records showed only entrustment of work was done as per the instruction of the Health Minister to different agencies.

Table-1.4.5: Entrustment of work without calling tenders

Year	District	Amount (₹ in lakh)	Civil work
2011-12	Mamit	5.12	Repair work
	Lawngtlai	2.22	Repair work
2012-13	Mamit	31.00	Construction/reconstruction for 5 Sub Centre @ ₹6.20 lakh
	Lawngtlai	15.82	Construction of Type-III Quarters.
2013-14	Mamit	18.60	Construction/reconstruction of 3 Sub Centre
		14.76	Construction of Type-III Quarters.
	Lawngtlai	14.51	Construction/reconstruction of 2Sub Centre
Total		102.03	--

MD NHM accepted (December 2016) the audit observations.

1.4.9.6 Non-operation of Auxiliary Nurse Midwife School and Girls hostel

SHS took up construction of Auxiliary Nurse Midwife school and Girls hostel at Lawngtlai at a cost of ₹ 2.80 crore under the centrally sponsored scheme for upgradation/strengthening of Nursing Services during the year 2010-11. The construction of the school and the hostel was completed by December 2013 and June 2014 respectively. During visit to the site (July 2016), audit noticed that the buildings were surrounded by tall grass and were lying nonoperational since their construction.



Non-operational ANM School and Girls Hostel

The MD NHM stated (December 2016) that operationalisation of the school/hostel was still under process. The reply was silent as to why the school and the hostel could not be operationalised even after a lapse of three years of their construction.

1.4.10 Procurement of equipment

1.4.10.1 Upgradation of Infrastructure in District Hospitals

GoI approved ₹ 2.12 crore in 2015-16 for implementing the following activities:

- Purchase of Power Supply (250 KVA) for Champhai District Hospital - ₹ 30 lakh
- Four bedded dialysis centre at District Hospital Lunglei - ₹ 113 lakh.
- OT equipment (three OTs) for Civil Hospital Aizawl - ₹ 69 lakh.

Scrutiny of the records/documents revealed that:

- **Power Supply (250 KVA) for District Hospital Champhai**

The funds provided under Mission Flexipool for purchase of Power Supply was diverted for the procurement of Ultrasound Machines and X-ray machines for District Hospitals at Champhai and Mamit costing ₹ 28.09 lakh, which was not approved by GoI. However, it was noticed in audit that procurement and installation of Power Supply at District Hospital, Champhai was done from the funds available under the Forward Linkage Scheme for upgradation of District Hospital, Champhai.

The MD NHM stated (December 2016) that as the power supply was already procured from the forward linkage scheme, fund available was utilized for purchasing ultrasound machines and 300 MA X-ray machines.

The reply highlights the fact that funds were sought in an *ad hoc* manner without assessing the actual requirement as funds were obtained for the same work twice under two different schemes leading to diversion of funds under one scheme.

- **Setting up four Bedded Dialysis Centre at District Hospital, Lunglei**

SHS proposed to set up four bedded dialysis centre at District Hospital Lunglei estimated at ₹ 1.13 crore. GoI approved the proposal in 2015-16. The proposal for setting up the four bedded Dialysis centre at District Hospital *inter-alia* included procurement of four Dialysis Machines, two Reverse Osmosis (RO) Plants, four Dialysis Beds, Multi-parameter Monitor, Air conditioner, Civil work, furniture, minor equipment *etc.* SHS procured four dialysis machines along with RO plants at ₹ 40 lakh. Instead of installing all the machines in District Hospital Lunglei, SHS diverted (January 2016) two units to Civil Hospital, Aizawl deviating from the plan approved by GoI. As of August 2016, none of the machines were installed as the construction of dialysis rooms was not completed.

The MD NHM stated (December 2016) that due to higher case-loads at Civil Hospital, Aizawl, two bedded dialysis centre was also set up in the Hospital.

Audit also noticed that as per the agreement, 80 *per cent* of the total amount should be released to the vendor against the dispatch documents at sight. The balance 20 *per cent* should be released after satisfactory installation and commissioning of the equipment. However, SHS paid entire amount resulted in payment of ₹ 8.00 lakh before satisfactory installation and commissioning.

Further, SHS procured two RO plants at the unit cost of ₹ 4.26 lakh against estimated unit cost of ₹ 15 lakh. The basis for estimating the cost of plant was not available in the proposal. As such, audit could not assess whether SHS procured RO plants of the specification which was needed and also cannot with certainty assure that the RO plants that had been procured would fulfil the operational requirement of dialysis centre.

● **Procurement of equipment for Civil Hospital, Aizawl**

GoI approved ₹ 69 lakh for procurement of OT equipment (*viz.*, OT light, Operation Table, Diathermy and Anaesthesia Workstation) for improvement of infrastructure of Civil Hospital Aizawl.

SHS procured OT Light and Diathermy as per the plan. However, instead of procuring Operation Tables and Anaesthesia Workstation, from the balance fund available, Bone Drill, X-ray machines, Laparoscope, CO² Inflation set costing ₹ 34.50 lakh were procured. Further, total cost of the equipment procured was more than the funds approved by ₹ 6.46 lakh.

MD NHM stated (December 2016) that due to urgent requirement in Civil Hospital, Aizawl, it was decided to procure the equipment during the meeting between the Mission Director, the Director Health and the Medical Education and Medical Superintendent of Civil Hospital.

However, the fact remains that the fund were not utilized for the purpose for which it was sanctioned. It is not clear how the requirement of Operation tables and Anaesthesia Workstation was met as the same were not procured.

1.4.10.2 Procurement of Radiant Infant Warmers and Neonatal Resuscitators

In order to strengthen delivery points of all levels in the four High Priority Districts (HPDs), in 2014-15, SHS proposed to equip 65 Sub Centre and 6 PHCs with New Born Care Corners (NBCC) at a total cost of ₹ 88.75 lakh. Against this proposal, GoI approved for 58 new NBCCs for ₹ 49.30 lakh at the unit cost of ₹ 0.85 lakh. Instead, SHS procured 70 Infant Warmers and 58 Resuscitators at a total cost of ₹ 36.07 lakh. Out of 70 Infant Warmers procured, 22 were allotted to four District Hospitals, one each to one Sub-District Hospital, one CHC and one UHC, which was outside GoI approved list. Remaining 45 were distributed to PHCs/ Sub Centres including two Sub Centres which was not in the approved list. Thus, only 43 were issued to Sub Centre/ PHCs appearing in the approved list.

Similarly, out of 58 Resuscitators procured, 15 were issued to health care centres such as PHCs, CHCs and District Hospitals which was outside GoI's approved list.

Thus, out of 58 PHCs/Sub Centres approved by GoI, only 43 PHCs/Sub Centre were provided NBCCs, thereby, 15 Sub Centres in the approved list were denied of NBCCs.

The MD NHM (December 2016) replied that other hospitals having Special New-born Care Units (SNCUs) were included for supply of Radiant Infant Warmer as there was an approved budget of ₹ 5 lakh for upgradation of SNCUs, however, expenditure was booked under Mission Flexipool. It was also replied that since the approved rate was lower than expected, fund was utilised for the upgradation of existing SNCUs.

1.4.11 Utilisation of funds for Procurement of drugs

GoI approved ₹ 2.46 crore towards implementation of National Iron Plus Initiative (NIPI) during 2014-15 and 2015-16. Funds were to be utilised for the purchase of Iron Folic Acid

(IFA) syrup, IFA Tab and Albendazole Tab for children. While approving, GoI insisted for procurement of drugs through competitive bidding. However, the Department purchased medicine worth ₹ 1.37 crore (August 2015) from M/s SL Sailo Pharmacy, Aizawl through quotations obtained from the three firms, as detailed below:

Table-1.4.6: Tender details

Sl. No.	Item	Amount (₹ in lakh)	Tender notice	Bidders
1.	Tab Iron Folic Acid (for age group 10-19 years)	71.14	7 October 2014	1. SR Pharmacy, Aizawl 2. KC Pharmacy, Aizawl 3. SL Sailo Pharmacy, Aizawl
	Iron Folic Acid (syrup)	16.77		
2.	Albendazole (age 5-10 years children)	4.06	20 January 2015	
	Albendazole (age 10 -19 years children)	18.38		
3.	Tab Iron Folic Acid (Small Pink)	26.43	20 January 2015	
Total		136.78	-	

The points noticed in the audit are given below:

- In respect of item at Sl. No. 1, the State Government did not go for competitive bidding, whereas in case for procurement exceeding ₹ 25 lakh open tender should have been called for. Moreover, restricted tender notice was issued on 7 October 2014, the bidders submitted quotations the next day and comparative statement compiled and Supply Orders was placed on the same day.
- In respect of the above items at Sl. No. 2 and 3, comparative statement of prices offered by the bidders was prepared on 19 January 2015, whereas restricted tender was issued on 20 January 2015, which is indicative of the fact that bidding process was not transparent. Also, no formal letters from the respective bidders were found on records, along with their quotations
- As per procedure/practice followed, selection of bids is approved by the purchase committee. In the above cases, no approval of the purchase committee was obtained. Moreover, entire tendering process and issue of supply orders was completed in two days.

MD NHM stated (December 2016) that late receipt of approval by GoI (September 2014) necessitated emergency procurement so as to avoid disruption in supply chain and administration of tablets. It was further stated that since the floating of the tender was time consuming, the procurement was undertaken on an urgent basis by resorting to restricted tender. As regards bidding, it was stated that no formal letter was provided by bidders along with their respective quotation since the whole restricted tenders were processed in a rush to avoid further delay. In respect of tenders for items at Sl. No. 2 & 3, it was stated that MD NHM signed restricted tender on 19 January 2015 following which three firms were contacted and the firms responded immediately with their quotations and comparative statement was prepared on the same day, where as restricted tender was issued by the section on 20 January 2015.

The contention of resorting to restricted tender on the grounds of urgent requirement is not tenable as the procurement for Albendazole and Tab Iron Folic Acid was initiated only in January 2015 *i.e.* after a gap of three months from the receipt of approval by GoI, and open tendering procedure could have easily been followed without fear of disruption of supply chain. The Government must ensure that violation of all existing rules and provisions regarding procurement is not done and in such cases the matter should be investigated and responsibility fixed.

1.4.11.1 Purchase of drugs under National Iron Plus Initiative (NIPI)

SHS procured (March/ April 2016) Albendazole, IFA syrup and IFA tabs worth ₹ 1.05 crore from M/s S.L. Sailo Pharmacy without following a fair, transparent and competitive bidding process to ensure the best value for money in the procurement of drugs under NIPI. Audit observed that

- M/s S.L.Sailo Pharmacy made a representation (May 2015) to the Minister, Health & Family Welfare to allow them to continue to supply IFA tab, Albendazole etc., which was marked to SHS for favourable consideration.
- Instead of wide publicity in national newspapers, the tenders were advertised in two local newspapers only (July 2015).

1.4.12 Free Drugs Service Initiative

To mitigate the out of pocket expense on health care, GoI launched a free drugs service initiative in 2013. GoI approved ₹ 1.98 crore towards implementation of free drugs services in the State in 2014-15, which included provisions for establishment of information technology (IT) backed supply chain and logistics system and procurement of drugs. GoI again approved ₹ 0.53 crore in 2015-16 for procurement of drugs under the scheme.

As per the operational guidelines, the State was to put in place a transparent and robust procurement system, IT backed drugs supply chain and logistics system, integrated quality assurance system, standard treatment guidelines and prescription audit system, *etc.* However, implementation of the scheme had not yet started in the State.

Scrutiny of records revealed the following lapses/shortcomings due to the non-operationalisation of free drug service initiative.

- Central Medical Store (CMS) continued to issue medicines to a non-functional PHC, Kanhmun in Mamit District. However, the stocks were received by Chief Medical Officer, Mamit.
- Expired medicines were found in stock in 13 healthcare centres out of 29 hospitals/ centres test-checked in Audit, as illustrated in **Appendix-1.4.1**.

MD NHM stated (December 2016) that in 2014 an agreement with Centre for Development of Advanced Computing (C-DAC) was processed for ₹ 1.00 crore. However, as C-DAC demanded

more than ₹ 1.00 crore before finalisation of the agreement additional funds were proposed in the supplementary PIP for the year 2016-17. MD NHM added (December 2016) that medicines for Zawlnuam PHC were mistakenly issued by CMS to Kanhmun Sub-Centre. It was further stated that Health facilities had been instructed to return unused medicines.

1.4.13 Mobile Medical Unit

Under NRHM, one Mobile Medical Unit (MMU) was to be provided in each district to serve outreach areas with an aim of taking the healthcare to the doorstep of the needy people. There were a total of nine units in the State, one unit each for nine districts of the State. A Mobile Medical Unit consists of three vehicles, one for carrying medical and para-medical personnel, second for carrying basic laboratory facilities and the third for carrying diagnostic equipment. During 2011-12 to 2015-16, SHS spent ₹ 2.46 core on the operationalization of MMUs in the State.

It was noticed in audit that the larger size of the vehicles in narrow hilly road conditions and shortage of manpower and non-working equipment hindered effective functioning of MMUs in the State. It was also noticed that six X-ray machines, six Ultrasound machines, seven ECG machines, and six power back up were non-functional.

As per guideline, mobile health team was to work for six days a week. Performance of MMUs in the State during 2014-15 and 2015-16 was as indicated in the following table.

Table-1.4.7: Performance of MMU

Unit	2014-15			2015-16		
	Number of months with			Number of months with		
	no health camps	less than five health camps	five or more health camps	no health camps	less than five health camps	five or more health camps
Aizawl West	7	4	1	-	2	10
Aizawl East	4	6	2	-	5	7
Lunglei	1	9	2	-	8	4
Serchhip	10	2	-	1	8	3
Lawngtlai	6	3	3	-	7	5
Mamit	12	-	-	-	-	12
Kolasib	10	2	-	1	9	2
Champhai	5	7	-	2	8	2
Saiha	12	-	-	1	11	-

It was noticed in audit, that in the sampled districts, services of the Staff of the units were utilized in the District Hospitals, which indicated that the MMU were not conducting regular outreach services. During joint physical verification it was noticed that MMU vehicles in Mamit District were non-operational as could be seen from the following photographs



Non-functioning MMU vehicles, Mamit

While accepting the audit observation the MD NHM stated (December 2016) that size of the vehicle and the poor road condition during long monsoon season greatly hampered the operation of the MMUs in the State.

1.4.14 Human Resources

Indian Public Health Standards of the various public health facilities have been prescribed under the mission, to provide basic primary health care/optimal specialized care and to sustain the acceptable standard of quality of care.

1.4.14.1 Medical health care professionals in District Hospitals

District Hospital is a hospital at the secondary referral level responsible for a district. Its objective is to provide comprehensive secondary health care services to the people in the district at an acceptable level of quality and being responsive and sensitive to the needs of the people. IPHS prescribes minimum essential manpower required for a functional district hospital to provide all desirable services.

Position of staff in the sample District Hospitals as on March 2016 as compared to IPHS is shown in the table below:

Table-1.4.8: Personnel in position in DHs

District Hospital	Post	No. of essential staff as per IPHS	Personnel in position	Shortage
Lawngtlai	Medical	29	7	22
	Nurses and Para Medical	76	9	67
Mamit	Medical	29	7	22
	Nurses and Para Medical	76	18	58

Further, Audit observed that specialists as shown in the following table, required as per IPHS were not available in the sample District Hospitals as on March 2016.

Table 1.4.9: List of specialist medical professionals not available

District Hospital	List of Specialist /Medical professionals not available
Lawngtlai	Medicine, Surgeon , Ophthalmologist, Radiologist, Pathologist, Psychiatrist
Mamit	Surgeon, Obstetric & Gynaecologist, Anaesthetist, Ophthalmologist, Orthopaedist, Dentist

The position may not be entirely different in other District Hospitals, except those located in the State Capital as brought out in Paragraph 1.4.14.2.

The MD NHM stated (December 2016) that due to shortage of manpower, IPHS norms could not be followed.

1.4.14.2 Medical health care professionals in CHCs

Community Health Centres (CHCs) which constitute the secondary level of health care were designed to provide referral as well as specialized health care to the rural population. IPHS for CHCs have been prescribed to provide optimal specialized care to the community and achieve and maintain an acceptable standard of quality healthcare. In order to provide, all desirable services, IPHS prescribes minimum essential staff required for a functional CHC.

Position of staff in the sample CHCs as on March 2016, as compared to IPHS was as indicated in the following table.

Table-1.4.10: Personnel in position in CHCs

CHC	Post	No. of essential staff as per IPHS	Personnel in position	Shortage
Chawngte, Lawngtlai	Medical Officer/Specialist	12	2	10
	Nurses	10	4	6
Kawrthah, Mamit	Medical Officer/Specialist	12	2	10
	Nurses	10	6	4

Further, Audit observed that specialists as shown in the following table, required as per IPHS were not available in the sample CHCs as on March 2016.

Table-1.4.11: List of specialist medical professionals not available in CHCs

CHC	List of Specialist/Medical Professionals not available
Chawngte in Lawngtlai District	Medical Superintendent, Public Health Specialist, Public Health Nurse, General Surgeon, Physician, Obstetrician & Gynaecologist, Paediatrician, Dental Surgeon, Anaesthetist
Kawrthah in Mamit District	

MD NHM stated (December 2016) that due to shortage of manpower IPHS norms could not be followed.

1.4.14.3 Medical health care professionals in PHCs

PHC is the first contact point between village community and the medical officer. The PHCs were envisaged to provide an integrated curative and preventive health care to the rural population with emphasis on preventive and promotive aspects of health care. To ensure round the clock access to public health facilities, IPHS prescribes minimum essential staff required for a functional PHC.

There are 57 PHCs in the State. Out 57 PHCs, no doctor was posted in 7 PHCs as on March 2016. There were shortage of para medical staff in PHCs during 2011-16 as shown below:

Table-1.4.12: Status of staff in PHCs

Year	Lab Technician	Pharmacist	Health Worker (Female)	Health Worker (Male)	Health Assistant/ Lady Health Visitor
2011-12	35	51	57	57	57
2012-13	24	55	57	57	57
2013-14	23	50	57	57	57
2014-15	24	45	57	57	57
2015-16	20	48	57	57	57

Sources: SHS

In seven sample PHCs it was noticed that no allopathic doctor was posted in Borapansury PHC since 2014.

MD NHM stated (December 2016) that due to unavailability/absence of candidates, out of 40 posts approved under NHM, only 28 posts were filled up.

1.4.14.4 Position of manpower in Sub-centres

In the public health sector, a sub centre is the most peripheral and first point of contact between the primary health care system and community. As per IPHS, a sub centre (type A) should be essentially manned by a female health worker and a male health worker. Audit observed that no health workers (male) were posted in 16 to 27 sub-centres during 2011-12 to 2015-16 except in 2014-15 as shown in the following table.

Table-1.4.13: Personnel in position in Sub Centre

Year	Number of Sub Centres where no	
	Health Worker (Male) posted	Safai-Karamchari posted
2011-12	19	NA
2012-13	21	NA
2013-14	27	NA
2014-15	0	NA
2015-16	16	92

Sources: SHS

Out of the 18 Sub Centres test-checked in two sample districts, 14 Sub Centres were posted with both male & female health workers. Of the remaining 4 Sub Centre, one Sub Centre had two female health workers and balance three Sub Centre were managed by only one female health worker each.

1.4.14.5 Staffing in two Hospitals in Aizawl district

As per the data on the human resources, two city hospitals in Aizawl district *i.e.* Civil Hospital, Aizawl and Referral Hospital, Falkawn are having more medical officers and staff nurses as compared to IPHS norms in many disciplines as illustrated in the following table.

Table-1.4.14: Personnel in position in city hospitals

Discipline	Essential as per IPHS	Personnel in position	
		Civil Hospital	Referral Hospital, Falkawn
Medicine	2	6	4
Obstetrics and Gynaecology	2	5	2
Orthopaedics	1	3	3
Dental	1	3	4
ENT	1	3	3
Staff Nurse	45	158	79

Sources: SHS

However, other District Hospitals and CHCs were facing shortage of Medical officers and Staff nurses as highlighted in previous paragraphs.

MD NHM stated (December 2016) stated that Referral Hospital, Falkawn was being strengthened to decrease the heavy workload of Civil Hospital, Aizawl and a Medical College was planned to be established.

The fact however remains that the personnel-in-position at Civil Hospital, Aizawl and Referral Hospital, Falkawn exceeded IPHS norms by 351 *per cent* and 175 *per cent* respectively.

1.4.14.6 Training and Capacity Building

To develop the skilled and specialized health professionals in the field of maternal and child health, various training and capacity building programmes were approved for the Nurses, Medical Officers, ANM and other Paramedical staffs *etc.*, under RCH Flexi pool in the approved Plans.

Scrutiny of the records of the SHS revealed that out of total 4254 resource persons (other than ASHA workers) targeted to be trained under various programmes, only 1531 resource persons were trained during 2011-16 as detailed in **Appendix-1.4.2**. None of the training programmes approved during 2014-15 to 2015-16 were implemented in full. Non-achievement of the targets was attributed to insufficient funds. Thus, the objective of

developing skilled and specialised health professional in the field of Maternal and Child Health was partially achieved.

MD NHM accepted (December 2016) the audit contention.

1.4.15 Reproductive and Child Health

The important services for ensuring maternal health and care included antenatal care, institutional delivery care, post-natal care and referral services. One of the major aims of the safe motherhood programme was to register all pregnant women within 12 weeks of pregnancy, provide them four antenatal check-ups (including check-up at the time of registration), Iron Folic Acid tablets for 100 days, two doses of tetanus toxoid (TT) and advice on the correct diet and vitamin supplements and in case of complications refer them to more specialized gynaecological care.

In this connection the following points were noticed in audit:

(i) Registration and Check ups

As per the data provided, number of registered pregnant women receiving subsequent check-up after registration ranged from 54 to 73 *per cent* for 1st visit (20-24 weeks) and 64 to 77 *per cent* for 3rd visit (34-36 weeks). SHS did not maintain data for the 2nd visit (28-32 weeks).

MD NHM stated (December 2016) that HMIS monthly reporting formats did not capture the 2nd ANC visit.

(ii) Iron Folic Acid Administration

Administration of Iron Folic Acid (IFA) for pregnant women ranged from 45 to 72 *per cent* during 2011-16.

MD NHM stated (December 2016) that shortage in administration of IFA was due to shortage of tablets at the Sub Centres.

1.4.15.1 Janani Suraksha Yojana (JSY)

JSY scheme was introduced in April 2005 replacing the earlier National Maternal Benefit Scheme (NMBS). JSY had the twin objectives of reducing maternal and infant mortality by providing cash incentive to pregnant women.

The primary objective of the JSY scheme was to increase the institutional deliveries and achieve the target of 100 *per cent* institutional deliveries by 2010. The State is yet to achieve 100 *per cent* institutional deliveries. Domiciliary deliveries were around 10.60 to 16.40 *per cent* of the total deliveries during 2011-12 to 2015-16.

Table-1.4.15: Institutional/domiciliary deliveries

Year	Total deliveries	No. of institutional deliveries	No. of Domiciliary deliveries (In percentage)
2011-12	22,103	18,488	3,615 (16.4)
2012-13	21,464	18,709	2,755 (12.8)
2013-14	21,055	18,814	2,241 (10.6)
2014-15	22,348	19,659	2,689 (12.0)
2015-16	20,080	17,951	2,129 (10.6)

Most of the domiciliary deliveries were not attended by the Skilled Birth Attendants as indicated in **Table 1.4.16**. It ranged from 56.4 to 78.1 *per cent* of the total home deliveries during 2011-12 to 2015-16. This would be associated with attendant risk for the mother and child. It was also noticed that there were number of cases of new born not visited by a health worker within 24 hours of home delivery, however, number of such cases were on decline during 2011-16,

Table-1.4.16: Deliveries without skilled birth attendants

Year	No. of domiciliary deliveries	No. of domiciliary deliveries not attended by Skilled Birth Attendant (In percentage)	No. of new born not visited by health worker within 24 hrs of home deliveries
2011-12	3,615	2,038 (56.4)	2,242
2012-13	2,755	1,702 (61.8)	1,735
2013-14	2,241	1,488 (66.4)	1,294
2014-15	2,689	2,101 (78.1)	1,198
2015-16	2,129	1,622 (76.2)	1,058

(i) Delay and non-payment of incentives to eligible mothers

As per the guidelines, incentive payment to the mother was to be made at the time of delivery. However, it was noticed in audit that incentives were not given to mothers at the time of delivery. Number of mothers not getting incentives as on March 2016 in the State was 10,843 (backlog from Saiha district not reported) and the amount due for payment was ₹ 0.76 crore. Details of delay in payment of incentives in respect of test checked Hospitals/Sub Centres is indicated in the following table.

Table-1.4.17: Delay in payment of incentives

Facility	Upto six months	More than six months and upto one year	More than one year
District Hospital, Mamit	56	62	-
Sub Centre Cheural	7	12	6
Sub Centre Sangau	26	26	47

Audit also observed that:

- Though deliveries were conducted in Sub-Centres/Other Hospitals, payment was made in the PHC, Phuldungsei in Mamit District against the policy guideline of spot payment.
- Maintenance of JSY payment register was not updated with full address and contact number of the beneficiaries. This would make it difficult in tracking and verification of backlog payments.

(ii) Delay in payment of incentives to ASHA workers

As per the guideline, incentives to ASHA workers should be made in two instalments; 50 per cent for staying with pregnant woman in the health centre for delivery and 50 per cent one month after delivery when BCG vaccine is administered to the child and she has helped in registration of birth of the new born. In the test-checked health facility centres, there was no record to show that ASHA workers had helped the mother in this regard. Hence, the basis for payment of incentives was also not clear. Thus, audit could not draw an assurance that ASHA workers motivated the pregnant woman to opt for institutional delivery.

Further, payment to the ASHA workers was not made in time. As on March 2016, 11,102 ASHA workers did not get incentives (backlog from Saiha district not reported) of ₹ 66.61 lakh. Delay in timely payment of incentives would discourage ASHA workers in discharging their duties and it would have adverse impact on the scheme.

MD NHM stated (December 2016) that the State would ensure that beneficiaries get the incentives in time in future through introduction of Public Financial Management System and Direct Benefit Transfer payment mode.

1.4.15.2 Janani Suraksha Karyakram (JSSK)

Janani Suraksha Karyakram (JSSK) is an initiative which entitles all pregnant women delivering in a public institution, to free transport from home to health facility and drop back, free drugs and consumables, free diagnostics, free blood whenever required, free diet during stay in the facility. Similar entitlements are available for sick newborn till 30 days of birth.

However, it was observed that entitlements are restricted at ₹ 350 and ₹ 1,600 for drugs and consumables for normal delivery and C-section respectively, ₹ 100 per day for diet and ₹ 800 for transport. Further, it was noticed in Audit that in District Hospital Lawngtlai, 118 deliveries were conducted during March 2016 to June 2016. In respect of 110 deliveries, there were delays in payment of entitlements. In all test-checked health care centres, the payment documents did not contain detail of addresses and contact numbers of the beneficiaries.

During the exit conference, MD NHM assured (December 2016) that steps were being taken to improve the situation.

1.4.15.3 Immunisation & Child Health

An infant who has received one dose of BCG; three doses each of DPT, OPV and Hepatitis B; and one dose of Measles before one year of age is considered as fully immunized. SHS in 2012-13 set targets of achievement of 100 *per cent* full immunization by 2014-15. The achievement made is shown in the following table.

Table-1.4.18: Immunisation

Year	Target set (in percentage)	Percentage of fully immunised infants as per HMIS	Short achievement (in percent)
2012-13	90	85	5
2013-14	95	85	10
2014-15	100	81	19
2015-16	100	83	17

It can be seen from the above table that the State missed the target of full immunisation of children. The target and achievement of fully immunised infants in sample districts of Mamit and Lawngtlai as per HMIS data for the period 2012-13 to 2015-16 is as given below:

Table-1.4.19: Target and achievement of full immunisation in test-checked districts

Year	Test-checked District	Annual Target (Infants)	Fully immunised (Infants)	Percentage of fully immunised infants	State Percentage
2012-13	Mamit	1,812	1,340	66.61	85
	Lawngtlai	2,866	1,809	62.04	
2013-14	Mamit	1,780	1,243	69.50	85
	Lawngtlai	2,837	1,514	53.20	
2014-15	Mamit	1,698	1,216	72.60	81
	Lawngtlai	2,640	1,442	52.00	
2015-16	Mamit	1,698	1,479	84.80	83
	Lawngtlai	2,640	1,537	51.70	

It can be seen from the above table that the achievement in sample districts was much lower than the State average except in Mamit district during 2015-16.

MD NHM accepted (December 2016) the fact.

1.4.15.4 *Rashtriya Bal Swasthya Karyakram* (Child Health Screening and Early Intervention Services Programme)

Rashtriya Bal Swasthya Karyakram (RBSK) aims at screening children from 0-18 years for 4 Ds- Defects at birth, Diseases, Deficiencies and Development delays including disabilities. Child screening under RBSK is at two levels community level and facility level. While facility based new born screening at public health facilities like PHCs/CHCs/District Hospitals was to be conducted existing health manpower like Medical Officers, Staff Nurses & ANMs; the

community level screening would be conducted by the Mobile health teams at *Anganwadi* Centres and Government aided Schools. As per the operational guideline, Mobile health teams are required to carry out screening of all children in the pre-school age enrolled at *Anganwadi* centres at least twice a year and children studying in the Government and Government aided schools at least once in a year

As per the guidelines, a mobile health team comprises of two Medical Officers (*Ayush*), one ANM/Staff Nurse and one Pharmacist. GoI approved 11 mobile health teams in addition to the existing 18 teams. At present, there are 29 teams with overall 57 Medical Officers, 19 pharmacists and 15 ANMs in the State.

As per monthly reports, screening of the beneficiaries ranged from 80 to 102 *per cent* of the different target groups during 2013-14 to 2015-16. Achievement against targets in terms of *Anganwadi* Centres/School coverage gave a different picture as follows;

Table-1.4.20: Targets and Achievements of health screening of children

Year	No. Anganwadi centre		No. of Schools	
	To be visited	Actually visited (percentage)	To be visited	Actually visited (percentage)
2013-14	3,960	2,931 (74.02)	2,785	2,327 (83.55)
2014-15	3,960	3,323 (83.91)	2,833	2,497 (88.14)
2015-16	4,488	3,183 (70.92)	2,852	2,194 (76.93)

Thus, the authenticity of claim made in the monthly report was questionable.

MD NHM stated (December 2016) that coverage of target beneficiaries had improved in 2015-16 as compared to previous years, but the high incidence of schools not visited during 2015-16 arose because of high rainfall hampering the visit to many villages.

(i) Referral support for secondary/tertiary care

Under the guidelines of RBSK (February 2013), State should conduct mapping of public health institutions through collaborative partners for provision of specialized tests and services. Private sector partnership/ NGOs providing specialized services can also be explored in case services at public health institutions providing tertiary care are not available.

GoI approved a total of ₹ 4.20 crore during 2013-16 for referral support to 27,357 children for surgeries under selected disease such as Rheumatic Heart Disease, Congenial Heart Disease, Cleft Lip and Cleft Palate and Dental conditions *etc.* However, the scheme for referral support for tertiary care has not been implemented in the State.

MD NHM stated (December 2016) that steps had since been taken by the RBSK State Programme Management Unit. It further added that several private and public health facilities were contacted with a request to partner with them for provision of secondary and tertiary care/ treatment to clients under RBSK, however, only a few institutes responded.

The fact, however, remains that even after a lapse of three years, tertiary care were not provided to the targeted children.

1.4.16 Family Planning

GoI launched a National Family Planning Programme in 1952, emphasising fertility regulation for reducing birth rates to the extent necessary to stabilise the population at a level consistent with the socio-economic development and environment protection. The family planning includes terminal method to control total fertility rate and spacing methods to improve couple protection ratio.

SHS spent ₹ 1.99 crore under Family Planning programme during 2011-16. The table below indicates target and achievement of family planning during 2011-16.

Table-1.4.21: Target and achievement of family planning

Year	Vasectomy/NSV		Tubectomy		Laparoscopy		Oral pills cycle		IUD insertion	
	T	A	T	A	T	A	T	A	T	A
2011-12	10	0	3,520	2,033	Nil	157	Nil	52,400	5,000	3,036
2012-13	10	1	6,000	1,999	Nil	137	Nil	48,367	6,750	2,738
2013-14	15	0	4,750	1,732	Nil	132	Nil	64,555	5,000	2,818
2014-15	8	0	3,600	1,543	Nil	113	Nil	52,338	5,000	2,530
2015-16	4	0	3,600	1,329	Nil	75	Nil	63,599	5,000	2,480

(T= Target, A= Actual)

As per the data available with SHS, there were no cases of failures and complications in respect of IUD insertions and vasectomy cases. However, 165 complication cases and 25 failures were reported in case of Tubectomy cases during 2011-12 to 2015-16.

(i) Cash assistance to the beneficiaries of Family Planning

With a view to encourage people to adopt permanent method of Family Planning, GoI has been implementing a Centrally Sponsored Scheme since 1981 to compensate the acceptors of sterilisation for the loss of wages for the day on which he/ she attended the medical facility for undergoing sterilisation.

Scrutiny of the records revealed that cash assistance given to the acceptors of sterilisation in sample districts (Mamit and Lawngtlai) was delayed considerably ranging from 73 to 1,141 days during 2012-16.

(ii) Irregular supply of Family Planning materials

All the spacing methods, viz. Intrauterine Contraceptive Devices (IUCDs), Oral pills and condoms are required to be available at the public health facilities beginning from the Sub Centre level. Additionally, Oral pills, condoms and emergency contraceptive pills also should be available at the village level through trained ASHA workers.

Scrutiny of the records revealed that supply of materials for all the spacing methods to the districts were very irregular. The fact of the non-availability of the pills and medicines was also established during interview of 21 ASHA workers in sample districts.

1.4.17 National Iodine Deficiency Disorder Control Programme (NIDDCP)

With a view to cover a wide spectrum of Iodine Deficiency Disorders like mental and physical retardation, deaf-mutism, cretinism, still-birth, abortion *etc.*, GoI launched a 100 *per cent* centrally assisted National Goitre Control Programme (NGCP) in 1962, renamed as National Iodine Deficiency Disorders Control Programme (August 1992). The State Government made an expenditure of ₹ 187.76 lakh under the programme during 2011-16.

As per norms, an independent Iodine Deficiency Disorders (IDD) Control Cell should be established in each State/Union Territory to supplement the resources of the States/Union Territories for augmentation of the staff and facilities of prototype material for supporting health education activities for the promotion of consumption of iodised salt for the effective control of Iodine Deficiency Disorders.

The State Government established IDD Control Cell during 1986. However, it conducted meeting only once (3 August 2012) during 2011-16. Thus, programme related works were handled by the Department without due guidance and monitoring by the IDD Control Cell.

Though the programme was implemented since long, the control and eradication of the Iodine Deficiency Disorders had not improved as observed from the surveys conducted during 2011-16. Prevalence of this disorder ranged between 6.38 and 8.24 *per cent* of the persons surveyed.

1.4.18 Quality of Health Care

1.4.18.1 Setting up of organisation structure for quality assurance

Ministry of Health and Family Welfare developed the Quality Assurance Guideline 2013 to address the concerns of the public and also the technical components of service delivery in a comprehensive manner. For strengthening the quality assurance activities, organization arrangement needs to be set up at State Level and District Levels with the roles and responsibilities defined for each level. However, SHS has not put in place entire coordinated organization set-up/ mechanism as of March 2016. Further, due to delay in setting up of co-ordinated organisation structure, each level of the organisation had not fully assumed assigned duties and responsibilities as per the guidelines.

(i) State Level

State Quality Assurance Committee (SQAC)

SQAC was required to conduct a review meeting once in six month. However, only one meeting was conducted by SQAC during 2013-14 to 2015-16. Agenda of the meeting conducted

was also mainly on report on status of SQAU/DQAU and no review on key performance indicators (KPIs) pertaining to Reproductive, Maternal, Newborn, Child Health was done by the Committee.

While accepting the audit observation MD, NHM stated (December 2016) that the meeting would be conducted regularly and SQAC would review the KPIs in the next meeting.

State Quality Assurance Unit (SQAU):

State Quality Assurance Unit (SQAU), the working arm under SQAC visited 9 DHS only on a single occasion in 2015-16. Out of 9 reports, action was taken in respect of 4 reports only. Audit could not verify and check inputs of these reports as these reports were not made available to audit.

MD NHM stated (December 2016) that the reports were available for all the visited facilities. However, the reports were not produced to audit.

Quality Assurance Assessors (Empanelled):

SQAU was constituted recently in April 2016, even though State Quality Assurance Committee (SQAC) was formed in November 2014. Names of empanelled Quality Assurance Assessors notified by the State were not made available to audit.

MD NHM stated (December 2016) that the State would prepare and issue the State Empanelment letter as soon as possible.

(ii) District Level

District Quality Assurance Committee (DQAC):

No meeting was conducted by DQAC against the mandate of once in a quarter. No monthly data on key performance indicators of District Hospitals was received by DQAC/DQAU in two sampled districts during 2013-14 to 2015-16. In the absence of fully functional District units (DQAU), no field visits could be conducted by the units of sampled districts.

District Quality Assurance Unit (DQAU):

No DQAU was put in place with required functionaries as per guidelines and only one programme assistant was engaged in all districts except Aizawl West.

The MD NHM stated (December 2016) that DQAC/DQAU was not fully functional due to shortage of manpower and with the approval of three posts of the Consultant in three Districts, DQAC would be functional within the Financial year.

(iii) District Hospital Level

District Quality Team (DQT) was available in each sampled district.

DQT which requires reporting regularly to DQAC/DQAU on the outcome level indicators such as sterilisation deaths, complication and failures as well as maternal and infant deaths

did not report to the DQAC/DQAU in the sampled districts. Teams in the sampled districts did not conduct audit on the death cases. DQTs failed to have internal assessment of the facilities.

The MD NHM while accepting the audit observation stated (December 2016) that DQTs would start to review, audit and report as the State Quality Assurance Programme had since taken up the Family Planning Indemnity Scheme.

1.4.19 Findings of survey

• Survey of pregnant women registered under JSY

Interview of 71 beneficiaries in two districts revealed that beneficiaries were aware of the schemes such as JSY and JSSK and role of ASHA workers *etc.* and they were also getting benefits from the health schemes implemented in the State. Summary of the survey findings of pregnant woman is as shown in the following table.

Table-1.4.22: Summary of Survey findings of pregnant women

Sl. No.	Total number of beneficiaries interviewed	Health workers not visited within 2-7 days	Extra expenditure during delivery	Delay in payment of incentives
1	71	8	15	52

• Survey for ASHA workers

Every ASHA worker is expected to be a fountain-head of a community participation in public health programme in her village. She is to be provided a drug kit to deliver first contact health care. During the interview of 21 ASHA workers in the two sample districts, audit found that required equipment/ pregnancy kits and medicines *etc.*, were not available with many of them. Findings of the interviews of ASHA workers are summarised below:

Table-1.4.23: ASHA workers without equipment/medicines

District	No. of ASHA workers	Thermo-meter	Disposable Delivery Kit	Pregnancy Kit	Blood Pressure Monitor	Weighing Scale	Paracetamol Tablets	Iron Pills	Deworming Pills
Lawngtlai	8	3	8	2	7	Nil	3	5	7
Mamit	13	6	13	6	13	2	12	10	12

The MD NHM while accepting the audit observation stated (December 2016) that the proposal was made for procurement of ASHA worker equipment in the PIP 2015-16.

1.4.20 Data collection, management and reporting

1.4.20.1 Health Management Information System (HMIS)

NRHM framework envisages intensive accountability structures based on internal monitoring through computer based monthly Health Management Information System (HMIS). Each DHS was to develop a computer based Management Information System and report monthly to the SHS. The computerization of health centres under NRHM up to block level and networking were necessary for reporting through HMIS.

However, it was noticed in audit that the reporting from the block/main centres was not done in the sample districts due to internet connectivity problem. Consolidation in the District/ State Level was also not fully inclusive due to non-updating of data of the centres in time.

In Lawngtlai District, during 2015-16, out of the total reports of 468 from Sub Centre to be compiled, only 425 reports were consolidated. In case of PHCs, only 52 reports consolidated against 60 reports to be generated. Thus, the data provided during 2015-16 were not realistic.

MD NHM while accepting the audit observation stated (December 2016) that concerned district officials were always instructed to submit the missing reports.

Further, it was noticed that there was a mismatch between data in HMIS and information furnished by sample Sub Centre/ PHCs/ CHCs regarding number of pregnant women registered and number of deliveries at PHCs/ CHCs for the year 2015-16, as indicated in the following table.

Table-1.4.24: Comparison of HMIS data

Item	HMIS data	Information provided by sample health care centres
Number of pregnant women registered at Sub Centre	740	709
Number of delivery at PHCs	356	403
Number of deliveries at CHCs	315	680

MD NHM stated (December 2016) that HMIS reports generated by the health centres were not modified or changed at any level or at the data entry point and assured that discrepancies in HMIS reports and data provided by health care centres would be checked properly. The State Government need to ensure data authenticity as the success of NRHM was dependent on accurate data.

1.4.20.2 Mother Child Tracking System (MCTS)

Mother Child Tracking System (MCTS) is a name-based tracking system whereby pregnant women and children can be tracked for their Ante Natal Care and immunisation along with a feedback system for the ANM, ASHA workers *etc.*, to ensure that all pregnant women receive their ante-natal care check-ups and post-natal care, and further children receive their full immunisation. MCTS is still not up to the mark in Mizoram due to poor internet service connectivity in the rural districts. Presently, data feeding has been done at National Informatics Centre (NIC) for the whole state by outsourcing staffs from September 2015. During 2015-16, State could register 82 and 96 *per cent* of the pregnant women and children respectively.

1.4.20.3 Infrastructure of facility based reporting

With a view to 100 *per cent* facility based reporting on HMIS and MCTS, GoI approved a new activity 'procurement and installation of V-Sat (including all hardware like Antenna, router/

indoor unit) for State and District Head Quarters' with a cost of ₹ 15 lakh during 2015-16. For Aizawl East and Aizawl West Districts, 2 Mbps dedicated lease line internet connection was installed, whereas V-Sat internet connections with cost of ₹ 11 lakh were provided in 7 district headquarters. However, functioning of V-sat connection was reported to be inadequate for data uploading. During field visit in Lawngtlai, Audit found that installed internet facility was not working.

1.4.21 Monitoring and Evaluation

1.4.21.1 Monitoring and Evaluation at the State Level

Mission envisages review of the implementation of the scheme by the State Health Mission, the Governing Body and the Executive Committee as per the mandates stipulated. Scrutiny of records revealed that the State Health Mission, Governing Body and Executive Committee did not perform their mandated duties and responsibilities as discussed in the following list:

- State Health Mission under the Chairmanship of the Chief Minister has to provide health sector oversight, consider the policy matter relating to health sector and review of the progress in implementation of NRHM *etc.*
However, the State Health Mission reviewed the scheme once in September 2014 during 2011-12 to 2015-16, against its mandate of once in six months.
- Governing Body will have full control of the affairs of the Society and it should consider the annual budget and annual action plan and monitor the financial position of the society *etc.*
However, the Body held its meeting once in August 2014 during audit period, against its mandate of twice in a year.
- Executive Committee will be responsible for acting for and doing all deeds on behalf of the Governing Body. The Committee was required to hold a meeting at least once in three months or more frequently if necessary.
However, only five meetings against the required 20 meetings were held during the five year period.

1.4.21.2 Constitution of District Level Vigilance and Monitoring Committees

As per the NRHM framework, District/City Level Vigilance and Monitoring Committees (District/City Level VMC) under the Chairmanship of a Member of Parliament (*Lok Sabha*) in each District/ City is required to be constituted to monitor the progress of implementation of NHM. The District/City Level VMC would also review strict adherence to prudent fiscal norms, inter-sectoral convergence, community participation and monitoring.

Further, as per norms, meetings of the District/City Level VMC at each level are to be held at least once in every quarter after giving sufficient notice to the Hon'ble MPs/MLAs and all other members. At the end of every quarter, the State Government will provide the detailed

status reports of the meetings of the District/City Level VMC held, after compiling the requisite information received from the districts.

Scrutiny of the records revealed that District Level Vigilance and Monitoring Committees were constituted in four districts during 2010-12, in two districts during 2012-14 and in the remaining two districts (Aizawl and Kolasib) District/City Level VMC were constituted only during 2014-15. Further, numbers of meetings held by the District Level VMC at each district level were very less ranging from four to seven only against the requirement of 20 meetings at each district level during 2011-16. Thus, delay in constitution of District/City Level VMC. VMCs and non-arranging the required meetings adversely affected the community based monitoring of activities and relevant inputs for the integrated planning.

1.4.21.3 Public hearing/dialogue and non-display of Citizen Charter not conducted

NRHM framework stipulates that public hearing (*Jan Sunwai*) or public dialogues (*Jan Samwad*) would need to be conducted and Citizen Charter need to be displayed at health facilities.

Scrutiny of the records revealed that *Jan Sunwai* and *Jan Samwad* were not conducted and Citizen Charter was not displayed at health facilities in the state of Mizoram during 2011-16.

1.4.21.4 Impact of NRHM on MMR and IMR

Millennium Development Goals (MDG) (2015)¹¹ set to reduce IMR to 27/1000 live births and MMR to 109/100,000 live births by 2015. However, the targets set by the State Government to reduce IMR was not in line with MDG and in respect of MMR it was better than MDG. As of 31 March 2016, the State was able achieve MDG both in respect of IMR and MMR and stood at (i) IMR-26/ 1000 live births and (ii) MMR-100/100000 live births. However, there was fluctuation during the period 2011-16 as could be seen from the following table.

Table-1.4.25: State Position of IMR, MMR

Year	IMR		MMR	
	Target	Achievement	Target	Achievement
2011-12	30	29	92	55
2012-13	35	28	65	61
2013-14	32	35	60	76
2014-15	34	37	70	95
2015-16	32	22	60	88

A comparison of audited districts with State reflected a fluctuating trend. In Lawngtlai District, MMR was high as compared with Mamit and State as shown in the following table.

¹¹ The **Millennium Development Goals (MDGs)** were the eight international development goals for the year 2015 that had been established following the Millennium Summit of the United Nations in 2000. All 189 United Nations member states at that time committed to help achieve the following Millennium Development Goals by 2015. Each goal had specific targets, and dates for achieving those targets.

Table-1.4.26: Comparison with audited district

	2011-12		2012-13		2013-14		2014-15		2015-16	
	IMR	MMR	IMR	MMR	IMR	MMR	IMR	MMR	IMR	MMR
Mamit	26	142	12	0	21	87	31	79	16	164
Lawngtlai	31	53	28	115	35	248	33	53	26	185
State	29	55	28	61	35	76	37	95	22	88

1.4.22 Conclusion

Facility surveys intended for identifying the health care needs of the people at the grassroots were not conducted in the State. District Health Action Plans were prepared without aggregating the Block and Village Health Action Plan. State Health Society is routinely giving temporary loan to other programmes from Mission Flexipool. Monitoring of utilisation of substantial funds released needs strengthening and institution of systems as funds were not released in time. The loans to the tune of ₹ 15.40 crore released during 2011-16 from the Mission Flexipool fund to the various programmes were not returned to the Mission Flexipool. Further, ₹ 4.16 crore was spent on upgradation of CHCs at Khawzawl & Hnahthial from the Mission Flexipool without approval of GoI. Out of 49 Sub Centres (SC) reconstructed/constructed during 2012-14, seven SCs constructed with ₹ 45.14 lakh were non-operational, while civil works of ₹ 1.02 crore were taken up in Mamit and Lawngtlai without calling of tenders during 2011-16. MMU intended to serve outreach areas with an aim of taking the health care to the doorstep of the needy people were not fully functional as per aims and objectives envisaged under the Mission. Overall, six X-ray machines, six Ultrasound machines, seven ECG machines, and six power back up were non-functional resulting in grounding of vehicles. Under *Janani Suraksha Yojana*, ₹ 1.43 crore was due for payment to eligible pregnant mothers and ASHA workers as on March 2016. Further, Monitoring on implementation of the scheme by the State Health Mission/ Governing Body and Executive Committee is in adequate.

1.4.23 Recommendations

The Government may consider to:

- undertake a comprehensive baseline survey to assess health service needs and plan effectively for the creation of requisite physical and human infrastructure to meet the gaps in health services within a reasonable time frame;
- ensure all provisions relating to financial management are followed, to ensure timely implementation of the programme;
- ensure procurement through open, transparent and competitive systems to maximize value for money
- ensure that the mobile medical units in the State are made operational; and,
- ensure that incentives under JSY are paid in time and referral services for tertiary care is provided to children of specific health conditions under Child Health Screening and Early Intervention Services Programme.

COMPLIANCE AUDIT PARAGRAPHS

SOCIAL WELFARE DEPARTMENT

1.5 Grant of old age pension to ineligible beneficiaries

Social Welfare Department granted old age pension of ₹ 1.48 crore to ineligible beneficiaries during 2010-15.

In pursuance of the Directive Principles of State Policy in the Constitution of India GoI introduced the National Social Assistance Programme (NSAP) in 1995 to lay the foundation for a National Policy for Social Assistance to the poor.

Indira Gandhi National Old Age Pension Scheme (IGNOAPS) is one of the schemes under NSAP. As per revised guidelines (September 2007) of the IGNOAPS, central assistance is to be provided for Old Age Pension strictly according to the following conditions:

- Age of applicant shall be 65 years or higher (60 years and above since 1 October 2012),
- The applicant must belong to a household Below the Poverty Line (BPL) according to the criteria prescribed by GoI,
- Amount of Old Age Pension will be ₹ 200 per month per beneficiary and ₹ 500 per month since 1 April 2011 for age group of 80 years and above for the purpose of claiming central assistance, and
- GoI recommended (November 2012) that for all pension schemes of NSAP, the State may contribute at least an equal amount so that a pensioner receives at least ₹ 400 per month with effect from 1 October 2012.

Scrutiny (September 2015) of the records of the District Social Welfare Officer, Aizawl East revealed that the Department prepared beneficiary list every year. However, while preparing the beneficiary list, non-BPL beneficiaries getting old age pension under IGNOAPS before revised guidelines of September 2007 were not deleted from the beneficiary list. The Department sanctioned and disbursed Old Age Pension totalling to ₹ 1.48 crore to 3356 and 804 beneficiaries of non-BPL households in the age group less than 80 years and 80 years & above respectively during 2010-11 to 2014-15 as shown in the following table

Table-1.5.1

(₹ in crore)

Year	Pension disbursed to Non-BPL Pensioners age group of upto 79 years		Pension disbursed to Non-BPL Pensioners age group of 80 years and above		Total amount disbursed to Non-BPL pensioners
	No.	Amount	No.	Amount	
2010-11	675	0.20	160	0.05	0.25

Year	Pension disbursed to Non-BPL Pensioners age group of upto 79 years		Pension disbursed to Non-BPL Pensioners age group of 80 years and above		Total amount disbursed to Non-BPL pensioners
	No.	Amount	No.	Amount	
2011-12	660	0.20	162	0.11	0.31
2012-13	671	0.20	158	0.10	0.30
2013-14	674	0.20	161	0.11	0.31
2014-15	676	0.20	163	0.11	0.31
Total	3,356	1.00	804	0.48	1.48

Source: Departmental records

While accepting the facts the District Social Welfare Officer, Aizawl East stated (January 2016) that the pension was disbursed to the destitute beneficiaries selected before the introduction of the revised Guidelines 2007.

The contention is not acceptable because the payments had been made during 2010-15. This has happened due to failure of the District Social Welfare Officer to delete non-BPL beneficiaries from the eligible beneficiary list in conformity with the Revised Guidelines 2007 which led to payment totalling to ₹ 1.48 crore to the ineligible non-BPL beneficiaries.

HEALTH & FAMILY WELFARE DEPARTMENT

1.6 Infructuous expenditure

The Director, Hospital & Medical Education under Health & Family Welfare Department incurred an infructuous expenditure of ₹ 50 lakh due to installation of water treatment plants at five Government Hospitals without ensuring water source for water treatment plants.

Public Health Engineering (PHE) Department, Government of Mizoram (GoM) is responsible for distribution of water to Government Hospitals on payment basis.

Scrutiny (August 2015) of the records of Office of the Director, Hospital & Medical Education (H&ME) revealed that a Gurgaon based firm¹² submitted a *suo moto* proposal (01 February 2012) to the then Minister of Health & Family Welfare (H&FW) Department, GoM for setting up of 25,000 Litre Per Day (LPD) water treatment plant (WTP) with solar powered pumping system at one referral and eight District Hospitals in Mizoram on Build, Own, Operate and Transfer (BOOT) basis. The proposal *inter-alia* included that the firm would undertake the geological survey and identify the water sources for the WTPs. Under the direction of the Minister, H& FW Department, the proposal was sent to the Director, H&ME to take immediate action.

¹² M/s INTERGEN Energy Limited, Sohna road, Gurgaon

Further, it was noticed that the Director, H&ME, without carrying out the economic viability analysis of the proposal with reference to the requirement of water and proposed recurring cost towards water bills entered into Memorandum of Understandings (MoUs) (May/December 2012) with the firm. Subsequently, purchase orders were issued (between February 2012 and October 2012) to the firm for installation of five 25,000 LPD solar water treatment plants at one referral and four District Hospitals¹³. It was observed that though the firm proposed to identify the water sources for WTPs, the same was not included in the MoUs as well as purchase orders. Reasons for this omission were not on record. Thus, purchase orders were issued without ensuring the source of water for the WTPs. The purchase orders provided that (a) the firm would operate and maintain the water treatment plants for the first ten years and thereafter ownership would be transferred to the Government hospitals, (b) the hospitals would pay 48 paise per litre of water produced by the firm for the first ten years and (c) Rupees ten lakh would be paid as an advance to the firm and the balance amount required for execution of the project would be brought in by the firm. The firm installed the WTPs between March 2013 and December 2013.

The Director disbursed (between March 2012 and February 2014) ₹ 50 lakh to the firm for installing the five plants in the District level Hospitals.

Further, scrutiny revealed that the water treatment plants at Government Hospitals, Aizawl and Lawngtlai were not functional since installation, while other three plants at Government Hospitals, Falkawn, Mamit and Champhai remained non-operational since April, August and June 2013 respectively due to non-availability of water source. The Directorate of H&ME paid ₹ 12.84 lakh to the firm for supply of 26.75 lakh litres of water to the three hospitals.

In (November 2014) the firm offered to transfer the water treatment plants to the Government at a cost of ₹ 8.43 crore which was not agreed to. In (November 2014) the Director, H&ME recommended the Department to approach the Ministry of DONER, GoI for possible funding under NLCPR for procurement of WTPs, but, the Department did not pursue the matter. The WTPs remained idle and presently the requirement of water of the hospitals is being met from the supplies through PHE Department and rain water harvesting.

Thus, due to installation of water treatment plants at Government Hospitals without ensuring water source, expenditure of ₹ 50 lakh on water treatment plant proved to be infructuous.

The Department stated (December 2016) that as per Clause 3 of the MoU the firm was responsible for making necessary survey and investigations required for the Project and supposed to ensure the availability of water sources for installation of WTPs. It further added that the District Medical Superintendents were instructed to verify and report the present condition of the WTPs.

¹³ (i) State Referral Hospital, Falkawn, (ii) District Hospital (DH), Lawngtlai, (iii) DH, Mamit, (iv) DH, Champhai and (v) Civil Hospital, Aizawl

The fact remains that full payment (₹ 50 lakhs) had been released to the firm even though the WTPs were not functioning. Thus, expenditure of ₹ 50 lakh incurred for installation of WTPs proved to be infructuous because WTPs could not be operational due to lack of water source.

FOLLOW UP OF AUDIT OBSERVATIONS

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

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

A review of follow up action on submission of *suo moto* ATNs disclosed that there were pendency in respect of the Audit Reports for the years 2011-12 to 2013-14. The Audit Report for the year 2014-15 was laid on the table of the State legislative assembly on 31 August 2016, replies were awaited (February 2017).

1.8 Response to audit observations and compliance thereof by the Executive

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

As of March 2016, a review of the outstanding IRs issued during 2008-16 revealed that 595 paragraphs relating to 131 IRs remained outstanding as shown in the following Table:

Table-1.8

Name of the Sector	Opening Balance (up to 2013-14)		Addition during the year 2014-15		Disposal during the year 2014-15		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Social	118	518	43	223	30	146	131	595

1.9 Audit Committee Meetings

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

During 2015-16, three audit committee meetings were held in which 67 paragraphs were settled.

CHAPTER-II
ECONOMIC SECTOR

CHAPTER-II

ECONOMIC SECTOR (Other than State Public Sector Undertakings)

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 deals with the findings of an audit of the State Government under Economic Sector (other than Public Sector Undertakings).

The names of the State Government Departments and the total budget allocation and expenditure of the State Government under Economic Sector (other than PSUs) during the year 2015-16 are given in the following table:

Table-2.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditures
1.	Planning & Programme Implementation	410.66	53.91
2.	Agriculture	218.08	66.88
3.	Horticulture	99.94	67.21
4.	Soil and Water Conservation	22.88	21.56
5.	Animal Husbandry and Veterinary	69.02	59.05
6.	Fisheries	21.77	19.61
7.	Co- operation	24.56	30.33
8.	Rural Development	399.68	329.18
9.	Industries	74.11	68.54
10.	Sericulture	19.10	18.54
11.	Tourism	29.88	28.83
12.	Trade and Commerce	19.35	14.04
13.	Public Works	488.76	490.23
14.	Minor Irrigation	98.18	17.14
15.	Information & Communication Technology	20.32	10.25
Total		2,016.29	1,295.30

Source: Appropriation Accounts, Government of Mizoram, 2015-16

2.2 Planning and conduct of Audit

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

After completion of the 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, either audit findings are settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Report, which is submitted to the Governor of State under Article 151 of the Constitution of India.

The audits conducted during 2015-16 involved an expenditure of ₹ 89.90 crore out of the total expenditure of ₹ 1,295.26 crore of the State Government under Economic Sector (other than Public Sector Undertakings). This Chapter contains findings on the performance audit of 'Implementation of New Land Use Policy (NLUP)'.

PERFORMANCE AUDIT

PLANNING AND PROGRAMME IMPLEMENTATION DEPARTMENT

2.3 Implementation of New Land Use Policy

New Land Use Policy (NLUP) is the Flagship Programme of Mizoram funded under Additional Central Assistance launched on 14 January 2011. The main objectives of the programme were to wean away the farmers from the destructive practice of shifting cultivation, to attain self-sufficiency in production of rice and to afforest the land. A Performance Audit on New Land Use Policy revealed the following significant findings:

Highlights

The baseline survey results were not shared with Village Level NLUP Committee. Village level/District level plans were not prepared. No compact area was identified and as a consequence land-based trades were scattered over wide areas.

(Paragraph 2.3.7)

The selection of beneficiaries to be done by the VLNC was actually done by the NLUP Apex Body. In the selected sample districts audit identified at least 1400 ineligible beneficiaries.

(Paragraph 2.3.7)

Due to delay in the release of cash assistance to the beneficiaries for more than three years, the timely implementation of the programme could not be ensured.

(Paragraph 2.3.8.1)

In order to avoid lapse of budgetary grants the NLUP funds were kept in Civil Deposits at the end of each financial year.

(Paragraph 2.3.8.3)

Due to improper planning and adhoc execution major objectives of the scheme: putting an end to *jhum* cultivation, attaining self-sufficiency in production of rice, afforestation etc., could not be achieved

(Paragraph 2.3.9)

There was an excess expenditure of ₹ 159.73 lakh in the procurement of geomembrane; ₹ 119.19 lakh in the procurement of Common Carp fish seed under the Fisheries Department.

(Paragraph 2.3.11)

2.3.1 Introduction

The traditional slash-and-burn driven method of cultivation in highland areas popularly known as *jhumming* was an integral part of the socio-cultural life of Mizo farmers. The *jhumming cultivation* is not only adversely affecting the national objective of sustainable and inclusive environmental development; but is also, highly destructive for much of the forest cover and a land consuming method. This age-old practice of farming has also contributed to climate change, biodiversity loss, reduced timber supply, siltation, soil degradation and change of forest vegetation and grassland. Moreover, production of food grains and other vegetables being yielded under this cultivation was very low; which resulted in the dependence on other States for food stock.

To wean away from the destructive agricultural practice, the State government proposed a flagship programme - 'New Land Use Policy' (NLUP) to bring a revolutionary change in the livelihood status of the people by engaging them in various sustainable ventures both in the farm and non-farm sectors. NLUP programme was approved by GoI in July 2010 with an outlay of ₹ 2,873.13 crore including beneficiaries contribution of ₹ 346.15 crore. The target number of families was fixed at 1.20 lakh families and were to be covered within five years starting from 2010-11. The different trade/activities under the NLUP are generally designed to be completed within three years. The implementation was divided in four phases based on the number of beneficiaries to be covered in a particular phase. The phase periods differed for different trade/activities depending upon their implementation.

2.3.1.1 Aims and Objectives of New Land Use Policy

The main objective of NLUP as envisaged in the NLUP Manual are as follows:

- To put an end to wasteful shifting cultivation.

- To develop all sustainable land for Wet Rice Cultivation to attain self-sufficiency in rice and vegetables.
- To re-afforest the land and to save those lands allocated to the NLUP beneficiaries so as to regenerate the ecosystem to help stabilise the climatic changes wrought by global warming, rejuvenate the flora and fauna and make Mizoram a better place to live in.
- To ensure that all the farmers had a land of their own so that each pursues a permanent means of livelihood under Agriculture (and allied sectors), Industry or Animal Husbandry sector.
- To set up a marketing infrastructure under NLUP to have a viable commercial outlet for the successful farmers and beneficiaries for their products.

2.3.1.2 Target Group under the New Land Use Policy

Target Group under NLUP Manual includes -

- The permanent inhabitants of Mizoram who are *bonafide* Indian citizens.
- Families who eke out subsistence livelihood from *jhumming*.
- Families not depending on *jhumming* but having no permanent trade for their livelihood.
- Only those families who have set up an independent household for at least one year would be eligible for assistance under NLUP, other conditions remaining the same.
- Ongoing projects are undertaken individually or as a group under Centrally Sponsored Scheme (CSS) which are deemed economically viable may be continued under NLUP as convergence/gap-filling measures.

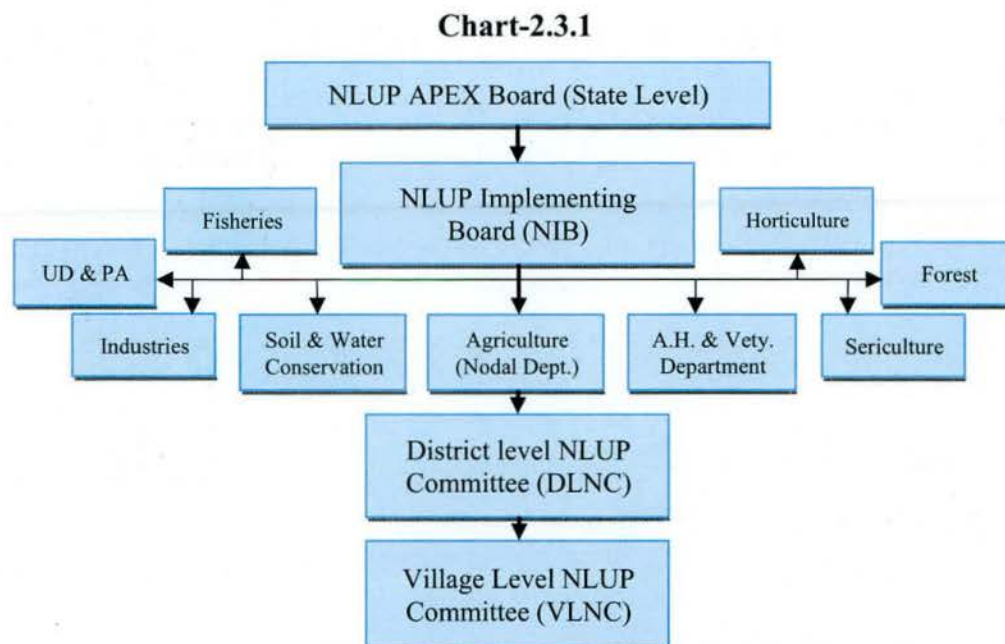
The annual income ceiling for a family to be eligible for assistance under NLUP was (i) not exceeding ₹ One lakh for families living in the urban areas and (ii) not exceeding ₹ 50,000 for families living in the rural areas.

Under NLUP there are different kinds of trades/activities that can be opted by the beneficiaries. The total amount of grant (financial assistance) was fixed approximately at ₹ one lakh per beneficiary. Depending on the trade/activity, more than this amount may also be granted. The grant was to be released in instalments depending on trade/activity opted for. The grant would be in cash, kind or both.

2.3.2 Organisational Structure

To facilitate integrated planning, coordinated implementation and monitoring, a three tier body was constituted in March 2009 by the State Government.

The Organisational Chart showing the various agencies associated with the implementation of the programme in the State is given below:



The schemes under each sector were being implemented by the nine Line Departments. Agriculture Department was designated as the Nodal Department. Nodal Officer in each Department of the rank of Joint Director or above had an exclusive responsibility for feasibility/viability of the project, including project formulation, implementation, monitoring, co-ordination, *etc.* The details of functions and functionaries of the NLUP in the three-tier system have been discussed in **Appendix-2.3.1**.

2.3.3 Audit Objectives

The performance audit was undertaken to assure that-

- Planning for implementation of various components of the policy was drawn to achieve the policy objective in an economic, efficient and effective manner;
- Allocated fund was used economically and efficiently to achieve the desired objectives;
- Programme has been implemented in economical and efficient manner and the main objective of putting an end to the uneconomic and destructive practice of shifting cultivation was achieved; and
- Monitoring and evaluation system at the Village, District and State level have been effectively functioning to ensure proper implementation of the scheme in an economical and efficient manner and as per prescribed norms.

2.3.4 Audit Scope and methodology

The performance audit on the Implementation of the NLUP was conducted during May to September 2016 covering the period from 2011-12 to 2015-16.

Considering the financial implications four Line Department *viz.* Agriculture, Animal Husbandry & Veterinary, Environment & Forests and Fisheries Departments were selected for detail examination of records. Similarly, out of the eight Districts in Mizoram, considering the geographical location of the Districts, four Districts (*viz.* Aizawl, Kolasib, Saiha and Mamit) were selected by Judgemental Sampling method based on the number of families practising *jhum* cultivation and the number of families having no permanent source of livelihood. Out of a total of ten blocks in these four districts, 110 villages belonging to seven blocks were selected for detailed examination.



The performance audit involved scrutiny of records of Planning Department, NLUP Apex Board, NLUP Implementing Board (NIB), four line departments and District Commissioner Offices at four sample Districts. The audit methodology also involved field visit by the audit party along with departmental officials for joint inspection of villages for interaction with the beneficiaries through photographic evidence and questionnaires duly authenticated by the departmental officials.

Audit commenced after an Entry Conference held on 27 April 2016 with the participation of the Secretary, NLUP Implementing Board and Heads of the Line Departments, wherein audit objectives, scope and criteria were discussed.

The draft report was forwarded to all implementing Departments and NLUP Implementing Board on 18 October 2016 for their responses. An Exit Conference was held on 7 December 2016 with the Additional Secretary, Agriculture Department (Nodal Department), Secretary, NLUP Implementing Board and the Member Secretary, State Planning Board wherein audit findings and observations were discussed. NLUP Implementing Board had furnished their response on 16 December 2016. The report has been finalised after considering the replies of NLUP Implementing Board to the audit observations and deliberations in the Exit Conference.

2.3.5 Audit Criteria

The audit criteria were drawn from the following sources:

- New Land Use Policy Manual (2009).
- Rural Land Use Plan for New Land Use Project.
- Budget and Fund Release Orders of GoI.
- Calendar of Works for different trade/activities under NLUP.
- NLUP Project Detail Action Plan. Land Use Plan for Villages issued by NIB.

- Order/instructions of State Government to the line departments for selection of beneficiaries and for the effective implementation of the project including sanction orders.
- General Financial Rules (GFR) and Receipt and Payment Rules.

2.3.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of Officers and Staff of NIB, District Commissioners, line Departments. We also appreciate the support of District, Block and Village level authorities in the sampled Districts in the course of the Performance Audit.

AUDIT FINDINGS

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

2.3.7 Planning

Considering the fact that the NLUP is a wider concept to bring in a fundamental change in the age-old practices of *jhum* cultivation and strengthening other trade, cultivation and afforestation, the programme required that the farmers should be assured of self-sustaining livelihoods with institutional support for handholding of beneficiaries in time of need and technical guidance. The concept involved nine line departments through multifarious activities incorporating from agriculture, animal husbandry, veterinary, fisheries, forest, and other related trade activities. All these different activities, being implemented simultaneously by the nine departments needed an implementing strategy, progress review and varied interactions with technical experts to make the NLUP exercise a success. A robust plan that could have assessed the ground situation and requirements of the targeted beneficiaries including financial, technical, socio-economic and administrative was an inescapable requirement.

As per provided in the NLUP manual, for implementation Village Level NLUP Committee (VLNC) was responsible for

- Preparation of land use plan for the whole village,
- Demarcation of forest reserved area, individual land and community land,
- Identification and selection of compact area for cultivation,
- Selection of beneficiaries as well as allotment of land to beneficiaries, and
- Preparation of village level project, action plan, implementation plan *etc.*

As per NLUP Manual, VLNC was to identify the Compact Areas, which means 'One Village One Crop', for all land based trades/activities in respect of each village so as to ensure that the products of the farmers would be easily transported for marketing and not lost out in open market.

Audit noticed several shortcoming and lapses in the planning process which are elaborated in the following paragraphs.

2.3.7.1 Selection of beneficiaries

The NLUP Manual envisaged that a careful survey was required to be carried out for selecting the beneficiaries and trade/activities on a need-based basis. The survey should be conducted with care and precision so that correction would not be made at a later date in the data so collected. The survey should be submitted to the NIB and the selection of the beneficiaries be conducted by the VLNC.

It was noticed in audit that the implementation of NLUP included a baseline survey and selection of beneficiaries. The survey was conducted through Young Mizo Association (YMA) to identify beneficiaries and trades/activities covering 813 villages of the State. This survey identified 1,59,528 families as eligible for assistance under the programme. As per the manual, this selection was supposed to be carried out by the VLNC, instead NLUP Apex Board selected (April 2010) 1.20 lakh families for assistance in five years. The basis on which selection of beneficiaries were made by NLUP Apex Board was not available in the records produced to audit.

NIB stated (December 2016) that the selection of beneficiaries was done by the VLNC keeping in view the guidelines and baseline survey report. The reply is not acceptable as there was nothing on record to show that VLNC was involved in selection of beneficiaries or that the beneficiary survey was shared with VLNC.

2.3.7.2 Selection of ineligible beneficiaries

As per NLUP Manual, beneficiaries should be selected from the defined 'Target Group' under NLUP. It was noticed that 1,389 complaints were received regarding irregularities in selection of beneficiaries. Out of 52,066 beneficiaries of the four sampled districts, audit interacted (June-August 2016) with 7942 beneficiaries. The interaction with beneficiaries revealed that 1400 ineligible beneficiaries were selected as shown in the following table which revealed that adequate due diligence was not adhered to.

Table-2.3.1

Sl. No.	Particulars of ineligible beneficiaries	Aizawl	Kolasib	Mamit	Saiha	Total
1.	Government servant	37	09	09	12	67
2.	Pensioner	132	16	38	27	213
3.	Higher income than eligibility limit of ₹ 50,000 in Rural and ₹ 1.00 lakh in Urban areas	466	383	168	103	1,120
Total		635	408	215	142	1,400

During the Exit Conference, the NIB stated that they have redressed these complaints to the extent possible. Further, it also assured that appropriate action would be taken on all beneficiaries selected in violation of the criteria laid down in the NLUP Manual and feedback would be given to audit on the action taken.

However, action taken in this regard and feedback was yet to be received (February 2017).

2.3.7.3 Formation of land use plan, demarcation of land and identification of compact area

It was noticed in audit that land use plan for the whole village as envisaged was not prepared and also, demarcation of forest reserved area, individual land and community land was not carried out.

As a result, VLNC could not identify the compact area and the financial assistance to the beneficiaries by the line departments was given without fulfilling this condition. This resulted in the scattering of the land-based trades/activities over wide areas and multiple trades practised in a single village.

NIB stated (December 2016) that necessary instructions had been issued for compact area/cluster approach for creating land use plans to implement the concept of 'One Village One Crop' system. Further, the compact area could not materialise due to certain constraints such as frequent changes of trades by the beneficiaries and beneficiaries' list as well as the absence of crop-based and land-based plan.

2.3.7.4 Frequent change of trades by the beneficiaries

As per NLUP Manual, the trade-wise list of beneficiaries was to be prepared before the implementation of the scheme. It was observed in audit that there were frequent changes of trade in the list of beneficiaries prepared by either the NIB or the district level authorities. This has resulted in a delay in disbursement of assistance to the beneficiaries.

NIB stated (December 2016) that after finalisation of beneficiaries, trades for the beneficiaries were finalised at the district level which was submitted both to the NIB and the concerned line departments and there was no question of starting implementation without finalising trade-wise beneficiaries.

The reply of the NIB is not acceptable as the trade-wise list of beneficiaries stated to have been finalised before starting the implementation of the programme, was not strictly followed and many changes had been made, which delayed the implementation of the NLUP.

2.3.7.5 Village level project, action and implementation plans

It was noticed in audit that village level action and implementation plans, which were to be the basis for the formulation of the State level action plan and implementation plan, were not prepared at the village level. Action Plans were prepared at the State Level only.

Thus, *ad-hoc* implementation of the scheme without proper survey and involvement of the stakeholders has impacted the implementation of the scheme.

2.3.8 Financial Management

NLUP was financed by the fund provided by GoI through the State Budget. The flow of fund was from GoI to the Finance Department of the State Government which released the fund to the concerned implementing line departments. Funds were transferred from the State level account of the line departments to the district level body and then to the account of the concerned villages.

Against the approved outlay of ₹ 2873.13 crore, GoI released between October 2010 and September 2014, ₹ 1526.14 crore as Additional Central Assistance (ACA) to the State Government. No fund was released during 2015-16. Against this, ₹ 1518.03 crore was booked as expenditure though the actual expenditure was much less and unused funds were drawn and kept in Civil Deposits. Deficiencies and irregularities in financial management noticed during audit have been discussed in the following paragraphs.

2.3.8.1 Distribution of cash assistance without following calendar of works

Under NLUP, there are different kinds of trades/activities that can be opted by the beneficiaries. The assistance was to be released according to trade/activity, in instalments. As per the NLUP manual, the Implementing Department was to carefully prepare a Calendar of Works for each trade, as per which the beneficiaries under the NLUP were to operate their trade/activities and assistance was to be released to the beneficiaries as per the Calendar of Works.

Calendar of Works for different trades/activities under NLUP were prepared during 2010 (Revised 2011) for implementation of the various trades/activities. The minimum amount of assistance as the 1st instalment in the Calendar of Works was ₹ 20,000 per beneficiary, except for some trades under Industries Department, where 1st instalment was fixed between ₹ 7400 and ₹ 45,000 per beneficiary.

It was noticed in audit that between September and October 2013 all nine line departments extended assistance aggregating ₹ 41.57 crore to 41,605 beneficiaries of third and fourth Phase as first instalment at the rate of ₹ 10,000 per beneficiary instead of ₹ 20,000 as per Calendar of Works. Though ₹ 205.84 crore was available in the civil deposits, no further instalment was released in 2014-15 and second instalments were released during 2015-16.

Arbitrary disbursement of assistance in first instalment as well as a delay in the release of subsequent instalments of assistance adversely affected the whole cycle of the implementation of the programme. Pigsties for piggery and rearing houses for poultry constructed from the first instalments were already in a dilapidated condition by the time the second instalment for procurement of piglets, chicks and animal feeds was released.



Photograph showing dilapidated pigsty constructed out of first instalment

Also, in land based trades, the forest cleared for plantation out of first instalment was rendered unfit for plantation as there was overgrowth by the time the second instalment was released. Random/delay in the release of cash assistance defeated the purpose of assistance.

During the Exit Conference, NIB accepted (December 2016) the random distribution of assistance in 2013 and stated that distribution of such cash assistance has since been discontinued, which had led to the improper implementation of the programme. It ascribed the delay in implementation to Assembly/Parliamentary/Village Council elections.

2.3.8.2 Non-recovery of interest-free loan

As per the Government Notification on the system of management of NLUP funds, five inputs and their corresponding infrastructures were identified in order to develop infrastructure input required by the beneficiaries as given in the following table:

Table-2.3.3

Sl. No.	Inputs	Corresponding infrastructure
1.	Planting materials	Nursery
2.	Fish fingerlings	Fish Seed Farm
3.	Piglets	Piglet multiplication Centre
4.	Chicks	Hatchery and Brooder Farms
5.	Animals Feed	Feed Mills and Fodder Production centre

Interest-free loan of ₹ 6.46 crore was disbursed between February 2011 and March 2014 to 30 beneficiaries (**Appendix-2.3.2**) against mortgage of Land Settlement Certificates (LSCs)¹ to meet the cost of inputs for the development of infrastructure of different trades. As per the agreements between the beneficiaries and the implementing departments/NIB, the loans were

¹ Land Settlement Certificate is a legal land record document that gives permanent ownership rights on land to an individual. Land settlement certificate can be for the residential plot/ shop/ stall or an agricultural plot. Land settlement certificate is inheritable and transferable.

to be repaid fully between March 2012 and September 2017. In the case of failure, LSCs were to be surrendered to the State Government by the beneficiaries.

It was noticed that NIB did not maintain separate account as well as separate Saving Bank account for the recovered loan amount. Further, out of ₹ 6.46 crore loan disbursed, only ₹ 0.94 crore had been recovered leaving ₹ 5.02 crore unrecovered (March 2016) as per the following table:

Table-2.3.4

(₹ in lakh)

Sl. No	Loan issued by	To whom loan was given	Purpose of loan	Year of issue	Loan Amount	Recovery up to March 2016		
						Due	Recovered (period of recovery)	Outstanding
1.	NLUP Implementing Board	Samuel TEA factory	Purchase of tea leaves from farmers	2013	57.77	57.77	1.00 (March 15)	56.77
		CDAR	Purchase of turmeric from farmers	2013	50.00	50.00	-	50.00
		Mizoram Broom India	Procurement and processing of broom	2012	30.00	30.00	-	30.00
		M/s LZ Industries	Procurement of agarbatti from beneficiaries	2012	10.00	10.00	-	10.00
		Hnamchh-antu Pawl	Procurement and processing of broom	2012-14	230.00	230.00	30.00 (Feb. to Apr.15)	200.00
Sub- Total					377.77	377.77	31.00	346.77
2.	Horticulture Department	08 Individuals	Development of nursery	2012-13	100.00	100.00	57.00 (Oct. 13 to Sept. 15)	43.00
Sub- Total					100.00	100.00	57.00	43.00
3.	Animal Husbandry & Veterinary Department	17 Individuals	For development of piglet multiplication centres	2011-12	168.00	119.00	6.39 (April 13 to June 14)	112.61
Sub- Total					168.00	119.00	6.39	112.61
Total					645.77	596.77	94.39	502.38

It can be seen from the table above that though the loans were to be recovered on a yearly basis, recovery had not been started for more than two years. It was also noticed that the purpose for which these funds were provided was not achieved as many private entrepreneurs reported failure of their business and non-functioning of the created facilities. The State Government had not monitored the utilisation of loan by the beneficiaries. Further, the State Government did not take appropriate action to recover the interest-free loan amount from the loanees nor

did the beneficiaries surrender the LSCs to the State Government. The chances of recovery of these loans are remote as the Government has not yet initiated any action.

Accepting the fact, NIB claimed (December 2016) that in spite of the initial problem, there was a gradual improvement especially in the recovery of loans from nursery developers, piglet multiplication centre owners and few others. It further added that the loanees had been given a time for repayment till September 2017 (for Pig Multiplication Centre owners) and if the loanees would fail to make payment, NIB would invoke provisions under Mizoram Public Demand Recovery Act for recovery of the loans. NIB also intimated (November 2016) that the instruction had since been issued to open a Separate Account and separate Savings Bank Account.

The reply is not acceptable because there was no improvement in recovery and only 18 per cent of the amount recoverable has actually been recovered (March 2016).

2.3.8.3 Non-compliance with Central Treasury Rules

According to Rule 290 of the Central Treasury Rules, Vol.-I which is being followed by the State Government, no money shall be drawn from Government Account unless it is required for immediate disbursement. Also as per the said Rule, no money should be drawn at the end of the year to avoid lapse of budget grants.

The following observations were noticed in audit:

- **Unutilised funds kept in civil deposits:**

Out of ₹ 1,526.14 crore received from the State Government during 2011-16, the concerned line departments kept ₹ 897.91 crore in the Government accounts under Civil Deposit during 2010-15. The fund so kept could not be utilised for the implementation of the NLUP in time due to which the timeframe of implementation had to be rescheduled. However, during 2011-16, the line departments withdrew ₹ 673.64 crore leaving a balance of ₹ 224.27 crore as of March 2016. The details of fund kept in Civil Deposit by the line departments and withdrawal from the Civil Deposit from time to time are shown in the following table:

Table-2.3.5

(₹ in crore)		
Year	Deposit	Withdrawal
2010-11	68.50	0
2011-12	91.44	103.35
2012-13	189.28	83.43
2013-14	342.85	162.98
2014-15	205.84	140.70
2015-16	0	183.18
Total	897.91	673.64

This indicates, apart from poor financial management, the Government was not depicting actual expenditure under NLUP.

While accepting the facts, NIB stated (December 2016) that the delay in the release of the fund was because of Village Council/Assembly/Parliamentary elections and an unsatisfactory cash balance of the State to meet full liabilities of some departments in bulk. However, the reply was silent on corrective actions undertaken to ensure the withdrawal and the utilisation of fund for the specified purpose in time.

- **Maintenance of large cash balance:**

Since April 2011, NIB drew money without the immediate need of expenditure thereby leaving heavy cash balances in the cash chest every month ranging from ₹ 0.10 crore to ₹ 1.64 crore. This practice is fraught with the risk of misappropriation/misuse.

While accepting the facts, NIB stated (December 2016) that the holding of huge cash was due to advances drawn for works taken up but not recorded in the cashbook, entries in cashbook were made only when final bills were paid and delay in adjustment of expenditure already incurred. It further added that they had taken remedial measures (*viz.* stopping of advance payment, adoption of the system of preparing first and final bill, verification of daily and monthly cash balance) which would reduce the practice of retaining heavy cash balance.

2.3.8.4 Diversion of fund for Learn and Earn in Japan

GoI sanction guidelines provide that the State Government should utilise the funds only for the purpose for which it was approved.

The Secretary, Labour, Employment & Industrial Training requested (January 2016) the Secretary NIB to extend a temporary loan of ₹ 1.65 crore for assistance to 15 students who would be provided placement/job linked skill training in Kokoro College, Nagasaki, Japan through North Eastern Educational Consultants, Mizoram. The money was to be repaid as soon as the Finance Department would concur the proposal of the Labour, Employment & Industrial Training Department. On the basis of the request, the Secretary, NIB released (29 January 2016) ₹ 1.65 crore to the Secretary, Labour, Employment & Industrial Training by diverting the fund from NLUP. However, the amount had not been repaid as of September 2016.

While accepting the fact, the NIB stated (December 2016) it had been pursuing the matter and that due to non-allocation of the fund by the Finance Department, the Department of Labour, Employment and Industrial Training could not repay the money till date.

2.3.9 Programme Implementation and Achievement of Targets

The basic concept of NLUP was to help the individual farmer in sustaining his livelihood so that he would not be solely dependent on shifting cultivation. As discussed earlier, although nine line departments implemented the schemes under NLUP, only the schemes implemented

through Agriculture, Fisheries, Animal Husbandry and Veterinary and Environment and Forest Departments were selected in Audit for detailed examination. The audit has observed several deficiencies in the implementation of these activities. These are discussed in the succeeding paragraphs.

2.3.9.1 Targets *vis-à-vis* achievements by the sampled departments

Audit scrutiny in the sampled departments revealed that non-scientific assessment of targets led to disconnect between scheme wise setting of targets and actual implementation as shown in the following table:

Table-2.3.6: Departmental targets and achievements during 2010-15

(Physical Numbers of beneficiaries : Financial ₹ in crore)

Year	Target						Achievement (percentage)
	2010-11	2011-12	2012-13	2013-14	2014-15	Total	
Agriculture Department							
Physical	12,340	12,340	12,340	12,340	12,340	31,600	20,322 (64)
Financial	77.24	77.24	77.24	77.24	77.24	386.20	193.85 (50)
Animal Husbandry and Veterinary Department							
Physical	5,200	3,415	3,415	3,415	3,415	18,860	37,047 (196)
Financial	10.00	44.60	44.60	44.60	44.60	188.40	361.87 (192)
Environment and Forest Department							
Physical	5,179	1,391	1,390	1,390	1,390	10,740	3,197 (30)
Financial	29.00	19.60	19.60	19.60	19.60	107.40	3397 (32)
Fisheries Department							
Physical	1,200	450	450	450	450	3000	3,392 (113)
Financial	600	600	600	600	600	3000	37.48 (125)

Scrutiny of the records revealed that though year-wise targets were provided, year-wise achievements of the scheme was not available with these departments.

It can be observed from the above table, that the Agriculture Department and Environment & Forests Department failed to achieve their targets. On the other hand, Fisheries Department and Animal Husbandry & Veterinary Department had over achieved their targets. This may be due to the fact that assessment of the number of beneficiaries for a particular trade was done at the state level, without the involvement of the VLNC.

Further, the departments have not devised any system for providing continuous support to the beneficiaries for ensuring their sustainability. Without a feedback mechanism, the planning for subsequent phases also could not be improvised.

NIB confirmed (December 2016) that the excess number of beneficiaries was due to shifting of beneficiaries from one trade to another and that the beneficiaries had the final choice as to which trade they would opt for.

2.3.9.1 Infrastructure development for input sufficiency

Director, Animal Husbandry & Veterinary Department accorded (24 March 2011) expenditure sanction of ₹ 4.42 crore under infrastructure development component out of which ₹ 2.20 crore was sanctioned for the creation of infrastructure for Piglet production, as shown in the following table:

Table-2.3.7

Sl. No.	Particulars	Amount (₹ in lakh)	Objective
1.	Government Pig Farm at Selesih	20.00	To be upgraded to 100 sows unit each.
2.	Government Pig Farm at Lungpher	20.00	
3.	Government Pig Farm at Thenzawl	20.00	
4.	16 Piglet Multiplication Centres i.e. private breeders @ ₹ 10 lakh	160.00	To be operated in Public Private Partnership (PPP) mode with 25 sows unit each
Total		220.00	-

Source: Departmental records

The Director, Animal Husbandry & Veterinary Department submitted (in May 2013) Utilisation Certificate for ₹ 4.42 crore wherein it was stated that the conditions of the grant-in-aid had been duly fulfilled.

However, during the joint physical verification of the Pig Multiplication Centres, it was noticed (August 2016) that out of the 16 Pig Multiplication Centres, only 11 Centres were operational, four Centres were abandoned while one Centre was not operated. Thus, the main objective of production and supply of piglets through Pig Multiplication Centres was not fully achieved.

During the joint physical verification (August 2016) of Pig Farm Thenzawl, it was noticed that the farm had three pens with only 19 sows against the required capacity of 100 sows. It was stated that outbreak of Porcine Reproductive & Respiratory Syndrome (PRRS) virus had an impact on production and supply of piglets to the NLUP beneficiaries.



Dry and Pregnant Pen
Pig Breeding Farm, Thenzawl



Weaners' Pen

Accepting the fact, NIB stated (December 2016) that efforts were made to encourage the NLUP beneficiaries and other piggery farmers to produce piglets to meet the local demand.

2.3.9.2 Production and sale of Piglets

During 2012-13, the Government Pig Farms and Pig Multiplication Centres produced and sold 3,810 piglets (823 piglets by Government Pig Farms and 2,987 piglets by Pig Multiplication Centres) to NLUP beneficiaries against the requirement of 42,768 piglets. Only 8.90 per cent of the requirement of piglets could be met during the first Phase of implementation of NLUP.

NIB stated (December 2016) that due to the outbreak of PRRS virus in 2013, it was necessary that these farms were emptied for some period, disinfected properly and repopulated with fresh stock. Hence, the production of piglets could not be done in the aftermath of the disease outbreak.

The fact remains that due to the outbreak of PRRS virus in 2013, the Pig Multiplication Centres and Government Pig Farms could not supply piglets to NLUP beneficiaries. This has happened, as the Government was not equipped to control and eradicate the virus at the time of its outbreak in 2013.

Thus, the expenditure of ₹ 2.20 crore incurred towards infrastructure for production of piglets proved to be unfruitful due to non-availability of the piglets to the beneficiaries.

2.3.10 Deficiencies in Procurement by Line Departments

Different activities/trades implemented by the individual departments to achieve the overall objective of the NLUP. The audit has observed several deficiencies in the procurement procedure for these activities in the sampled Departments as discussed below.

2.3.10.1 Fisheries Department

Under the programme implemented by Fisheries Department, the beneficiaries were supplied fish seeds in kind. Funds were also provided for government fish farm for the development of essential infrastructure inputs. Shortcomings/irregularities notice in the implementation of schemes undertaken by Fisheries Department are discussed below:

- **Procurement of Geomembrane**

The Secretary, NIB sanctioned and released ₹ 209.68 lakh to the Fisheries Department during 2013-15 for procurement/fitting of Geomembrane² at three Fish Seed Farms.

The Director, Fisheries Department issued (between 30 September 2013 and 08 April 2015) three Work Orders totalling ₹ 208.74 lakh to M/s Wetcomb Shalimar International, New Delhi for supply and laying/fitting of 750 microns HDPE Geomembranes @ ₹ 725 per sqm between

² Geomembrane is very low permeability synthetic membrane liner or barrier used to control fluid migration in a human-made project, structure, or system such as reservoirs, lagoons and water ponds. Geomembranes are made from relatively thin continuous polymeric sheets.

February 2014 and May 2015 without following the tendering process. The work was executed by the firm through its local dealers/agents, M/s Mapuia Enterprise and M/s Laltanpuui. However, it was observed in audit that M/s Cee Vee Enterprise, another authorised dealer of M/s Wetcomb Shalimar International, had supplied the same material, at a rate, which was approximately four times lower to the Director, Horticulture Department at different destinations. Extra cost involved in the purchase by Fisheries Department was ₹ 159.73 lakhas shown in the following table:

Table-2.3.8

Sl. No.	Name of Farm (District)	Area (Sq. m)	Rate as per Work Order (per Sq. m.)	Rate as quoted for Horticulture Department (per Sq. m.)	Difference in rate (in ₹)	Excess amount (₹ in lakh)
1.	Ngengpui, (Lawngtlai)	1,044.52	₹ 725	₹ 186.66	538.34	5.62
2.	Tamdil (Aizawl)	7,740.00	₹ 725	₹ 165.00	560.00	43.34
3.	Thenzawl (Serchhip)	20,009.00	₹ 725	₹ 171.38	553.62	110.77
Total						159.73

Source: Departmental records

It was also noticed during field visits that no record/register showing the actual quantity of materials received were maintained. As such audit could not verify the quantity supplied and fitted by the contractor. Further, it was noticed that only 19,605.84 sqm (39 ponds) had been fitted/laid with geomembranes against the total requirement of 28,793.52 sq. metre (48 ponds) i.e. 68 per cent of the total requirement.

● **Procurement of Common Carp fish seed**

NLUP Input Purchase Board in its meeting (10 October 2014) decided to implement a Pilot Project on Paddy cum Fish Culture in Champhai and Serchhip Districts under the infrastructure component of NLUP and procured Common Carp fish seeds (80-100 mm) @ ₹ 4.40 per fingerling from M/s Zoram Fish Seed Production Centre and M/s Mizofa Fish Seed Farm. ₹ 35.20 lakh was approved (October 2014) to be met from the budget of NIB, which was later increased to ₹ 41.36 lakh (August 2015). In total, 9.40 lakh fish seeds were procured.

In May 2015, the Secretary, NIB sanctioned ₹ 121.50 lakh towards procurement of Common Carp Fish seed (80-100 mm) for distribution to all the Districts. The Director, Fisheries Department, Aizawl issued supply orders (May 2015) for procurement of 27.61 lakh Common Carp fish seeds which was then procured during June-July 2015.

It was noticed in audit that the State Purchase Advisory Board (SPAB) under *Rashtriya Krishi Vikas Yojana* (RKVY) had approved (March 2015) different rates for Common Carp fish seed

(80-100 mm). The procurement at a higher rate without analysis, justification and comparison resulted in an excess expenditure of ₹ 119.19 lakh as given in the following table:

Table-2.3.9

District	Rate approved by SPAB under RKVY (in ₹)	No of fish seed (in lakh)	Expenditure (₹ in lakh)	Excess expenditure (₹ in lakh)
Champhai	1.30	4.91	21.60	15.22
Serchhip	1.00	4.49	19.76	15.27
Sub-Total		9.40	41.36	30.49
Aizawl	1.30	3.00	13.20	9.30
Kolasib	1.00	5.00	22.00	17.00
Mamit	1.00	5.00	22.00	17.00
Serchhip	1.00	3.00	13.20	10.20
Champhai	1.30	3.11	13.69	9.65
Lunglei	1.30	3.00	13.20	9.30
Lawngtlai	1.30	3.50	15.40	10.85
Saiha	1.70	2.00	8.80	5.40
Sub-Total		27.61	121.49	88.70
Grand Total		37.01	162.85	119.19

Source: Departmental Records

2.3.10.2 Animal Husbandry and Veterinary Department

Under the programme implemented by Animal Husbandry and Veterinary Department, the beneficiaries were provided with supply of piglets, chicks, *etc.* along with funds (financial assistance) to develop infrastructure.

- **Procurement of piglets through private supplier:**

During the second phase of implementation of NLUP by Animal Husbandry and Veterinary Department, 7,006 beneficiaries were selected under Piggery Trade. As per the Calendar of Works ₹ 24,000 per beneficiary was allocated towards the cost of eight piglets (two female and six fattener piglets) at the rate of ₹ 3,000 per piglet. State Purchase Advisory Board of Animal Husbandry and Veterinary Department decided (20 April 2015) to reduce the number of piglets per beneficiary from eight to six and the rate of piglets increased to ₹ 5,000 per piglet. In the minutes of the meeting, it was recorded that 14,012 piglets had already been supplied to the beneficiaries. For the supply of the remaining piglets (four piglets per beneficiary at the rate of ₹ 5,000 per piglet), a private supplier³ was selected. Between October 2014 to November 2015 a total amount of ₹ 13.51 crore was released to the Supplier for the supply of piglets.

On interaction with 468 beneficiaries in four sample districts during field visit (Saiha, Aizawl, Kolasib and Mamit Districts), it was found that the Supplier had supplied 1,872 piglets, out

³ Shri C. Vanlalhmuka of Zotlang, Champhai

of which 689 piglets died (36.81 per cent) resulting in loss of ₹ 34.45 lakh as given in the following table:

Table-2.3.10

Sl. No	District	Number of			Loss	
		Beneficiaries interacted	Piglets supplied	Piglets died	Amount (₹ in lakh)	Percentage
1.	Aizawl	226	904	281	14.05	31.08
2.	Kolasib	60	240	95	4.75	39.58
3.	Mamit	68	272	122	6.10	44.85
4.	Saiha	114	456	191	9.55	41.89
Total		468	1,872	689	34.45	36.81

Similar instances of death of piglets supplied to other beneficiaries and in other districts cannot be ruled out.

NIB in their reply (December 2016) stated that the exact cause of death could not be ascertained as the piglets were in the hands of the beneficiaries. Also, they had not received any report of such high mortality rate. The Government needs to identify the reason for this high mortality of the piglets supplied and must redress the problem to ensure that the purpose of the scheme is achieved.

2.3.10.3 Environment & Forest Department

Shortcomings/lapses noticed in procurement by Environment and Forest Department are discussed in the following paragraphs.

- **Procurement of Tissue Culture Seedlings:**

3,193 beneficiaries were selected from first phase to fourth phase for Bamboo Plantation (100 tissue culture seedlings @ ₹ 28 per seedling) the requirement for which was 3,19,300 seedlings. The Chief Conservator of Forests issued a supply order (March 2011) for the supply of tissue culture seedlings to M/s Growmore Biotech Ltd., Hosur, Tamil Nadu at the rate of ₹ 22.50 per plant.

It was noticed that the Department procured 1,36,700 tissue culture seedlings (about 43 per cent) in excess of requirement resulting in excess expenditure of ₹ 0.31 crore. Reasons for excess procurement and the details of distribution of tissue culture seedlings procured in excess were not on record.

Further, an additional amount of ₹ 0.17 crore was utilised by the Environment and Forest Department for transportation and hardening process even though there was a separate provision for transportation from the nursery to planting site.

Thus, the Environment & Forests Department incurred an avoidable excess expenditure of ₹ 0.48 crore towards procurement of Tissue Culture Seedlings.

Deficiencies in procurement show lack of vision in planning and point out the fact that the NIB did not ensure that proper fiscal propriety was exercised by the line departments. The gap between planning and execution of schemes needs to be bridged by the Board for effective implementation.

2.3.11 Monitoring and Evaluation

As per NLUP manual, monitoring of the scheme at the village, district and state level were to be done by the monitoring cell. However, it was observed that the monitoring cell of NLUP; despite being formed, were not functioning satisfactorily at all three levels of implementation of NLUP.

It was observed in the audit that due to lack of monitoring at the field/village level, the Government could not ensure that land-based trades/activities were carried out in one compact area in respect of one village. Also, the monitoring cells at the State and District levels have not taken any corrective measure in order to ensure the cultivation of crops in a compact area so that the products of farmers could be easily transported and market accessibility ensured.

As there was no monitoring after distribution of cash assistance and inputs, the NIB could not ascertain that the beneficiaries have utilised the assistance for the purpose for which given. Further, there was no follow-up action to ascertain whether the inputs supplied like piglets, chicks *etc.* were productive and beneficial to the beneficiaries. Thus, the NIB did not have correct information about the high mortality rate of the supplied piglets as discussed in Paragraph 2.3.10.2. The Government needs to ensure that proper feedback and monitoring of the beneficiaries is done to ensure that the scheme is achieving its desired objectives. Redressal of problems in implementation of the scheme can also then take place to improve its implementation.

2.3.12 Extent of achievement of objectives

Deficiencies in the achievement of the stated objectives of NLUP were noticed in audit, these have been discussed in the following paragraphs.

- **Impact of NLUP on *jhum* cultivation:**

One of the objectives of NLUP was weaning away *jhum* cultivators from the destructive practice of shifting cultivation (*jhum*). During 2010-11, the total area under *jhum* cultivation in Mizoram was 28,562 hectare which had declined to 20,064 hectares by 2014-15. The year wise decrease in area under *jhum* cultivation in Mizoram during the implementation of NLUP is given in the following table:

Table-2.3.11

Year	2010-11	2011-12	2012-13	2013-14	2014-15
Area under <i>jhum</i> in hectare	28,562	25,826	24,706	22,633	20,064
Decrease (<i>per cent</i>)	---	9.58	4.34	8.39	11.35
<i>Jhum</i> cultivators	68,433	62,472	58,755	58,991	60,338

- It was observed that the list of targeted beneficiaries under NLUP did not specify the number of *jhum* cultivators earmarked for financial assistances. In the absence of such details, audit could not draw an assurance that *jhum* cultivators were given priority in the selection process and all the *jhum* cultivators had been covered under NLUP.
- Table 2.3.12 shows that overall only 14 *per cent* of the cultivators has given up the practice.
- The Government has not set up adequate monitoring and feedback mechanism to ensure fruitful utilisation of funds and achievement of objectives of the scheme.

In the absence of structured feedback set up, Audit has interacted with 7,954 beneficiaries (15.22 *per cent*) of the total 52,249 beneficiaries in the four sampled districts during field visits to assess extent of the implementation of the scheme. The results of the interview are as detailed in the following table.

Table-2.3.12

Number of trade beneficiaries						<i>Jhum</i> Cultivators		
Total	Interviewed	Continuing in trade	Own trade	Ineligible	Sustained livelihood	Practicing	Discontinued	Continued
Horticulture								
9,054	948	915	25	138	13	622	176	446
Environment & Forest								
529	95	95	Nil	14	Nil	80	7	73
Agriculture								
7,456	829	829	132	148	114	581	134	447
Animal Husbandry And Veterinary								
19,106	2,575	2,522	323	522	158	798	242	556
Fisheries								
1,749	376	374	18	130	18	226	48	178
Soil and Water Conservation								
6,403	743	740	2	46	52	549	406	143
Sericulture								
949	47	46	13	Nil	13	9	3	6
Industries								
7003	2341	2321	860	402	374	176	61	115
52,249	7,954	7,842	1,373	1,400	742	3,041	1,077	1,964
<i>Percentage of interviewed</i>		<i>98.60</i>	<i>17.26</i>	<i>17.60</i>	<i>9.33</i>	<i>38.23</i>	<i>13.54</i>	<i>24.69</i>

As can be seen from the above table that out of the interviewed beneficiaries;

- About 18 *per cent* of the beneficiaries were ineligible,
- Further, about 38 *per cent* practiced *jhum* cultivation before the commencement of the programme and,
- Of these 38 *per cent*, only one third had given up the *jhum* cultivation practice after five years of the implementation.

Considering the fact that only 9 *per cent* were able to sustain their livelihood from the trade, **the State Government needs to focus on targeting the *jhum* cultivators and providing them support by coordinated approach and proper planning.**

NIB stated (December 2016) that as of now Mizoram agriculture is predominantly dependant on *jhum* and NLUP programme succeeded in making a breakthrough to progressively wean away farmers from *jhum* practice. More tangible results would be forthcoming in the near future.

It was also observed that the Government has signed (November 2014) agreement with a firm⁴ to provide an Integrated Data management Suite to create a master data base of the beneficiaries. The data would be used for conducting impact analysis. The data creation is at present going on. Audit welcome the initiatives of the Government for establishing a feedback mechanism and reiterates that **there is a need to take proper action to streamline feedback mechanism so that the Government comes to know the extent of the achievement of the scheme and take remedial action to improve its implementation so that the main objectives of the scheme; to wean away the farmers from *jhum* cultivation and to provide sustainable livelihood through effective trade support are achieved.**

- **Self-sufficiency in rice**

One of the objectives of NLUP was to attain self-sufficiency in rice production by developing suitable land for wet rice cultivation (WRC). The year-wise production and import of rice during the last five years are shown in the following table:

Table-2.3.13

(Figure in MT)

Year	Rice production in the State			Import	Total consumption	Percentage of import
	WRC	Jhum	Total			
2011-12	26,250	26,644	52,894	1,36,195	1,89,089	72.03
2012-13	30,572	27,128	57,700	1,33,552	1,91,252	69.83
2013-14	33,323	25,671	58,994	1,58,871	2,17,865	72.92
2014-15	37,096	23,583	60,679	1,55,208	2,15,887	71.89
2015-16	37,634	24,343	61,977	1,36,389	1,98,366	69.00

As can be seen from the table, the yearly production of rice in the State had increased by 20 *per cent* from 52,894 MT in 2011-12 to 61,977 MT in 2015-16 in five years. The production

⁴ Radiant Integrity Techno Solutions Pvt. Ltd.

of rice from WRC has increased from 26,250 MT in 2011-12 to 37,634 MT in 2015-16 (43 *per cent*). The contribution of WRC in total rice production of the State had also witnessed an increase from about 50 *per cent* in 2011-12 to 60 *per cent* in 2015-16. However, this increase was not able to meet the increasing demand for rice during this period and percentage contribution of import from other States remained around 70 *per cent* at 1.36 lakh MT per year. This indicated that the State was not able to reduce imports. Achievement of self-sufficiency in production of rice in the near future was also remote.

While accepting the fact, the Government stated during the Exit Conference (December 2016) that due to lack of resources, *i.e.* arable land for cultivation of rice, the targets of attaining self-sufficiency in production of rice and vegetables could not be achieved. They added that the Government has initiated steps to increase production of rice through System of Rice Intensification.

- **Afforestation of land and environmental impact assessment**

One of the main objectives of NLUP was to afforest the land to regenerate the ecosystem. This would help stabilise the climate changes wrought by global warming, rejuvenate the flora and fauna and make Mizoram a better place to live in. It was envisaged to increase the total forest reserve area of the State from 38 to 80 *per cent* of the total geographical area and the very dense forest area from 133 to 14,761 Sq. km.

It was noticed in audit that the State Government had constituted an NLUP Committee on Afforestation only in May 2015. However, the State Government had not allocated any fund for afforestation so far (September 2016).

Thus, due to inaction on the part of the Government, the objective of NLUP to regenerate the forest and to increase the forest coverage to 80 *per cent* of the geographical area of the State had not been achieved.

NIB stated (December 2016) that the Action Plan for Afforestation Programme was submitted by the NLUP Committee on Afforestation in August 2015. However, the target could not be achieved as no allocation of the fund was made for afforestation. The reply, however, did not clarify as to why the Action Plan was not approved even after the lapse of more than one year.

Further, the actual environmental impact of the programme had not been assessed by the State Government.

While accepting the fact, the NIB stated (December 2016) that the first comprehensive programme for afforestation of Mizoram was prepared in December 2010. The concept note was discussed four times in the NLUP Apex Board meeting. Though the programme was approved in the fourth meeting, the program could not be implemented till date due to various critical issues like Tribal Forest Access Rights and other related issues including cultivation in *jhum* lands. As a result, environment impact assessment could not be conducted till date.

- **Land Use Plan and Land reforms**

The NLUP aimed at formulating a Land Use Plan for the entire state. This was to be undertaken by earmarking land for the rain forest, community forest, cultivation under NLUP, habitation, industrial area, etc. Audit observed that even VLNC has not formulated land use plan for the individual villages which would be the basis for the formulation of the State plan.

Further, NLUP envisaged implementation of Land Reforms for the whole State. As a part of land reforms, following activities were to be undertaken *viz.* (i) the survey was to be conducted for the whole state and land records prepared; (ii) new landholding system and new ownership pattern were to be introduced, and (iii) new tenancy law would be formulated and enacted.

Scrutiny of the records revealed no steps have been taken as regards land plans and land reforms.

2.3.13 Conclusion

The main objective of NLUP was to put an end to wasteful shifting cultivation/*jhumming*. During 2010-11 *i.e.* before the commencement of NLUP, the number of *jhum* cultivators in Mizoram was 68,433 families, the number of farmers who practised *jhum* cultivation had reduced to 60,338 during 2014-15. This shows that NLUP had not achieved its objective of putting an end to *jhum* cultivation though there has been a marginal reduction in the number of farmers practising *jhum* cultivation.

Though total yearly production of rice in the State had increased and also the contribution of WRC in total rice production of the State had also witnessed an increase from about 50 *per cent* in 2011-12 to 60 *per cent* in 2015-16, this increase was not even able to meet the increasing demand for rice during this period. Percentage contribution of import from other States remained around 70 *per cent* during the period and the State was not able to reduce imports.

Though the total area under *jhum* cultivation had decreased by 11.35 *per cent* during 2010-11 to 2014-15, 60,000 farmers were still dependent on *jhum* cultivation in the State. The Government has not initiated any action to fulfil its object of increasing the total Forest Reserve Area to 80 *per cent* of the State's geographical area.

The financial management was deficient and unspent amounts were kept in Civil Deposit and in the bank account. This amount was shown as spent, which was irregular. There were instances of extra expenditure in the procurements made under the programme.

Lack of monitoring led to a frequent change of beneficiaries and trades. There was delay in completion of the programme. The desired objective for which NLUP was taken up had not been achieved in any stated areas.

2.3.14 Recommendations

The State Government may consider to:

- conduct survey of the land as visualised in NLUP which would facilitate the formation of the land use plan for the whole state and help in the location of the compact area for land-based activities.
- involve Village level NLUP Committee in selection of beneficiaries and their trade and also in the formulation of village plan, based on which the State Plan would be formulated
- ensure timely release of assistance to the beneficiaries and monitor its outcome for achieving programme objectives and implement the programme in time in order to ensure the desired objective is achieved.
- follow prescribed rules and procedures with respect to financial management for the purchase of goods and while entering into contract/agreement with any firm.

FOLLOW UP OF AUDIT OBSERVATIONS

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

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

A review of follow-up action on submission of *suo-moto* ATNs disclosed that the various departments of the State Government had submitted *suo-moto* replies in respect of all paragraphs/performance audits that had featured in the Audit Reports up to the year 2010-11 but there was delay in submission in respect of the Audit Reports for the years 2011-12 to 2013-14. The Audit Report for the year 2014-15 was laid on the table of the State legislative assembly on 31 August 2016, replies were awaited (February 2017).

2.5 Response to audit observations and compliance thereof by the Executive

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

As of March 2016, a review of the outstanding IRs issued during 2008-16 revealed that 517 paragraphs relating to 123 IRs remained outstanding as shown in the following table:

Table-2.5.1

Name of the Sector	Opening Balance (upto 2013-14)		Addition during the year 2014-15		Disposal during the year 2014-15		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Economic (other than PSUs)	106	423	37	225	20	131	123	517

2.6 Audit Committee Meetings

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

During 2015-16, five audit committee meetings were held in which 269 paragraphs were settled.



CHAPTER-III
REVENUE SECTOR

CHAPTER-III

REVENUE SECTOR

3.1 Trend of revenue receipts

3.1.1 The Tax and Non-tax revenue raised by Government of Mizoram during the year 2015-16, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from Government of India (GoI) during the year and the corresponding figures for the preceding four years are mentioned in the following table.

Table - 3.1.1

(₹ in crore)

Sl. No.	Particular	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Revenue raised by the State Government					
	Tax revenue	179.07	223.14	229.78	266.52	358.41
	Non-tax revenue	168.03	212.80	194.26	241.96	297.63
	Total	347.10	435.94	424.04	508.48	656.04
2.	Receipt from GoI					
	• State's share of net proceeds of divisible Union taxes and duties	827.38	785.96	858.08	910.67	2,348.11
	• Grants-in-aid	2,650.42	3,314.84	3,482.73	4,091.95	3,672.25
	Total	3,477.80	4,100.80	4,340.81	5,002.62	6,020.36
3.	Total revenue receipts of the State Government (1 and 2)	3,824.90	4,536.74	4,764.85	5,511.10	6,676.40
4.	Percentage of 1 to 3	9.07	9.61	8.90	9.23	9.83

Source: State Finance, Government of Mizoram, 2015-16

The above table indicates that during the year 2015-16, the revenue raised by the State Government (₹ 656.04 crore) was 9.83 per cent of the total revenue receipts. The balance 90.17 per cent of receipts during 2015-16 was from GoI.

3.1.2 The details of Budget Estimates (BE) and Tax revenue raised during the period from 2011-12 to 2015-16 are given in the following table.

Table -3.1.2: Details of Tax Revenue raised

(₹ in crore)

Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15 Actual
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
Taxes on Sales, Trades etc.	135.26	142.16	158.22	175.87	190.00	183.34	218.08	211.95	232.66	247.04	16.56
Motor Vehicles Tax	15.60	16.71	23.17	22.83	19.38	19.42	22.24	17.03	23.57	19.44	14.15
Others ¹	29.47	20.20	20.67	24.44	25.44	27.02	30.07	37.54	70.89	91.93	144.89
Total	180.33	179.07	202.06	223.14	234.82	229.78	270.39	266.52	327.12	358.41	34.48

Source: Finance Accounts & Annual Financial Statement Government of Mizoram

The Departments did not furnish the reasons for variation in receipts from that of the BE and the actuals from the previous year (January 2017)

3.1.3 The details of the Non-tax revenue raised during the period 2011-12 to 2015-16 are indicated in the following table:

Table -3.1.3

(₹ in crore)

Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
Interest receipts	32.00	15.60	21.76	16.86	24.50	17.93	19.88	19.88	20.00	30.73	54.58
Power	118.93	109.52	119.39	111.27	144.23	109.05	144.36	144.36	162.00	166.35	15.23
Others	90.25	42.92	65.60	84.67	83.05	67.28	77.18	77.72	87.83	100.55	29.38
Total	241.18	168.04	206.75	212.80	251.78	194.26	241.42	241.96	269.83	297.63	23.01

Source: Finance Accounts & Annual Financial Statement Government of Mizoram

The Departments did not furnish the reasons for variation in receipts from the BE and the actuals from the previous year (January 2017).

3.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2016 on some principal heads of revenue amounted to ₹ 15.51 crore of which ₹ 9.14 crore was outstanding for more than five years, as detailed in the

¹ Others includes State Excise, Taxes on Goods and Passengers, etc.

following table:

Table - 3.2.1: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2016	Amount outstanding for more than 5 years as on 31 March 2016
1	Taxes/ VAT on Sales, Trades etc.	15.51	9.14
2	Taxes on Vehicles	The Department has not furnished the information	
3	Taxes on Goods and Passengers	The Department has not furnished the information	
Total		15.51	9.14

Information on total amount outstanding as well as amount outstanding for more than five years as on 31 March 2016 in respect of Taxes on Vehicles and Taxes on Goods and Passengers were not furnished by the Department (January 2017).

3.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalization at the end of the year as furnished by the Taxation Department in respect of sales tax, motor spirit tax, luxury tax and tax on works contracts was as shown in the following table:

Table - 3.3.1: Arrears in assessments

Head of revenue	Opening balance as on 31 March 2015	New cases due for assessment during 2015-16	Total assessments due	Cases disposed of during 2015-16	Balance at the end of the year 2015-16	Percentage of disposal (Col.5 to 4)
1	2	3	4	5	6	7
Taxes/ VAT on Sales, Trades etc.	3,219	779	3,998	1,005	2,993	25.14

Source: Departmental records.

It can be seen from the above table that out of 3,998 assessment due the disposal was 1,005 (25.14 per cent) at the end of the year 2015-16.

3.4 Evasion of tax detected by the Department

The details of cases of tax evasion detected by the Taxation and Transport Department, cases finalized and the demands for additional tax raised as reported by the Department are given in the following table:

Table – 3.4.1

Name of tax/duty	Case pending as on 31 March 2015	Cases detected during the year 2015-16	Total	Number of cases in which assignments/ investigation completed and additional demand including penalty etc., raised during the year 2015-16		Number of pending cases as on 31 March 2016
				No. of cases	₹ in lakh	
1	2	3	4	5	6	7
Sales Taxes/VAT	407	310	717	317	3.58	400
Taxes on Vehicles	The Department has not furnished the information					
Taxes on Goods and Passengers	The Department has not furnished the information					

Information on evasion of tax detected by the Transport Department had not been received though the same were called for (July 2016).

3.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2015-16, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2015-16 as reported by the Departments is given in the following table:

Table –3.5.1: Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Sales tax/VAT		State Excise	
1	Claims outstanding at the beginning of the year	NIL	NIL	NIL	NIL
2	Claims received during the year	4	0.05	NIL	NIL
3	Refunds made during the year	4	0.05	NIL	NIL
4	Balance outstanding at the end of year	NIL	NIL	NIL	NIL

Source: Departmental records.

Thus, there was no pending of refund case at the end of year 2015-16.

3.6 Response of the Government / departments towards audit

The Accountant General (Audit) (AG), Mizoram conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the Inspection and not settled on the spot, which are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the Offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG

within one month from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

Inspection Reports issued up to December 2015 disclosed that 360 paragraphs involving ₹ 63.25 crore relating to 128 IRs remained outstanding at the end of June 2016 as mentioned in the following table along with the corresponding figures for the preceding two years:

Table –3.6.1: Details of pending Inspection Reports

Particulars	June 2014	June 2015	June 2016
Numbers of outstanding IRs	141	139	128
Number of outstanding audit observations	447	427	360
Amount involved (₹ in crore)	61.77	68.98	63.25

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2016 and the amounts involved are mentioned in the following table:

Table - 3.6.2: Department wise details of IRs

Sl. No.	Name of Department	Name of Receipts	No. of Outstanding IRs	No. of Outstanding Audit Observations	Money Value involved (₹ in crore)
1.	Land Revenue	Land Revenue	11	23	2.92
2.	Excise	State Excise	6	11	0.31
3.	Taxation	Taxes/VAT on Sales, Trade etc.	38	146	20.61
4.	Transport	Taxes on Vehicles/ Taxes on Goods and Passengers	16	44	11.51
5.	Forest & Environment	Forest & Wild Life	23	77	9.88
6.	Geology and Mineral Resources	Non-ferrous Mining and Metallurgical Industries	4	17	15.04
7.	Other	Other taxes	30	42	2.98
Total			128	360	63.25

Audit did not receive even the first replies required to be received from the Heads of Offices within one month from the date of issue of the IRs for 5 IRs issued up to December 2015. The pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and Heads of the Departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by us in the IRs.

The Government may consider to have an effective system for prompt and appropriate response to audit observations.

3.6.1 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. However, no audit committee meeting was held during 2015-16.

3.6.2 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General (Audit), Mizoram to the Principal Secretaries/Secretaries of the concerned Department, drawing their attention to audit findings and requesting them to send their response within six weeks. Non-receipt of the replies from the Departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Five draft paragraphs and one Performance Audit were sent to the Principal Secretaries/Secretaries of the respective Departments and their responses have been received and incorporated appropriately.

3.6.3 Follow up on the Audit Reports – summarized position

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the committee. In spite of these provisions, the explanatory notes on audit paragraphs included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Mizoram for the year ending 31 March 2015 placed before the State Legislature Assembly on 31 August 2016. Action Taken Notes (ATN) in respect of 06 paragraphs (including performance audit) from 03 departments had not been received for the Audit Report year ended 31 March 2015 so far (January 2017).

The PAC discussed 04 selected paragraphs pertaining to the Audit Reports for the years from 2010-11 to 2011-12.

3.7 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/ Audit Reports by the Department/Government, the action taken on the paragraphs and Performance Audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 3.7.1 to 3.7.2 discuss the performance of the Taxation Department and cases detected in the course of local audit during the last six years and also the cases included in the Audit Reports for the years 2005-06 to 2014-15.

3.7.1 Position of Inspection Reports

The summarized position of Inspection Reports issued during the last six years, paragraphs included in these Reports and their status as on 30 June 2016 are as per the following table:

Table - 3.7.1: Position of Inspection Reports

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value
2011-12	59	163	29.33	10	48	9.13	3	22	2.64	66	189	35.82
2012-13	66	189	35.82	8	43	4.48	2	20	15.90	72	212	24.40
2013-14	72	212	24.40	11	66	5.60	2	12	2.49	81	266	27.51
2014-15	81	266	27.51	6	44	7.25	1	29	2.99	86	281	31.77
2015-16	86	281	31.77	4	46	6.04	1	47	4.56	89	280	33.25
2016-17	89	280	33.25	0	0	0	21	92	9.56	68	188	23.69

The Department was periodically reminded to furnish replies to the outstanding audit observations. Despite such efforts, 68 IRs and 188 paragraphs having money value of ₹ 23.69 crore remained outstanding as on 30 June 2016 due to non-receipt of appropriate replies from the Department.

3.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years and those accepted by the Department and the amount recovered are mentioned in the following table:

Table -3.7.2

(₹ in crore)

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered as on 31 March 2015	Cumulative position of recovery of accepted cases
2005-06	15	2.23	4	0.20	0.02	0.02
2006-07	9	5.70	NIL	NIL	0.00	0.02
2007-08	3	0.84	0	0	0.00	0.02
2008-09	2	3.82	2	3.82	0.00	0.02
2009-10	0	0	0	0	0.00	0.02
2010-11	3	15.90	1	0.29	0.00	0.02
2011-12	3	1.36	2	1.27	0.07	0.09
2012-13	3	1.88	3	1.88	0.35	0.44
2013-14	5	2.38	4	1.95	0.14	0.58
2014-15	4	4.15	4	4.15	0.15	0.73
Total	47	38.26	16	13.36	0.73	

The Departments need to evolve a strong mechanism to monitor and ensure recovery of accepted cases.

It could be seen from the above table that during the last ten years, the Taxation Department have accepted 16 paragraphs having money value of ₹ 13.36 crore, out of which only ₹ 0.73 crore has been recovered as on 2015-16.

3.8 Audit planning

The unit offices under various Departments are categorized into high, medium and low risk units according to their revenue positions, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* include critical issues in Government revenues and tax administration *i.e.* budget speech, white paper on State finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during the past five years, *etc.*

During the year 2015-16, there were 64 auditable units, of which 18 units were planned and 17 units had been audited, which is 26.56 *per cent* of the total auditable units.

Besides the compliance audits mentioned above, one Performance Audit on Computerization of Transport Department was also taken up.

3.9 Results of audit

Position of local audit conducted during the year

Test check of the records of 17 units of Taxation, Environment & Forest, Excise and other Departments conducted during the year 2015-16 revealed underassessment/short levy/loss of revenue/non-realisation of outstanding revenue aggregating ₹ 753.10 lakh in 45 cases. Of these the Departments recovered ₹ 12.14 lakh in three cases and ₹ 180.89 lakh relating to the previous years in 23 cases.

3.10 Coverage of this Report

This Report contains five paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years which could not be included in earlier reports) and one Performance Audit on “Computerisation of Transport Department”. The Departments/Government have accepted audit observations involving ₹ 159.80 crore out of which ₹ 0.02 crore has been recovered. The replies in the remaining cases have not been received (January 2017). These are discussed in succeeding paragraphs.

PERFORMANCE AUDIT

TRANSPORT DEPARTMENT

3.11 Performance Audit on Computerisation of Transport Department in Mizoram

The Ministry of Road Transport and Highways in an effort to modernise and streamline service delivery, transparency and revenue monitoring provided standardised software 'VAHAN' for registration of vehicles and 'SARATHI' for issuance of Driving Licenses (DLs) to the Transport Department, Government of Mizoram. The applications were developed by National Informatics Centre which also provided technical assistance, free of charge, for customisation and backend integration. The Performance Audit on Computerisation of Transport Department in Mizoram revealed the following significant findings

Highlights:

Computerisation in the Department was executed without proper documentation and planning.

[Paragraph 3.11.8]

All modules which were already available in the software were not being utilised.

[Paragraph 3.11.9]

Non-existence/Delayed installation of physical components resulting in delayed service delivery by five days to 3,172 days.

[Paragraph 3.11.10]

The physical, data security and logical access controls in existence were weak. There was no meaningful user login information and thereby the audit trail was lost.

[Paragraph 3.11.11.1 to 3.11.11.5]

There was compilation error of data already captured under VAHAN on generation of daily transaction reports rendering it unreliable.

[Paragraph 3.11.11.6]

Business rules were not mapped into the software to ensure compliance with the provisions of the existing rules and acts.

[Paragraph 3.11.11.9]

Incorrect collection of late registration fine from 3,067 vehicles amounting to ₹ 3.07 lakh and non-levy of late registration fine from 7,142 vehicles amounting to ₹ 7.14 lakh.

[Paragraph 3.11.11.10]

3.11.1 Introduction

To achieve faster and better services, transparency and better monitoring of revenues generated from implementation of the Motor Vehicle Act and Rules, the Government of India provided standardised software 'VAHAN' for registration of vehicles and 'SARATHI' for issuance of Driving Licenses (DLs), developed by National Informatics Centre (NIC) to the Transport Department (Department), Government of Mizoram. The Department was also provided with technical assistance from the NIC, free of charge, for customisation and backend integration.

3.11.2 Objectives of the computerisation

The objectives of computerisation were to:

- bring about transparency in the system;
- ease and speed up all work related to vehicle registrations and driving license;
- connect the entire State using the networking facility;
- assist in monitoring work related to vehicle registrations and driving licenses; and,
- create a State Register of vehicles registered and driving licenses issued.

3.11.3 Organisational setup

The Secretary, Transport Department, Government of Mizoram is the administrative head of the Department. He is assisted by the Director of Transport (DT) who heads the Directorate of the Department with the assistance of four Joint Directors². The DT is also the Secretary of the State Transport Authority (STA). At the district level, the office is headed by a District Transport Officer (DTO). There are eight DTOs³ in the State. The function of DT is to oversee the functioning of the various wings of the Department and implementation of the Acts and Rules governing the assessment, levy and collection of motor vehicle taxes, fees and fines while the DTO is responsible for enforcing the provision of the Acts and Rules. The primary function of the STA is to grant inter-state permits and regional road permits to transport vehicles.

3.11.4 Audit Objectives

The objectives of the audit are to get a reasonable assurance that:

- the objective of computerisation through the NIC developed computer applications of VAHAN and SARATHI were achieved and time schedule adhered to with special emphasis on internal control mechanism;
- NIC developed computerised systems were completely utilised (module-wise) including the correctness and completeness of the data captured by the DTOs;

² (i) Joint Director (Operation), (ii) Joint Director (Hqtrs.), (iii) Joint Director (STA), and (iv) Joint Director (MV)

³ DTOs Aizawl District, Lunglei District, Saiha District, Champhai District, Kolasib District, Serchhip District, Lawngtlai District and Mamit District.

- connectivity was established amongst the DTOs in the State for creation of State Registers of vehicles and licenses; and
- reliable general and security controls were in place to ensure data security and audit trail besides back up of data and to have an overall assurance of the functioning of the computerised system.

3.11.5 Audit Criteria

The Performance Audit has adopted the following criteria:

- Central Motor Vehicles Act, 1988 (MV Act).
- Central Motor Vehicles Rules, 1989
- Mizoram Motor Vehicle Taxation (Amendment) Act, 2011.
- Mizoram Motor Vehicle (Taxation) Rules, 1997.
- Mizoram Passengers and Goods (Taxation) Act, 2005.
- Mizoram Passengers and Goods (Taxation) Rule, 2006.
- Notifications issued by the Government of India.
- Notifications/circulars issued by the State Government.
- VAHAN and SARATHI software as developed by NIC.

3.11.6 Scope and methodology of Audit

The Performance Audit was conducted between April 2016 and September 2016. The Performance Audit covered implementation and examination of controls in the 'VAHAN', 'SARATHI' and 'National Permit System (NPS)' application software. Audit checked the records of DT/STA, imported and analysed data up to March 2016 of all the eight DTOs of the State using IDEA⁴ and MS Excel and also visited the DTOs of Aizawl and Lunglei to verify the security on physical and logical access control.

The entry conference for the Performance Audit was held on 27 April 2016 in which the objectives, scope and methodology of audit were explained. The conference was attended by the Deputy Secretary from the Government and Joint Director from the Department. The draft Performance Audit report was sent to the Government/Department in September 2016 for their response. The Department submitted their reply on 24 November 2016. An exit conference was held on 28 November 2016. The Performance Audit Report has been finalised after considering the views of the Government and deliberations in the exit conference.

3.11.7 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Department and NIC, Mizoram in providing the requisite information and records for the Information Technology Audit on Computerisation of Transport Department.

⁴ *Interactive Data Extraction and Analysis*

AUDIT FINDINGS

3.11.8 Planning & Implementation of VAHAN & SARATHI

The implementation of a new IT regime requires proper planning and documentation in order to ensure that objectives are achieved in a timely manner with minimum break in business continuity. Requirements have to be assessed and adequate training be provided to ensure a smooth transition into the new system.

During the course of audit it was noticed that :

- During 2011-16, six modifications of VAHAN & SARATHI were carried out by NIC Aizawl no documentation was available to show who had placed the request for change and no acceptance certificate for the changes made was issued by the Department. Additionally, no user manuals/guidelines had been prepared and circulated by the Department.
- Although legacy data in respect of registration of vehicles had been present during the introduction of VAHAN, the backlog entry of data regarding Driving Licences (DL) issued manually prior to implementation of SARATHI had not been done till date and no record or register was maintained by the DTOs to ascertain the volume of backlog data requiring digitisation. It was the practice of the Department to update all legacy data as and when licence holders approached the Department for re-issuance or renewal of their Driving Licences. As a result, the State Register was incomplete even after 16 years of computerization.
- In both the DTOs visited, *i.e.* Aizawl and Lunglei, users were only able to perform data entry operations and lacked the skills necessary even for the troubleshooting and rectification of minor problems like printer errors, updation of antivirus programs, *etc.* This led to inordinate delays in fault resolution as all issues, whether major or minor, were referred to IT Cell or NIC.

While accepting audit observation the Department stated (November 2016) that:

- changes/modifications would be made after obtaining approval from the appropriate authority and documented for inspection.
- instructions had been issued to all concerned to carry out backlog entry of legacy data into SARATHI.
- budgetary allocation for skill development training would be proposed in the next annual plan.

The fact remains that the implementation of computerisation in the Department was executed without proper documentation and planning.

3.11.9 Utilisation of module, Correctness and completeness of Data captured by the system

The primary objective of VAHAN and SARATHI was to streamline the previous manual functions of the Department and to establish a centralised database, through the State and National Registers, in which various details related to vehicle registration and driving licences were easily accessible by the Government, its entities and other stakeholders.

During the course of audit it was found that:

- modules for the capture of data on collection of Impounding/Compounding fines and Trade Certificate issuance which were not being used which exposed the system to the risk of misappropriation. The amount of revenue collected manually by various DTOs as per information furnished by the Department for the period 2012-16 is given in the following table.

Table 3.11.1

(₹ in lakhs)

DTO	Compounding Fines	Trade Certificate
Aizawl	13.16 ⁵	36.41
Lunglei	0.24	1.43
Siaha	1.12	Nil
Serchhip	2.93	0.12
Kolasib	85.71	Nil
Mamit	NA ⁶	Nil
Lawngtlai	Information not provided	
Champhai	1.92	0.01
Total	105.08	37.97

- data validation controls embedded in the system were insufficient to ensure that input data was correct, reliable and that only meaningful and useful data was stored in the system. Audit analysis of VAHAN and SARATHI data revealed the following (DTO-wise positions are shown at **Appendix 3.11.1 to 3.11.3**):
 - seating capacity of 460 two wheelers ranging from zero to 911 and 16 LMVs ranging from 14 to 998 were found in the system. Additionally, there were 60 two wheelers having standing capacity ranging from one to 282 and 26 LMV cars having standing capacity ranging from one to 100.
 - 56,975 vehicles had wrong/incorrect/chassis numbers (less than 17 alphanumeric characters), 3,219 vehicles shared the same and similar chassis and engine numbers, 97 vehicles had blank engine numbers and 3,671 vehicles shared duplicate engine numbers.

⁵ ₹ 13.16 lakh was collected during 2013-16

⁶ Data in respect of Mamit was not furnished to audit.

- (c) 245 cases of mismatch in chassis number, 132 in seating capacity and 111 in vehicle description. Additionally, out of 36,923 vehicular transactions recorded during 2011 to 2016 in Aizawl DTO, 69 newly registered vehicles found in the SMART card module were not found in the vehicle owner module of VAHAN.

The presence of such inaccurate data revealed lack of input and validation controls in the system. Additionally, data inaccuracies made identification of vehicles impossible in case of loss or theft.

While accepting audit observation the Department stated (November 2016) that directions were issued to all DTOs to utilise all modules of VAHAN and SARATHI to achieve full automation of transactions. No reply on DTO, Mamit was received.

The fact remains that all modules which were already available were not being used.

3.11.10 Non-existence/Delayed installation of physical components resulting in delayed service delivery

Laying down a robust network connecting the various DTOs and provision for power supply for its smooth functioning were critical components for the successful implementation of VAHAN and SARATHI.

Though the Department stated that computerisation was completed in December 2007, audit noticed that there was a delay in establishing network connectivity by eight years in respect of six DTOs. Further, no network connectivity was established till date in respect of DTOs of Champhai and Lawngtlai. As a result, replication of data of these two districts was done at NIC premises twice a month in respect of VAHAN. In respect of SARATHI, even though six DTOs had network connectivity, replication of data to National Register from the local servers was done twice in a month by all the eight DTOs.

It was also observed in audit that the provision of power supply backup by the Department ranged from minimal to none. As cited by the Department (June 2016), one 2 KVA UPS was placed at State server site in Aizawl. However, it was found (August 2016) that the UPS did not provide any power backup when there was a power failure.

The status of network connectivity of the eight DTOs is shown in the following table:

Table 3.11.2

Sl. No.	DTO	Year of establishing network connectivity
1	Aizawl	2015
2	Lunglei	2015
3	Siaha	2015
4	Champhai	Not done
5	Kolasib	2015
6	Serchhip	2015
7	Lawngtlai	Not done
8	Mamit	2015

Delay in providing network coverage had led to delay both in updation of data and service delivery to the public in 2,284 cases ranging from 5 days to 3,172 days. The delay on the part of the Department to address these issues has exposed the system to loss of data in the event of a major systems crash occurring in the period between two sequential data replications. The service-wise delay in days compared with the stipulated time is shown in **Appendix 3.11.4**.

While accepting audit observation the Department stated (November 2016) that steps had been taken to create a robust internet connectivity using NICNET through Radio Frequency Wide Area Network and that M/s Nextcomm, an internet service provider (ISP), had been entrusted with exploring the possibility of implementing the same. Survey report of the ISP had not yet been submitted to the Department. The Department further stated (November 2016) that necessary remedial action would be taken to ensure reliable power backup.

The fact remains that the system was being operated without the proper infrastructure for a period of nine years after computerisation had been completed.

3.11.11 Reliable, General and Security Controls to ensure Data Security

3.11.11.1 Lack of controls on physical access and data security

Physical access control is an integral part of any IT enabled environment as it safeguards the equipment from tampering and minimises the risk of unauthorised access to sensitive data. Usage of anti-virus programmes protect computer systems from malicious software like viruses, trojans, hacker tools, *etc.*

Physical verification of Aizawl and Lunglei DTOs and the IT Cell of the Directorate (May and June 2016) revealed that:

- there was no fire prevention/retarding equipment in place which exposed the equipment to damage by fire. Further, it was also found that the Department did not have any localised protocol for data protection⁷. Critical components such as server rooms, generator/UPS rooms and network components were easily accessible. Lack of physical access controls exposed the system to physical tampering and unauthorised use.
- out of 17 desktop computers in operation, eight computers had anti virus programs installed which exposed the entire network to malicious programs.

While accepting audit observation the Department stated (November 2016) that this was due to lack of managerial effort, insufficient space and inadequacy of staff. The Department further assured that utmost efforts would be made to ensure compliance.

The fact remains that the system was exposed to the risk of data loss from physical damage and malicious software.

⁷ To keep back-up data in a mirror server kept at a different location.

LOGICAL ACCESS CONTROL

3.11.11.2 Improper handling of security clearances and lack of stringent logical access controls

Information system security involves the protection of computerised data from unauthorised modification and are imposed by logical access controls which are restrictions imposed by the computer software for the identification, authorisation and accountability of users.

- As per the provisions of the projects, digitally signed SMART cards are issued individually to each DTO by the State Key Management Authority for the validation and approval of RC/DL applications minimising the risk of fraud by allocating responsibility to the competent authority.

During the inspection of the DTO, Aizawl it was found (May and June 2016) that lower ranking staff were performing functions of the DTO i.e. giving authorization for issuance of DLs and RCs, which was irregular.

Handling of critical high level user privileges by non-authorised staff and/or non-permanent staff exposed the system to the threat of unauthorised usage and data manipulation.

- There was no password policy formulated for the management of ITsecurity in VAHAN thereby exposing the system to risk of unauthorised access and data manipulation. However, under SARATHI, users were required to create passwords using case sensitive alphabetical and special characters which were changed every month. Frequency of change of password could not be verified in audit due to non-capturing/deletion of user log data by the Department.

Further, during visit of two DTOs (Aizawl and Lunglei) it was noticed (May and June 2016) that access to VAHAN and SARATHI server was through a single administrator ID(identity)/password and the same password was used by other users in the absence of the administrator. In this situation, the other users (other than the administrator) could easily alter the system date of VAHAN and SARATHI.

While accepting audit observation the Department stated (November 2016) that the matter would be reported to NIC. It added that giving authorisation to lower ranking staff would be convened with concerned authorities and action taken reported to audit. However, action taken on this matter had not been intimated (January 2017).

The fact remains that security clearances were improperly handled and logical access controls were weak.

3.11.11.3 Lack of meaningful user login information and loss of audit trail

Maintenance of log files and other user related information is critical for the tracing of an audit trail. Log files enable the system administrator to ascertain the details of users who have logged

on to the system and the activities performed. Additionally, log files enable an auditor to check the timeline of tasks that are performed on a system.

Audit scrutiny of tables meant to capture user details such as username, password, login and logoff date and time, *etc.* revealed that the relevant information was not captured by the database and the login/logoff times for all users captured in the data table was shown as 00:00:00 (*hh:mm:ss*). Incomplete data has made it impossible to ascertain the login/logoff time of users. Further, there were no log files to show the various actions performed in each session by a user who had logged on to the system. This has made it impossible for audit to verify that the functions performed in the system were handled by the designated user only.

While accepting audit observation the Department stated (November 2016) that the matter would be taken up with NIC and compliance report submitted to audit. However, action taken on this matter had not been intimated (January 2017).

The fact remains that the audit trail was lost.

3.11.11.4 Unauthorised use of IP address assigned to DTO Lunglei

Internet protocol (IP) addresses are numbers assigned to computers within a network to identify and allow access to specific users permitted to make use of networks resources.

It was observed in audit (June 2016) that computers placed at DTO Lunglei were unable to access the NIC provided network due to conflict of IP address. It was ascertained that some unknown person(s) had obtained access to the network using DTO's IP address. The NIC officials were unable to identify the unknown user on the day as the unknown person disconnected from the network during the trace.

NIC officials stated (June 2016) that the purpose of using the DTO's IP address was to use the internet facility provided to the DTO Lunglei. However, the fact that persons unknown were able to gain unauthorised access to a secure network thereby making use of Government resources and denying the DTO access to the SARATHI application is a serious threat to data security and integrity.

After the case was analysed, the NIC officials has suggested that the DTO Lunglei have separate switches for VAHAN and SARATHI applications which were sharing a common switch at present to avoid recurrence of IP conflict problems and unauthorised access to the network. No development in this regard has been received from the Department (January 2017).

While accepting audit observation the Department stated (November 2016) that procurement of a separate switch for Lunglei DTO would be taken up immediately in consultation with DIO, NIC Lunglei. However, action taken on this matter had not been intimated (January 2017).

DATA INTEGRITY AND BACKUP PROTOCOLS

3.11.11.5 Compilation error of data captured by VAHAN

Reliability, integrity, correctness and security of data are the primary requirements for the smooth and effective implementation of any IT based data management system.

During the course of Audit, a mock test of DTO, Aizawl records was conducted (July 2016) to ascertain the integrity and correctness of data recorded in the VAHAN cash counter after closure of the daily transactions. Firstly, the day-end report generated by the data entry operator (DEO) of the counter was obtained and it revealed that there were 164 transactions recorded in the VAHAN on 21 July 2016 with a revenue receipt of ₹ 8,31,304. However, after one hour, another day-end report in the presence of Audit party was generated and it was found that there were 162 transactions recorded with revenue receipt of ₹ 8,30,804. Further scrutiny revealed that two transactions bearing receipt numbers BN26900 and BN26925 with revenue receipt amount of ₹ 500 were not reflected in the second report. The reasons as to how and why there was compilation error could not be explained by the DTO.

Compilation errors of data already stored in the database reduces the integrity of the system.

While accepting audit observation the Department stated (November 2016) that the case had been checked and missing receipts had been found.

However, the reply did not indicate the circumstances leading to the compilation error as well how data that had already failed to appear in a system generated report could reappear at a later time.

3.11.11.6 Misreporting of fee amounts having 'Fine' component in VAHAN

Reliability, integrity, correctness and security of data are the primary requirements for the smooth and effective implementation of any IT based data management system.

Test check of VAHAN data (October 2016) revealed that in some instances of payment of tax with a fine component, the fine amount is added to the 'Fees' component in addition to being shown as a separate amount in the 'Fine' component. (Such instances are given at **Appendix 3.11.5**) Some illustrative examples are given in the following table.

Table - 3.11.3

(Figures in ₹)

Receipt No.	VAHAN		System generated receipt	
	Fees	Fine	Fees	Fine
BA97060	1,688	188	1,500	188
BN19625	3,937	437	3,500	437
BA97023	3,500	1,000	2,500	1,000
BN19081	1,688	188	1,500	188

While accepting audit observation in the Exit Conference the Department stated (November 2016) that the matter would be checked and results intimated to audit. However, action taken on this matter had not been intimated (January 2017).

3.11.11.7 Inadequacy of data redundancy measures at the State level

Data redundancy or backup measures are a critical component of any database management system to ensure the continuity of service delivery.

During the course of audit, it was found that no provisions for data redundancy were being maintained by the Department. All data under VAHAN is stored either in the local servers placed in individual DTOs offices in respect of SARATHI and directly in the National Register managed by NIC, Delhi in respect of VAHAN. This may lead to delay in service delivery and even loss of data in the event of network breakdown, power outage and other disastrous events.

Further, it was also noticed (July 2016) that two servers (DTO Mamit and Serchhip) crashed and were under repair by the Performance Cell, Aizawl. This resulted in delays in service delivery as there was no provision of a backup/mirror server *in situ*. The details of server breakdown and its repair in these two DTOs are as given in the following table.

Table - 3.11.4

Sl. No.	DTO	Date of server breakdown	Date of repair/ correction	Days required for repair/ Delay in providing service
1	Serchhip	30-10-2014	31-10-2014	1
2	Serchhip	6-2-2015	9-2-2015	3
3	Mamit	9-2-2015	10-2-2015	1
4	Mamit	5-10-2015	6-10-2015	1
5	Serchhip	1-4-2016	6-4-2016	5
6	Mamit	14-7-2016	2-8-2016	19
7	Serchhip	28-7-2016	3-8-2016	6

Thus, there was a delay of 1 to 19 days in providing service delivery during 30 October 2014 to 3 August 2016. Lack of localised redundancies has hampered the efficiency of the project and led to delay in service delivery to the public.

While accepting audit observation the Department stated (November 2016) that necessary instructions would be issued to all DTOs to take daily backups of data.

MAPPING OF BUSINESS RULES

3.11.11.8 Non-mapping of Business rules

IT applications should incorporate business rules which apply to the field in which they are applied and have in-built controls which automatically check whether the data entered is

accurate and valid by incorporating computerised validation checks on the data presented to the system. Various discrepancies and errors in the system due to lack of validation checks in the software were observed in Audit. Instances of such incorrect and unusual data are discussed in the following pages:

- **Non-linkage of applicant address with the issuing authority:** Out of 72,738 vehicles registered within the State during 2011-16, the temporary and permanent address of 1,425 vehicle owners were outside the jurisdiction of the registering DTO, 689 vehicle owners were outside the State of Mizoram and 132 vehicles owners could not be ascertained due to non-filling up of the district code. Thus, a total of 2,114⁸ vehicles were registered in violation of the provision of the Act.
- **Usage of non-prescribed district code:** The eight districts of Mizoram were given the code name as TR, TR1 to TR7 to be used in VAHAN. However, it was noticed that all DTOs were using their own codes instead of following the prescribed format as shown in **Appendix 3.11.6.**
- **Non-linkage of State and District specific registration codes:** Audit analysis of VAHAN data also revealed that the software did not automatically generate the letters 'MZ' assigned to the State and required the user to input the same. During the period between April 2011 and March 2016, 22 vehicles were assigned incorrect registration numbers such as AA, SH, AZ, ML, MO4 and LT.9,694 vehicles were registered with district code different to those prescribed by the system. Usage of non-prescribed codes defeats the very purpose of having a standardised pattern for identification of vehicles which may result in serious security breach. Incorrect registration marks were wrongly assigned to registered vehicles thereby rendering the State and National Registers incorrect.
- 12 Driving Licenses (DL) and 38 Learner's Driving License (LDL) were issued to a person less than 18 years of age.
- 13 LDLs and 46 DLs were issued on Saturday and Sunday respectively
- 23,118 cases of unknown blood group written as 'U' in DL and 22,830 cases in LDL in eight DTOs, and 119 cases blood group column was left 'blank' in DL without any specification in six DTOs as shown in the following table.

Table -3.11.5

DTO	Learners Driving Licence			Permanent Driving Licence		
	Unknown Blood group written as 'U'	Blank	Total	Unknown Blood group written as 'U'	Blank	Total
Aizawl	12,686	Nil	12,686	8,691	67	8,758
Lunglei	3,345	Nil	3,345	2,791	22	2,813
Siaha	415	Nil	415	2,396	13	2,409
Champhai	1,653	Nil	1,653	1,797	2	1,799

⁸ 1,425 + 689 = 2,114

DTO	Learners Driving Licence			Permanent Driving Licence		
	Unknown Blood group written as 'U'	Blank	Total	Unknown Blood group written as 'U'	Blank	Total
Kolasib	2,190	Nil	2,190	2,906	14	2,920
Serchhip	1,850	Nil	1,850	3,860	1	3,861
Lawngtlai	437	Nil	437	362	Nil	362
Mamit	254	NIL	254	315	Nil	315
Total	22,830	NIL	22,830	23,118	119	23,237

- 91 vehicles were registered on Saturday and 41 vehicles were registered on Sunday as shown in the following table.

Table - 3.11.6

Name of District	No. of Vehicles registered	
	On Saturday	On Sunday
Aizawl	33	31
Lunglei	08	NIL
Siaha	NIL	01
Champhai	25	05
Kolasib	06	01
Serchhip	03	NIL
Lawngtlai	02	03
Mamit	14	NIL
Total	91	41

- Out of 237 NOCs cancelled, details of 228 vehicles were not reverted back to the list of registered vehicles in the owner database of VAHAN.
- Out of 72,738 vehicles registered during the period. Data entry of certain key fields was not done at the time of registration as these were not mandatory fields. The incomplete key fields noticed during analysis are shown in the following table.

Table - 3.11.7

Particulars	Total vehicles registered with incomplete field during 2011-16
Unladen weight left blank	98
Laden weight left blank	2,734
Father's name blank	22
Engine number not mentioned	22
Address not mentioned	22

While accepting audit observation the Department stated (November 2016) that the possibility of addressing the issues raised by audit would be explored in consultation with NIC and intimated to audit.

The fact remains that business rules were not mapped into the software to ensure compliance with the provisions of the Central MV Rules and Act.

3.11.11.9 Incorrect/Non-realisation of Registration Fee

As per Rule 47 of the Central Motor Vehicles Rules 1989, an application for registration of a motor vehicle shall be made in Form 20 to the registering authority within a period of seven days from the date of taking delivery of such vehicle. If the owner fails to make an application within the prescribed time, the registering authority is required to levy an amount not exceeding ₹ 100 under Section 41 (11) of the Central Motor Vehicles Act, 1988. The rate of late registration fine collected by the State Department is ₹ 100 per vehicle.

Audit analysis of vehicle owner's data and late registration fee modules relating to the period between April 2011 and March 2016 revealed that:

- in 3,067 cases, the Department levied and realised ₹ 3.07 lakh @ ₹ 100 per vehicle even though registration of the vehicles was done within seven days of the purchase date. This has resulted in incorrect levy of late registration amounting to ₹ 3.07 lakh.
- in 7,142 cases, there was non-levy of late registration fine even though the vehicles were registered 8 to 4,052 days after purchase. Due to non-levy of late registration fine, there was loss of revenue amounting to ₹ 7.14 lakh.

The district-wise details of incorrect levy/non-levy of late registration fine are shown in the following table.

Table - 3.11.8

DTO	Rate of fine (₹)	Incorrect realisation of late registration fee		Non-realisation of late registration fee	
		Number of vehicles	Amount realised (₹)	Number of vehicles	Amount realisable (₹)
Aizawl	100	2,522	2,52,200	2,762	2,76,200
Lunglei	100	328	32,800	343	34,300
Siaha	100	73	7,300	191	19,100
Champhai	100	Nil	-	866	86,600
Kolasib	100	Nil	-	2,583	2,58,300
Serchhip	100	47	4,700	10	1,000
Lawngtlai	100	87	8,700	306	30,600
Mamit	100	10	1,000	81	8,100
Total		3,067	3,06,700	7,142	7,14,200

Collection/Non-realisation of revenue as shown above is against the provisions of the Act stated *ibid*. Therefore, the system needs to be designed to deny addition of penalty when registration

is done within the stipulated period or prompt for payment of penalty and only allow further transactions after the penalty amount is cleared.

While accepting audit observation the Department stated (November 2016) that concerned DTOs had been instructed to rectify the errors and that compliance reports for the same were awaited. Further, it was added that NIC would be consulted in the matter and the issue would be closely monitored.

3.11.11.10 Incomplete data of stolen vehicles

As per Section 62 of the MV Act, the State Government may, if it thinks necessary, direct the Police Department to furnish returns regarding vehicles which have been stolen and stolen vehicles which have been recovered to the Department.

Audit analysis of data revealed that during the last five calendar years 2011 to 2015, information of 45 theft cases was captured in the system of Aizawl and Kolasib DTOs and there were no theft reports in respect of the remaining six DTOs during this period. Further, as per statistics of the Police Department, during the year 2011-15, 198 vehicles were stolen across the State of Mizoram and 194 were recovered. Failure to obtain returns from the Police Department has resulted in DTOs having no information about 153 (198 – 45) stolen vehicles.

While accepting audit observation the Department stated (November 2016) that the matter would be brought to the notice of the Government as policy intervention would be required.

However, the fact remains that the Department did not have any system in place to ensure coordination with the State Police to fully utilise the data of vehicles stolen in the state.

3.11.11.11 Need for revision of Form – 2 & 4

The SARATHI software contains provision to capture information of the applicants such as mobile phone numbers, email address, *etc.* in learner driving licence (LDL) and driving licence (DL). However, the prescribed application forms (Form - 2 LDL & 4 DL) for a driving licence do not contain any columns for capturing of mobile number and e-mail address information from the applicants.

As a result, complete details of applicants had not been captured by the system thereby creating a database which did not have all details permissible by the system and thereby reducing the utility of computerisation.

While accepting audit observation the Department stated (November 2016) that the Central Government through MoRTH was revising all forms prescribed in the Central MV Act, 1989 for ease of business and ensure compliance with the same when modified.

3.11.12 Conclusion

The Performance Audit revealed a number of deficiencies in implementation of the project of computerisation in the Department. Secured environment for IT system (VAHAN and

SARATHI) were not put in place and changes/modifications to the software were made without any documentation. The log files generated by the system were deleted without conducting any analysis leading to loss of audit trail. The software had designed deficiencies thereby enabling non-realisation of late registration fee and incorrect collection on account of late registration fee for delayed registration. The Performance Audit also highlights abnormal delay in service delivery like issue of duplicate and renewal Driving License; lack of inter-connectivity/common database and system deficiencies leading to delay in updating of database to State and National Register, entry of duplicate chassis and engine numbers including blank engine numbers and non-meaningful registration numbers. Thus, the existing data was not reliable. In addition, there is no plan for providing inter-connectivity with the DTOs of Champhai and Lawngtlai.

In the absence of a clear IT strategy, execution and monitoring, the Department could not fully achieve its stated objectives of bringing transparency to the system, easing and speeding up work related to vehicle registration and issue of driving licences.

3.11.13 Recommendations

It is recommended that the Department may consider to:

- take immediate action to provide network connectivity to all DTOs and ascertain and update all legacy/backlog data under SARATHI;
- institute a formal procedure for change/modification in the software and ensure that all changes are properly documented;
- ensure complete utilisation of all software modules with a special emphasis on skill development training for core user staff;
- ensure physical safety of installed equipment and develop infrastructure to supply power for continuous service delivery ; and,
- strengthen logical access control by enforcing protocols in regard to access of data and install data validation as well as input controls to avoid capturing unreliable data.

COMPLIANCE AUDIT PARAGRAPHS

TAXATION DEPARTMENT

3.12 Evasion of tax

There was an under-assessment of tax of ₹ 5.21 lakh due to non-detection of turnover worth ₹ 214.11 lakh.

Section 31(6)(b) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that if any dealer has furnished incomplete and incorrect returns for any period, the Commissioner shall assess to the best of his judgement the amount of tax due from such dealer. Further, if the Commissioner is satisfied that the dealer, in order to evade or avoid payment of tax, has furnished incomplete and incorrect returns for any period, the dealer is liable to pay by way of penalty, a sum not exceeding twice the amount of tax assessed under Section 31(7)(b).

Test check (October 2014) of the records of the Office of the Assistant Commissioners of Taxes (ACT), North Zone, Aizawl revealed that a drugs and medicines dealer⁹ [who furnished in the return gross turnover of ₹ 12.27 lakh (2011-12) and ₹ 17.14 lakh (2012-13)] was assessed (July 2013) submitted the return with the gross turnover of ₹ 72.04 lakh and ₹ 176.65 lakh for 2011-12 and 2012-13 respectively.

The assessment was made by the Assessing Officer (AO) by adding three *per cent* as profit margin and 60 *per cent* of total stock as sales and allowing the remaining 40 *per cent* as closing stock at the end of each respective financial year as detailed in the following table:

Table – 3.12.1

(₹ in lakh)

Sl. No.	Particulars	2011-12	2012-13	Total
1.	Gross turnover declared by the dealer	12.27	17.14	29.41
2.	Opening stock (including 3 <i>per cent</i> profit element)	16.58	48.02	64.60
3.	Purchase (including 3 <i>per cent</i> profit element)	103.48	141.46	244.94
4.	Total stock (including 3 <i>per cent</i> profit element)	120.06	189.48	309.54
5.	Gross sales turnover determined (60 <i>per cent</i> of total Stock)	72.04	176.65	248.69
6.	Closing stock (including 3 <i>per cent</i> profit element)	48.02	12.83	60.85
7.	Tax rate	4 <i>per cent</i> / 5 <i>per cent</i>	5 <i>per cent</i>	--
8.	Tax payable	3.06	8.83	11.89
9.	Tax already paid during 2011-13		1.64	
10.	Balance Tax		10.25	

Source: Departmental records

⁹ M/s Rebecca Drug Centre TIN 15111864012

It can be seen from the above table that the dealer's gross turnover during two years (2011-13) excluding 3 per cent profit was assessed as ₹ 241.23 lakh (₹ 248.69 lakh minus 3 per cent profit of ₹ 7.46 lakh). However, cross verification of the dealer's C-Form Register for the years 2011-13, duly authenticated by the Inspector of Taxes, disclosed that the dealer's actual taxable gross turnover of purchase (excluding profit) during 2011-13 was ₹ 455.64 lakh (excluding damaged/expired value of medicines of ₹ 11.10 lakh), which resulted in escape of purchase turnover of ₹ 214.11 lakh (₹ 455.64 lakh minus ₹ 241.23 lakh) leading to short levy of tax.

Thus, taking into consideration the dealer's actual purchase turnover and applying the same method adopted by the AO for determination of sales turnover and closing stock, the dealer was to be assessed as shown in the following table:

Table – 3.12.2

(₹ in lakh)

Sl. No.	Particulars	2011-12		2012-13	Total
1.	Opening stock (including 3 per cent profit element)	16.58	50.58	58.54	125.70
2.	Purchase	106.68	92.97	255.99	455.64
	Add: 3 per cent profit element	3.20	2.79	7.68	13.67
	Total	109.88	95.76	263.67 ¹⁰	469.31
3.	Total stock (including 3 per cent profit element)	126.46	146.34	322.21	595.01
4.	Gross sales turnover determined (60 per cent of total Stock)	75.88	87.80	193.33	357.01
5.	Closing stock (including 3 per cent profit element)	50.58	58.54	128.88	238.00
6.	Tax rate	4 per cent (upto December 2011)	5 per cent (from January 2012) ¹¹	5 per cent	
7.	Tax payable	3.04	4.39	9.67	17.10
8.	Tax already paid during 2011-13			1.64	
9.	Penalty under Section 31(7)(b)			34.20	
10.	Balance Tax			15.46	
11.	Balance Tax including penalty			49.66	

Source: Departmental records

It can be seen from the above table that as per the actual purchase made by the dealer, the dealer was required to pay a tax of ₹ 17.10 lakh during 2011-13 against the levied tax of ₹ 11.89 lakh, which resulted in short levy of tax of ₹ 5.21 lakh (₹ 17.10 lakh minus ₹ 11.89 lakh).

¹⁰ Excluding damaged/expired value of medicines of ₹ 11.10 lakh

¹¹ The rate of value added tax of medicine was increased from four per cent to five per cent with effect from 01 January 2012

As the dealer had already deposited a tax of ₹ 1.64 lakh against the leviable tax of ₹ 17.10 lakh, the balance tax of ₹ 15.46 lakh over and above the maximum penalty of ₹ 34.20 lakh was leviable for furnishing incorrect returns.

In reply, the Government stated (August 2016) that the re-assessment had been done with a payable tax of ₹ 16.56 lakh and Notice of Demand had been served to the dealer to pay settle the payment of ₹ 4.35 lakh by 23 August 2016.

The re-assessment order passed by the AO could not be accepted in Audit as the AO reassessed the tax payable by the dealer as ₹ 16.56 lakh instead of ₹ 17.10 lakh as determined by audit. Further, no penalty was imposed on evasion of tax. Report on recovery of ₹ 4.35 lakh is awaited (February 2017).

3.13 Non-levy of penalty

Penalty of ₹ 37.56 lakh from 56 dealers, who failed to submit Audited Statement, was not imposed by the Assessing Officers of two zonal offices.

As per Section 53 of the Mizoram Value Added Tax Act (MVAT), 2005 all dealers whose taxable turnover exceeds ₹ 30 lakh in a particular year are liable to get their accounts audited by Chartered Accountants, the true copy of which is to be furnished to the taxation authority within six months from the end of the year. If any dealer fails to get his accounts audited, the Commissioner shall, after giving the dealer a reasonable opportunity of being heard, impose on him, in addition to any tax payable, a sum by way of penalty equal to 0.1 *per cent* of the turnover as he may determine to the best of his judgment in respect of the said period. The Department had no mechanism in place to detect dealers who failed to get their accounts audited by Chartered Accountant.

Audit of the records (October 2014 and October to December 2015) of two Assistant Commissioners of Taxes (ACTs) revealed that 56¹² dealers failed to get their accounts audited by Chartered Accountants for onward submission to the respective taxation authorities in spite of the fact that all of them had an annual turnover of ₹ 30 lakh as per the Assessment Orders/turnover return/tax audit for the year 2008-2014. However, the Assessing Officers (AOs) failed to impose on them, in addition to tax payable, a sum of ₹ 37.56 lakh by way of penalty on turnover of ₹ 37,557.08 lakh determined by the AOs. The details of dealer-wise turnovers, penalty payable by 56 dealers and latest position regarding recovery of penalty are shown in **Appendix - 3.13.1.**

The Government stated (November 2016) that:

- Demand notices were issued to all 31 dealers under ACT, Aizawl North Zone in October 2016 and progress of the notice would be intimated to Audit;
- Under ACT, Aizawl Central Zone, ₹ 2.11 lakh had already been realised from 11 dealers and seven dealers submitted their audited statements after being pointed out by audit.

¹² ACT, North Zone, Aizawl : 31 dealers plus ACT, Central Zone, Aizawl : 25 = 56 dealers

Out of the remaining seven dealers, five dealers were inactive, one dealer's registration was cancelled in April 2014 and there was no progress in respect of one dealer after a notice to submit audited accounts was issued.

It is apparent from the reply that the Department had not levied penalty on 7 dealers who submitted the audited accounts. However, the penalty was leviable as the audited accounts were submitted after expiry of six months from the end of the month relating to the financial year.

Thus, there was no mechanism in place to detect and initiate action to levy penalty on dealers who failed to get their accounts audited by Chartered Accountants.

LAND REVENUE AND SETTLEMENT DEPARTMENT

3.14 Irregular expenditure

Under National Land Records Modernisation Programme, the Director, Land Revenue & Settlement Department incurred an irregular expenditure of ₹ 2.02 crore without supporting vouchers.

The Government of India, Department of Land Revenues, Ministry of Rural Development had taken steps to implement a Centrally Sponsored Scheme (CSS) in the shape of the National Land Records Modernisation Programme (NLRMP) by merging two CSS of Computerisation of Land Records (CLR) and Strengthening of Revenue Administration and Updating of Land Records (SRA&ULR). The integrated programme would modernize management of land records, minimise scope of land/property disputes, enhance transparency in the land records maintenance system and facilitate eventual migration towards guaranteed conclusive titles to immovable properties in the Country.

Under the NLRMP, the GoI released a central assistance of ₹ 8.87 crore¹³ to the State Government for implementation of the scheme in three Districts during 2011-14. The State Government had submitted (January 2013 – June 2015) the Utilisation Certificates (UCs) for expenditure of ₹ 8.87 crore to the Ministry towards Minor works (₹ 1.44 crore), Machinery and Equipment (₹ 1.82 crore) and Survey works (₹ 5.61 crore).

Scrutiny (March 2016) of the records of the Office of the Director, Land Revenue & Settlement Department (LR&SD) Mizoram revealed that out of the central assistance of ₹ 8.87 crore, ₹ 2.02 crore was stated to have been spent by the Director, LR&SD during October 2013 to March 2015 towards implementation of NLRMP in three Districts without any supporting vouchers. The details of ₹ 2.02 crore spent by the Department without supporting documents are given in the **Appendix – 3.14.1**.

¹³ Lunglei district (28 March 2012) - ₹ 2.26 crore, Aizawl and Champhai Districts (19 September 2013) - ₹ 1.90 crore and Aizawl and Champhai Districts (31 March 2013) - ₹ 4.71 crore

As ₹ 2.02 crore was spent without supporting detailed vouchers the actual utilisation of the fund along with its physical achievement made under the programme could not be ascertained in audit. Further, in absence of the details of the expenditure, the veracity of UCs submitted to the Ministry could not be ascertained in audit.

In reply, the Department forwarded (January 2017) copies of the Muster Roll (MR) bills and Actual Pay Receipts for vehicle hiring charges, honorarium for training and miscellaneous expenses in support of the total expenditure of ₹ 2.02 crore.

On scrutiny of these documents, it was noticed that:

- MR bills did not contain daily attendance of MRs along with the type and quantity of work executed and actual date of commencing and finishing of the work;
- Actual Pay Receipts of honorarium for training expenses did not include the approved training programme, venue and date of training, number of trainees present and duration of training. Further, no record was produced in support of expenditure incurred for training materials, trainees TA/DA;
- Actual Pay Receipts for vehicle hiring charges did not include the details of the travel, person who travelled and distance covered and approved travel plan; and
- Actual Pay Receipts of miscellaneous expenses incurred for cook hiring charges, water charges, house rent, electric charges, medicine/first aid etc. were not supported by the details of such expenditure viz. officials for whom house rent was paid, details of premises for which electric and water charges were paid and details of the officials for whom medical expenses were incurred.

In the absence of documentary evidence in support of the expenditure, the actual utilisation of fund of ₹ 2.02 crore could not be vouchsafed in audit and as such there is a high risk of misappropriation/misuse of public money.

GEOLOGY AND MINERAL RESOURCES DEPARTMENT

3.15 Non-levy of penalty

Penalty of ₹ 57.46 lakh for non-submission of monthly returns was not realized from 26 stone quarry permit holders.

As per Rule 43(3) read with Rule 45 (2) of the Mizoram Minor Minerals Concession Rules, 2000 every lease or permit holder is required to submit every month to the Competent Authority or his authorised agent a true and correct return for minor minerals in Form-H by the fifteenth day of the following month to which it relates. If any lease or permit holder fails to file the return within the prescribed period, he shall be liable to pay as penalty a sum of rupees twenty for every day after expiry of the prescribed date during the period the lessee or permit holder fails to furnish the required return.

Test check (April 2015) of the records of the Directorate of Geology and Mineral Resources, Mizoram, Aizawl revealed that 26 stone quarry permit holders failed regularly to furnish monthly returns in Form-H during the period between April 2012 and March 2015 as required by the rule stated *ibid*. The Department also did not initiate any action to levy and realise the penalty against the defaulting permit holders resulting in non-levy of penalty of ₹ 35.02 lakh. Details of non-levy of penalty are shown in **Appendix – 3.15.1**.

While accepting the facts the Director, Geology and Mineral Resources, Mizoram, Aizawl stated (July 2015) that notices to pay penalty of ₹ 34.98 lakh had been issued to all 26 permit holders based on the audit observations.

It was further observed that the penalty amount for which notices were issued, were not updated taking into consideration the date of issue of the notices/ filing of return. The Department needs to take stringent action to revise penalty amount wherever requires and recover the same from the permit holders.

On this being pointed out, the Government stated (August 2016) that orders were issued to the 26 stone quarry permit holders to pay penalty of ₹ 57.46 lakh. The Government further stated (February 2017) that out of the 26 quarry owners, two had cleared their dues, one had expired and in 23 remaining cases Government was actively pursuing the cases to settle the pending issues.

3.16 Non-levy of penal rate of annual license fee

Annual license fee at penal rate of ₹ 60.43 lakh was not levied on delayed payment of annual license fee on two license holders.

Agreement Deeds were signed between Government of Mizoram and (i) Oil India Limited (OIL) (May 2007), and (ii) Oil and Natural Gas Corporation Limited (ONGC) (September 2003) respectively for petroleum exploration licenses. As per clause (1) and (3) of Part – II of the agreements, the licensees were required to pay in advance an annual license fee at the rates and time specified in the Deeds. Failing this, the fee payable would be increased by a penal rate of 200 basis points over the prime lending rate of State Bank of India for the period of delay. Further, the State Government with the prior approval of the Central Government may cancel the license if any license fee, royalty and other payment due in respect of the license is in arrear for more than three months.

Test check of the records (April 2015) of the Director, Geology and Mineral Resources, Mizoram, Aizawl revealed that the two licensees¹⁴ for petroleum exploration delayed payment of the annual license fee by 135 to 532 days. Despite the delay in payment of annual license fees no penal rate was imposed on the licensees. The details of payment of license fee is shown in the following table.

¹⁴ (i) Oil India Limited and (ii) Oil and Natural Gas Corporation Limited

Table - 3.16.1

(₹ in lakh)

Sl. No.	Working period/year	Name of licensee	Annual license fee	Due date on or before	Date of payment	Number of days delayed	SBI prime lending rate per annum + 200 basis point (per cent)	Penal amount leviable
1.	29-7-2010 to 28-7-2011 for the 8 th year contract	ONGC	160.20	28-7-2010	26-2-2011	212	11.75 + 2 = 13.75	12.79
2.	22-5-2011 to 21-5-2012 for the 5 th year contract	OIL.	128.52	21-5-2011	5-11-2012	532	14.00 + 2 = 16.00	29.97
3.	22-5-2012 to 21-5-2013 for the 6 th year	OIL.	128.52	21-5-2012	5-11-2012	167	14.75 + 2 = 16.75	9.85
4.	22-5-2013 to 21-5-2014 for the 7 th year	OIL.	128.52	21-5-2013	4-10-2013	135	14.45 + 2 = 16.45	7.82
Total								60.43

Source: Departmental records

Thus, due to inaction on the part of the Department, penal rate of license fee of ₹ 60.43 lakh was not levied to the licensees.

While accepting the facts the Director, Geology and Mineral Resources, Mizoram, Aizawl stated (June 2016) that two notices had been issued to the two licensees. As the licensees failed to reply to any of the notices, the matter had been conveyed (February 2016) to the Government for direction and instruction.

The Government stated (February 2017) that efforts had been made to recover the liabilities. However, as stated by ONGC and OIL the delay was mainly due to the time taken by the Ministry of Petroleum and Natural Gas, GoI to extend the license period.

The fact remains that the licensees had not surrendered or relinquished the blocks allotted to them.

CHAPTER-IV
ECONOMIC SECTOR
(Public Sector Undertakings)

CHAPTER-IV

ECONOMIC SECTOR (STATE PUBLIC SECTOR UNITS)

4.1 Introduction

The State Public Sector Undertakings (SPSUs) comprise of State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature keeping in view the welfare of people and also occupy an important place in the State economy. As on 31 March 2016, in Mizoram there were six (6) SPSUs. The details of the SPSUs in Mizoram as on 31 March 2016 are as given below.

Table 4.1.1 - Total number of PSUs as on 31 March 2015

Type of SPSUs	Working SPSUs	Non-working SPSUs	Total
Government Companies ¹	6	-	6
Total	6	-	6

As *per* the latest finalised accounts (September 2016) and provisional figures furnished by the Companies the working SPSUs registered a turnover of ₹ 5.86 crore which was equal to 0.04 *per cent* of the State Gross Domestic Product (GDP) for 2015-16. The working SPSUs incurred loss of ₹ 6.36 crore as *per* their latest finalised accounts as of September 2016 and provisional figures furnished by the Companies. They had employed 131² employees as at the end of March 2016.

4.2 Accountability framework

The audit of the financial statements of a company in respect of financial years commencing on or after 1 April 2015 is governed by the provisions of the Companies Act, 2013. However, the audit of a company in respect of financial years that commenced earlier than 1 April 2015 continue to be governed by the Companies Act, 1956.

According to Section 2 (45) of the Companies Act, 2013 (Act), a Government Company is one in which not less than 51 *per cent* of the paid-up capital is held by the Central and/ or State Government (s) and includes a subsidiary of a Government Company. The process of audit of the Government companies under the Act is governed by the respective provisions of Section 139 and 143 of the Act.

¹ Government companies include Other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013.

² Affairs of one Company viz. Mizoram Mineral Development Corporation Limited are being managed by Zoram Industrial Development Corporation Limited. 131 employees are regular employees of two Companies (ZIDCO & MIFCO). All employees of remaining PSUs viz MAMCO, ZENICS & ZOHANDCO have been given Early Retirement as per Govt. Restructuring plan. Affairs of these PSUs are managed by casual employees.

4.3 Statutory Audit

The financial statements of a Government Company (as defined in Section 2 (45) of the Companies Act, 2013) are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as *per* the provisions of Section 139 (5) or (7) of the Companies Act. These financial statements are subject to supplementary audit to be conducted by the CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

Further, the Statutory Auditors of any other company owned or controlled, directly or indirectly, by the Central and/or State Government (s) are also appointed by the CAG as *per* the provisions of Section 139 (5) or (7) of the Act.

As *per* the provisions of Section 143 (7) of the Act, the CAG, may in case of any company (Government Company or Other Company) covered under sub-section (5) or sub-section (7) of Section 139 of the Act, if he considers necessary, by an order, cause test audit to be conducted of the accounts of such Company (Government Company and Other Company) and the provisions of Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit.

4.4 Role of Government and Legislature

The State Government exercises control over the affairs of these SPSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of the State Government Companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The Audit Reports of the CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

4.5 Stake of Government of Mizoram

The State Government has three types of financial stake in these SPSUs, as stated below:

- **Share Capital and Loans-** In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the SPSUs as and when required.
- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the SPSUs from the Financial Institutions.

4.6 Investment in State SPSUs

As on 31 March 2016, the investment (capital and long-term loans) in six (6) SPSUs was ₹ 72.37 crore as *per* details given in the following table.

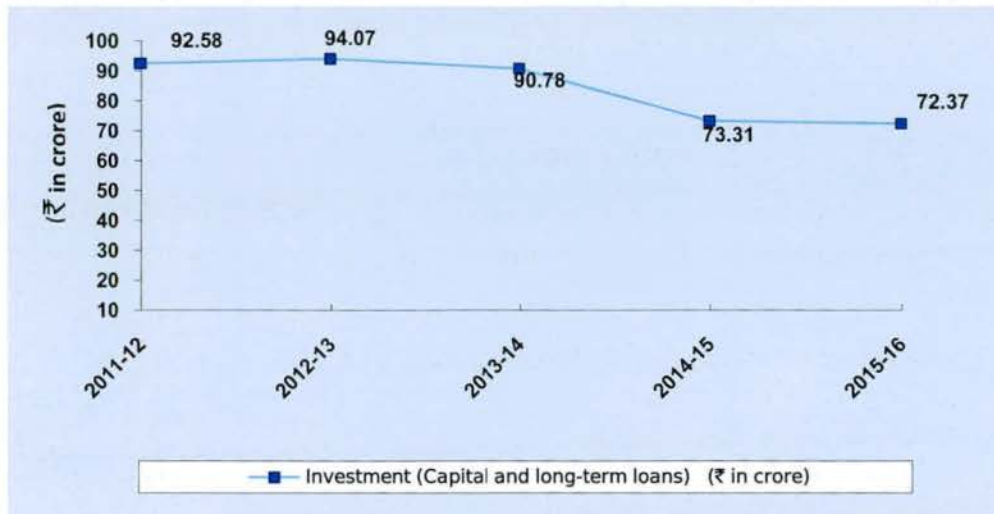
Table 4.6.1 - Total investment in PSUs

(₹ in crore)

Type of SPSUs	Government Companies			Grand Total
	Capital	Long Term Loans	Total	
Working SPSUs	49.69	22.68	72.37	72.37
Total	49.69	22.68	72.37	72.37

This total investment consisted of 68.66 *per cent* towards capital and 31.34 *per cent* in long-term loans. The investment has declined by 21.83 *per cent* from ₹ 92.58 crore in 2011-12 to ₹ 72.37 crore in 2015-16 as shown in the following graph.

Chart 4.6.1 - Total investment in SPSUs



4.7 The sector wise summary of investments in the State PSUs as on 31 March 2016 is given in the following table:

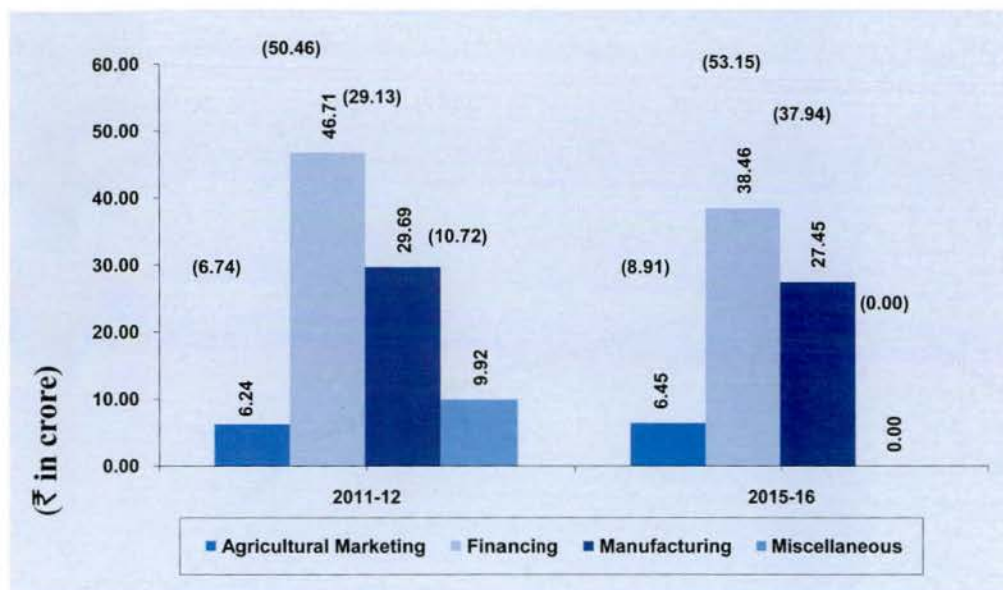
Table 4.7.1 - Sector-wise investment in SPSUs

Name of Sector	Government Companies	Investment (₹ in crore)
Agricultural Marketing	1	6.45
Financing	1	38.46
Manufacturing	2	27.46
Miscellaneous	2	0.00
Total	6	72.37

As per information furnished by the Finance Department, Government of Mizoram

The investment in four significant sectors and percentage thereof at the end of 31 March 2012 and 31 March 2016 are as indicated in the following bar chart.

Chart 4.7.1 - Sector wise investment in SPSUs



(Figures in brackets show the percentage of sector investment to total investment)

From the bar chart above, it may be noticed that compared to 2011-12, investment in Agricultural Marketing Sector increased from ₹ 6.24 crore in 2011-12 to ₹ 6.45 crore (3.37 per cent) during 2015-16. The investment in Financing Sector, Manufacturing Sector and Miscellaneous Sectors decreased by ₹ 8.25 crore, ₹ 2.24 crore and ₹ 9.92 crore respectively.

4.8 Special support and returns during the year

The State Government provides financial support to SPSUs in various forms through the annual budget. The summarized details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of State PSUs are given in the following table for five years ended 2015-16.

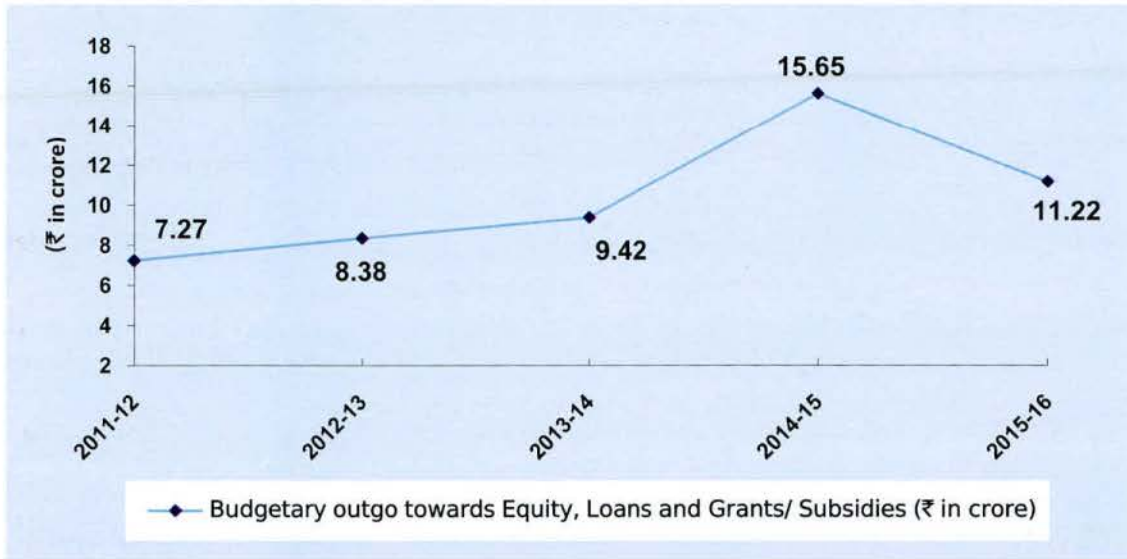
Table 4.8.1 - Details regarding budgetary support to SPSUs

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14		2014-15		2015-16	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	2	1.40	1	1.27	1	1.22	1	1.69	1	1.30
2.	Loans given from budget	-	-	-	-	-	-	-	-	-	-
3.	Grants/Subsidy received	3	5.87	2	7.11	3	8.20	4	13.96	3	9.92
4.	Total Outgo	5	7.27	3	8.38	4	9.42	5	15.65	4	11.22
6.	Waiver of loan and interest	-	-	-	-	-	-	-	-	-	-
7.	Guarantee issued	-	-	-	-	-	-	-	-	-	-
6.	Guarantee Commitment	1	19.40	1	23.07	1	18.61	2	23.63	1	22.68

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past five years are given in the following graph.

Chart 4.8.1 - Budgetary outgo towards Equity, Loans and Grants/Subsidies



As on 31 March 2016, Guarantees amounting to ₹ 22.68 crore were outstanding against Zoram Industrial Development Corporation Limited (ZIDCO). No Guarantee Commission was payable by ZIDCO to the Government of Mizoram as guarantees were given by the Government prior to enactment of Mizoram Ceiling of Government Guarantees Act 2011. There was no case of conversion of Government Loan into Equity, moratorium in repayment of Loan and waiver of interest during the year.

In order to enable SPSUs to obtain financial assistance from Banks and Financial Institutions, State Government gives guarantee under the Mizoram Guarantee Act, 2011 subject to the limits prescribed by the Constitution of India, for which a guarantee fee is being charged. The Government charges a minimum of 0.75 per cent of the guarantee amount as guarantee commission vide Mizoram Ceiling of Government Guarantees Act 2011 which is effective from 15.07.2011. The guarantee commitment increased to ₹ 22.68 crore during 2015-16 from ₹ 19.40 crore in 2011-12.

4.9 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as *per* records of the 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 SPSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as of 31 March 2016 is stated in the following table.

Table 4.9.1 - Equity, loans, guarantees outstanding as per finance accounts vis-a-vis records of SPSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	6.04	15.78	9.74
Loans	-	26.23	26.23
Guarantees	22.84	22.68	0.16

Audit observed that differences occurred in respect of all SPSUs and were pending reconciliation for more than ten years. The Accountant General appraised the matter to the Chief Secretary, Government of Mizoram, Administrative Departments of respective SPSUs and the Managing Directors of SPSUs periodically and had drawn their attention to the need to reconcile these figures with the Finance Accounts. However, no significant progress was noticed in this regard. The Government and the SPSUs need to take concrete steps to reconcile the differences in a time-bound manner.

4.10 Finalisation of accounts

The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96 (1) of the Act. Failure to do so, could attract penal provisions under Section 99 of the Act. 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 following table provides the details of progress made by working PSUs in finalisation of accounts as of 30 September 2016.

Table 4.10.1 - Position relating to finalisation of accounts of working SPSUs

Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Number of Working PSUs	6	6	6	6	6
2	Number of accounts finalized during the year	1	3	1	1	15
2.	Number of Accounts in arrears	25	28	33	38	29
5.	Number of Working PSUs with arrears in Accounts	6	6	6	6	6
6.	Extent of arrears in years	1 to 12	1 to 11	1 to 8	1 to 13	2 to 10

It can be observed that the number of accounts in arrears decreased from 38 (201415) to 29 (2015-16). The major arrears of accounts pertained to the Zoram Electronics Development Corporation Limited (ZENICS) which had arrears of accounts for 10 years as of September 2016.

The reasons for delay in finalisation of Accounts are attributable to (i) lack of required control over the Companies by Government and (ii) abnormal delay in compilation/ approval of the accounts and delayed submission of the same to the Statutory Auditors by the management.

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 Accountant General (AG) had brought the position of arrears of Accounts to the notice of the concerned administrative departments and officials of the Government periodically, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit. The Accountant General had also raised this issue periodically to expedite the clearance of arrears in finalisation of Accounts in a time bound manner.

In view of the above state of arrears, it is recommended that the Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act 1956.

4.11 The State Government had invested ₹ 51.39 crore (Equity: ₹ 10.21 crore, and Grants: ₹ 41.18 crore in six PSUs) during the years for which Accounts had not been finalised as detailed in **Appendix – 4.1**. In the absence of Accounts and their subsequent audit, it could not be ascertained whether the income and expenditure had been properly accounted for and the purpose for which the investment was made by the State Government had been achieved. Thus, the State Government Investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delayed finalisation of Accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956 and 2013.

4.12 Impact of non-finalisation of accounts

As pointed out earlier (paragraph 4.10), the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of the above state of arrears of accounts, the actual contribution of SPSUs to the State GDP for the year 2015-16 could not be ascertained in audit and their contribution to State exchequer could not be reported to the State Legislature.

It is recommended that Government may set up a system to oversee the clearance of arrears set the targets for individual companies and monitor it strictly.

4.13 Performance of SPSUs

The financial position and working results of working Government companies and Statutory Corporations are detailed in **Appendix - 4.2**. A ratio of SPSU-turnover to State GDP shows the extent of SPSU-activities in the State economy. Table below provides the details of working SPSU turnover and State GDP for a period of five years ending 2015-16.

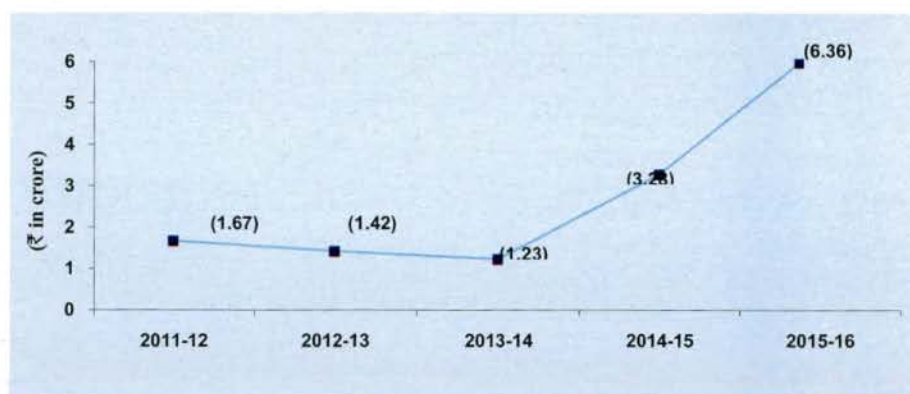
Table 4.13.1 - Details of working SPSUs turnover vis-a-vis State GDP

(₹ in crore)					
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Turnover ³	1.57	5.00	16.32	17.43	5.86
State GDP ⁴	6,991.40	8,053.09	10,296.98	12,498.69	13,373.83
Percentage of Turnover to State GDP	0.02	0.06	0.16	0.14	0.04

It can be seen from the above Table that the percentage of turnover to State GDP increased from 0.02 per cent in 2011-12 to 0.04 per cent in 2015-16.

4.14 Overall losses incurred by working SPSUs during 2011-12 to 2015-16 are given in the following chart.

Chart 4.14.1 - Overall loss incurred by working SPSUs



As per the information provided by SPSUs, during the year 2015-16, five SPSUs incurred an overall loss of ₹ 6.36 crore. Information regarding Mizoram Mineral Development Corporation Limited (MMDCL) was not furnished. Mizoram Handloom and Handicrafts Development Corporation Limited (ZOHANDCO) (₹ 2.06 crore) ranked first among the SPSUs in incurring losses followed by Mizoram Food and Allied Industries Corporation Limited (MIFCO) (₹ 1.94 crore) and Mizoram Agricultural Marketing Corporation Limited (MAMCO) (₹ 1.63 crore).

The losses of SPSUs are mainly attributable to deficiencies in financial management, planning, running their operations and monitoring.

Though there was an overall loss during last five years, however, four companies earned profits during a particular year during this period (*Mizoram Agricultural Marketing Corporation Limited (MAMCO)*): ₹ 1.62 crore in 2011-12; *Zoram Industrial Development Corporation Limited (ZIDCO)*: ₹ 1.36 crore in 2012-13; *Mizoram Food and Allied Industries Corporation Limited (MIFCO)*: ₹ 56.19 lakh and ₹ 55.31 lakh in 2012-13 and 2013-14 respectively; and *Mizoram Handloom and*

³ Turnover as per the latest finalised accounts as of 30 September 2016.

⁴ The final figures of State GDP, provided by the Economic and Statistics Department of State Government has been adopted.

Handicrafts Development Corporation Limited (ZOHANCO): ₹ 55.77 lakh and ₹ 62.14 lakh in 2012-13 and 2014-15 respectively). None of these SPSUs, however, declared any dividend. The State Government had not formulated any dividend policy for payment of any minimum return by the SPSUs on the paid up share capital contributed by the State Government.

4.15 Some other key parameters of the SPSUs are given in the following table.

Table 4.15.1 - Key Parameters of State PSUs

Particulars	₹ in crore)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Capital Employed (<i>per cent</i>)	-	-	-	-	-	-
Debt	30.93	30.93	30.93	30.93	39.67	22.68
Turnover ⁵	1.72	1.57	5.00	15.26	17.43	5.86
Debt/ Turnover Ratio	17.98:1	19.70:1	6.19:1	2.03:1	2.28:1	3.87:1
Interest Payments	0.30	0.30	0.30	0.06	0.07	0.06
Accumulated losses	49.20	50.58	51.34	58.04	57.89	57.89

4.16 Accounts Comments

Two working companies forwarded their five audited accounts to Accountant General, Mizoram during the year 2015-16. Of these, two accounts of Mizoram Food and Allied Industries (MIFCO) - one account (2012-13) was selected for issue of Non review Certificate (NRC) and one account (2013-14) was selected for supplementary audit. The NRC as well as the final comments were under process for finalisation (September 2016). Three accounts (2011-12 to 2013-14) of the Mizoram Handloom and Handicrafts Development Corporation Limited (ZOHANDCO) were selected for issue of non-review certificate (NRC) for all three years which were under finalisation (September 2016).

4.17 Follow up action on Audit Reports

Replies outstanding

The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that it elicits appropriate and timely response from the executive. The Finance Department, Government of Mizoram issued (August 2015) instructions to all administrative departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the COPU.

⁵ Turnover of working PSUs as per the latest finalised accounts as of 30 September 2016 and provisional figures furnished by the Companies.

**Table 4.17.1 - Explanatory notes not received from COPU
(as on 30 September 2016)**

Year of the Audit Report	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and Paragraphs in the Audit Report		Number of PAs/Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2012-13	09.07.2014	-	1	-	1
2013-14	08.07.2015	2	-	2	-
2014-15	31.08.2016	-	1	-	1
Total		2	2	2	2

From the above, it can be seen that explanatory notes on two Performance Audit and two Paragraphs which were commented upon, were awaited (February 2017).

4.18 Discussion of Audit Reports by COPU

The status as on 30 September 2016 of Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) was as follows.

Table 4.18.1 -Performance Audits/Paragraphs appeared in Audit Reports *vis-a-vis* discussed as on 30 September 2016

Period of Audit Report	Number of Performance Audits/ paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2008-09	1	4	-	1
2009-10	-	2	-	No recommendation made.
2010-11	1	1	-	1
2011-12	1	3	1	3
2012-13	-	1	-	-
2013-14	2	-	-	-
2014-15	-	1	-	-
Total	5	12	1	7

From the table above, it can be seen that out of 5 performance audits and 12 paragraphs that appeared in Audit Reports between 2008-09 and 2014-15, one performance audit and 7 paragraphs were discussed by COPU as on September 2016.

4.19 Compliance to Reports of Committee of Public Undertakings (COPU)

Action Taken Notes (ATN) to paragraphs pertaining to one Report of the COPU presented to the State Legislature had not been received (December 2016) as indicated below:

Table 4.19.1 - Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total no. of recommendations in COPU Report	No. of recommendations where ATNs not received
2007-08	1	3	-
2010-11	1	2	-
Total	2	5	-

These Reports of COPU contained recommendations in respect of five paragraphs pertaining to five Companies, which appeared in the Audit Reports of the CAG of India for the years 2007-08 and 2010-11.

It is recommended that the Government may ensure sending of replies to IRs/ explanatory Notes and ATNs on the recommendations of COPU as *per* the prescribed time schedule and recovery of loss/ outstanding advances/ overpayments within the prescribed period.

4.20 Coverage of this Report

This Report contains one paragraph involving financial effect of ₹ 158.70 lakh.

4.21 Response of the Government to Audit

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2016, one audit paragraph was issued to the Secretary to the Government of Mizoram, Food & Civil Supplies and Consumer Affairs Department, Aizawl on the first week of October with request to furnish replies within six weeks. However, the reply was awaited (February 2017) from the State Government.

COMPLIANCE AUDIT PARAGRAPHS

FOOD, CIVIL SUPPLIES & CONSUMER AFFAIRS DEPARTMENT

4.22 Loss due to shortage of stores

Deficiency in stock management of stores under DCSO, Champhai led to non-recovery of shortages of stores of ₹ 158.70 lakh.

Paragraph 4.1 of the revised Supply Manual (2008) of Food, Civil Supplies and Consumer Affairs Department provides that the physical verification of stock held at various godowns should be conducted by the concerned area inspector or any other responsible officer of the Department at least once in a year preferably during the month of December or January to ascertain actual physical position of stock at the Centres. Further, Paragraph 8.6 of the Manual, *ibid*, provides that the custodian of the godown is responsible for any shortage of commodities and stock at the godown, detected as a result of physical verification of stock or handing-over of charge, and responsibility shall be fixed accordingly. When shortage of stock is detected, the same shall be reported to the District Civil Supply Officer (DCSO) concerned with a copy to the

CHAPTER-V
GENERAL SECTOR

CHAPTER-V

GENERAL SECTOR

5.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 deals with the findings on audit of the State Government under General Sector.

The names of the State Government Departments and the total budget allocation and expenditure of the State Government under General Sector during the year 2015-16 are given in the table below:

Table - 5.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Legislative Assembly	19.05	18.12
2.	Governor	5.70	5.54
3.	Council of Ministers	6.13	5.38
4.	Law and Judicial	38.64	24.60
5.	Vigilance	5.28	4.95
6.	Finance	1,021.41	646.28
7.	Mizoram Public Service Commission	6.79	5.52
8.	Secretariat Administration	96.94	84.61
9.	Parliamentary Affairs	0.52	0.44
10.	General Administration Department	87.59	67.83
11.	Home	619.12	552.79
12.	Printing and Stationery	17.83	14.98
13.	District Councils	287.41	287.41
	Total	2,212.14	1,718.45

Source: Appropriation Accounts, Government of Mizoram, 2015-16

5.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit

Report, which is submitted to the Governor of State under Article 151 of the Constitution of India.

The audits conducted during 2015-16 involved an expenditure of ₹ 58.95 crore out of the total expenditure of ₹ 1,718.46 crore of the State Government under General Sector. This chapter contains two compliance audit paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

DISTRICT COUNCIL AFFAIRS DEPARTMENT

5.3 Fraudulent payment

Recording of false entries in the Measurement Book resulted in payment of ₹ 1.20 crore to a contractor even before completion of work by Chakma Autonomous District Council.

Under Non-Lapsable Central Pool of Resources (NLCPR), the Government of India (GoI), Ministry of Development of North Eastern Region (DoNER) accorded (October 2012) administrative and financial approval to the Chakma Autonomous District Council (CADC) for Modernisation of Kamalanagar Town under CADC in Mizoram. Under this project “Construction of BUG Bridge over River Samuksury” was approved at a cost of ₹ 1.20 crore at the cost sharing basis between the Central and the State of 90:10.

As per Sections 7 and 9 of the Central Public Works Department (CPWD) Manual, 2007 which is being followed in the State, a Measurement Book (MB), is required to be maintained wherein all the items of work done by the contractors shall be measured and recorded by the Junior Engineer (JE), in-charge of the work. Also, before the bill of a contractor is passed, the entries in the MB relating to description of work should be scrutinised by the Assistant Engineer (AE) and calculation of contents or area should be checked under his supervision and then the MB should be approved by the Executive Engineer.

The construction of the works was awarded (11 February 2013) by the Council to an Assam based contractor¹ at the approved cost of ₹ 1.20 crore without specifying any date of commencement/ completion in both the Agreement (11 February 2013) and the Notice to proceed with the work.

Scrutiny of the records (December 2015) of the Office of the Executive Secretary, Chakma Autonomous District Council (CADC) revealed that the contractor commenced the execution of work with effect from 13 September 2014.

It was noticed in audit that the Measurement Book (MB) showed completion of work by 23 February 2015. Based on these entries made in the MB, the CADC prepared First and Final Bill showing the completion of “Construction of BUG Bridge over River Samuksury” at a cost

¹ Mr. Dewan Abdul Khuma, Sonai Road, Silchar, Cachar, Assam

of ₹ 1.20 crore. Accordingly, the Executive Secretary of the CADC passed the bill for payment and released the entire amount of ₹ 1.20 crore to the contractor on 25 February 2015.

Joint physical verification of the work was conducted by audit (4 December 2015) in the presence of the Executive Engineer, PWD of the Council. This revealed that out of two abutments only one abutment was completed, leaving construction of Wing Walls and Slab. Photographic evidence of physical progress exhibits that the work was far from completion.



Progress of construction of BUG Bridge over River Samuksury as on 04 December 2015

Thus, the CADC made full payment of ₹ 1.20 crore to the contractor before the actual completion of execution of the work.

The Department stated (January 2017) that for early execution of the work, the contractor needed some amount for purchase of materials as the working season was running out and considering the greater interest of public benefit, the Department had no option but to make the bills for payment to the contractor. It further added that the construction work was in progress and would be completed soon.

The reply is not justified as it is a violation of all existing rules and encourages malpractice. The Department needs to investigate the matter and fix responsibility for false entries in the MB and payment made for work not done.

5.4 Fraudulent payment

Recording of false entries in Measurement Book resulted in payment of ₹ 1.21 crore to a contractor before the actual completion of the execution of work.

Under State Plan Assistance (SPA), the District Council Affairs Department (DCAD), Government of Mizoram (GoM) accorded (26 March 2014) expenditure sanction of ₹ 1.21 crore and released the entire assistance to the Chakma Autonomous District Council in March 2014 for 'Soling, Metaling and Black Topping Road from Udalthana to New Secretariat including permanent works'.

As per Section 7 & 9 of the Central Public Works Department (CPWD) Manual, 2007 which is being followed in the State, a Measurement Book (MB) is required to be maintained, wherein

all the items of work done by the contractors shall be measured and recorded by the Junior Engineer (JE), in-charge of the work. Further, before the bill of a contractor is passed, the entries in the MB relating to description of work should be scrutinized by the Assistant Engineer (AE) and calculation of contents or area should be checked under his supervision and then the MB should be approved by the Executive Engineer.

After following tendering process, the Council entered into (30 May 2014) an agreement with the lowest tenderer² for 'Soling, Metaling and Black Topping Road from Udalthana to New Secretariat' at the approved cost of ₹ 1.21 crore, to be completed by 22 May 2016. The work consisted of four components with the following cost:

Table - 5.4.1

Sl. No.	Item of works	Cost (₹ in lakh)
1.	Kutchra side drains	1.48
2.	Protection works	14.00
3.	Drainage work (slab culverts)	22.23
4.	Pavement	82.88
Total		120.59

Source: Council records

Scrutiny of the records (December 2015) of the Office of the Executive Secretary, Chakma Autonomous District Council (CADC) revealed that the execution of work commenced on 2 June 2014.

It was, however, observed that in the Measurement Book (MB) it was recorded (between 5 June 2014 and 18 December 2014) that all the four components of the work were completed between 5 June 2014 and 18 December 2014 as detailed below:

Table - 5.4.2

(₹ in lakh)

Sl. No.	Item of works	Date of commencement (as per MB)	Date of completion (as per MB)	Bill amount
1.	Kutchra side drains	02.06.2014	05.06.2014	1.48
2.	Protection works	05.06.2014	25.06.2014	14.00
3.	Drainage work (slab culverts)	26.06.2014	14.08.2014	22.23
4.	Pavement	13.10.2014	18.12.2014	82.88
Total				120.59

Source: Council records

² Pu. R. V. Hluna. Edentharr, Aizawl

Based on the entries made in the MB, the Council prepared component-wise four First and Final Bill showing the completion of construction of 'Soling, Metaling and Black Topping Road from Udalthana to New Secretariat including permanent works'. Accordingly the Executive Secretary of the Council passed the bills for payment and released the entire amount of ₹ 1.21 crore to the contractor on 26 February 2015.

Joint Physical verification of the work conducted by audit (4 December 2015) in the presence of the Executive Engineer, PWD of the Council revealed that as of December 2015 the contractor had completed only three components of the work (Kutchha side drains, Protection works and Drainage work) leaving pavement work, which was in progress with laying boulders. Photographic evidence taken during joint physical inspection shows that pavement work was not completed.



Progress of SMBT Road from Udalthana to New Secretariat as on 4 December 2015

Thus, without the actual completion of the work, false measurements were recorded in the MB showing completion of the work. Based on the false recording in the MB, full payment of ₹ 1.21 crore was made to the contractor.

The Department stated (January 2017) that (i) actual length of the road was 3 km long whereas as per detailed estimates it was 2 km, hence bouldering was done for 3 km though not included in the estimates and (ii) there was a huge landslide along the road near New Secretariat resulting in diversion of the road and construction of retaining walls. These caused burden to the contractor and hence entire payment was made after the contractor gave assurance to complete the work within six months and the work is in progress.

The contention is not acceptable because instead of following prescribed procedure for approval and execution of extra item of work, false measurement was recorded in the MB showing the completion of all four components of the work in order to facilitate the release of entire amount of ₹ 1.21 crore to the contractor. This is irregular and violation of the existing rules. The

Department needs to investigate this matter, fix responsibility for making payment for work not done and take steps to ensure that this does not happen again.

FOLLOW UP OF AUDIT OBSERVATIONS

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

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

A review of follow up action on submission of *suo moto* ATNs disclosed that various Departments of the State Government had submitted *suo moto* ATNs in respect of all paragraphs/performance audits that had featured in the Audit Reports up to the year 2010-11, there are still some pendency in respect of the Audit Reports for the years 2011-12 to 2013-14. The Audit Report for the year 2014-15 was laid on the table of the State legislative assembly on 31 August 2016, replies were awaited (February 2017).

5.6 Response to audit observations and compliance thereof by the Executive

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

As of March 2016, a review of the outstanding IRs issued during 2008-16 revealed that 175 paragraphs relating to 56 IRs remained outstanding as shown in the following table:

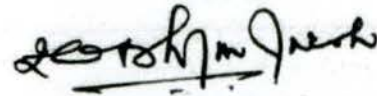
Table - 5.6.1

Name of the Sector	Opening Balance		Addition during the year 2014-15		Disposal during the year 2014-15		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
General	36	95	26	123	06	43	56	175

5.7 Audit Committee Meetings

State Government had notified (04 September 2013) the constitution of an Audit Committee to consider and take measures for timely response and speedy settlement of outstanding paragraphs of Inspection Reports of different departments. During 2015-16, no audit committee meeting was held.

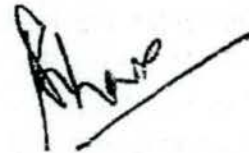
Aizawl
The 28 March 2017



(H.K. Dharmadarshi)
Accountant General, Mizoram

Countersigned

New Delhi
The 6 April 2017



(Shashi Kant Sharma)
Comptroller and Auditor General of India

APPENDICES

Appendix – 1.3.1

**Statement showing details of aid and appliances procured during 2010-11
which were lying idle under SSA Aizawl district**

(Reference: Paragraph 1.3.11)

Sl. No.	Items	No. of Devices	Rate (₹)	Amount (₹)	Month of purchase	Distribution during the years						Total issued	In Stock	Amt. in stock (₹)
						2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (upto June 16)			
1	Wheelchair (Large)	25	6,500	1,62,500	Mar-11	0	0	11	1	2	3	17	8	52,000
2	Wheelchair (Small)	10	6,500	65,000	Mar-11	0	0	1	4	4	0	9	1	6,500
3	Under Arm Crutch (Large)	30	1,300	39,000	Mar-11	0	0	4	3	0	0	7	23	29,900
4	Under Arm Crutch (Medium)	30	1,300	39,000	Mar-11	0	0	7	3	0	0	10	20	26,000
5	Under Arm Crutch (Small)	10	1,300	13,000	Mar-11	0	0	2	0	0	0	2	8	10,400
6	Elbow Crutch (Large)	40	800	32,000	Mar-11	0	0	0	1	1	0	2	38	30,400
7	Elbow Crutch (Small)	20	800	16,000	Mar-11	0	0	0	0	1	1	2	18	14,400
8	Walking Stick	50	950	47,500	Mar-11	0	0	0	0	0	0	0	50	47,500
9	Dynamic Cock-up Splint	30	360	10,800	Mar-11	0	0	0	0	0	0	0	30	10,800
10	Ankle Support Elastic	30	295	8,850	Mar-11	0	0	0	0	0	0	0	30	8,850
11	Arm Sling	30	200	6,000	Mar-11	0	0	0	0	0	0	0	30	6,000
12	Elbow Support	30	595	17,850	Mar-11	0	0	0	0	0	0	0	30	17,850
13	Elastic Ankle Binder	30	152	4,560	Mar-11	0	0	0	0	0	0	0	30	4,560
14	Hinged Knee Stabilizer	30	2,795	83,850	Mar-11	0	0	0	0	0	0	0	30	83,850
15	Sacro Lumber Support	30	895	26,850	Mar-11	0	0	0	0	0	0	0	30	26,850
TOTAL				5,72,760		TOTAL								3,75,860

Appendix – 1.3.2

Statement showing details of aids and appliance procured during 2014-15 and which were lying idle under SSA Aizawl district

(Reference: Paragraph 1.3.11)

Sl. No.	Items	No. of Devices	Rate (₹)	Amount (₹)	Month of purchase	Distributed during the years		Total issued	In Stock	Amt. in stock (₹)	
						2015-16	2016-17 (upto June 16)				
1	Wheelchair (Large)	50	7,284	3,64,200	Apr-15	0	0	0	50	3,64,200	
2	Hearing Aid										
	(a) Double Cord										
	(i) Strong	40	3,250	1,30,000	Apr-15	3	3	6	34	1,10,500	
	(ii) Moderate	50	2,700	1,35,000	Apr-15	0	0	0	50	1,35,000	
	(iii) Mild	30	2,700	81,000	Apr-15	1	0	1	29	78,300	
	(b) Single Cord										
	(i) Strong	30	2,900	87,000	Apr-15	0	0	0	30	87,000	
	(ii) Moderate	30	2,350	70,500	Apr-15	0	0	0	30	70,500	
(iii) Mild	20	2,350	47,000	Apr-15	0	0	0	20	47,000		
3	Under Arm Crutch										
	(i) Medium	53	1,300	68,900	Apr-15	0	0	0	53	68,900	
	(ii) Small	54	1,300	70,200	Apr-15	0	0	0	54	70,200	
TOTAL				10,53,800		TOTAL				10,31,600	

Appendix – 1.3.3

Statement showing details of position of deployment of teachers in 60 sampled schools

(Reference: Paragraph 1.3.13.1)

Name of District: Aizawl District (Primary Schools)

Sl. No	Name of School	No. of students	Details of teachers			PTR
			Prescribed teachers	Teachers available	Excess/shortage of teachers	
Rural Areas						
1.	Govt. Falkawn P/S	46	2	4	2	12
2.	Govt. Phulpui P/S	56	2	4	2	14
3.	Govt. Thanglailung P/S	20	2	2	0	10
4.	Govt. Khanpui P/S - II	48	2	2	0	24
5.	Govt. Khawruhlian P/S - I	30	2	2	0	15
6.	Govt. Sunhluchhip P/S	69	3	3	0	23
SUB -TOTAL		269	13	17	4	
Urban Areas						
1.	Remand Home P/S (SSA)	10	2	2	0	5
2.	Govt. Durtlang P/S - III	100	4	8	4	13
3.	Govt. Bawngkawn PS-I	30	2	8	6	4
SUB-TOTAL		140	8	18	10	
GRAND TOTAL		409	21	35	14	

Name of District: Lunglei District (Primary Schools)

Sl. No.	Name of School	No. of students	Details of teachers			PTR
			Prescribed teachers	Teachers available	Excess/shortage of teachers	
Rural Area						
1	Govt. Lungchem Primary School	46	2	1	-1	46
2	Govt. Haulawng Primary School-I	10	2	3	1	3
3	Govt. Tawipui Mt. Hermon Primary School, Tawipui S	21	2	2	0	11
4	Mualcheng S primary School	72	3	4	1	18
5	Bolia Veng Primary School(SSA), Bolia	93	4	2	-2	47
6	S. Vanlaiphai PS-II	38	2	3	1	13
7	Govt. Chawngtui S Primary School, Chawngtui	69	3	3	0	23
SUB-TOTAL		349	18	18	0	
Urban Area						
1.	Govt. Sireep Primary School	35	2	3	1	12
2.	Kendriya Vidyalaya, Lunglei	167	6	10	4	17
SUB-TOTAL		202	8	13	5	
GRAND TOTAL		551	26	31	5	

Name of District: Aizawl District (Upper-Primary Schools)

Sl. No	Name of School	No. of students	Details of teachers			PTR
			Prescribed teachers	Teachers available	Excess/shortage of teachers	
Rural Area						
1.	Govt. Sateek M/S	28	3	9	6	3
2.	Govt. Kelsih M/S	39	3	8	5	5
3.	Govt. Lamchhip M/S	47	3	9	6	5
4.	Govt. Melriat M/S	28	3	9	6	3
5.	Neihlaia Mem. M/S (Aided)	20	3	6	3	3
6.	Monfort English Medium School (Aided)	81	3	7	4	12
7.	Govt. Sihfa M/S	55	3	7	4	8
8.	Govt. Saitual M/S - II	58	3	8	5	7
9.	Govt. Buhban M/S	40	3	5	2	8
10.	Govt. N. Lungpher M/S	30	3	6	3	5
11.	Holy Angels English School M/S	99	3	7	4	14
12.	C.T.I M/S (Aided)	19	3	6	3	3
13.	Govt. N.Serzawl M/S	29	3	6	3	5
14.	Govt. Sakawrdai M/S-I	51	3	7	4	7
15.	Lungsum M/S (Aided)	34	3	7	4	5
16.	Sakawrdai M/S-II (Aided)	45	3	7	4	6
17.	Khawpuar M/S (Aided)	35	3	5	2	7
18.	Darlawng M/S (Aided)	42	3	7	4	6
SUB-TOTAL		780	54	126	72	
Urban Area						
1.	Govt. Bawngkawn M/S-II	100	3	12	9	8
2.	Special Blind M/S (Aided)	10	3	6	3	2
3.	Durtlang North M/S (Aided)	41	3	7	4	6
SUB-TOTAL		151	9	25	16	
GRAND TOTAL		931	63	151	88	

Name of District: Lunglei District (Upper-Primary Schools)

Sl. No.	Name of School	No. of students	Details of teachers			PTR
			Prescribed teachers	Teachers available	Excess/shortage of teachers	
Rural Area						
1	Zote S Centenary MS (Aided)	21	3	5	2	4
2	Mausen Middle School	21	3	8	5	3
3	Belthei UPS (SSA)	20	3	7	4	3
4	LRD English Medium School (Aided), Haulawng	35	3	8	5	4
5	Sesawm Aided Middle School (Aided)	32	3	6	3	5
6	Bungtlang W Aided Middle School (Aided)	16	3	8	5	2
7	Govt. Standard Middle School, Buarpui	19	3	7	4	3
8	Hlumte UPS (SSA), Hlumte	26	3	5	2	5
9	Govt. Liantawna Middle School, Khawhri	30	3	6	3	5
10	Govt. Darzo Middle School, Darzo	64	3	6	3	11
11	Lungpuitlang Middle School (Aided)	17	3	6	3	3
12	Thingsai Middle School	64	3	7	4	9
13	Millenium English School (Aided), Pangzawl	75	3	7	4	11
14	Eastern Middle School, Ngarchhip (Aided)	26	3	7	4	4
15	Zawlpui UPS (SSA)	29	3	7	4	4
16	Govt. Mualthum S Middle School	57	3	6	3	10
17	Govt. Middle School, Thingfal	73	3	9	6	8
SUB-TOTAL		625	51	115	64	
Urban Area						
1	Govt. JNM Middle School	55	3	12	9	5
2	Govt. Chanmari P.K. MS	54	3	13	10	4
3	2 Bn. MAP English School (Aided)	62	3	17	14	4
4	Southern Flower School (Aided)	210	7	9	2	23
SUB-TOTAL		381	16	51	35	
GRAND TOTAL		1,006	67	166	99	

Appendix - 1.4.1
Expired Medicines
(Reference : Paragraph 1.4.12)

Sl. No.	Name of Health Care Facilities	Types of drugs available	Expired drugs
1	Borapansury SC	6	0
2	Borapansury PHC	Records not shown	
3	Jarulsury SC	5	0
4	Bualpui NG PHC	12	0
5	Bualpui SC	18	0
6	Lungzarhtum SC	12	1
7	Chawngte CHC	16	4
8	Lawngtlai DH	9	0
9	Cheural SC	29	1
10	Pangkhoa SC	16	3
11	Sangau SC	30	1
12	Sangau PHC	48	3
13	Mamit DH	Record not updated	-
14	Kawrthah CHC	Record not updated	9
15	Borai SC	2	0
16	Bungthuam SC	7	0
17	Zawlnuam PHC	30	5
18	Zawlnuam SC	9	0
19	Parvatui SC	4	0
20	Phuldungsei SC	8	1
21	Pukzing SC	5	0
22	Phuldungsei PHC	60	0
23	Rawpuichhip SC	12	2
24	Rulpuihlim SC	11	1
25	Rawpuichhip PHC	36	3
26	Damparengpui SC	4	0
27	Lallen SC	7	0
28	West Phaileng PHC	47	1
29	West Phaileng SC	5	0

Appendix-1.4.2 Target and Achievement of Training

(Reference: Paragraph 1.4.14.6)

Name of training	Category	2011-12		2012-13		2013-14		2014-15		2015-16	
		T	A	T	A	T	A	T	A	T	A
Skilled Birth Attendance	SN	80	29	68	56	50	18	10	2	4	3
	ANM	80	41	32	17	50	40	15	2	-	-
Medical Termination of Pregnancy	MO	4	4	6	6	6	6	10	2	10	2
Reproductive Track Infection/Sexually Transmitted Infection	SN	-	-	60	56	60	39	-	-	24	20
	MO	-	-	-	-	64	64	-	-	-	-
Infection Management and Environment Plan	MO	90	38	-	-	120	17	-	-	-	-
	SN	600	82	300	107	-	-	90	38	-	-
	ANM	-	-	-	-	-	-	60	24	30	21
Navjaat Shishu Suraksha Karyakram	SN	360	76	240	113	120	16	120	20	96	13
	ANM	-	-	-	-	192	59	-	-	96	13
	MO	-	-	-	-	72	20	-	-	-	-
Mini Laparotomy (MINILAP)	MO	4	4	10	6	20	6	6	2	4	2
Intrauterine Contraceptive Devise	MO	-	-	-	-	-	-	-	-	20	9
	MO AY	-	-	-	-	-	-	10	10	10	10
	SN	-	-	-	-	-	-	20	10	-	-
	ANM	41	41	60	47	-	-	-	-	-	-
Basic Emergency Obsteric Care	MO	16	2	20	20	20	20	10	2	-	-
Integrated Management of Neonatal and Child Illnesses	ANM	48	48	120	86	-	-	-	-	-	-
Facility Based Integrated Management of Neonatal and Child Illnesses	MO	48	42	-	-	144	8	-	-	48	42
	SN	-	-	144	10	-	-	-	-	-	-
Post Partum Intrauterine Contraceptive Device (PPIUCD)	MO	-	-	-	-	90	18	-	-	-	-
	SN	-	-	-	-	50	5	60	5	-	-
Facility Based Newborn Care	MO	-	-	-	-	-	-	-	-	1	1
	SN	-	-	-	-	-	-	-	-	3	3
RMNCHA Counsellor	Counsellor	-	-	-	-	-	-	-	-	8	8
	SN	-	-	-	-	-	-	-	-	-	-
Total		1,371	407	1,060	524	1,058	336	411	117	354	147

T – Target, A - Achievement

Appendix - 2.3.1

Details of functions and functionaries of the NLUP in three - tier system

(Reference: Paragraph 2.3.2)

A. State Level

The State Level NLUP Apex Board under the Chairmanship of the Chief Minister with one Vice-Chairman (MLA) and one Member Secretary (Chief Secretary) along with 33¹ other members is responsible for the formulation of Annual Budget, Project and schemes prepared/drafted by the NLUP Implementing Board, allocate funds, co-ordinate, advice and supervise the concerned departments and select villages and areas to be covered by the NLUP.

NLUP Implementing Board (NIB)

The executive body of NLUP Apex Board is the NLUP Implementing Board (NIB). The Vice-Chairman, NLUP Apex Board is the Chairman of the NIB, who is in charge for overall implementation of the programme. The NIB has an Executive Committee headed by the Chairman with Member Secretary and Secretary along with 29 other Members are responsible for formulation of Annual Budget, guidelines of NLUP, supervision of the line Departments and taking up of follow-up action. The Board in turn submit the Annual Budget to the NLUP Apex Board for approval.

B. District Level

The Deputy Commissioners of the eight Districts of the State are designated as Chairman of the District Level NLUP Committee (DLNC) with Secretary (NLUP Nodal Officer in D.C.'s office) with other Members from line Departments along with prominent citizen in the District. The NLUP Nodal Officer in D.C.'s office of the eight Districts is responsible for implementation and overall supervision of the programme. The DLNC is responsible for formulation and supervision of Village Level NLUP Committee at each village and acts as liaison between them.

C. Village Level

In Mizoram there are 784 Village Councils, the constituted Village Level NLUP Committee (VLNC) are headed by the Chairman with Secretary (Appointed by the NLUP Implementing Board) and Members (Appointed by the Deputy Commissioner amongst the Prominent Citizens). The VLNC is responsible for selection of beneficiaries/ trades/activities and monitoring the implementation of NLUP.

¹ 20 members from the various Departments and 13 members from the prominent citizen as appointed by the Government

Appendix-2.3.2
Statement showing disbursement of interest free loan given out of NLUP and
outstanding loan

(Reference: Paragraph 2.3.8.2)

(₹ in lakh)

Sl. No	Issued by	To whom loan was given	Date of issue	Loan Amount	Recovery Schedule		Recovery		
					Due date	Amount	Date	Amount	Due
1.	NLUP Implementing Board	Samuel TEA factory	13-03-13	37.77	Sept.13	3.00	-	-	3.00
			02-07-13	5.00	March.14	7.00	-	-	7.00
			19-08-13	15.00	Sept.14	11.94	-	-	11.94
			-	-	March.15	11.94	26-03-15	1.00	10.94
			-	-	Sept.15	11.94	-	-	11.94
			-	-	March.16	11.95	-	-	11.95
		Sub-Total	-	57.77	-	57.77	-	1.00	56.77
2.	NLUP Implementing Board	CDAR (Community Development Action & Reflection)	07-06-13	10.00	Jan.14	5.00	-	-	5.00
			07-06-13	15.00	Feb.14	5.00	-	-	5.00
			10-07-13	10.00	Mar-14	10.00	-	-	10.00
			10-07-13	5.00	Apr-14	10.00	-	-	10.00
			10-07-13	10.00	May-14	10.00	-	-	10.00
			-	-	Jun-14	10.00	-	-	10.00
		Sub-Total	-	50.00	-	50.00	-	-	50.00
3.	NLUP Implementing Board	Mizoram Broom India	17-02-12	10.00	Mar-12	10.00	-	-	10.00
			02-04-12	20.00	April.12	20.00	-	-	20.00
			Sub-Total	-	30.00	-	30.00	-	-
4.	NLUP Implementing Board	LZ Industries, Ramhlun	17-02-12	10.00	Mar-12	-	-	-	10.00
			Sub-Total	-	10.00	---	10.00	---	-
5.	NLUP Implementing Board	Hanmchhantu Paawl	17-02-12	10.00	Mar-12	30.00	14-02-13	3.00	27.00
			02-04-12	20.00	Sept.14	50.00	26-09-14	17.00	33.00
			20-12-12	100.00	Nov.14	50.00	09-04-15	10.00	40.00
			22-02-13	50.00	Sept.15	50.00	-	-	50.00
			13-03-14	50.00	Nov.15	50.00	-	-	50.00
		Sub-Total	-	230.00	-	230.00	-	30.00	200.00
Total				377.77	---	377.77	-	31.00	346.77

Sl. No	Issued by	To whom loan was given	Date of issue	Loan Amount	Recovery Schedule		Recovery		
					Due date	Amount	Date	Amount	Due
1.		Remthangi, Kolasib	29-02-12	12.50	2014	2.50	21-08-14	2.50	-
			29-08-12		2015	3.75	24-09-14	3.75	-
			20-08-13		2016	6.25	-	-	6.25
		Total	-	12.50	---	12.50	---	6.25	6.25
2.		Lalchunglura, Mamit	14-06-12	5.00	2014	2.50	29-10-13	2.50	-
			13-08-12	3.00	2015	3.75	31-10-14	3.75	-
			10-12-12	2.00	2016	6.25	-	-	6.25
			05-04-13	2.00	-	-	-	-	-
			18-08-13	0.50	-	-	-	-	-
		Sub-Total	-	12.50	---	12.50	---	6.25	6.25
3.		Lalveli, Chaltlang	13-02-12	5.00	2014	2.50	25-03-14	2.50	-
			04-04-12	4.00	2015	3.75	13-11-14	3.75	-
			06-06-12	1.00	2016	6.25	-	-	6.25
			27-08-12	1.50	-	-	-	-	-
			18-12-12	1.00	-	-	-	-	-
		Sub-Total	---	12.50	---	12.50	---	6.25	6.25
4.		C. Lalduhawma, Bualpui NG	28-09-12	6.50	2014	2.50	03-04-14	2.00	0.50
			29-02-12	3.00	2015	3.75	04-06-14	0.50	3.25
			12-03-12	2.00	2016	6.25	16-01-15	3.75	2.50
			31-01-13	1.00	-	-	-	-	-
		Sub-Total	---	12.50	---	12.50	---	6.25	6.25
5.		K Malsawma, Saiha	23-11-11	5.00	2014	2.50	09-06-14	2.50	-
			26-03-12	2.00	2015	3.75	15-04-15	3.75	-
			21-05-12	4.50	2016	6.25	01-09-15	2.25	4.00
			09-10-12	1.00	-	-	-	-	-
		Sub-Total	-	12.50	---	12.50	---	8.50	4.00
6.		F Chawithanga, Kelkang	06-03-12	5.00	2014	2.50	09-06-14	2.50	-
			08-08-12	4.00	2015	3.75	08-12-14	3.75	-
			09-05-12	3.50	2016	6.25	-	-	6.25
		Sub-Total	-	12.50	---	12.50	---	6.25	6.25
7.		T Sangathanga, Serchhip	29-02-12	5.00	2014	2.50	05-02-15	2.50	-
			07-06-12	3.00	2015	3.75	10-12-15	3.50	0.25
			08-08-12	2.00	2016	6.25	-	-	6.25
			28-01-13	1.50	-	-	-	-	-
			20-03-13	0.50	-	-	-	-	-
			24-10-13	0.50	-	-	-	-	-
		Sub-Total	-	12.50	---	12.50	---	6.00	6.50
8.		Lalnunzawma Hmar, Theiriat, Lunglei	09-02-12	5.00	2014	2.50	14-11-14	6.25	(3.75)
			21-08-12	3.00	2015	3.75	03-09-15	5.00	(1.25)
			24-06-13	4.50	2016	6.25	-	-	6.25
		Sub-Total	-	12.50	---	12.50	---	11.25	1.25
Total				100.00	---	100.00	-	57.00	43.00

Sl. No	Issued by	To whom loan was given	Date of issue	Loan Amount	Recovery Schedule		Recovery		
					Due date	Amount	Date	Amount	Due
1.		Vanlalsiama, Bawngkawn	23-09-11	4.00	Recovery @ ₹ 16,666.67 per month for 60 instalments from October 2012 till September 2017. Amount due to be recovered is calculated for 42 Months i.e. till March 2016.		Apr-13	0.17	3.83
			05-02-11	4.00			May-13	0.17	3.83
			27-09-12	2.00			Jun-13	0.00	2.00
Sub-Total	-	10.00	7.00	---		0.33	6.67		
2.		Zairemmawia, Khatla	23-09-11	4.00			Apr-13	0.17	3.83
			02-07-12	4.00			May-13	0.17	3.83
			27-09-12	2.00			Jun-13	0.00	2.00
Sub-Total	-	10.00	7.00	---		0.34	6.66		
3.		Lalhmachhuana, Mission Vengtlang	23-09-11	4.00			Apr-13	0.17	3.83
			16-01-12	4.00			May-13	0.00	4.00
			27-09-12	2.00		Jun-13	0.00	2.00	
Sub-Total	-	10.00	7.00	---	0.17	6.83			
4.		V. Lalrinliana, Mission Vengtlang	23-09-11	4.00		Apr-13	0.16	3.84	
			09-05-12	4.00		May-13	0.00	4.00	
			27-09-12	2.00		Jun-13	0.00	2.00	
Sub-Total	-	10.00	7.00	---	0.16	6.84			
5.		S Thanga, Tuithiang	07-03-12	4.00		Apr-13	0.00	4.00	
			13-03-12	4.00		May-13	0.00	4.00	
			---	-		Jun-13	0.00	-	
Sub-Total	-	8.00	7.00	---	0.00	7.00			
6.		Lalrintluanga, Electric Veng	23-09-11	4.00		Apr-13	0.16	3.84	
			23-03-12	4.00		May-13	0.00	4.00	
			27-09-12	2.00		Jun-13	0.00	2.00	
Sub-Total	-	10.00	7.00	---	0.16	6.84			
7.		Lalrama, Maubawk	23-09-11	4.00		Apr-13	0.17	3.83	
			01-03-12	4.00		May-13	0.00	4.00	
			27-09-12	2.00		Jun-13	0.00	2.00	
Sub-Total	-	10.00	7.00	---	0.17	6.83			
8.		Roliana, Salem Veng	23-09-11	4.00		Apr-13	0.16	3.84	
			27-03-12	4.00		May-13	0.00	4.00	
			27-09-12	2.00		Jun-13	0.00	2.00	
Sub-Total	-	10.00	7.00	---	0.16	6.84			
9.		C Chawngkunga, Venghnuai	23-09-11	4.00		Apr-13	0.16	3.84	
			05-02-11	4.00		May-13	0.17	3.83	
			27-09-12	2.00		Jun-13	0.00	2.00	
Sub-Total	-	10.00	7.00	---	0.33	9.67			
10.		H Rokunga, Salem Veng	23-09-11	4.00		Apr-13	0.17	3.83	
			27-03-12	4.00		May-13	0.16	3.84	
			27-09-12	2.00		Jun-13	0.00	2.00	
Sub-Total	-	10.00	7.00	---	0.33	6.67			
11.		R Laltanpuia, Hualngohmun	23-09-11	4.00		Apr-13	0.17	3.83	
			05-02-11	4.00		May-13	0.00	4.00	
			27-09-12	2.00		Jun-13	0.00	2.00	
Sub-Total	-	10.00	7.00	---	0.17	6.83			

Sl. No	Issued by	To whom loan was given	Date of issue	Loan Amount	Recovery Schedule		Recovery		
					Due date	Amount	Date	Amount	Due
12.		Ngurliantluangi, Chawlhmun	23-09-11	4.00	Recovery @ ₹ 16,666.67 per month for 60 instalments from October 2012 till September 2017. Amount due to be recovered is calculated for 42 Months i.e. till March 2016.		Apr-13	0.17	3.83
			20-12-11	4.00			May-13	0.16	3.84
			27-09-12	2.00			Jun-13	0.00	2.00
		Sub-Total	-	10.00		7.00	---	0.33	6.67
13.		LB Patea, Tlungvel	26-09-11	4.00			Apr-13	0.17	3.83
			14-03-12	4.00			May-13	0.00	4.00
			28-09-12	2.00			Jun-13	0.00	2.00
		Sub-Total	-	10.00		7.00	---	0.17	6.83
14.		Zothantuma, Luangmual	23-09-11	4.00			Apr-13	0.17	3.83
			07-03-12	4.00			May-13	0.17	3.83
			27-09-12	2.00			Jun-13	0.00	2.00
		Sub-Total	-	10.00		7.00	---	0.34	9.66
15.		Ramengmawii, Luangmual	23-09-11	4.00			Apr-13	0.17	3.83
			12-03-12	4.00		May-13	0.00	4.00	
			27-09-12	2.00		Jun-13	0.17	1.83	
		Sub-Total	-	10.00	7.00	---	0.34	6.66	
16.		P Lalthlanai, Durtlang N	23-09-11	4.00		Apr-13	0.17	3.83	
			21-04-12	4.00		May-13	0.17	3.83	
			27-09-12	2.00		Jun-13	0.00	2.00	
		Sub-Total	-	10.00	7.00	---	0.34	6.66	
17.		Lalsangbera	2011	10.00		Apr-13	0.17	7.45	
						May 13 to June 14	2.38		
			Sub-Total	---	10.00	7.00	---	2.55	4.45
Total				168.00		119.00	---	6.39	112.61
Grand Total				645.77		596.77	---	94.39	502.38

Source: Departmental records

Appendix – 3.11.1

Table showing DTO-wise number of vehicles with wrong seating and standing capacity

(Reference : Paragraph 3.11.9)

Name of DTO	No. of two wheelers registered with wrong seating and standing capacities		No. of LMV Cars registered with wrong seating and standing capacities	
	Seating	Standing	Seating	Standing
Aizawl	282	40	10	21
Lunglei	47	8	1	1
Siaha	17	--	--	--
Champhai	16	5	2	--
Kolasib	25	1	1	2
Serchhip	51	2	1	--
Lawngtlai	8	2	--	2
Mamit	14	2	--	--
Total	460	60	15	26

Appendix - 3.11.2

Table showing DTO-wise position of inaccuracies in engine and chassis numbers

(Reference : Paragraph 3.11.9)

DTOs	No. of vehicles with chassis numbers less than 17 alpha numeric characters	No. of vehicles registered with same chassis and engine numbers	No. vehicles registered with blank engine numbers	No. of vehicles registered with duplicate engine numbers
Aizawl	42,210	2,716	15	2,168
Lunglei	5,083	213	23	338
Siaha	1,549	69	14	189
Champhai	2,437	70	6	351
Kolasib	3,380	67	1	324
Serchhip	1,529	68	25	222
Lawngtlai	474	7	8	52
Mamit	313	9	5	27
Total	56,975	3,219	97	3,671

Appendix - 3.11.6

Table showing District codes used in VAHAN

(Reference : Paragraph 3.11.11.8)

DTO	VAHAN prescribed district code	Codes used by DTOs	Number of records available	Number of records with incorrect code
Aizawl	TR	TR	47,498	0
		AZ	79	79
Lunglei	TR1	TR1	139	0
		LL	6,281	6,281
Siaha	TR2	TR2	35	0
		SA	2,108	2,108
Champhai	TR4	TR4	4,672	0
		CP	6	6
Kolasib	TR3	TR3,	3,567	0
		KOLASIB	2	2
		TR8	450	450
		TR9	67	67
		T10	50	50
		T11	1	1
		T12	5	5
		CACHAR	1	1
Serchhip	TR5	TR5	2,977	0
		SER	7	7
Lawngtlai	TR6	TR6	2,164	0
		LO	503	503
Mamit	TR7	TR7	1,992	0
		MA	2	2
Blank district code			132	132
Total			72,738	9,694

Appendix – 3.13.1
Statement showing non-levy of penalty from dealers failing to submit
Chartered Accountant's Audited Statement
(Reference : Paragraph 3.13)

(Amount in ₹)

Sl. No.	Taxing authority (Period of Audit)	Name of Dealer (TIN No.)	Assessment Year	Turnover determined	Penalty leviable	Remarks
1.	ACT, North Zone (October 2014)	Zoram Computer Centre (15111925040)	2010-12	1,16,89,936	11,690	Fresh Demand notice issued in October 2016
2.		Zopar (151110011045)	2008-12	3,21,77,908	32,178	- do -
3.		King Marketing (15110077087)	2008-12	15,53,09,366	1,55,309	- do -
4.		Highland (15110134075)	2008-11	4,05,39,841	40,540	- do -
5.		3:16 Plan Solution (15500142076)	2011-13	2,55,93,214	25,593	- do -
6.		Ophel Motor Parts (15110039095)	2010-13	2,80,82,895	28,083	- do -
7.		Gayatri Project Ltd. (15500076095)	2012-13	2,16,34,338	21,634	- do -
8.		Thangruma Auto Agency (15110127005)	2011-13	99,13,165	9,913	- do -
9.		LH Agencies (15112135006)	2009-13	3,88,39,410	38,839	- do -
10.		John Rizai Dawr (15111016068)	2011-13	3,14,26,834	31,427	- do -
11.		Shox (15110614025)	2011-13	1,21,39,987	12,140	- do -
12.		MZ Agencies (15112081048)	2009-10 2012-13	75,52,941	7,553	- do -
13.		Rebecca Drug Centre (15111864012)	2009-10 2011-13	2,84,63,047	28,463	- do -
14.		Lalhmingthanga & Sons (15110129025)	2010-13	25,62,14,733	2,56,215	- do -
15.		LZ Hardware (15112321023)	2011-13	7,64,83,230	76,483	- do -
16.		Bezalel Industries (15110136095)	2011-13	1,31,85,180	13,185	- do -
17.		KC Hardware (15110311002)	2011-13	1,15,70,200	11,570	- do -
18.		JR Construction (15111211078)	2009-14	5,04,38,169	50,438	- do -

Sl. No.	Taxing authority (Period of Audit)	Name of Dealer (TIN No.)	Assessment Year	Turnover determined	Penalty leviable	Remarks
19.		LZ Business (15500116010)	2011-13	77,28,896	7,729	- do -
20.		Sena Store (15110142058)	2011-13	15,04,72,618	1,50,473	- do -
21.		LH Thanga Enterprise (15110026062)	2011-13	10,02,68,070	1,00,268	- do -
22.		SD Enterprise (Interio) (15111850066)	2011-13	3,93,57,499	39,357	- do -
23.		ABCI Infrastructure Pvt. Ltd. (15111236037)	2008-12	10,69,48,285	1,06,948	- do -
24.	ACT North Zone (October - November 2015)	Tuma Glass Centre (15110060014)	2012-14	13,32,13,472	1,33,213	- do -
25.		Remtluang Enterprise (15121167019)	2013-14	5,97,60,800	59,761	- do -
26.		C. Rosanga & Sons (15111692038)	2010-13	2,74,65,111	27,465	Fresh Demand notice issued in October 2016
27.		North Eastern Sales Corporation (15110094063)	2010-13	3,97,63,943	39,764	- do -
28.		Hrangbana Business House (15110003026)	2012-13	42,05,717	4,206	- do -
29.		Prahari Canteen (1511180271)	2012-14	1,61,04,150	16,104	- do -
30.		Standard Motor Works (15110006056)	2012-13	10,24,16,074	1,02,416	- do -
31.		NE Equipment Solutions (15501405096)	July 2013 to December 2014	1,68,17,016	16,817	- do -
32.	ACT Central Zone (October 2014)	Zoram Trade Centre (15110541071)	2011-12	75,19,700	7,520	Realised in full
33.		Israel Store (15110261084)	2012-13	32,78,905	3,279	- do -
34.		BT Enterprise (15110436088)	2010-11	1,85,94,950	18,595	- do -
35.		Central Store (15200376007)	2011-13	1,20,64,509	12,065	Realised ₹ 12,064
36.		Hauva & Sons (15200009023)	2010-12	3,07,54,924	30,755	Submit audited statement after being pointed out by Audit.

Sl. No.	Taxing authority (Period of Audit)	Name of Dealer (TIN No.)	Assessment Year	Turnover determined	Penalty leviable	Remarks	
37.		BC Enterprise (15200019026)	2011-14	2,75,98,054	27,598	No action taken	
38.		Mana & Sons (15200005080)	2010-13	6,12,59,506	61,260	Realised ₹ 61360	
39.		Betty Store (15500091051)	2011-12	6,47,98,989	64,799	No action taken	
40.		Zaii Enterprise (15500099034)	2011-12	4,79,72,773	47,973	- do -	
41.		HT Traders (15500457025)	2012-13	33,40,230	3,340	Realised in full	
42.		Home Plus Agency (15500063062)	2012-13	38,26,529	3,827	Realised ₹ 3826	
43.		Kim Kim Enterprise (15500983047)	2012-13	57,07,969	5,708	No action taken	
44.		RC Kuhva Dawr (15500782074)	2012-13	56,65,637	5,666	- do -	
45.		Mana Business (15500441059)	2012-13	6,43,92,956	64,393	Submit audited statement after being pointed out by Audit.	
46.		C. Pharmacy (15500050079)	2012-13	31,48,871	3,149	Registration cancelled without levy the penalty in April 2014	
47.		BC Dey & Sons (15200007003)	2010-11	14,40,21,280	1,44,021	Submit audited statement after being pointed out by Audit.	
48.		ACT Central Zone (November -December 2015)	LBS Enterprise (15110104066)	2012-13	9,32,11,443	93,211	Directed to submit audited statement in February 2016
49.			National Business Enterprise (15200003060)	2012-13	20,24,38,712	2,02,439	Submit audited statement after being pointed out by Audit..

Sl. No.	Taxing authority (Period of Audit)	Name of Dealer (TIN No.)	Assessment Year	Turnover determined	Penalty leviable	Remarks
50.		LR Agency (15110460037)	2011-12	1,22,23,080	12,223	Realised in full
51.		Jenny Cosmetics (15110217032)	2011-12	1,60,94,594	16,095	Submit audited statement after being pointed out by Audit.
52.		V. Lalliana & Sons (15110232085)	2011-13	4,20,45,371	42,045	Realised full amount
53.		Daffodils (15200068031)	2011-12	1,06,92,008	10,692	Realised full amount
54.		Zamlia & Sons (15120205002)	2011-12	3,62,58,741	36,259	Realised ₹ 36,258
55.		Hauva & Sons (Auto Division) (15200006090)	2010-13	44,09,40,366	4,40,940	Submit audited statement after being pointed out by Audit.
56.		Nestle India Ltd. (15200001040)	2011-13	74,20,81,594	7,42,082	- do -
Total				3,75,57,07,736	37,55,708	

Source: Department records

Appendix-3.14.1

Details of expenditure incurred without supporting vouchers/ documents

(Reference: Paragraph 3.14)

Sl. No.	Particulars	To whom paid	Voucher No. and Date	Amount (₹)
1.	Fund Demand for NLRMP Operation	Assistant Director of Survey	13 Date 23-10-2013	11,55,000
2.	Fund Demand for NLRMP operation (Survey) for the month of January 2014 at Champhai District	Assistant Director of Survey	21 Date 24-02-2014	13,61,250
3.	Fund Demand for NLRMP operation (Survey) for the month of February 2014 at Champhai District	Voucher not available	22 Date 06-03-2014	15,31,200
4.	Fund Demand for NLRMP operation (Survey) for the month of March 2014 at Champhai District	Assistant Director of Survey	23 Date 29-04-2014	13,61,250
5.	Detailed Survey under NLRMP Champhai for the month of March 2014	Not mentioned	26 Date 29-05-2014	9,30,600
6.	Detailed Survey under NLRMP Champhai for the month of April 2014	Not mentioned	27 Date 29-05-2014	18,87,600
7.	Outsourcing of computerization	Tommy Zirnuntluanga	29 Date 06-06-2014	81,610
8.	1 st Batch Refreshers' Training	Assistant Director of Survey	42 Date 29-08-2014	42,850
9.	2 nd Batch Refresher's Training expenditure (September 2014)	Assistant Director of Survey(T)	44 Date 29-09-2014	42,850
10.	NLRMP operation at (Survey) at Thenzawl	Assistant Director of Survey(T)	47 Date 09-10-2014	1,05,000
11.	NLRMP operation at Aizawl District	Assistant Director of Survey(T)	48 Date 14-10-2014	16,80,000
12.	Training for the month of October & November 2014	Assistant Director of Survey(T)	54 Date 11-11-2014	42,850
13.	NLRMP Operation at Aizawl district	Assistant Director of Survey(T)	57 Date 26-11-2014	13,50,000
14.	Fund Demand for NLRMP operation at Aizawl District.	NA	62(1-18) Date 08-01-2015	17,91,400
15.	NLRMP Operation at Aizawl District ₹ 16,45,600 plus TA/DA of surveyors ₹ 5,800	NA	70 Date 13-02-2015	16,51,400
16.	NLRMP Operation at Aizawl District	Assistant Director of Survey (T)	77 Date 17-03-2015	14,46,300
17.	NLRMP Operation (Survey) at Lunglei District	NA	1(1-4) Date 06-04-2013	6,70,496
18.	NLRMP Operation (Survey) at Lunglei District	NA	2(1-4) Date 17-04-2013	18,60,976
19.	NLRMP Operation (Survey) at Lunglei District	NA	5(1-4) Date 29-05-2013	12,19,920
Total				2,02,12,552

Source: Departmental records

Appendix - 3.15.1

Statement showing penalty payable by permit holder for failing to furnish Form-H to the Geology and Mineral Resources Department

(Reference: Paragraph 3.15)

Sl. No.	Number & Name of stone quarry permit holder	Month for which Form-H not submitted	Position as on 24 April 2015			Position as on 2 June 2016		
			No. of days delayed from the 16th of the following month	Penalty payable at the rate ₹ 20 per day	Amount due from permit holders (₹)	No. of days delayed from the 16th of the following month	Penalty payable at the rate ₹ 20 per day	Amount due from permit holders (₹)
1	001/1/05-79 of 2007 KT Thangi, Electric Veng, Aizawl	Apr 12 - Mar 15	15,584	3,17,080	3,17,080	24,764	4,95,280	4,95,280
2	001/1/13-349 of 2013 Thanchhunga, Hlimen	Oct 13 - Mar 15	1,845	36,900	36,900	4,275	85,800	85,500
3	002/2/12-77 of 2012 Lalnundinga, Lunglei	Apr 12 - Mar 15	1,669	33,380	33,380	2,884	57,680	57,680
4	001/1/09-217 of 2009 C. Kapzela, Zarkawt, Aizawl	Apr 12 - Mar 15	11,191	2,23,820	2,23,820	16,861	3,37,229	3,37,220
5	001/1/12-307 of 2012 Isaac Hnamte, Khatla, Aizawl	Mar 13 - Mar 15	1,898	37,960	37,960	3,923	78,460	78,460
6	001/1/05-36 of 2007 F. Sawmliana, Kulikawn, Aizawl	Aug 13 - Mar 14	2,878	57,560	57,560	5,308	1,06,160	1,06,160
7	004/4/05-37 of 2006 Pahnuna, Kolasib Venglai	Apr 12 - Mar 15	13,296	2,65,920	2,65,920	20,586	4,11,720	4,11,720
8	006/6/05-59 of 2007 Nilo Mohan, Khantlang	Mar-15	9	180	180	414	8,280	8,280
9	007/7/13-83 of 2013 K. Laldaihvela, Sihphir Bazar veng	Jan-15	68	1,360	1,360	473	9,460	9,460

Sl. No.	Number & Name of stone quarry permit holder	Month for which Form-H not submitted	Position as on 24 April 2015			Position as on 2 June 2016		
			No. of days delayed from the 16th of the following month	Penalty payable at the rate ₹ 20 per day	Amount due from permit holders (₹)	No. of days delayed from the 16th of the following month	Penalty payable at the rate ₹ 20 per day	Amount due from permit holders (₹)
10	004/4/13-117 of 2013 Lalthapua, Sihphir Kawnveng	Mar-15	9	180	180	42 ²	840	840
11	001/1/05-16 of 2005 Vanlangaka, Durtlang	Oct-12 & Mar-15	890	17,800	17,980	1,295	25,900	34,180
12	001/1/05-118 of 2007 Rohmingthanga, Maubawk	Apr 12 - Mar 15	10,946	2,18,920	2,18,920	17,831	3,56,620	3,56,620
13	001/1/2005-04 of 2006 K Lalramngeta, Vaivakawn	Apr 12 - Sep 13	8,694	1,73,880	1,73,880	12,744	2,54,880	2,54,880
14	006/6/05-57 of 2007 Arun Kumar Chakma, Khantlang	Apr 12 - Mar 15	17,338	3,46,760	3,46,760	28,678	5,73,560	5,73,560
15	006/6/09-88 of 2010 Udongomoni Chakma, Khantlang	Apr 12 - Mar 15	14,751	2,95,020	2,95,020	23,256	4,65,120	4,65,120
16	004/4/13-116 of 2013/ H. Lalhlupuii, Rengtekawn	Nov 14 - Mar 15	346	6,920	6,920	2,371	47,420	47,420
17	007/7/12-79 of 2012 Joseph Lalremmawia, Tuikhuahtlang	Nov 12 - May 13	5,383	1,07,660	1,07,660	8,218	1,64,360	1,64,360
18	001/1/05-12 of 2005 Lalremsanga, Ramhlun Venglai	Apr 12 - Mar 15	10,677	2,13,540	2,13,540	16,347	3,26,940	3,26,940
19	001/1/09-206 of 2007 MS Dawngliana	Apr 12 - Mar 15	4,940	98,800	98,800	8,180	1,63,600	1,63,600

² From 16 April 2015 to 27 May 2015

Sl. No.	Number & Name of stone quarry permit holder	Month for which Form-H not submitted	Position as on 24 April 2015			Position as on 2 June 2016		
			No. of days delayed from the 16th of the following month	Penalty payable at the rate ₹ 20 per day	Amount due from permit holders (₹)	No. of days delayed from the 16th of the following month	Penalty payable at the rate ₹ 20 per day	Amount due from permit holders (₹)
20	007/7/13-85 of 2013 H Remmawia, Baktawng Tlangnuam	Feb 15 - Mar 15	49	980	980	859	17,180	17,180
21	001/1/12-287 of 2012 Lalsangbera, Hlimen	Jun 13 - Mar 15	1,535	30,700	30,700	3,560	71,200	71,200
22	001/1/05-89 of 2006 C Lalsanglura, Tlangnuam	Apr 12 - Mar 15	11,560	2,31,200	2,31,200	18,850	3,77,000	3,77,000
23	001/1/09-226 of 2009 Vannunzira, Vanbawng	Apr 12 - Mar 15	16,377	3,27,540	3,27,540	26,907	5,38,140	5,38,140
24	001/1/07-176 of 2007 Lungmuana, Saitual	Apr 12 - Mar 15	12,064	2,41,280	2,41,280	20,164	4,03,280	4,03,280
25	005/5/07-33 of 2007 R. Zakunga, Khawzawl	Jan 13 - Feb 15	2,804	56,080	56,080	6,044	1,20,880	1,20,880
26	005/5/12-76 of 2012 Zakapvela, Zokhawthar	Jun 12 - Mar 15	8,023	1,60,460	1,60,460	12,073	2,41,460	2,41,460
Total			1,75,103	35,02,060	35,02,060	2,87,321	57,46,420	57,46,420

Appendix – 4.1
Statement showing investments made by State Government in SPSUs
whose accounts are in arrears

(Reference : Paragraph 4.11)

(Figures in columns 4 & 6 to 8 are ₹ in lakh)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Working Government Companies							
Sector : Agricultural Marketing							
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	645.10	2011-12 2012-13 2013-14 2014-15 2015-16	25.00 - - - -	- - - - -	- - - 112.00 -
Sector : Financing							
2.	Zoram Industrial Development Corporation Limited	2012-13	1,578.10	2013-14 2014-15 2015-16	- - -	- - -	96.00 339.77 -
Sector : Manufacturing							
3.	Zoram Electronics Development Corporation Limited	2005-06	745.40	2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16	64.50 40.00 45.00 22.50 115.00 155.00 127.00 122.00 169.00 136.16	- - - - - - - - - -	- - - - - - - - - 170.29
4.	Mizoram Food & Allied Industries Corporation Limited	2011-12	2,000.00	2012-13 2013-14 2014-15 2015-16	- - - -	- - - -	486.81 500.00 438.11 587.30
Sector : Miscellaneous							
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2010-11	-	2011-12 2012-13 2013-14 2014-15 2015-16	- - - - -	- - - - -	229.58 224.00 325.00 374.06 234.77
6.	Mizoram Mineral Development Corporation Limited	2013-14	-	2014-15 2015-16	- -	- -	- -
TOTAL			4,968.60		1,021.16	-	4,117.69

(Source; Departmental Records)

Appendix – 4.2

Summarised financial position and working results of Government companies and Statutory Corporations as per latest finalised accounts and information furnished by the Companies

(Reference : Paragraph 4.13)

(Figures in columns (5) to 12 are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover ³	Net profit (+)/ loss ⁴ (-)	Net impact of Audit comments	Capital employed ⁵	Return on capital employed ⁶	Percentage of return on capital employed	Manpower ⁷
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Working Government Companies													
SECTOR: AGRICULTURAL MARKETING													
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	2015-16	6.45	-	(-) 6.43	0.28	(-) 1.63	-	12.24	(-) 1.01	-	-
Sector Wise Total				6.45	-	(-) 6.43	0.28	(-) 1.63	-	12.24	(-) 1.01	-	-
SECTOR: FINANCING													
2.	Zoram Industrial Development Corporation Limited	2012-13	2015-16	15.78	22.68	(-) 19.57	1.17	(-) 0.69	-	29.00	1.36	4.68	54
Sector Wise Total				15.78	22.68	(-) 19.57	1.17	(-) 0.69	-	29.00	1.36	4.68	54
SECTOR: MANUFACTURING													
3.	Zoram Electronics Development Corporation Limited	2005-06	2015-16	7.46	-	(-) 4.31	0.27	(-) 0.04	-	0.97	(-) 0.77	-	-
4.	Mizoram Food & Allied Industries Corporation Limited	2011-12	2015-16	20.00	-	(-) 19.33	2.23	(-) 1.94	-	21.10	(-) 0.34	-	77
Sector Wise Total				27.46	-	(-) 23.64	2.50	(-) 1.98	-	22.07	(-) 1.11	-	77
SECTOR: MISCELLANEOUS													
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2010-11	2015-16	-	-	(-) 8.23	1.91	(-) 2.06	-	2.26	0.06	2.65	-
6.	Mizoram Mineral Development Corporation Limited	2013-14	2014-15	-	-	(-) 0.02	-	-	-	(-) 0.02	-	-	-
Sector Wise Total				-	-	(-) 8.25	1.91	(-) 2.06	-	2.24	0.06	2.65	-
Grand Total				49.69	22.68	(-) 57.89	5.86	(-) 6.36	-	65.55	(-) 0.70	-	131

³ As per provisional figures furnished by the Companies

⁴ As per provisional figures furnished by the Companies

⁵ Capital employed represents Shareholders fund and long term borrowings

⁶ Return on capital has been worked out by adding profit and interest charged to profit and loss account

⁷ Regular employees only