

LAI D BEFORE STATE LEGISLATURE
ON _____

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Report of the Comptroller and Auditor General of India

on

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

For the year ended 31 March 2013

GOVERNMENT OF MIZORAM



TABLE OF CONTENTS

Paragraph	Particulars	Page
	Preface	v
	Executive Summary	vii
Chapter-I : General Sector		
1.1	Introduction	1
1.2	Planning and conduct of Audit	2
Performance Audit		
1.3	Functioning of Home (Police) Department	2
Compliance Audit Paragraph		
1.4	Unfruitful expenditure (District Council Affairs Department)	24
Chapter-II : Social Sector		
2.1	Introduction	25
2.2	Planning and conduct of Audit	27
Performance Audit		
2.3	Integrated Child Development Services (ICDS) Scheme (Social Welfare Department)	27
Compliance Audit Paragraphs		
2.4	Unauthorised expenditure against pulled back teachers (School Education Department)	57
2.5	Diversion of fund (School Education Department)	58
Chapter-III : Economic Sector (Other than State Public Sector Undertakings)		
3.1	Introduction	61
3.2	Planning and conduct of Audit	62
Performance Audit		
3.3	Indira Awaas Yojana (IAY) (Rural Development Department)	63
Compliance Audit Paragraphs		
3.4	Disbursement of Transport Subsidy (Industries Department)	86

Paragraph	Particulars	Page
Chapter-IV : Economic Sector (State Public Sector Undertakings) (Government Commercial and Trading Activities)		
4.1	Overview of State Public Sector Undertakings (SPSUs)	93
Performance Audit		
4.2	Implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) (Power & Electricity Department)	102
Compliance Audit Paragraphs		
4.3	Operations of Fleet of Buses of Mizoram State Transport (Transport Department)	118
Chapter-V : Revenue Sector		
5.1	Composition of revenue receipts	125
5.2	Response of the Departments/Government towards audit	128
5.3	Analysis of the mechanism for dealing with the issues raised by Audit	131
5.4	Result of audit	133
Compliance Audit Paragraphs		
5.5	Management of Fund by Mizoram State Compensatory Afforestation Fund Management and Planning Authority (CAMPA) (Environment & Forests Department)	133
5.6	Escape of purchase turnover (Taxation Department)	139
5.7	Under-assessment of tax (Taxation Department)	140
5.8	Understatement of purchase resulted in non-levy/evasion of tax (Taxation Department)	142
Chapter-VI : Follow up of Audit Observations		
6.1	Non submission of <i>suo moto</i> Action Taken Notes (ATNs)	143
6.2	Response to audit observations and compliance thereof by the Executive	144
6.3	Audit Committee Meetings	145

LIST OF APPENDICES

Appendix	Subject	Page
1.3.1	Statement showing amount drawn and kept in '8443-Civil Deposits' and expenditure thereagainst	147
1.3.2	Statement showing details of amount drawn and disbursement made thereagainst	149
1.3.3	Statement showing expenditure incurred towards purchase of stationery	152
1.3.4	Statement showing expenditure incurred towards repairing of vehicles	155
2.3.1	Statement showing year-wise details of parking of funds	157
2.3.2	Statement showing item-wise actual expenditure incurred in procurement of food items and financial implication involved in procurement as <i>per</i> lowest offered rates	159
2.3.3	Statement showing status of AWC buildings in test-checked AWCs	160
2.3.4	Statement showing annual target and achievement of training programmes	162
2.3.5	Statement showing year-wise training imparted to ICDS functionaries	163
3.3.1	Statement showing details of selected Districts, Blocks and Villages	164
3.3.2 (A)	Statement showing calculation of period of delay in release of State Share during 2008-13 pertaining to the Aizawl District	165
3.3.2 (B)	Statement showing calculation of period of delay in release of State Share during 2008-13 pertaining to the Champhai District	166
3.3.3	Statement showing summary of the analysis out of responses gathered from 150 beneficiaries in Aizawl and Champhai Districts	167
4.1.1	Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2013 in respect of Government Companies	169
4.1.2	Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2013	170

Appendix	Subject	Page
4.1.3	Summarised financial results of Government companies for the latest year for which accounts were finalised	171
4.1.4	Statement showing investments made by the State Government in working PSUs by way of equity, loans, grants and others during the period in which the accounts have not been finalised as on 31 March 2013	173
4.1.5	Statement showing operational performance of Power and Electricity Department for the last three years ending 31 March 2013	175
4.1.6	Statement showing Working Results and Operational Performance of Mizoram State Transport Department for the last three years ending 31 March 2013	177
4.3.1	Year-wise tyre performance and the related expenditure during 2008-13	178
5.3.1	Statement showing dealer-wise short assessment of Tax	179

PREFACE

1. This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor under Article 151 of the Constitution of India.
2. This Report presents the results of the audit of the Departments of the Government of Mizoram under General, Social, Economic and Revenue Sectors.
3. The cases mentioned in this Report are those, which came to notice in the course of test audit during the year 2012-13 as well as those, which came to notice in earlier years, but could not be dealt within the previous Reports. Matters relating to the period subsequent to 2012-13 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 six Chapters. Chapters I to V deal with General, Social, Economic (other than State Public Sector Undertakings), Economic (State Public Sector Undertakings) and Revenue Sectors and Chapter VI deals with Follow up of Audit observations by the PAC.

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

CHAPTER-I

GENERAL SECTOR

Performance Audit

Functioning of Home (Police) Department

The Mizoram Home (Police) Department is mainly responsible for upholding and enforcing the law impartially, to protect life, liberty, public property, human rights, dignity of the members of the public, to enforce internal security, and prevent crimes. The Department needs to modernize and to adequately equip its police forces with the objective of meeting the challenges of law and order and internal security. The performance audit of the functioning of the Department revealed that the Department was successful in upholding and enforcing the law impartially, protecting life, liberty and public property by maintaining a significant lower average crime rate in the State against the All India average crime rate. Shortcomings were noticed in planning, irregular parking of funds, retention of heavy cash balances, purchase of stationery items and repairs of vehicles by the Director General of Police/Inspector General of Police (Police Headquarters) as well as heads of District Officers beyond their delegated financial power, besides, irregularities in execution of works.

Some of the significant audit findings are as under:

- **Non-submission of Annual Action Plans within the time frame delayed release of Central assistance by GoI thereby adversely affecting the implementation of modernisation of police force scheme.**

(Paragraph 1.3.8)

- **The GoI deducted a Central assistance of ₹ 1.05 crore during 2010-11 due to non-utilisation of the approved outlay in time.**

(Paragraph 1.3.8)

- **An amount of ₹ 36.51 crore was parked under Civil Deposits, besides, retention of ₹ 13.04 crore in cash.**

(Paragraphs 1.3.9.3.1 & 1.3.9.3.2)

- **The Director General of Police and the Heads of District Offices purchased stationery articles worth ₹ 1.72 crore and incurred an expenditure of ₹ 1.54 crore towards repairs of vehicles, beyond the delegated financial limits.**

(Paragraphs 1.3.9.5.1, 1.3.9.5.2 & 1.3.9.6)

Compliance Audit Paragraph

Major portion of expenditure of ₹ one crore incurred by the Lai Autonomous District Council under District Council Affairs Department towards procurement and distribution of potato seeds remained unfruitful and did not yield desired benefit to the farmers as potato seeds were procured and distribution to the farmer after the sowing season was over.

(Paragraph 1.4)

CHAPTER-II

SOCIAL SECTOR

Performance Audit

Integrated Child Development Services (ICDS) Scheme (Social Welfare Department)

The Integrated Child Development Services (ICDS) scheme was launched as a Centrally Sponsored Scheme on 2 October 1975, in pursuance of the National Policy for Children, 1974. The policy laid down that the State should provide adequate services to children before and

after birth and during the period of growth to ensure their full physical, mental and social development, by targeting the children in the age group of zero to six years and pregnant and lactating mothers through a package of six services. This performance audit of the implementation of ICDS scheme in Mizoram brought out the following significant findings:

- **Against the Central assistance of ₹ 199.98 crore released during 2008-13, the State Government could utilise only an amount of ₹ 183.17 crore.**

(Paragraph 2.3.5.2.2)

- **To avoid the lapse of budget grant, the Department drew ₹ 37.21 crore during 2008-13 and parked the same in Civil Deposits, out of which an amount of ₹ 21.71 crore was withdrawn after retaining the same for periods ranging between two and eleven months.**

(Paragraph 2.3.5.2.4)

- **Due to non-acceptance of the lowest tendered rates of valid tenderers, the Department incurred an excess expenditure of ₹ 1.90 crore towards procurement of three food items during 2010-13.**

(Paragraph 2.3.5.2.5)

- **Despite Department's claim that it constructed all the 1,980 AWC's buildings in the State with the Central assistance, 54 test checked Anganwadi Centres were functioning either in NGO's buildings or in private buildings on lease/rental basis.**

(Paragraph 2.3.6.2)

- **There was moderate disruption in feeding days in the range between 15 days and 192 days during 2011-13 in test checked AWCs, while State Government claimed that there was no disruption in feeding days. Further, Department failed to distribute most of the food items purchased for the implementation year 2012-13, which resulted in severe disruption in feeding days.**

(Paragraph 2.3.7.2)

- **Mandatory test of the food materials procured under Supplementary Nutrition Programme to ensure that food materials contain the required nutrition component were not carried out.**

(Paragraph 2.3.7.7)

Compliance Audit Paragraphs

The District Project Coordinator, Sarva Shiksha Abhiyan, Aizawl, under the School Education Department, by unauthorised deployment of ten Primary/Upper Primary Schools teachers taken on deputation at its office, not only incurred an unauthorised expenditure of ₹ 127.32 lakh but also deprived the student of deficit schools of formal education.

(Paragraph 2.4)

The District Project Coordinator, Sarva Shiksha Abhiyan, Aizawl, under the School Education Department, unauthorisedly diverted an amount of ₹ 52.02 lakh from four interventions for procurement of Free Text Books due to wrong assessment of text books to be distributed to the students of Upper Primary Schools in the State during the year 2011-12.

(Paragraph 2.5)

CHAPTER-III

ECONOMIC SECTOR (Other than State Public Sector Undertakings)

Performance Audit

Indira Awaas Yojana (IAY) (Rural Development Department)

Indira Awaas Yojana (IAY), a flagship scheme, was launched by the Ministry of Rural Development, Government of India with the objective of helping rural BPL people in construction of dwelling units and up-gradation of existing unserviceable *kutcha* houses by providing financial assistance. The Performance Audit of the scheme, covering the period from 2008-09 to 2012-13 involving test check of records of four blocks in two Districts, brought out the following significant findings:

- **In case of 25 sample villages under four blocks in two Districts (Aizawl and Champhai), the selection of beneficiaries was not done maintaining the order of ranking/seniority in the Waitlist and even in some villages, beneficiaries were selected outside the Waitlist during 2008-13.**

(Paragraph 3.3.9.1)

- **The State Government released State share of ₹ 63.71 lakh and ₹ 82.47 lakh to Aizawl and Champhai Districts respectively during 2008-13 with inordinate delays ranging between 11 days to 279 days.**

(Paragraph 3.3.10.4)

- **Due to late receipt of proposals for the second instalment from six Districts, the Government of India deducted Central Assistance of ₹ 92.57 lakh from the allocated IAY resources during 2012-13.**

(Paragraph 3.3.10.5)

- **The IAY beneficiaries under Aizawl and Champhai Districts failed to avail loan under DRI scheme with marginal interest due to lack of awareness.**

(Paragraph 3.3.14)

- **In absence of convergence and dovetailing of central sector schemes with IAY, the beneficiaries of the two Districts (Aizawl and Champhai) were deprived of intended the benefits of these schemes.**

(Paragraph 3.3.15)

Compliance Audit Paragraphs

Disbursement of Transport Subsidy (Industries Department)

The Transport Subsidy Scheme was introduced with a view to promoting industrialisation of hilly, remote and inaccessible areas including Mizoram. During 2010-13, transport subsidy claims totaling to ₹ 1,203.26 lakh was approved by the State Level Committee (on 22 April 2008, 17 June 2009 and 08 April 2011) of which, the NEDFi disbursed an amount of ₹ 864.91 lakh between June 2010 and December 2012.

Scrutiny of records revealed that two claims approved by SLC (on 22 April 2008 and 17 June 2009) for ₹ 964.06 lakh was not finalised by the NEDFi till the end of financial year 2009-10. These claims were required to be re-scrutinised for their eligibility as per the prescribed check-list, issued (10 September 2009) by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India. However, the NEDFi unilaterally approved the claims of 390 industrial units and disbursed a Transport Subsidy of ₹ 766.87 lakh without re-scrutiny of the claim as per prescribed check-list.

Further, the claims of two industrial units forwarded (on 20 April 2011) amounting to ₹ 98.03 lakh accepted and disbursed by the NEDFi even though no scrutiny as per the prescribed check-list was conducted by the SLC. The State Government has accepted the irregularities.

The impact assessment study revealed that out of 93 industrial units in three districts (Aizawl, Lunglei and Saiha), 39 units, which has received transport subsidy totalling to ₹ 100.54 lakh during 2010-12 have wound up their activities just after receiving the subsidy and were no longer in existence. Thus, the objective of promoting industrialisation in the State through transport subsidy scheme has been achieved only with limited success.

(Paragraph 3.4)

CHAPTER-IV

ECONOMIC SECTOR (State Public Sector Undertakings)

Overview of State Public Sector Undertakings (SPSUs)

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of the State Government companies are audited by Statutory Auditors appointed by Comptroller and Auditor General (CAG) of India. These accounts are also subject to Supplementary Audit conducted by CAG. As on 31 March 2013, the Mizoram had six working State Public Sector Undertakings (SPSUs) (all companies) employing 265 employees. These SPSUs registered a turnover of ₹ five crore for 2012-13 as *per* the latest finalised accounts. This turnover was equal to 0.06 *per cent* of State GDP indicating insignificant place in the State's economy. The SPSUs incurred a loss of ₹ 3.67 crore and had accumulated losses of ₹ 51.34 crore as per their latest finalised accounts.

Investment in SPSUs

The investment (Capital and Long Term Loans) in six SPSUs had increased from ₹ 92.96 crore (2007-08) to ₹ 94.07 crore (2012-13), *i.e.* an increase of 1.20 *per cent*.

Performance of SPSUs

Five SPSUs were incurring losses continuously during the period between 2007-08 and 2012-13. Zoram Industrial Development Corporation Limited (ZIDCO) ranked first among the SPSUs in incurring losses followed by Mizoram Food and Allied Industries Corporation Limited (MIFCO) during this period.

The losses of SPSUs are mainly attributable to the deficiencies in financial management, planning, implementation and monitoring of projects. A review of two latest Audit Reports of CAG shows that the SPSUs incurred losses to the tune of ₹ 38.16 crore which were avoidable. There was tremendous scope to improve the functioning of SPSUs and reduce the losses. The SPSUs can discharge their role efficiently if they are financially self-reliant. There was a need for professionalism and accountability in the functioning of SPSUs.

Arrears in accounts

Six working PSUs had arrears of 30 accounts as of September 2013.

(Paragraph 4.1)

Performance Audit

Implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) (Power & Electricity Department)

The Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched in April 2005 which aimed at providing access to electricity to all rural households (RHHs) and improving the rural electricity infrastructure in the country in five years. The Government of India (GoI) provides 90 per cent capital subsidy under the Scheme and the remaining 10 per cent is contributed by the State Governments. In Mizoram, the Scheme is being executed (since September 2008) on a turnkey basis and was targeted to be completed by March 2010. A performance audit of the Scheme brought out the following significant audit findings:

- **Frequent revisions of estimates in preparation of DPR resulted in delay in execution of the Scheme.**

(Paragraph 4.2.8)

- **Award of consultancy work on a nomination basis and in proportion to the contract value resulted in avoidable consultancy charges of ₹ 5.35 crore.**

(Paragraph 4.2.10.2)

- **Cases of delay in rectification of defects by Turnkey Contractors were noticed, which resulted in delay in implementation of the scheme.**

(Paragraph 4.2.10.5)

- **Materials valuing ₹ 4.86 crore claimed to have been dispatched by Turnkey Contractors, were not received.**

(Paragraph 4.2.10.7)

Compliance Audit Paragraphs

Operations of Fleet of Buses of Mizoram State Transport (Transport Department)

The Transport Department, Government of Mizoram has been functioning as an independent Department *w.e.f.* 20 December 1987 after its bifurcation from the erstwhile combined Supplies and Transport Department. It is mandated to provide an efficient, adequate, economical and properly co-ordinated road transport and to facilitate movement of passengers within the State as well as to operate inter-state services to various destinations. The number of buses operated by the Mizoram State Transport (MST) reduced from 53 to 33 buses between August 2008 and March 2013. The audit of operations of fleet of MST brought out the following significant findings.

- In order to control the high cost of operation, a number of decisions like introduction of a policy of privatisation and gradual phasing out of vehicles and improving the on-going MST services by replacing old and over-aged buses were taken by the Department. It was, however, noticed in audit that none of these decisions were implemented by the Department. As a result, the increasing losses could not be controlled by the Department.
- There was no improvement in the average daily bus operations of MST as the average number of buses operated daily had gradually decreased from 30 buses (2008-09) to 19 buses (2011-12).
- The manpower cost of MST has steeply increased from ₹ 67.54 per km (2008-09) to ₹ 191.41 per km (2012-13). Due to this huge manpower cost, the State Planning Board requested (October 2009) the MST to take suitable steps for reducing manpower cost. But no steps had been taken by the Department so far (February 2014).

(Paragraph 4.3)

CHAPTER-V**REVENUE SECTOR****Compliance Audit Paragraphs****Management of Fund by Mizoram State Compensatory Afforestation
Fund Management and Planning Authority (CAMPA)
(Environment & Forests Department)**

In pursuance of the instructions issued (July 2009) by the Ministry of Environment and Forests (MoEF), Government of India (GoI), the Government of Mizoram (GoM) constituted (August 2009) the State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA). The functions of the State CAMPA are funding, overseeing and promoting compensatory afforestation on forest land diverted for non-forest purposes. Audit of State CAMPA brought out the following significant findings:

- In the absence of basic records, the year-wise transactions of fund, including collection of funds from the user agencies and their remittances to the *ad-hoc* CAMPA during the period covered under audit could not be ascertained.
- The Compensatory Afforestation fund of ₹ 10.83 lakh had been retained for more than 12 years, due to lack of initiative on the part of the Environment & Forests Department. As a result, the Compensatory Afforestation could not be achieved in the forest areas diverted for non-forest purposes against five projects, even though the fund was available with the Environment & Forests Department.
- State Government could not utilise the funds of ₹ 245.35 crore for afforestation purposes due to non-realisation of Net Present Value (NPV) by the State Environment & Forests Department to that extent.
- The State Environment & Forests Department did not take any action for realisation of NPV amounting to ₹ 12.14 lakh from the State Public Works Department for Compensatory Afforestation against 1.663 ha of forest land diverted for non-forest purposes.
- Due to delay in submission of Catchment Area Treatment Plan (CATP) for more than 16 years, no final approval of the project (which was commissioned in April 2010) could be granted by the Government of India, as a result of which fund for CATP remained unrealised as of January 2014.

(Paragraph 5.5)



CHAPTER-I

GENERAL SECTOR

CHAPTER-I

GENERAL SECTOR

1.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2013 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 2012-13 are given in the Table below:

Table-1.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Legislative Assembly	17.71	16.94
2.	Governor	4.53	4.24
3.	Council of Ministers	6.04	4.52
4.	Law and Judicial	24.95	18.76
5.	Vigilance	4.73	4.39
6.	Finance	370.89	420.68
7.	Mizoram Public Service Commission	4.62	4.18
8.	Secretariat Administration	73.09	67.80
9.	Parliamentary Affairs	0.46	0.42
10.	General Administration Department	59.80	56.87
11.	Home	488.51	438.64
12.	Printing and Stationery	17.81	11.45
13.	District Councils	278.49	265.48
Total		1351.63	1314.37

Source: Appropriation Accounts, Government of Mizoram, 2012-13

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

Table-1.1.2

(₹ in crore)

Name of the Departments	Name of the Schemes/ Programmes	Implementing Agency(s)	Amount of funds transferred during the year
Deputy Commissioner	MPs Local Area Development (MPLADS)	Deputy Commissioner Aizawl	12.50
Law and Judicial	Development of Infrastructure Facilities for Judiciary	Mizoram Government	7.05
Total			19.55

Source: Finance Accounts, Government of Mizoram, 2012-13

1.2 Planning and conduct of Audit

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

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

The audits were conducted during 2012-13 involving expenditure of ₹ 104.04 crore out of the total expenditure of ₹ 1,314.37 crore of the State Government under General Sector. This chapter contains one Performance Audit on 'Functioning of Home (Police) Department' and one Compliance Audit paragraph.

The major observations made in audit during 2012-13 are discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

HOME (POLICE) DEPARTMENT

1.3 Functioning of Home (Police) Department

Highlights

The Mizoram Home (Police) Department is mainly responsible for upholding and enforcing the law impartially, to protect life, liberty, public property, human rights, dignity of the members of the public; to enforce internal security, and prevent crimes. It is the primary responsibility of the Department to modernize and to adequately equip its police forces with the objective of meeting the challenges of law and order and internal security. Performance Audit of functioning of Home (Police) Department revealed certain positive points especially in upholding and enforcing the law impartially, protecting life, liberty and public property by maintaining a significant lower average crime rate in the State against the All India average crime rate. Shortcomings were, however, noticed in planning, irregular parking of funds, retention of heavy cash balances, purchase of stationery items and repairs of vehicles by the Director General of Police/Inspector General of Police (Police Headquarters) as well as heads of District Officers beyond their delegated financial power, besides, irregularities in execution of works.

Some of the significant audit findings are given the following paragraphs:

The Department achieved in maintaining a significant lower average crime rate in the State against the All India average crime rate.

(Paragraph 1.3.14)

Non-submission of Annual Action Plans within the time frame delayed release of Central assistance by GoI thereby adversely affecting the implementation of modernisation of police force scheme.

(Paragraph 1.3.8)

The GoI deducted a Central assistance of ₹ 1.05 crore during 2010-11 due to non-utilisation of the approved outlay in time.

(Paragraph 1.3.8)

An amount of ₹ 36.51 crore was parked under Civil Deposits, besides, retention of ₹ 13.04 crore in cash.

(Paragraphs 1.3.9.3.1 & 1.3.9.3.2)

The Director General of Police and the Heads of District Offices purchased stationery articles worth ₹ 1.72 crore and incurred an expenditure of ₹ 1.54 crore towards repairs of vehicles, beyond the delegated financial limits.

(Paragraphs 1.3.9.5.1, 1.3.9.5.2 & 1.3.9.6)

1.3.1 Introduction

The “Police” and “law and order” are State subjects as per VII Schedule to the Constitution of India. The Mizoram Home (Police) Department is mainly responsible for upholding and enforcing the law impartially, to protect life, liberty, public property, human rights, dignity of the members of the public; to protect internal security, and to prevent crimes.

It is the primary responsibility of the Department to modernize and adequately equip its police forces to meet the challenges of law and order and internal security. The Ministry of Home Affairs (MHA) has been supplementing its efforts and resources from time to time by way of measures *viz.* implementation of the Non-Plan Scheme for Modernization of State Police Forces (MPF).

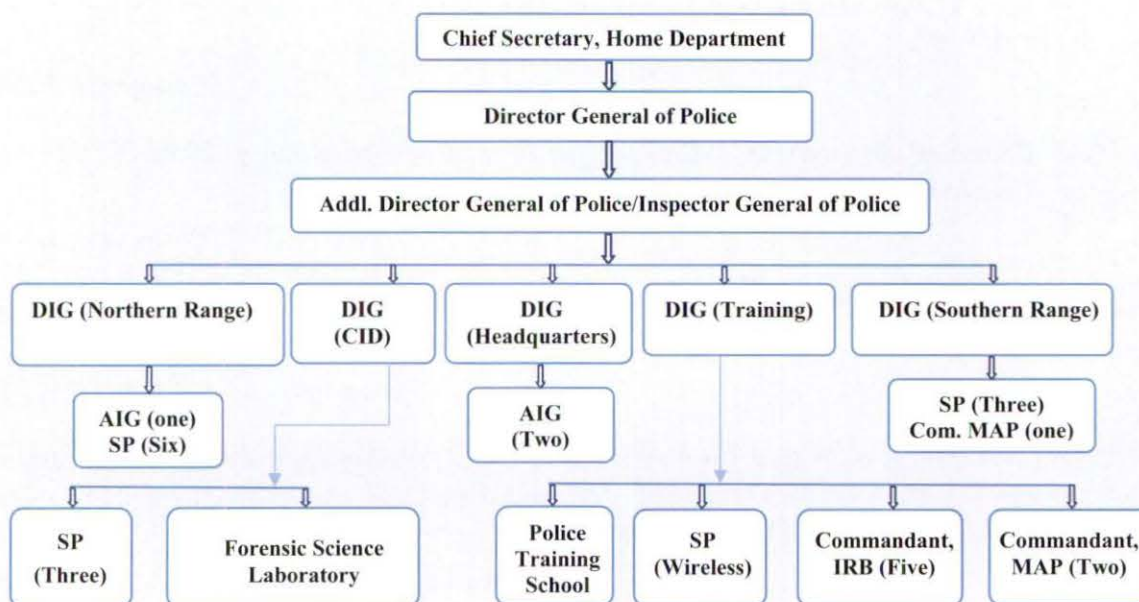
1.3.2 Organisational Structure

The Chief Secretary is the Administrative Head of the Home (Police) Department. Under the Department, the Director General of Police (DGP) is the Commander of the State Police Force as well as the Chief Controlling Officer (CCO) of the Department. He is assisted by one Additional DGP/Inspector General of Police, five Deputy Inspectors General of Police and three Assistant Inspectors General of Police at Police Headquarters’ level in the State. At District level 13 Superintendents of Police, five Commandants of India Reserve Battalion and three Commandants of Mizoram Armed Police to maintain law and order and internal

security. Besides, one Forensic Science Laboratory and one Police Training School have been functioning under the Department.

An organogram of the Department is shown below:

Chart-1.3.1



1.3.3 Scope of Audit

The functioning of the Department for the period 2008-13 was reviewed in audit during May-August 2013 through a test check of the records of the Administrative Head of the Department, Chief Controlling Officer (Director General of Police, PHQ), of the Department and ten¹ District level functionaries who are responsible for implementation of programmes besides holding the charge of Drawing and Disbursing Officers (DDOs). The audit covered an expenditure of ₹ 827.99 crore (54 per cent) out of total expenditure of ₹ 1,528.77 crore incurred by the Department during 2008-13.

1.3.4 Audit Objectives

The objectives of audit were to assess whether:

- the Perspective Plans and Annual Action Plans were designed and aligned in accordance with the Bureau of Police Research and Development (BPR&D) norms;
- the fund flow was adequate and timely and properly utilised;

¹ (i) SP, Lunglei; (ii) SP, Champhai; (iii) SP, Mamit; (iv) SP, Mizoram Police Radio Organisation; (v) Commandant 2nd IRB; (vi) Commandant 4th IRB; (vii) Commandant 5th IRB; (viii) Commandant 1st MAP; (ix) Principal Police Training School; and (x) Joint Director, Forensic Science Laboratory

- the envisaged infrastructure up-gradation met the operational efficiency requirement of Police forces;
- the facilities for training were created and Police forces adequately trained; and
- the monitoring evaluation and internal control mechanism existed.

1.3.5 Audit Criteria

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

- BPR&D and Ministry of Home Affairs guidelines on the scheme.
- Perspective Plans and Annual Action Plans.
- Funds released by of GoI and State Government and utilisation there against.
- General Financial Rules, 2005 (being followed by the State Government).
- Central Treasury Rules (being followed by the State Government).
- Central Public Works Department Manual (being followed by the State Government).
- Guidelines, estimates and sanctions orders.
- Prescribed monitoring mechanism.

1.3.6 Audit Methodology

Before taking up the performance audit of functioning of Home (Police) Department, an entry conference was held on 7 May 2013 with the Deputy Secretary of the Administrative Department and Officers from the State Police Head Quarter (PHQ), wherein the audit objectives, scope and criteria were discussed. The Department shared their perception and areas of concerns in the functioning of the Police Organisation. The selection of units was done through simple random sampling basis. The audit methodology also covered field visit by the audit team along with departmental officials for physical verification of assets created. Audit findings were discussed with the Deputy Secretary, Home and other departmental officers in an exit conference held on 29 October 2013 and the replies received from the Government have also been incorporated at appropriate places in the Report.

1.3.7 Acknowledgement

The Indian Audit and Accounts Department acknowledges and appreciates the co-operation rendered by the Police Headquarters and other State level functionaries of the Home (Police) Department during this Performance Audit.

AUDIT FINDINGS

Significant audit findings noticed in course of performance audit of functioning of Home (Police) Department are discussed in the succeeding paragraphs.

Audit Objective: Whether the Perspective Plans and Annual Action Plans were designed and aligned in accordance with the Bureau of Police Research and Development (BPR&D) norms?

1.3.8 Plan Formulation

Proper planning is imperative for achieving the objectives of a programme in a systematic and effective manner. During the years 2008-10, the Department was to formulate Annual Action Plan (AAP) in an *ad hoc* approach for Modernisation of Police Force. As per guidelines (December 2010) of the Modernisation of Police Force (MPF) Scheme, the State Government was required to draw up a five years Strategic Plan (2011-16) and align it with the annual spending programme through Annual Action Plans (AAPs). The Strategic Plan was to identify and analyse the gaps in various components under the scheme. Far from having the Strategic Plan in place, the Department was to adopt the guidelines of previous year for preparation of AAP during 2011-12 and 2012-13 keeping in view that the AAP should comprise of items/projects, which can be completed within the financial year.

In order to implement the programmes for Modernisation of State Police Force, AAPs for the years 2008-13 involving a total outlay of ₹ 59.77 crore was drawn up by the Department. The main areas covered in the AAPs were (i) construction of residential and non-residential buildings; (ii) communication equipments for Police Stations and Outposts; (iii) equipments for Forensic Science Laboratory and Cyber Crime Cell; (iv) security equipments; (v) surveillance equipments for special branch; (vi) procurement of Motor Vehicles and Arms & Ammunitions and (vii) materials for Police Training Schools.

On approval of the State Level Empowered Committee under the chairmanship of the Chief Secretary the AAPs (2008-13) were submitted to the Ministry of Home Affairs (MHA), Government of India (GoI) for approval and release of funds. For the years 2008-12, AAP involving a total outlay of ₹ 48.53 crore were approved by the GoI. AAP for the year 2012-13 was yet to be approved by MHA, GoI. Reasons for non-approval were not on record.

However, Audit observed that there was considerable delay in submission of AAPs for Modernisation of Police Force to MHA, GoI as shown in Table-1.3.1.

Table-1.3.1

Annual Plan	Submission to MHA		Delay (in days)	Date of approval by MHA	Date(s) of release of funds by GoI
	Due date	Actual date			
2008-09	31.12.2007	17.12.2007/29.04.2008 (Revised)	119	08.07.2008	May 2008 to March 2009
2009-10	07.01.2009	02.03.2009/13.03.2009 (Revised)	53 to 64	07.07.2009	June 2009 to March 2010
2010-11	22.01.2010	22.04.2010	89	16.07.2010	July 2010 to March 2011
2011-12	27.12.2010	16.03.2011/11.10.2011 (Revised)	78 to 287	02.01.2012	January 2012 to February 2012
2012-13	15.04.2012	12.10.2012	179	-	March 2013

Source: Departmental records

It can be seen from the above table that the State Government submitted Annual Action Plan with delays ranging from 53 days to 287 days.

Non-submission of AAPs within the time frame delayed the approval and the release of funds by GoI. As a result, there was little time left to utilise the approved outlay in the same year leading to deduction of unspent balance of ₹ 1.05 crore from the funds for 2010-11 by the GoI (eight *per cent* of total allocation during the year).

Audit noticed that the Strategic Plan (2011-16) submitted (June 2011) by the Department to the MHA, GoI had not been approved till August 2013.

Further, the State Government formulated Annual Plans for the years 2008-13 for construction of residential and non-residential buildings out of State Plan funds approved by the Planning & Programme Implementation Department (State Planning Board) and Grants-in-Aid received from the GoI as per Finance Commission's recommendations.

While accepting the facts, the Government stated (November 2013) that delay in convening the State Level Empowered Committee (SLEC) meeting to approve the AAPs of the State Government led to submission of AAPs beyond time schedule. Further, revised AAPs were submitted as per suggestions of the High Power Committee of GoI. These factors delayed finalisation of AAPs which in turn delayed release of funds and utilisation thereof.

Audit Objective: Whether the fund flow was adequate and timely and properly utilised?

1.3.9 Financial Management

1.3.9.1 Financial Management: Preparation of Budget

The State Government has no Budget Manual of its own for formulating budget estimates by the respective Departments. The PHQ follows the procedures prescribed in General Financial Rules for formulating budget proposals. Audit scrutiny of records of the PHQ and test checked Districts revealed that Budget Estimates (BEs) on Non-Plan expenditure containing salary,

office expenses *etc.* were prepared after consolidating the detailed estimates/data received from each of the DDOs. However, Budget estimates on Plan expenditure were prepared after receiving Plan allocation of respective years from the Planning & Programme Implementation Department (State Planning Board).

1.3.9.2 Budget outlay and expenditure

The year-wise budget provision *vis-a-vis* expenditure incurred there against by the Directorate of Police during 2008-13 is shown in Table-1.3.2 below:

Table-1.3.2

(₹ in crore)

Year	Section	Final Grant			Actual Expenditure			Excess(+)/ Savings (-)
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	
2008-09	Revenue	0.10	213.90	214.00	0.10	214.01	214.11	(+)0.11
	Capital	3.75	0.66	4.41	0.22	0.78	1.00	(-) 3.41
	Total	3.85	214.56	218.41	0.32	214.79	215.11	(-) 3.30
2009-10	Revenue	--	261.89	261.89	--	263.10	263.10	(+) 1.21
	Capital	6.14	--	6.14	2.31	--	2.31	(-) 3.83
	Total	6.14	261.89	268.03	2.31	263.10	265.41	(-) 2.62
2010-11	Revenue	--	337.75	337.75	--	337.67	337.67	(-) 0.08
	Capital	8.82	5.66	14.48	8.79	0.97	9.76	(-)4.72
	Total	8.82	343.41	352.23	8.79	338.64	347.43	(-) 4.80
2011-12	Revenue	--	320.77	320.77	--	321.00	321.00	(+) 0.23
	Capital	5.29	--	5.29	7.73	--	7.73	(+)2.44
	Total	5.29	320.77	326.06	7.73	321.00	328.73	(+) 2.67
2012-13	Revenue	17.02	369.72	386.74	8.50	358.90	367.40	(-)19.34
	Capital	4.69	-	4.69	4.69	-	4.69	-
	Total	21.71	369.72	391.43	13.19	358.90	372.09	(-)19.34
Grand Total		45.81	1510.35	1556.16	32.34	1496.40	1528.77	(-)27.39

Source: Detailed Appropriation Accounts and figures (2012-13) from PHQ

It can be seen from the Table-1.3.2 that there were persistent savings ranging from ₹ 2.62 crore to ₹ 19.34 crore during 2008-13 with the exception of 2011-12. The Department failed to surrender the anticipated savings in time.

1.3.9.3 Drawal of fund to avoid lapse of budget grants

According to Rule 290 of the Central Treasury Rules, Volume-I, which is being followed by the State Government, no money should be drawn 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.

1.3.9.3.1 Parking of fund in Civil Deposits

It was noticed that contrary to the Rule referred to above, to avoid the lapse of budget grants, the DDO of the Police Headquarter had drawn an amount aggregating to ₹ 36.51 crore in

the month of March during the years 2010-11 to 2012-13 and deposited the same under '8443-Civil Deposits'. The fund drawn was meant for the purpose of infrastructure development, purchase of equipment and vehicles *etc.* under Modernisation of Police Force scheme and also for rehabilitation of Bru migrants. Out of ₹ 36.51 crore retained in Civil Deposits, an amount of ₹ 28.43 crore was withdrawn in subsequent years, leaving a balance of ₹ 8.08 crore as of August 2013. An analysis of the balances retained in Civil Deposits revealed that an amount of ₹ 1.25 crore, ₹ 0.14 crore and ₹ 6.69 crore (total ₹ 8.08 crore) was pertaining to the Civil Deposits in March 2011, 2012 and 2013 respectively, as per details shown in the **Appendix-1.3.1**.

Thus, drawal of funds without any requirement for immediate disbursement and retention of same in the Civil Deposits for a prolonged period was irregular and bound to have an adverse impact on implementation of the scheme.

While accepting the facts, the Government assured (November 2013) that the Department will comply with the rules in the future.

1.3.9.3.2 Retention of heavy cash balances

Scrutiny of the Cash Book maintained by the DDO of PHQ disclosed that without any requirement for immediate disbursement, the DDO had drawn an amount totalling to ₹ 13.04 crore during the end of March 2009 to 2013 to avoid the lapse of budget grants and retained the same in cash. The cash balances were disbursed beyond the concerned financial years within a period that ranged between one month and 24 months. Details of drawls and disbursements are shown in the **Appendix-1.3.2**.

Thus, the drawal of funds without any requirement for immediate disbursement and retention of same in cash was irregular and indicates poor financial management by the CCO/DDO of the Department. This is also fraught with the risk of temporary misappropriation.

While accepting the facts, the Government stated (November 2013) that the Department is committed to take action accordingly.

1.3.9.4 Rush of expenditure

Based on the budget allocation, funds are to be released to the respective DDOs on quarterly basis. The General Financial Rules (GFR) also provide that expenditure against the budgetary provision should be evenly phased over the financial year so as to avoid rush of expenditure in the last quarter of the financial year.

The details of Plan expenditure incurred quarterly and in the closing month of the financial year during 2008-13 by the Department are given below in the following Table-1.3.3:

Table-1.3.3

(₹ in crore)

Year	Total Expenditure (Plan)	Expenditure during first three quarters (Percentage)	Expenditure during last quarter (Percentage)	Expenditure in March (Percentage)
2008-09	5.74	1.76 (31)	3.98 (69)	0.78 (14)
2009-10	8.25	4.35 (53)	3.90 (47)	0.76 (9)
2010-11	37.51	12.29 (33)	25.22 (67)	19.83 (53)
2011-12	17.83	5.79 (32)	12.04 (68)	10.49 (59)
2012-13	18.34	1.61 (9)	16.73 (91)	11.23 (61)
Total	87.67	25.80	61.87	43.09

Source: Departmental records

An analysis of the above expenditure incurred by the DDOs of the Department revealed that contrary to the financial norms, the expenditure incurred by the DDOs during the last quarter under Plan sector range between 47 and 91 *per cent* of the total expenditure during the period 2008-13. The expenditure in the month of March constituted 53 to 61 *per cent* of the total expenditure during the years 2010-11 to 2012-13.

Thus, the expenditure against the budgetary allocations was not evenly phased over the financial years leading to rush of expenditure in the last quarter of the financial year which is indicative of imprudent financial resource management and lack of proper control in utilisation of funds.

In its reply (November 2013), the Government was silent on the reasons for incurring huge expenditure in the last quarter of the financial year.

1.3.9.5 Purchase beyond delegated financial power

As per Delegation of Financial Powers (DFP) Rules, 1978, as amended, the Director General of Police, PHQ may accord expenditure sanction for local purchase of stationery stores limited to ₹ 20,000 *per annum* (₹ 40,000 *per annum* from September 2011 onwards) while the Superintendent of Police/Commandant of the Battalion may accord expenditure sanction limited to ₹ 10,000 *per annum* (₹ 30,000 *per annum* from September 2011 onwards). The expenditure sanction by the Joint Director, Forensic Science Laboratory was restricted to ₹ 10,000 *per annum* (₹ 15,000 *per annum* from September 2011 onwards).

1.3.9.5.1 Police Headquarter Level

Test check of the records of the Director General of Police (DGP), PHQ revealed that the DGP/Inspector General of Police (IGP) accorded expenditure sanctions in excess of their delegated annual financial limits towards purchase of stationery items during 2008-13 in

violation of the prescribed procurement procedures. The year-wise expenditure incurred by the DDO of the PHQ against expenditure sanction orders of the DGP/IGP are shown below in Table-1.3.4:

Table-1.3.4

Year	No. of sanction orders issued	Amount of each sanction order varies (in ₹)		Expenditure (₹ in lakh)
		From	To	
2008-09	126	297	27296	13.89
2009-10	96	313	372020	17.34
2010-11	102	320	20000	16.73
2011-12	112	100	39960	13.38
2012-13	51	4270	29960	10.35
Total	487	--	--	71.69

Source: Departmental records

The expenditure of ₹ 70.38 lakh incurred beyond the delegated of financial power of the DGP/IGP required *ex-post-facto* expenditure sanction of the Government, which was not obtained (August 2013).

While accepting the facts, the Government stated (November 2013) that *ex-post-facto* sanction in respect of excess expenditure was being obtained.

1.3.9.5.2 District Level

Test check of the records of the 10 units (Superintendent of Police: 4, Commandant of I.R. Battalion: 3, Commandant of Mizoram Armed Police: 1, Police Training School: 1 and Forensic Science Laboratory: 1) at four sample Districts revealed that violating the prescribed procedures, the concerned Head of the Offices also accorded expenditure sanctions towards purchase of stationery totalling to ₹ 1.10 crore during 2008-13. The year-wise expenditure (ranged between ₹ 35 lakh and ₹ 1.26 lakh) incurred by the 10 DDOs against expenditure sanction issued by the Head of the Offices are shown in **Appendix-1.3.3**.

The expenditure of ₹ 1.02 crore incurred beyond the delegated financial power of the Head of the Offices required *ex-post-facto* expenditure sanction of the Government which was not obtained (August 2013).

Thus, procurement of stationery stores beyond the delegated power by the Director General of Police and Head of the 10 Offices reflects laxity in control over the expenditure incurred by the DDOs.

While accepting the facts, the Government stated (November 2013) that *ex-post-facto* sanction in respect of excess expenditure was being obtained.

1.3.9.6 Expenditure in excess of permissible financial limits

As per Delegation of Financial Powers Rules, 1978, as amended, the Director General of Police may accord expenditure sanction of ₹ 30,000 *per annum* (₹ 50,000 *per annum* from September onwards) for maintenance, upkeep and repairs of each vehicle while the expenditure sanction by the Superintendent of Police (SP)/Commandant of the Indian Reserve Battalion and Mizoram Armed Police and Principal of Police Training School was limited to ₹ 7,500 *per annum* (₹ 20,000 *per annum* from September 2011 onwards) for each vehicle. The Joint Director, Forensic Science Laboratory may accord expenditure sanction of ₹ 7500 *per annum* (₹ 15000 *per annum* from September 2011 onwards) for each vehicle.

Scrutiny of the records of 11 DDOs (Director General of Police/Inspector General of Police, four Superintendent of Police, three Commandant of I.R Battalion, one Commandant of Mizoram Armed Police, Principal, Police Training School and Joint Director, Forensic Science Laboratory) revealed that all the 11 DDOs accorded expenditure sanctions of ₹ 180.91 lakh towards repairs of 437 vehicles during 2008-13, against the admissible financial limit of ₹ 60.65 lakh, which exceeded the annual financial limit by ₹ 120.26 lakh.

The year wise excess expenditure of ₹ 120.26 lakh incurred by the head of the offices for repairs of vehicles are shown in **Appendix-1.3.4**.

The excess expenditure required *ex-post-facto* expenditure sanction of the Government, which was not obtained (August 2013).

Thus, repairs of vehicles in excess of financial power indicated not only violation of the provisions of the prescribed financial rules but also laxity in operational and expenditure control by the CCO.

While accepting the facts, the Government stated (November 2013) that the *ex-post-facto* sanctions in respect of excess expenditure was under process.

Audit Objective: Whether the envisaged infrastructure up-gradation met the operational efficiency requirement of Police forces?
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1.3.10 Infrastructure up-gradation

1.3.10.1 Construction of Buildings

In order to develop infrastructure and to cater to the basic needs of police personnel, works *viz.* construction of office buildings, sentry posts, play grounds, check gates, security fencing, staff quarters, barracks *etc.* are executed by the PHQ and Public Works Department (PWD) out of funds received from the GoI for Modernisation of Police Force besides State funds and Grants-in-Aid for State specific needs as per Finance Commission's Recommendations.

Proposals for works are received from the Districts/Field level offices for execution by the PHQ/PWD.

The execution of works by the PHQ is looked after by the Engineering Cell headed by one Executive Engineer (EE). He is assisted by one Assistant Engineer (AE) and two Junior Engineers (JE) During the period 2008-13, the Engineering Cell executed 116 works with the total cost of ₹ 15.75 crore (GoI fund: ₹ 9.87 crore + State Plan fund: ₹ 5.88 crore). Of these, 104 works at an estimated cost ranging from ₹ 2 lakh to ₹ 30 lakh (total sanctioned cost: ₹ 15.16 crore) were executed through the contractors and the remaining 12 works at an estimated cost ranging from ₹ 0.40 lakh to ₹ 8.62 lakh (total sanctioned cost: ₹ 0.64 crore) were executed departmentally by the Engineering Cell.

Records of execution of 49 works (42 *per cent*) and payment of ₹ 9.75 crore (62 *per cent*) were test checked in audit. These works were completed within the sanctioned cost but with time overruns ranging between one and four months in respect of 12 works. The remaining 67 works were also completed within the sanctioned cost but with time overruns ranging from one to six months in respect of 10 works.

Shortcomings in execution of works noticed in audit are spelt out below.

1.3.10.1.1 Award of work without call of tenders

Para 14.1 of Central Public Works Department (CPWD) Works Manual, 2007 (which is being followed by State Government) provides that tenders should be called for all works costing more than ₹ 50,000 except in urgent cases, or when the interest of works demands in which works may be awarded by the Executive Engineer (EE) without call of tenders after approval of the competent authority.

Further, the State Government, Finance Department in their notification (August 2002, March 2010 and March 2013) reiterated that works shall commence after inviting tenders and selection of contractors in accordance with General Financial Rules, 2005.

Scrutiny of the records revealed that the Director General of Police, PHQ awarded 104 works valued at ₹ 15.16 crore² to contractors during 2009-12 without calling tenders for execution of works *viz.* construction of office buildings, sentry posts, check gates, staff quarters, barracks, play grounds *etc.*, although none of the works can be considered to be an urgent nature.

The year wise work orders issued are shown Table-1.3.5 below:

² MPF : ₹ 7.77 crore + State Plan : ₹ 5.93 crore + TFC : ₹ 1.46 crore = Total : ₹ 15.16 crore

Table-1.3.5

Year	No. of works	Value of Work order (₹ in lakh)		Amount (₹ in lakh)
		From	To	
2010-11	51	2.00	29.60	5.85
2011-12	30	9.49	30.00	5.28
2012-13	23	9.24	30.00	4.03
Total	104	20.73	89.60	15.16

Source: Departmental records

Reasons for issue of these work orders without calling of tenders were not on record.

Thus, the action of the DGP, PHQ was in violation of the codal provisions for execution of works and also against the interest of the Department as the benefit of competitive rates from the bidders and quality of works through tendered process could not be assured or availed of.

While accepting the facts, the Government stated (November 2013) that as the Administrative Approvals and Expenditure Sanctions for execution of works were accorded between September and March of the year, the department could not process for calling of tenders for execution of works due to shortage of manpower in Engineering Cell of Police Headquarters.

1.3.10.1.2 Execution of works by Public Works Department

The Department through budgetary transfer allocated funds of ₹ 42.51 crore at the disposal of Public Works Department (PWD) during 2008-13 for construction of office buildings and residential quarters as included in Approved Annual Plans (2008-13).

Scrutiny of the Physical and Financial Progress Reports ending March 2013 of four working Divisions under the PWD revealed that 83 works were sanctioned at a cost of ₹ 42.64 crore. Of these 54 works (65 per cent) were completed at an expenditure of ₹ 21.60 crore, 26 works were in progress after incurring an expenditure of ₹ 8.95 crore and the balance three works amounting to ₹ 1.88 crore (2010-11 : ₹ 1.22 crore + 2012-13 : ₹ 0.66 crore) were not taken up as of March 2013.

Non-commencement of three works by the concerned PWD Divisions was due to lack of regular pursuance/monitoring by the client (Police) Department.

In its reply (November 2013), the Government was silent about the audit observations on lack of regular pursuance/monitoring by the client Department.

1.3.10.2 Housing infrastructure

The Bureau of Police Research & Development (BPR&D) Organisation in its five year projection in modernisation and up-gradation of police infrastructure opined (March 2000)

that the performance of the police was better in States where residential accommodation was available in large number. The National Police Commission (NPC) also recommended housing accommodation for all police personnel in the States with special emphasis for lower and upper subordinates.

Test check of the records of the selected seven units (SPs of three Districts and Commandant of four Battalions) revealed that against the actual staff strength (lower and upper subordinates) of 3,041 personnel only 623 quarters (constituting 20 *per cent*) were provided residential accommodation as per details in the Table-1.3.6 given below:

Table-1.3.6

Sl. No.	Name of Districts/ Battalions	Group	Actual Strength	No. of personnel provided with accommodation	Percentage of providing accommodation
1.	Lunglei (SP, PS & OP)	Lower Subordinates ³	236	102	43
		Upper Subordinates ⁴	49	25	51
2.	Champhai (SP, PS & OP)	Lower Subordinates	136	26	19
		Upper Subordinates	25	14	56
3.	Mamit (SP, PS & OP)	Lower Subordinates	120	45	38
		Upper Subordinates	29	22	76
4.	Commandant 1 st Bn. MAP	Lower Subordinates	629	202	32
		Upper Subordinates	33	39	100
5.	Commandant 2 nd I.R Bn.	Lower Subordinates	572	46	8
		Upper Subordinates	30	7	23
6.	Commandant 4 th I.R Bn.	Lower Subordinates	616	-	0
		Upper Subordinates	28	7	25
7.	Commandant 5 th I.R Bn.	Lower Subordinates	505	75	15
		Upper Subordinates	33	13	39
Total			3041	623	20

Source: Departmental records

Thus, with reference to the opinion of the BPR&D, shortages in housing infrastructure was bound to adversely impact on the performance of the Police.

While accepting the facts, the Government stated (November 2013) that the shortage of housing accommodation was mainly due to financial constraint.

1.3.10.3 Transport facilities (Mobility)

Mobility is vital to the efficient performance of the police force. Increased mobility reduces the response time and enhances operational efficiency of the forces to face the challenges to internal security duties. The BPR&D has prescribed scales for various types of operational vehicles required for District police force, District Armed Police and Armed Reserved Battalion.

³ Lower Subordinates (Constables and Head Constables)

⁴ Upper Subordinates (Assistant Sub-Inspectors, Sub-Inspectors and Inspectors)

Against the approved (2008-12) outlay of ₹ 11.84 crore for providing transport facilities (mobility), expenditure during the period (2009-13) was ₹ 11.55 crore⁵ under Modernisation of Police Force Scheme. The requirement of vehicles for the police force as per norms and actual position in the seven test-checked units as of March 2013 are shown in the Table-1.3.7:

Table-1.3.7

Units	Type of Vehicles	Total Vehicle		(In numbers)
		Required	Available	Excess (+) Shortage (-)
Commandant of Battalions (Four)	Heavy	16	12	(-) 4
	Medium	52	46	(-) 6
	Light	54	39	(-) 15
	Motor Cycle	16	12	(-) 4
S.P (Three)	Heavy	1	4	(+) 3
	Medium	15	11	(-) 4
	Light	27	21	(-) 6
	Motor Cycle	26	4	(-) 22
Police Stations (14)	Medium	-	1	(+) 1
	Light	17	15	(-) 2
	Motor Cycle	17	15	(-) 2
	Police Outposts (Four)	Light	4	1
	Motor Cycle	4	4	-
Total		249	185	(-) 64

Sources: Departmental records

In spite of sizeable procurement of vehicles during the last nine years under the MPF Scheme, still there was deficiency level of 26 per cent vehicles in the police forces under seven test checked units. The scene may not be different in remaining units of the State.

Thus, the shortage of transport facilities in the district police forces especially at Police Station Level is bound to have an impact on police mobility, which in turn would have a bearing on response time during law and order situations and prosecution of crime.

The Government in its reply stated (November 2013) that the deficiency level of vehicles in the police forces was due to condemnation of vehicles.

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	(In number)	(₹ in crore)
Heavy Vehicle	2	0.30
Medium Vehicle	21	1.56
Light Vehicle	72	5.00
Motor Cycle	65	0.40
Total	160	7.26
Equipments and Maintenance		4.29
Total		11.55

1.3.10.4 Weaponry

1.3.10.4.1 Shortfall in supply of weaponry

One of the important aspects of modernisation and up-gradation of police force is the scale of weapons as per BPR&D norms which the police force has to be equipped with. Against the approved outlay of ₹ 4.49 crore for procurement of arms and ammunitions during 2008-12, expenditure incurred by the Department during the period (2008-13) was ₹ 4.26 crore under Modernisation of Police Force (MPF) Scheme.

Scrutiny of the records of three test checked Superintendents of Police of three Districts (Lunglei, Mamit and Champhai) having international borders (*viz.* Lunglei and Mamit having border with Bangladesh and Champhai having border with Myanmar) revealed that during 2008-13, the required weaponry was not supplied to 14 Police Stations and four Police Out Posts. Details of shortfall ranged between 32 and 100 *per cent* in the three test checked Superintendent of Police offices in the Districts as given in Table-1.3.8:

Table-1.3.8

Location	Component	Requirement	(In numbers)	
			Supply/ Holding	Less (percentage)
14 Police Stations	9 mm Pistol/.38 Revolver	93	42	51 (55)
	.410 Musket/7.62 Bolt Action	66	45	21 (32)
	12 Bore Action Gun	28	-	28 (100)
	Truncated .303" Rifle for rubber/ plastic bullet	27	2	25 (93)
	37/38mm Tear Gas Gun	3	1	2 (67)
	Very light Pistol	11	-	11 (100)
4 Police Out Posts	9mm Pistol/.38 Revolver	13	4	9 (69)
	.410 Musket/7.62 Bolt Action	11	-	11 (100)
	12 Bore Action Gun	8	-	8 (100)
	Truncated .303" Rifle for rubber/ plastic bullet	8	-	8 (100)
	Very light Pistol	4	-	4 (100)

Source: Departmental records

Thus, the objective of Modernisation of Police Force in equipping the police forces with adequate weaponry remains unfulfilled.

The Government in its reply (November 2013) stated that the modernisation of police force is a continuous process and the procurement and supply of weapons to the police stations and outposts are being made gradually to achieve the BPR&D norms. The State Government also added that the weapons were provided to the police stations and outposts based on the prevailing law and order situations of the places.

1.3.11 Forensic Science Laboratory

The Modernisation of Police Force scheme envisages development of infrastructure for improving quality of crime investigation and strengthening the forensic science. There is

only one Forensic Science Laboratory (FSL) in Mizoram which was established in 1998 to provide scientific support and service for investigation of crimes. The main functions of FSL are (i) visiting scene of crimes and aiding the Investigating Officer in the detection and collection of evidences, reconstruction of crime scenes and furnishing crime scene examination report; (ii) scientific examinations of exhibits/samples received at the laboratory and generation of reports and (iii) providing expert opinion in the court of law.

During 2008-12, the Department procured various equipment *viz.* Genetic Ion Chromatograph Analyser, Accelerated Solvent Extraction System, Automatic Distillation System *etc.* at a cost of ₹ 1.76 crore out of MPF fund to upgrade the infrastructure of the lone FSL in the State for scientific and effective investigation of criminal cases.

1.3.11.1 Delay in processing of reports by the Forensic Science Laboratory

Forensic examination of the samples/exhibits are required to be carried out in a time-bound manner and the forensic investigation reports are to be provided expeditiously to assist the investigation and prosecuting agencies. The FSL is committed to generate expert reports on crime cases within 30 days of receiving the samples for investigation.

The position with regard to forensic investigation carried out by different divisions of FSL during period 2008-13 is given in the following Table-1.3.9:

Table-1.3.9

Year	Back log of previous year	No. of cases received	Total cases	No. of cases examined	Time taken for examination (in days)			No. of pending cases
					Within 30	30-45	45-60	
2008-09	-	169	169	167	110	57	-	2
2009-10	2	311	313	297	181	109	7	16
2010-11	16	338	354	329	210	111	8	25
2011-12	25	448	473	399	230	113	56	74
2012-13	74	811	885	805	366	397	42	80
Total	117	2077	2194	1997	1097	787	113	197

Source: Information furnished by the Joint Director, FSL

An analysis of the above Table indicates that 1,997 samples were taken up for forensic analysis during 2008-13, out of which 1,097 samples (55 per cent) were examined and reports were provided within 30 days. In respect of 787 samples (39 per cent) the delay in providing the reports was up to 15 days and in respect of remaining 113 samples (six per cent), the delay ranged between 15 and 30 days.

Thus, delay in providing forensic reports is bound to impact timely completion of the process of investigation and prosecution.

The Government in its reply stated (November 2013) that the analysis of samples in FSL could not be completed within the stipulated period due to shortage of technical staff and procurement of chemicals from outside the State. The reply of the Government is not tenable because the Police Department should have made available the required complement of skilled manpower for effective functioning of lone forensic laboratory in the State which handles the bulk of task of forensic investigation.

Audit Objective: Whether the facilities for training were created and Police forces adequately trained?

1.3.12 Human Resource Management

1.3.12.1 Training

Training is inculcation of knowledge and professional skill required for the performance of duty by the police forces and to keep pace with fast growing challenges.

The Department had established (1973) one Police Training School (PTS) in the State for imparting professional training to the police personnel *viz.* Basic Course, Refresher Course, Orientation Course, Cadre Course, Promotion Course, Commando Course *etc.* through 113 faculty members.

Further, as per the BPR&D, any police personnel, at the time of recruitment or later, was likely to use various weapons must have minimum practice as per prescribed scale.

Scrutiny of the records of the PTS revealed that during the period covered under Audit, altogether 3,639 lower and upper subordinate police personnel attended training courses in the PTS for undergoing professional training and practices to use weapons.

Further, the position of weapon-wise prescribed scale of practice per person and practice actually given per trainee by the PTS during 2008-13 is given in the Table-1.3.10:

Table-1.3.10

Name of weapon	Prescribed scale of practice per person (in rounds)	Practice actually given per trainee (in rounds)	Short fall (in rounds)	Percentage of shortfall
9 mm Pistol	40	19	21	53
AK-47 Rifle 7.62x39mm	50	14	36	72
303" Rifle	40	20	20	50
S.L Rifle 7.62x51mm	40	19	21	53
AK Rifle/ 5.56mm INSAS	50	24	26	52

Source: Departmental records

The above Table shows that shortfall in the practice of weaponry against the prescribed scale ranged between 50 and 72 *per cent*.

The above shortfall in imparting practice of weaponry indicates ineffective functioning of the PTS, which is likely to affect the efficiency and striking ability of the police force during exigencies.

While accepting the facts, the Government stated (November 2013) that due to financial constraint, funds could not be allocated for purchase of ammunitions required for the above practice. However, during 2013-14, fund for purchase of ammunitions has been arranged to improve the situation.

1.3.12.2 Low enrolment of women in Police force

The MHA, GoI through its Advisory Note (September 2009) requested the State Governments to undertake a comprehensive review of the effectiveness of the police machinery in tackling the problem of women and to take appropriate measures aimed at increasing the responsiveness of the law and order machinery so that the women feels secure, enjoy their human rights and live with dignity. The Second Administrative Reforms Commission in its fifth report (June 2007) titled 'Public Order' also emphasized the need to combat crimes against vulnerable sections of the society, particularly women and children and had given a number of important recommendations which included the overall representation of women to be increased up to 33 *per cent* of the total police forces in the State.

An analysis of the manpower position of police personnel in the State during 2012-13 revealed that against the total available 10,836 police personnel in the State the representation of women in the police force was only 834 personnel, *i.e.* eight *per cent* only, which was far below the desirable level of 33 *per cent* to combat crimes against vulnerable sections of the Society.

While accepting the facts, the Government stated (November 2013) that the proposal for increase of women in police force was under consideration.

Audit Objective: Whether the monitoring, evaluation and internal control mechanism existed?
--

1.3.13 Crime rate in the State

Crime is a major threat to individuals, public tranquillity and security of the society. Decrease in incidence of crime indicates the better performance of police force.

Scrutiny of records of the Criminal Investigation Department for the year 2008 to 2012 in respect of (A) Response Time, (B) Category of Crimes and (C) No. of cases solved/prosecution rate revealed the following position:

(A) Response Time

The response time taken by the police force within the town/city areas was between zero and two hours and one to six hours in the case of remote areas, where police outpost was not available.

(B) Category of crimes

Under Indian Penal Code (IPC) and Special & Local Laws (SLL), 13,667 cases (IPC : 9,797 + SLL: 3,870) were registered, against which charge sheet/final report were framed for 13,641 cases (IPC: 9,771 + SLL: 3,870), leaving a balance of 26 cases.

(C) No. of cases solved/prosecution rate

As against the trial of 12,301 cases (IPC: 8,396 + SLL: 3,905) the Hon'ble Court convicted 11,144 cases (IPC: 8,396 + SLL: 3,905) in the range between 82 and 98 *per cent*.

Further, as per the publication of the National Crime Records Bureau (NCRB) crime rate of the State during 2008 to 2012 was significantly lower (47 to 52 *per cent*) than the All India Average as shown in Table-1.3.11:

Table-1.3.11

Year	Incidents of crime in the State	Average State rate	All India average	Difference (percentage)
2008	2681	272.40	514.90	242.50 (47)
2009	2789	280.00	570.80	290.80 (51)
2010	3006	298.20	569.30	271.10 (48)
2011	2729	250.10	516.70	266.60 (52)
2012	2463	225.72	Not available	Not available

Source: Crime in India published by NCRB

Thus, the significantly lower average crime rate in the State against the All India average crime rate reflects the maintenance of better law and order situation in the State.

1.3.14 Inspection and Monitoring of the scheme

Mizoram Police Manual provides for periodic inspections of District Offices, Police Stations, Police Outposts and Armed Battalions by the DGP, IGP or Deputy IGP and maintained three Inspection Registers for formal, informal and cursory inspections. But no such registers were found maintained by the PHQ. In the absence of the inspection registers, the details of actual inspection carried out by the executives and the follow-up action by the subordinate officers could not be ascertained in audit.

In accordance with the GoI's instructions, the State Government constituted (March 2001) a State Level Empowered Committee (SLEC) under the Chairmanship of the Chief Secretary of the State to monitor the implementation of MPF scheme. The Committee was required to

meet every month and ensure proper implementation of the programme. However, the PHQ failed to produce the records regarding monitoring of the implementation of the programme by the Committee during 2008-13 to audit, as such actual monitoring of the MPF Scheme by the SLEC could not be ascertained in audit.

While accepting the facts, the Government stated (November 2013) that the Department will take action for arranging SLEC meeting to ensure proper implementation of MPF scheme.

1.3.15 Internal audit Mechanism

Internal audit is an indispensable requirement for evaluating the efficiency and effectiveness of the internal controls and procedures in the Department in the implementation of various programmes. Although one Deputy Director, Accounts was in position in the PHQ, exercise of financial controls was conspicuously lacking.

The Chief Controller of Accounts (CCA), Mizoram is responsible for conducting internal audit of the accounts of the Department. During the years 2008-13, CCA could not conduct any internal audit of offices under Home (Police) due to shortage of staff in internal audit wing. The Home (Police) also does not have an internal audit wing of its own. The absence of internal audit in the Department is contrary to sound financial management practices which facilitated purchase of stationery articles and repairs of vehicles beyond the financial powers, execution of construction works by the EE, PHQ without obtaining technical sanction from the SE/CE (building) and payments to contractors without inspection of works at appropriate level.

1.3.16 Conclusion

The main objectives of the Police to uphold and enforce the law impartially, to protect life, liberty and public property have been largely achieved by the State Home (Police) Department by maintaining a significant lower average crime rate in the State against the All India average crime rate. However, this review has brought out some significant findings which must be addressed by the Department. A number of instances noted in audit indicate cases of violation of established norms and guidelines in implementing various programme at the Police Headquarters' (PHQ) and District/DDO level functionaries test checked in this review. In the area of planning, it was noted that there was an inordinate delay in submission of Annual Action Plans (AAPs) for Modernisation of Police Force Scheme to the MHA, which led to delay of approval of the AAPs and release of fund by the MHA. As a result, there was little time left to utilise the approved outlay in the same year leading to deduction of unspent balance of ₹ 1.05 crore from the funds for 2010-11 by the GoI. The Department exhibited poor capacity in absorption of available financial resources as indicated by recurring savings and parking of huge fund in '8443 Civil Deposits' and retention of heavy cash balances in each successive year. The expenditure to the tune of 46 to 91 *per cent* was incurred in the last quarter of each year. Lack of financial controls was clearly evident from the sanction orders issued in excess of financial powers by the head of

the offices both at PHQ and Units for purchase of stationery articles and repairs of vehicles. In implementation of housing infrastructure development, 47 works were executed by the PHQ without obtaining technical sanction of the estimates from the appropriate technical authorities (Chief Engineer/Superintending Engineer of Public Works Department). Further, out of 116 works, 104 works (Sanctioned cost : ₹ 15.16 crore) were executed by the PHQ through the contractors without call of tender and final payments were released to the contractors without recording completion certificates after inspection of works by the AE/EE. Absence of regular pursuance/monitoring of Deposit Works by the PWD, resultant delay in commencement of works, were also noticed. Deficiencies in conducting training in weaponry indicated ineffective functioning of the PTS affecting the efficiency and striking ability of the police force during exigencies.

1.3.17 Recommendations

- The annual action plan should be submitted to the Ministry of Home Affairs within the prescribed time frame.
- Utilisation of the allocated funds as per the approved annual action plan should be ensured through proper monitoring by the State level Empowered Committee.
- Purchase of stationery articles and repairs of departmental vehicles beyond the delegated financial powers should be resorted to only after obtaining expenditure sanctions from the competent authority.
- Works should be executed after calling for tenders from the bidders in order to avail the benefit of competitive rates and the completed works should be inspected at appropriate level to ensure the quality parameters.
- Timely commencement/completion of deposit works by the Public Works Department must be ensured through regular persuasion and monitoring.
- The practice of modern weaponry amongst the police force must be upgraded as per prescribed scales.
- Monitoring mechanism both at the level of PHQ and Government should be made effective.

COMPLIANCE AUDIT PARAGRAPH

DISTRICT COUNCIL AFFAIRS DEPARTMENT

1.4 Unfruitful expenditure

The Council incurred an unfruitful expenditure of ₹ one crore towards off-season procurement and distribution of seed potato, which did not yield any benefit to the farmers.

As per climatic, temperature and soil conditions, Potato can be sowed in Mizoram in two seasons *viz.* January - February and October - November. In Lai Autonomous District Council (LADC) areas farmers usually opt for the first sowing season *i.e.* January - February. The requirement of seed potato is five to seven quintal *per* acre and expected yield, as per Government norms, is 40 quintals *per* acre.

Scrutiny (June 2012) of the records of the LADC revealed that during the financial year 2010-11, although the season for Potato sowing ended in February 2011, the Government of Mizoram (GoM) released (29 March 2011) an amount of ₹ one crore for purchase of Potato Seeds, for its cultivation by the farmers in LADC Area. Accordingly, the Agriculture Department of the Council purchased 2,500 quintals of seed potato worth ₹ one crore from a Guwahati (Assam) based supplier and distributed (free of cost) the entire quantity to 544 farmers (four to five quintals each farmer) at the end of March 2011 for cultivation in 357 acres.

As per Department of Horticulture, GoM, the average expected yield was 40 quintals *per* acre with utilisation of five to seven quintals of seeds *per* acre. It was, however, noticed that the actual yield was only about six to seven quintals *per* acre. Thus, against a total expected yield of 1,428 tonnes ((@ 40 quintals *per* ha for 357 acres) Potato, the actual yield was 250 tonnes maximum (seven quintals *per* acre), which was 17.50 *per cent* of the expected yield.

In course of a Joint Inspection conducted by Audit in the presence of Council's Horticulture Officer, most of the beneficiaries affirmed that they were able to produce only six to seven quintals of potato approximately in one acre. The farmers attributed the delay in receipt of seed potato as the reason for low production.

Thus, off-season procurement and distribution of seed potato to the farmers under the Council's Area could not yield the desired benefit, and as a result large portion of expenditure (₹ 82.50 lakh) incurred on procurement of seed potato remained unfruitful.

The matter was reported to the Government in September 2013; and their reply is awaited (February 2014).

CHAPTER-II

SOCIAL SECTOR

CHAPTER-II

SOCIAL SECTOR

2.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2013 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 2012-13 are given in the following Table:

Table-2.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	School Education	630.52	610.81
2.	Higher and Technical Education	176.98	176.34
3.	Sports and Youth Services	39.44	38.70
4.	Art and Culture	9.16	8.59
5.	Medical and Public Health Services	223.41	221.27
6.	Water Supply and Sanitation	220.49	211.93
7.	Information and Public Relations	8.33	7.63
8.	Labour and Employment	8.05	7.31
9.	Social Welfare	123.65	110.03
10.	Disaster Management and Rehabilitation	25.94	16.99
11.	Local Administration Department	47.70	29.87
12.	Personnel & Administrative Reforms	2.14	1.97
13.	Urban Development and Poverty Alleviation	182.34	103.45
Total		1698.15	1544.89

Source: Appropriation Accounts, Government of Mizoram, 2012-13

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

Table-2.1.2

(₹ in crore)

Name of the Departments	Name of the Schemes/ Programmes	Implementing Agency(s)	Amount of funds transferred during the year
1	2	3	4
Social Welfare	NSAP-National Social Assistance Programme	Social Welfare Department	8.68
Social Welfare	Integrated Child Development Services Scheme	Mizoram Government	54.80
Social Welfare	Integrated Child Protection Schemes	Mizoram Government	5.05

1	2	3	4
Medical and Public Health Services	National Rural Health Mission (NRHM)	Health Services	91.47
School Education	Sarva Shiksha Abhiyan	State Project Office	153.21
School Education	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Mizoram Education Mission Society	63.92
Water Supply and Sanitation	National Rural Drinking Water Programme	State Water & Sanitary Mission	47.92
Disaster Management & Rehabilitation	Scheme of NDMA	Disaster Management & Rehabilitation Department, Mizoram	1.52
Higher and Technical Education	Enhancing Skill Development Infrastructure in NE	Mizoram Council for Vocational Training	3.68
Science and Technology	Technology Development Programme	Mizoram Council of Science, Technology and Environment	1.09
School Education	Setting up of 6000 Model Schools at Block	Mizoram Education Mission Society	1.73
Social Welfare	Multi Sectoral Development Programme for Minorities in Selected Minority Concentration Districts	Mizoram Government	7.22
Higher and Technical Education	Post Matric Scholarship Schemes Minorities	Mizoram Government	4.32
School Education	Pre Matric Scholarship Schemes Minorities	Mizoram Government	9.76
School Education	Appointment of Language Teachers School Education	Mizoram Government	4.30
Science and Technology	Information and Communication Technology in Schools	Mizoram Government	2.48
School Education	National Programme Nutritional Support to Primary Education (Mid Day meal Scheme)	Mizoram Government	19.48
School Education	Strengthening of Teachers Training Institutions	Mizoram Government	21.97
Social Welfare	The Scheme for Infrastructure Development in Minority Institutions (IDMI)	Mizoram Government	4.44
School Education	Scheme of PMS, Book Banks and Upgradation of Merit of ST Students	Mizoram Government	35.47
Sports and Youth Services	North Eastern Areas	Mizoram State Sports Council	1.48
Sports and Youth Services	Panchayat Yuva Krida and Khel Abhiyan (PYKKA)	Mizoram State Sports Council	3.36
Sports and Youth Services	Panchayat Yuva Krida and Khel Abhiyan (PYKKA)	Mizoram State Sports Council	3.36
Social Welfare	Scheme of Hostels for ST Girls and Boys	Mizoram University	4.37
Higher and Technical Education	Setting up of New National Institute	National Institute Of Technology Mizoram	13.38

1	2	3	4
Social Welfare	National AIDS Control Programme III	State AIDS Control Programme III	14.22
Water Supply and Sanitation	Central Rural Sanitation Programme	SWSM Mizoram, Aizawl	4.97
Urban Development and Poverty Alleviation	JNNURM-BSUP Jawaharlal Nehru Urban Renewal Mission	Urban Development and Poverty Alleviation	50.34
Urban Development and Poverty Alleviation	Swarnajyanti Shahri Swarojgar Yojana (SJSRY)	State Urban Development Agency	6.53
Total			641.16

Source: Finance Accounts, Government of Mizoram, 2012-13

2.2 Planning and conduct of Audit

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

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

The audits were conducted during 2012-13 involving expenditure of ₹ 172.84 crore out of the total expenditure of ₹ 1,544.89 crore of the State Government under the Social Sector. This chapter contains one Performance Audit *viz.* Integrated Child Development Services (ICDS) Scheme and two Compliance Audit paragraphs.

The major observations made in audit during 2012-13 are discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

SOCIAL WELFARE DEPARTMENT

2.3 Integrated Child Development Services (ICDS) Scheme

Highlights

The Integrated Child Development Services (ICDS) scheme was launched as a Centrally Sponsored Scheme on 2 October 1975, in pursuance of the National Policy for Children, 1974. The policy laid down that the State should provide adequate services to children

before and after birth and during the period of growth to ensure their full physical, mental and social development. Thus, the scheme aimed at holistic development of children in the age group of zero to six years and pregnant and lactating mothers through a package of six services. The performance audit brought out the following significant findings:

Against the Central assistance of ₹ 199.98 crore released during 2008-13, the State Government could utilise only an amount of ₹ 183.17 crore.

(Paragraph 2.3.5.2.2)

To avoid the lapse of budget grant, the Department drew ₹ 37.21 crore during 2008-13 and parked the same in Civil Deposits, out of which an amount of ₹ 21.71 crore was withdrawn after retaining the same for periods ranging between two and eleven months.

(Paragraph 2.3.5.2.4)

Due to non-acceptance of the lowest tendered rates of valid tenderers, the Department incurred an excess expenditure of ₹ 1.90 crore towards procurement of three food items during 2010-13.

(Paragraph 2.3.5.2.5)

Despite Department's claim that they constructed all the 1980 AWC's buildings in the State with the Central assistance, 54 test checked Anganwadi Centres were functioning either in NGO's buildings or in private buildings on lease/rental basis.

(Paragraph 2.3.6.2)

There was moderate disruption in feeding days in the range between 15 days and 192 days during 2011-13 in test checked AWCs, while State Government claimed that there was no disruption in feeding days. Further, Department failed to distribute most of the food items purchased for the implementation year 2012-13, which resulted in severe disruption in feeding days.

(Paragraph 2.3.7.2)

Mandatory tests of the food materials procured under Supplementary Nutrition Programme to ensure that food materials contain the required nutrition component were not carried out.

(Paragraph 2.3.7.7)

2.3.1 Introduction

The National Policy for Children (1974) laid down that the State should provide adequate services to children before and after birth and during the period of growth to ensure their full physical, mental and social development. In pursuance of this policy, Integrated Child Development Services (ICDS) Scheme was launched on 2 October 1975 by the Government of India as a Centrally Sponsored Scheme of the Ministry of Women & Child Development, Government of India.

The Scheme aims at holistic development of children in the age group of zero to six years and pregnant and lactating mothers. At present ICDS represents one of the world's largest and most unique programmes for early childhood development.

The objectives of the Scheme are:

- To improve the nutritional and health status of children in the age group 0-6 years;
- To lay the foundation for proper psychological, physical and social development of the child;
- To reduce the incidence of mortality, morbidity, malnutrition and school dropout;
- To achieve effective co-ordination of policy and implementation amongst the various departments to promote child development; and
- To enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education.

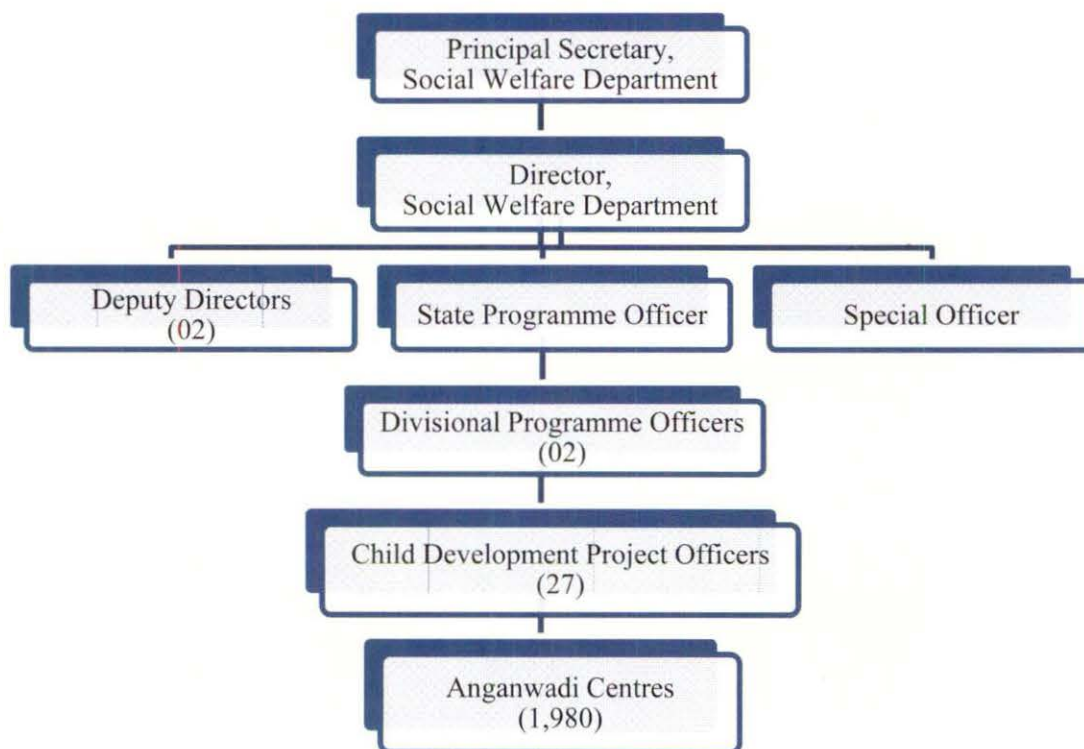
These objectives are to be achieved through a package of services comprising Supplementary Nutrition, Immunisation, Health Check-up, Referral Services, Nutrition and Health Education and Non-formal Pre-school Education of children between three and six years.

2.3.2 Organisational Set up

The Principal Secretary, Social Welfare Department is the administrative head for overall implementation of the programme in the State. The Director, Social Welfare is the implementing and co-ordinating officer who is assisted by two Deputy Directors, State Programme Officer and Special Officer. The programme is implemented in the eight districts by two Divisional Programme Officers (DPOs) (Aizawl and Lunglei), who are assisted by 27 Child Development Project Officers (CDPOs) and Supervisors. The ICDS services are delivered through 1,980 Anganwadi Centres (AWCs) by engaging trained female workers designated as Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs) on honorarium basis.

A chart showing organisational structure responsible for implementation of the scheme in the State is depicted below:

Chart-2.3.1



2.3.3 Audit Approach

2.3.3.1 Scope of Audit

The performance audit was conducted during May-August 2013 to assess the efficiency, economy and effectiveness in implementation of the various components of ICDS. Audit involved the examination of the records of the Administrative Head of Social Welfare Department, the Directorate of Social Welfare and State Programme Officer at State level. Besides, records of two Divisional Programme Offices (Aizawl and Lunglei), 10 Child Development Project Officers out of 27 CDPOs and 108 Anganwadi Centres out of 1,980 AWCs at district level were selected for audit covering three¹ Districts out of eight Districts in the State. Selection of Districts, projects and AWCs was done through Simple Random Sampling basis.

2.3.3.2 Audit Objectives

The objectives of the performance audit were to assess and evaluate whether:

- Proper planning was done to meet the principal aim of universal accessibility of services provided under it;
- Funds allocated and released were used economically and efficiently;

¹ 1) Aizawl, 2) Mamit and 3) Lunglei

- Infrastructure facilities were adequately provided in Anganwadi Centres for effective delivery of services;
- The Scheme of supplementary nutrition was being implemented effectively so as to achieve the objective of improving the nutritional and health status of beneficiaries;
- The services of pre-school, non-formal education were being provided effectively so as to reduce the incidence of school dropout;
- Deployment and training of manpower under the scheme were adequate for effective delivery of the services;
- Health care related services were provided to the beneficiaries under the scheme;
- Information, Education and Communication (IEC) was effective and resulted in community mobilisation in the services of ICDS; and
- The system of monitoring and evaluation was in place and effective;

2.3.3.3 Audit Criteria

The criteria for the Performance Audit were derived from the following sources:

- Scheme guidelines and instructions issued by the Ministry on ICDS; and
- Rules and Regulations of the Central and the State Government as applicable.

2.3.3.4 Audit Methodology

Before taking up the performance audit on Integrated Child Development Services (ICDS) Scheme covering the period from 2008-09 to 2012-13, an entry conference was held on 08 May 2013 with the Principal Secretary, Social Welfare Department and the Director of the Social Welfare Department, wherein the audit objectives, scope and criteria were discussed. The Department shared their perception and areas of concerns in the functioning of the ICDS Scheme. The audit methodology also covered field visit by the audit team along with departmental officials for physical verification of assets created. Audit findings were discussed with the Assistant Secretary, Social Welfare Department and other departmental officers in an exit conference held on 24 October 2013 and the replies received from the Government have also been incorporated at appropriate places in the Report.

2.3.3.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges and appreciates the co-operation rendered by the Principal Secretary, the Director, the State Programme Officer and other State level functionaries of the Social Welfare Department during this Performance Audit.

AUDIT FINDINGS

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

Audit Objective: Whether proper planning was done to meet the principal aim of universal accessibility of services provided under it?

2.3.4 Planning

The services under the ICDS package are delivered through AWCs. Infrastructure like buildings for AWCs along with facilities of drinking water, toilets, tables and chairs, toys, etc., were to be created for efficient and smooth delivery of quality services.

A long term Perspective Plan was essential to provide the envisaged facilities within a specific timeframe. It was, however, noticed that though the scheme was being implemented in the State since 1978-79, the department had neither prepared any Perspective Plan nor Annual Plan for providing these facilities in the centres. In the absence of these two plans, the department was not in a position to assess the requirements of new AWCs, enhancement of the facilities in AWCs, shifting of AWCs from other buildings to own building, enhance the delivery of services and coverage of population.

While overlooking the audit comments on preparation of perspective and annual audit plans, the State Government clarified (November 2013) that the Annual Programme Implementation Plan is prepared for the year 2013-14, which is the first to be approved by GoI among the North Eastern States.

Audit Objective: Whether funds allocated and released were used economically and efficiently?

2.3.5 Financial Management

2.3.5.1 Funding Pattern

The ICDS is a Centrally-Sponsored Scheme implemented through the State Governments/ UT Administrations. The flow of funds is from the Ministry to the State/UT departments. The State/UT departments subsequently release funds to the Districts/Projects. The funds are provided to the States/UTs under two categories, viz.

- (i) ICDS-General for meeting operational expenditure and
- (ii) Supplementary Nutrition (SN).

The funding pattern under the scheme during the period from 2008-09 to 2012-13 is as under:

Period	General	Supplementary Nutrition
2008-09	100 per cent financial assistance by the Central Government	50 per cent of financial norms or GoI is to support 50 per cent of expenditure incurred by the State, whichever is less
2009-10 onwards	90 per cent Central assistance to the States/UTs, the remaining cost was to be borne by the State/UT Governments	90 per cent Central assistance to Northeast States, the remaining cost was to be borne by the State Governments

Source: Departmental records

Besides, 100 per cent Central assistance was provided to the North-East States for construction of Anganwadi Centre (AWC) buildings since 2001-02.

2.3.5.2 Funds Flow in the State

The year-wise financial assistance provided by the GoI and State Government and expenditure incurred thereagainst in the State during 2008-13 is given in the following Table:

Table-2.3.1

(A) ICDS-General

(₹ in crore)

Year	RE	Funds released by:			Expenditure out of funds released by			Expenditure reported through UC	
		GoI	State	Total	GoI	State	Total	GoI	State
2008-09	17.76	16.04	Nil	16.04	13.88	Nil	13.88	16.04	Nil
2009-10	18.50	15.70	1.87	17.57	14.24	1.87	16.11	15.07	1.87
2010-11	26.78	17.83	1.87	19.70	15.92	1.87	17.79	17.83	1.87
2011-12	25.36	27.00	1.81	28.81	23.12	1.81	24.93	27.00	1.81
2012-13	31.97	29.61	2.50	32.11	27.13	2.50	29.63	29.61	2.50
Total	120.37	106.18	8.05	114.23	94.29	8.05	102.34	105.55	8.05

Source: Reconciled Expenditure & Departmental records

(B) Supplementary Nutrition

(₹ in crore)

Year	RE	Funds released by:			Expenditure out of funds released by			Expenditure reported through UC	
		GoI	State	Total	GoI	State	Total	GoI	State
2008-09	14.95	7.67	7.28	14.95	7.67	7.28	14.95	7.67	7.28
2009-10	19.66	20.21	4.76	24.97	14.90	4.76	19.66	20.21	4.76
2010-11	30.18	22.42	4.85	27.27	25.33	4.85	30.18	22.42	4.85
2011-12	19.95	18.67	6.35	25.02	13.60	6.35	19.95	18.67	6.35
2012-13	35.00	24.83	7.62	32.45	27.38	7.62	35.00	24.83	3.15
Total	119.74	93.80	30.86	124.66	88.88	30.86	119.74	93.80	26.39

Source: Reconciled Expenditure & Departmental records

2.3.5.2.1 Short release of State Share

As can be seen from Table-2.3.1(A) above, against the GoI release of ₹ 90.14 crore under ICDS (General) during 2009-13 the State Government was required to contribute a

10 per cent assistance of ₹ 10.01 crore, but the State Government released only an amount of ₹ 8.05 crore during 2009-13 which resulted in short-release of State share of ₹ 1.96 crore.

Similarly, as can be seen from Table-2.3.1(B) above, against the GoI release of ₹ 7.67 crore (being 50 per cent of expenditure incurred by the State) under Supplementary Nutrition (SN) during 2008-09 the State Government was required to incur an expenditure of ₹ 7.67 crore, but the State Government released only an amount of ₹ 7.28 crore during 2008-09 which resulted in short-release of State share of ₹ 0.39 crore.

While accepting the facts, the State Government stated (November 2013) that the Department will make more efforts to improve allotment of State share in future.

2.3.5.2.2 Less utilisation of Central assistance

As can be seen from Table-2.3.1(A) above that under ICDS (General) against the Central release of ₹ 106.18 crore during 2008-13 the State Government could utilise only an amount of ₹ 94.29 crore during 2008-13, which resulted in short utilisation of Central assistance of ₹ 11.89 crore.

Similarly, as can be seen from Table-2.3.1(B) above, against the Central release of ₹ 93.80 crore under Supplementary Nutrition (SN) during 2008-13, the State Government could utilise only an amount of ₹ 88.88 crore, which resulted in less utilisation of Central assistance of ₹ 4.92 crore.

Thus, less utilisation of Central assistance of ₹ 16.81 crore (ICDS General: ₹ 11.89 crore + SN: ₹ 4.92 crore) meant that the department was unable to wholly absorb the funds available which has a potential of depriving the targeted beneficiaries in the State.

While accepting the facts the State Government stated (November 2013) that due to late receipt of Central share no proper budgetary provisions could be made during the concerned financial years, which resulted in less utilisation of Central assistance.

2.3.5.2.3 Submission of incorrect Utilisation Certificates

Scrutiny of the annual Statement of Expenditure (SOEs) and Utilisation Certificates (UCs) furnished by the State Government to the Ministry of Women and Child Welfare during 2008-13 revealed that there was mismatch between the amount actually spent by the State and the amount actually reported in the Utilisation Certificates.

As can be seen from the Table-2.3.1(A) above, under ICDS General the GoI released a Central Assistance of ₹ 106.18 crore during 2008-13 against which the State Government incurred an expenditure of ₹ 94.29 crore during 2008-13. But, in their Utilisation Certificates the State Government reported the actual utilisation of ₹ 106.18 crore during 2008-13, which indicated an excess reporting of utilisation to the tune of ₹ 11.18 crore.

Similarly, as can be seen from the Table-2.3.1(B) above, that under Supplementary Nutrition (SN) the GoI released a Central assistance of ₹ 93.80 crore during 2008-13 against which the State Government incurred an expenditure of ₹ 88.88 crore during 2008-13. However, in their Utilisation Certificates the State Government reported the actual utilisation of ₹ 93.80 crore during 2008-13, which resulted in reporting of excess utilisation of ₹ 4.92 crore.

The incorrect Utilisation Certificates were purportedly submitted to the Ministry to avoid re-validation of the unspent balance during subsequent years or to avoid adjustment of unspent balance by the Ministry which was irregular. The State Government also did not take any effort to utilise unspent balance during the subsequent years through budgetary provisions.

The State Government stated (November 2013) that the department submitted the utilisation certificates as it had been spent but unable to spent because of its being kept in Government accounts temporarily. The reply of the Government was not convincing as it overlooked the fact that the incorrect utilisation certificates were intentionally submitted to the Ministry to avoid adjustment of unspent balance.

2.3.5.2.4 Parking of funds

Central Government Account (Receipt and Payment Rules), 1983 which is followed by the State Government, provide that no money should be drawn from the Government Treasury unless it is required for immediate disbursement. Contrary to the codal provisions, the Directorate of Social Welfare Department drew the following funds during the month of March of every financial year 2008-13 and parked the amount in Civil Deposits as shown in the **Appendix-2.3.1**.

A compiled position of year-wise parking of fund during 2008-13 is depicted in the following Table.

Table-2.3.2

(₹ in lakh)

Year	Amount deposited in Civil Deposit	Amount withdrawn from Civil Deposit	Balance in Civil Deposit (September 2013)	Period of retention (in months)
2008-09	107.01	107.01	Nil	05-06
2009-10	185.37	185.37	Nil	03
2010-11	747.38	747.38	Nil	03-11
2011-12	576.89	576.89	Nil	02-11
2012-13	2104.26	553.65	1550.61	02-05
Total	3720.91	2170.50	1550.61	02-11

Source: Departmental records

It can be seen from the above Table, that an amount of ₹ 3,720.91 lakh was drawn during 2008-13 to avoid the lapse of budget grant and was parked in the Civil Deposits. Out of ₹ 3,720.91 lakh, an amount of ₹ 2,170.50 lakh was withdrawn from the Civil Deposits after retaining the same for periods ranging from two to eleven months. It was further noticed that during 2012-13, the Department reported that an amount of ₹ 27.38 crore was spent out of Central Assistance under Supplementary Nutrition of which an amount of ₹ 21.04 crore, (constituting 77 per cent of Central assistance) was parked in the Civil Deposits.

The parking of funds under Civil Deposits not only added to delay in implementation of the Scheme and flow of funds for the purpose for which it was provided, but also entailed the risk of diversion of funds.

While accepting the facts, the State Government stated (November 2013) that the fund was parked in Civil-deposits as per its instructions.

2.3.5.2.5 Excess expenditure of ₹ 1.90 crore due to non-acceptance of lowest tendered rates

The Government of Mizoram, Social Welfare Department floated (July 2010) Notice Inviting Tenders (NIT) for purchase of food items, viz. Masur dal (small), Matarchana and Groundnut under Supplementary Nutrition (SN) scheme.

Scrutiny of records of the Director, Social Welfare Department revealed that on receipt of rates of offers from different Aizawl based suppliers/firms, the department approached the State Level Purchase Advisory Board (SPAB) for finalisation of the rates for procurement of the food items. The SPAB in its meeting held on 09 December 2010, however, irregularly accepted the higher rates in respect of procurement of Masur dal (small), Matarchana and Groundnut without recording any reason for rejection of lowest rates offered by the valid tenderers. The accepted rates were valid upto 31 January 2012, which was further extended upto 31 July 2012.

The details of lowest rates offered by the valid firms and actual acceptance of higher rates offered by other firms are shown in the following Table-2.3.3:

Table-2.3.3

Name of item	Name of firm	Rate for Aizawl (₹ per kg)	Rate for Lunglei (₹ per kg)
1	2	3	4
(A) Lowest rates offered by the firms			
Masur dal (small)	M/s North East Group, Aizawl	56.90	57.90
Matarchana	M/s North East Group, Aizawl	34.99	35.99
Groundnut	MIZOFED, Aizawl	65.00	68.00
(B) Accepted higher rates offered by the firms			
Masur dal (small)	M/s LDP Enterprises, Aizawl	58.80	68.40
Matarchana	M/s LDP Enterprises, Aizawl	36.00	38.00
Groundnut	M/s JD Store and RRB&D Enterprise, Aizawl	78.00	79.50

1	2	3	4
(C) Difference of rates due to acceptance of higher rates			
Masur dal (small)		1.90	10.50
Matarchana		1.01	2.01
Groundnut		13.00	11.50

Source: Departmental records

It was noticed that the recommendations of the SPAB, which did not contain the reason for rejection of lowest rates offered by the valid tenderers were irregularly accepted (January 2011) by the State Government. Accordingly, the Social Welfare Department incurred an expenditure of ₹ 19.49 crore during 2010-13 for procurement of three items (Masur dal (small), Matarchana and Groundnut) as per approved rates of the Government under Supplementary Nutrition scheme as against the lowest rates offered by the valid tenderers which comes to ₹ 17.59 crore, resulting in excess expenditure to the tune of ₹ 1.90 crore.

Details of item-wise actual expenditure in procurement of food items and financial implication involved in procurement of the same, as per lowest offered rates during 2010-13, are shown in **Appendix-2.3.2**.

While regretting the non-incorporation of all the reasons in the SPAB minutes the State Government clarified (November 2013) that the lowest rates offered by the three firms in respect of the procurement of Masur dal (small), Matarchana and Groundnut were rejected in view of the facts that the firms quoted their rates in terms of per kg only against the requirement of quoting the rates as per NIT in terms of per kg as well as per quintal. The contention of the Government for rejection of the lowest offered rates is not acceptable since the *per kg* rate was available, the Department could have easily worked out the financial implications required for *per quintal*. Thus, due to rejection of the lowest offered rates on such a flimsy ground the Department failed to save the interest of the Government in procurement of food articles entailing excess expenditure of ₹ 1.90 crore.

Audit Objective: Whether infrastructure facilities were adequately provided in Anganwadi Centres for effective delivery of services?

2.3.6 Infrastructure Development

2.3.6.1 Physical Infrastructure at Anganwadi Centres (AWCs)

An Anganwadi Centre (AWC) is the focal point for delivery of ICDS services accommodating upto 40 children during day-time. In order to discharge the functions effectively, the AWCs require basic infrastructure. As per the norms for construction of AWC building prescribed by the Ministry (2011), an AWC must have a separate sitting room for children/women, separate kitchen, store for storing food items, child friendly toilets, separate space for children to play (indoor and outdoor activities) and safe drinking water facilities.

2.3.6.2 AWCs not functioning under ICDS building

In response to an audit query, information furnished by the Programme Officer, State ICDS Cell the Department had constructed 1,980 AWCs in the State during 2002-12 with the financial assistance received from the Ministry.

Details of construction of AWCs during 2002-12 are given in the following Table-2.3.4:

Table-2.3.4

Year	No. of AWC buildings constructed	Expenditure incurred:	
		Cost per unit (₹ in lakh)	Amount (₹ in lakh)
2002-03	200	1.25	250.00
2005-06	220	1.25	275.00
2007-08	220	1.25	275.00
2008-10	525	1.75	918.75
2010-11	231	1.75	404.25
2011-12	584	1.75	1022.00
Total	1980		3145.00

Source: Departmental records

Though the State Government claimed that they constructed 1,980 AWCs in the State by the end of 2011-12 it was noticed that out of 108 test-checked AWCs, 54 AWCs were functioning from NGO's building as detailed in **Appendix-2.3.3**.

While accepting the facts the State Government clarified (November 2013) that in some areas where locations for construction of AWCs were difficult to find, the best thing the Department could do was to make an arrangement with the community leaders to accommodate the AWCs in the existing community buildings such as Village Council House, Community Hall, MHIP/YMA buildings by contributing fund for construction of additional rooms in the building for AWCs. The reply of the Government was not acceptable as the fund was allotted for the construction of AWCs only.

2.3.6.3 Basic infrastructure

Basic facilities at AWCs are paramount in view of the fact that beneficiaries were required to stay at AWCs for considerable time during the day. Audit, however, noted that a large number of AWCs lacked essential infrastructure as discussed below:

- Separate space for indoor activities of children was not available in all 108 test- checked AWCs.
- Space for outdoor activities was not available at 108 test- checked AWCs.

- In 100 test-checked AWCs, playing materials were not available or insufficient.
- No electricity connection was available in all 1,980 AWCs.
- No water connection was available in all the test-checked 108 AWCs.

The significant deficit in basic infrastructure at AWCs poses a serious challenge to the effectiveness and quality of the services delivered under the Scheme.

While accepting the deficiencies in the basic infrastructures, the State Government stated (November 2013) that the Department will try its level best to improve the condition in future.

2.3.6.4 Non-availability of utensils for providing Supplementary Nutrition (SN)

As per the scheme guidelines, children in the age group of 3-6 years were to be served hot cooked meals at AWCs. State Governments were required to make arrangements for the same as a part of the Supplementary Nutrition component under the scheme. As per the Ministry's instructions (October 2009), the State Government was allowed to incur expenditure of ₹ 5,000 for each AWC for basic and necessary equipment and furniture.

Test-check of selected 108 AWCs revealed that:

- In 65 test-checked AWCs serving utensils *viz.* bowls/plates required to serve hot cooked meals to children were not sufficient.
- In 11 test-checked AWCs utensils required for feeding were not available at all. It was seen that hot cooked meal was being served on banana leaves as there was no feeding utensil in the Tuirum-II AWC (West Phaileng ICDS).

Non-availability of basic utensils at test-checked AWCs indicated that the quality of supplementary nutrition provided to the beneficiaries was not commensurate with the requirement of the scheme.

In its reply (November 2013), the State Government failed to clarify the reasons for not having sufficient utensils in the test checked AWCs.

2.3.6.5 Flexi fund for Anganwadi Centres

The Ministry issued instructions (May 2009) for providing ₹ 1,000 *per annum per* AWC as flexi fund effective from the year 2009-10. The aim was to widen the scope of the Scheme by providing flexibility for operational exigencies and meeting expenses arising out of unforeseen circumstances. The State Government was to formulate State specific modalities for use of this fund so as to ensure accountability. The fund was to be operated by the Anganwadi Worker at her own discretion.

It was however, noticed that in all the test-checked 108 AWCs under 10 ICDS Projects no flexi fund was released during 2009-13.

Thus, the Social Welfare Department's failure to provide flexi fund to the AWCs was not only in violation of the Scheme guidelines but also exposed those AWCs to the risks attached to unforeseen circumstances envisaged by the Ministry.

The State Government in its reply (November 2013) clarified that the Department will provide flexi fund in cash from the year 2013-14.

<p>Audit Objective: Whether the scheme of supplementary nutrition was being implemented effectively so as to achieve its objective of improving the nutritional and health status of beneficiaries?</p>
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2.3.7 Supplementary Nutrition

ICDS Scheme is the Government of India's policy response to child malnutrition. By providing supplementary feeding, the scheme attempts to bridge the protein-energy gap between the recommended dietary allowance (RDA) and average dietary intake (ADI) of children and pregnant and lactating women. Every beneficiary under Supplementary Nutrition (SN) is to be provided supplementary nutrition for 300 days a year.

2.3.7.1 Physical performance

All the Monthly Progress Reports (MPRs) received from the Projects level are required to be consolidated at the State level and a consolidated MPR (based on Projects level MPRs) is to be submitted to the Ministry.

Scrutiny of records of the Directorate of Social Welfare Department and Administrative Head of the Social Welfare Department, Government of Mizoram disclosed that without collecting the monthly MPRs from all the 27 ICDS Projects in the State, the Directorate of Social Welfare Department irregularly reported the year-wise physical achievement calculating the coverage of number of beneficiaries on the basis of expenditure figure reported to the Ministry under Supplementary Nutrition (SN) in a particular year. Accordingly, based on reports of the Directorate of Social Welfare Department, the State Government submitted year-wise Statement of Expenditure (SoE) containing physical achievement of beneficiaries under the SN.

The year-wise position of physical achievement of beneficiaries claimed under the SN scheme during 2008-13 is given in the following Table-2.3.5:

Table-2.3.5

Sl. No.	Category of beneficiaries	Reported physical achievement during: (figures in number)					Total
		2008-09	2009-10	2010-11	2011-12	2012-13	
1.	Children (6-72 months)	143648	147883	161769	155642	159601	768543
2.	Severely malnourished children	1121	733	1019	941	1261	5075
3.	Pregnant and Lactating Mothers	30892	31931	35410	35846	47768	181847
Total		175661	180547	198198	192429	208630	955465

Source: Departmental records

There was some inconsistency in the claim of the State Government in respect of coverage of physical achievement of beneficiaries under the SN scheme due to the following reasons:

- (i) Out of Central release of SN fund of ₹ 93.80 crore during 2008-13 the Department could utilise only an amount of ₹ 88.80 crore leaving an unspent balance of ₹ 4.90 crore. The physical achievement of the beneficiaries was however, worked out taking into the consideration of actual expenditure of ₹ 93.80 crore as contained in the Utilisation Certificates.
- (ii) As already mentioned in the Paragraph-2.3.5.2.4, during 2012-13 the Department drew an amount of ₹ 27.38 crore (Central assistance) of which an amount of ₹ 21.04 crore was parked in the Civil Deposits on March 2013 without utilising the same during the year 2012-13. The above, notwithstanding the physical achievement of the beneficiaries was worked out taking into consideration the expenditure of ₹ 27.38 crore (Central assistance) as contained in the Utilisation Certificates.
- (iii) The annual physical achievement reports were not based on actual MPRs from the Projects level units.

The State Government in its reply (November 2013) failed to explain the reasons for discrepancies as pointed out in audit.

2.3.7.2 Disruption in delivery of service

The scheme guidelines envisaged provision of Supplementary Nutrition (SN) for 300 days in a year (25 days in a month) at AWCs.

The State Government reported to the Ministry that there was no disruption in feeding days in the State during 2008-13.

Scrutiny of the records revealed that during 2012-13 the food items procured for the year 2012-13 could not be distributed to the concerned ICDS Projects in the State within the year 2012-13 for which the food items were purchased.

The details of SN food items purchased and distributed by the Director, Social Welfare Department during the year 2012-13 are shown in the following Table:

Table-2.3.6

Item	Total quantity received (in kg)	Stock received upto	Total quantity issued (in kg)	Stock issued upto	Balance as on 31 March 2013 (in kg)
Infant Milk Substitute	121465	17.12.12	103388	29.01.13	18077
Soya Cereal Powder	191640	29.10.12	172190	29.11.12	19450
Ground nut	301458	31.01.13	227303	30.01.13	74155
Masur dal	294646	15.02.13	216711	25.03.13	77935

Source: Departmental records

The findings of the audit of the test-checked AWCs also did not wholly corroborate with the claim of the State Government. While in 96 AWCs there were no disruption in SN food items, audit noticed disruption in feeding days ranging between 15 days and 192 days during 2011-13 in the following 12 test-checked Centres:

Table-2.3.7

Sl. No.	Name of AWC	Year	Provision of SN was disrupted for (in days)
1.	Tanhril-III	2011-12	44
		2012-13	34
2.	Tlangnuam-I	2011-12	15
		2012-13	24
3.	Hriphaw	2011-12	94
		2012-13	95
4.	Rengdil-III	2012-13	191
5.	Rengdil-IV	2011-12	189
		2012-13	191
6.	Hriphaw	2011-12	131
		2012-13	168
7.	Sairang	2011-12	49
8.	Sailutar-I	2011-12	113
		2012-13	36
9.	Sailutar-II	2011-12	34
		2012-13	18
10.	Ratu-IV	2011-12	192
		2012-13	62
11.	Tuirum	2011-12	41
		2012-13	32
12.	Kawnmawi-II	2011-12	25
		2012-13	49

Source: Departmental records

Thus, contrary to the disruption in the feeding days during 2011-13 in the AWCs, the State Government's claim that there was no disruption in feeding days during 2008-13, indicated weak oversight over the scheme implementation and eroded the credibility of the data provided to the Ministry.

While accepting the facts, the State Government stated (November 2013) that the Department will take steps to ensure that no disruptions occur in future. It was also stated that the disruption

in feeding occurred in some centres as they could not be given continuous supplies due to bad road conditions during rainy seasons and in most of the cases Anganwadi Workers received and distributed foods to the beneficiaries, but proper records were not maintained. Therefore, in reality, there might not have been much disruption in feeding in these Centres, it was further stated that the Department would examine the matter and take appropriate action to ensure timely and continuous feeding without any disruption in the future.

2.3.7.3 Shortfall in implementation of revised feeding norms

Revised feeding norms effective from February 2009 *inter alia*, included serving of more than one meal to the children of the age group 3-6 years at the AWCs that included morning snacks and hot cooked food, since children of this age group might not be able to consume 500 calories in one sitting.

Test-check of records of 108 AWCs revealed that in all the AWCs the revised feeding norms of serving more than one meal to the children under the age group of 3-6 years was not implemented till the end of 2012-13. It was also noticed that out of 108 test-checked AWCs, 90 AWCs had no provision for morning snacks.

Further, ready-to-eat micronutrient fortified food was mainly provided to the beneficiaries in place of hot cooked food. Children in the age group of six months to three years only were to be provided SN in the form of Take Home Ration.

In 20 test-checked AWCs out of 108 AWCs there were instances of providing SN food at the Centres itself, instead of complying with the form of Take Home Ration.

Thus, the revised nutrition norms were not implemented even two years after their introduction.

While accepting the facts, the State Government stated (November 2013) that the steps will be taken for strict implementation of the revised feeding norms.

2.3.7.4 Shortfall in providing Recommended Dietary Allowance (RDA) for micronutrients

The norms for the SN had been prescribed only for energy (calories) and protein intake. In view of the impact of deficiency of micronutrients (calcium, iron, iodine, zinc, vitamin A, riboflavin, ascorbic acid, folic acid and vitamin B-12) on development, immunity and growth of children, the Ministry decided (January 2006) to provide 50 *per cent* of Recommended Dietary Allowance (RDA) through 80 grams of Ready-to-Eat (RTE) energy food/raw food. The guidelines required RTE energy food/instant foods to be fortified with micronutrients with the help of vitamins and minerals premix in required composition as per the norms prescribed. It also mandated the incorporation of green leafy vegetables, seasonal fruits, milk and egg in the feeding and the use of iodised salt or double fortified salt (with iron and iodine).

- (i) It was found that green leafy vegetables, other vegetables, seasonal fruits and eggs were not incorporated in the supplementary feeding of the target group during 2008-13 in the AWCs under 20 ICDS Projects out of 27 ICDS Projects in the State.

- (ii) As per above decision of the Ministry to provide 50 *per cent* of RDA through 80 gm of Ready-to-Eat (RTE) energy food/raw food, it was expected that at least 160 gm energy food/raw food would be distributed to every beneficiary each day. It was, however, noticed that in case of six test-checked ICDS Projects which covered 568 AWCs, the Department distributed SN energy food items in the range between 8.63 gm and 31.56 gm *per* beneficiary every day during 2009-13, as per details given below in the following Table:

Table-2.3.8

Sl. No.	Name of ICDS Project	No. of AWCs	No. of beneficiaries covered during 2009-13	Quantity of SN food items distributed in 4 years (300 days per year)	Quantity of food items distributed to each beneficiary per day
1.	Aizawl Urban	146	87562	9065.00 qtl	8.63 gm
2.	Reiek	74	22533	4282.76 qtl	15.84 gm
3.	W. Phaileng	96	36384	4758.52 qtl	10.85 gm
4.	Zawlnuam	85	15189	2350.78 qtl	12.90 gm
5.	Hnathial	88	22884	8667.50 qtl	31.56 gm
6.	Lungsen	79	28397	5331.87 qtl	15.65 gm
Total		568	212949	34456.43 qtl	--

Source: Departmental records

Thus, the objective of supply of 80 gm RTE food/food to be fortified with micronutrients and also green leafy vegetable *etc.* was not effectively implemented in the State to overcome the deficiencies of micronutrients.

While accepting the facts, the State Government stated (November 2013) that green leafy vegetables, other vegetables, seasonal fruits and eggs will be incorporated in the supplementary feeding of the target group in phased manner in the remaining ICDS Projects. It was also stated that every step would be taken to provide the required quantity of food per beneficiary per day as per the guidelines.

2.3.7.5 Shortfall in Growth monitoring

The scheme prescribes maintenance of growth chart/card for every child at AWCs for assessing their growth using weight-for-age as an indicator. Children below the age of three years of age are weighed once a month and children 3-6 years of age are weighed quarterly. Growth charts are maintained for all children below six years. The growth-charts are required to be checked and analysed by the CDPOs/Health personnel to identify malnourished children for taking remedial measures.

The position of year-wise population of children (6-72 months), including severely malnourished children and number of children actually weighed in the State during 2008-13 is depicted in following Table:

Table-2.3.9

Status as on 31 March	No. of children as per Progress Report (6-72 months)	No. of children actually weighed	Shortfall	Percentage shortfall
2009	144769	53186	91583	63
2010	148616	129278	19338	13
2011	162788	125826	36962	23
2012	156583	130862	25721	16
2013	160862	139472	21390	13

Source: Departmental records

As can be seen from the Table above that there was a significant shortfall in growth monitoring under the scheme as 13 to 63 per cent were not weighed.

The following shortcomings at test-checked AWCs could be the reasons for the above shortfall:

- In 40 AWCs out of 108 test-checked AWCs Growth-charts were not maintained.
- In 68 test-checked AWCs, though the Growth-charts were available they were not maintained properly under attestation of the Supervisors/Child Development Project Officers.
- Adequate training for maintenance of growth chart was not imparted to most of the Anganwadi Workers (AWWs) in all the 108 test-checked AWCs which affected the growth monitoring during 2008-13.

As per data furnished by the Programme Officer, State ICDS Cell, out of existing 1,980 AWCs in the State only 750 AWCs and 200 AWCs were having functional baby scales and functional adult scales respectively as of 31 March 2013.

The shortfall in growth monitoring of children indicated that the system of identification of beneficiaries required to be targeted for interventions to mitigate the incidence of malnourishment among many children was not adequate.

While accepting the facts, the State Government stated (November 2013) that the Department will make all efforts to improve in this area.

2.3.7.6 Nutritional status of children

Under the scheme, children in accordance with their age, weight, status are divided into five categories viz. normal, grade- I, grade-II, grade-III and grade-IV. The children falling under grade-I and grade-II are treated as moderately malnourished whereas children under grade-III and grade-IV are treated as severely malnourished and are required to be provided additional SN, regular health check-up and referral to the health centres.

The year-wise nutritional status of children who were ICDS beneficiaries in the State during 2008-13 is shown in the following Table-2.3.10:

Table-2.3.10

Status as on 31 March	Total No. of children weighed	Normal		Grade-I & II (moderately malnourished)		Grade-III & IV (severely malnourished)	
		Number	Per cent	Number	Per cent	Number	Per cent
2009	53186	25321	47.60	27704	52.10	161	0.30
2010	129278	94124	72.81	34975	27.05	179	0.14
2011	125826	96558	76.74	29021	23.06	247	0.20
2012	130862	100441	76.75	30230	23.10	191	0.15
2013	139472	107057	76.76	32247	23.12	168	0.12

Source: Departmental records

The analysis of the data on nutritional status indicated that the State fared better in respect of the nutritional status of the children, where the percentage of normal children was satisfactory constituting 76.76 per cent of the total weighed children as on 31 March 2013 and the percentage of moderately malnourished children came down to 23.12 per cent as on 31 March 2013 from 52.10 per cent as on March 2009.

However, the fact remains that possibility of any severely malnourished child among the children not weighed as stipulated in the programme, not being targeted so that they could be provided additional SN, health check up and referral to the health centres could not be ruled out.

The State Government in its reply (November 2013) did not offer any comments.

2.3.7.7 Testing the quality of Supplementary food

The scheme prescribed mandatory laboratory check of the food material being used for providing Supplementary Nutrition (SN) in order to ensure that the food material contains the required nutrition components. Test-check of the quality of the Supplementary food was to be done by the Food and Nutrition Board (FNB) through its network of Quality Control Laboratories (QCLs) and Community Food Nutrition Extension Units (CFNEUs) located in the State. Samples for the purpose were to be collected by the field units of FNB during the course of regular inspections of AWCs. The ICDS functionaries were also required to send samples to QCLs.

It was, however, noticed that during 2008-13, the Department did not conduct any mandatory test in the food materials being used for providing Supplementary Nutrition (SN). In the absence of prescribed checks, it could not be verified whether the food items supplied to the beneficiaries conformed to the prescribed standards.

The State Government in its reply (November 2013) stated that the food samples were sent for testing for analysis of their nutrient contents to recognised laboratories viz. Jadavpur University, Kolkata and Shriram Institute for Industrial Research, Delhi, but no supporting documents could be made available to audit in support of their claims.

Audit Objective: Whether the services of pre-school non-formal education were being provided effectively so as to reduce the incidences of school dropout?

2.3.8 Pre-School Education

Pre-School Education (PSE) is one of the crucial components of the ICDS scheme. This aims at development of school readiness and a positive attitude towards school education among children of the age group of 3-6 years through non-formal and joyful play way activities at AWCs. The objective of the PSE is also to strengthen the goal of universalisation of primary education.

2.3.8.1 Coverage of beneficiaries for PSE

The State Government is responsible for providing various services, including PSE envisaged under the scheme. Audit noted that there was persistent shortfall in the coverage of beneficiaries for PSE in the State during 2008-13.

Details of year-wise beneficiaries for PSE in the State during 2008-13 are shown in the following Table:

Table-2.3.11

Year	Total no. of eligible beneficiaries	Actual no. of beneficiaries registered	Shortfall	Percentage shortfall
2008-09	69919	65796	4123	05.90
2009-10	54146	50941	3205	05.92
2010-11	58804	52205	6599	11.22
2011-12	57523	52813	4710	08.19
2012-13	60839	55428	5411	08.90

Source: Departmental records

An analysis of the above Table indicates that the objective of the PSE which is universalisation of primary education by developing readiness and a positive attitude towards school education among children of the age group of 3-6 years through non-formal and joyful play way activities at AWCs, was not completely achieved in the State.

In its reply (November 2013), the State Government stated that the Department will take all out efforts to improve the coverage of beneficiaries for PSE.

2.3.8.2 Non-supply of Pre-school kits

ICDS guidelines (July 2000) stipulated State level procurement of Pre-School Education (PSE) kits and distribution thereof to AWCs on yearly basis. The procurement was decentralised in order to streamline the process and make kits available in time to the AWCs.

The Ministry provided funds at the rate of ₹ 500 per operational AWC (enhanced to ₹ 1000 per kit from 2009-10) to the State.

Scrutiny of the records of the Director, Social Welfare Department revealed that during the period covered in audit, only in the years 2009-10, 2010-11 and 2012-13, the PSE kits were supplied to all the existing AWCs. During 2008-09 and 2011-12 no PSE kit was supplied to any of the AWCs in the State despite availability of fund.

Thus, during 2008-09 and 2011-12, despite availability of fund for procurement of PSE kits, the Department failed to monitor progress on timely utilisation of funds to ensure adequate supply of these kits to AWCs.

In its reply (November 2013), the State Government stated that the Department will take efforts for the regular distribution of PSE kits in future.

2.3.8.3 Mainstreaming of beneficiaries for formal education

The key objective of imparting PSE to the beneficiaries under ICDS scheme was mainstreaming of the children after completion of non-formal PSE. The Anganwadi Workers (AWWs) were required to ensure that all the children from the AWC joined the formal education after completion of PSE. The Anganwadi Centres (AWCs) were also required to co-ordinate with the local primary school so that the transition of the Anganwadi pre-school children to the primary school was a natural process. The Anganwadi Workers were also required to maintain data/records pertaining to school ready children joining formal school.

Audit noticed that all the 108 test-checked AWCs did not maintain proper data/records of eligible children in AWCs joining formal education during 2008-13, except casual maintenance of some data for the year 2012-13 by some test-checked AWCs. In the absence of these records, mainstreaming of children after completion of non- formal PSE could not be ascertained in audit.

While accepting the facts, the State Government stated (November 2013) that the Department will take efforts to improve maintenance of proper data/records of eligible children in AWCs, joining formal education, by an AWW.

2.3.8.4 Non-maintenance of records

Anganwadi Workers (AWWs) were required to maintain attendance register and other necessary records of all children attending AWCs for PSE.

It was, however, noted that no records relating to PSE beneficiaries were maintained in 60 test-checked AWCs. In all such cases AWWs replied to audit that all old records were destroyed after new registers were provided in April 2013.

In the absence of attendance register and other related records, audit could not ascertain the extent of services provided to the beneficiaries under PSE in those AWCs.

While accepting the facts, the State Government stated (November 2013) that the Department will be more careful in future in maintenance of records.

Audit Objective: Whether deployment and training of manpower under the scheme were adequate for effective delivery of the services?

2.3.9 Manpower and Training

An ICDS project area, coterminous with the community development block in the rural areas and ward/slum with a population of one lakh in urban areas, is the lowest administrative unit for implementation of the scheme. As per the Scheme guidelines, AWCs were to function under ICDS Projects headed by CDPOs. Each CDPO was to supervise, co-ordinate and guide the work of AWCs under the Project. Supervisors, working under CDPO, were responsible for providing continuous on-job guidance to and supervision of AWWs by visiting each AWC at least once a month and organising monthly meeting of AWWs with village level health functionaries.

The delivery of services to the beneficiaries is provided through Anganwadi Centres (AWCs) comprising an Anganwadi Worker (AWW) and Anganwadi Helper (AWH).

2.3.9.1 Training

Training is a very crucial element in the ICDS Scheme, as achievement of the programme's goals largely depends upon the efficiency of frontline functionaries in improving service delivery. Training under ICDS is implemented by National Institute of Public Co-operation and Child Development (NIPCCD) and Middle Level Training Centres (MLTCs) and Anganwadi Training Centres (AWTCs) run by the Non-Government Organisation (NGO)/ State Government spread across States with financial support from the Ministry. The pattern of training of ICDS functionaries is given in the Table below:

Table-2.3.12

Type of training	Trainee	Training provider	Duration (days)
Induction training (on initial engagement/appointment)	CDPO	NIPCCD	7
	Supervisor	MLTC	7
	AWW	AWTC	8
	AWH	AWTC	5
Job/orientation training (once during service period)	CDPO	NIPCCD	32
	Supervisor	MLTC	32
	AWW	AWTC	32
	AWH	AWTC	8
Refresher training (in-service, once in every two years)	CDPO	NIPCCD	7
	Supervisor	MLTC	7
	AWW	AWTC	7
	AWH	AWTC	5

Source: Departmental records

2.3.9.2 Status of Training imparted to functionaries

Under the scheme, State is required to fix its annual training targets for ICDS functionaries.

It was noticed in audit that there was persistent shortfall in achievement against the targets fixed for the training of AWWs and AWHs during 2008-13. The Department, however, did not fix any target for training of Supervisors during 2008-13. The position of targets fixed for training and achievement there against during 2008-13 is depicted in the following Table (year-wise status given in **Appendix-2.3.4**):

Table-2.3.13

Type of training	Functionary	Target	Achieved	Shortfall	Percentage of shortfall
Job/Orientation	Supervisor	Nil	Nil	-	-
	AWW	37	35	2	5
	AWH	22	7	15	68
Refresher	Supervisor	Nil	1	-	-
	AWW	13	7	6	46
	AWH	Nil	Nil	Nil	Nil

Source: Departmental records

In its reply (November 2013) the State Government clarified that there is no Middle Level Training Centre in Mizoram except one AWW Training Centre, hence, for training of Supervisors and above the State is dependent solely on NIPCCD for which it is difficult to meet the training target. Further, as the lone AWWs training centre could not cater to the training needs of the Department. The State Government is planning to open another training centre in Lunglei District to enhance the training capacity.

2.3.9.3 Fixation of Training Targets

Refresher training was to be provided to each ICDS functionary once in two years. Hence, every year at least half of the workforce in position was required to receive refresher training.

It was noted that year-wise targets fixed for refresher training were very low *vis-à-vis* requirements during 2008-13 as given below (year-wise details given in **Appendix-2.3.5**):

Table-2.3.14

Functionary	Requirement for refresher training	Targets	Actual training provided	Targets as percentage of requirement	Actual training as percentage of requirements
CDPO	68	Nil	9	-	13.23
Supervisor	201	Nil	Nil	-	-
AWW	4801	37	35	0.77	0.72
AWH	4801	22	7	0.46	0.15

Source: Departmental records

Thus, under refresher training, targets were disproportionately low with respect to the requirement of such training. Consequently, the shortfall against the requirement of such training was very high.

Non-imparting of training to the ICDS functionaries is bound to have effect on efficiency of routine functionaries in improving service delivery.

While accepting the facts, the Government stated (November 2013) that they will try to improve in this area.

2.3.9.4 Facilities/Benefits extended to AWWs & AWHs

The Government of India extended a number of facilities/benefits to Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs) so as to improve their working conditions.

Audit, however, noticed that these benefits were not fully extended to the AWWs and AWHs of 108 test-checked AWCs as spelt out below:

- The disbursement of monthly honorarium to the Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs) was not regular. It was disbursed on quarterly and half-yearly basis.
- The Ministry introduced (December 2008) a scheme to provide two sarees/sets of uniform *per annum* at the rate of ₹ 200 *per saree/set* of uniform to all AWWs/AWHs. It was noticed that only in 2011-12 the AWWs/AWHs received a piece of cloth at the rate of two metres each for one set of uniform.
- With a view to appreciate commendable services rendered by AWWs, the ICDS guidelines provide State level annual cash awards along with citation from the year 2000 onwards. Audit noted that no award was distributed during 2012-13, which defeated the very purpose of motivating AWWs.

Thus, the Department did not extend the facilities/benefits to AWWs/AWHs in a timely manner to improve their working conditions as well as motivate them.

The State Government clarified (November 2013) that the Department will improve the disbursement of honorarium on regular basis and in respect of disbursement of annual cash award, it was stated that the cash award for the year 2012-13 was under process.

Audit Objective: Whether health care related services were provided to the beneficiaries under the scheme?

2.3.10 Health care

Immunisation, health check-ups, referral services and treatment of common ailments were the health related services provided under the ICDS scheme. ICDS guidelines stipulate that during health check-ups and growth monitoring, sick or malnourished children in

need of prompt medical attention be referred to Primary Health Centres (PHCs) or their Sub-Centres (SCs). Health check-ups service includes health care of children less than six years of age, ante-natal care of expectant mothers and postnatal care of nursing mothers. The health check-up and medical care are to be rendered by the Auxiliary Nurse Midwives (ANMs) under the guidance of the Medical Officers of the PHCs. In this regard, following observations are made:

- Medical Officer (MO) was required to visit each sub-centre under his supervision at least once a week including the AWCs located at Sub-Centres/village area. Audit noted that no visit was conducted by MO in all 108 test-checked AWCs during 2008-13.
- No record was maintained in all 108 test-checked AWCs in respect of identified malnourished children referred to PHCs/SCs for further check-ups.
- The Government of India provided funds at the rate of ₹ 600 *per* operational AWC per annum to the State for procuring the medicine kits. It was, however, noticed that during 2011-12 no medicine kits were supplied by the Department to any of its 1980 AWCs though sufficient provision of fund was available.

Thus, the health related services to be provided under the Scheme in the State was deficient. Despite availability of fund, the failure of the State Government to procure and supply medicine kits to AWCs exposes the beneficiaries of the scheme to the vulnerabilities of common ailments.

While accepting the deficiencies, the State Government stated (November 2013) that it will take care for improvement of health care system.

Audit Objective: Whether Information, Education and Communication (IEC) was effective and resulted in community mobilisation in the services of ICDS?

2.3.11 Information, Education and Communication (IEC)

Information, Education and Communication (IEC) is a component of ICDS aimed at sustained behaviour and attitudinal change of society for holistic development of child. The main objective of IEC is to create awareness and build up the image of ICDS, stimulate demand for its services, effect and sustain behavioural and attitudinal changes in child caring, nutrition and health care practices and elicit sustained community participation. The State Government was to prepare annual implementation plan after assessing communication needs for a particular community/region and accordingly formulate IEC strategy.

2.3.11.1 Expenditure on IEC

As per scheme guidelines, an amount of ₹ 25,000 *per* project per annum was provided up to the year 2008-09 for conducting IEC activities, which was revised to ₹ 1,000 *per* AWC per annum from the year 2009-10 onwards.

It was observed in audit that none of the 108 test-checked AWCs under 10 Projects received any fund for conducting IEC activities during 2008-13. The Department also did not prepare any IEC action plan in accordance with financial norms during the period covered under review.

In its reply (November 2013), the State Government did not offer any comments in respect of non-receipt of funds for conducting IEC activities by the test checked AWCs.

Audit Objective: Whether the system of monitoring and evaluation was in place and effective?

2.3.12 Monitoring

The ICDS Scheme envisages an inbuilt system of monitoring through regular reports and returns flowing upwards from AWC to Project Headquarter, District Headquarter, State Headquarter and finally to the Ministry.

Audit noted that the State Headquarter compiled the year-wise data on physical achievement of beneficiaries under Supplementary Nutrition (SN) scheme on the basis of reported year-wise utilisation of fund under the scheme and forwarded the same to the Ministry during 2008-13 which was not in conformity to the procedure prescribed for monitoring the scheme.

2.3.12.1 Role of the Child Development and Project Officer (CDPO)/Supervisor

- (i) As per the scheme guidelines, the CDPOs were required to undertake field visits at the AWCs for at least 18 days in a month with 10 night halts outside the headquarters.

In four test-checked Projects the CDPOs had visited AWCs only 2,072 days against the requirement of visits of 4,320 days during 2008-13. This resulted in a shortfall of 52 *per cent* of field visit by the CDPOs. Further, CDPOs undertook only 75 night halt at AWCs (which was merely three *per cent* of the required stay) against the requirement of 2,400 during 2008-13.

- (ii) The Supervisor in an ICDS project plays a crucial role in monitoring and evaluation of the working of AWCs at grass root level. He/she is required to visit each AWC at least once a month and make at least one night halt every week in a village located at a distance of more than five km from headquarter.

Audit found that 79 Supervisors under four² ICDS Projects visited only 15,703 AWCs against the required visit of 23,496 AWCs during 2008-13, which resulted in a shortfall of 33 per cent.

It was also noticed that visits/night halts conducted by the Supervisors of others six test-checked Projects were highly deficient.

The shortfall in supervision of the AWCs by the CDPOs/Supervisors is bound to deprive the Anganwadi Workers of the guidance required to improve the functioning of AWCs and the quality of service delivered by the AWCs.

In its reply (November 2013), the Government viewed that due to communication problem in the State it was not so easy to achieve the targets as observed in audit, however, the Government stated that they will make their efforts to improve in this area.

2.3.12.2 Role of Anganwadi Workers (AWWs)

As per the scheme guidelines, a household survey of all families was to be conducted by the AWWs especially mothers and children in the age group of zero to six years. All AWWs were required to maintain a survey register which was to be updated monthly.

In 70 test-checked AWCs Survey Register was not found. In absence of Survey Register, whether all the eligible beneficiaries have been covered under the programme could not be ascertained in audit.

While accepting the facts, the State Government stated (November 2013) that the Department will take action to keep all the registers properly from now onwards.

2.3.12.3 Grievance Redressal Committee

As per the Ministry's instruction, a grievance redressal committee was to be set up at district and state levels with representation of the AWWs/AWHs. The committee was to regularly and expeditiously redress grievances and day to day problems faced by the AWWs/AWHs.

Audit, however, noticed that grievance redressal committee was set up neither at district level nor at State level during period from 2008-09 to 2012-13.

While accepting the facts, the State Government stated (November 2013) that the audit comments was noted for future guidance.

² (i) Aizawl Urban, (ii) West Phaileng, (iii) Zawlnuam and (iv) Reiek

2.3.13 Conclusion

While there were some positive areas in the implementation of the ICDS in the State, there were several omissions and serious shortcomings and lapses on the part of the program managers. The State Government did not comply with the need to draw up an Annual as well as Perspective Plan. This deprived the scheme of a well formulated and need based planned roadmap towards enhancement of the infrastructural facility from the AWC level and upwards. Persistent shortfalls in utilisation of funds and parking of funds were a common feature each year. Short-release of State share and non-utilisation of entire central assistance during 2008-13 adversely impacted the coverage of eligible child beneficiaries, pregnant and lactating mothers as well as that of the provision of supplementary nutrition.

The SN programme as a vital component of the child development scheme deserves utmost attention and any shortfall and lacunae in terms of quality and content must be plugged by the State Government. Some serious areas of concern relates to the manner of procurement which flouted the established Government purchase norms resulting in an excess expenditure of ₹ 1.90 crore due to non-acceptance of lowest bids. Besides, the fact that the mandatory food testing to ensure quality content of the procured material were not carried out raises serious concern on whether the required nutritional components delivered to the target beneficiaries from the procured SN items.

There were also instances of disruption of supply of supplementary nutrition to the AWCs. 54 out of 108 test-checked AWCs were functioning in NGO's or private buildings, despite the fact that the GoI released funds for construction of all the existing AWCs in the State. There was absence of basic amenities in some of the centres visited including drinking water facility.

Inconsistencies in reporting physical achievement of beneficiaries and actual expenditure incurred in implementation of the scheme were noticed in the course of this audit.

There was shortfall in coverage, non-availability of Pre-School Education (PSE) kits in the AWCs in the State. Further, mainstreaming of children to formal education after completion of PSE could not be ascertained due to non/improper maintenance of data at the field level.

Lastly, inadequate monitoring of the Scheme by the State Government was a major drawback in scheme implementation. The Department did not possess reliable data on actual physical achievement under the Scheme. Poor supervision of the AWCs by the CDPOs/Supervisors deprived the Anganwadi workers of the guidance required to improve the functioning of AWCs.

2.3.14 Recommendations

- The State Government should prepare Perspective Plan and Annual Plan specifying the planned roadmap for enhancement of infrastructural facilities required for delivery of the services under the scheme.
- Financial management should be strengthened effectively to ensure optimal utilisation of Central assistance and required State Share. Parking of funds in Civil Deposits should be avoided to prevent risks of possible diversion/misappropriation.
- The State Government should ascertain the reasons as to why AWCs have been functioning in NGO's/rented buildings, when the GoI provided cost of construction of all the 1,980 AWCs. The State Government should draw an action plan to ensure that all AWCs are provided with basic amenities, fulfilling the prescribed standards.
- The Department should ensure the correctness of data on physical performance by collecting monthly MPRs from all of its 27 ICDS projects before reporting the same to the Ministry.
- The State Government should take measures to ensure that there are no disruptions in the supplementary feeding support for 300 days in a year. State Government should consider mandatory testing of food items to ensure quality of food served to the beneficiaries.
- All the AWCs should maintain proper data to monitor the actual position of mainstreaming the Pre-School Education beneficiaries in the formal education.
- Targets fixed under State Training Action plan should be analysed with reference to the requirements of training under various categories.
- The State Government should develop a mechanism to monitor the regular field visits of CDPOs and Supervisors.
- The State Government should ensure immunization of pregnant women and infants, to reduce maternal and neonatal mortality among pregnant women as well as to protect children against major preventable causes of child mortality, disability and morbidity.
- The State Government should ensure availability of required equipment and adequate training to AWWs to facilitate monitoring growth standards of beneficiaries. The maintenance of necessary database must be prescribed and ensured by adequate monitoring.

COMPLIANCE AUDIT PARAGRAPHS

SCHOOL EDUCATION DEPARTMENT

2.4 Unauthorised expenditure against pulled back teachers

The District Project Coordinator, SSA, Aizawl incurred an unauthorised expenditure of ₹ 127.32 lakh out of the teacher's salary head against the ten pulled back teachers from the Primary/Upper Primary Schools.

As per Sarva Shiksha Abhiyan (SSA) Manual on Financial Management and Procurement issued (2010) by the Ministry of Human Resource Development, Government of India, Department of Elementary Education and Literacy, there is no provision in the SSA Manual for deployment of teachers in the District Level Project Offices.

Scrutiny (June 2013) of records of the District Project Coordinator (DPC), SSA, Aizawl revealed that the DPC, Aizawl, in an unauthorised manner utilised the services of 11 Primary/Upper Primary school teachers in the office of the DPC, Aizawl in addition to the sanctioned posts for carrying out routine work of ministerial nature. The salaries of these 11 teachers, attached to DPC Office were, however, borne out of teacher's salaries head under SSA.

The details showing the name of teachers, period of attachment in the DPC Office and salaries paid during 2010-13 are shown in the following Table-2.4.1:

Table-2.4.1

Sl. No.	Name of teachers	Date of attachment at DPC, Aizawl	Period of attachment as of March 2013 (in completed months)	Monthly salary (in ₹)	Salary paid during 2010-13 (₹ in lakh)
1.	Siamkima Hnamte	01.04.2003	120	20,000	24.00
2.	Ronald Lalrintluanga Sailo	09.08.2006	79	23,000	18.17
3.	Nancy Zothanmawii	16.07.2007	68	25,000	17.00
4.	T. C. Lalnunsanga	15.01.2008	62	25,000	15.50
5.	Vanlalhruii	06.10.2008	53	20,000	10.60
6.	C. Vanlalhriatrenga	14.01.2010	38	25,000	9.50
7.	Lalnunsangi	26.04.2010	35	25,000	8.75
8.	Laltlinpuia	03.05.2010	34	25,000	8.50
9.	Sylvia Zomuanpuii Colney	25.05.2010	34	25,000	8.50
10.	Lalawmpuia Miller	01.06.2010	34	20,000	6.80
Total					127.32

Source: Departmental records

Deployment of teachers at DPC Office has to be viewed in light of the fact the State has huge number of single teacher schools as evident from the minutes of meeting of the Project Approval Board. As a result, student of the respective Primary/Upper Primary Schools, wherein teachers

were deficit, were deprived of getting formal education due to unauthorised deputation of teachers at DPC Office.

Thus, the DPC, SSA, Aizawl, incurred an unauthorised expenditure of ₹ 127.32 lakh out of teacher's salary head under SSA programme during the period between May 2003 and March 2013.

The State Government admitted (November 2013) the fault and stated that the corrective measures could not be taken at present. It added that since Management Cost allotted under SSA was insufficient to appoint ministerial staff, the present practice was followed. To mitigate the problem, the State Government has assured that substitute teachers in place of all the pulled back staff will be engaged under management cost fund on a temporary basis in future to avoid deprivation of children in getting formal education.

2.5 Diversion of fund

The District Project Coordinator, SSA, Aizawl unauthorisedly diverted an amount of ₹ 52.02 lakh from four interventions for procurement of Free Text Books.

Sarva Shiksha Abhiyan (SSA) Manual on Financial Management and Procurement issued (2010) by the Ministry of Human Resource Development, Government of India, Department of Elementary Education and Literacy provides that fund shall not be diverted or appropriated to meet any expenditure on any item not provided for or contemplated in sanctioned budget estimates. The re-appropriation of fund from one intervention to another intervention is not permissible as per SSA Manual.

Scrutiny (June 2013) of records of the District Project Coordinator (DPC), SSA, Aizawl revealed that during 2011-12, the DPC, Aizawl purchased Free Text Books (FTBs) worth ₹ 123.11 lakh against the available provision of ₹ 71.09 lakh. Thus, out of available provision of ₹ 71.09 lakh, an amount of ₹ 71.09 lakh was disbursed to the suppliers during 2011-12, leaving an outstanding amount of ₹ 52.02 lakh due to the suppliers.

It was, however, noticed that during 2012-13, the DPC, Aizawl, cleared the entire outstanding dues of ₹ 52.02 lakh by unauthorisedly appropriating/diverting fund from the other interventions as shown below:

Table-2.5.1

Sl. No.	Name of intervention	Fund available	Fund utilised for FTBs
		(₹ in lakh)	
1.	Innovative Activity Girl Education	10.49	5.86
2.	Learning Enhancement Programme	19.77	18.91
3.	Special Training	77.00	22.00
4.	IE - CWSN	49.56	5.25
Total		156.82	52.02

Source: Departmental records

Thus, due to diversion of fund, the activities of four interventions were deprived to the extent of ₹ 52.02 lakh during 2012-13.

The State Government stated (November 2013) that in 2011-12 while calculating Upper Primary School students, Primary School students were also included and hence, the excess occurred on procurement of books, which compelled the State to adjust it in the next year so that children should not be deprived of text books. The fact, however, remained that the excess text books purchased on 2011-12 could not be used in subsequent year due to change in syllabus and the expenditure incurred on procurement of excess book has been declared wasteful.



CHAPTER-III

ECONOMIC SECTOR

(other than State Public Sector Undertakings)

CHAPTER-III

ECONOMIC SECTOR (OTHER THAN STATE PUBLIC SECTOR UNDERTAKINGS)

3.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2013 deals with the findings on audit of the State Government under Economic Sector (other than State Public Sector Undertakings).

The names of the State Government Departments and the total budget allocation and expenditure of the State Government under Economic Sector (other than State Public Sector Undertakings) during the year 2012-13 are given in the table below:

Table-3.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditures
1.	Planning & Programme Implementation	72.57	43.16
2.	Agriculture	255.81	241.11
3.	Horticulture	124.61	123.43
4.	Soil and Water Conservation	63.22	60.03
5.	Animal Husbandry and Veterinary	134.75	131.21
6.	Fisheries	35.36	35.07
7.	Co-operation	105.79	82.18
8.	Rural Development	13.90	12.13
9.	Industries	106.09	102.40
10.	Sericulture	26.27	25.95
11.	Tourism	7.64	6.16
12.	Trade and Commerce	5.29	5.06
13.	Public Works	671.37	359.48
14.	Minor Irrigation	147.40	9.52
15.	Information & Communication Technology	8.48	8.44
Total		1778.55	1245.33

Source: Appropriation Accounts, Government of Mizoram, 2012-13

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

Table-3.1.2

(₹ in crore)

Name of the Departments	Name of the Schemes/ Programmes	Implementing Agency(s)	Amount of funds transferred during the year
1	2	3	4
Rural Development (RD)	NREGS - 90:10 National Rural Employment Guaranteed Scheme	Rural Development (RD)	251.60
Rural Development (RD)	IAY - Indira Awaas Yojana	Rural Development (RD)	10.80

1	2	3	4
Rural Development (RD)	BRGF-Backward Region Grant Fund	Rural Development (RD)	19.42
Public Works	PMGSY-Pradhan Mantri Gram Sadak Yojana	Public Works Department	71.82
District Rural Development Agency	DRDA Administration	District Rural Development Agency	5.80
District Rural Development Agency	Integrated Watershed Management Programme	District Rural Development Agency	25.16
Rural Development (RD)	Aajeevika-Swaran Jayanti Gram Swarajgar Yojana	Rural Development (RD)	14.05
Agriculture	National Food Security Mission	Mameti (Agriculture)	6.04
Agriculture	Support to State Extension Programme for Extension	Mameti (Agriculture)	4.97
Fisheries	Infrastructure Development FPI	Mizofa Fish Seed farm	1.52
Fisheries	Development of Inland Fisheries and Aquaculture	Mizoram Government	5.14
Animal Husbandry and Veterinary	Feed and Fodder Development Scheme	Mizoram Government	2.78
Animal Husbandry and Veterinary	Livestock Health and Disease Control	Mizoram Government	2.33
Agriculture	Macro Management of Agriculture (MMA) Scheme	Mizoram Government	19.33
Fisheries	National Scheme for Welfare of Fishermen	Mizoram Government	1.86
Agriculture	Rashtriya Krishi Vikash Yojana (RKVY)	Mizoram Government	184.73
Public Works	Roads and Bridges	Mizoram Government	3.63
Urban Development and Poverty Alleviation	Externally Aided Projects-North Eastern Region UD Project	Mizoram Government	2.17
Animal Husbandry and Veterinary	National Project for Cattle and Buffalo Breeding	State Implementation Unit Mizoram of NPCBB	1.05
Total			634.20

Source: Finance Accounts, Government of Mizoram, 2012-13

3.2 Planning and conduct of Audit

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

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

The audits were conducted during 2012-13 involving expenditure of ₹ 239.33 crore out of the total expenditure of ₹ 1,245.33 crore of the State Government under Economic Sector (other than State Public Sector Undertakings). This chapter contains one Performance Audit on *viz.* 'Indira Awaas Yojana' (IAY) and compliance audit on 'Disbursement of Transport Subsidy'.

PERFORMANCE AUDIT

RURAL DEVELOPMENT DEPARTMENT

3.3 Indira Awaas Yojana

Highlights

Indira Awaas Yojana (IAY), a flagship scheme, was launched by the Ministry of Rural Development, Government of India with the objective of helping rural BPL people in construction of dwelling units and up-gradation of existing unserviceable kutcha houses by providing financial assistance. A Performance Audit of the implementation of the scheme in Mizoram was carried out covering the period from 2008-09 to 2012-13 involving test check of records of four blocks in two Districts. The Performance Audit of the scheme brought out the following significant findings:

In case of 25 sample villages under four blocks in two Districts (Aizawl and Champhai), the selection of beneficiaries was not done maintaining the order of ranking/seniority in the Waitlist and even in some villages, beneficiaries were selected outside the Waitlist during 2008-13.

(Paragraph 3.3.9.1)

The State Government released State share of ₹ 63.71 lakh and ₹ 82.47 lakh to Aizawl and Champhai Districts respectively during 2008-13 with inordinate delays ranging between 11 days and 279 days.

(Paragraph 3.3.10.4)

Due to late receipt of proposals for the second instalment from six Districts, the Government of India deducted Central Assistance of ₹ 92.57 lakh from the allocated IAY resources during 2012-13.

(Paragraph 3.3.10.5)

The IAY beneficiaries under Aizawl and Champhai Districts failed to avail loan under DRI scheme with marginal interest due to lack of awareness.

(Paragraph 3.3.14)

In absence of convergence and dovetailing of central sector schemes with IAY, the beneficiaries of the two Districts (Aizawl and Champhai) were deprived of the intended benefits of these schemes.

(Paragraph 3.3.15)

3.3.1 Introduction

Indira Awaas Yojana (IAY), the flagship scheme of the Ministry of Rural Development, Government of India for fulfilment of housing needs of the rural poor population

was launched in May 1985 as a sub-scheme of Jawahar Rozgar Yojana. It is being implemented as an independent scheme since 1 January 1996. The IAY aims at helping rural people below the poverty line (BPL) belonging to SCs/STs, free bonded labourers and non-SC/ST categories in construction of dwelling units and up-gradation of existing unserviceable *kutch* houses by providing assistance in the form of full grant. From 1995-96, the IAY benefits have been extended to widows or next-of-kin of defence personnel killed in action. Benefits have also been extended to ex-servicemen and retired members of paramilitary forces as long as they fulfil the normal eligibility conditions of the IAY. Three *per cent* of funds are reserved for the disabled BPL persons in rural areas. Since 2006-07, IAY funds are also being earmarked for minorities.

3.3.2 Organisational structure

A. State Level

In Mizoram, the Rural Development (RD) Department headed by the Secretary is the Administrative Department responsible for implementation and monitoring of the Scheme in the State. He is assisted by the Director, Rural Development Department. Besides, a State Level Monitoring Cell and Internal Audit Cell (SLMC&IAC), under RD Department, headed by a Project Director is also responsible for monitoring of the scheme.

B. District Level

The Deputy Commissioners of the eight Districts of the State are designated as Chairmen of the District Rural Development Agencies (DRDAs) who are assisted by eight Project Directors of the concerned DRDAs for overall management of the scheme.

C. Block Level

In the 26 Rural Development Blocks in the State, Block Development Officers (BDOs) are responsible for implementation, monitoring and supervision of the scheme at village level under their respective RD Blocks.

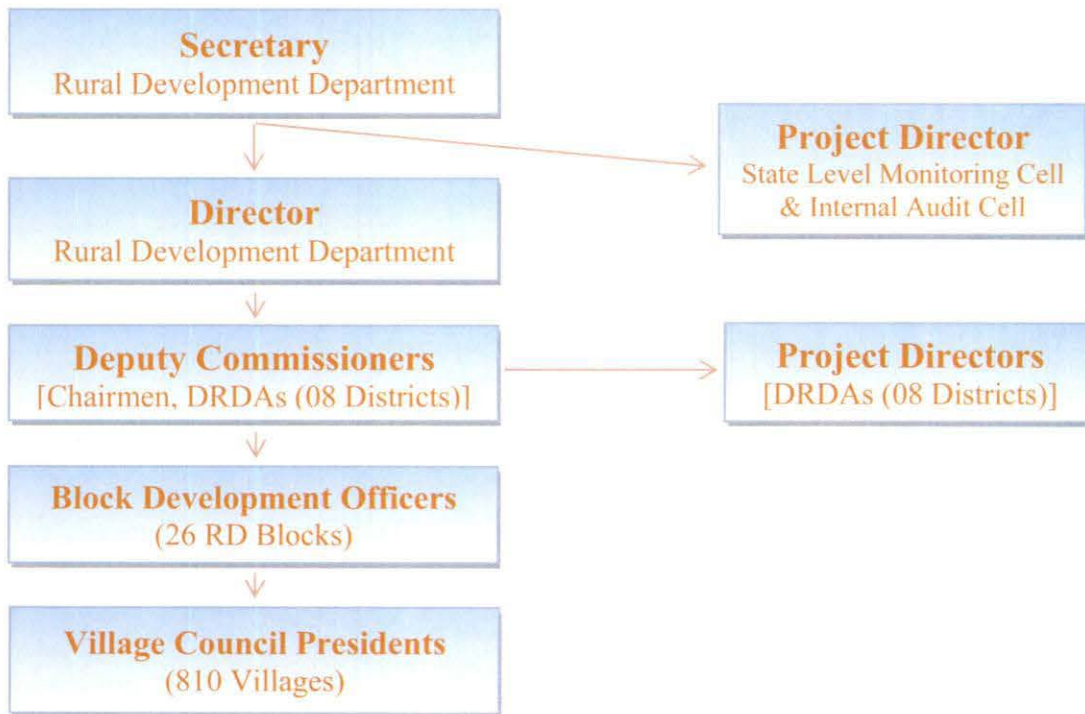
D. Village Level

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

In Mizoram, there are 810 villages in the eight Districts. The 810 Village Councils headed by Village Councils Presidents (VCPs) are responsible for selection of beneficiaries for preparation of Permanent Waitlist under the IAY scheme.

A Chart showing organisational structure responsible for implementation of the scheme in the State is depicted below:

Chart-3.3.1



3.3.3 Audit Objectives

The Performance Audit was conducted with the audit objectives to assess whether:

- The system and procedures in place for identification and selection of the target groups and the processes for allotment, construction and up-gradation of dwelling units were adequate and conformed to the scheme provisions;
- The physical performance under IAY in terms of number of units constructed and upgraded was as planned and targeted and the constructions corresponded to the quality and financial parameters set out in the scheme guidelines;
- The allocation and release of funds under IAY were made in an adequate and timely manner and that these were utilised economically and efficiently in accordance with the scheme provisions;
- The convergence of the IAY activities with other programmes as envisaged was effectively achieved and ensured availability of complete functional dwelling units; and
- The mechanism in place for monitoring and evaluation of the outcomes of the programme was adequate and effective.

3.3.4 Audit Criteria

The audit criteria were derived from the following sources:

- The Guidelines of Indira Awaas Yojana issued by the Ministry of Rural Development (MoRD), Department of Rural Development;
- Periodical reports/returns prescribed by the State Government;
- Circulars/instructions issued by the Department of Rural Development, Government of India; and
- Reports of National Level Monitors.

3.3.5 Audit Scope

Performance Audit on the implementation of IAY Scheme in the State during 2008-13 was carried out through a test check (June to August 2013) of records at the following levels.

- State Government, Rural Development Department;
- District level DRDAs;
- RD Blocks including individual works; and
- Village Councils.

3.3.6 Audit Sampling

Out of eight Districts in the State, two Districts (25 per cent) viz. Aizawl and Champhai were selected. Out of nine blocks in the two Districts, four¹ blocks (44 per cent) were selected. Again, out of 80 Village Councils in the selected four blocks, 25 Village Councils (31 per cent) were selected for detailed scrutiny. Details of the selected Districts, blocks and villages are given in **Appendix-3.3.1**.

The sample Districts, Blocks and Villages were selected using Simple Random Sampling Without Replacement (SRSWOR).

3.3.7 Audit Methodology

- A. The Performance Audit commenced with an Entry Conference held on 8 May 2013 with the Secretary, Government of Mizoram, Rural Development Department and other officers from the RD Department, wherein the Audit Objectives, Scopes and Criteria were discussed. The Audit Methodology involved examination and analysis of the records/documents of the RD Department coupled with field visits by the

¹ 1) Aizawl District : Aibawk & Tlangnum Blocks and
2) Champhai District : Champhai & Khawzawl Blocks

Audit team for scrutiny and analysis of the records of the selected two Districts and four Blocks during the period from 20 May 2013 to 09 August 2013. The audit findings were discussed in the Exit Conference held on 23 October 2013 with the Secretary, Rural Development Department and the replies of the Government are suitably incorporated in the review at appropriate places.

B. Impact Assessment

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

- Household Beneficiary Survey.
- Physical Verification of works executed under the scheme.

3.3.8 Acknowledgement

The Indian Audit and Accounts Department acknowledges and appreciates the cooperation rendered by the Administrative Department of the Rural Development Department, the Chairmen and Project Directors of the DRDAs, Block Development Officers including Field Level Functionaries of the selected Districts and Blocks during this Performance Audit.

AUDIT FINDINGS

The important points noticed during the Audit are discussed in the succeeding paragraphs:

Audit Objective: Whether the system and procedures in place for identification and selection of the target groups and the processes for allotment, construction and up-gradation of dwelling units were adequate and conformed to the scheme provisions?

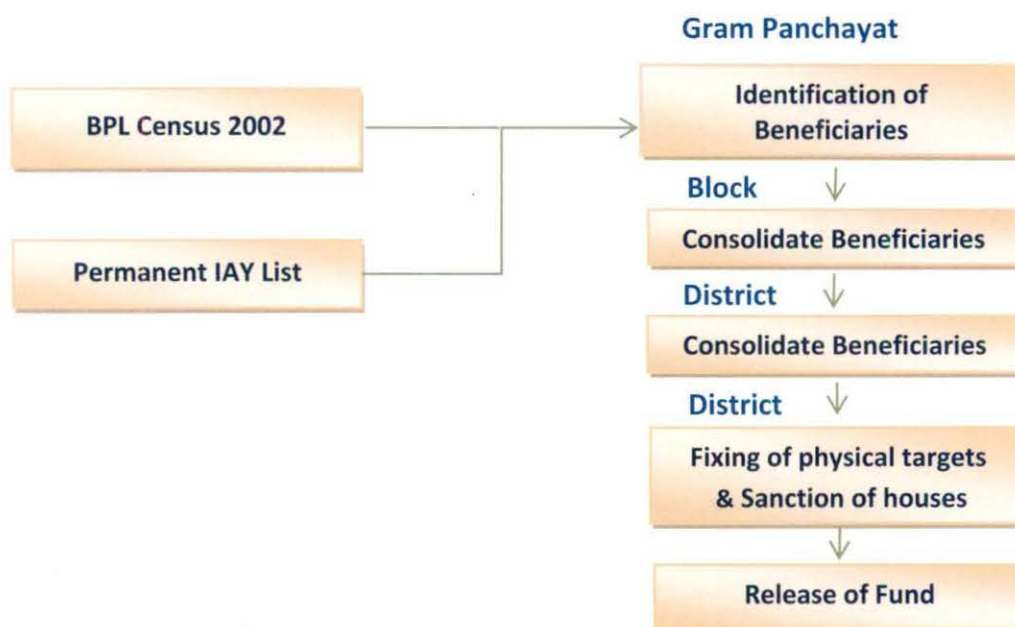
3.3.9 Identification and selection of beneficiaries

3.3.9.1 Preparation of Permanent Waitlist

As provided in the IAY Guidelines, the targets fixed shall be intimated to the Gram Panchayat concerned. Thereafter, the beneficiaries, restricting to this number, will be selected from the permanent IAY waitlist prepared on the basis of BPL lists in order of seniority in the list. The Gram Panchayats may draw out the shelterless families from the BPL list strictly in the order of ranking. A separate list of SC/ST families in the order of their ranks may be derived from the IAY list so that the process of allotment of 60 *per cent* of houses under the scheme is facilitated. Thus, at any given time, there would be two IAY waitlists for reference, one for SC/ST families and the other for non-SC/ST families. Once the lists are prepared, these need to be approved by the Gram Sabha to be attended by a Government servant who would be a nominee of the Deputy Commissioner. Selection by the Gram Sabha is final.

No approval by a higher body is required. Zila Parishads/DRDAs and Block Development Offices should, however, be sent a list of selected beneficiaries for their information. The permanent IAY waitlist so prepared will be displayed at a prominent place either in the Gram Panchayat office or any other suitable place in the village. The lists will also be put on the website by the concerned DRDAs. The following flowchart depicts process of selection of beneficiaries:

Chart-3.3.2



In Mizoram, the Below Poverty Line (BPL) list was last prepared by the Rural Development Department in 2002. Thereafter, the list was neither revised nor updated as of 2013. The concerned Gram Sabhas/Village Councils recommended the names of beneficiaries for incorporation in the permanent IAY waitlist according to their own judgement in the absence of clear instructions of updating BPL list.

In both of the sample Districts, the concerned DRDAs had drawn out the permanent IAY waitlists on the basis of recommendations of the Gram Sabhas/Village Councils. The Gram Sabhas/Village Councils' meetings were not attended by a Government servant *i.e.* a nominee of the Deputy Commissioner. In Aizawl District, the waitlists were prepared in 2009 and updated during 2010 and 2012, while in respect of Champhai District, it was prepared in 2007 and subsequently updated in 2010. The waitlists in the order of the ranking in the list finally compiled by the DRDAs had been posted in the DRDA's website by Aizawl and Champhai Districts in 2007 and 2008 respectively.

During 2008-13, altogether 398 beneficiaries were selected in 25 villages under the two Districts.

Scrutiny of the sanctioned orders containing list of selected beneficiaries issued by the two DRDAs (Aizawl and Champhai) during 2008-13 in case of 25 sample villages under four sample blocks in two Districts revealed that the selection of beneficiaries was not done maintaining the order of ranking/seniority in the waitlists. 43 beneficiaries were selected whose names were not in any waitlist. Another eight beneficiaries were, however, selected from the natural calamities category though their names were not in any of the waitlist.

While accepting the facts, the State Government stated (October 2013) that there had been cases where genuine deserving citizens were found living under extremely pathetic shelter were left out in the list of the permanent waitlist prepared by the VCs due to the utilisation of BPL List of 2002.

3.3.9.2 Annual Plan

Though the salient features of the implementation of the Scheme remain the same all over the country, many States have local issues. Therefore, it has been decided that every State may prepare its own Annual Action Plan for the year 2012-13 in respect of IAY. In this regard, the Hon'ble Minister for Rural Development had also written to the Hon'ble Chief Minister in this regard. The Action Plan has to touch upon issues like budget, State Action Plan on removal of shelterlessness in a time-bound manner, access to appropriate technological solution and skills, convergence, monitoring of house constructed by the beneficiaries and complaints redressal.

It was, however, noticed that, the two sample Districts (Aizawl and Champhai) had not prepared their own Annual Plans for the year 2012-13 in respect of IAY incorporating the above mentioned issues in a time bound manner.

The State Government in its reply stated (October 2013) that the Annual Plan had been prepared by the Department and submitted to the Ministry in July 2012. As the Annual Plan was not prepared by the Districts, the same may not be available with the District offices. The facts remain that the two Districts had implemented the scheme during 2012-13 without any knowledge of the Annual Plan.

Audit Objective: Whether the allocation and release of funds under IAY were made in an adequate and timely manner and that these were utilised economically and efficiently in accordance with the scheme provisions?

3.3.10 Fund Management

IAY is a Centrally Sponsored Scheme funded on cost-sharing basis between the Government of India and the State Governments. In the case of Mizoram, the funding is shared between Central Government and the State Government in the ratio of 90:10.

3.3.10.1 Allocation of Resources

As provided in Para 4.1 of the IAY Guidelines, the Central Assistance under the IAY will be allocated among the States/UTs giving 75 per cent weightage to rural housing shortage as per Census data and 25 per cent weightage to poverty ratio. Similarly, inter-Districts' allocation within a State/UT will be made by giving 75 per cent weightage to housing shortage and 25 per cent weightage to rural SC/ST population of the concerned Districts.

It was, however, noticed that, the State Government, Rural Development Department including two sample Districts (Aizawl and Champhai) have no record of Rural Housing Shortage as per Census data including poverty ratio in respect of all the Districts in the State. Hence, the rationale of the allocation of Central Assistance of ₹ 5,662.16 lakh to the eight Districts in the State during 2008-13 was not clear.

The State Government simply stated (August 2013) that, the allocation was made by the Central Government. It further clarified (October 2013) that target of houses under IAY had always been allocated by the Ministry without any involvement of State Government and DRDAs.

3.3.10.2 Financial Position

The year-wise financial assistance provided by the GoI and State Government and expenditure incurred there against by the eight Districts in the State during 2008-13 is given in the following Table-3.3.1:

Table-3.3.1

(₹ in lakh)

Year	Opening balance	Allocation	Central Release	State Release	Misc. Receipts (Int. & Other)	Total Available (2+4+5 +6)	Expenditure	Closing Balance
1	2	3	4	5	6	7	8	9
2008-09	10.00	917.38	1180.95	248.62	4.13	1443.71	1433.21	10.50
2009-10	10.50	1078.78	1219.33	135.00	7.92	1372.75	1369.25	3.50
2010-11	3.50	1207.36	1300.32	171.51	7.26	1482.60	1477.29	5.30
2011-12	5.30	1178.71	1108.69	146.63	10.40	1271.02	1261.53	9.50
2012-13	9.50	1279.94	1080.27	125.26	10.15	1225.17	1222.30	2.88
Total	10.00	5662.16	5889.57	827.02	39.86	6795.25	6763.57	2.88

Source: Departmental records

3.3.10.3 Excess release of State Share

For the eight Districts in the State, the State Government was required to release a State Share of ₹ 654.40 lakh against the Central Releases of ₹ 5,889.57 lakh during 2008-13, the State Government actually released an assistance of ₹ 827.02 lakh, which resulted in excess release of State Share of ₹ 172.62 lakh during the period 2008-13.

3.3.10.4 Inordinate delay in release of State Share

As per Para 4.3 of the IAY Guidelines *vis-à-vis* the terms and conditions of the release of Central Share by the Ministry of Rural Development, the State Government must release its share to the Districts concerned within one month of the date of release of Central Assistance.

Scrutiny of the records pertaining to the release of State Share to two sample Districts (Aizawl and Champhai) during 2008-13 revealed that the State Government released its share of ₹ 63.71 lakh and ₹ 82.47 lakh to Aizawl and Champhai Districts respectively. However, there were inordinate delays, ranging from 11 days to 279 days. The details of releases and delay are shown in **Appendix-3.3.2 (A) & (B)**.

Inordinate delay in release of State Share is bound to have an impact on timely implementation of the scheme.

While accepting the facts, the State Government stated (October 2013) that the delay of release of State Share occurred due to the mandatory procedures that had to be followed *viz.* collection of proposals from the District level, proposals for sanction from the Administrative Department to Planning and Finance Department and drawal of fund from the treasury *etc.*

3.3.10.5 Deduction of Central Assistance

As per the terms and conditions laid down in IAY Guidelines (Para 4.2) of the release of Central Share by the Ministry of Rural Development, the first instalment amounting to 50 *per cent* of the total allocation for a particular District is released by the Centre in the beginning of the financial year. The proposal for release of second instalment by the DRDA complete in all respects should be submitted to the Centre by 31 December every year. The Second instalment for the District was to be released on receipt of request from the DRDA on fulfilment of certain conditions. One such condition was that 60 *per cent* of the total available funds should have been utilised at the time of submission of the proposal. Depending upon the receipt of complete proposal for second instalment, the quantum of release of second instalment will be governed as follows:

Proposal received in the month of:

December (concerned financial year)	:	50 per cent allocated funds
January (concerned financial year)	:	40 per cent allocated funds
February (concerned financial year)	:	30 per cent allocated funds
March, upto 15 th (concerned financial year)	:	20 per cent allocated funds

Proposals received after the 15 March are not to be entertained.

Scrutiny of the records of the SLMC & IAC revealed that out of allocated Central Assistance of ₹ 925.69 lakh for the year 2012-13 against the following six Districts, the Government of India released first instalment of ₹ 462.86 lakh (50 per cent) in time. But, against the second instalment due of ₹ 462.83 lakh the Government of India released an assistance of ₹ 370.26 lakh after deduction of an amount of ₹ 92.57 lakh (10 per cent) due to late receipt of proposals for the second instalments from these six Districts. The details of deductions are given in following Table:

Table-3.3.2

(₹ in lakh)

Year	Name of District	Central Allocation	1 st Instalment Released	2 nd Instalment Due	2 nd Instalment actually released	Amount Deducted
2012-13	Aizawl	121.61	60.81	60.80	48.64	12.16
	Kolasib	79.76	39.88	39.88	31.90	7.98
	Lunglei	240.60	120.30	120.30	96.24	24.06
	Mamit	145.81	72.91	72.90	58.32	14.58
	Serchhip	34.21	17.11	17.10	13.68	3.42
	Lawngtlai	303.70	151.85	151.85	121.48	30.37
	Total		925.69	462.86	462.83	370.26

Source: Departmental records

In the remaining two Districts, there was no such deduction as the proposal for release of second instalment was submitted in time.

Had there been no deduction of ₹ 92.57 lakh, assistance could have been extended to another 190 beneficiaries for construction of new houses during that year.

While accepting the facts, the State Government stated (October 2013) that late submission of proposals for second instalment occurred due to late receipt of State matching share which has to be imbibed in the Certificate for claiming the second instalment apart from inability of MIS report to capture data accurately due to various constraints such as (i) uploading of MIS data offline, (ii) problem of MIS software and (iii) poor internet facility.

3.3.10.6 Non-receipt of interest

As provided in the IAY Guidelines (Para 4.7), the IAY funds (Central share as well as State share) shall be kept in a nationalised/scheduled/co-operative banks or a post office in an

exclusive and a separate Savings Bank Account. The interest accrued on the deposits of IAY funds shall be treated as part of the IAY resources.

Scrutiny of records relating to two sample blocks (Champhai and Khawzawl) under Champhai District revealed that the concerned Block Development Officers retained the IAY funds in Current Bank Account and as a result they did not earn any interest.

The interest receivable could have been utilised as an additional IAY resource to cover few more IAY beneficiaries.

While accepting the facts, the State Government stated (October 2013) that due to ignorance of the accounting procedures the concerned BDOs retained the fund in the Current Account. However, the Government confirmed that the concerned BDOs have been operating the fund in Savings Account on receipt of Audit observations.

3.3.10.7 Allocation of funds for Natural Calamities

As provided in Para 4.4 of the IAY Guidelines, 5 *per cent* of the total allocated funds under IAY was kept apart to meet the exigencies arising out of natural calamities and other emergent situations like riot, arson, fire, rehabilitation under exceptional circumstances *etc.* with a State-wise ceiling of 10 *per cent* of annual allocation (including State share). Proposals for this purpose were to be submitted by the State Governments showing the extent of damage and the estimated fund requirement in respect of the proposed IAY houses to have access this fund, provided assistance for construction of a house has not been obtained from any other source.

Scrutiny of the records of the Administrative Head of the Rural Development Department, Mizoram, revealed that during the Performance Audit covered under audit, no such proposal was forwarded to the Central Government for re-imburement of any expenditure out of this earmarked fund for Natural Calamities. However, eight beneficiaries were provided with assistance under Natural Calamities category out of the normal allotment to the State as indicated in the Para 3.3.9.1 *supra*.

While accepting the facts, the State Government stated (October 2013) that for the year 2013-14, all the DRDAs had been instructed to submit proposal, if any, for availing special package under IAY within their Districts.

3.3.10.8 Transfer of fund to beneficiaries

Para 4.10 of the IAY Guidelines provide that payment should be made to the beneficiaries on a staggered basis depending on the progress of the work. The entire money should not be paid to them in lump sum. Instalments of payment to be linked to the progress of work can be decided by the State Government or at the District level. Ideally, the funds should be distributed to the beneficiaries in two instalments, first instalment with the sanction order and the second instalment when the construction reaches the lintel level.

Funds under IAY should be transferred directly into the beneficiaries' accounts in a bank or post office. For this purpose, as soon as the beneficiaries are selected, they should be asked to open a Bank/Post Office account, in case they do not already have an account in any Bank or Post Office, and to intimate the account number to the Gram Panchayat/BDO/DRDA, as the case may be.

In case of the two sample Districts (Aizawl and Champhai) it was noticed that the scheme was directly implemented by the concerned Block Development Officers. The BDOs released the payment to the beneficiaries on a staggered basis depending on progress of the work. The sanctioned fund was released to beneficiaries in two instalments, the first instalment (50 per cent) with the sanction orders and the second instalment (50 per cent) when the construction reached the plinth level.

Further, it was noticed in audit that in the four test-checked blocks, the payment to all the beneficiaries had been released through the bank/post office accounts of the beneficiaries from the years indicated in the Table-3.3.3. Previous to that period beneficiaries were paid in cash due to poor banking facilities during that period.

Table-3.3.3

Name of District	Name of Block	Period from which payments were released through the beneficiaries' accounts
Aizawl	Tlangnuam	2012-13
	Aibawk	2012-13
Champhai	Champhai	2009-10
	Khawzawl	November 2010

Sources: Departmental records

Audit Objective: Whether the physical performance under IAY in terms of number of units constructed and upgraded was as planned and targeted and the constructions corresponded to the quality and financial parameters set out in the scheme guidelines?

3.3.11 Physical Targets and Achievements

3.3.11.1 Physical performance on construction of IAY Houses

The physical targets and achievements attained thereon in new construction and up-gradation of IAY houses by the eight Districts in the State during 2008-13 are given in the following Table-3.3.4:

Table-3.3.4

(A) Physical Targets and Achievements : (New Construction)

Year	Targets			Achievements (Percentage)		
	SC/ ST	Physically or mentally challenged	Total	SC/ ST	Physically or mentally challenged	Total
2008-09	2024	63	2087	3106 (153)	45 (71)	3151
2009-10	2517	78	2595	2892 (115)	64 (82)	2956
2010-11	2157	67	2224	2584 (120)	45 (67)	2629
2011-12	2071	64	2135	2240 (108)	80 (125)	2320
2012-13	2606	81	2687	2362 (91)	34 (42)	2396
Total	11376	352	11728	13184 (116)	268 (76)	13452

(B) Physical Targets and Achievements : (Up-gradation)

Year	Targets			Achievements (Percentage)		
	SC/ ST	Physically or mentally challenged	Total	SC/ ST	Physically or mentally challenged	Total
2008-09	1117	35	1152	2011 (180)	17 (49)	2028
2009-10	889	27	916	1848 (208)	47 (174)	1895
2010-11	432	13	445	1444 (334)	18 (138)	1462
2011-12	191	6	197	899 (471)	8 (133)	907
2012-13	0	0	0	383 (100)	0	383
Total	2629	81	2710	6585 (250)	90 (111)	6675

Source: Departmental records

It could be seen from the Table-3.3.4 (A) and (B) above that physical achievement in respect of new construction and up-gradation of houses exceeded the targets in SC/ST category and in the case of physically or mentally challenged the achievement was less than the target fixed.

While admitting the facts, the State Government stated (October 2013) that the excess achievement was made from the accrued interest on savings bank accounts and due to excess release of State matching share for the outstanding fund released by the GoI for the previous years.

3.3.11.2 Non-coverage of up-gradation of houses

As provided in the IAY Guidelines (Para 4.1), upto 20 *per cent* of the total funds can be utilised for up-gradation of existing kutcha houses. It was also noticed that, while releasing the first instalment of allocated fund during 2012-13, the Ministry of Rural Development, Government of India clearly stated that the released fund should be utilised for the construction of new houses/up-gradation.

During 2012-13, an amount of ₹ 1,225.17 lakh was available with the eight DRDAs in the State. Thus, out of available fund of ₹ 1,225.17 lakh, an amount of ₹ 245.03 lakh

(20 per cent) could have been utilised for up-gradation of at least 1,633 existing kutcha houses @ ₹ 15,000/- each.

Against this, only 383 houses were upgraded in two Districts (Lawngtlai District - 203 houses; and Lunglei District - 180 houses). In the remaining six Districts (Aizawl, Champhai, Kolasib, Mamit, Saiha and Serchhip) in the State during 2012-13, no funds were utilised for up-gradation of kutcha houses despite there being beneficiaries seeking assistance for up-gradation of houses as evident from the permanent IAY list.

The State Government stated (October 2013) that in spite of the provision in the Guidelines that upto 20 per cent of the total funds can be utilised for up-gradation of houses, the IAY assistance was given for new construction of houses as the beneficiaries desired higher amount meant for new construction in order to have better houses and moreover providing IAY up-gradation is not mandatory. The reply, however, is not acceptable as there were beneficiaries seeking assistance as per permanent IAY list for up-gradation of houses. The State could have gone for a judicious mix of both the categories.

3.3.12 Construction of houses and quality

3.3.12.1 Cost Effectiveness and Quality of Material

Para 5.2 of the IAY Guidelines provides that effort should be made to utilise, to the maximum possible extent, local materials and cost effective disaster resistant and environment friendly technologies developed by various institutions. DRDAs should contact various organisations/institutions for seeking expertise information on innovative technologies, materials, designs and methods to help beneficiaries in the construction/up-gradation of durable, cost effective houses and disaster resistant houses. Help of Building Centres may also be taken to get the information on cost effective technologies/materials and conducting training for rural artisans. The State Governments may also arrange to make available information on cost effective environment friendly technologies, materials, designs *etc.* at District/Block level. Any other suitable location specific technology can be adopted by the beneficiaries.

It was seen in both the sample Districts that there was nothing on record to indicate that they have constructed houses by utilising to the maximum possible extent local materials and cost effective disaster resistant and environment friendly technologies. The State Government had also not arranged to make available information on cost effective environment friendly technologies, materials, designs *etc.* at District/Block level.

While accepting the facts, the State Government stated (October 2013) that the Government now have been designing a type design, in which effort will be made to incorporate environment friendly technologies.

3.3.12.2 Type Design

As per IAY Guidelines, each State Government will finalise its type designs for IAY houses along with technical and material specifications. It is not necessary to have only one type of design and one state can adopt more than one type of designs depending upon local conditions. The houses should be designed keeping in view the climatic conditions and the need to provide ample space, kitchen, ventilation, sanitary facilities, smokeless chullha *etc.*

It was, however, noticed that, the State Government, Rural Development Department has so far not prepared any type design along with technical and material specifications for IAY houses in the Districts. In the absence of type design, it could not be ensured that dwelling units constructed had ample space, kitchen, ventilation, sanitary facilities, smokeless chullha, *etc.*

Household beneficiary survey covering 150 beneficiaries revealed that only 17 *per cent* of houses had smokeless chullha facilities in new constructed houses. While sanitation facilities were not available in eight *per cent* of houses, in three *per cent* of the houses, kitchen facilities were absent.

The State Government stated (August 2013) that they had prepared two type designs with disaster resistance but the plan and estimate exceeded the amount fixed for beneficiary. The State reported its inability to the Ministry on 27 January 2011. The State Government added (October 2013) that the Directorate of Rural Development with competent Engineers would be instructed to chalk out the Type Design of the IAY houses to be adopted for all the Districts in Mizoram.

3.3.13 Allotment of houses

Para 2.4 of IAY Guidelines provides that the allotment of dwelling units should be in the name of female member of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife. However, if there is no eligible female member in the family available/alive, house can also be allotted to the male member of a deserving BPL family.

The position of allotment of IAY houses (both New Construction and Up-gradation) in the eight Districts of the State during 2008-13 is given in the following Table:

Table-3.3.5

(A) New Construction:

Year	Out of houses sanctioned during the year, houses allotted in the name of:				
	Women	Husband and wife jointly	Physically handicapped	Others	Total
2008-09	1855	775	45	476	3151
2009-10	1552	1340	64	Nil	2956
2010-11	1094	1161	45	329	2629
2011-12	1234	1006	80	Nil	2320
2012-13	1096	1247	34	19	2396
Total	6831	5529	268	824	13452

(B) Up-gradation:

Year	Out of houses sanctioned during the year, houses allotted in the name of:				
	Women	Husband and wife jointly	Physically handicapped	Others	Total
2008-09	1250	489	17	272	2028
2009-10	945	903	47	Nil	1895
2010-11	705	473	18	266	1462
2011-12	626	254	27	Nil	907
2012-13	233	150	Nil	Nil	383
Total	3759	2269	109	538	6675

Source: Departmental records

As can be seen from the above Tables, out of 13,452 newly constructed houses, 12,360 houses (92 per cent) were either allotted to female members or jointly in the name of both husband and wife. Another, 268 houses (2 per cent) were allotted to physically handicapped persons leaving a balance of 824 houses (6 per cent), which had been allotted to male members. Similarly, out of 6,675 upgraded houses, 6,028 houses (90 per cent) were either allotted to female members or jointly in the name of both husband and wife. Another, 109 houses (2 per cent) were allotted to physically handicapped persons leaving a balance of 538 houses (8 per cent), which had been allotted to other male members.

It was not on record to indicate that there was no eligible female member in case of 824 newly constructed houses and 538 upgraded houses that had been allotted to male members of the family.

While accepting the facts, the State Government clarified (October 2013) that Mizoram is a patrilineal society and so, all plots of land on which the dwelling units are to be built are always in the name of male member of the families. As such, permanent waitlist is always prepared in the names of the head of the families which are always male members of the families. Due to this reason, assistance under the Scheme had always been given in the names of male member due to ignorance of instruction/guidelines in this regard.

3.3.14 Loan under DRI Scheme

Para 3.1.1 of the IAY Guidelines provide that in addition to the assistance provided under the IAY, an IAY beneficiary can avail a loan of upto ₹ 20,000/- per housing unit under Differential Rate of Interest (DRI) Scheme at an interest rate of four *per cent* per annum. The DRDA shall facilitate availing of loan under DRI Scheme to the IAY beneficiary. The loan application may be obtained from the beneficiary while sanctioning an IAY house and may be submitted to the bank. The access to the DRI scheme should be appropriately reviewed in DLCCs and BLCCs.

It was noted in audit that none of the beneficiaries under two test checked Districts (Aizawl and Champhai) had availed the DRI scheme during the period covered under Performance Audit.

Further, in course of household beneficiary survey all the 150 beneficiaries interacted with expressed that they were not aware of the DRI loan facility which had indicated that the concerned DRDAs had not initiated any awareness programme to facilitate availing of loan under DRI scheme to the beneficiaries.

While admitting the facts, the State Government stated (October 2013) that all the DRDAs/ BDOs have been instructed to disseminate information of DRI Scheme to the beneficiaries from the current year.

Audit Objective: Whether the convergence of the IAY activities with other programmes as envisaged was effectively achieved and ensured availability of complete functional dwelling units?

3.3.15 Convergence with other schemes

Para 5.11 of the IAY Guidelines envisages that the DRDA will make concerted efforts to identify the programmes/schemes being implemented by various Ministries/Departments, which could be dovetailed with IAY so as to ensure that IAY beneficiaries also derive the benefits of these schemes intended for rural BPL households. To ensure IAY is converged with (i) TSC so that all IAY beneficiaries who are sanctioned a house will be sanctioned one toilet each under TSC if eligible, simultaneously and admissible incentives will be provided to the beneficiary from TSC for construction of same; (ii) RGGVY so that each IAY beneficiary could get a free electricity connection to the house and (iii) NRWSP to provide adequate water for drinking, cooking and other domestic basic needs on sustainable basis.

Scrutiny of the records of the two sample Districts (Aizawl and Champhai) revealed that the concerned DRDAs had not made any concerted efforts to identify the programmes/schemes being implemented by various Ministries/Departments, which could be dovetailed with IAY during the period covered under Performance Audit.

Thus, in absence of these convergence activities, the IAY beneficiaries in these two Districts could not derive the benefits of these schemes intended for rural BPL households.

This is evident from the fact that none of the 150 beneficiaries covered in household survey received any support from the convergence of Government schemes like TSC, RGGVY, NRWSP *etc.*, which implied that the concerned DRDAs did not make concerted efforts to identify the programmes/schemes for dovetailing with IAY so as to ensure that the IAY beneficiaries could derive the benefits of these schemes intended for rural BPL households.

In its reply (October 2013), the State Government accepted the facts that no specific efforts in regard to convergence of IAY with RGGVY and TSC has been taken up by the DRDAs. However, the Government has initiated convergence processes with the respective Nodal Departments from the year 2013-14.

<p>Audit Objective: Whether the mechanism in place for monitoring and evaluation of the outcomes of the programme was adequate and effective?</p>
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3.3.16 Monitoring and evaluation

3.3.16.1 Monitoring and Evaluation Framework

Para 6.1 of the IAY Guidelines envisage that the officers dealing with the IAY at the State headquarters are required to visit Districts regularly and ascertain through field visits whether the programme is being implemented satisfactorily and whether construction of houses is in accordance with the prescribed procedure. Likewise, officers at the District, sub-division and block levels must closely monitor all aspects of the IAY through visits to work sites. A schedule of inspection which prescribes a minimum number of field visits for each supervisory level functionary from the State level to the Block level should be drawn up and strictly adhered to. The monitoring of the programme at the State level will be the responsibility of State Level Vigilance and Monitoring Committee for Rural Development Programmes. A representative or nominee of the Ministry of Rural Development, Government of India should invariably be invited to participate in the meetings of the Committee.

Further, Para 6.1 of the IAY Guidelines envisage that the States may conduct evaluation studies on their own regarding the implementation and impact of the programme in their State. Copies of the reports of the evaluation studies conducted by the State should be furnished to the Government of India. Remedial action should be taken by the State on the basis of the observations made in these evaluation studies and also in the Concurrent Evaluation conducted by or on behalf of Government of India.

3.3.16.2 State Level Monitoring and Evaluation

(A) Monitoring

It was noticed that the State Government, Rural Development Department has so far not drawn up a schedule of inspection, which prescribes a minimum number of field visits for

each supervisory level functionary from the State level to the Block level. Also, during the period covered under Performance Audit, no field visit was taken up by the any of the supervisory level functionary from the State level to oversee whether the programme is being implemented satisfactorily and whether construction of houses is in accordance with the prescribed procedure.

In its reply (October 2013) the State Government expressed regret for not being able to conduct field visit in the implementation of IAY by the official functionaries at State Level due to heavy workload in the daily routine works in the office.

(B) Evaluation

During the period covered under Performance Audit no evaluation studies was carried out by the State Government on the implementation of the IAY scheme and impact of the programme in the State.

In its reply (October 2013), the State Government has admitted the fact and did not elaborate further.

3.3.16.3 Vigilance and Monitoring Committee

Para 6.1 of the IAY Guidelines envisages that the monitoring of the programme at the State level will be the responsibility of State Level Vigilance and Monitoring Committee for Rural Development Programmes. A representative or nominee of the Ministry of Rural Development, Government of India should invariably be invited to participate in the meetings of the Committee.

It was noticed that during the period covered under Performance Audit the following numbers of meetings of the State/District Level Vigilance and Monitoring Committee were held in the State level and test checked District levels:

Year	State Level	District Level	
		Aizawl	Champhai
2008-09	Nil	02	02
2009-10	01	01	02
2010-11	01	03	03
2011-12	01	02	03
2012-13	01	03	03
Total	04	11	13

It was noticed during the audit scrutiny that in the meeting of State Level Vigilance and Monitoring Committee, representative from the Ministry of Rural Development, Government of India attended only once in 2010-11 during five years period covered under the performance audit.

3.3.17 Training

Para 5.7 of the IAY Guidelines provide that Officers dealing with the IAY in the State, District and Block Levels must be trained in various disaster resistant features to be adopted in the houses and they should ensure that this is complied with during their field visits. In addition, local carpenters and masons should be trained for skill up-gradation and use of low cost technology and local material under the SGSY. The awareness among the beneficiaries must be created about the disaster resistant and environment friendly technology through exhibitions of low cost technologies at the District and Block level, seminars, workshops *etc.* The services of the State Institutes of Rural Developments (SIRDs) Extension Training Centres may be taken up for this purpose.

It was noticed that, the State Government as well as two sample Districts (Aizawl and Champhai) had not conducted any such training for the officers dealing with IAY at the State, District and Block Levels during the period covered under Performance Audit. The local carpenters and masons had not been trained for their skill up-gradation. Also, no awareness program was conducted among the beneficiaries about the disaster resistant and environment friendly technology through exhibitions of low cost technologies at the District and Block level, seminars, workshops *etc.*

As a result, ultimately the beneficiaries remained unaware about disaster resistant technology that could withstand minor earthquakes, cyclone, floods *etc.* and also to improve the quality of the house constructed.

While accepting the facts, the State Government stated (October 2013) that conducting training as a routine was difficult at the State, District and Block Level due to financial constraint.

3.3.18 Quality Inspection

Para 5.7.1 of the IAY Guidelines provides that technical supervision should be provided for construction of an IAY house. Foundation laying and lintel level are critical stages for maintaining the quality of the house. Therefore, technical supervision should be provided at least at these two stages.

It was seen that the implementing officers (BDOs) had periodically provided technical supervision for the construction of IAY houses by the beneficiaries through the technical staff attached to their respective blocks. The interaction with the beneficiaries also confirmed this fact to very great extent.

3.3.19 Household beneficiary survey

In course of this Performance Audit, a Household Beneficiary Survey was conducted by audit jointly with the representatives of the implementing blocks to assess the impact of IAY at the grass root level. The beneficiary survey primarily involved direct interaction with

the IAY beneficiary households to ascertain their satisfaction level on the implementation of the IAY Scheme in the presence of Departmental officials.

The household beneficiary survey was conducted in Aizawl and Champhai Districts covering 150 beneficiary households in 25 villages under four sample blocks (Aizawl District - Aibawk and Tlangnuam Blocks; Champhai District - Champhai and Khawzawl Blocks).

Summary of the analysis out of responses gathered from 150 beneficiaries is given in the **Appendix-3.3.3**.

From the responses to the questionnaires as indicated in the **Appendix-3.3.3**, the following observations are made:

- ⇒ Out of 150 beneficiaries only 118 beneficiaries had annual income in the range of ₹ 15,000 to ₹ 30,000 and annual income of the remaining 32 beneficiaries was in the range of ₹ 30,001 to ₹ 75,000. Further, out of 150 beneficiaries, only 89 beneficiaries (representing 59 *per cent*) have BPL ration cards and the remaining 61 beneficiaries have either APL or other type (AAY) ration cards. This implied that all the beneficiaries were not under BPL category.
- ⇒ All the 150 beneficiaries accepted that they were residing in *kutcha* houses before the construction of IAY dwelling units, which had a significant impact in uplifting their lifestyle.
- ⇒ All the 150 beneficiaries have constructed IAY dwelling units on the plot of land owned by themselves, which signifies that none of these rural BPL households require allotment of homestead sites from the VC and/or Government.
- ⇒ Out of 150 houses, 69 houses (representing 46 *per cent*) were allotted to male member of the households, although female members in the families were available/alive, which implied that the allotment of IAY houses were not done as per Para 2.4 of the IAY Guidelines.
- ⇒ Out of 150 houses sanctioned, 136 beneficiaries (representing 91 *per cent*) have completed construction of houses and out of the remaining 14 houses, 13 houses were in progress and one house was abandoned. In Ngur Village Council under Champhai Block (Champhai District), one beneficiary *viz.* Lalrinawma did not start the construction of IAY new house although an amount of ₹ 48,500 was disbursed to him during 2011-12.
- ⇒ Out of 150 beneficiaries, only four beneficiaries (representing three *per cent*) informed that no departmental technical inspection was carried out at the stage of construction of IAY houses. It showed that the implementing agencies at Block level carried out

nearly 100 *per cent* technical inspection at the construction stages of IAY houses as envisaged in the IAY Guidelines.

- ⇒ Against 150 houses, only 68 houses (representing 45 *per cent*) displayed IAY logo which implied that concerned DRDAs did not ensure the display of the Government of India Rural Housing logo in these houses although sufficient IAY resources available under the scheme from the accrued interest.
- ⇒ It can be concluded that the level of beneficiary satisfaction has been very high as all the 150 beneficiaries affirmed that they did not face any problem in receiving the IAY funds from the implementing agencies.
- ⇒ Out of 150 beneficiaries, only 68 beneficiaries (representing 45 *per cent*) received the IAY funds through their respective bank accounts and the remaining 82 beneficiaries (representing 55 *per cent*) received the fund in cash which implied that the implementing agencies had not introduced the system of disbursement of fund through bank account in all the cases.
- ⇒ Out of 150 beneficiaries, almost major portion of the beneficiaries (144) constituting 96 *per cent* have received the IAY funds in full except six beneficiaries who received 50 *per cent* advances. This indicates that the implementing agencies had taken efforts for timely disbursement of funds.
- ⇒ Despite available provisions for construction of smokeless chulhas and sanitary latrines under the scheme, only 25 beneficiaries and 138 beneficiaries had constructed smokeless chulhas and sanitary latrines respectively in their houses which indicates that the concerned implementing agencies did not ensure the compliance of these provisions of the IAY Guidelines.
- ⇒ All the 150 beneficiaries expressed that they did not receive any support from the convergence of Government schemes like TSC, RGGVY, NRWSP and Assistance under LIC - Jan Shree Bima or Aam Admi Bima which implied that the concerned DRDAs did not make concerted efforts to identify the programmes/schemes for dovetailing with IAY so as to ensure that the IAY beneficiaries could derive the benefits of these schemes intended for rural BPL households.
- ⇒ All the 150 beneficiaries expressed that they did not receive any type design of the houses they constructed including expertise/information on use of innovative material, procurement of low cost material, cost effective technology and disaster resistant technology. This implied that both the State Government and the concerned DRDAs had not taken any efforts in these areas.

3.3.20 Conclusion

The primary objective of the IAY Scheme is to help the rural BPL SC/ST, free bonded labourers and non-SC/ST categories in construction of dwelling units and up-gradation of existing unserviceable *kuthca* houses by providing lump sum financial assistance.

It was encouraging to note that all the eight Districts in the State could achieve the target of construction of new houses and up-gradation of existing *kutcha* houses during 2008-13. That the overall performance of the program in the state has been satisfactory is amply reflected in the beneficiary survey, wherein it can be concluded that the level of beneficiary satisfaction was very high, as they responded with satisfaction over the timely receipt of instalments due to them and that the program had indeed uplifted their lifestyle by transiting into a new and improved dwelling units from their existing *kuthca* houses.

There were a few negative features which need to be addressed, which could have facilitated in much better implementation of the Scheme in the State. Implementation of the scheme without formulating Annual Plans have raised doubts on whether the scheme was implemented with specific goals and targets of addressing shelterlessness in a time bound manner. The scheme was not implemented in a time-bound manner due to delay in release of State share. Due to lack of awareness, the IAY beneficiaries failed to avail of its benefit of loan facility with marginal interest rate under the DRI scheme. There were instances of selection of beneficiaries without maintaining the order of ranking/seniority in the waitlist as well as selection of beneficiaries outside the waitlist. Most of the officers dealing with the IAY and the IAY beneficiaries remained unaware of various disaster resistant features which ought to have been adopted in the construction of IAY houses. There was no effort made at dovetailing and convergence of other central sector schemes with IAY with a view to deriving the benefits of the schemes intended for rural BPL households.

3.3.21 Recommendations

The following recommendations are made for improvement in future implementation of the Scheme.

- The State Government should scrupulously take necessary steps for implementation the various aspects as envisaged in the revised guidelines issued by Ministry of Rural Development, GoI in June 2013 for more effective implementation of the Scheme.
- The State Government should develop the implementation strategy for IAY by balancing the needs and advantages of habitation or cluster approach and individual household approach. Socio-Economic Caste Census (SECC) 2011 data should be

used to identify the landless households and also to revise the existing priority list for IAY. The State Government should prioritise the habitations on the basis of transparent criteria with a five year and annual priority list.

- The State Government should conduct a detailed survey with the involvement of the Panchayats to collect details of houses as well as other facilities in the habitations like physical connectivity, power connectivity, water supply, environmental sanitation and social infrastructure and list out all eligible beneficiaries from the selected habitation.
- State Government should ensure release of its share within the prescribed time limit for timely implementation of the scheme.
- The State Government should make efforts to converge the programmes/schemes being implemented by various Ministries/ Departments and put in place an appropriate system which facilitates (i) construction of toilets, (ii) provision of portable drinking water and (iii) provide electrification to all IAY households.
- States should prepare a capacity building plan to strengthen the quality of implementation. Training of District level officials and other functionaries involved in the implementation of the Scheme.

COMPLIANCE AUDIT PARAGRAPHS

INDUSTRIES DEPARTMENT

3.4 Disbursement of Transport Subsidy

3.4.1 Introduction

The Government of India (GoI) introduced the Transport Subsidy Scheme in July 1971, with a view to promoting industrialisation of hilly, remote and inaccessible areas. Under the scheme, transport subsidy is allowed to industrial units in selected areas, on movement of raw materials and finished goods to and from the designated railheads.

The scheme is applicable to all industrial units (excluding plantations, refineries and power generating units) located in the North Eastern Region (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim), Jammu & Kashmir, Himachal Pradesh eight hilly Districts of Uttarakhand, one District of West Bengal, Andaman and Nicobar Islands and Lakshadweep.

In respect of Mizoram State, the Transport subsidy is payable at 90 *per cent* of the expenditure incurred on transportation of raw materials and finished goods from the designated railhead (Siliguri) to the industrial units and *vice-versa*.

The subsidy is payable for a period of five years from the date of commencement of commercial production. Subsidy is also available for transportation cost of additional

raw materials and finished goods as a result of substantial expansion or diversification of existing industrial units, but is restricted to 50 per cent of the additional transport cost.

The scheme is administered by the Department of Industrial Policy Promotion (DIPP), Ministry of Commerce & Industry. Each State Government/UT Administration is required to set up a State Level Committee (SLC), to scrutinize and settle all claims of transport subsidy arising within the State/UT. The SLC consists of representatives of the State Industries and Finance Departments, as well as a nominee of the DIPP.

With a view to providing a single window for all fiscal incentives in the North East, the system of disbursement of subsidy was introduced (May 2000) through the North Eastern Development Finance Corporation (NEDFi)² which is a Special Purpose Vehicle for the North East. As the NEDFi is carrying out scrutiny and disbursement on behalf of the Department of Industrial Policy and Promotion (DIPP), the State Level Committee (SLC) is required to forward the SLC minutes along with original claim papers and supporting documents of the units concern to the NEDFi, who will determine the eligibility and ensure that all procedural and documentation formalities have been complied with.

3.4.2 Scope & Objectives of Audit

The audit of disbursement of Subsidy under the Transport Subsidy Scheme covering the period from 2010-11 to 2012-13 was undertaken during June-August 2013 to assess whether the eligibility of the industrial units was properly determined and ensured the compliance of procedural and documentation formalities.

Audit was carried out through test check of the records of the State Level Committee, Directorate of Industries, Mizoram, and three District Industries Centres (DICs) Aizawl, Lunglei and Saiha out of eight DICs in the State beside records of the NEDFi, Aizawl Branch.

AUDIT FINDINGS

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

3.4.3 Claim and disbursement of Transport Subsidy

During 2010-13 a total claim of ₹ 1,203.26 lakh in respect of 467 industrial units was approved by the State Level Committee (on 22 April 2008, 17 June 2009 and 08 April 2011) and forwarded to the NEDFi for disbursement. Out of which the NEDFi disbursed an amount of ₹ 864.91 lakh to 392 industrial units between June 2010 and

² NEDFi is a public limited company registered under the Companies Act, 1956 on 9 August 1995. With the formation of Ministry of Development of North Eastern Region (DoNER), Government of India in 2004, the Corporation has been placed under the Ministry of DoNER for administrative purpose.

December 2012. Disbursement of Transport Subsidy to the remaining 75 industrial units was pending. The summary of claims is given below:

Sl. No.	SLC date	Approved Claims	Claims disbursed	Amount disbursed (₹ in lakh)	Pending for disbursement
1.	22.04.2008	206	173	227.06	33
2.	17.06.2009	258	217	539.82	41
3.	08.04.2011	3	2	98.03	01
Total		467	392	864.91	75

Source: NEDFi records

The claims that were pending for disbursement are due to following reasons:

- (i) 25 claims were placed under objection by the pre-audit team of DIPP;
- (ii) 47 claims could not be released as the documents submitted in the claim files did not conform to the check-list, issued by DIPP;
- (iii) 02 claims were kept pending as the units did not submit required documents; and
- (iv) 01 claim was kept pending as no mention of the case was found either in the recommended list or under objection in the pre-audit report.

3.4.3.1 Disbursement of subsidy without scrutinising the claims as per check-list

The Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India decided (10 September 2009) to adopt a uniform and comprehensive format of check-list for scrutiny of claims under Transport Subsidy Scheme. Accordingly, the Ministry of Commerce and Industry instructed that the State Government/Nodal Agencies should scrutinise all the claims pending for release under Transport Subsidy Scheme in accordance with the prescribed check-list with immediate effect. The Government of India also emphasised that the release of funds is made to only those units whose cases have been scrutinised as per the prescribed check list. The scrutiny of claims under Transport Subsidy Scheme would be applicable for all future releases of fund under the Scheme.

Scrutiny of records of NEDFi disclosed that the two claims approved by SLC (on 22 April 2008 and 17 June 2009) for ₹ 964.06 lakh in respect of 464 units was not finalised by the NEDFi till the end of financial year 2009-10. As such, the claims approved by SLC on 22 April 2008 and 17 June 2009 in respect of 464 industrial units which were pending release, were required to be re-scrutinised for their eligibility by ensuring that all procedural and documentation formalities have been complied with in terms of prescribed check-list.

Audit scrutiny, revealed that as the SLC/Director of Industries, Mizoram did not initiate any action to re-scrutinise for their eligibility as per prescribed uniform and comprehensive format of check-list in respect of pending claim of the 464 industrial units. However, the NEDFi unilaterally approved the claims of 390 industrial units and disbursed Transport Subsidy of ₹ 766.87 lakh between June 2010 and December 2012.

Further, it was noticed that based on approval (8 April 2011) received from the SLC, the Director of Industries, forwarded (on 20 April 2011) three claims amounting to ₹ 239.20 lakh to the NEDFi for disbursement of Transport Subsidy without conducting any scrutiny as per the prescribed uniform and comprehensive check list. Out of the three claims, the NEDFi accepted and disbursed two claims amounting to ₹ 98.03 lakh though it was not sanctioned as per the prescribed checklist by the SLC. The State Government has accepted (November 2013) the irregularities.

It was also noticed in the audit that all the claims accepted by the NEDFi for payment of Transport Subsidy were not supported by attested copies of Registration Certificate (RC) of vehicles transporting the raw materials and finished goods to and from the factory and road permits issued by the Road Transport Department or Authentic Government documents incorporating the truck number and Bank Statement for payment made to transporters as required under the prescribed uniform and comprehensive format of check-list.

The Director of Industries stated (June 2013) that all the claims in respect of 464 industrial units were approved (22 April 2008 and 16 June 2009) by the SLC prior to introduction (10 September 2009) of uniform and comprehensive format of check-list and as such the check list issued by the Government of India does not bar the above mentioned cases.

The reply is not acceptable as all the claims in respect of 464 industrial units were pending for release under Transport Subsidy Scheme till the end of 2009-10. The claims were required to be scrutinised again in terms of prescribed check list issued by the GoI to ascertain the admissibility or otherwise, which was not done.

3.4.4 Delay in payment of claims

According to the Scheme guidelines of 1971, the Directorate of Industries of the State and Union Territory concerned are required to draw up procedures and arrangements not only for scrutinising the claims but also arrange for prompt payment of the claims.

Audit scrutiny revealed that, despite the claims submitted on time by the claimants, there were delays in submission of claims to the NEDFi for payment ranging from one year to six years for all the 392 claimants for whom payments were made during the period from 2010-11 to 2012-13.

While accepting the facts, the State Government (November 2013) stated that upto date processing will be done in future.

3.4.5 Monitoring and Inspection

According to the Scheme guidelines of 1971, the Directorate of Industries were to lay down procedures to ensure regular inflow of information regarding movement of raw materials and finished goods to and from the industrial units. They should also lay down that statistics of productions and utilisation of materials should be maintained and kept open for inspection on request by the Directorate of Industries.

Further, in order to check any misuse of transport subsidy, the Directorate would carry out periodical checks to ensure that the raw materials and finished goods in respect of which transport subsidy had been given were actually used for the purpose by a system of scrutinising the raw materials and the output of the finished goods.

Audit scrutiny revealed that for ensuring regular inflow of information regarding movement of raw materials and finished goods, the Directorate of Industries prepared checklists and issued to the District Industries Centres (DICs), directing the DICs to ensure that industrial units maintain registers showing the actual quantity of raw material procured during the claim period and also showing the actual quantity of finished products manufactured by the units and their disposal in the market during the claim period. However, in all the three districts test checked by audit the DICs have not taken any step for ensuring the regular inflow of information.

Also, the Directorate of Industries did not carry out any periodical check to ensure that the raw materials and the finished goods in respect of which transport subsidy has been given were actually used for the purpose by a system of scrutinising consumption of raw materials and the output of the finished goods.

While accepting the facts, the State Government (November 2013) stated that the periodical checks could not be carried out due to lack of manpower.

3.4.6 Impact Analysis

To assess the impact of disbursement of transport subsidy to the industrial units in promoting industrialisation of hilly areas, audit conducted a study by selecting 93 industrial units that has received transport subsidy during 2010-12 in three districts (Aizawl, Lunglei and Saiha) for direct interactions with the beneficiaries in the presence of departmental officials.

The impact assessment study revealed that out of 93 industrial units in three districts, 39 units, which had received transport subsidy totaling ₹ 100.54 lakh during 2010-12 have

wound up their activities just after receiving the subsidy and were no longer in existence as indicated in the following Table-3.4.1:

Table-3.4.1

Name of District selected	No of industrial units, which received transport subsidy during 2010-13	Number of units selected for verification	Result of verification:		
			No. of Units existing	No. of units no longer existing	Amount of subsidy disbursed to non-existed units (₹ in lakh)
Aizawl	163	42	28	14	62.55
Lunglei	144	38	17	21	27.76
Saiha	15	13	9	4	10.22
Total	322	93	54	39	100.54

Source: Departmental records

Thus, the objective of promoting industrialisation in the State through transport subsidy scheme has been achieved only with limited success.



CHAPTER-IV

ECONOMIC SECTOR **(State Public Sector Undertakings)** **(GOVERNMENT COMMERCIAL** **AND TRADING ACTIVITIES)**

CHAPTER-IV

ECONOMIC SECTOR (STATE PUBLIC SECTOR UNDERTAKINGS)

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

4.1 Overview of State Public Sector Undertakings (SPSUs)

Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. The accounts of the State Government Companies are audited by Statutory Auditors appointed by Comptroller and Auditor General (CAG) of India. These accounts are also subject to Supplementary Audit conducted by CAG. As on 31 March 2013, the State of Mizoram had six working SPSUs (all Companies), employing 265¹ employees.

These SPSUs registered a turnover of ₹ five crore for 2012-13 as per the latest finalised accounts. This turnover was equal to 0.06 *per cent* of State GDP indicating insignificant place in the State economy. The SPSUs incurred a loss of ₹ 3.67 crore and had accumulated losses of ₹ 51.34 crore as per their latest finalised accounts.

Investment in SPSUs

The Investment (Capital and Long Term Loans) in six SPSUs had increased from ₹ 92.96 crore (2007-08) to ₹ 94.07 crore (2012-13), *i.e.* an increase of 1.20 *per cent*.

Performance of SPSUs

Five SPSUs were incurring losses continuously during the period between 2007-08 and 2012-13. Zoram Industrial Development Corporation Limited (ZIDCO) ranked first among the SPSUs in incurring losses followed by Mizoram Food and Allied Industries Corporation Limited (MIFCO) during this period.

The losses of SPSUs are mainly attributable to the deficiencies in financial management, planning, implementation and monitoring of projects. A review of two latest Audit Reports of CAG shows that the SPSUs incurred losses to the tune of ₹ 38.16 crore which were avoidable. There was tremendous scope to improve the functioning of SPSUs and reduce the losses. The SPSUs can discharge their role efficiently if they are financially self-reliant. There was a need for professionalism and accountability in the functioning of SPSUs.

Arrears in Accounts

Six working SPSUs had 30 accounts in arrears as of September 2013.

¹ Affairs of one Company *viz.* Mizoram Mineral Development Corporation Limited are being managed by Zoram Industrial Development Corporation Limited

Introduction

4.1.1 The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Mizoram, the SPSUs occupy insignificant place in the State economy. The SPSUs registered a turnover of ₹ five crore for 2012-13 as per their latest finalised accounts as of September 2013. This turnover was equal to 0.06 *per cent* of State Gross Domestic Product (GDP) for 2012-13. The SPSUs incurred an overall loss of ₹ 3.67 crore during 2012-13 as per their latest finalised accounts as of 30 September 2013. They had employed 265 employees as of 31 March 2013. The SPSUs do not include three Departments² of the State Government, which carry out operations of commercial nature.

4.1.2 As on 31 March 2013, there were six Government Companies (Five working with one³ yet to start commercial operation) and no Statutory Corporation in the State of Mizoram. No Company was listed in the stock exchange(s).

Audit Mandate

4.1.3 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the Paid-up Capital is held by Government(s). A Government company includes a subsidiary of a Government Company. A Government Company in which not less than 51 *per cent* of the Paid Up Capital is held in any combination by Government(s), Government Companies and Corporations controlled by Government(s) is treated as if it were a Government Company (deemed Government Company) as per Section 619-B of the Companies Act.

4.1.4 The accounts of the State Government Companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as *per* the provisions of Section 619 of the Companies Act, 1956.

Investment in SPSUs

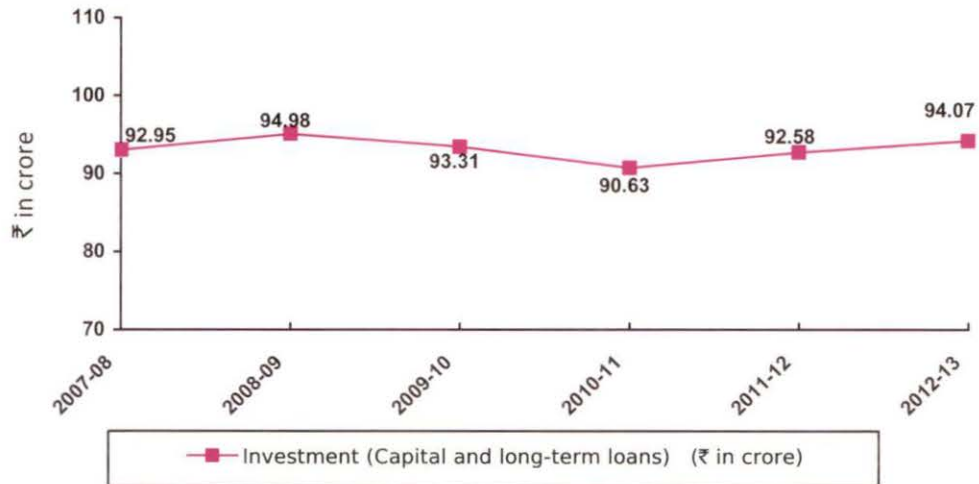
4.1.5 As on 31 March 2013, the Investment (Capital and long-term loans) in the six SPSUs was ₹ 94.07 crore – Capital ₹ 63.14 crore and Long term Loans ₹ 30.93 crore.

A summarised position of Government investments in SPSUs is detailed in **Appendix-4.1.1**.

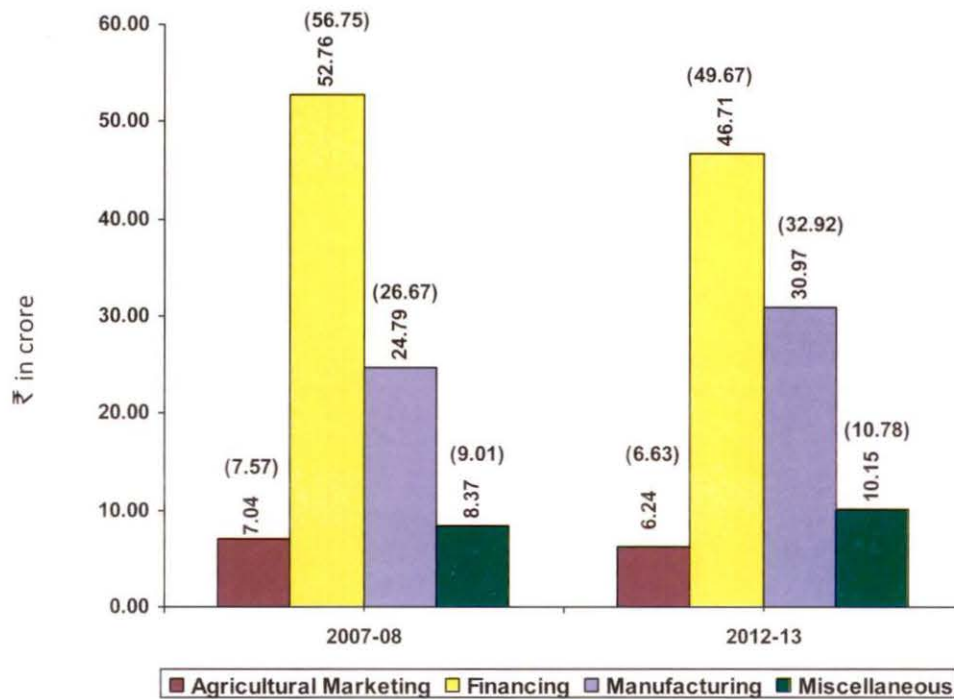
² (i) Power & Electricity, (ii) Food, Civil Supplies & Consumer Affairs and (iii) Transport

³ Mizoram Mineral Development Corporation Limited

4.1.6 As on 31 March 2013, the total investment in the six working SPSUs was ₹ 94.07 crore. This total Investment consisted of 67.12 per cent towards capital and 32.88 per cent in long term loans. The investment has increased by 1.20 per cent from ₹ 92.95 crore in 2007-08 to ₹ 94.07 crore in 2012-13 as shown in the graph below:



4.1.7 The total investment in various sectors and percentage thereof at the end of 31 March 2008 and 31 March 2013 are indicated below in the bar chart:



(Figures in brackets show the percentage of sector investment to total investment)

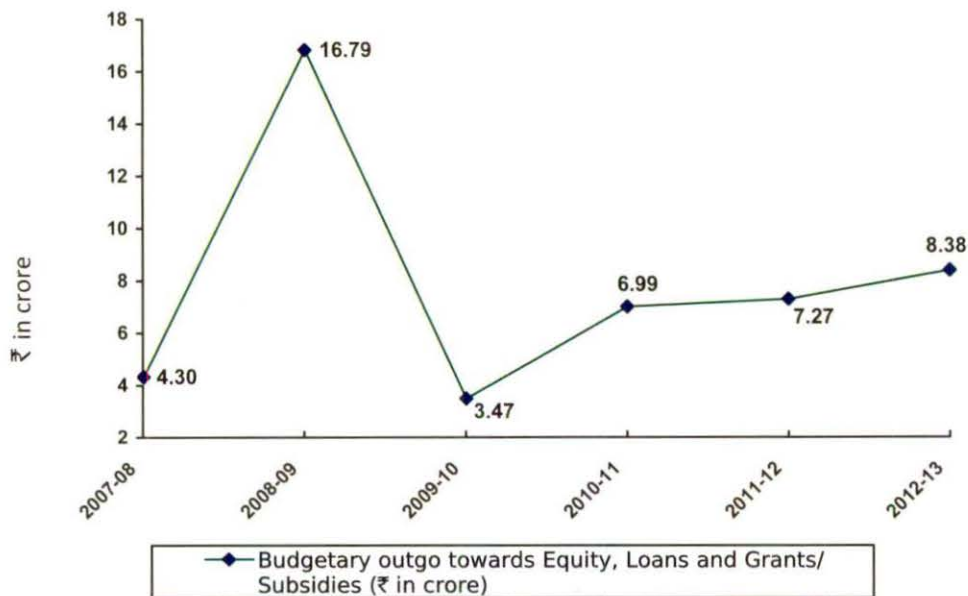
4.1.8 The increase in total Investment was mainly due to increase in Equity in Manufacturing (₹ 6.18 crore) and in Miscellaneous (₹ 1.78 crore) sectors.

Budgetary outgo, Grants/Subsidies, Guarantees and Loans

4.1.9 The details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantees issued in respect of SPSUs are given in **Appendix-4.1.2**. The summarised details for three years ended 31 March 2013 are given below:

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of SPSUs	Amount (₹ in crore)	No. of SPSUs	Amount (₹ in crore)	No. of SPSUs	Amount (₹ in crore)
1.	Equity Capital outgo from budget	3	1.67	2	1.40	1	1.27
2.	Loans given from budget	1	0.63	-	-	-	-
3.	Grants/Subsidy received	3	4.69	3	5.87	2	7.11
4.	Total Outgo	5	6.99	5	7.27	6	8.38
5.	Guarantee Commitment	2	15.13	1	19.40	1	23.08

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



As on 31 March 2013, Guarantees amounting to ₹ 23.08 crore were outstanding against Zoram Industrial Development Corporation Limited. No Guarantee fee/commission was payable to the State Government by the Government Companies. There was no case of conversion of Government loan into equity, moratorium in repayment of loan and waiver of interest during this year.

Reconciliation with Finance Accounts

4.1.11 The figures in respect of equity, loans and guarantees outstanding as *per* records of SPSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2013 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	4.13	63.14	(-) 59.01
Loans	Nil	30.93	(-) 30.93
Guarantees	Nil	23.08	(-) 23.08

4.1.12 Audit observed that the differences occurred in respect of all SPSUs for which reconciliation have been pending for more than ten years. The Principal Accountant General appraised the matter to the Chief Secretary, Government of Mizoram, Administrative Departments of respective SPSUs and the Managing Directors of SPSUs periodically and had drawn their attention to the need to reconcile figures as appearing in Finance Accounts and in their respective accounts. However, no significant progress was noticed in this regard. As such, the Government and the SPSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of SPSUs

4.1.13 The financial results of SPSUs for the latest year in which the accounts were finalised are detailed in **Appendix-4.1.3**. A ratio of SPSUs turnover to State GDP shows the extent of SPSU activities in the State economy. Table below provides the details of working SPSUs turnover and State GDP for the period 2007-08 to 2012-13.

(₹ in crore)

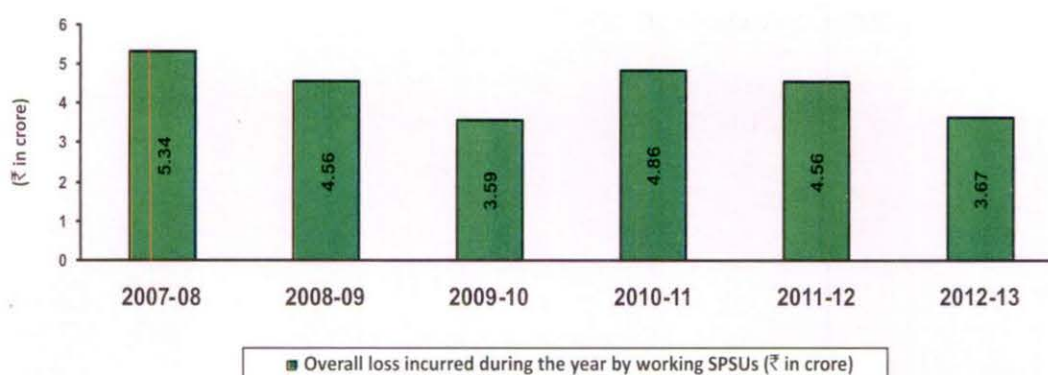
Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Turnover ⁴	1.79	2.41	1.45	1.72	1.57	5.00
State GDP ⁵	3815.51	4577.11	5283.93	6057.70	6991.40	8053.09
Percentage of Turnover to State GDP	0.05	0.05	0.03	0.03	0.02	0.06

4.1.14 It can be seen from the above Table that the percentage of turnover to State GDP had progressively declined from 0.05 *per cent* in 2008-09 to 0.02 *per cent* in 2011-12. However, the same had increased to 0.06 in 2012-13.

4.1.15 Losses incurred by SPSUs (all working) during 2007-08 to 2012-13 are given below in the bar chart.

⁴ Turnover as per the latest finalised accounts as of 30 September 2013

⁵ The final figure of State GDP was provided by the Economic and Statistics Department of State Government has been adopted



The five SPSUs were incurring losses continuously during the period between 2007-08 and 2012-13. Zoram Industrial Development Corporation Limited (ZIDCO) was on the top of the list of SPSUs incurring losses followed by Mizoram Food and Allied Industries Corporation Limited (MIFCO) during this period.

The Losses of SPSUs are mainly attributable to deficiencies in financial management, planning, implementation and monitoring of projects. A review of two latest Audit Reports of CAG shows that the SPSUs incurred controllable losses to the tune of ₹ 36.47 crore and Infructuous Investment of ₹ 1.69 crore. Year-wise details from Audit Reports are stated below:

Particulars	(₹ in crore)			
	2010-11	2011-12	2012-13	Total
Net loss of working SPSUs	4.86	4.56	3.67	13.09
Controllable losses as per CAG's Audit Report	26.27	10.20	- ⁶	36.47
Infructuous Investment	-	1.69	-	1.69

4.1.16 The above losses pointed out in Audit Reports of CAG are based on test check of records of SPSUs. The actual controllable losses would be much more. The above Table shows that with better management, the losses can be minimised. The SPSUs cannot discharge their role efficiently as they are not financially self-reliant. The above situation also points towards a need for professionalism and accountability in the functioning of SPSUs.

4.1.17 Some other key parameters pertaining to SPSUs are given below:

Particulars	(₹ in crore)					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Return on Capital Employed (per cent)	NIL	NIL	NIL	NIL	NIL	NIL
Debt	34.53	33.65	30.30	30.93	30.93	30.93
Turnover ⁷	1.79	2.41	1.45	1.72	1.57	5.00
Debt/Turnover Ratio	19.29:1	13.96:1	20.90:1	17.98:1	19.70:1	6.19:1
Interest Payments	2.14	2.18	2.18	0.30	0.30	0.30
Accumulated losses	33.30	40.23	43.45	49.20	50.58	51.34

⁶ No Performance Audit of any SPSU was conducted during the year

⁷ Turnover of working SPSUs as per the latest finalised accounts as of 30 September 2013

4.1.18 As per the latest finalised accounts as of 30 September 2013, the capital employed in six working companies in the State worked out to ₹ 117.74 crore. Despite increase in capital employed⁸, Return on Capital Employed had not shown any significant improvement. Five SPSUs were incurring losses continuously over the years. Consequently, accumulated losses steadily increased from ₹ 33.30 crore in 2007-08 to ₹ 51.34 crore in 2012-13.

4.1.19 None of the SPSUs had declared any dividend during the year.

Arrears in finalisation of accounts

4.1.20 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. The Table below provides the details of progress made by working SPSUs in finalisation of Accounts by September 2013.

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of Working SPSUs	5	5	5	6	6
2.	Number of Accounts finalised during the year	6	11	8	1	2
3.	Number of Accounts in arrears	29	27	24	26	30
4.	Average arrears per SPSU (3/1)	5.80	5.40	4.8	4.33	5
5.	Number of Working SPSUs with arrears in Accounts	5	5	5	6	6
6.	Extent of arrears in years	1 to 10	1 to 10	1 to 11	1 to 12	1 to 11

4.1.21 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.

4.1.22 The State Government had invested ₹ 27.33 crore (Equity: ₹ 11.07 crore, Loans: ₹ 0.63 crore and Grants: ₹ 15.63 crore in six SPSUs) during the years⁹ for which accounts have not been finalised as detailed in **Appendix-4.1.4**. In the absence of finalisation of accounts and their subsequent audit, it cannot be ensured whether the income and expenditure have been properly accounted for and the purpose for which the amount was invested by the State Government has been achieved or not. Thus, the State Government investment in such SPSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

⁸ ₹ 79.47 crore as on 31 March 2012

⁹ From 2002-03 to 2012-13

4.1.23 The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSUs within the prescribed period. Though the Principal Accountant General (PAG) had brought the position of arrears of Accounts to the notice of the concerned Administrative Departments and officials of the Government periodically, no remedial measures were taken. As a result of this, the Net Worth of these SPSUs could not be assessed in audit. The PAG had raised these concerns with the Chief Secretary/Finance Secretary periodically to expedite the clearance of arrears in finalisation of Accounts in a time bound manner.

4.1.24 *In view of the above state of arrears, it is recommended that the Government should monitor and ensure timely finalisation of the accounts with special focus on liquidation of arrears and comply with the provisions of the Companies Act, 1956.*

Accounts Comments and Internal Audit

4.1.25 Two working Companies forwarded their four audited Accounts to PAG during the year 2012-13. They were selected for Supplementary Audit. The audit reports of Statutory Auditors, appointed by the CAG, and the Supplementary Audit of CAG indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given below:

(Amount ₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Increase in loss	2	0.23	-	-	-	-
2.	Decrease in loss	4	1.83	4	2.36	1	1.80
3.	Non-disclosure of material facts	1	4.55	-	-	1	0.63
4.	Errors of classification	5	9.07	1	0.17	1	0.27
5.	General	8	61.25	4	9.02	1	0.01

4.1.26 During the year 2012-13, the Statutory Auditors had given qualified certificates for the accounts of the two companies. The compliance Accounting Standards (AS) by the companies remained poor. There were four instances of non-compliance of AS in the two accounts during the year.

Reforms in Power Sector

4.1.27 *A Memorandum of Agreement (MoA) was signed (July 2002) between the Union Ministry of Power and the State Government with a joint commitment for implementation of reforms programme in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.*

Sl. No.	Milestone	Achievement as at March 2013
1.	Corporatisation of the Electricity Department by 2006-07	Power & Electricity Department (P&ED) is not yet corporatised
2.	State Government to set up State Electricity Regulatory Commission (SERC)/Joint Electricity Regulatory Commission (JERC) by December 2003 and file tariff petition	JERC was constituted in February 2008 with the objective of realisation of electricity tariff, advising in matters relating to electricity generation, transmission, distribution and issue of licenses The Department filed ARR and Tariff Petition for the year 2013-14 in March 2013 and due to late filing, JERC decided that the prevailing tariff be followed and the ARR and Tariff Petition for FY 2013-14 be retained for future reference only
3.	State Government to ensure timely payment of subsidies required in pursuance of orders on the tariff determined by JERC	The State Government had not released subsidy amounting to ₹ 115 crore and ₹ 187.66 crore payable by it as per Tariff Orders for the years 2010-11 and 2012-13 respectively issued by JERC
4.	100 per cent electrification of villages by 2003	100 per cent electrification of villages was not achieved till 31 March 2013
5.	Suitable policy provisions to be formulated by the State Government by July 2004 for handing over parts of distribution system on management contract or on lease to local bodies	Policy for handing over parts of distribution system on management contract or on lease to local bodies was yet (March 2013) to be formulated by the State Government
6.	Setting up of computerised billing centre by July 2003	Computerised billing systems have been set up in 7 divisions out of 20 divisions

4.1.28 The operational performance of the Power and Electricity Department during the last three years upto 2012-13 is given in **Appendix-4.1.5**.

The total expenditure on power purchase during the three years 2010-11, 2011-12 and 2012-13 was ₹ 230.79 crore, ₹ 370.26 crore and ₹ 305.80 crore as against the revenue of ₹ 72.36 crore, ₹ 112.06 crore and ₹ 92.61 respectively.

The percentage of transmission and distribution (T&D) losses were as high as 27.24 per cent in 2010-11, 31.74 per cent in 2011-12 and 26.73 per cent in 2012-13 as against the norm of 15.50 per cent fixed by the Central Electricity Authority. During the year 2012-13, the excess T&D losses over the norms were 52.16 million units costing ₹ 10.43 crore (worked out at average revenue realisation rate of ₹ two per unit for the year 2012-13).

State Trading Scheme

4.1.29 During the year 2012-13, no Proforma Accounts relating to the arrear years (2005-06 to 2012-13) were finalised by the Department.

Mizoram State Transport

4.1.30 The operational performance of Mizoram State Transport (MST) for the three years ended 31 March 2013 is given in **Appendix-4.1.6**.

PERFORMANCE AUDIT

POWER & ELECTRICITY DEPARTMENT

4.2 Implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)

Highlights

The Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched in April 2005 which aimed at providing access to electricity to all rural households (RHHs) and improving the rural electricity infrastructure in the country in five years. The Government of India (GoI) provides 90 per cent capital subsidy under the Scheme and the remaining 10 per cent is contributed by the State Governments. In Mizoram, the Scheme is being executed (since September 2008) on turnkey basis and was targeted to be completed by March 2010. A performance audit of the Scheme brought out the following significant audit findings:

Frequent revisions of estimates in preparation of DPR resulted in delay in execution of the Scheme.

Paragraph 4.2.8

Award of consultancy work on a nomination basis and in proportion to the contract value resulted in avoidable consultancy charges of ₹ 5.35 crore.

Paragraph 4.2.10.2

Cases of delay in rectification of defects by Turnkey Contractors were noticed, which resulted in delay in implementation of the scheme.

Paragraph 4.2.10.5

Materials valuing ₹ 4.86 crore claimed to have been dispatched by Turnkey Contractors were not received.

Paragraph 4.2.10.7

4.2.1 Introduction

The National Electricity Policy, was formulated (February 2005) by the Government of India (GoI), with the key objective to provide access of electricity to all households in the next five years as mandated in Section 6 of the Electricity Act, 2003. Accordingly, the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched by the Government of India in April 2005 to provide access to electricity to all rural households in five years. Under the Scheme, target was to electrify 1.25 lakh unelectrified villages (as *per* new definition) and to give electricity connection free of cost to 2.34 crore BPL households by 2009.

The Scheme was to be implemented during 2005-2009 (by March 2009) under the 10th and 11th plan periods (2002-07 and 2007-12 respectively).

The then ongoing Schemes for rural electrification viz. Kutir Jyoti Programme and Accelerated Rural Electrification Programme were, therefore, merged with RGGVY. Under the Scheme, 90 *per cent* of the cost of projects was to be provided by GoI as capital subsidy and the remaining 10 *per cent* was to be contributed by the States through their own resources/loan.

The main objectives of RGGVY were to:

- ❖ Electrify all villages and habitations;
- ❖ Provide electricity to all households;
- ❖ Give electricity connection to Below Poverty Line (BPL) households free of charge;
- ❖ Accelerate rural development, generate employment and eliminate poverty through irrigation, small scale industries, cold chains, healthcare, education and IT; and
- ❖ Bridge the urban-rural gap and provide reliable and quality power supply to rural areas.

GoI designated Rural Electrification Corporation Limited (REC) (a GoI undertaking) as the nodal agency for implementation of RGGVY and financing the projects. Besides financing the projects by way of subsidy/loans, REC had the prime responsibility for implementation, meeting the Scheme related expenditure, appraisal and evaluation of projects both at pre-award and post-award stages, monitoring and complete supervision for quality control of the projects. In the State of Mizoram, Power and Electricity Department (P&ED) was responsible for implementation of the RGGVY.

The approved (August 2008) RGGVY Scheme in the State aimed at electrification of 707 villages during 10th and 11th Five Year Plan periods covering 44,334 RHHs (including 27,417 BPL households) at a cost of ₹ 267.95 crore. Additional quantity variation to the tune of ₹ 48.61 crore was also approved (March 2013) by REC. Thus, the total cost of the Scheme was ₹ 316.56 crore as on March 2013.

The position of the RGGVY as on 31 March 2013 was as under:

District	Total No. of Villages	Total No. of Villages targeted for electrification upto 31 March 2013			Total No of villages electrified under RGGVY upto 31 March 2013			Percentage of electrified villages
		UEV*	DEV* & IEV*	Total	UEV*	DEV* & IEV*	Total	
1	2	3	4	5	6	7	8	9
South Package								
Saiha	68	7	61	68	5	19	24	35
Lawngtlai	139	19	120	139	46	58	104	75
Lunglei	160	5	155	160	17	97	114	71
Serchhip	32	0	32	32	0	27	27	84
North Package								
Champhai	85	2	83	85	9	22	31	36
Aizawl	109	3	106	109	6	46	52	48
Mamit	82	1	81	82	6	52	58	71
Kolasib	32	5	27	32	5	25	30	94
Total	707	42	665	707	94	346	440	

Source: Departmental records

* UEV: Un-Electrified Villages; DEV: De-Electrified Villages; IEV: Intensive Electrified Villages

It could be seen from the above Table that against the target of electrification in 707 villages under the RGGVY, the Department was able to cover electrification in 440 villages as on 31 March 2013. The District-wise achievement of the targets of electrification under RGGVY in the State ranged between 35 per cent (Saiha District) and 94 per cent (Kolasib District). However, out of 440 villages where electrification was completed, the contractors had handed over only 200 villages to the Department.

Further, out of targeted electrification of 44,334 RHHs (including 27,417 BPL households) in 707 villages, the Department had completed electrification of only 15,144 BPL HHs. The Department had not been able to electrify any of the non-BPL HHs as on 31 March 2013.

4.2.2 Organizational Set-Up

The RGGVY is implemented by Power and Electricity Department (P&ED), Government of Mizoram (GoM) which is under the Administrative control of the Commissioner/Secretary of the P&ED. The Department is headed by the Engineer-in-Chief as functional head who is assisted by the Chief Engineer (Rural Electrification) as nodal officer to implement the Scheme. The Chief Engineer (Rural Electrification) is assisted by one Superintending Engineer and two Executive Engineers.

4.2.3 Scope of Audit

The Performance Audit on RGGVY was conducted during July-August 2013, with a view to assess the performance of P&ED in implementation of the Scheme during the

period 2008-09 to 2012-13. The audit examination involved scrutiny of records of the Administrative Head of the Department, the Engineer-in-Chief and the Chief Engineer (Rural Electrification). Out of eight Districts, three Districts viz. Aizawl, Lunglei and Saiha were selected for beneficiary survey. In these three Districts, two Blocks each were selected covering five villages with five households in each village.

4.2.4 Audit objectives

The Performance Audit was undertaken to ascertain that:

- ❖ an efficient and effective plan for implementation of RGGVY Scheme was devised and implemented;
- ❖ the funds were sanctioned/received and were put to effective use in time; effective monitoring and supervising mechanism was in place; and
- ❖ the intended objectives of RGGVY were achieved and evaluation was done to find out how far rural populace was benefited.

4.2.5 Audit criteria

Audit adopted the following criteria derived from the following sources for assessing the performance of Scheme:

- ❖ Instructions/circulars/orders issued by MoP.
- ❖ Records relating to the further releases by REC.
- ❖ Approved Detailed Project Reports.
- ❖ Bipartite agreement among REC and GoM.

4.2.6 Audit methodology

The audit objectives, audit criteria and scope of the performance audit and audit methodology were discussed in the Entry Conference (August 2012) with the Under Secretary, Chief Engineer (Rural Electrification) and Superintending Engineer (Rural Electrification) of Power & Electricity Department, Government of Mizoram. Audit findings were discussed in the exit conference (October 2013) which was attended by Commissioner/Secretary, Engineer-in-Chief, Chief Engineer (Rural Electrification), Superintending Engineer (Rural Electrification) of Power & Electricity Department. The replies of the Government are suitably incorporated in the report at appropriate places.

4.2.7 Audit findings

The important points noticed during the Audit are discussed in the following paragraphs.

Audit Objective: An efficient and effective plan for implementation of RGGVY Scheme was devised and implemented.

4.2.8 Planning

Power and Electricity Department (P&ED), Government of Mizoram entered into a bipartite agreement with Rural Electrification Corporation Limited (REC) (August 2005) to implement the projects in the State under RGGVY. As per the Scheme, REC had to finance the sanctioned projects and release funds on the specific request from the Department. P&ED was responsible for project formulation, their development and implementation in the identified areas involving system planning, design, engineering and procurement. P&ED was to ensure that the following would be put in position before the project is completed:

- ❖ Deployment of Franchisees for the management of rural distribution in projects financed under the Scheme.
- ❖ Ensuring commercial viability of the franchisees by determining bulk supply tariff (BST) for the franchisees and providing requisite revenue subsidy as per the Electricity Act, 2003.
- ❖ Adequate supply of electricity without any discrimination in the hours of supply between rural and urban households.

4.2.8.1 Delay in notification of State Level Rural Electrification Plan

The Ministry of Power (MoP), GoI notified (August 2006) the Rural Electrification Policy with the aim of providing access to electricity to all households by the year 2009. As per the Rural Electrification Policy, the State Governments were to prepare and notify a Rural Electrification Plan (RE Plan) within six months of notification of the Rural Electrification Policy (*viz.* by February 2007). The requirement of notifying the RE plan by State Governments in consultation with MoP was reiterated in the Office Memorandum (OM) issued (February 2008) by MoP, GoI on sanction of continuation of RGGVY in the 11th Five year plan. The RE Plan was to be the roadmap for generation, transmission, sub-transmission and distribution of electricity in a State so as to ensure achievement of the objectives of the Scheme within the stipulated time frame. As per the said OM of MoP, in case the RE plan of any State is not notified within the stipulated period, the capital subsidy provided under the Scheme was to be converted into interest bearing loan. MoP issued (April 2008) draft template for RE plan which included plans to energize villages being electrified under RGGVY and strengthening of sub-transmission system to cater to additional load after electrification of villages.

It was observed that although the P&ED submitted the RE plan for the State in April 2007, the Government of Mizoram (GoM) notified the same in June 2008 *i.e.* after a delay of 15 months.

Thus, due to delay in notifying RE plan of the State, sanction of projects by REC got delayed which ultimately resulted in non-completion of the RGGVY within the scheduled period (March 2010).

While accepting the facts, the Government stated (November 2013) that due to postal delays in receipt of policy instructions from GoI and revised sample for RE plan from GoI, notification was delayed.

4.2.8.2 Frequent revisions of estimate for preparation of DPR

The P&ED submitted (June 2005) request for sanction of financial assistance of ₹ 561.06 crore for Rural Electrification Projects, covering all the eight Districts in the State, under RGGVY to the REC. REC, however, requested (August 2005) for revision and preparation of the DPRs District-wise as the proposals were not in accordance with the RGGVY Guidelines, and, accordingly P&ED submitted (September 2005) District-wise DPRs with a revised cost estimate of ₹ 539.14 crore.

Against the above estimate, REC accorded (January 2006) sanction of ₹ 38.20 crore for two Districts¹⁰ under 10th Five Year Plan and ₹ 64.24 crore (December 2006) for the balance six Districts¹¹ under 11th Five Year Plan. The total sanctioned Project Cost worked out to ₹ 102.44 crore as against the original estimated cost (as *per* DPRs) of ₹ 539.14 crore since several works estimated at ₹ 178.12 crore *viz.* seven Nos. of Small Hydel Projects intended for Decentralised Distributed Generation, five Nos. of 33/11 KV Sub-Stations, Computerisation, Reconductoring of 33 and 11 KV Lines *etc.* included in the DPRs were dropped by REC.

The Department again revised (March 2008) Project Cost Estimate to ₹ 232.10 crore taking into account price escalation, extra cost required for execution of the projects on turnkey basis as suggested by REC, liability towards Service Tax & Mizoram Value Added Tax, Consultancy Service Charges, Permissible Overhead Expenses *etc.* The estimate was again (August 2008) enhanced to ₹ 267.95 crore incorporating cost of consultancy charges. REC accorded approval to the project cost of ₹ 267.95 crore in August 2008.

After 21 months from the date of award (September 2008) of the works, the project estimate was again revised (June 2010), to ₹ 353.27 crore due to quantity variation. Against this estimate, REC approved (March 2013), the project estimate at ₹ 316.56 crore.

It was observed that inspite of clear guidelines for RGGVY, the Department frequently made changes in the estimate of works in the DPRs. The non-adherence to the RGGVY guidelines for framing up the DPRs for the Scheme resulted in curtailment of various items in the DPRs by REC which necessitated frequent changes before final approval by

¹⁰ Saiha District - ₹ 13.13 crore and Lawngtlai District - ₹ 25.07 crore

¹¹ Kolasib District - ₹ 3.98 crore, Serchhip District - ₹ 2.19 crore, Champhai District - ₹ 9.74 crore, Aizawl District - ₹ 19.93 crore, Lunglei District - ₹ 16.68 crore and Mamit District - ₹ 11.72 crore

the nodal agency viz. REC. This had consequently delayed the execution of RGGVY in the State.

In reply, the Department stated that fresh guidelines/new instructions for the manner of preparing the DPR were issued by the Ministry of Power, GoI and REC necessitating the need for recasting the DPRs.

While fresh instructions were issued after notifying the RGGVY Scheme for minor changes, the fact remained that REC had issued detailed guidelines regarding project formulation, specification and construction standards, franchise development, standard bidding documents *etc.* regarding the Scheme in April 2005. Non-adherence to these guidelines had resulted in drastic reduction in estimates from ₹ 539.14 crore to ₹ 316.56 crore.

Thus, non-adherence to the RGGVY guidelines for project implementation resulted in frequent changes in the DPRs which led to delay in completion of the project.

4.2.8.3 DPR prepared without field survey

As per the Ministry of Finance directions, it is essential that a base-line survey be undertaken in case of large, beneficiary-oriented projects. Such survey would assist in proper planning and formulation of DPRs prior to implementation. The guidelines issued by REC for the implementation of the Scheme also provided that the State Governments should assess the quantum of work required to achieve the objective of the Scheme. REC prescribed a model DPR to ensure technical justification and financial viability of each project. The DPRs were to indicate the 'present' status of village/habitation electrification, BPL household electrification, and public places *etc.* Such data would have been available only from a field survey.

Audit observed that no such survey was conducted prior to preparation of DPR (June 2005). As a result, the number of BPL connections as considered in the original DPR underwent a substantial change. This was reflected from the fact that as against the 10,413 BPL households proposed for electrification in the original DPR, the BPL households targeted for electrification as on 31 March 2013 was revised to 27,414. Similarly, as against 44,334 RHHs targeted for electrification under the Scheme, the original DPR had included only 18,462 RHHs for electrification.

<p>Audit Objective: Funds were sanctioned/received and were put to effective use in time.</p>
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4.2.9 Financial Performance

4.2.9.1 Release and Utilisation of Funds

The position of funds received under the Scheme for rural electrification *vis-à-vis* their utilisation during the five years ending 31 March 2013 is depicted in **Table-4.2.1:**

Table-4.2.1

(₹ in crore)

Year	Opening balance as on 1 April	Funds received during the year	Total available fund	Funds Utilised	Closing balance as on 31 March of respective year
2008-09	NIL	78.31	78.31	43.81	34.50
2009-10	34.50	81.03	115.53	85.23	30.30
2010-11	30.30	70.28	100.58	61.39	39.19
2011-12	39.19	7.99	47.18	37.01	10.17
2012-13	10.17	0.01	10.18	6.65	3.53
Total		237.62		234.09	

Source: Departmental records

As seen from the Table above, as against the total Scheme funds aggregating ₹ 237.62 crore received during the period from 2008-09 to 2012-13, the P&ED utilised an amount of ₹ 234.09 crore as on 31 March 2013.

Audit Objective: Intended objectives of RGGVY were achieved and evaluation was done to find out how far rural populace was benefited

4.2.10 Project and Contract Management

4.2.10.1 Overview

Projects under RGGVY have been formulated district-wise covering all the eight Districts in the State. The work was divided into two packages – North (Districts of Mamit, Kolasib, Aizawl & Champhai) and South (Districts of Lunglei, Lawngtlai, Serchhip, & Saiha) and awarded to two contractors (September 2008) on turnkey basis at a total contract price of ₹ 248.21 crore to be completed within 18 months from the date of Letters of Award (LoA) i.e. by March 2010. The scope of the works included (i) Design, Engineering, Manufacture, Assembly, Inspection, Supply & Delivery of material & equipment at site and (ii) Erection, Testing & Commissioning of material & equipment at site. The targets and achievements of electrification under RGGVY as on 31 March 2013 were as follows:

Table-4.2.2

Sl. No.	District	Electrification of un-electrified villages		Intensive electrification of electrified villages		No. of connections to BPL households	
		Coverage	Achieved	Coverage	Achieved	Coverage	Achieved
South Package							
1.	Saiha	15	5	53	19	2607	852
2.	Lawngtlai	68	46	71	58	3300	2353
3.	Lunglei	22	17	138	97	5318	4206
4.	Serchhip	0	0	32	27	300	285
North Package							
5.	Champhai	9	9	76	22	7096	1434
6.	Aizawl	11	6	98	46	3173	1965
7.	Mamit	7	6	75	52	4008	2535
8.	Kolasib	5	5	27	25	1615	1514
Total		137	94	570	346	27417	15144
Percentage of achievement			68.61		60.70		55.23

From the above Table, it is clear that the achievement against the target of providing intensive electrification of villages was to the extent of 60.70 *per cent* while the achievement against the objective of providing connection to BPL households was 55.23 *per cent* only. Though the entire project was to be completed by March 2010, the progress of work on project was not as desired. The achievement is likely to be further delayed as P&ED had extended the contract period of the turnkey contractors for RGGVY in the State twice. After non-achievement of the first target date for completion of RGGVY in the State (December 2012), the P&ED has extended the scheduled date of completion of the turnkey contracts for the Scheme upto March 2014.

Some of the reasons for non-achievement of 100 *per cent* electrification of the villages by March 2010 were: delay in preparation of DPRs and filing application for sanction of projects and financial assistance, delay in completing re-survey and getting quantity variation proposal sanctioned by REC, delay in finalisation of BPL list *etc.*

Audit observed that with better planning and management of the Scheme in the State, these factors could have been controlled and delay in the completion of the Scheme in the State could have been avoided.

While accepting the facts, the State Government stated (November 2013) that the REC has taken more than two years to sanction the Quantity Variation proposal which was the main reason for not being able to complete the works as *per* schedule.

4.2.10.2 Contract for Consultancy Services without following due procedures

Rule 149 of the General Financial Rules (2005) and Central Vigilance Commission's (CVC) guidelines (July 2007) provide that tendering process was a basic requirement for award of contract by any Government agency as any other method, especially award of contract on nomination basis would amount to breach of Article 14 of the Constitution of India guaranteeing right to equality to all interested parties.

P&ED appointed (March 2007) Mecon Limited (Mecon) as consultant to implement the RGGVY in the State in response to Mecon's request (letter dated 28 August 2006) for award of the consultancy work to it. The consultancy work was awarded to Mecon for a fee of six *per cent* of the project cost (₹ 102.44 crore at the time of award of consultancy work).

It was observed that though the scope of work of Mecon included consultancy services for preparation of technical specifications, tender documents, techno-commercial recommendation, draft contract documents, master PERT Network, monthly progress report, assisting in issue of work order/LOI and preparation of Project Completion Report for each package for all eight districts of the State, the award of work on nomination basis and in proportion to the project cost was not justified. As a result, when project cost was subsequently revised from ₹ 102.44 crore to ₹ 267.95 crore, the consultancy charge had increased drastically, from ₹ 6.15 crore to ₹ 16.10 crore, although the increase in project cost did not result in extra work load on the consultant.

The substantial increase in consultancy charge forced the Department to negotiate the rates with the consultant and finally Mecon agreed to forego 3.5 *per cent* of the consultancy fee on increased project cost.

Thus, as a result of awarding the tender on nomination basis and faulty rate agreement with the consultant, the Department is likely to incur an avoidable expenditure of ₹ 5.35 crore (₹ 316.56 crore - ₹ 102.44 crore x 2.5¹² *per cent*).

While accepting the facts, the State Government stated (November 2013) that lump sum consultancy could have been better option.

4.2.10.3 Inclusion of Price Variation Clause after Finalization of tender

P&ED invited (June 2007) Expression of Interest (EoI) for execution of RGGVY Projects in the State under two Packages - North and -South Package. Out of offer of six parties, the price bid of ₹ 253.73 crore submitted by the Consortium of T&T Projects Limited and Satnam Global Infra Projects Limited was the lowest.

Accordingly, the Department awarded (September 2008) the work for execution of the RGGVY Projects in the State to the Consortium Members (Package North to Satnam Global Infra Projects Limited and Package South to T&T Projects Limited) for ₹ 245.21 crore (less by ₹ 8.52 crore than the offer). The Department had awarded the contract at reduced cost as the Consortium had offered higher cost of providing free connection to BPL families by ₹ 8.52 crore in their tender. As per the letter of award, the above price for the projects was firm and price variations were allowed for line items only *viz.* AAAC Line Conductors only.

However, the contractors objected to award of the work for ₹ 245.21 crore instead of ₹ 253.73 crore as quoted by them in their tender. This compelled the Department to negotiate with the contractors' post-award of the work. After post-award negotiations, the parties accepted the reduced price of ₹ 248.21 crore on the condition that P&ED would allow Price Variation claims in respect of Letters of Award for both Supply and Erection.

Audit observed that the rate of standard cost of providing free connections to the BPL households as per RGGVY guidelines was mentioned in the tender documents. Therefore, the Department should have negotiated with the parties about the rate of providing free connections to the BPL households and in case of their non-acceptance, should have gone for re-tendering. Nothing was found on record to indicate that an effort was made to negotiate for Standard cost of providing free connections to BPL families before award of the work.

This had resulted in award of the work at a rate which was higher than the desirable rate by ₹ three crore. This lapse of the Department at the time of finalisation of tender compelled

¹² Agreed rate of six *per cent* minus forgone rate of 3.5 *per cent* on increased project cost

it to accept the inclusion of price variation clauses in Letters of Award/Agreements, after award of the work, the financial implication of which could exceed the price reduction extended by the parties.

The Government stated (November 2013), that as there was no claim of price variation from the contractors beyond the scheduled contract period (September 2010), the Department would treat price variation as 'closed'. The reply of the Department was not convincing as the Department had already extended the scheduled contract period and therefore the possibility of the Contractors raising the claims cannot ruled out. Moreover, the Department had already settled for rates which were higher than the Standard rates.

4.2.10.4 Delay in Appointment of TPIA

The RGGVY stipulated that a third party inspection agency (TPIA) shall be appointed by the Project Implementing Agency for inspection and evaluation of the work done under the Scheme. The TPIA would be responsible for ensuring that all the materials to be utilised and the workmanship conformed to the prescribed specifications.

P&ED appointed M/s Telecommunications Consultants of India Limited (TCIL) as the Third Party Inspection Agency (TPIA) for the RGGVY Projects in October 2009 *i.e.* after 12 months of issue (September 2008) of LoA to the Turnkey Contractors for the Projects. Thus, the works executed during the period from October 2009 to September 2009 were not monitored as per RGGVY guidelines.

4.2.10.5 Delay in rectification of defects by the Turnkey Contractors

The TPIA was also responsible for inspection of completed works as per REC quality control manual. Further, they were required to notify the defects and shortcomings in the works done by the Turnkey Contractors to P&ED after carrying out the specified inspection/quality checks and to conduct verification of rectification works carried out by the Turnkey Contractors and submit their reports thereon.

During the period September 2010 to March 2013, TPIA has conducted inspection of 270 villages and pointed out 1,751 defects/shortcomings. The Turnkey Contractors furnished Compliance Report (between August 2011 and November 2012) showing rectification of 1,435 such defects/shortcomings which was forwarded to the TPIA. However, the TPIA has not verified the rectification works in 115 villages carried out by the Turnkey Contractors and have not furnished their reports to P&ED till date (November 2013).

Audit also noticed instances where Turnkey Contractors had delayed (one to eleven months) rectification of defects/shortcomings pointed out in TPIA's Inspection.

While admitting the fact, the State Government stated (November 2013) that the matter was being pursued by the Department to solve the problem.

4.2.10.6 Delay in handing over of Villages where works have been declared as completed

A review of the progress of the completed works for the period ending March 2013 revealed that works in 440 villages (UEV/DEV – 94 and IEV – 346) out of 707 villages were completed. However, out of the 440 villages where works have been completed, 200 villages (UEV/DEV – 45 and IEV – 155) only have been handed over (November 2013) to the Department by the contractors. Reasons for delay in handing over the remaining villages were:

- (i) Delay in rectification of defects pointed out by the TPIA by the Turnkey Contractors.
- (ii) Delay in verification of compliance (rectification of defects/shortcomings) by the TPIA.
- (iii) Work declared as completed by the Turnkey Contractors before it was actually completed.
- (iv) Delay in inspection by the Electrical Inspectorate.

While accepting the facts, the State Government stated (November 2013) that this was an on-going process and more and more completed villages will be taken over after completing the necessary formalities.

4.2.10.7 Non-receipt of materials valuing ₹ 4.86 crore claimed to have been dispatched by Turnkey Contractors

As per Clause 7.3 of the Letters of Award (September 2008) issued to the Suppliers (i) Satnam Global Infraprojects Limited and (ii) T&T Project Limited, an interim payment of 70 *per cent* of the Ex-works price of materials/equipments shall be paid along with Freight and Insurance charges in full on storage at site and physical verification by the Engineer-in-Charge on submission of the following:

- (i) Materials dispatch instruction issued by the Engineer-in-charge
- (ii) Storage receipt voucher (SRV) issued by an officer not below the rank of Assistant Engineer or Junior Manager (Stores)

The Department, however, amended (May 2009) the above Letter of Award and deleted the important stipulations (i) & (ii) which provided for ascertaining the status of delivery of material at site.

Scrutiny of records revealed that the Contractors (Satnam Global Infraprojects Limited and T&T Project Limited) had submitted invoices for ₹ 143.22 crore being 70 *per cent* of ₹ 204.60 crore worth of materials stated to have been dispatched by them. The P&ED without ensuring whether the above material was received at site released (July 2011 & March 2012) an amount of ₹ 143.22 crore to the contractors.

However, materials worth ₹ 4.86 crore for which payments were released in March 2012, had not been received at site till date (November 2013).

Thus, lack of internal control coupled with injudicious amendment of the Letter of Award had resulted in release of payment amounting to ₹ 4.86 crore against the supply material which had not been received at site.

While accepting the facts, the State Government stated (November 2013) that the Department was pursuing the matter vigorously and is expected to settle it soon.

Audit objective: Effective Monitoring and Supervising mechanism was in place.

4.2.10.8 Non-Reconciliation of Accounts

As per Clause 50 of the General Conditions of Contract with the contractors “the contractor shall prepare and submit every three months a statement covering payments claimed and the payments received *vis-à-vis* the works executed for reconciliation of accounts with P&ED”. The Contractors were also required to prepare and submit detailed accounts of owner issued materials received and utilised by them as a part of reconciliation exercise in a format to be discussed and finalised with the owner before the award of the contract.

Scrutiny of records revealed that no such reconciliation was being carried out by the Department. There was no system in place to ensure that (i) payments made for supplies, (ii) materials/equipments supplied, (iii) materials/equipments already utilised for project works and (iv) balance materials held, were duly reconciled.

The Government stated (November 2013) that availability of materials are checked from the reports submitted by the contractors and reconciliation will be done thoroughly at the time of closure of the projects. The reply of the Government is not acceptable as periodic reconciliation ensures that no excess payments have been made to the contractors. The settlement at the time of closure of projects becomes difficult in case the payments already exceed the cost of the project.

4.2.10.9 Deployment of Franchisees

The RGGVY Projects are eligible for Capital Subsidy under the Scheme, if State Government/Project Implementing Agency (PIA) comply with the following conditions:

- (i) Deployment of Franchisees (which was not mandatory) for management of power distribution in rural areas covered under projects financed under the Scheme, and
- (ii) Provision of requisite revenue subsidies to the State Utilities as required under Electricity Act, 2003.

The capital subsidy, however, will be converted into interest bearing loans if the PIA fails to comply with the above conditions.

To facilitate deployment of franchisees for management of power distribution in rural areas, REC (May 2006) had formulated detailed guidelines for franchisee management and the Ministry of Power, GoI (January 2008) had launched a 'National Programme' on Franchisee Capacity Building to impart training to franchisees and also to build a capable cadre of trainees within the Utilities/Departments to supplement this initiative.

P&ED conducted a Training Programme for prospective franchisees from different NGOs during March 2012. Other than this, P&ED had not taken any initiative for deployment of franchisees so far (November 2013).

While accepting the facts, the State Government stated (November 2013) that the commitment of the Department to establish and develop Franchisee system is firm and determined. As a matter of fact, it will take some more time to bring the system in place fully.

4.2.11 Impact Assessment

4.2.11.1 Significant observations made during beneficiary Survey

Audit conducted Beneficiary Survey covering 150 BPL households in three Districts *viz.* Aizawl, Lunglei and Saiha. The following were the significant observations made during the survey:

- ❖ 146 BPL beneficiaries were not aware about RGGVY Scheme.
- ❖ No awareness programme was conducted in 25 villages out of 30 villages.
- ❖ Fencing was not done for three Distribution Transformers.
- ❖ In three cases, plants growing on distribution transformers/poles indicated poor maintenance.
- ❖ Two Distribution Transformers were damaged but not repaired.

4.2.11.2 Evaluation of achievement of intended benefits

One of the objectives of RGGVY was to facilitate overall rural development, employment generation and poverty alleviation by catering to the needs of agriculture and other activities like healthcare, education & IT *etc.* The P&ED, however, had not evolved any mechanism for evaluating whether intended benefits of the Scheme were achieved or not.

4.2.12 Monitoring

4.2.12.1 Inadequate number of Committees meetings

As per directions from MoP, GoI, the following Committees have been constituted by the State Government in September 2005 for efficient implementation of the Scheme:

- ❖ Monitoring Committee at State Utility Level;
- ❖ Co-ordination Committee at State Utility Level;
- ❖ District Committees; and
- ❖ Monitoring Committees at Panchayat Level.

The following Table shows the district wise meetings held to review progress of RGGVY work:

Table-4.2.3

Name of District	Date of formation of committee	No. of meetings held so far	No. of meetings required to be held	Shortfall in achievement of meeting
Aizawl	25.04.2006	10	12	2
Lunglei	25.04.2006	3	12	9
Saiha	25.04.2006	1	12	11
Champai	25.04.2006	3	12	9
Kolasib	25.04.2006	7	12	5
Serchip	25.04.2006	4	12	8
Lawngtlai	25.04.2006	1	12	11
Mamit	25.04.2006	0	12	12

Source: Departmental records

From the above Table, it is clear that meetings of District Committees in most of the district were far below the minimum requirement. The District Committee did not meet to review the progress of work of the Scheme during the last seven years. In Saiha and Lawngtlai Districts, the District Committees met only once. The overall shortfall in number of meetings held ranged between two (Aizawl District) and twelve (Mamit District).

Similar trend was noticed in State Level Monitoring of the Scheme. The State Level committees met after a gap of long periods. The gap between State level meetings ranged between seven and twelve months.

Till January 2010, the Monitoring Committees at Village Council (Panchayat) Levels had not held any meetings.

Failure to conduct Monitoring Committee meetings at regular intervals is fraught with the risk of delay in taking important policy/major decisions to resolve bottlenecks of implementation of RGGVY Scheme. It also reflects poorly on the monitoring efficiency by the State Government.

While accepting the facts, the State Government stated (November 2013) that audit observation has been noted for future compliance.

4.2.13 Conclusion

The Performance Audit revealed:

- ❖ Delay in notification of State Level Rural Electrification Plan.
- ❖ Delays in preparation of Detailed Project Reports/Revised Cost Estimates leading to delays in completion of the projects under the Scheme.
- ❖ Slow and tardy implementation of projects.
- ❖ Absence of mechanism for evaluating achievement of intended benefits.
- ❖ Ineffective functioning of committees at various levels constituted for monitoring.

4.2.14 Recommendations

- ❖ Detailed Project Reports should be prepared on the basis of adequate, reliable and verifiable data.
- ❖ List of BPL households in the State should be identified and updated regularly
- ❖ Guidelines issued by funding agencies should be strictly adhered to while preparing DPRs.
- ❖ Mechanism for assessing achievement of goals of the Scheme should be put in place.
- ❖ Prompt handling over of villages after being electrified should be ensured.
- ❖ Monitoring Committees constituted at various levels should hold regular meetings for effective monitoring of the Scheme.

COMPLIANCE AUDIT PARAGRAPHS

TRANSPORT DEPARTMENT

4.3 Operations of Fleet of Buses of Mizoram State Transport

4.3.1 Introduction

The Transport Department, Government of Mizoram has been functioning as an independent Department *w.e.f.* 20 December 1987 after its bifurcation from the erstwhile combined Supplies and Transport Department. It is mandated to provide an efficient, adequate, economical and properly co-ordinated road transport and to facilitate movement of passengers and goods within the State as well as to operate inter-state services to various destinations.

The fleet position¹³ (number of buses) of the Mizoram State Transport (MST) as of August 2008 was 53 buses, which reduced to 33 buses on 31 March 2013.

4.3.2 Organisational set-up

The Commissioner/Secretary, Transport Department, Government of Mizoram, is the head of the Administrative Department as well as the Chairman of the State Transport Authority. The Transport Department is managed by the Director. He is assisted by one Joint Director (Operation) who is responsible for smooth operation and functioning of MST fleets in the State. Besides, one Depot-cum-Workshop and one Central Workshop are functioning in the Department under two Works Managers.

4.3.3 Scope & Audit Objectives

The Audit on “Operations of fleet of buses of (MST)”, covering the period from 2008-09 to 2012-13 through a test-check of records of the Joint Director of Transport (Operations) and the Depot-cum-Workshops and Central Workshop, Aizawl, was conducted during the period from June 2013 to August 2013.

The main objective of audit was to assess the physical and financial performance of operation of buses by MST.

AUDIT FINDINGS

The important points noticed during audit are discussed in following paragraphs.

4.3.4 Financial performance

During the period from 2008-09 to 2012-13, the fleet of buses of MST included 53 buses (2008-09) which declined to 33 buses (2012-13). The fleet of buses operated 53.90 lakh gross kms during this period.

¹³ The number of buses as per website of MST was 59 as on August 2008. However, the number of buses held and operated has been taken as per details furnished by the Director of Transport in January 2014

The details of revenue realised, expenditure incurred and loss suffered by the MST during 2008-13 are given in the following Table:

Table-4.3.1

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Total
(A) Revenue						
Traffic Revenue	190.65	182.29	168.00	165.76	171.00	877.70
Other Receipts	17.58	16.13	64.00	50.00	31.08	178.79
Total	208.23	198.42	232.00	215.76	202.08	1056.49
(B) Expenditure						
Operating Expenditure	1046.00	1085.00	1412.00	1959.00	1600.00	7102.00
Non-operating Expenditure	262.00	204.00	684.00	669.00	373.00	2192.00
Total Expenditure	1308.00	1289.00	2096.00	2628.00	1973.00	9294.00
Manpower cost	876.00	916.00	1079.00	1690.00	1403.00	5964.00
(C) Loss						
Operating Loss	855.00	903.00	1206.00	1793.24	1429.00	6186.24
Total Loss	1099.77	1090.58	1864.00	2412.24	1770.92	8237.51
Gross kms operated	1297000	1221000	1054000	1085000	733000	5390000
Revenue <i>per km</i> (in ₹)	16.05	16.25	22.01	19.89	27.57	20.35 ¹⁴
Expenditure <i>per km</i> (in ₹)	100.85	105.57	198.86	242.21	269.17	183.33
Loss per km (in ₹)	84.80	89.32	176.85	222.32	241.60	161.83

Source: Departmental records

It would be seen from the above Table that there was steady and sharp increase in loss per km of the operations of the fleet during the five years from 2008-09 to 2012-13 as the same increased from ₹ 84.80 *per km* to ₹ 241.60 *per km* *i.e.* an increase of 185 *per cent*. This was mainly due to increase in the cost of engaging manpower which increased from ₹ 876 lakh in 2008-09 to ₹ 1,403 lakh in 2012-13. The average manpower cost of the operation of buses was 64 *per cent* of the total expenditure.

In order to control the high cost of operation, a number of decisions¹⁵ like introduction of a policy of privatisation and gradual phasing out of vehicles and improving the on-going MST services by replacing old and over-aged buses were taken by the Department. It was, however, noticed in audit that none of these decisions were implemented by the Department. As a result, the increasing losses could not be controlled by the Department.

¹⁴ Average figure

¹⁵ Reflected in Annual Action Plan for 2011-12

While accepting the facts, the State Government added (November 2013) that a number of measures like restructuring, gradual phasing out of old vehicles in place of new vehicles, rationalisation of routes and reduction of manpower under Voluntary Retirement Scheme were being taken up.

4.3.5 Physical performance

The physical performance of the MST during the period from 2008-13 is given in the following Table:

Table-4.3.2

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Average no. of buses held	53	54	54	33	33
Average no. of buses operated daily	30	32	27	19	19
Passenger kms offered (in lakh)	415	384	326	239	199
Passenger kms performed (in lakh)	184	215	190	150	144
No. of passenger carried (in lakh)	1.20	1.13	2.28	0.69	0.51
No. of passengers carried per day per bus [#]	13	12	28	12	9

Source: Departmental records

It has been assumed that each bus operates for 300 days in a year

It could be seen from the above Table that:

- The average number of passengers carried per day per bus had decreased from 13 in 2008-09 to 9 in 2012-13.
- There was no improvement in the average daily bus operations of MST as the average number of buses operated daily had gradually decreased from 30 buses (2008-09) to 19 buses (2011-12).
- The number of passengers carried by the MST decreased from 1.20 lakh passengers (2008-09) to 0.51 lakh (2012-13).

While accepting the facts, the State Government stated (November 2013) that most of the profitable routes have now been taken over by private operators. The routes allotted to MST are now mostly sub-standard and unprofitable where private operators are reluctant to operate.

Although, the Government had taken 13 profitable routes from MST which are now being operated by the private operators, but the fact remained that the even on the routes operated by MST, it was not preferred mode of transportation as average passengers

carried per bus per day had declined during the period under review. Clearly, there was a huge scope for improvement in operating and managing the fleet of MST which needs to be tapped by the Department.

4.3.6 Manpower

Manpower is an important element of cost which constituted 64 *per cent* of the total expenditure of the MST during 2008-13. Therefore, it is imperative that this cost is kept under control and the deployment of manpower is done optimally to achieve higher productivity. The Table below provides the details of manpower, its cost and productivity:

Table-4.3.3

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Manpower (Traffic) (in No.)	400	395	395	395	395
2.	Manpower (Workshop) (in No.)	135	133	133	133	133
3.	Manpower (accounts/ establishment) (in No.)	145	122	122	122	122
4.	Total Manpower (in No.)	680	650	650	650	650
5.	Manpower cost (in lakh)	876.00	916.00	1079.00	1690.00	1403.00
6.	Gross kms operation (in lakh)	12.97	12.21	10.54	10.85	7.33
7.	Manpower cost <i>per kms</i> (in ₹)	67.54	75.02	102.37	155.76	191.41
8.	Productivity <i>per day per person</i> (in kms)	5.22	5.14	4.44	4.57	3.09
9.	No. of buses	53	54	54	33	33
10.	Average manpower <i>per bus</i> (in No.)	13	12	12	20	20

Source: Departmental records

It would be seen from the above Table that:

- During the period under review, the average manpower *per bus* had increased from 13 (2008-09) to 20 (2012-13). Reasons for this increase could be attributed to reduction in number of buses operated by the Department during the period. As a result, the Department had excess manpower for operation of its fleet of buses. For example, the Department had engaged 128 drivers for its fleet of 33 buses. Out of these, 32 drivers have been declared as 'unfit'. Thus, the Department had engaged about three drivers *per bus*.
- Productivity *per day per person* had reduced from 5.22 kms (2008-09) to 3.09 kms (2012-13).
- The manpower cost of MST has steeply increased from ₹ 67.54 *per kms* (2008-09) to ₹ 191.41 *per kms* (2012-13). Due to this huge manpower cost, the

State Planning Board requested (October 2009) the MST to take suitable steps for reducing manpower cost. But no steps had been taken by the Department so far (January 2014).

The Government while accepting the facts stated (November 2013) that with a view to reducing the cost of manpower in the MST section, the Department started restructuring of the Department in 2008 by which many staff in the MST section were shifted to the other sections in the Department.

4.3.7 Fuel Management by the MST

4.3.7.1 Operation of own Consumer Petrol Pump (CPP)

Transport Department had installed two Consumer Petrol Pumps (CPPs) (Aizawl and Lunglei Districts) for smooth and uninterrupted operation of passenger bus services, of which, the CPPs at Aizawl was revamped into revenue earning asset of the Department. The CPPs were also installed for providing cheap fuel for consumption of vehicles in the Department. During 2009-13, the Department had procured 1,345.20 Kilolitres (kl) HSD for operation of its fleet of 33 to 53 buses, from Indian Oil Corporation Limited (IOCL). The performance of CPPs in procurement of diesel and its disposal during the period from 2009-10 to 2012-13 is given below:

Table-4.3.4

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	Total
1.	HSD procured (in kl) as <i>per</i> CPP	366.71	436.00	300.00	242.49	1345.20
2.	Average purchase cost in ₹ <i>per</i> litre	31	36	40	45	38
3.	Total Purchase cost (₹ in lakh)	113.68	156.96	120.00	109.12	499.76
4.	CPP salary cost (₹ in lakh)	27.74	30.52	33.57	36.92	128.75
5.	Salary cost <i>per</i> litre (in ₹)	7.56	7.00	11.20	15.23	9.57
6.	Total expenditure on fuel (Sl. 3 + Sl. 4) (₹ in lakh)	141.42	187.48	153.57	146.04	628.51
7.	Average cost <i>per</i> litre (Sl. 4/Sl. 1) (in ₹)	38.56	42.99	51.19	60.22	48.24
8.	Average market price (in ₹)	33	38	43.5	45	39.88
9.	Excess cost <i>per</i> litre (Sl.7 - Sl.8) (in ₹)	5.56	4.98	7.69	15.22	8.36
10.	Excess expenditure (Sl.9 * 1) (₹ in lakh)	20.39	21.71	23.07	36.91	102.08

Source: Departmental records

During 2009-13, the Department procured 1,345.20 kl HSD at a cost of ₹ 628.51 lakh with an average procurement price ranging between ₹ 31 and ₹ 45 *per* litre as against the market cost which ranged between ₹ 33 and ₹ 45. Thus, the procurement cost was marginally less than the market cost during the period from 2009-10 to 2012-13.

However, the Department incurred an establishment cost which ranged between ₹ 7 *per* litre to ₹ 15.23 *per* litre during the same period. This indicated that the cost advantage of procuring the fuel at marginally cheaper rate than the market rates was forgone due to very high establishment costs of maintaining CPPs. Thus, the Department incurred excess expenditure of ₹ 102.08 lakh as compared to market rates during the above period.

The State Government in its reply stated (November 2013) that inclusion of the establishment cost towards the cost of fuel is rather impractical in view of the fact that no separate recruitment of staff was made exclusively for the CPPs. All the staff deployed for the operation of CPPs are regular staff who are required to be maintained by the Department even if the CPPs is operated or not. The reply of the Department is not acceptable, since CPPs were installed with a view that it would serve as revenue earning asset for the Department. The Department should have considered the manpower cost at the time of establishing the CPPs. Moreover, after de-control of HSD and MS prices, the Department had stopped (August 2013¹⁶) supplying fuel to its buses from CPPs.

4.3.8 Tyre performance

Tyre consumption is an important element of cost in the operation of buses. The MST with the operation of average 19 to 30 buses used 920 new tyres for achieving 53.90 lakh gross kms and incurred a total expenditure of ₹ 187.87 lakh on tyre including retreading expenditure during 2008-13. The year-wise tyre performance and the related expenditure during 2008-13 are detailed in **Appendix-4.3.1**.

The average tyre cost in MST buses ranged between ₹ 2.27 *per km* (2011-12) and ₹ 4.94 *per km* (2012-13) as against ASRTU¹⁷ norm (2008-09) of ₹ 0.47 *per km*. The Department had not reviewed the tyre performance during the period from 2008-09 to 2012-13 nor had it fixed any target/norm for tyre performance of its buses.

Audit noticed an excess consumption of tyres in case of some test-checked vehicles *viz.* (i) in two buses put into service in January 2011 the Department used 104 tyres (33 new and 71 Pre-Tread tyres) during May 2011 to July 2013 by operating 1.47 lakh gross kms and (ii) in another two vehicles put into service in April 2008, the Department used 195 tyres (96 new and 99 Pre-Tread tyres) during January 2010 to July 2013 by operating 1.65 lakh gross kms.

While accepting the facts, the State Government in its reply stated (November 2013) that the excessive poor tyre performance in the operation of MST is mainly attributed to bad road conditions.

¹⁶ As stated by the Management

¹⁷ Association of State Road Transport Undertakings

4.3.9 Miscellaneous

The following other deficiencies were also noticed in audit:

- Proper records were not maintained for disposal of unserviceable materials.
- Physical verification of the stores and stocks was not conducted at regular intervals.

The State Government stated (November 2013) that the Department has already taken some action to address these deficiencies.

CHAPTER-V

REVENUE SECTOR

CHAPTER-V

REVENUE SECTOR

5.1 Composition of revenue receipts

5.1.1 The tax and non-tax revenue raised by the Government of Mizoram during the year 2012-13, the State's share of net proceeds of divisible Union taxes and duties assigned to States and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

Table-5.1.1

(₹ in crore)					
Particulars of revenue receipts	2008-09	2009-10	2010-11	2011-12	2012-13
I. Revenue raised by the State Government					
• Tax revenue	94.62	107.58	130.44	179.07	223.14
• Non-tax revenue	158.67	126.51	146.72	168.03	212.80
Total	253.29	234.09	277.16	347.10	435.94
II. Receipt from the Government of India					
• State's share of divisible Union taxes/duties	383.39	394.53	451.66	827.38	785.96
• Grants-in-aid	2016.45	2334.89	2126.55	2650.42	3314.84
Total	2399.84	2729.42	2578.21	3477.80	4100.80
III. Total receipts of the State	2653.13	2963.51	2855.37	3824.90	4536.74
IV. Percentage of I to III	9.55	7.90	9.71	9.07	9.61

Source: Finance Accounts, Government of Mizoram, 2012-13

The above Table indicates that during the year 2012-13, the revenue raised by the State Government was 9.61 per cent of the total revenue receipts (₹ 4,536.74 crore) against 9.07 per cent in the preceding year. The balance 90.39 per cent of receipts during 2012-13 was from the Government of India. The revenue raised by the State Government was in increasing trend from 2008-09 to 2012-13, except the year 2009-10 due to less collection of Non-tax revenue by the State Government.

5.1.2 The following Table presents the details of tax revenue raised during the period from 2008-09 to 2012-13:

Table-5.1.2

(₹ in crore)							
Sl. No.	Head of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase (+) or decrease (-) in 2012-13 over 2011-12
1.	Taxes on Sales, Trades etc.	77.51	85.94	104.70	142.16	175.87	(+) 24
2.	State excise	1.87	2.10	2.39	2.31	2.83	(+)23
3.	Stamps and registration fee	0.46	0.39	0.34	0.69	0.64	(-) 7
4.	Taxes on vehicles	5.50	6.71	7.72	16.71	22.83	(+) 37
5.	Taxes on goods and passengers	1.43	1.39	1.72	2.05	3.77	(+) 84
6.	Land revenue	1.63	2.76	4.33	2.52	3.04	(+) 21
7.	Other tax revenue	6.22	8.29	9.24	12.63	14.16	(+) 12
	Total	94.62	107.58	130.44	179.07	223.14	(+) 25

Source: Finance Accounts, Government of Mizoram, 2012-13

The reasons for variation were not found on record.

5.1.3 following Table presents the details of the non-tax revenue raised during the period 2008-09 to 2012-13.

Table-5.1.3

(₹ in crore)

Sl. No.	Head of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase (+) or decrease (-) in 2012-13 over 2011-12
1.	Interest receipts	32.91	17.85	12.72	15.60	16.86	(+) 8
2.	Forestry and wild life	2.20	2.53	2.40	3.19	2.39	(-) 25
3.	Miscellaneous general services (including lottery receipts)	3.01	10.00	9.43	0.45	3.86	(+) 758
4.	Power	93.40	67.86	72.63	109.52	111.27	(+) 2
5.	Medical and public health	0.55	0.27	0.19	0.31	0.38	(+) 23
6.	Co-operation	0.02	0.01	0.02	0.03	0.02	(-) 33
7.	Public works	2.02	4.12	1.70	1.42	0.25	(-) 82
8.	Police	3.56	0.26	7.33	0.95	0.41	(-) 57
9.	Other administrative services	2.02	2.23	2.65	4.00	4.73	(+) 18
10.	Other non-tax receipts	18.98	21.38	37.65	32.57	72.63	(+) 123
	Total	158.67	126.51	146.72	168.04	212.80	(+) 27

Source: Finance Accounts, Government of Mizoram, 2012-13

The reasons for variation were not found on record.

5.1.4 Variations between the budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts under the principal heads of Tax and Non-Tax revenue for the year 2012-13 are mentioned in the following Table:

Table-5.1.4

(₹ in crore)

Sl. No.	Head of revenue	Budget estimates	Actual revenue	Variations excess (+) shortfall (-)	Percentage of variation
	Tax revenue				
1.	Taxes on Sales, Trades etc.	158.22	175.87	(+) 17.65	(+) 11
2.	State excise	2.63	2.83	(+) 0.20	(+) 8
3.	Taxes on vehicles	9.24	22.83	(+) 13.59	(+) 147
4.	Taxes on goods and passengers	3.00	3.77	(+) 0.77	(+) 26
5.	Stamps and Registration Fees	1.26	0.64	(-) 0.62	(-) 49
6.	Land Revenue	4.02	3.04	(-) 0.98	(-) 24
	Non-Tax Revenue				
1.	Interest receipts	21.76	16.86	(-) 4.90	(-) 23
2.	Forestry and wild life	2.50	2.39	(-) 0.11	(-) 4
3.	Medical and public health	0.25	0.38	(+) 0.13	(+) 52
4.	Miscellaneous general services	10.50	3.86	(-) 6.64	(-) 63
5.	Power	119.11	111.27	(-) 7.84	(-) 7

Source: Budget and Finance Accounts, Government of Mizoram, 2012-13

The reasons for variation were not found on record.

5.1.5 Cost of collection

The gross collection of major revenue receipts, expenditure incurred on collection and percentage of such expenditure to gross collection during the period 2010-11 to 2012-13, along with the relevant all India average percentage of expenditure on collection to gross collections for 2011-12 are mentioned in the following Table:

Table-5.1.5

(₹ in crore)						
Sl. No.	Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for 2011-12
1.	Taxes on Sales, Trades etc ¹ .	2010-11	104.70	8.49	8.11	
		2011-12	142.16	0.18	0.13	0.83
		2012-13	175.87	0.15	0.09	
2.	Taxes on vehicles	2010-11	7.72	5.39	69.82	
		2011-12	16.71	4.92	29.44	2.96
		2012-13	22.83	5.99	26.24	

Source: Finance Accounts, Government of Mizoram, 2012-13

The percentage of expenditure on collection during 2012-13 reflected a downward trend but as compared to the corresponding all India average for 2011-12, the expenditure on collection was substantially high in respect of taxes on vehicles which the Government needs to look into.

5.1.6 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013 in respect of the principal heads of revenue as reported by the Departments were ₹ 33.30 crore, as per the details mentioned in the following Table:

Table-5.1.6

(₹ in crore)			
Sl. No.	Head of revenue	Amount outstanding as on 31 March 2013	Amount outstanding for more than five years
1.	Taxes/VAT on Sales, Trades etc.	11.67	NIL
2.	Taxes on Vehicles	21.54	Not intimated by the
3.	Taxes on Goods and Passengers	0.09	Department
Total		33.30	--

Source: Departmental figures

5.1.7 Arrears in assessment

The details of Sales Tax/VAT assessment cases pending at the beginning of the year 2012-13, cases which became due for assessment during the year, cases disposed during the year and

¹ Except for the year 2011-12 and 2012-13 in respect of Taxes on sales, trades etc., the expenditure on collection of revenue were inclusive of Direction and Administration charges

number of cases pending at the end of the year 2012-13 as furnished by Taxation Department are mentioned below:

Name of revenue	Opening balance as on 31 March 2012	New cases due for assessment during the year 2012-13	Total assessment due	Cases disposed of during the year 2012-13	Balance at the end of the year 2012-13	Percentage of disposals to the total assessment 5 to 4
1	2	3	4	5	6	7
Taxes/ VAT on Sales, Trades etc.	2964	1035	3999	1014	2985	25.35

Source: Departmental figures

Thus, the percentage of pending cases at the end of 2012-13 was 74.65 per cent. The Government has not fixed any norm prescribing the number of assessments to be completed by each assessing officer during a specified period. Immediate action needs to be taken to finalise the pending assessment cases.

5.1.8 Evasion of Tax

The details of cases of evasion of tax detected, cases finalised and demands for additional tax raised in 2012-13, as reported by the Departments concerned are mentioned in the following Table:

Name of tax/ duty	Cases pending as on 31 March 2012	Cases detected during the year 2012-13	Total	Number of cases in which assignments/investigation completed and additional demand including penalty etc. raised during the year 2012-13		Number of pending cases as on 31 March 2013
				No. of cases	(₹ in crore)	
1	2	3	4	5	6	7
Sales Taxes/ VAT	475	489	964	506	2.83	458
Taxes on Vehicles	35669	21645	57314	520	0.16	56794
Taxes on Goods and Passengers	2113	48	2161	161	0.01	2000

Source: Departmental figure

5.2 Response of the Departments/Government towards audit

Accounts of transactions and other records of the Departments are audited and Inspection Reports containing audit findings are issued to the Head of the Office so audited for comments/compliance. Audit findings of serious nature are processed into draft paragraph and forwarded to the Administrative Head of the concerned Department through demi-official letter drawing their attention to the audit findings with a request to furnish their response within six weeks. The response of the Departments/Government towards audit is discussed in succeeding paragraphs.

5.2.1 Failure of Senior Officials to enforce accountability and protect the interest of the State Government

The Principal Accountant General (PAG) (Audit), 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 report about the compliance made through initial reply to the PAG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

Inspection Reports issued upto December 2012 disclosed that 530 paragraphs involving ₹ 68.56 crore relating to 166 IRs remained outstanding at the end of June 2013 as mentioned in the following Table along with the corresponding figures for the preceding two years.

Particulars	June 2011	June 2012	June 2013
Numbers of outstanding IRs	134	148	166
Number of outstanding audit paragraphs	419	418	530
Amount involved (₹ in crore)	65.10	68.95	68.56

The Department-wise details of the IRs and audit paragraphs outstanding as on 30 June 2013 and the amounts involved are mentioned in the following Table:

Sl. No.	Name of Department	Name of Receipts	No. of Outstanding IRs	No. of Outstanding Audit Paragraphs	Money Value involved (₹ in crore)
1.	Land Revenue	Land Revenue	22	44	7.24
2.	Excise	State Excise	2	8	-
3.	Taxation	Taxes/VAT on Sales, Trade etc.	60	192	22.94
4.	Transport	Taxes on Vehicles/Taxes on Goods and Passengers	26	64	5.54
5.	Forest & Environment	Forest & Wild Life	54	210	19.03
6.	Geology and Mineral Resources	Non-ferrous Mining and Metallurgical Industries	2	12	13.81
Total			166	530	68.56

Even the first replies required to be sent by the Heads of Offices within one month from the date of issue of the IRs have not been sent for 30 IRs issued upto December 2012. This

large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and Heads of the Departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by us in the IRs.

It is recommended that the Government takes suitable steps to institute an effective procedure for prompt and appropriate response to audit observations as well as takes action against officials/officers who failed to send replies to the IRs/paragraphs within the prescribed time schedules and also failed to take action to recover loss/outstanding demand in a time bound manner.

5.2.2 Departmental Audit Committee Meetings

In order to expedite settlement of the outstanding audit observations contained in the IRs, Departmental Audit Committees are constituted by the Government. These committees are chaired by the Secretaries of the concerned Administrative Department and attended by the concerned officers of the State Government and officers of the Principal Accountant General (PAG). The audit committees need to meet regularly in order to expedite clearance of the outstanding audit observations. However, during the year 2012-13, no Departmental Audit Committee meeting was held.

The Government may ensure holding of frequent meetings of these committees for ensuring effective action on the audit observations leading to their settlement.

5.2.3 Response of the Departments to the Compliance Audit

Compliance Audit on Taxation and Environment & Forests Departments, proposed for inclusion in the Audit Report of the Comptroller and Auditor General of India for the year ended March 2013 were forwarded (September 2013) to the Secretaries/Commissioners of the respective Departments through demi-officials letters. The Administrative Secretaries/Commissioners furnished reply (November 2013) in respect of the Taxation Department only.

5.2.4 Compliance with the earlier Audit Reports

In the Audit Reports 2002-03 to 2011-12, cases of under assessments, evasion, non/short levy of taxes/penalty, loss of revenue, failure to raise demands *etc.* involving ₹ 77.02 crore were reported. As of March 2013, the Departments concerned have accepted observations of ₹ 3.20 crore. Audit Report-wise details of cases accepted and recovered are given in the following Table:

(₹ in crore)

Year of Audit Report	Total money value	Accepted money value	Recovery made
2002-03	3.07	0.53	NIL
2003-04	4.98	0.27	NIL
2004-05	5.30	NIL	NIL
2005-06	10.04	NIL	NIL
2006-07	12.14	NIL	NIL
2007-08	4.98	0.04	NIL
2008-09	5.74	NIL	NIL
2009-10	8.85	NIL	NIL
2010-11	16.49	0.09	NIL
2011-12	5.43	2.27	0.07
Total	77.02	3.20	0.07

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

In order to analyse the system of addressing the issues highlighted in the Inspection Reports/ Audit Reports by the Departments/Government, the action taken on the paragraphs and Performance Audits included in the Audit Reports of the last 10 years in respect of one Department is evaluated and included in each Audit Report.

The succeeding Paragraphs 5.3.2.1 to 5.3.2.2 discuss the performance of the Departments in dealing with the cases detected in the course of local audit conducted during the last 10 years and also the cases included in the Audit Reports for the years 2002-03 to 2011-12.

5.3.1 Position of Inspection Reports

The summarised position of Inspection Reports issued during the last four years, paragraphs included in these Reports and their status as on 30 June 2013 are given in the following Table:

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value
2010-11	126	373	39.09	21	91	61.24	2	56	18.17	145	408	82.16
2011-12	145	409	82.16	18	91	10.91	9	50	22.44	154	450	70.64
2012-13	154	450	70.64	8	75	2.37	0	10	1.00	162	515	72.01
2013-14	162	515	72.01	18	103	12.38	14	88	15.83	166	530	68.56

We reminded the Department periodically to furnish replies to the outstanding audit observations. However, the replies are still awaited (February 2014).

5.3.2 Assurances given by the Department/Government on the issues highlighted in the Audit Reports

5.3.2.1 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:

(₹ 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 2013	Cumulative position of recovery of accepted cases
2002-03	15	3.07	7	0.53	--	--
2003-04	16	4.98	2	0.27	--	--
2004-05	10	5.30	NIL	NIL	--	--
2005-06	24	10.04	NIL	NIL	--	--
2006-07	15	12.14	NIL	NIL	--	--
2007-08	11	4.98	1	0.04	--	--
2008-09	6	5.74	NIL	NIL	--	--
2009-10	4	8.85	NIL	NIL	--	--
2010-11	3	16.49	1	0.09	--	--
2011-12	7	5.43	3	2.27	0.07	--

However, information on the recovery of accepted cases was not available.

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

5.3.2.2 Action taken on the recommendations accepted by the Departments/Government

The draft Performance Audits (PAs) conducted by the PAG required to be forwarded to the concerned Departments/Government for their information with a request to furnish their replies. These PAs are also discussed in an Exit Conference and the Department's/ Government's views are included while finalising the PAs for the Audit Reports.

The following paragraphs discuss the issues highlighted in the reviews on the Departments featured in the last 10 Audit Reports including the recommendations and action taken by the Departments on the recommendations accepted by it as well as the Government.

Year of Audit Report	Name of the review	No. of recommendations	Details of the recommendations accepted
2002-03	Mizoram State Transport	NIL	--
2003-04	NIL	NIL	--
2004-05	a) Receipts under taxes on Motor Vehicles b) Information technology audit of the vehicle registration system in Mizoram	5 NIL	NIL --
2005-06	NIL	NIL	--
2006-07	NIL	NIL	--
2007-08	NIL	NIL	--
2008-09	Transition from Sales Tax regime to Value Added Tax (VAT) System in Mizoram	6	NIL
2009-10	NIL	NIL	--
2010-11	Performance Audit on cross verification of declaration Forms in Inter State Trade and Commerce	5	NIL
2011-12	NIL	NIL	--

5.4 Result of audit

5.4.1 Position of local audit conducted during the year

Test check of the records of 33 units of Taxation, Environment & Forest, Excise and other Departments conducted during the year 2012-13 revealed underassessment/short levy/loss of revenue/non-realisation of outstanding revenue aggregating ₹ 453.91 lakh in 41 cases. Of these the Departments recovered ₹ 20.83 lakh in 13 cases and ₹ 18.11 lakh relating to the previous years in seven cases.

5.4.2 This Report

This Report contains Compliance Audit (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) on Taxation and Environment & Forests Departments involving financial effect of ₹ 257.02 crore. The Departments/Government have accepted audit observations involving ₹ 1.63 crore, out of which ₹ 0.35 crore has been recovered. The replies in the remaining cases have not been received (January 2014). These are discussed in succeeding paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

ENVIRONMENT AND FORESTS DEPARTMENT

5.5 Management of Fund by Mizoram State Compensatory Afforestation Fund Management and Planning Authority (CAMPA)

5.5.1 Introduction

In pursuance of the instructions issued (July 2009) by the Ministry of Environment and Forests (MoEF), Government of India (GoI), the Government of Mizoram (GoM)

constituted (August 2009) State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA). The function of the State CAMPA shall include *inter alia* (i) funding, overseeing and; promoting compensatory afforestation on forest land diverted for non-forest purposes under the Forest (Conservation) Act, 1980; (ii) overseeing forest and wildlife conservation and protection works within forest areas undertaken and financed under the programme; (iii) maintaining a separate account in respect of the funds received for conservation and protection of protected areas; (iv) creating transparency for the programme and mobilizing citizen support; and (v) earmarking up to two *per cent* of the funds for monitoring and evaluation.

5.5.2 Organizational set up

The Government of Mizoram constituted (August 2009) State CAMPA with three-tier function of the Governing Body, the Steering Committee and the Executive Committee. The Governing Body headed by the Chief Minister is responsible for laying down the broad policy framework for the functioning of State CAMPA and review its working from time to time. The Steering Committee headed by the Chief Secretary shall lay-down or approve rules and procedure for the functioning of the body and its Executive Committee. The Executive Committee headed by the Principal Chief Conservator of the Forests is responsible to take all steps for giving effect to the State CAMPA and overarching objectives and core principles, in accordance with rules and procedures approved by the Steering Committee.

The Chief Conservator of Forests, being the Member Secretary of the Executive Committee, functions as Nodal Officer of the State CAMPA.

5.5.3 Scope of Audit

Audit of the Management of fund by the State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA) covering the period from April 2010 to March 2013 was conducted during November-December 2012 and July 2013 with the main objectives to assess whether the State CAMPA has been functioning fulfilling the prescribed conditions/responsibilities laid down in the MoEF's Guidelines (July 2009).

Audit involved scrutiny of basic records and other documentary evidences through a test check of records of the Principal Chief Conservator of Forests and Nodal Officer of State CAMPA.

AUDIT FINDINGS

The important points noticed during Audit are discussed in the following paragraphs:

5.5.4 Fund Management

5.5.4.1 Non-maintenance of basic records

Para 16(3) of the Guidelines for State CAMPA issued by the Ministry of Environment and Forests (MoEF) provides that the State CAMPA shall maintain proper accounts and relevant records and prepare annual statement of accounts in such a form as may be prescribed in consultation with the Accountant General concerned.

Test check of records of the Nodal Officer, State CAMPA revealed that no basic records *viz.* Accounts, Cash Book, annual statement of accounts *etc.* have so far been maintained by the Nodal Officer (NO) till date (July 2013), except maintenance of a Register showing transfer of fund to *ad-hoc* CAMPA under the MoEF. In the absence of such basic records, the year-wise transactions of fund, including collection of funds from the user agencies and its remittances to the *ad-hoc* CAMPA during the period covered under audit could not be ascertained.

5.5.4.2 Utilisation of fund

The *ad-hoc* CAMPA released (March 2013) the first compensatory afforestation fund of ₹ 1.07 crore to State CAMPA for its utilisation as per Annual Plan of operations relating to the year 2009-10. Out of ₹ 1.07 crore, an amount of ₹ 1.02 crore and ₹ 0.05 crore was released (March 2013) to the Divisional Forest Officer, Kolasib and Darlawn respectively by the Nodal Officer, State CAMPA for its utilisation as per approved Plan of Operations. The details of utilisation of the fund by the DFO, Kolasib were awaiting (January 2014).

5.5.4.3 Irregular retention of Compensatory Afforestation fund

In order to ensure proper utilisation of fund for Compensatory Afforestation in respect of permissions granted by the MoEF for user-agencies of forest land, the Supreme Court, based on recommendations (September 2002) of the Central Empowered Committee directed (29 October 2002) that all the Compensatory Afforestation Funds which have not been realised as well as the unspent funds already realised by the States shall be transferred to the *ad-hoc* CAMPA within six months of its constitution by the respective States and the user-agencies. Accordingly, the MoEF communicated (September 2003) the following guidelines for collection of Net Present Value (NPV) against the diversion of Forest land for non-forest purposes under the Forest (Conservation) Act, 1980:

- (i) The NPV shall be charged in all those cases which have been granted in-principle approval after 30 October 2002;
- (ii) The NPV shall be realised before Stage-II (Final) approval; and
- (iii) The State Government shall transfer these funds to the *ad-hoc* CAMPA as and when created.

Test check of records, of the Nodal Officer (NO), Mizoram State CAMPA disclosed that during May 1999 to November 2001, altogether 19.525 ha of forest area was diverted for

non-forest purposes under five projects. The user agencies of the concerned five projects had already deposited a Compensatory Afforestation (CA) fund of ₹ 10.83 lakh during April 2000 to August 2001 to the Government Accounts through Treasury challans. The details of project-wise forest area diverted and CA Fund deposited are given in the following Table:

Table-5.5.1

Sl. No.	Name of the project along with approval order No. and date	Forest Area diverted (in ha)	Amount of CA (₹ in lakh)	Treasury challan No. with date
1.	Construction/Widening of Lailapur to Sairang NH-54 No.8-9-35/97/RONE-MZ-331-36 Dated 05.05.1999	11.653	6.47	863/B Dated 25.04.2000
2.	Improvement of NH-54 Aizawl – Sairang road No.8-9-18/2000/RONE-MZ/22 Dated 07.04.2000	4.632	2.26	521/B Dated 26.04.2000
3.	Establishment of Co-operative Department Building, Kolasib No. 8-8-64/2000/RONE-MZ/304 Dated 07.07.2000	0.36	0.10	376/B Dated 09.02.2001
4.	Establishment of LPG bottling plant at Mualkhang No.8-2-81/2000/RONE-MZ/2374-79 Dated 02.11.2001	2.66	1.35	736/B Dated 02.08.2001
5.	Extraction of shell limestone at Saibuallui near Tuirial bridged No.8-5-10/99-RONE-MZ/936-41 Dated 27.07.1999	0.22	0.65	276/B Dated 30.05.2001
Total		19.525	10.83	--

Source: Departmental records

It was, however, noticed that the State Government had irregularly retained the CA Fund of ₹ 10.83 lakh in the Government Accounts without transferring the same to the *ad-hoc* CAMPA under MoEF till July 2013.

The State CAMPA stated (December 2012) that the CA fund could not be transferred to *ad-hoc* CAMPA due to loss of original treasury challans, which was noticed during 2009 while initiative was taken to transfer the funds.

The facts, however, remained that due to lack of initiative on the part of the Environment & Forests Department of the State Government, the Compensatory Afforestation fund have been locked up for more than 12 years, as a result of which the Compensatory Afforestation could not be implemented in these areas even though the fund was available with the Environment & Forests Department.

5.5.5 Levy of Net Present Value (NPV) for diverted forest land

The MoEF issued (September 2003) guidelines for collection of Net Present Value (NPV) of forest land diverted for non-forest purposes under the Forest (Conservation) Act, 1980 wherein NPV shall be realised before final approval. The Ministry also clarified (October 2006) that NPV is payable in all cases of diversion of forest under the Forest (Conservation) Act, 1980 for which final approval has either already been granted on or after 30 October 2002, or shall be granted hereafter irrespective of the date of in-principle approval.

5.5.5.1 Non-levy of Net Present Value (NPV)

Test check of records of the PCCF/Nodal Officer (NO), State CAMPA, Mizoram revealed that in case of seven projects under the following forests divisions, altogether 3,361.024 ha of forest land was diverted for non-forest purposes, against which the minimum realisable NPV of ₹ 245.35 crore² was not realised from the concerned user agencies, although the NPV is to be realised on receipt of in-principle approval from the MoEF. Out of these seven cases, final approvals were already granted in respect of three projects and in the remaining four projects final approvals were not granted (July 2013). Out of four projects, two projects were already completed and remaining two were under completion (January 2014) without final approval.

The project-wise details of realisable NPV is given below in the following Table:

Table-5.5.2

(₹ in lakh)							
Sl. No.	Name of user agency	Name of the project	Name of the Forest Divisions	Area diverted (in ha)	Date of in-principle approval	Date of final approval	Cost of NPV leviable but not levied
1	2	3	4	5	6	7	8
1.	Power & Electricity Department	Serlui 'B' Hydel Electric Project, Serlui River	Kolasib	3000.000	26-03-1991	Not yet ³	21900.00 ⁴
2.	Home Department	Construction of SP office complex, Kolasib		1.690	07-07-2000	Not yet ⁵	12.34 ³
3.	State PWD	Kaladan Multi-Modal Trade-Route	Under Lai Autonomous District Council	196.750	10-06-2011	Not yet ⁶	1436.28
4.	State PWD	Construction of PMGSY road between Zohmun-Mauchar villages	Kolasib	17.500	19-12-2011	Not yet ⁷	127.75
5.	Power & Electricity Department	Construction of 20 MW Thermal Power Plant, Bairabi		3.570	04-01-2000	14-07-2003	26.06
6.	State PWD	Mizoram State Roads Project Phase-II	Lunglei	1.114	24-01-2003	18-03-2003	8.13 ³
7.	Central PWD	Construction of IBB road between Demagiri and Marpara	Tlabung	140.400	01-05-1997	23-11-2004	1024.92
Total			--	3361.024	--	--	24535.48

² Calculated @ ₹ 7.30 lakh per ha (Eco-Class-I – opening forest) under the Forest (Conservation Act, 1980) as revised by MOEF in February 2009

³ The project was technically commissioned in April 2010

⁴ NPV calculated at the rate of ₹ 7.30 lakh per ha

⁵ The project was completed in the year 2003

⁶ Construction work started in February 2011 with 6.36 per cent completed in May 2013

⁷ 71 per cent of the work have been completed in May 2013

Thus, due to non-realisation of NPV by the State Environment & Forests Department, less funds were available in Compensatory Afforestation for utilisation by the State Government for afforestation activity to that extent.

5.5.5.2 Unauthorised diversion of forest land without levying NPV

Similarly, under the Divisional Forest Officer (DFO), North Vanlaiphai Forest Division, the State Public Works Department (SPWD) unauthorisedly damaged a forest plantation of 1.663 ha during 2004 and 2005 for construction and widening of road in diverting the forest land without obtaining formal permission for such diversion of forest land into non-forest purposes. The leviable NPV amount was ₹ 12.14 lakh for diversion of 1.663 ha of forest land @ ₹ 7.30 lakh *per* ha, which was not levied (July 2013).

The State Environment & Forests Department did not take any action for realisation of NPV amount of ₹ 12.14 lakh from the SPWD for Compensatory Afforestation against the diverted forest land for non-forest purposes.

5.5.6 Non-levy of Catchment Area Treatment Plan (CATP) Fund

In accordance with section 2 of the Forest (Conservation) Act, 1980, the MoEF based on the proposal received from the State Government agreed (March 1991) in-principle for diversion of 30 sq.km. of forest land for Serlui 'B' hydel project on the conditions that the State Government should transfer the entire catchment area of 39,700 ha to the Forest Department within a period of three months. A detailed Catchment Area Treatment Plan (CATP) costing five *per cent* of project cost, concentrating primarily on afforestation was to be prepared and to be submitted to the Ministry. After receipt of the compliance report from the State Government, formal approval under section 2 of the Forest Conservation Act was to be issued. The MoEF further advised (September 1995) the State Government to prepare the CATP by the State Government costing 5 *per cent* of the project cost *i.e.* ₹ 17 crore.

Audit scrutiny (December 2012) revealed that the State Government had not prepared the CATP costing ₹ 17 crore for submission to the Ministry. As a result of this non-compliance, the Ministry failed to issue final approval order under Forest (Conservation) Act, 1980 although the Serlui 'B' Hydel project was technically commissioned in April 2010.

On being pointed out, the Additional Principal Chief Conservator of Forests (PCCF)/ Nodal Officer (NO) stated (February 2013) that as the project was revised, the revised CATP costing ₹ 9.56 crore (out of the total project cost of ₹ 191.13 crore) had been submitted (July 2012) to the Ministry for approval.

Thus, due to delay in submission of CATP for more than 16 years, no final approval of the project (which was commissioned in April 2010) could be granted by the Government of India, as a result of which fund for CATP remained unrealised as of February 2014.

The matter was reported to the State Government in September 2013; and the reply is awaited (February 2014).

TAXATION DEPARTMENT

5.6 Escape of purchase turnover

Under-assessment of purchase turnover of 10 dealers resulted in short-assessment of tax at ₹ 1.58 crore.

Section 34(1)(a) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that where a dealer is assessed under Section 31 or 32 for any year, the Commissioner if he has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment, he may serve a notice and proceed to assess to the best of his judgement, the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall apply accordingly. Penalty not exceeding twice the amount of tax assessed is leviable under Section 31(7)(b) for furnishing incomplete and incorrect returns.

Test check (October-November 2011 and July-October 2012) of records of the two Assistant Commissioners of Taxes (ACT), North Zone and Central Zone, Aizawl, revealed that while assessing 10 dealers (North Zone : 06 dealers + Central Zone : 04 dealers), the Assessing Officers (AOs) determined the dealers' taxable purchase turnover at ₹ 55.29 crore and ₹ 41.91 crore, against the actual purchase turnover of ₹ 60.19 crore and ₹ 52.99 crore respectively taxable at the rate of 4 per cent and 12.5 per cent during the period covered under Audit Assessment.

Thus, there was an underassessment of the dealers' purchase turnover with consequential underassessment of sales turnover at ₹ 15.98 crore (taxable at 4 per cent : ₹ 4.90 crore + taxable at 12.5 per cent : ₹ 11.08 crore). The underassessment of purchase/sales turnover resulted in short assessment of tax of ₹ 1.58 crore (4 per cent : ₹ 0.20 crore + 12.5 per cent : ₹ 1.38 crore). The details of short assessment of the 10 dealers and present status as of January 2014 are given in the **Appendix-5.3.1**.

The purchase/sales turnover which escaped assessment was mainly due to irregular acceptance of concealed taxable purchase/sales turnover by the AOs. The dealers are liable to pay a tax of ₹ 1.58 crore besides, penalty not exceeding ₹ 3.16 crore for furnishing incomplete and incorrect returns.

The Government in its reply (November 2013) accepted audit observations in respect of nine dealers out of ten dealers and taken the following action:

- (i) In respect of six dealers⁸, after conducting re-assessment of the dealers at the instance of audit, the department levied an additional tax of ₹ 0.41 crore, out of which ₹ 0.35 crore was already realised (November 2013) leaving a balance of ₹ 0.06 crore.
- (ii) In respect of three dealers⁹, the Government has initiated (November 2013) process for re-assessment of the dealers at the instance of audit. However, result thereof was awaited (February 2014).
- (iii) In respect of one dealer (TIN 15110129025), as per re-assessment (January 2012), the dealer was to pay tax of ₹ 1.08 crore excluding Input Tax Credit (ITC) of ₹ 0.25 crore. Against which, the dealer paid a tax of ₹ 0.77 crore leaving a balance of ₹ 0.31 crore. The Government, however, claimed that the dealer was required to pay a tax of ₹ 0.77 crore excluding ITC of ₹ 0.25 crore and which was already paid. The contention of the Government is not acceptable as it contradicted the re-assessment order of January 2012. Thus, the dealer has to pay balance tax of ₹ 0.31 crore, which was not realised (February 2014). The Government may review the matter and initiate action for realisation of balance tax of ₹ 0.31 crore from the dealer.

5.7 Under-assessment of tax

There was under-assessment of tax of ₹ 5.01 lakh due to irregular determination of purchase turnover.

Section 34(1)(a) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that where a dealer is assessed under section 31 or 32 for any year, the Commissioner if he has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment, he may serve a notice and proceed to assess to the best of his judgement, the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall apply accordingly.

Test check (November-December 2011) of records of the Assistant Commissioner of Taxes (ACT), Central Zone, Aizawl revealed that one dealer¹⁰ assessed (September 2011) for the year 2006-07 and 2009-10 by the Assessing Officer (AO) evaded a tax of ₹ 5.01 lakh as discussed below.

As per Section 34(1)(a) of the Mizoram Value Added Tax (MVAT) Act, 2005, the AO assessed the dealer for the assessment year 2006-07 as details given in the following Table:

⁸ TIN of six dealers : (i) 15110094063, (ii) 15110039095, (iii) 15111885028, (iv) 15110142058, (v) 15110196016 and (vi) 1511019026

⁹ TIN of three dealers : (i) 15110015049, (ii) 15111141057 and (iii) 15200185037

¹⁰ M/s V Lalliana & Sons, TIN 15110232085

Table-5.7.1

(₹ in lakh)			
Particulars	Value at 4 per cent Tax	Value at 12.5 per cent Tax	Total
Opening Stock	22.90	20.00	42.90
Add: Gross Purchase TO	37.75	54.52	92.27
Total Stock	60.65	74.52	135.17
Less: Taxable turnover of Sales	37.52	46.35	83.87
Tax payable	1.50	5.79	7.29

Sources: Departmental records

However, as per records made available to audit, gross turnover of purchases, taxable turnover of sales (with 5 per cent profit) and tax payable in respect of the said dealer for the assessment year 2006-07 are worked out in audit as under:

Table-5.7.2

(₹ in lakh)			
Particulars	Value at 4 per cent Tax	Value at 12.5 per cent Tax	Total
Opening Stock	7.57	35.33	42.90
Add: Gross Purchase TO	21.08	102.66	123.74
Total Stock	28.65	137.99	166.64
Less: Taxable turnover of Sales (60 per cent)	17.19	82.79	99.984
Add: 5 per cent Profit	0.86	4.14	5.00
Total taxable turnover	18.05	86.93	104.98
Tax payable	0.72	10.87	11.59

Sources: Departmental records

Thus, due to under-assessment by the AO, the dealer evaded tax amounting to ₹ 4.30 lakh (₹ 11.59 lakh - ₹ 7.29 lakh).

Again, while assessing the same dealer for the assessment year 2009-10, the AO irregularly determined purchase turnover at ₹ 99.66 lakh (taxable at 4 per cent) instead of actual purchase turnover of ₹ 117.34 lakh (taxable at 4 per cent), which resulted in concealment of purchase turnover of ₹ 17.68 lakh with consequential under-assessment of tax of ₹ 0.71 lakh.

Thus, the dealer was liable to pay a balance tax of ₹ 5.01 lakh (₹ 4.30 lakh + ₹ 0.71 lakh), which was not levied (February 2014).

In its reply (November 2013), the Government stated that the concerned dealer was re-assessed (10 October 2013) with a tax of ₹ 7.96 lakh (Net tax escaped: ₹ 7.73 lakh + Penalty: ₹ 0.23 lakh) and accordingly notice was served to the dealer to deposit the re-assessed tax of ₹ 7.96 lakh on or before 30 November 2013. Further development is awaited (February 2014).

5.8 Understatement of purchase resulted in non-levy/evasion of tax

There was understatement of purchase of ₹ 1.98 crore with consequential understatement of sale of ₹ 2.04 crore resulting in non-levy/evasion of tax of ₹ 0.25 crore.

Section 31(7)(b) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that if the Commissioner of Taxes satisfies himself that the dealer has furnished incomplete and incorrect returns in order to evade or avoid payment of tax for any period, he shall direct the dealer to pay a sum not exceeding twice the amount of tax assessed by way of penalty.

Test check (October 2012) of records of the Assistant Commissioner of Taxes (ACT), Central Zone, Aizawl revealed that while assessing a dealer (TIN-15110195006) for the years 2008-09 to 2010-11, the Assessing Officer (AO) determined the dealer's total purchase turnover under 12.5 *per cent* taxable goods at ₹ 16.46 crore as declared by the dealer in his Returns.

From the records made available to audit, it was seen that the dealer's actual purchase turnover was ₹ 18.44 crore at 12.5 *per cent* taxable goods during the assessment years 2008-09 to 2010-11. Thus, the dealer had concealed a taxable turnover of ₹ 1.98 crore (₹ 18.44 crore - ₹ 16.46 crore), on which tax of ₹ 0.25 crore was leviable.

Besides, the dealer was also liable to pay a sum not exceeding ₹ 0.50 crore as penalty for furnishing incorrect returns as per Section 31(7)(b) of the Mizoram Value Added Tax (MVAT) Act, 2005.

While accepting the facts, the Government stated (November 2013) that after re-assessment (21 May 2013) the concerned dealer was served (24 October 2013) a notice of demand for payment of re-assessed tax of ₹ 0.06 crore. The progress of realisation, however, has not been intimated to Audit (February 2014).

The Government, however, has not clarified the reason for re-assessment with less amount of tax to the tune of ₹ 0.06 crore, against the leviable tax of ₹ 0.25 crore as pointed out in Audit.

CHAPTER-VI

**FOLLOW UP OF AUDIT
OBSERVATIONS**

CHAPTER-VI

FOLLOW UP OF AUDIT OBSERVATIONS

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

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

A review of follow up action on submission of *suo moto* ATNs disclosed that the various departments of the State Government had submitted *suo moto* replies in respect all paragraphs/reviews that had featured in the Audit Reports up to the year 2010-11 with certain delays. The Audit Report for the year 2011-12 was laid on the table of the State legislative assembly on 24 July 2013. The *suo moto* replies in respect of 11 paragraphs/reviews that had appeared in the Audit Report were due by the end of October 2013. However, no replies in respect of the paragraphs/reviews that have been included in the Reports of the Comptroller and Auditor General of India were received as of February 2014, even after a delay of about four months as mentioned below:

Table-6.1.1

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of paragraphs/reviews included in the Audit Report (excluding standard paragraphs)	Total number of paragraphs and reviews for which <i>suo moto</i> explanatory notes are awaited	Number of Departments
2011-12	24.07.2013	15	11	7

Source: Legislative Assembly Secretariat

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

6.2 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspections of Government Departments to test-check the transactions and verify the maintenance of significant accounting and other records as per the prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) issued to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/orders of the Government provide for prompt response by the Executive to the IRs issued by the Accountant General to ensure corrective action in complying with the prescribed rules and procedures and accountability for the deficiencies, lapses, *etc.*, noticed during the inspection. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Accountant General.

As of March 2013, a review of the outstanding IRs issued during 2008-13 revealed that 1,010 paragraphs relating to 208 IRs remained outstanding as shown in the following Table:

Table-6.1.2

Name of the Sector	Opening Balance (upto 2011-12)		Addition during the year 2012-13		Disposal during the year 2012-13		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
General	30	114	9	29	8	22	31	121
Social	39	211	46	241	1	32	84	420
Economic	37	182	56	291	0	4	93	469
Total	106	507	111	561	9	58	208	1010

6.3 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.

Aizawl
The 25 April 2014



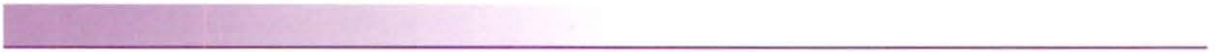
(L. Tochwang)
Principal Accountant General (Audit),
Mizoram

Countersigned

New Delhi
The 05 May 2014



(Shashi Kant Sharma)
Comptroller and Auditor General of India



APPENDICES

Appendix-1.3.1
Statement showing amount drawn and kept in '8443-Civil Deposits'
and expenditure thereagainst

(Reference: Paragraph-1.3.9.3.1; Page-9)

(₹ in crore)

Month and Amount drawn kept in '8443-Civil Deposits'			Month and amount drawn out of '8443- Civil Deposits'		Expenditure		Balance
Month	Amount	Purpose	Month	Amount	Month	Amount	
1	2	3	4	5	6	7	8
March 2011	0.52	Arms & Ammunitions	May 2011	0.52	May 2011	0.52	-
	0.47	Materials	May 2011	0.32	May 2011	0.32	
			July 2011	0.15	July 2011	0.15	
Sub-Total	0.99	--	--	0.99	--	0.99	-
March 2011	5.88	Buildings	June 2011	0.40	June 2011	0.40	
			July 2011	0.64	July 2011	0.64	
			Aug 2011	0.96	Aug 2011	0.96	
			Sept 2011	0.91	Sept 2011	0.87	
			Oct 2011	0.33	Oct 2011	0.37	
			Nov 2011	0.56	Nov 2011	0.56	
			Dec 2011	0.63	Dec 2011	0.63	
			Jan 2012	0.46	Jan 2012	0.46	
			Feb 2012	0.78	Feb 2012	0.78	
Mar 2012	0.21	Mar 2012	0.21				
Sub-Total	5.88	--	--	5.88	--	5.88	-
March 2011	2.00	Solar Power Plant	Nov 2012	1.34	Nov 2012	1.34	
			Jan 2013	0.65	Jan 2013	0.65	
Sub-Total	2.00	--	--	1.99	--	1.99	-
March 2011	0.91	Motor Vehicles	June 2011	0.91	June 2011	0.43	
					Dec 2011	0.37	
					Sept 2012	0.11	
Sub-Total	0.91	--	--	0.91	--	0.91	
March 2011	9.97	Rehabilitation of BRU Migrants	April 2011	4.40	April 2011	4.40	
			May 2011	0.15	May 2011	0.15	
			June 2011	0.15	June 2011	0.15	
			July 2011	0.19	July 2011	0.19	
			Aug 2011	0.88	Aug 2011	0.88	
			Nov 2011	0.15	Nov 2011	0.15	
			Dec 2011	0.15	-	-	
			Feb 2012	0.16	Feb 2012	0.31	
			Mar 2012	2.09	Mar 2012	2.09	
			July 2012	0.07	July 2012	0.07	
Oct 2012	0.34	Oct 2012	0.34				
Sub-Total	9.97	--	--	8.73	--	8.73	-
Total	19.75	--	--	18.50	--	18.50	-

1	2	3	4	5	6	7	8
March 2012	6.80	Office Buildings & Quarters	June 2012	0.29	June 2012	0.29	
			July 2012	0.78	July 2012	0.78	
			Aug 2012	0.65	Aug 2012	0.57	
			Sept 2012	0.67	Sept 2012	0.75	
			Oct 2012	0.55	Oct 2012	0.55	
			Nov 2012	1.02	Nov 2012	1.02	
			Dec 2012	0.31	Dec 2012	0.31	
			Jan 2013	0.06	Jan 2013	0.06	
			Feb 2013	0.23	Feb 2013	0.23	
			Mar 2013	1.75	Mar 2013	0.73	
			April 2013	0.06	April 2013	1.08	
			May 2013	0.02	May 2013	0.02	
			July 2013	0.14	July 2013	0.02	
			Aug 2013	0.13	Aug 2013	0.11	
Sub-Total	6.80	--	--	6.66	--	6.52	0.14
March 2012	0.10	POL	May 2012	0.10	May 2012	0.10	-
	0.41	Materials	Aug 2012	0.41	Aug 2012	0.25	
					Oct 2012	0.08	
					Dec 2012	0.08	
Sub-Total	0.51	--	--	0.51	--	0.51	-
March 2012	0.29	Equipments	July 2012	0.29	July 2012	0.29	-
	1.93	Motor Vehicles	Sept 2012	1.37	Sept 2012	1.37	
			Jan 2013	0.56	Jan 2013	0.44	
					Feb 2013	0.12	
Sub-Total	2.22	--	--	2.22	--	2.22	-
Total	9.53	--	--	9.39	--	9.25	0.14
March 2013	1.21	Machinery & Equipment	Aug 2013	0.10	Aug 2013	0.10	-
	0.23	Motor-Vehicles	-	-	-	-	-
	0.57	Uniforms	May 2013	0.08	May 2013	0.08	-
	5.22	Residential Buildings	June 2013	0.10	June 2013	0.10	
			July 2013	0.20	July 2013	0.20	
			Aug 2013	0.06	Aug 2013	0.06	
Sub-Total	7.23	--	--	0.54	--	0.54	-
Total	7.23	--	--	0.54	--	0.54	-
Grand Total	36.51	--	--	28.43	--	28.29	0.14

Source: Police Head Quarters records

Appendix-1.3.2

Statement showing details of amount drawn and disbursement made thereagainst

(Reference: Paragraph-1.3.9.3.2; Page-9)

(₹ in lakh)

Date	Amount drawn		Disbursement made	
	Amount	Purpose	Month	Amount
31.03.2009	13.80	Establishment Expenses	April 2009	12.81
			May 2009	0.68
			June 2009	0.24
			July 2009	0.03
			April 2010	0.04
	2.33	Major/Minor works	April 2009	0.83
			June 2009	1.20
			Aug 2009	0.10
			Oct 2009	0.20
	18.42	Machinery & Equipments	April 2009	14.52
			May 2009	2.92
			Nov 2009	0.33
			Jan 2010	0.65
	5.66	Motor Vehicles	April 2009	5.41
			May 2009	0.25
	1.42	Supplies & Materials	April 2009	0.91
May 2009			0.51	
Sub-Total	41.63	--	--	41.63
31.03.2010	38.93	Establishment Expenses	April 2010	35.47
			May 2010	1.14
			July 2010	1.86
			Sept 2010	0.46
	30.25	Major/Minor works	April 2010	18.47
			May 2010	9.87
			June 2010	1.91
	94.81	Machinery & Equipments	April 2010	72.74
			May 2010	3.03
			June 2010	0.25
			July 2010	15.51
			Sept 2010	0.58
			Dec 2010	2.70
	5.03	Motor Vehicles	April 2010	5.03
	13.82	Supplies & Materials	April 2010	13.20
			May 2010	0.62
	127.87	Uniform	April 2010	86.44
			May 2010	11.32
June 2010			10.51	
July 2010			3.72	
Aug 2010			0.64	
Sept 2010			1.08	
Oct 2010			0.57	
Nov 2010			0.08	
Mar 2011			13.51	
Sub-Total			310.71	--

Date	Amount drawn		Disbursement made	
	Amount	Purpose	Month	Amount
31.03.2011	5.06	Establishment Expenses	April 2011	4.34
			May 2011	0.71
			June 2011	0.01
	11.80	Major/Minor works	April 2011	0.14
			June 2011	7.29
			Sept 2011	4.37
	303.01	Machinery & Equipments	April 2011	134.28
			May 2011	12.97
			June 2011	52.21
			July 2011	0.15
			Sept 2011	1.00
			Oct 2011	14.85
			Jan 2012	2.35
	2.33	Motor Vehicles	April 2013	85.20
			April 2011	1.26
			June 2011	0.09
0.80	Uniform	April 2012	0.98	
		April 2011	0.80	
Sub-Total	323.00	--	--	323.00
31.03.2012	6.34	Establishment Expenses	April 2012	5.97
			May 2012	0.37
	5.80	Major/Minor works	April 2012	0.02
			May 2012	5.78
	122.15	Machinery & Equipment	April 2012	9.77
			May 2012	1.44
			June 2012	0.04
			Sept 2012	4.49
			Oct 2012	20.28
			Nov 2012	0.93
			April 2013	85.20
	21.64	Motor Vehicle	April 2012	1.05
			May 2012	5.58
			June 2012	0.06
			July 2012	0.03
			Aug 2012	3.71
Sept 2012			11.21	
5.48	Supply & Materials	April 2012	4.38	
		May 2012	1.10	
0.05	Uniform	April 2012	0.05	
Sub-Total	161.46	--	--	161.46

Amount drawn			Disbursement made	
Date	Amount	Purpose	Month	Amount
31.03.2013	43.06	Establishment Expense	April 2013	43.06
	11.59	Minor works	April 2013	11.59
	190.31	Machinery & Equipments	April 2013	181.91
			May 2013	8.40
	66.54	Motor Vehicle	April 2013	66.54
	3.96	Supply & Materials	April 2013	3.81
			May 2013	0.15
	28.42	Uniform	April 2013	28.42
	123.72	Modernization	April 2013	120.44
			July 2013	3.28
Sub-Total	467.60	--	--	467.60
Total	1304.40	--	--	1304.40

Source: Departmental records

Appendix-1.3.3

Statement showing expenditure incurred towards purchase of stationery

(Reference: Paragraph-1.3.9.5.2; Page-11)

Year	Sl. No.	Name of the Office	No. of sanction orders issued	Amount of each sanction order varies (in ₹)		Expenditure (₹ in lakh)
				From	To	
2008-09	1.	Supdt. of Police, Lunglei	15	3900	40586	3.21
	2.	Supdt. of Police, Champhai	7	570	9900	0.45
	3.	Supdt. of Police, Mamit	111	250	2000	1.90
	4.	Supdt. of Police Mizoram Police Radio Organization, Aizawl	91	180	36391	3.52
	5.	Commandant 2 nd I.R. Battalion, Khazawl	68	350	2000	1.26
	6.	Commandant 4 th I.R. Battalion, Mamit	115	400	2000	1.1
	7.	Commandant 5 th I.R. Battalion, Lungverh	96	600	15020	1.95
	8.	Commandant 1 st Mizoram Armed Police, Aizawl	19	180	56560	2.48
	9.	Principal Police Training School, Thenzawl	18	100	18326	0.90
	10.	Jt. Director, Forensic Science Laboratory	3	14355	24944	0.55
Total			543	100	40586	17.32
2009-10	1.	Supdt. of Police, Lunglei	9	6654	84500	3.85
	2.	Supdt. of Police, Champhai	6	3791	9625	0.43
	3.	Supdt. of Police, Mamit	90	140	2000	1.60
	4.	Supdt. of Police Mizoram Police Radio Organization, Aizawl	163	38	28860	3.64
	5.	Commandant 2 nd I.R. Battalion, Khazawl	70	1000	2250	1.28
	6.	Commandant 4 th I.R. Battalion, Mamit	142	510	9520	2.75
	7.	Commandant 5 th I.R. Battalion, Lungverh	150	550	2150	2.75
	8.	Commandant 1 st Mizoram Armed Police, Aizawl	15	531	35082	1.83
	9.	Principal Police Training School, Thenzawl	17	1350	3000	0.32
	10.	Jt. Director, Forensic Science Laboratory	2	20150	49516	0.70
Total			664	38	84500	19.15

Year	Sl. No.	Name of the Office	No. of sanction orders issued	Amount of each sanction order varies (in ₹)		Expenditure (₹ in lakh)
				From	To	
2010-11	1.	Supdt. of Police, Lunglei	14	3100	49091	3.59
	2.	Supdt. of Police, Champhai	19	300	9945	1.13
	3.	Supdt. of Police, Mamit	128	540	2000	2.22
	4.	Supdt. of Police Mizoram Police Radio Organization, Aizawl	151	350	23806	3.27
	5.	Commandant 2 nd I.R. Battalion, Khazawl	105	500	2000	1.79
	6.	Commandant 4 th I.R. Battalion, Mamit	47	110	14990	3.25
	7.	Commandant 5 th I.R. Battalion, Lungverh	316	35	2970	5.69
	8.	Commandant 1 ST Mizoram Armed Police, Aizawl	12	350	43410	1.79
	9.	Principal Police Training School, Thenzawl	33	812	3070	0.63
	10.	Jt. Director, Forensic Science Laboratory	1	23920	-	0.24
Total			826	35	49091	23.60
2011-12	1.	Supdt. of Police, Lunglei	7	17723	92909	3.37
	2.	Supdt. of Police, Champhai	13	4500	10000	1.02
	3.	Supdt. of Police, Mamit	96	160	2000	1.79
	4.	Supdt. of Police Mizoram Police Radio Organization, Aizawl	110	150	40095	3.96
	5.	Commandant 2 nd I.R. Battalion, Khazawl	66	700	5000	1.24
	6.	Commandant 4 th I.R. Battalion, Mamit	41	500	10080	3.25
	7.	Commandant 5 th I.R. Battalion, Lungverh	121	500	10000	4.23
	8.	Commandant 1 ST Mizoram Armed Police, Aizawl	8	420	44170	1.57
	9.	Principal Police Training School, Thenzawl	49	203	2000	0.88
	10.	Jt. Director, Forensic Science Laboratory	2	52780	66800	1.20
Total			513	150	92909	22.51

Year	Sl. No.	Name of the Office	No. of sanction orders issued	Amount of each sanction order varies (in ₹)		Expenditure (₹ in lakh)
				From	To	
2012-13	1.	Supdt. of Police, Lunglei	5	15531	99985	3.01
	2.	Supdt. of Police, Champhai	30	215	9945	1.66
	3.	Supdt. of Police, Mamit	165	230	2000	3.17
	4.	Supdt. of Police Mizoram Police Radio Organization, Aizawl	49	350	59180	4.13
	5.	Commandant 2 nd I.R. Battalion, Khazawl	69	850	10000	3.11
	6.	Commandant 4 th I.R. Battalion, Mamit	18	1800	10000	1.62
	7.	Commandant 5 th I.R. Battalion, Lungverh	73	75	10000	5.95
	8.	Commandant 1 st Mizoram Armed Police, Aizawl	8	4925	50830	2.17
	9.	Principal Police Training School, Thenzawl	47	550	2000	0.86
	10.	Jt. Director, Forensic Science Laboratory	2	42400	126395	1.69
Total			466	75	126395	27.37
Grand Total			3012	--	--	109.95

Source: Departmental records

Appendix-1.3.4
Statement showing expenditure incurred towards repairing of vehicles
(Reference: Paragraph-1.3.9.6; Page-12)

(₹ in lakh)

Year	Sl. No.	Name of the Office	No. of vehicles repaired	Admissible expenditure	Amount sanctioned	Expenditure	Excess expenditure
2008-09	1.	DGP, Mizoram	12	3.60	6.01	6.01	2.41
	2.	Supdt. of Police, Lunglei	11	0.83	2.67	2.67	1.84
	3.	Supdt. of Police, Champhai	14	1.05	4.04	4.04	2.99
	4.	Supdt. of Police, Mamit	15	1.13	4.83	4.83	3.70
	5.	Supdt. of Police Mizoram Police Radio Organization, Aizawl	18	1.35	5.42	5.42	4.07
	6.	Comdt. 2 nd I.R. Battalion, Khazawl	13	0.98	3.86	3.86	2.88
	7.	Comdt. 4 th I.R. Battalion, Mamit	10	0.75	2.97	2.97	2.22
	8.	Comdt. 5 th I.R. Battalion, Lungverh	7	0.53	2.00	2.00	1.47
	9.	Comdt. 1 st Mizoram Armed Police, Aizawl	31	2.33	12.64	12.64	10.31
	10.	Principal Police Training School, Thenzawl	14	1.05	6.19	6.19	5.14
	11.	Jt. Director, Forensic Science Laboratory	4	0.30	0.55	0.55	0.25
Total			149	13.90	51.18	51.18	37.28
2009-10	1.	DGP, Mizoram	-	-	-	-	-
	2.	Supdt. of Police, Lunglei	2	0.15	0.27	0.27	0.12
	3.	Supdt. of Police, Champhai	-	-	-	-	-
	4.	Supdt. of Police, Mamit	15	1.13	3.60	3.60	2.47
	5.	Supdt. of Police Mizoram Police Radio Organization, Aizawl	3	0.23	0.49	0.49	0.26
	6.	Comdt. 2 nd I.R. Battalion, Khazawl	16	1.20	3.44	3.44	2.24
	7.	Comdt. 4 th I.R. Battalion, Mamit	11	0.83	4.62	4.62	3.79
	8.	Comdt. 5 th I.R. Battalion, Lungverh	4	0.30	0.87	0.87	0.57
	9.	Comdt. 1 st Mizoram Armed Police, Aizawl	2	0.15	0.63	0.63	0.48
	10.	Principal Police Training School, Thenzawl	-	-	-	-	-
	11.	Jt. Director, Forensic Science Laboratory	2	0.15	0.77	0.77	0.62
Total			55	4.14	14.69	14.69	10.55
2010-11	1.	DGP, Mizoram	-	-	-	-	-
	2.	Supdt. of Police, Lunglei	2	0.15	0.71	0.71	0.56
	3.	Supdt. of Police, Champhai	-	-	-	-	-
	4.	Supdt. of Police, Mamit	6	0.45	0.88	0.88	0.43
	5.	Supdt. of Police Mizoram Police Radio Organization, Aizawl	1	0.08	0.09	0.09	0.01
	6.	Comdt. 2 nd I.R. Battalion, Khazawl	3	0.23	0.55	0.55	0.32
	7.	Comdt. 4 th I.R. Battalion, Mamit	14	1.05	4.44	4.44	3.39
	8.	Comdt. 5 th I.R. Battalion, Lungverh	17	1.28	3.20	3.20	1.92
	9.	Comdt. 1 st Mizoram Armed Police, Aizawl	7	0.53	1.44	1.44	0.91
	10.	Principal Police Training School, Thenzawl	-	-	-	-	-
	11.	Jt. Director, Forensic Science Laboratory	7	0.53	1.82	1.82	1.29
Total			57	4.30	13.13	13.13	8.83

(₹ in lakh)

Year	Sl. No.	Name of the Office	No. of vehicles repaired	Admissible expenditure	Amount sanctioned	Expenditure	Excess expenditure
2011-12	1.	DGP, Mizoram	-	-	-	-	-
	2.	Supdt. of Police, Lunglei	-	-	-	-	-
	3.	Supdt. of Police, Champhai	-	-	-	-	-
	4.	Supdt. of Police, Mamit	6	1.20	2.06	2.06	0.86
	5.	Supdt. of Police Mizoram Police Radio Organization, Aizawl	1	0.08	0.11	0.11	0.03
	6.	Comdt. 2 nd I.R. Battalion, Khazawl	-	-	-	-	-
	7.	Comdt. 4 th I.R. Battalion, Mamit	9	0.68	5.09	5.09	2.41
			10	2.00			
	8.	Comdt. 5 th I.R. Battalion, Lungverh	2	0.15	1.14	1.14	0.39
			3	0.60			
	9.	Comdt. 1 ST Mizoram Armed Police, Aizawl	2	0.15	0.49	0.49	0.34
10.	Principal Police Training School, Thenzawl	-	-	-	-	-	
11.	Jt. Director, Forensic Science Laboratory	5	0.75	2.35	2.35	1.60	
Total			38	5.61	11.24	11.24	5.63
2012-13	1.	DGP, Mizoram	17	8.50	12.22	12.22	3.72
	2.	Supdt. of Police, Lunglei	13	2.60	8.09	8.09	5.49
	3.	Supdt. of Police, Champhai	13	2.60	7.92	7.92	5.32
	4.	Supdt. of Police, Mamit	8	1.60	3.93	3.93	2.33
	5.	Supdt. of Police Mizoram Police Radio Organization, Aizawl	12	2.40	10.30	10.30	7.90
	6.	Comdt. 2 nd I.R. Battalion, Khazawl	7	1.40	3.68	3.68	2.28
	7.	Comdt. 4 th I.R. Battalion, Mamit	16	3.20	8.51	8.51	5.31
	8.	Comdt. 5 th I.R. Battalion, Lungverh	11	2.20	7.10	7.10	4.90
	9.	Comdt. 1 ST Mizoram Armed Police, Aizawl	25	5.00	16.76	16.76	11.76
	10.	Principal Police Training School, Thenzawl	16	3.20	12.16	12.16	8.96
	11.	Jt. Director, Forensic Science Laboratory	-	-	-	-	-
Total			138	32.7	90.67	90.67	57.97
Grand Total			437	60.65	180.91	180.91	120.26

Source: Departmental records

Appendix-2.3.1

Statement showing year-wise details of parking of funds

(Reference: Paragraph-2.3.5.2.4; Page-35)

(₹ in lakh)

Year	Amount deposited in Civil-Deposit			Amount withdrawn from Civil-Deposit		Balance in Civil Deposit (Sept 2013)	Period of retention (in months)
	Try. Challan No.	Date	Amount	Period of withdrawal	Amount		
1	2	3	4	5	6	7	8
2008-09	539/B	27.03.09	107.01	September 2009 to October 2009	107.01	Nil	05-06
Sub-Total (1)			107.01		107.01	Nil	05-06
2009-10	542/B	31.03.10	107.63	July 2010	107.63	Nil	03
	543/B	31.03.10	77.74	June 2010	77.74	Nil	03
Sub-Total (2)			185.37		185.37	Nil	03
2010-11	432/B	28.03.11	22.20	March 2012	22.20	Nil	11
	431/B	25.03.11	56.02	July 2011	56.02	Nil	03
	436/B	28.03.11	78.23	July 2011 to March 2012	78.23	Nil	03-11
	429/B	28.03.11	48.43	December 2011 to March 2012	48.43	Nil	08-11
	437/B	28.03.11	37.41	July 2011	37.41	Nil	03
	430/B	28.03.11	42.55	July 2011 to March 2012	42.55	Nil	03-11
	434/B	28.03.11	32.89	December 2011 to January 2012	32.89	Nil	08-09
	435/B	28.03.11	27.22	October 2011 to December 2011	27.22	Nil	06-08
	433/B	28.03.11	241.28	July 2011 to March 2012	241.28	Nil	03-11
	439/B	28.03.11	118.62	July 2011 to March 2012	118.62	Nil	04-11
438/B	28.03.11	42.53	July 2011	42.53	Nil	03	
Sub-Total (3)			747.38		747.38	Nil	03-11

Audit Report for the year ended 31 March 2013

1	2	3	4	5	6	7	8
2011-12	8390	31.03.12	18.02	June 2012	18.02	Nil	02
	8373	31.03.12	18.02	August 2012	18.02	Nil	04
	8386	31.03.12	102.10	June to July 2012	102.10	Nil	02-03
	8384	31.03.12	22.72	September 2012	22.72	Nil	05
	8385	31.03.12	14.01	October 2012	14.01	Nil	06
	8378	31.03.12	14.86	January 2013	14.86	Nil	09
	8374	31.03.12	17.81	March 2013	17.81	Nil	11
	8401	31.03.12	11.50	January 2013	11.50	Nil	09
	8402	31.03.12	13.80	January 2013	13.80	Nil	09
	8381	31.03.12	30.42	March 2013	30.42	Nil	11
	8380	31.03.12	6.35	March 2013	6.35	Nil	11
	8396	31.03.12	22.13	June 2012	22.13	Nil	02
	8377	31.03.12	23.73	August 2012	23.73	Nil	04
	8376	31.03.12	28.44	December 2012	28.44	Nil	08
	8375	31.03.12	33.23	May 2012	33.23	Nil	01
	8379	31.03.12	15.17	March 2013	15.17	Nil	11
	8404	31.03.12	83.66	May to July 2012	83.66	Nil	01-03
8403	31.03.12	100.92	September 2012	100.92	Nil	05	
Sub-Total (4)			576.89		576.89	Nil	02-11
2012-13	15375	30.03.13	597.94	August 2013	185.90	412.04	04-05
	15369	30.03.13	114.15	-	Nil	114.15	05
	15370	30.03.13	65.36	August 2013	56.57	8.79	04-05
	15372	30.03.13	128.93	August 2013	49.69	79.24	04-05
	15376	30.03.13	68.91	-	Nil	68.91	05
	15377	30.03.13	109.72	-	Nil	109.72	05
	15378	30.03.13	169.41	August 2013	52.02	117.39	04-05
	15379	30.03.13	93.22	August 2013	73.74	19.48	04-05
	15380	30.03.13	109.23	August 2013	52.94	56.29	04-05
	15394	30.03.13	31.18	-	Nil	31.18	05
	15395	30.03.13	93.65	-	Nil	93.65	05
	15396	30.03.13	261.07	-	Nil	261.07	05
	15397	30.03.13	110.83	-	Nil	110.83	05
	15368	30.03.13	87.36	June to August 2013	42.73	44.63	02-05
	15374	30.03.13	63.30	August 2013	40.06	23.24	04-05
Sub-Total (5)			2104.26		553.65	1550.61	02-05
Grand Total (1+2+3+4+5)			3720.91		2170.30	1550.61	

Source: Departmental records

Appendix-2.3.2

**Statement showing item-wise actual expenditure incurred
in procurement of food items and financial implication involved
in procurement as per lowest offered rates**

(Reference: Paragraph-2.3.5.2.5; Page-37)

Name of item	For Aizawl			For Lunglei		
	Quantity (in qtl.)	Rate/ctl (in ₹)	Amount (₹ in lakh)	Quantity (in qtl.)	Rate/ctl (in ₹)	Amount (₹ in lakh)
(A) Actual expenditure incurred						
Masur dal (small)	6448.19	5880	379.15	2513.30	6840	171.91
Matar chana	9879.67	3600	355.67	5880.03	3800	223.44
Ground nut	6498.08	7800	506.85	3919.55	7950	311.60
Sub-Total (A)			1241.67			706.95
(B) Financial implication as per lowest rates						
Masur dal (small)	6448.19	5690	366.90	2513.30	5790	145.52
Matar chana	9879.67	3499	345.69	5880.03	3599	211.62
Ground nut	6498.08	6500	422.38	3919.55	6800	266.53
Sub-Total (B)			1134.97			623.67
Excess expenditure (A-B)			106.70			83.28

Source: Departmental records

Appendix-2.3.3
Statement showing status of AWC buildings in test-checked AWCs
(Reference: Paragraph-2.3.6.2: Page-38)

Sl. No.	Name of ICDS Project	Name of AWC	Status of AWC building
1	2	3	4
1.	Aizawl Urban	Kulikawn centre-III	Functioning in NGO's buildings
2.		Zemabawk Kawn Veng	- do -
3.		Venghlui-II	- do -
4.		Venghlui-III	- do -
5.		Ramthar North	- do -
6.		Armed Veng North-I	- do -
7.		Maubawk-IV	- do -
8.		Aizawl Venglai	- do -
9.		Chanmari 'W'-IV	- do -
10.		Chaltlang-IV	- do -
11.		Laipuitlang	- do -
12.		Ramhlun Venglai-II	- do -
13.		Chinga Vengthar	- do -
14.		Kulikawn-III	- do -
15.		Mission Veng-III	- do -
16.		Mission Vengtlang-I	- do -
17.		Venglui-II	- do -
18.		Chaltlang-II	- do -
19.		Bethlehem V.T.-VI	- do -
20.		Chanmari'W'-I	- do -
21.		Chanmari 'W'-III	- do -
22.		Armed Veng 'N'-I	- do -
23.		Darpui V.T.-II	- do -
24.		Dinthar-VI	- do -
25.		Armed Veng 'S'-III	- do -
26.		Bungkawn	- do -
27.		Mission V.T.-III	- do -
28.		Zemabawk Kawn Veng	- do -
29.		Venlui-III	- do -
30.		Ramthar-II	- do -
31.		New Capital	- do -
32.		College Veng-III	- do -
33.		Ramthar 'N'	- do -

1	2	3	4
34.	Lunglei	Lunglei Bazar C-II	YMA (NGO) building
35.		Venglai C-I	- do -
36.	W. Phaileng	W. Phaileng-IV	NGO/other buildings
37.		Zopui	- do -
38.		Marpara-I	- do -
39.		Marpara-II	- do -
40.		Phuldunglei-I	- do -
41.		Phuldunglei-II	- do -
42.		Phuldunglei-III	- do -
43.		Andermanik-I	- do -
44.		Andermanik-II	- do -
45.		Parvarui-I	- do -
46.		Parvatui-II	- do -
47.		Damparengpui-III	- do -
48.		Salem Boarding	- do -
49.		Sidon	- do -
50.		Tuipuibari Venghlui	- do -
51.		S Dame	- do -
52.		Pukzing-I	- do -
53.		Pukzing-II	- do -
54.		Hruiduk-I	- do -

Source: Departmental records

Appendix-2.3.4

Statement showing annual target and achievement of training programmes

(Reference: Paragraph-2.3.9.2; Page-50)

Year	Type of training	ICDS functionary	Target	Achievement	Shortfall	Percentage shortfall
2008-09	Job/ Orientation	Supervisor	NA	Nil	-	-
		AWW	6	8		
		AWH	6	2	4	66.67
	Refresher	Supervisor	NA	Nil	-	-
		AWW	4	Nil	4	100
		AWH	NA	Nil	-	-
2009-10	Job/ Orientation	Supervisor	NA	Nil	-	-
		AWW	10	8	2	20
		AWH	2	3	-	-
	Refresher	Supervisor	NA	Nil	-	-
		AWW	2	2	Nil	Nil
		AWH	NA	Nil	-	-
2010-11	Job/ Orientation	Supervisor	NA	Nil	-	-
		AWW	7	7	Nil	Nil
		AWH	4	Nil	4	100
	Refresher	Supervisor	NA	Nil	-	-
		AWW	3	2	1	33.33
		AWH	NA	Nil	-	-
2011-12	Job/ Orientation	Supervisor	NA	Nil	-	-
		AWW	8	7	1	12.50
		AWH	4	Nil	4	100
	Refresher	Supervisor	NA	Nil	-	-
		AWW	4	3	1	25
		AWH	NA	Nil	-	-
2012-13	Job/ Orientation	Supervisor	NA	Nil	-	-
		AWW	6	5	1	16.67
		AWH	6	2	4	66.67
	Refresher	Supervisor	NA	Nil	-	-
		AWW	NA	Nil	-	-
		AWH	NA	Nil	-	-

Source: Departmental records

Appendix-2.3.5

Statement showing year-wise training imparted to ICDS functionaries

(Reference: Paragraph-2.3.9.3; Page-50)

Year	ICDS functionary	Actual strengths	Requirement for refresher training	Target for refresher training	Actual training provided	Target as percentage of requirement	Actual training as percentage of requirements
2008-09	CDPO	23	12	NA	Nil	Nil	Nil
	Supervisor	76	38	NA	Nil	Nil	Nil
	AWW	1682	841	6	8	0.72	0.95
	AWH	1682	841	6	2	0.72	0.20
2009-10	CDPO	27	14	NA	1	Nil	7.14
	Supervisor	75	38	NA	Nil	Nil	Nil
	AWW	1980	990	10	8	1.01	0.80
	AWH	1980	990	2	3	0.20	0.30
2010-11	CDPO	27	14	NA	1	Nil	7.14
	Supervisor	78	39	NA	Nil	Nil	Nil
	AWW	1980	990	7	7	0.70	0.70
	AWH	1980	990	4	Nil	0.40	Nil
2011-12	CDPO	27	14	NA	5	Nil	35.71
	Supervisor	83	42	NA	Nil	Nil	Nil
	AWW	1980	990	8	7	0.81	0.71
	AWH	1980	990	4	Nil	0.40	Nil
2012-13	CDPO	27	14	NA	1	Nil	7.14
	Supervisor	88	44	NA	Nil	Nil	Nil
	AWW	1980	990	6	Nil	0.61	Nil
	AWH	1980	990	6	Nil	0.61	Nil

Source: Departmental records

Appendix-3.3.1

Statement showing details of selected Districts, Blocks and Villages

(Reference: Paragraph-3.3.6; Page-66)

Sl. No.	Name of District (No. of Blocks in the District)	Selected Blocks under the District (No. of Villages in the Blocks)	Selected villages under the Block	
1.	Aizawl (5)	Aibawk (20)	1	Aibawk
			2	Chamring
			3	Falkawn
			4	Hmuifang
			5	Hualngohmun
			6	Kelsih
		Tlangnuam (13)	1	Lengpui
			2	Lungleng-I
			3	Samtlang
			4	Sihhmui
2.	Champhai (4)	Champhai (10)	1	Hnahlan
			2	N. Khawbung
			3	Ngur
			4	Vapar
		Khawzawl (37)	1	Dilkawn
			2	Kelkang
			3	Khawzawl-I
			4	Khawzawl-II
			5	Khawzawl-III
			6	Khawzawl-IV
			7	Khawzawl-V
			8	Melbuk
			9	Mualkawi
			10	Tuipui
			11	Zokhawthar
Total	02	04	25	

Source: Departmental records

Appendix-3.3.2 (A)

Statement showing calculation of period of delay in release of State Share during 2008-13 pertaining to the Aizawl District

(Reference: Paragraph-3.3.10.4; Page-71)

Year	No. of instalment	Release of Central Share		Release of State Share				
		Date of Release	Amount (₹ in lakh)	Target Date of Release	Amount required to be released (At ratio of 90:10 basis)	Actual Release		Period of delay (in days)
						Date of Release	Amount (₹ in lakh)	
2008-09	1	04-04-2008	10.89	04-05-2008	1.21	06-08-2008	3.63	94
	2	08-07-2008	21.77	07-08-2008	2.42	17-10-2008	7.26	71
	3	15-10-2008	23.99	14-11-2008	2.67	24-03-2009	0.00	130
	4	30-01-2009	28.08	01-03-2009	3.12	24-03-2009	2.81	23
	5	10-02-2009	6.53	12-03-2009	0.73	24-03-2009	0.65	12
2009-10	1	02-04-2009	39.23	02-05-2009	4.36	19-10-2009	4.36	170
	2	11-08-2009	9.81	10-09-2009	1.09	15-12-2009	1.09	96
	3	24-11-2009	49.04	24-12-2009	5.45	24-02-2010	5.45	62
2010-11	1	12-04-2010	28.17	12-05-2010	3.13	25-06-2010	3.13	44
	2	21-05-2010	28.17	20-06-2010	3.13	19-08-2010	3.13	60
	3	27-12-2010	56.34	26-01-2011	6.26	03-03-2011	6.26	36
	4	29-03-2011	36.12	28-04-2011	4.01	08-09-2011	4.01	133
2011-12	1	15-04-2011	55.04	15-05-2011	6.12	24-10-2011	6.11	162
	2	05-11-2011	55.04	05-12-2011	6.12	28-03-2012	6.12	114
	3	31-03-2012	4.88	30-04-2012	0.54	22-10-2012	0.54	175
2012-13	1	10-05-2012	60.81	09-06-2012	6.76	29-10-2012	6.76	142
Total			513.91		57.10		63.71	

Source: Departmental records

Appendix-3.3.2 (B)

**Statement showing calculation of period of delay in release of State Share during
2008-13 pertaining to the Champhai District**

(Reference: Paragraph-3.3.10.4; Page-71)

Year	No. of instalment	Release of Central Share		Release of State Share				
		Date of Release	Amount (₹ in lakh)	Target Date of Release	Amount required to be released (At ratio of 90:10 basis)	Actual Release		Period of delay (in days)
						Date of Release	Amount (₹ in lakh)	
2008-09	1	04-04-2008	11.503	04-05-2008	1.28	06-08-2008	3.830	94
	2	19-05-2008	23.007	18-06-2008	2.56	24-03-2009	7.670	279
	3	15-10-2008	18.170	14-11-2008	2.02	24-03-2009	1.810	130
	4	02-02-2009	29.680	04-03-2009	3.30	24-03-2009	2.970	20
	5	11-02-2009	6.902	13-03-2009	0.77	24-03-2009	0.690	11
	6	26-02-2009	7.600	28-03-2009	0.84	30-07-2009	0.760	124
	7	23-03-2009	30.967	22-04-2009	3.44	30-07-2009	3.097	99
	8	24-03-2009	1.220	23-04-2009	0.14	30-07-2009	0.122	98
2009-10	1	02-04-2009	41.46	02-05-2009	4.61	19-10-2009	4.606	170
	2	11-08-2009	10.305	10-09-2009	1.15	15-12-2009	1.152	96
	3	03-12-2009	51.825	02-01-2010	5.76	16-03-2010	5.758	73
	4	26-03-2010	42.705	25-04-2010	4.75	30-07-2010	4.745	96
2010-11	1	12-04-2010	29.770	12-05-2010	3.31	25-06-2010	3.308	44
	2	21-05-2010	29.770	20-06-2010	3.31	16-08-2010	3.308	57
	3	21-12-2010	59.540	20-01-2011	6.62	31-03-2011	6.620	70
	4	29-03-2011	38.176	28-04-2011	4.24	27-06-2011	4.242	60
2011-12	1	15-04-2011	58.170	15-05-2011	6.46	12-09-2011	6.462	120
	2	05-11-2011	58.170	05-12-2011	6.46	15-03-2012	6.464	101
	3	31-03-2012	5.160	30-04-2012	0.57	13-09-2012	0.573	136
2012-13	1	10-05-2012	64.265	09-06-2012	7.14	08-10-2012	7.140	121
	2	02-01-2013	64.265	01-02-2013	7.14	22-03-2013	7.141	49
Total			682.63		75.85		82.468	

Source: Departmental records

Appendix-3.3.3

Statement showing summary of the analysis out of responses gathered from 150 beneficiaries in Aizawl and Champhai Districts

(Reference: Paragraph-3.3.19; Page-83)

Sl. No.	Particulars/Questionnaires	Responses (out of 150 beneficiaries)	
		Yes (Percentage in bracket)	No (Percentage in bracket)
1	2	3	4
1.	Annual Income of the beneficiary		
	In the range between:		
	(a) ₹ 15,000/- to ₹ 30,000/-	118 (79)	
	(b) ₹ 30,001/- to ₹ 45,000/-	19 (13)	
	(c) ₹ 45,001/- to ₹ 60,000/-	12 (8)	
	(d) ₹ 60,001/- to ₹ 75,000/-	1 (0)	
2.	Type of Ration Card		
	(a) BPL	89 (59)	
	(b) APL	40 (27)	
	(c) Other types of ration card (AAY)	21 (14)	
3.	Type of house in which beneficiary was residing before IAY construction		
	(a) Kutcha	150 (100)	
	(b) Semi-pukka	0 (0)	
	(c) Pukka	0 (0)	
4.	Ownership of land		
	Whether land owned by:		
	(a) Self	113 (75)	
	(b) Jointly	33 (22)	
	(c) With other family members	4 (3)	
5.	Allotment of Houses		
	Whether houses were registered in the name of:		
	(a) Female	74 (49)	
	(b) Male	69 (46)	
	(c) Jointly	7 (5)	
6.	Position of Construction		
	Whether construction of the house is:		
	(a) Completed	136 (91)	
	(b) Ongoing	13 (9)	
	(c) Abandoned	1 (0)	
7.	Technical Inspection		
	Whether at the construction stage, the departmental technical inspection was carried out	146 (97)	4 (3)
8.	IAY Logo		
	Whether Logo was displayed on the house	82 (55)	68 (45)
9.	Problem faced		
	Whether beneficiary face any problem in receiving IAY fund:	0	150 (100)

1	2	3	4
10.	Mode of Payment		
	Whether beneficiary received payment through:		
	(a) Bank Account	68 (45)	
	(b) Cash	82 (55)	
	(c) Post Office Account	0 (0)	
11.	Receipt of payment		
	Whether beneficiary received the payment:		
	(a) In full	144 (96)	
	(b) Only 50 per cent advance	6 (4)	
12.	DRI Loan Facility		
	(a) Whether beneficiary aware of DRI loan/credit-cum-subsidy grants	0 (0)	150 (100)
	(b) Whether beneficiary applied for DRI loan	0 (0)	150 (100)
13.	Availability of basic facilities		
	(a) Kitchen	146 (97)	4 (3)
	(b) Smokeless Chulha	25 (17)	125 (83)
	(c) Sanitary facilities	138 (92)	12 (8)
14.	Support from any government schemes like:		
	(a) TSC for sanitary facility	0 (0)	150 (100)
	(b) RGGVY for electricity	0 (0)	150 (100)
	(c) NRWSP for water supply	0 (0)	150 (100)
	(d) Assistance under LIC - Jan Shree Bima or AamAdmiBima	0 (0)	150 (100)
15.	Design of house		
	Whether design of house was as per specification of State Government:	0 (0)	150 (100)
16.	Expertise information		
	Whether beneficiary received any expertise/ information on use of innovative material, procurement of low cost material, construction design, cost effective technology & disaster resistance technology	0 (0)	150 (100)

Source: Beneficiary Household Survey records

Appendix-4.1.1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2013 in respect of Government Companies

(Reference: Paragraph-4.1.5; Page-94)

(Figures in column 5 (a) to 6 (c) are ₹ in lakh)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ¹				Loans ² outstanding at the close of 2012-13				Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees) ³ (as on 31 March 2013)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
Working Government Companies													
AGRICULTURAL MARKETING													
1.	Mizoram Agricultural Marketing Corporation Limited	Trade & Commerce	February 1993	624.10	-	-	624.10	-	-	-	-	-	25
Total of the Sector				624.10	-	-	624.10	-	-	-	-	-	25
FINANCING													
2.	Zoram Industrial Development Corporation Limited	Industries	February 1978	1150.10	-	428.00	1578.10	935.25	-	2157.94	3093.19	-	58
Total of the Sector				1150.10	-	428.00	1578.10	935.25	-	2157.94	3093.19	-	58
MANUFACTURING													
3.	Zoram Electronics Development Corporation Limited	Information & Communication Technology	March 1991	1096.90	-	-	1096.90	-	-	-	-	-	42
4.	Mizoram Food and Allied Industries Corporation Limited	Industries	December 1989	2000.00	-	-	2000.00	-	-	-	-	-	86
Total of the Sector				3096.90	-	-	3096.90	-	-	-	-	-	128
MISCELLANEOUS													
5.	Mizoram Handloom And Handicrafts Development Corporation Limited	Industries	December 1988	1000.00	-	-	1000.00	-	-	-	-	-	54
6.	Mizoram Mineral Development Corporation Limited	Industries	August 2011	-	-	15.00	15.00	-	-	-	-	-	-
Total of the Sector				1000.00	-	15.00	1015.00	-	-	-	-	-	54
Grand Total				5871.10	-	443.00	6314.10	935.25	-	2157.94	3093.19	-	265

Source: Departmental records

¹ Paid-up capital includes ₹ 348.23 lakh share capital contribution by State Government pending allotment

² Loans outstanding at the close of 2012-13 represent long-term loans only

³ Regular employees only

Appendix-4.1.2

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2013

(Reference: Paragraph-4.1.9; Page-96)

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

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year ⁴		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/penal interest waived	Total
1	2	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
Working Government Companies													
AGRICULTURAL MARKETING													
1.	Mizoram Agricultural Marketing Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
Total of the Sector		-	-	-	-	-	-	-	-	-	-	-	-
FINANCING													
2.	Zoram Industrial Development Corporation Limited	-	-	-	-	-	-	-	2307.08	-	-	-	-
Total of the Sector		-	-	-	-	-	-	-	2307.08	-	-	-	-
MANUFACTURING													
3.	Zoram Electronics Development Corporation Limited	127.00	-	-	-	-	-	-	-	-	-	-	-
4.	Mizoram Food and Allied Industries Corporation Limited	-	-	-	486.81(G)	-	486.81(G)	-	-	-	-	-	-
Total of the Sector		127.00	-	-	486.81(G)	-	486.81(G)	-	-	-	-	-	-
MISCELLANEOUS													
5.	Mizoram Handloom And Handicrafts Development Corporation Limited	-	-	-	224.00(G)	-	-	-	-	-	-	-	-
6.	Mizoram Mineral Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
Total of the Sector		-	-	-	224.00(G)	-	-	-	-	-	-	-	-
Grand Total		127.00	-	-	710.81(G)	-	486.81(G)	-	2307.08	-	-	-	-

Source: Departmental records

G - Grants

⁴ Figures indicate total guarantees outstanding at the end of the year

Appendix-4.1.3

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

(Reference: Paragraph-4.1.13; Page-97)

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

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover ⁵	Impact of Accounts Comments ⁶	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed ⁷	Return on capital employed ⁸	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
Working Government Companies														
AGRICULTURAL MARKETING														
1.	Mizoram Agricultural Marketing Corporation Limited	2008-09	2010-11	(-) 67.31	1.58	9.38	(-) 78.27	20.24	-	545.10	(-) 464.20	1886.54	(-) 76.69	-
Total of the Sector				(-) 67.31	1.58	9.38	(-) 78.27	20.24	-	545.10	(-) 464.20	1886.54	(-) 76.69	-
FINANCING														
2.	Zoram Industrial Development Corporation Limited	2009-10	2010-11	(-) 110.12	28.37	3.73	(-)142.22	87.08	-	1578.10	(-) 1960.69	4748.64	(-) 113.85	-
Total of the Sector				(-) 110.12	28.37	3.73	(-)142.22	87.08	-	1578.10	(-) 1960.69	4748.64	(-) 113.85	-
MANUFACTURING														
3.	Zoram Electronics Development Corporation Limited	2001-02	2009-10	(-) 41.11	-	7.93	(-) 49.04	6.57	-	389.90	(-) 308.98	389.90	(-) 49.04	-
4.	Mizoram Food and Allied Industries Corporation Limited	2010-11	2012-13	(-) 14.36	-	46.97	(-)61.34	305.38	(+)1.80	2000.00 ⁹	(-) 1894.75	4041.00	(-) 61.64	-
Total of the Sector				(-) 55.47	-	54.90	(-)110.38	311.95	(+)1.80	2389.90	(-) 2203.73	4430.90	(-) 110.68	-

⁵ Turnover includes ₹ 336.92 lakh provided by State Government as Grant-in-aid

⁶ Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/decrease in losses (-) decrease in profit/increase in losses

⁷ Capital employed represents shareholders funds plus Long-term borrowings except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance)

⁸ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account

⁹ Includes share capital contribution pending allotment

1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
MISCELLANEOUS														
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2003-04	2012-13	(-) 8.51	-	12.79	(-) 21.31	80.67	-	676.70	(-) 490.58	692.59	(-) 21.31	-
6.	Mizoram Mineral Development Corporation Limited ¹⁰	2011-12	2012-13	(-)14.32	-	-	(-)14.32	-	-	15.00	(-)14.32	15.00	(-)14.32	-
Total of the Sector				(-) 22.83	-	12.79	(-) 35.63	80.67	-	691.70	(-) 504.90	707.59	(-) 35.63	-
Grand Total				(-) 255.73	29.95	80.80	(-)366.50	499.94	(+)1.80	5204.80	(-) 5133.52	11773.67	(-) 336.85	-

Source: Departmental records

¹⁰ Holding Company of M/s ZIDCO, commercial operation not yet commenced

Appendix-4.1.4

Statement showing investments made by the State Government in working PSUs by way of equity, loans, grants and others during the period in which the accounts have not been finalised as on 31 March 2013

(Reference: Paragraph-4.1.22; Page-99)

(₹ in lakh)

Sl. No.	Name of the PSU	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Others
1	2	3	4	5	6	7	8	9
Working Companies								
Sector : Agricultural Marketing								
1.	Mizoram Agricultural Marketing Corporation Limited	2008-09	545.10	2009-10 2010-11 2011-12 2012-13	27.00 27.00 25.00 0.00	- - - -	- - - -	- - - -
Sector : Financing								
2.	Zoram Industrial Development Corporation Limited	2009-10	1578.10	2010-11 2011-12 2012-13	- - -	63.25 - -	45.00 45.00 -	- - -
Sector : Manufacturing								
3.	Zoram Electronics Development Corporation Limited	2001-02	389.90	2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13	52.50 17.50 17.50 50.50 64.50 40.00 45.00 22.50 115.00 155.00 127.00	- - - - - - - - - - -	- - - - - - - - - - -	- - - - - - - - - - -
4.	Mizoram Food & Allied Industries Corporation Limited	2010-11	2000.00	2011-12 2012-13	- -	- -	312.55 486.81	- -

1	2	3	4	5	6	7	8	9
Sector : Miscellaneous								
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2003-04	676.70	2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13	40.00 50.00 45.00 47.50 58.50 55.00 24.65 - -	- - - - - - - - -	10.00 10.00 10.00 10.00 10.00 10.00 159.91 229.58 224.00	- - - - - - - - -
6.	Mizoram Mineral Development Corporation Limited	2011-12	15.00	2012-13	-	-	-	-
Total			5204.80		1106.65	63.25	1562.85	

Appendix-4.1.5
Statement showing operational performance of Power and Electricity Department
for the last three years ending 31 March 2013

(Reference: Paragraph-4.1.28; Page-101)

Sl. No.	Particulars	2010-11	2011-12	2012-13
1	2	3	4	5
1.	<i>Installed Capacity (MW) :</i>			
	(a) Thermal (Diesel)	0.50	0.50	0.50
	(b) <i>Hydel</i>	29.35	29.35	29.35
	(c) <i>Gas</i>	-	-	-
	(d) <i>Others (HFO based)</i>	22.92	22.92	22.92
	Total	52.77	52.77	52.77
2.	Normal Maximum Demand in the State (MKwh)	440	455	460
3.	<i>Power Generated (MKwh) :</i>			
	(a) Thermal (Diesel)	0.01	0.01	0.02
	(b) <i>Hydel</i>	31.93	22.78	58.59
	(c) <i>Gas</i>	-	-	-
	(d) <i>Others (HFO based)</i>	1.72	-	-
	Total	33.66	22.79	58.61
	<i>Less : Auxiliary Consumption (MKwh)</i> <i>(Percentage in bracket)</i>			
	(a) Thermal (Diesel)	0.0169 (0.98)	0.00 (0)	0.00023 (1.18)
	(b) <i>Hydel</i>	0.0224 (0.07)	0.46 (2.06)	1.47 (2.52)
	(c) <i>Gas</i>	-	-	-
	(d) <i>Others</i>	-	-	-
	Total	0.0393	0.46	1.473
4.	<i>Net Power Generated (MKwh)</i>	33.48	22.33	57.14
5.	<i>Power purchased (MKwh)</i>	403.57	441.10	407.08
6.	<i>Free power received (MKwh)</i>	-	-	-
7.	Total power available for sale (MU) (4+5+6)	437.05	463.43	464.22
8.	<i>Power sold (MU) :</i>			
	(a) Within the State	237.56	252.05	286.60
	(b) <i>Outside the State</i>	80.43	63.94	53.50
	Total	317.99	315.99	340.10
9.	<i>Transmission and Distribution Losses (MU)</i>	119.06	147.44	124.11
10.	<i>Load Factor (Percentage)</i>	39.15	49.91	52.48
	(a) Diesel	-	-	-
	(b) <i>Hydel</i>	-	-	-
11.	Percentage of Transmission and Distribution Losses to Total power available for sale (9/7x100)	27.24	31.74	26.73
12.	<i>Number of villages/town electrified</i>			
	(a) Villages	623	661	664
	(b) <i>Towns</i>	22	22	23
	Total	645	683	687
13.	<i>Number of Pumpsets/Well energised (Public water supply)</i>	25	38	45
14.	<i>Number of Sub-Station (i.e. 33 KV and above)</i>	50	50	52

Sl. No.	Particulars	2010-11	2011-12	2012-13
1	2	3	4	5
15.	Transmission/Distribution lines (in KM)			
	(a) High Voltage (i.e. 132 KV, 66 KV & 33 KV)	1700.70	1817.99	2015.99
	(b) Medium Voltage (i.e. 11 KV)	4624.03	4947.64	5044.75
	(c) Low Voltage	2251.97	2717.61	2746.59
	Total	8576.70	9483.24	9807.33
16.	Connected Load (in MW)	243.00	279.71	304.29
17.	Number of consumers	178149	178900	186022
18.	Number of Employees :			
	(a) Technical	1278	1545	1278
	(b) General	589	589	540
	Total	1867	2134	1818
19.	Consumers/Employees ratio	95.42:1	83.83:1	102.32:1
20.	Total expenditure on staff during the year (₹ in crore)	65.85	64.47	72.00
21.	Percentage of Expenditure on Staff to total Revenue expenditure	28.53	17.41	23.54
22.	Units sold in million units (percentage share to total units sold in bracket)			
	(a) Domestic	174.40 (54.85)	170.92 (54.09)	193.70 (56.95)
	(b) Agriculture	0.12 (0.04)	0.095 (0.03)	0.08 (0.02)
	(c) Industry	1.88 (0.59)	2.09 (0.66)	3.30 (0.97)
	(d) Commercial & Public Lighting	21.69 (6.82)	24.93 (7.89)	26.46 (7.78)
	(e) Others (Public water works, Bulk Supply etc.)	39.47 (12.41)	54.02 (17.10)	63.06 (18.53)
	(f) Inter-State	80.43 (25.29)	63.94 (20.23)	53.50 (15.73)
	Total	317.99	315.99	340.10
23.	Revenue (₹ in crore)	72.36	112.06	92.61
24.	Expenditure (₹ in crore) :			
	(a) Cost of Fuel (HSD Oil)	1.67	0.02	0.032
	(b) Cost of Power purchase	108.93	150.81	174.52
	(c) Operations & Maintenance	41.01	45.02	51.06
	(d) Establishment expenditure	65.85	64.47	80.19
	(e) Others - Miscellaneous expenditure	13.33	109.94	-
	Total	230.79	370.26	305.80
25.	Profit (+)/Loss (-)	(-)158.43	(-)258.20	(-)213.19

Source: Departmental records

Appendix-4.1.6
Statement¹¹ showing Working Results and Operational Performance
of Mizoram State Transport Department for the last three years ending 31 March 2013
(Reference: Paragraph-4.1.30; Page-101)

I. Working Results

(₹ in crore)

Sl. No.	Description	2010-11	2011-12	2012-13
1.	Total revenue	2.32	2.16	2.02
2.	Operating revenue	1.68	1.66	1.71
3.	Total expenditure	15.29	26.28	19.73
4.	Operating expenditure	12.54	19.58	16.00
5.	Total loss	12.97	24.12	17.71
6.	Operating loss	10.86	17.93	14.29

II. Operational Performance

Particulars	2010-11	2011-12	2012-13
Average number of vehicles held	51	41	34
Average number of vehicles on road	27	19	19
Percentage of utilisation of vehicles	59	68	56
Number of employees	650	650	650
Employee vehicle ratio	1:13	1:19	1:19
Number of routes operated at the end of the year	22	18	23
Route Kilometers (Average route length)	121	93	93
Kilometers operated (in lakh)			
(a) Gross	10.78	10.85	7.33
(b) Effective	10.53	10.60	6.98
(c) Dead	0.25	0.25	0.35
Percentage of dead kilometers to gross kilometers	2.38	2.36	5.02
Average kilometers covered <i>per bus per day</i>	68.82	86.17	56.00
Average revenue <i>per kilometer</i> (₹)	15.59	15.30	23.33
Average operating expenditure <i>per kilometer</i> (₹)	116.33	180.46	218.29
Profit (+)/Loss(-) <i>per kilometer</i> (₹)	(-) 108.74	(-) 165.16	(-) 194.96
Average number of breakdown <i>per lakh kilometer</i>	-	-	-
Average number of accidents <i>per lakh kilometer</i>	-	-	-
Number of operating depots	5	5	5
Passenger kilometers operated (in lakh)	190	150	144
Occupancy ratio (Load factor)	65	51	80
Kilometer obtained per litre of diesel	3.50	3.55	3.55

¹¹ Figures of previous year recast as per information furnished (February 2014) by the Director of Transport

Appendix-4.3.1

Year-wise tyre performance and the related expenditure during 2008-13

(Reference: Paragraph-4.3.8; Page-123)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Total
1.	New Tyres purchased	203	189	187	107	234	920
2.	Expenditure on new tyre (₹ in lakh)	16.50	17.18	18.72	12.29	27.93	92.62
3.	Used Tyres retreaded	1062	1067	747	403	238	3517
4.	Expenditure on retreaded tyre (₹ in lakh)	23.28	29.93	21.38	12.37	8.30	95.25
5.	Conversion of retreaded cost into new tyre Sl. (1/2 * 4)	286	329	214	108	70	1007
6.	Total no. of tyres Sl. (1+5)	489	518	401	215	304	1927
7.	Total Expenditure Sl. (2 + 4) (₹ in lakh)	39.78	47.11	40.10	24.66	36.23	187.87
8.	Gross kms operated (in lakh)	12.97	12.21	10.54	10.85	7.33	53.90
9.	Tyre kms (Sl. 8 x 6 tyres <i>per</i> bus) (in lakh)	77.82	73.26	63.24	65.10	43.98	323.40
10.	KMSs obtained from <i>per</i> tyre (Sl. 9/Sl. 1)	38335	38762	33818	60841	18795	35152
11.	Average tyre cost <i>per</i> kms in ₹ (Sl. 7/Sl.8)	3.07	3.86	3.81	2.27	4.94	3.49
12.	New tyre used <i>per</i> lakh kms	16	16	18	10	32	19

Source: Departmental records

Appendix-5.3.1

Statement showing dealer-wise short assessment of Tax

(Reference: Paragraph-5.6; Page-139)

(₹ in lakh)

Sl. No.	Taxing authority	Name of dealer (TIN No.)	Assessment year (Period of Audit)	Purchase as per AO		Purchase as per Audit		Difference		Tax payable			Remarks	Present Status as per Government reply received in November 2013
				4 per cent	12.5 per cent	4 per cent	12.5 per cent	4 per cent	12.5 per cent	4 per cent	12.5 per cent	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1.	ACT, North Zone, Aizawl	M/s North Eastern Sales Corporation (15110094063)	2009-10 (Oct-Nov 2011)	227.50	0.00	432.71	0.00	205.21	0.00	8.21	0.00	8.21	Dealer was re-assessed with balance tax payable but not paid at ₹ 9.97 lakh including penalty of ₹ 0.50 lakh	Balance tax of ₹ 9.97 lakh was realised (13 April 2012) at the instance of Audit
2.	ACT North Zone, Aizawl	M/s Lalhmingthanga & Sons (15110129025)	2009-10 (Oct-Nov 2011)	0.00	153.67	0.00	342.82	0.00	189.15	0.00	23.64	23.64	As per re-assessment (January 2012) the dealer was to pay tax of ₹ 107.97 lakh excluding ITC of ₹ 25.39 lakh. Against which the dealer paid a tax of ₹ 76.86 lakh leaving a balance of ₹ 31.11 lakh, which was not realised as on January 2014	The Government, however, claimed that the dealer was required to pay a tax of ₹ 76.86 lakh excluding ITC of ₹ 25.39 lakh which is not acceptable as it contradicted the re-assessment order dated January 2012. Thus, the Government may review the matter and initiate action for realisation of balance tax of ₹ 31.11 lakh
3.	ACT North Zone, Aizawl	M/s Ophel Motor House (15110039095)	2006-10 (Oct-Nov. 2011)	0.00	181.12	0.00	312.99	0.00	131.87	0.00	16.48	16.48	As per re-assessment order (January 2012) the dealer was to pay a balance tax of ₹ 11.38 lakh, excluding the tax already paid of ₹ 15.64 lakh.	Against the balance tax of ₹ 11.38 lakh, an amount of ₹ 8.50 lakh was already realised leaving a balance of ₹ 2.88 lakh
4.	ACT North Zone, Aizawl	Tlau Agencies (15111885028)	2008-10 (Oct-Nov 2011)	0.00	406.21	0.00	557.89	0.00	151.68	0.00	18.96	18.96	While accepting the purchase escaped, dealer was re-assessed and the closing stock was irregularly enhanced from nil to ₹ 100.68 lakh in the re-assessment beside, tax balance of ₹ 5.16 lakh	The balance tax of ₹ 5.16 lakh was realised in full as on October 2013 at the instance of Audit. The Government stated that while re-assessing the firm the AO has clearly determined the closing stock as ₹ 100.68 lakh. Reply of the Government however, is not acceptable as the closing stock once determined should not be altered to give undue benefit to the dealer.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
5.	ACT North Zone, Aizawl	Mosia Agencies (15110015049)	2007-08 (July- Aug 2012)	1191.01	661.40	1135.66	724.76	- 55.35	63.36	- 2.21	7.92	5.71	Firm was liable to pay an additional tax of ₹ 26.18 lakh against the differential sales turnover	While accepting the fact, the Government initiated (November 2013) re-assessment of the firm
			2009-10 (July- Aug 2012)	2380.61	1169.41	2241.74	1377.53	- 138.87	208.12	- 5.55	26.02	20.47		
6.	ACT North Zone, Aizawl	M/s Sena Store (15110142058)	2010-11 (July- Aug 2012)	125.97	47.09	356.25	52.70	230.28	5.61	9.21	0.70	9.91	Firm was liable to pay an additional tax of ₹ 9.91 lakh against the differential sales turnover	Government stated that at the instance of Audit, the firm was re-assessed with payable tax of ₹ 4.18 lakh, out of which ₹ 1.05 lakh was already realised leaving a balance of ₹ 3.13 lakh. Government reply is however, silent about the reason as to how the dealer was re-assessed with less amount of tax of ₹ 4.18 lakh against the payable tax of ₹ 9.91 lakh as observed in Audit
7.	ACT, Central Zone, Aizawl	M/s Hauva & Sons Cement Divn. (15111141057)	2008-09 (October 2012)	0.00	1571.29	0.00	1908.60	0.00	337.31	0.00	42.16	42.16	Firm was liable to pay an additional tax of ₹ 42.16 lakh against the differential sales turnover	In response to Audit comment, Government has initiated process for settlement of the case
8.	ACT, Central Zone, Aizawl	M/s Mizoram Drug Centre (15110196016)	2006-07 (October 2012)	376.45 ¹²	0.00	438.99 ¹³	0.00	62.54	0.00	2.50	0.00	2.50	Firm was liable to pay an additional tax of ₹ 2.50 lakh against the differential sales turnover	At the instance of Audit, the department re-assessed and realised (March 2013) a tax of ₹ 2.68 lakh
9.	ACT, Central Zone, Aizawl	M/s Hrangchhuan Pharmacy (15110197026)	2006-07, 2008-10 (October 2012)	1220.91	0.00	1396.88	0.00	175.97	0.00	7.04	0.00	7.04	Firm was liable to pay an additional tax of ₹ 7.04 lakh against the differential sales turnover	At the instance of Audit, the department re-assessed and realised (March 2013) a tax of ₹ 7.46 lakh
10.	ACT, Central Zone, Aizawl	M/s Tluangpuii (15200185037)	2010-11 (October 2012)	6.31	1.28	16.54	21.68	10.23	20.40	0.41	2.55	2.96	Firm was liable to pay an additional tax of ₹ 2.96 lakh against the differential sales turnover	In response to Audit comment, Government has initiated process for re-assessment of the firm
Total				5528.76	4191.47	6018.77	5298.97	490.01	1107.50	19.61	138.43	158.04	--	--

Source: Departmental records

¹² Including opening stock of ₹ 43.02 lakh

¹³ Including the actual opening stock of ₹ 53.02 lakh