



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

for the year ended 31 March 2017



GOVERNMENT OF MEGHALAYA
Report No. 3 of 2018

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PREFACE

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

The Report contains significant results of the performance and compliance audit of the departments of the Government of Meghalaya under the Social, Economic (including Public Sector Undertakings) and General Sectors including Sports and Youth Affairs, Urban Affairs, Border Areas Development, Public Works, Animal Husbandry & Veterinary, Home (Police), Power, Commerce & Industries Departments and Public Sector Undertakings. However, audit observations on Revenue Sector of the Government of Meghalaya are excluded and covered in the Report on Revenue Sector.

The cases mentioned in this Report are those which came to notice in the course of test audit of accounts for the year 2016-17 as well as those, which came to notice in earlier years, but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2016-17 have also been included, wherever necessary.

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 Report contains chapters on Social, Economic, General and Economic (PSUs) Sectors comprising three Performance Audits and seven compliance audit paragraphs which includes compliance audit of the Implementation of the Border Area Development Programme in Meghalaya. The findings are based on the audit of certain selected programmes and activities and the financial transactions of the Government and Public Sector Undertakings.

According to the existing arrangements, copies of the compliance audit paragraphs and performance audits were sent to the concerned Secretaries of the State Government by the Principal Accountant General (Audit) with a request to furnish replies within six weeks. However, out of three performance audits and seven compliance audit paragraphs in this Report, no replies were received against two compliance audit paragraphs from the State Government till the finalisation of the Report (March 2018).

A synopsis of the important findings contained in this Report is presented below:

SOCIAL SECTOR

Performance Audits

Sports Infrastructure in Meghalaya including follow up audit of Performance audit on ‘Development of Sports and Youth Activities in Meghalaya’ which featured in the Audit Report for the year ended 31 March 2012.

The follow up audit of the previous PA showed that none of the recommendations had been fully implemented by the State Government. The State did not have a Sports Policy. The Department had not drawn up comprehensive district wise plans for creation of sports infrastructure. Projects were completed after inordinate delay or were incomplete. The sanctioned post of coaches were still not filled and there were shortages of coaches in all the districts of the State. The maintenance of sports infrastructure was not given priority and sports infrastructure were either not utilised or were in dilapidated condition.

In addition to the above, many sports infrastructure were not available in all the districts of the State. Projects were completed after inordinate delay of more than 16 years. Sports infrastructure were handed over to local community/sports association without any formal agreement spelling out terms of use, maintenance, inspection by the Department, *etc.* There were deficiencies in utilisation and maintenance of JNSC even though it was a major sports infrastructure for Meghalaya. Monitoring both by SSCM and the Director, SYAD was not satisfactory. Funds meant for creation of sports infrastructure were irregularly invested in mutual funds or were blocked up in fixed deposits. The district training centres were not set up. The deficiencies pointed out above were important pointers responsible for the decreasing trend in the number of sports persons from the State participating in the NEGs and the resultant reduction in the number of medals won by them.

(Paragraph 1.2)

Urban Development in Meghalaya

The Performance Audit showed that the institutional mechanism of Urban Affairs Department for planning, development and management of urban areas was not very effective. The UAD had not prepared master plans for eight¹ towns. The master plans of Shillong, Tura and Jowai were prepared without preparing the perspective plan. Project implementation was deficient and ineffective as construction of 1560 housing units under BSUP, ISDP and IHSDP were either not completed or not allotted. This deprived 1208 beneficiaries the benefit of housing facilities. Solid Waste Management Project at Tura and Nongpoh were not commissioned even after incurring an expenditure of ₹ 14.56 crore over a period of eight years. The Greater Shillong Water Supply Project Phase-III sanctioned in October 2008 was far from completion even after incurring an expenditure of ₹ 171.25 crore. Procurement of 240 buses under Jawaharlal Nehru National Urban Renewal Mission to strengthen the public transport in Shillong was incomplete. There was wasteful expenditure of ₹ 1.02 crore on construction of the Sewerage Treatment Plant at Mawbah. Construction of shopping complex for migratory rural vendors-cum-parking infrastructure at Nazing Bazar, Tura was stopped from July 2016 which resulted in unfruitful expenditure of ₹ 9.11 crore. Implementation of e-Governance project in Shillong Municipal Board (SMB) sanctioned in March 2012 was incomplete and funds to the tune of ₹ 2.73 crore were lying idle. Monitoring and evaluation of the schemes was inadequate and ineffective. The Meghalaya Town & Country Planning Advisory Council and the State Level Coordination Committee failed to meet. Social Audit was also not conducted. Financial management was inefficient. GoI did not release ₹ 12.37 crore due to non-compliance with scheme guidelines, failure to complete the projects within the stipulated time, *etc.* Scheme funds amounting to ₹ 201.32 crore were kept in fixed deposits and interest of ₹ 4.27 crore earned out of those funds were utilised to meet the administrative and operational expenses of MUDA.

¹ Baghmara, Williamnagar, Resubelpara, Nongpoh, Nongstoin, Umroi, Sohra and Mairang

Urban development in Meghalaya was thus affected to the extent that there were short-comings in the institutional mechanism for planning, development and management of urban areas. The developmental schemes/projects were implemented haphazardly as a result projects were stopped or remained incomplete. The completed projects also suffered from lack of adequate civic and social amenities. The citizen centric services like benefits of e-governance, transport facilities for urban population, housing facilities for slum dwellers, solid waste management, water supply, *etc.* could not be extended to the beneficiaries in the manner envisaged under the schemes.

(Paragraph 1.3)

ECONOMIC SECTOR

Compliance Audit Paragraphs

Implementation of Border Areas Development Programme in Meghalaya

The objective of BADP was to meet the special development needs of the people living in remote and inaccessible areas situated near the international border. It was envisaged to saturate the border areas with the required essential infrastructure through convergence of Central/State/Local schemes. It was a major intervention strategy of the Central Government to bring about a comprehensive development of border areas by supplementing the State Plan Funds to bridge the gaps in socio-economic infrastructure on one hand and by improving the security environment in border areas on the other.

The State had however, not been able to fully achieve the desired objectives because of the shortcomings in the implementation of the programmes. The schemes suffered from planning deficiencies as baseline survey of all notified border villages was not conducted. The available baseline survey was also not updated regularly inspite of implementation of many works during 2012-17. The objective of saturating strategic border villages was not met. This was mainly due to non-convergence of BADP with other Central and State Schemes and also due to implementation of BADP projects in non-strategic villages coupled with execution of inadmissible works. Priority was also not directed towards creating infrastructure identified as gaps during baseline survey. This compromised the strategic villages in becoming saturated as envisaged under the scheme. Weightage to different sectors and all the border blocks were not adequately given while preparing the Annual Action Plan. Projects were not being completed on time and there was absence of serious effort in ensuring community participation by way of sharing the cost of assets. The objective of preventing migration was defeated as the trained persons were provided placement outside the border villages thereby encouraging migration. Monitoring and evaluation of the scheme was not satisfactory by way of review of the schemes by SLSC, inspection at all levels and follow-up on the recommendations of the Third Party Inspection Reports.

(Paragraph 2.2)

Failure of the Division/Department to prepare the estimates for balance works had resulted in the expenditure of ₹ 11.10 crore incurred on Nongtraï-Sheïla and Balat-Bagli roads becoming unfruitful. Besides the incomplete Nongtraï-Sheïla had also been left exposed to the vagaries of nature for the last three years leading to its further deterioration.

(Paragraph 2.3)

Delay in sending proposal/sanctioning manpower for two Vocational Training Centres at Khliehtyrshi and Manai and for the seven newly constructed veterinary dispensaries and failure to seek sanction for manpower for the three new veterinary dispensaries had rendered the expenditure of ₹ 9.99 crore unfruitful.

(Paragraph 2.4)

GENERAL SECTOR

Compliance Audit Paragraph

A police academy could not be completed in time and as the Finance Commission award period is over, State would have to complete the project with its own funds as it had lost central grant of ₹ 25 crore and meanwhile, till the facility is completed, the objective (training of policemen) would not be achieved.

(Paragraph 3.2)

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)**Performance Audit****Financial Management of Meghalaya Energy Corporation Limited and its three Subsidiary Companies**

As part of the power sector reforms in the State, the erstwhile Meghalaya State Electricity Board was unbundled (March 2010) into four companies viz., Meghalaya Energy Corporation Limited (MeECL), the holding company and its three subsidiaries, Meghalaya Power Generation Corporation Limited (MePGCL), Meghalaya Power Transmission Corporation Limited (MePTCL), and Meghalaya Power Distribution Corporation Limited (MePDCL). The Performance Audit was conducted to review the financial management of MeECL and its three subsidiaries covering the aspects relating to planning, revenue generation, borrowing and debt servicing activities during the period from 2012-13 to 2016-17.

The financial management of MeECL and its subsidiaries was plagued by absence of administrative and financial autonomy to the subsidiaries to manage their individual revenues and expenditures. Revenue generation by MePDCL, which is the main revenue earning subsidiary of MeECL, was inadequate due to high power purchase costs and poor billing and collection efficiency. The Technical and Commercial losses stood at around 35 *per cent* during 2016-17. The revenue realised from sale of power during the five years (2012-17) was not sufficient to meet even the power purchase cost (including transmission/wheeling charges). Poor servicing of debts and excessive dependence on borrowings from financial institutions placed them in a debt trap situation. MeECL defaulted repayment in about 86 *per cent* of the loan instalments during 2012-17 leading to high incidence of additional interest and penal charges.

Lack of effective budgetary planning and control further worsened the financial conditions of MeECL. MeECL and its subsidiaries utilised only about 16 *per cent* of the available financial resources on creation of fixed assets during the audit period. Reluctance of GoM to release committed subsidies annually (accrued to ₹ 798.39 crore) had also aggravated the operational performance of MeECL and subsidiaries.

The internal control and monitoring mechanism prevailing in MeECL and subsidiaries was found lacking. There was no appropriate system in place for periodical review and monitoring of important operational areas at top management level.

(Paragraph 4.2)

Compliance Audit Paragraph

Meghalaya Industrial Development Corporation Limited parked its Scheme funds (₹ 9.30 crore) in a 'non-interest bearing' account which led to an interest loss of ₹ 1.98 crore.

(Paragraph 4.3)

There were delays in remitting the EPF contribution to the Employees Provident Fund Organisation by Mawmluh Cherra Cements Limited which resulted in avoidable expenditure of ₹ 58.84 lakh towards interests and damages.

(Paragraph 4.4)

There was inordinate delay on the part of Mawmluh Cherra Cements Limited in initiating timely action for enhancing the Authorised Share Capital which led to an avoidable expenditure of ₹ 22.50 lakh

(Paragraph 4.5)

CHAPTER-I

SOCIAL SECTOR

CHAPTER I: SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2017 deals with the findings on audit of the State Government units under Social Sector.

The names of the major State Government departments and the Budget provision and expenditure of the State Government under Social Sector during the year 2016-17 are given in the table below:

Table 1.1.1: Budget provision and expenditure of major departments

(₹ in crore)

Sl. No.	Name of Department	Budget Provision (Original and Supplementary)	Expenditure
1.	Education, Sports & Youth Affairs & Arts and Culture	1673.08	1612.50
2.	Health & Family Welfare	759.12	687.07
3.	Public Health Engineering	484.95	372.48
4.	Urban Development	212.84	147.82
5.	District Council Affairs and Social Welfare	667.71	596.19
6.	Labour	48.12	33.11
7.	Housing	32.09	11.91
8.	Revenue	28.02	26.92
	Total	3905.93	3488.00

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

1.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. Audit of 32 auditee units were conducted during 2016-17 involving expenditure of ₹ 1185.76 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Social Sector. This chapter contains two Performance Audits on 'Sports infrastructure in Meghalaya including follow up audit of Performance audit on Development of Sports and Youth Activities in Meghalaya which featured in the Audit Report for the year ended 31 March 2012' and 'Urban Development in Meghalaya'.

The major observations under Social Sector detected in audit during the year 2016-17 are given in the succeeding paragraphs.

PERFORMANCE AUDIT PARAGRAPHS

SPORTS AND YOUTH AFFAIRS DEPARTMENT

1.2 Sports Infrastructure in Meghalaya including follow up audit of Performance audit on 'Development of Sports and Youth Activities in Meghalaya' which featured in the Audit Report for the year ended 31 March 2012

Sports and physical education are essential components of human resource development. They help to promote good health, solidarity and a spirit of friendly competition. The Sports and Youth Affairs Department (SYAD), Government of Meghalaya (GoM) along with the State Sports Council, Meghalaya (SSCM) facilitate the development of sports and games, youth activities and sports infrastructure required for proper grooming, nurturing and channelising the youth potential.

Audit undertook a Performance Audit (PA) of Sports Infrastructure in Meghalaya including follow up audit of a previous PA on 'Development of Sports and Youth Activities in Meghalaya' which featured in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors and PSUs for the year ended 31 March 2012, Government of Meghalaya (Audit Report 2011-12). The major observations noticed during the PA are given below:

Highlights

None of the recommendations made in the previous PA on Development of Sports and Youth Activities in Meghalaya had been fully implemented. Of particular significance was the fact that the State did not have a Sports Policy in place.

(Paragraph 1.2.7.1(i))

Previous Audit Report of 2011-12 had pointed out that funds of ₹ 2.52 crore sanctioned by GOI for creation of 13 sports infrastructure had been idling. The current status showed that funds continued to be kept in fixed deposit for the past 10 years (now valuing ₹ 6.55 crore) and infrastructure had not been created.

(Paragraph 1.2.8.1)

Maintenance of infrastructure projects was not satisfactory as was also pointed out in the Audit Report 2011-12.

(Paragraphs 1.2.8.2, 1.2.10.4 & 1.2.12)

Many sports infrastructure were not available in all the districts of the State. Out of 84 sports infrastructure projects, 60 were completed with delays. The delays

ranged between 1-12 months in 18 projects while in 42 projects, the delays ranged between more than one year and 16 years 8 months.

(Paragraphs 1.2.10.1 & 1.2.10.2)

Funds meant for creation of sports infrastructure were irregularly invested in mutual funds (₹ 62.22 crore) or were blocked up in fixed deposits (₹ 126.07 crore). Interest/income of ₹ 7.61 crore earned from saving/fixed deposit accounts and mutual funds were not disclosed to the State Government.

(Paragraphs 1.2.13.1 & 1.2.13.2)

There was shortage of coaches in various disciplines in all the districts of the State and 13 post of coaches, sanctioned between May 2005 and March 2015, had not been filled. Other than for football and athletics there was no system in place to spot and nurture talent from an early age.

(Paragraphs 1.2.14.3 & 1.2.14.4)

2.1 Introduction

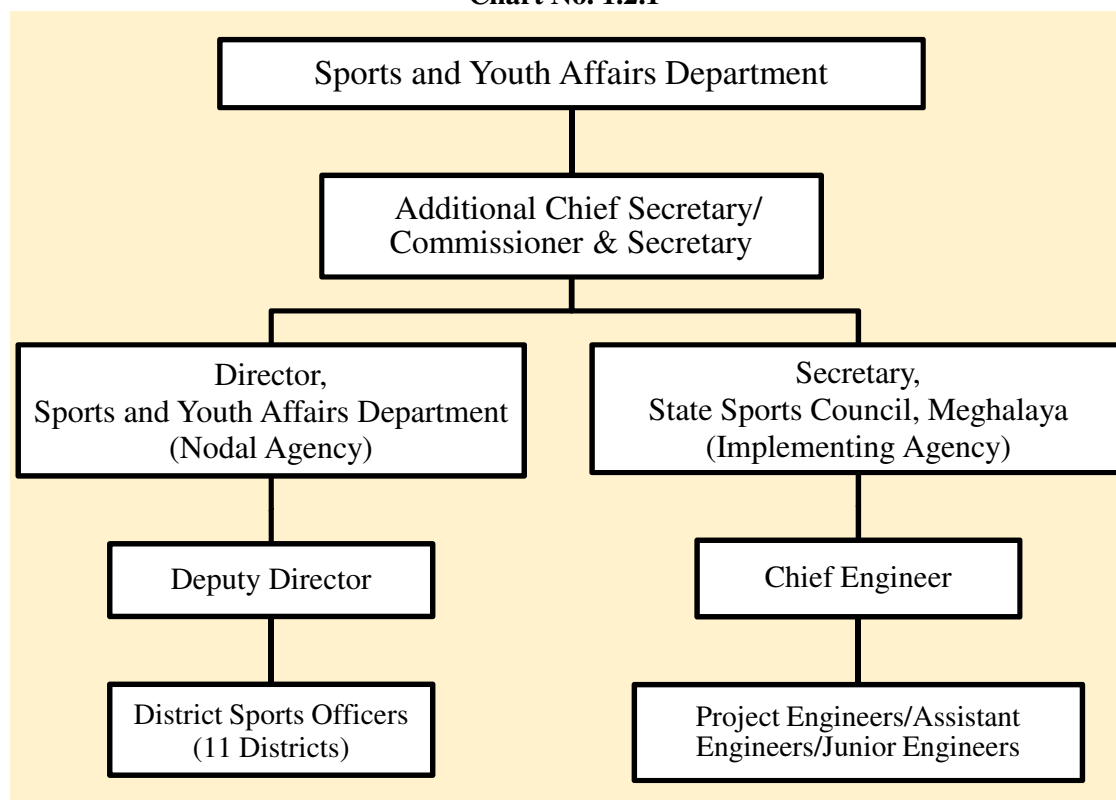
As per the National Sports Policy, 2001, sports and physical education are essential components of human resource development and help to promote good health, solidarity and a spirit of friendly competition. This in turn has a positive impact on the overall development of personality of the youth. Excellence in sports enhances the sense of achievement, national pride and patriotism and improves productivity and fosters social harmony and discipline. 'Sports' is a subject under the State list of Seventh Schedule of the Constitution of India. The State Government has to play a major role in the development of sports with Government of India (GoI) supporting its efforts.

1.2.2 Organisational set up

At the Government level, the Commissioner & Secretary, Sports and Youth Affairs Department (SYAD) is the administrative head and is assisted by the Director, SYAD along with the State Sports Council, Meghalaya (SSCM)¹. There are District Sports Officers (DSOs) posted in each of the 11 districts. The organisational chart of SYAD is shown below:

¹ The SSCM was established during December 1971 as an autonomous body registered under the Indian Societies Registration Act, 1860. It is headed by the President (Minister, Sports and Youth Affairs) and has as members the Vice President (Commissioner and Secretary, SYAD) and Secretary (Director, SYAD).

Chart No. 1.2.1



1.2.3 Audit Scope and Methodology

The Performance Audit (PA) covered the activities of the SYAD, Director, SYAD, district offices and the implementing agency (SSCM) in connection with the creation, maintenance and proper use of sports infrastructure for the period 2012-13 to 2016-17. For the purpose of this PA, three² out of 11 districts in the State were selected through sampling using Probability Proportional to Size Without Replacement (PPSWOR) method with size measure being the number of sports infrastructure in the districts. The details of sports infrastructure test checked in the districts selected for audit is shown in the table below.

Table 1.2.1: Details of sports infrastructure test checked in the districts selected for audit

Sl. No.	Name of the district selected for audit check	No. sports infrastructure in the district upto March 2017	No. of sports infrastructure selected for audit check
1	East Khasi Hills	145	58
2	Ri Bhoi	35	13
3	West Jaintia Hills	29	13
	Total	209	84

In addition, follow up audit was also conducted on the PA on ‘Development of Sports and Youth Activities in Meghalaya’ which featured in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors and PSUs for the year ended 31 March 2012, Government of Meghalaya (Audit Report 2011-12).

² East Khasi Hills, Ri Bhoi and West Jaintia Hills districts.

Joint physical verification (JPV) of 30 completed projects in the three districts covered in the PA was undertaken along with the State Government officers to physically assess the existence, utilisation and quality of sports infrastructure.

The PA commenced with an Entry Conference held on 01 May 2017 wherein the audit objectives, criteria, scope and methodology were discussed with the Commissioner & Secretary, Sports and Youth Affairs and other officers of the Department. The audit findings were discussed with the Joint Secretary and Director, SYAD in the Exit Conference held on 15 November 2017. The replies and views of the Department have been incorporated at appropriate places in this PA.

1.2.4 Audit Objective

The audit objectives for the PA of Sports Infrastructure in Meghalaya were to assess the economy, efficiency and effectiveness in:

- Creation and maintenance of sports infrastructure in Meghalaya;
- Financial management of funds received for sports infrastructure; and,
- Increasing participation and achieving laurels for the State in various sporting events.

In addition, the objective for the follow up audit was to examine and report on current status of deficiencies pointed out in previous PA on ‘Development of Sports and Youth Activities in Meghalaya’ which featured in the Audit Report 2011-12.

1.2.5 Audit Criteria

The findings were benchmarked against the following sources of criteria:

- National Sports Policy 2001;
- Government Orders, instructions/circulars issued from time to time;
- Meghalaya Financial Rules (MFR);
- Meghalaya Public Works Department’s Schedule of Rates for execution of projects;
- Articles of Association of SSCM; and,
- Findings and recommendations made under paragraph 1.2 of the Audit Report 2011-12.

1.2.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the cooperation of the Sports and Youth Affairs Department of the State Government and the State Sports Council, Meghalaya in providing necessary information and records for the audit.

Audit Findings

1.2.7 Results of the follow up audit on 'Development of Sports and Youth Activities in Meghalaya'

A follow up audit was carried out with regard to the action taken on audit recommendations covering the period 2007-08 to 2011-12 which featured in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2012. The PA had examined various issues such as planning, financial management, creation, maintenance and use of sports infrastructure, deployment of coaches, application of scientific backing for training, etc. and had also offered some specific remedial suggestions.

The findings of the follow up audit with regard to the implementation of these suggestions are briefly given below.

1.2.7.1 Audit findings on the action taken on the recommendations made under paragraph 1.2 of the Audit Report 2011-12

(i) ***Recommendation No 1: Government should approve and put in place Sports and Youth Policies and a target oriented long term plan (Paragraph 1.2.7).***

This recommendation was made in the context of the responsibility of the State Government to pursue the twin objective of 'broad basing' of sports and 'achieving excellence in sports at National and International level'. It was observed that though the State Government had initiated the work for the State Sports Policy, and the draft policy was submitted in June 2011, it had not been notified (November 2017). Audit observed that sports related activities and creation of sports infrastructure in all these years were bereft of a medium or long term plan. Further given the youthful demographic profile³, it was essential to frame both the State Sports Policy and the State Youth Policy. However, neither was in place.

Audit findings on the action taken on the recommendation

The implementation of this recommendation was still in process. The Sports Policy was sent (April 2017) to the State Government for approval and was under examination by a Working Group. There was no long-term target oriented plan. During the Exit Conference, the Joint Secretary and Director, SYAD informed that the State Government had directed (October 2017) the Youth Policy to be examined by a Working Group.

³ Census 2001: 41 per cent of the population of the State (23.19 lakh) were in age bracket of 13 to 25 years (9.48 lakh).
Census 2011: 21 per cent of the population of the State (29.67 lakh) were in age bracket of 15 to 24 years (6.11 lakh).

- (ii) ***Recommendation No. 2: Diversion of funds meant for Development of sports activities should be avoided and the funds should be utilised for the purpose for which these were sanctioned to achieve the desired objective (Paragraph 1.2.8).***

This recommendation was made for the findings where funds meant for procurement of sports equipment were utilised by the Director, SYAD for purchase of digital cameras, etc. Audit had also observed that cheques issued to clubs/associations, etc. were neither supported by Actual Payees Receipts nor encashed as per bank statements.

Audit findings on the action taken on the recommendation

Audit noticed that SSCM had diverted funds for payment of salaries. This has been discussed in paragraph 1.2.13.3.

- (iii) ***Recommendation No. 3 (first): A comprehensive plan for creation of sports infrastructure has to be drawn up for each district and necessary infrastructure has to be created after assessing the extent of utilisation of existing infrastructure (Paragraph 1.2.9).***

This recommendation was made after pointing out the various deficiencies such as delays, non-commencement of works, etc. in the creation of sports infrastructure.

Audit findings on the action taken on the recommendation

This recommendation had not been implemented as even now no comprehensive district-wise plan had been drawn up. As a result, infrastructure were being created without ascertaining the requirement and assessing the extent of utilisation of the existing infrastructure. Audit noticed cases of sports infrastructure being created but not utilised and minimal maintenance of sports infrastructure. The details of these findings have been discussed in paragraphs 1.2.10.4 and 1.2.12.

The findings showed that it is imperative for the Department to put in place plans for creation, optimal utilisation and maintenance of the infrastructure.

The Department replied (July and October 2017) that the Sports Policy, which was awaiting Government's approval, would address and ensure that sports infrastructure created are utilised to their full extent.

- (iv) ***Recommendation No. 3 (second): Projects should be approved only after finalising the site required for construction (Paragraph 1.2.9).***

&

Recommendation No. 3 (third): The ongoing projects should be completed in a time bound manner to avoid cost escalation (Paragraph 1.2.9).

Audit findings on the action taken on the recommendation

These recommendations have not been entirely implemented as delay in completion of projects persisted.

Further examination of records (July 2017) regarding non-completion of projects mentioned in Audit Report 2011-12 revealed that:

- Out of 23 delayed projects⁴ pointed out under paragraph 1.2.9.1, two projects⁵ had still not been completed (July 2017);
- Out of five projects sanctioned under ‘Special Plan Assistance’ of GoI mentioned under paragraph 1.2.9.2, the project for ‘construction of an outdoor stadium at Nagrasket’, West Garo Hills had not been completed (July 2017).
- The 13 projects mentioned in paragraph 1.2.9.3 had not started till July 2017.

SSCM stated (July and October 2017) that availability of land along with fund constraint was the reason for delay in completion of projects. The reply was not tenable as SSCM had a huge fund balance and had invested grants meant for construction of sports infrastructure in mutual funds and fixed deposits. This is detailed in paragraph 1.2.13.1. Also, the Department should have approved projects only after prior identification and acquisition of land.

(v) *Recommendation No. 4: Requisite number of coaches should be provided in all disciplines to give effective coaching. The knowledge of coaches should be enhanced through scientific and updated training (Paragraph 1.2.10).*

The recommendation was arrived at after Audit had examined whether the existing coaching arrangement was efficient and effective. It was observed that the deployment of coaches at the Directorate of SYAD, an administrative office rather than in the districts, was not prudent. Further, the coaches and Physical Training Instructors (PTIs) were not given opportunity to enhance their skill through training programmes at the designated institutions.

Audit findings on the action taken on the recommendation

This recommendation had not been implemented. In Meghalaya, infrastructure had been created for 12 sports⁶, with the maximum number of infrastructure being for football. No district however, had coaches for all those disciplines for which the sports infrastructures were created till the date of audit (July 2017). This is detailed in paragraph 1.2.14.3.

The above findings indicated that the issues pointed out by Audit in its recommendation had still not been addressed.

The Department replied (October 2017) that the creation and filling up of the post of coaches and PTIs would be taken up in a phase-wise manner.

⁴ 16 projects scheduled to be completed within March 2012 and seven projects sanctioned prior to 2007-08 scheduled for completion between May 2002 and November 2007.

⁵ Construction of (i) basketball court at Sohka Mission, West Jaintia Hills and (ii) playground at Sohlap, Shella, East Khasi Hills.

⁶ Football, Badminton, Basketball, Table Tennis, Athletics, Boxing, Archery, Cricket, Swimming, Taekwondo, Judo and Lawn Tennis.

1.2.8 Current status of significant audit findings of Audit Report 2011-12

In addition to the above recommendations, there were also certain significant audit findings in the Audit Report 2011-12. Their current status of those findings are as under:

1.2.8.1 Non-commencement of sports infrastructure and parking of funds meant for construction (Paragraph 1.2.9.3).

The SSCM had received (March, 2007) ₹2.52 crore for creation of 13 sports infrastructure. The funds were however, not utilised and kept in fixed deposits. The reasons given were cost escalation and adoption of Schedule of Rates (SOR) of Central Public Works Department which were lower than the SOR of the State.

Current status

The current status was that the creation of 13 sports infrastructure had not commenced. Funds had been continued to be kept in fixed deposits for the past 10 years (valuing ₹ 6.55 crore as of March 2017). Thus, the objective of creation of these infrastructure was defeated and there was blockage of funds for more than 10 years.

During the Exit Conference (15 November 2017), the Joint Secretary and Director, SYAD stated that the matter would be taken up with the GoI for further course of action.

1.2.8.2 Maintenance of sports facilities (Paragraph 1.2.9.6).

Existing infrastructure was not being maintained. Audit observed that there was no policy for maintaining the sports infrastructure. Audit test checked 39 sports facilities and 13 were found to be in a dilapidated condition.

Current status

The Department informed that out of the 13 sports facilities only 2⁷ had been repaired. Audit conducted joint physical verification of four⁸ of the 13 sports infrastructure and found that all were in a dilapidated condition. The following are the photographs in respect of two of these dilapidated sports infrastructure:

⁷ Indoor sports halls at Kynshi and Mairang (West Khasi Hills district).

⁸ East Khasi Hills: Indoor Sports Hall, Sohryngkham and Basketball court at Mawryngkneng; West Jaintia Hills: Indoor Sports Hall, Amlarem; and, Ri Bhoi: Basketball court at Indoor Sports Hall, Nongpoh.

(i) Indoor Sports Hall, Sohryngkham, East Khasi Hills district



Photograph- 1.2.1.1

Previous audit had pointed out that the electric fittings were broken and the hall was used for storage of timber rather than sporting events.



Photograph - 1.2.1.2

The current status showed pieces of roof were missing resulting in water logging on the floor. The Sports Hall was not used for sporting events.

(ii) Indoor Sports Hall, Amlarem, West Jaintia Hills district



Photograph - 1.2.2.1

Previous audit had pointed out that main door was broken, animals moved inside the hall freely as dung were found on the floor.



Photograph - 1.2.2.2

The current status showed that there was water logging on the floor falling from the top due to the broken roof; chairs and the badminton poles were broken. The sports hall was not in use.

This indicated that sports infrastructure were created without assessing its actual demand and the constructed facilities were not being maintained.

During the Exit Conference (15 November 2017), the Joint Secretary and Director, SYAD stated that the maintenance of infrastructure would be addressed once the Sports Policy is in place.

Objective 1: Whether creation and maintenance of sports infrastructure in Meghalaya was efficient and effective

1.2.9 Overview of sports infrastructure in the State

As on 01 April 2012, there were 233 sports infrastructure available in the State. During the period 2012-17, 177 sports infrastructure were taken up for construction of which 152 had been completed. The status of sports infrastructure as on March 2017 is as under:

Table 1.2.2: Details of sports infrastructure in the State upto March 2017

Sl. No.	Sports infrastructure	As on 01.04.2012	Projects taken up during 2012-17			As on 31.03.2017
			Total	Completed	Incomplete	
1.	Football playground	103	82	73	9	176
2.	Basketball courts	66	57	55	2	121
3.	Indoor sports hall	47	12	6	6	53
4.	Outdoor stadium	5	4	1	3	6
5.	Others ⁹	12	19	17	2	29
6.	Gallery, etc. Eastern End	-	1	-	1	-
7.	Accommodation for sports persons	-	1	-	1	-
8.	Improvement of JNS Complex	-	1	-	1	-
	Total	233	177	152	25	385

Source: Information furnished by SSCM

From the above it can be seen that football, basketball and indoor sports hall constituted a bulk (91 per cent) of the sports infrastructure in the State.

1.2.10 Planning, creation, utilisation and maintenance of sports infrastructure

The National Sports Policy, 2001 envisaged availability of adequate sports facilities throughout the country as a basic requirement for developing and broad basing of sports. The policy also envisaged that in addition to the Government, sustained involvement of other agencies¹⁰ should be enlisted in creation, utilisation and proper maintenance of the sports infrastructure.

Audit examination of records revealed that SYAD and SSCM did not have any plan (long-term or annual plan) for creation of sports infrastructure in the State with the objective of broad basing of sports or to achieve laurels. The Director, SYAD had not laid any road map for sports disciplines (individual or team) other than football for which it needed to focus on creating infrastructure. The Director, SYAD created sports infrastructure based on applications received from Educational Institutions, *Durbar Shnongs*¹¹, Sports Associations, etc. and on the availability of funds.

⁹ Includes 19 other sports infrastructure such as futsal grounds, artificial football turfs, swimming pools, squash courts, youth centres etc.

¹⁰ Such as educational institutes, local bodies, sports federations/associations and clubs.

¹¹ Village Councils.

1.2.10.1 Distribution of sports infrastructure in the districts

Availability of adequate sports facilities throughout the State was a basic requirement for developing and broad-basing of Sports. The distribution of sports infrastructure as on 31 March 2017 in all the 11 districts of the State was as under:

Table 1.2.3: Detailed position of sports infrastructure in all Districts as on 31 March 2017

Sl. No.	Name of the infrastructure	DISTRICT-WISE POSITION ¹²											Total
		EKH	WKH	SWKH	RB	EJH	WJH	WGH	SWG	EGH	NGH	SGH	
1	Outdoor stadium	2	1	-	-	-	1	1	-	1	-	-	6
2	Mini stadium	-	-	-	-	-	-	1	-	-	-	-	1
3	Football Playground	48	3	7	21	4	13	22	37	5	9	7	176
4	Indoor sports hall	24	3	4	2	1	5	5	3	1	2	3	53
5	Multipurpose community hall	1	-	-	-	-	-	-	-	-	-	-	1
6	Sports complex (Basketball, etc.)	1	-	-	-	-	-	-	-	-	-	-	1
7	Basketball courts	50	7	2	12	1	9	7	29	-	2	2	121
8	Swimming pools	1	-	1	-	-	-	1	-	-	-	-	3
9	Squash courts	1	-	-	-	-	-	1	-	-	-	-	2
10	Youth Centres	2	-	-	-	-	-	-	-	-	-	-	2
11	Outdoor badminton courts	1	-	-	-	-	-	-	-	-	-	-	1
12	Cricket ground	1	-	-	-	-	-	-	-	-	-	-	1
13	Open air stage/ cafeteria at swimming pool	1	-	-	-	-	-	-	-	-	-	-	1
14	Multi training hall	1	-	-	-	-	-	-	-	-	-	-	1
15	Gymnasium	1	-	-	-	-	-	-	-	-	-	-	1
16	Sepak Takraw courts	1	-	-	-	-	-	-	-	-	-	-	1
17	Lawn Tennis complex	1	-	-	-	-	-	-	-	-	-	-	1
18	Futsal Ground	2	-	-	-	1	-	-	-	-	1	-	4
19	Artificial Football Turf	2	-	1	-	-	1	-	-	-	-	-	4
20	Synthetic Track	1	-	-	-	-	-	-	-	-	-	-	1
21	Open Air stage	1	-	-	-	-	-	-	-	-	-	-	1
22	Sports cafeteria	1	-	-	-	-	-	-	-	-	-	-	1
23	Flood-light	1	-	-	-	-	-	-	-	-	-	-	1
	Total	145	14	15	35	7	29	38	69	7	14	12	385
	Percentage	38	3	4	9	2	8	10	18	2	3	3	100

Source: Information furnished by SSCM

It can be seen from the table above that many sports infrastructure were not available in all the districts of the State.

¹² EKH=East Khasi Hills, WKH=West Khasi Hills, SWKH=South West Khasi Hills, RB=Ri Bhoi, EJH=East Jaintia Hills, WJH=West Jaintia Hills, WGH=West Garo Hills, SWGH=South West Garo Hills, EGH=East Garo Hills, NGH=North Garo Hills and SGH=South Garo Hills.

1.2.10.2 Creation of sports infrastructure in the selected districts

During 2012-17, SSCM executed 84 sports infrastructure (20 new projects, 64 ongoing projects) in the three districts¹³ covered under this PA.

It was seen that after approval of the project by the SYAD, funds were released to SSCM through Director, SYAD for implementation. Audit test checked the records of 84 projects sanctioned at an estimated cost of ₹ 62.82 crore during 2012-13 to 2016-17 (**Appendix – 1.2.1**) and the deficiencies noticed are as under:

(i) Delay in completion of projects

- Out of the 84 test checked projects, 60 projects were completed with delays. The delays ranged between 1-12 months in 18 projects while in 42 projects, the delays ranged between more than one year to 16 years 8 months.
- Nine projects were completed before the scheduled date of completion.
- Fourteen projects which were scheduled to be completed between February 2005 and December 2016 were still under progress (July 2017).
- One project scheduled to be completed by February 2016, had not yet started in spite of issue of work order during February 2014.

The SSCM attributed (July 2017) various reasons for the delay including fund constraints and natural calamity. The reply in respect of fund constraint was however, not tenable as SSCM always had enough idle funds invested in mutual funds and fixed deposits. At the end of March 2017, SSCM had ₹ 35.19 crore invested in mutual funds and fixed deposit (as detailed in paragraph 1.2.13.1).

(ii) Handing over of infrastructure created on community land

Out of the 69¹⁴ completed projects, 59 sports infrastructure, such as basketball courts, indoor sports halls, football playgrounds, artificial turf, *etc.* were constructed on community land based on application received from Educational Institutions, *Durbar Shnongs*, Sports Associations, *etc.*

Joint physical verification of 30 sports infrastructure was conducted out of which 29 were built on community land. In respect of seven infrastructures (out of 29 built on community land), joint physical verification showed they were in dilapidated condition due to absence of maintenance.

Out of the 59 sports infrastructure only three were handed over to the applicant organisations¹⁵ that too without any standard agreement spelling out terms of use, maintenance of the sports infrastructure, fees to be charged from the users, periodic inspection by the Department *etc.* The balance 56 sports infrastructure were not even formally handed over to the applicant organisations. As such, those infrastructure were being put to use without any planning for its maintenance.

¹³ During 2012-17, 177 sports infrastructure were taken up for construction.

¹⁴ 60 projects completed with delays and 9 projects completed on time.

¹⁵ (i) Social Cultural Sports Club, Mawngap, (ii) Dr H. Gordon Roberts Hospital, Shillong and (iii) Byrnihat Sports Association, Ri Bhoi.

In view of the above, SSCM should devise and obtain an undertaking from the applicant organisations before commencement of sports infrastructure on community land that the *Durbar Shnong* agrees to promptly (a) take over the infrastructure after it is completed and thereafter (b) be responsible for its maintenance/upkeep, minor repairs *etc.* and (c) ensure that it is used for the purpose for which it was built.

On its part, the Department/SSCM should initiate and institutionalise a system of sensitising the general public/*Durbar Shnong* at regular intervals through public outreach campaigns of their shared obligation to maintain the sports infrastructure built out of public funds for the benefit of their local communities.

1.2.10.3 Case study of Jawaharlal Nehru Sports Complex, Shillong

The Jawaharlal Nehru Sports Complex (JNSC) at Shillong, East Khasi Hills district (EKHD) is the largest sports complex in Meghalaya. It is spread over 23 acres of land and has facilities for several sporting events such as football, athletics, lawn tennis, basketball, badminton, table tennis *etc.* The sports facilities are open to public/sports persons on payment of entry fee to SSCM.

The sporting facilities were also utilised for imparting coaching in football, athletics, badminton and table tennis. JNSC regularly hosted several prestigious events such as I-League (Indian Football League), Chief Minister's Under-17 Football Championship and during February 2016 it was the venue for the 12th South Asian Games (table tennis, judo and women's football championships). The audit findings on the sporting facilities available at JNSC are given in the succeeding paragraphs.

- (i) During 2012-17, five projects were sanctioned at an estimated cost of ₹ 13.65 crore as under:

Table 1.2.4: Details of projects sanctioned at JNSC

Sl. No.	Project	Sanctioned cost (₹ in crore)	Due date of completion	Date of completion	Status
1	Floodlight	4.99	02/2014	03/2015	Functional
2	Futsal playground	0.50	02/2015	12/2015	Functional
3	Gallery, <i>etc.</i> , at Eastern End	4.35	07/2015	In progress	
4	Accommodation for sports persons, <i>etc.</i>	1.69	02/2016	In progress	
5	Improvement of complex	2.12	02/2016	In progress	
	Total	13.65			

It can be seen from the table above that as on July 2017, two projects were completed with delays and the remaining three projects were in progress even though between 17 and 24 months of the due date of completion had lapsed.

- (ii) Audit also conducted a JPV of JNSC and the findings are as under:
- Audit noticed that five rooms below the sitting gallery were being used by five sports associations¹⁶. SSCM stated that these rooms were being utilised by these five sports associations since May 2007. Though SSCM in its meeting

¹⁶ Meghalaya Football Association, Meghalaya Archery Association, Meghalaya Athletic Association, Meghalaya Basketball Association and Meghalaya Cricket Association.

(July 2014) had fixed varying rates of rent for rooms to be used by Sports Associations, it had taken no action to enter into an agreement with the Sports Associations and charge rent accordingly.

- A sports cafeteria constructed in December 2016 at a cost of ₹ 1.30 crore was lying unutilised.
- The Lawn Tennis courts constructed (June 2012) at a cost of ₹ 95.80 lakh was not suitable for playing as there was water logging in different areas of the courts.
- Three of the six rooms of the Multi-training hall constructed (June 2010) at a cost of ₹ 66.14 lakh were lying unutilised.
- Gymnastic equipment purchased (January 2011) at a cost of ₹ 16.14 lakh were not installed but stored at the Gymnasium-cum-indoor sports hall.

1.2.10.4 Maintenance of sports infrastructure

During the meeting of the SSCM held on 12 September 2005¹⁷, it was decided that 'Director, SYAD should formulate a clear cut policy for maintenance of buildings constructed by SSCM. The Department may therefore, explore the possibility of forming of Apex body at each and every district who would be responsible for the maintenance and up keep of the buildings'.

Table 1.2.5: Expenditure on repair and maintenance (₹ in crore)

Year	Plan expenditure of the Department	Repair & maintenance	Percentage of expenditure on maintenance
2012-13	66.62	0.60	0.90
2013-14	34.40	0.51	1.48
2014-15	31.42	0.40	1.27
2015-16	70.74	0.66	0.93
2016-17	22.05	0.04	0.18
Total	225.23	2.21	0.98

Source: Finance Accounts and information furnished by Director, SYAD

Audit observed that even after a lapse of more than 11 years SYAD had not come out with any such policy. As pointed out in paragraphs 1.2.8.2, 1.2.10.2(ii) and 1.2.12 the existing sports infrastructure was not being maintained properly.

During 2012-17, the Department spent only 0.18 to 1.48 per cent of its plan expenditure on repairs and maintenance of the sports infrastructure, thus indicating a low priority accorded by the Department towards maintenance (Table 1.2.5).

SYAD sanctioned an amount of ₹ 2.21 crore during the year 2012-13 to 2016-17 for running and maintenance of sports infrastructure. Out of this, only ₹ 1.28 crore was utilised for repair of indoor sports hall/stadia and replacement of old corrugated galvanised iron (CGI) sheet with dyna roofing of indoor sports halls, etc. The remaining amount of ₹ 0.93 crore was utilised for construction of stone masonry work for retaining wall, sitting gallery, additional rooms for offices and stores, construction of latrines, sign board, staircase and office floor of Director, SYAD.

1.2.11 Monitoring and evaluation

Regular monitoring and evaluation is an effective tool for efficient implementation of schemes undertaken to promote the growth and development of sports and games in

¹⁷ The meeting was chaired by the Chief Minister of Meghalaya and President of SSCM.

the State. Monitoring has to be a continuous process and both programme implementation and outcome indicators are required to be evaluated on a regular basis.

- As per clause-10(a) of the Articles of Association of the SSCM, ‘the Council shall meet at least four times a year to take up matters concerning the progress and activities of various schemes/projects entrusted with the Council’. But contrary to this, it was noticed that during 2012-17, the Council met only twice (08 August 2014 and 28 February 2017).
- Scrutiny of records of the districts covered in the PA revealed that during 2012-17, even though District Sports Officers (DSOs) were posted in the districts who could have been a means for monitoring, the Department did not utilise their services for regular monitoring of the progress of the projects or in order to ensure maintenance of sports infrastructure.

The Director, SYAD stated (October 2017) that constitution of the revised Monitoring Committee on infrastructure, *etc.* had been sent to Government for approval.

1.2.12 Joint physical verification of sports infrastructure

In order to assess the present position of the sports infrastructure created by SSCM, a JPV was conducted by Audit and officers of the SSCM of 30 completed projects (**Appendix-1.2.2**) in the three districts covered in the PA in August 2017. Audit observed deficiencies in three out of 30 projects as under:

- As per record, a sitting gallery, basketball court, tennis ball cricket pitch, boundary fencing, gates, parking yard, retaining wall, *etc.* at Rilbong Sports Complex, Shillong was constructed (October 2012) at an estimated cost of ₹ 0.42 crore. During JPV, the basketball court and a tennis ball cricket pitch estimated to cost ₹ 4.71 lakh were not found to be constructed.

The Director, SYAD stated (October 2017) that a mobile basketball stand had been installed in the Rilbong Sports Complex and was utilised as and when necessary. The reply was however, silent regarding the absence of the tennis ball cricket pitch.

- The Indoor sports hall at Mawngap¹⁸, East Khasi Hills district constructed (December 2016) at an estimated cost of ₹ 1.17 crore was handed over to the Social Cultural Sports Club without any agreement for its utilisation and maintenance.



Photograph - 1.2.3

Indoor sports hall at Mawngap handed over to the Social Cultural Sports Club without any agreement for its utilisation and maintenance.

¹⁸ The Indoor sports hall was handed over to Social Cultural Sports Club, Mawngap on 17 December 2016.

- The football playgrounds at Marmain, Ri Bhoi district constructed (May 2016) at a cost of ₹ 9.80 lakh was found unusable as it was water logged and there were mud slides on three sides of the ground.

Objective 2: Whether the funds allocated were being utilised in an economic and efficient manner

1.2.13 Financial Management

The Director, SYAD released funds to SSCM for construction of sports infrastructure. Details of funds released to SSCM including expenditure incurred towards creation of sports infrastructure during 2012-17 were as under:

Table 1.2.6: Details of funds received and expenditure incurred during 2012-17
(₹ in crore)

Year	Funds received		Expenditure		Balance as on 31/03/2017 (percentage)	
	Ongoing schemes	New schemes	Ongoing schemes	New schemes	Ongoing schemes	New schemes
2012-13	14.83	30.54	13.98	28.47	0.85	2.07
2013-14	3.34	11.85	3.27	9.15	0.07	2.70
2014-15	1.33	7.18	1.33	6.95	-	0.23
2015-16	13.58	22.96	9.09	-	4.49	22.96
2016-17	-	1.60	-	-	-	1.60
Total	33.08	74.13	27.67	44.57	5.41 (16)	29.56 (40)

Source: Information furnished by SSCM

From the above it can be seen that the SSCM could utilise 84 *per cent* of funds received under ‘ongoing schemes’. It could however, utilise only 60 *per cent* of funds received under ‘new schemes’ for construction of sports infrastructure.

The failure to utilise the funds for ‘new schemes’ was despite funds amounting to ₹ 39.61 crore for sports infrastructure still not being fully released to SSCM by SYAD/ Directorate of SYAD (**Appendix-1.2.3**).

Other deficiencies noticed in financial management of the schemes are discussed in the succeeding paragraphs.

1.2.13.1 Irregular investment of funds

Clause 18(a) of the Article of Association of SSCM stipulated that the funds raised through subscriptions, donations, grant or otherwise should be kept in deposit in banks authorised by the Council.

Scrutiny of records revealed that during 2012-17, SSCM received ₹ 122.45 crore as grants to meet its administrative expenses and for construction of sports infrastructure. Contrary to Clause 18(a), SSCM irregularly invested ₹ 62.22 crore in mutual funds during 2015-17. Investment in mutual funds are prone to risk and hence should not have been resorted to. Further, instead of utilising the funds in expeditiously creating infrastructure, the SSCM also invested ₹ 126.07 crore in fixed deposit during 2012-17. As on March 2017, it had an investment of ₹ 28.64 crore in mutual funds and ₹ 6.55 crore in fixed deposits.

The Director, SYAD stated (October 2017) that the SSCM deposited funds for which payment was not immediately required and moreover due to less release of grants-in-aid to the SSCM, interest earned from deposits helped in covering the deficit amount required for running the SSCM. Investing in mutual funds violated Clause 18(a) of the Article of Association of SSCM which stipulates that funds should be kept in banks authorised by the Council. Besides, the funds meant for creation of sports infrastructure were to be expeditiously incurred for the purpose for which it was sanctioned.

1.2.13.2 Interest earned out of Government grants

Clause 18(c) of the Article of Association of SSCM stipulated that at the end of financial year, it shall send the Statement of Accounts to the State Government.

As pointed out in paragraph 1.2.13.1 above, SSCM was utilising the Government grants received, to invest in mutual funds and fixed deposits. From those investments, SSCM earned ₹ 7.61 crore as interest/income¹⁹ from savings bank account (₹ 0.56 crore), fixed deposits (₹ 5.21 crore) and mutual fund investments (₹ 1.84 crore).

Despite such a requirement for sending the Statement of Accounts to the Government at the end of financial year, no records were available to indicate that the same was done. As a result, the information on interest/income of ₹ 7.61 crore earned by SSCM was not disclosed to Government.

1.2.13.3 Diversion of funds for payment of staff salary without Government approval

Out of the total grant of ₹ 122.45 crore received by SSCM during 2012-17 from Director, SYAD, an amount of ₹ 11.44 crore was for meeting its expenditure on salary and allowances. The Council further earned ₹ 1.23 crore from other sources²⁰.

Scrutiny revealed that during 2012-17, SSCM incurred an expenditure of ₹ 14.85 crore for payment of salaries and allowances of staff (**Appendix-1.2.4**). Thus, SSCM incurred an expenditure of ₹ 2.18 crore²¹ in excess of the grants received from Director, SYAD and its own income. The excess expenditure of ₹ 2.18 crore for payment of salary and allowances was met by irregularly diverting the grants received for construction of sports infrastructure/interest earned out of the grants. No records were also available to indicate that SSCM had obtained Government's approval for such diversion.

¹⁹ Interest from savings bank account (₹ 0.56 crore) and fixed deposits (₹ 5.21 crore). Income from mutual fund investments (₹ 1.84 crore).

²⁰ Particulars	Amount earned during 2012-17 (₹ in lakh)
Hiring charges, Rent, Car pass	109.00
Sale of tender paper/IPO/Misc, etc	14.32
Total	123.32

²¹ (₹ 14.85 crore minus ₹ 11.44 crore minus ₹ 1.23 crore)

In reply to paragraphs 1.2.13.2 and 1.2.13.3, the Director, SYAD stated (October 2017) that the Council depended upon the Government for expenditure to run the SSCM besides meeting the expenditure for urgent minor repairs. As funds required exceeded grant-in-aid received, the Council had no other alternative but to find ways and means for the same. The reply however, did not address the issue whether approval from the Government had been taken.

Objective 3: Whether the sports infrastructure in the State increased participation and achieved laurels for the State in various sporting events

1.2.14 Impact assessment

Under this objective, Audit tried to ascertain whether the efforts of the State Government for creating and maintaining sports infrastructure had an impact on the State's sports persons achieving laurels and was also instrumental in increasing participation.

1.2.14.1 Impact on State's sports persons achieving laurels

The State under the aegis of Director, SYAD participated in all the three North East Games (NEGs)²² and one National Games 2015 which were held during the period 2012-17. The details of State's participation and achievement in the Games are as under:

Table 1.2.7: Details of State's participation the North East and National Games

Sl. No.	Games	Number of Sports Disciplines in which Meghalaya participated	No of sport persons participated	Number of Sports Disciplines in which Meghalaya won medals
1	North East Games, 2013	9 sports disciplines	150	42 medals (Gold: 4; Silver: 9 and Bronze: 29)
2	North East Games, 2014	9 sports disciplines	130	40 medals (Gold: 3; Silver: 7 and Bronze: 30)
3	North East Games, 2016	6 sporting events	93	28 medals (Gold: 1; Silver: 2 and Bronze: 25).
4	35 th National Games, 2015	4 sporting events out of 33 events	18	3 medals (1 Gold & 1 Silver in Wushu and 1 Bronze in Judo).

Source: Records of the Director, SYAD

It can be seen from above that there was decreasing trend of the number of sports persons from the State participating in the NEGs. It was also observed that there was a corresponding decrease in the number of medals won by the sports persons. The Directorate did not furnish the ranking of the State in medals tally achieved by the State in those NEGs. In the lone National Games, 2015, the State had a medal ranking of 30th out of 32 participating States, Union Territories and Services Sports Control Board (a combined team of the Indian Armed Forces). This indicated that the State lacked far behind the others in producing medal winners.

During the Exit Conference (15 November 2017), the Joint Secretary and Director, SYAD stated that the State had co-hosted the 12th South Asian Games during 2016

²² 2013 and 2016 (Imphal, Manipur) and 2014 (Itanagar, Arunachal Pradesh).

which resulted in less participation of sports persons in the North East Games. She also stated that the State had participated in various National level, mini, cadet, sub-junior and junior level championships every year through the sports associations and assured to provide the detailed information about the participation. The information was however, awaited (December 2017).

1.2.14.2 Impact on increasing participation in general

The Department had over the years been adding sports infrastructure across the State. During the period 2012-17, 177 sports infrastructure were taken up for construction of which 152 had been completed. Most infrastructure projects were however, constructed on community land without any agreements and absence of clear cut policy on maintenance with local communities and associations with whom the sports infrastructure was associated. Out of the 13 infrastructure which was pointed out by Audit to be in dilapidated condition in paragraph 1.2.9.6 of the Audit Report 2011-12, only two had been repaired within the last five years, indicating the low priority accorded towards maintenance by the Department. Further, the JPV of seven out of 30 projects covered in the current PA revealed that the infrastructure was not being used for the purpose for which it was constructed or were in dilapidated condition.

Thus, due to poor maintenance/non-utilisation of the asset, not only was the infrastructure created falling into disuse, but the primary function of the Department to increase participation was affected to that extent.

1.2.14.3 Availability of coaching facilities

Regular and effective coaching plays a very important role in the scientific and overall development of sports persons. Scrutiny regarding availability of coaching facilities and deployment of coaches revealed the following shortcomings:

- During May 2009, the Director, SYAD issued order regarding setting up of the district training centers with the objective of imparting training and coaching on a regular basis to all sports persons under the control of the DSO as per the guidelines laid down. Audit noticed that despite the order, this was not implemented.
- In nine districts²³, 13 post of coaches in various disciplines such as athletics, boxing, football, archery, taekwondo, badminton and judo were sanctioned between May 2005 and March 2015. These posts had not been filled.
- West Khasi Hills and East Garo Hills districts did not have a single coach while all the other districts of the State had shortage of coaches. In addition, West Jaintia Hills and West Garo Hills did not have any football coach inspite of Meghalaya being regarded as a football loving State which had 176 football playgrounds out of 385 sports infrastructure. Despite the shortages in the districts, nine coaches were posted in the Directorate (**Appendix-1.2.5**).

²³ East Jaintia Hills, East Khasi Hills, West Khasi Hills, South West Khasi Hills, Ri Bhoi, North Garo Hills, East Garo Hills, West Garo Hills and South West Garo Hills.

In reply to the above observations, the Director, SYAD stated (July 2017) that these issues would be taken care of once the Sports Policy was in place.

1.2.14.4 Nurturing of talent

To create excellence in sports and games, it is important not only to create good infrastructure for all sports but is equally important to scout and nurture talent from an early age. In order to harness the available talent, the State needs to put in place a robust system to spot and groom individuals having potential in a given sport so as to develop national/world champions in future. To encourage talented individuals to participate in sports and games, they should not only be provided with scientific training but also get assistance in their studies and scholarships.

In the three districts covered in audit, it was seen that other than for football and athletics there was no system in place to spot and nurture talent. Even for these two disciplines, the talented players were only given training for participating in District/State level tournament. No financial support/scholarship was provided to encourage these young sports persons to continue with their education along with their sporting interest.

For the other sports disciplines, the Department only had a system of organising camps through coaches (regular and contractual) in various disciplines throughout the district. There was no formalised system in place to ensure submission of assessment reports by coaches and scrutiny of the reports by SYAD/Director, SYAD.

During the Exit Conference (15 November 2017) the Joint Secretary and Director, SYAD while accepting that Government had no role in scouting talent stated that different sports associations took care of the talent search programme and were involved in nurturing, training and spotting talent despite their fund constraints.

1.2.15 Conclusion

The follow up audit of the previous PA showed that none of the recommendations had been fully implemented by the State Government. The State did not have a Sports Policy. The Department had not drawn up comprehensive district wise plans for creation of sports infrastructure. Projects were completed after inordinate delay or were incomplete. The sanctioned post of coaches were still not filled and there were shortages of coaches in all the districts of the State. The maintenance of sports infrastructure was not given priority and sports infrastructure were either not utilised or were in dilapidated condition.

In addition to the above, Audit had also pointed out that sports infrastructure was inadequate in many districts. Sports infrastructure were handed over to local community/sports association without any formal agreement spelling out terms of use, maintenance, inspection by the Department, *etc.* There were deficiencies in utilisation and maintenance of JNSC even though it was a major sports infrastructure for Meghalaya. Monitoring both by SSCM and the Director, SYAD was not satisfactory. Funds meant for creation of sports infrastructure were irregularly invested in mutual

funds or were blocked up in fixed deposits. The district training centres were not set up. The deficiencies pointed out above were important pointers responsible for the decreasing trend in the number of sports persons from the State participating in the NEGs and the resultant reduction in the number of medals won by them.

1.2.16 Recommendations

On the basis of the shortcomings and deficiencies observed during audit, the following recommendations are made for development of sports activities in Meghalaya.

- *Government should finalise the Sports Policy at the earliest and put in place a target oriented long-term plan.*
- *A comprehensive plan for creation of sports infrastructure has to be drawn up for each district after assessing the extent of utilisation of existing infrastructure.*
- *The ongoing projects should be completed in a time bound manner to avoid cost escalation and to make the necessary infrastructure available to the sports persons.*
- *Priority should also be accorded for maintenance of Sports infrastructure. Its utilisation and maintenance should be ensured by obtaining an undertaking from the Educational Institutions, Durbar Shnongs, Sports Associations, etc. before commencement of works on community land. Public outreach campaigns to educate the general public should also be carried out at regular intervals.*
- *Adequate requirement of coaches should be assessed and number of coaches should be provided in all districts to impart effective coaching. Sanctioned post of coaches should be promptly filled up. A system of scouting talent at an early age should also be put in place for all sports disciplines.*

URBAN AFFAIRS DEPARTMENT

1.3 Urban Development in Meghalaya

According to the 2011 Census, the urban population in Meghalaya covering 44 urban centres had grown from 1,47,150 in 1971 to 3,30,047 in 1991 and 5,95,450 persons in 2011. This was about 20 per cent of the total population with the Shillong Urban Agglomeration being the largest urban centre with a population of 3,54,759. The process of urbanisation had created a gap between the demand and supply of urban services and infrastructure. The Urban Affairs Department (UAD), Government of Meghalaya is responsible for providing quality urban services and infrastructure. Its main function is to provide basic civic amenities such as housing facilities, drainage system, road transport, market complex, bus terminus, solid waste management and drinking water facilities to urban population. These activities are executed through organisations under the UAD namely Meghalaya Urban Development Authority, Meghalaya Urban Development Agency, Municipal Boards, State Investment Project Management and Implementation Unit and New Shillong Township Development Agency.

The major observations noticed during the Performance audit of Urban Development in Meghalaya are given below:

Highlights

Urban Affairs Department had not prepared Master Plans for eight out of 11 towns. The Master Plans of Shillong, Tura and Jowai have become outdated. Annual Plans were also not prepared.

(Paragraph 1.3.7.1)

Out of 1560 dwelling units sanctioned by the Government of India under ‘Basic Services to Urban Poor’ and ‘Integrated Housing and Slum Development Programme’, the sub-missions under JNNURM, 872 units were completed and only 352 units had been allotted to the beneficiaries. Families of 1208 beneficiaries were deprived of the housing facilities. Implementation of Integrated Slum Development Programme (ISDP) was adversely affected as 120 dwelling units could not be constructed due to non-availability of land.

(Paragraphs 1.3.8.1 and 1.3.8.1 (iv))

Greater Shillong Water Supply Project Phase-III sanctioned in October 2008 was far from completion (May 2017) even after incurring an expenditure of ₹ 132.65 crore. Construction of shopping complex for migratory rural vendors-cum-parking infrastructure at Nazing Bazar, Tura was abandoned from July 2016 which resulted in unfruitful expenditure of ₹ 9.11 crore

(Paragraphs 1.3.8.3 and 1.3.8.4)

GoI did not release ₹ 12.37 crore due to non-compliance with scheme guidelines and failure to complete the projects within the stipulated time.

(Paragraph 1.3.10.2)

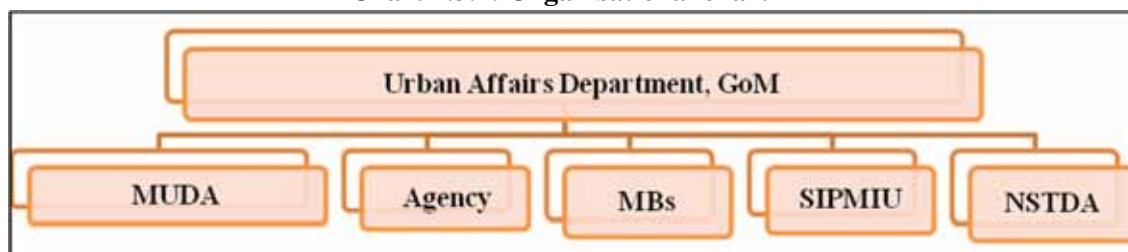
1.3.1 Introduction

In Meghalaya, Urban Affairs Department (UAD) is responsible for ensuring proper planning and management of the urban areas with the emphasis on providing necessary infrastructure and civic amenities including provision of healthy living conditions in all urban centres of the State. In order to achieve this, UAD implemented various schemes for providing drinking water, improvement of slum areas, poverty alleviation programme, construction of drains, sanitation, shopping complex, transport system, parking lots in urban areas, regulation of building construction, *etc.*

1.3.2 Organisational set up

There are five organisations namely Meghalaya Urban Development Authority (MUDA), Meghalaya Urban Development Agency (Agency), Municipal Boards²⁴ (MBs), State Investment Project Management and Implementation Unit (SIPMIU) and New Shillong Township Development Agency (NSTDA) under the administrative control of the UAD. MUDA enforced and implemented the Master Plan prepared by the Department, issued building permissions, enforced development control regulations, *etc.* Agency is the nodal organisation for coordinating and monitoring of urban poverty alleviation and slum improvement programmes. SIPMIU is the nodal agency for implementation of Asian Development Bank (ADB) Project assisted North Eastern Region Capital Cities Development Investment Program (NERCCDIP) and NSTDA was established for the purpose of development of New Shillong Town. The organisational chart of the UAD is detailed below:

Chart 1.3.1: Organisational chart



Source: www.megurban.gov.in

1.3.3 Scope and methodology of Audit

The Performance Audit (PA) covered the activities of UAD, MUDA and Agency for the period 2012-13 to 2016-17. The PA commenced with an entry conference on 04 April 2017 wherein the audit objectives, criteria, scope and methodology were discussed with the Additional Chief Secretary, UAD, GoM and officials from UAD, MUDA and the Agency.

Further, joint physical verifications (JPVs) of the following infrastructure were carried out to assess the existence of the infrastructure and its quality in Tura (July 2017), Shillong (August/September 2017) and Nongpoh (September 2017) along with

²⁴ There are six MBs in Meghalaya viz. Shillong, Tura, Jowai, Baghmara, Williamnagar and Resubelpara.

officers of UAD/MUDA/ National Building Construction Corporation Ltd. (NBCCL)/ Public Health Engineering Department (PHE).

Table 1.3.1: List of projects whose JPV was carried out

Sl. No.	Date of JPV	Name of the project	Location of the project
1	25/07/2017 and 26/07/2017	1. Inter State Bus Terminus (ISBT), Tura 2. Integrated Housing and Slum Development Programme (IHSDP) at Dakopggre and Sweeper Colony, Tura 3. Parking lot at Akhonggre, Tura 4. Infrastructure for migratory rural vendors cum parking infrastructure at Nazing Bazar, Tura	Tura
2	17/08/2017	1. Housing for EWS, LIG & Urban poor at Nongmynsong (Phase-I & II), Shillong 2. Integrated Housing and Slum Development Programme (IHSDP) at Lower Mawprem, Shillong 3. Sewage & Sewerage Treatment Plant at Mawbah, Shillong.	Shillong
3	12/09/2017	1. Greater Shillong Water Supply Scheme, Phase-III	Shillong (Mawphlang)
4	12/09/2017	1. Solid waste management	Nongpoh

After completion of audit, the audit findings were discussed with the Joint Secretary, Urban Affairs Department, Government of Meghalaya and officials of MUDA and Agency in an Exit Conference held on 14 November 2017. The replies and views of the Department have been incorporated at appropriate places in this PA.

1.3.4 Audit Objective

PA on ‘Urban Development in Meghalaya’ was carried out to ascertain whether:

- the institutional mechanism for planning, development and management of urban areas was proper and effective;
- the UAD ensured that planning and formulation of developmental schemes/projects were need based and provision of necessary infrastructure and civic amenities was being done in an economic, efficient, effective and equitable manner so as to have citizen centric responsive urban governance; and,
- the financial resources for urban development were adequate and funds were provided timely and utilised efficiently and effectively.

1.3.5 Audit Criteria

The findings were benchmarked against the following sources of criteria:

- Meghalaya 12th Five Year Plan;
- The Meghalaya Town and Country Planning Act, 1973;
- The Meghalaya Building Bye Laws, 2011;
- Guidelines of JNNURM and its Sub-Missions;
- Government Orders, Instructions/ Circulars issued by the State Government from time to time;
- Prescribed monitoring mechanism; and,
- Meghalaya Financial Rules, 1981.

1.3.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the cooperation of the Urban Affairs Department of the State Government, the Meghalaya Urban Development Authority and Meghalaya Urban Development Agency in providing necessary information and records for audit.

Audit Findings

1.3.7 Planning

Planning for urban development requires a sound assessment of the ground realities, providing options for sustainable development within the bounds of the demographic, physical, socio-economic, jurisdictional and financial aspects. It is a continuous process and must incorporate a regular evaluation of implementation of the developmental programmes. The process of planning and deficiencies noticed in planning process are discussed in the following paragraphs.

1.3.7.1 Master Plan for cities/towns

‘Master Plan’ is a statutory instrument for controlling, directing and promoting sound and rational development and redevelopment of an urban area and is prepared under the relevant Town and Country Planning Act of a State within the framework of an approved Perspective Plan. The objective of the Master Plan is to lay down strategies and physical proposals for various policies given in the perspective plan depending upon the economic and social needs and aspiration of the people, available resources and priorities. The usual time frame of the Master Plan²⁵ is for a period of 20 years.

The UAD is entrusted with the task of preparation of Master Plans for towns in the State under the Town and Country Planning Act, 1973 to ensure orderly growth and formulation of Urban Plan. The deficiencies observed in the formulation and implementation of the Master Plan is detailed below:

- The Meghalaya Town and Country Planning Act (MTCPA) came into existence in 1973. Till the date of audit (August 2017), the Master Plan had been prepared only for three towns namely Shillong (1991-2011), Tura (1990-2011) and Jowai (1991-2001). No steps had been taken by the UAD to prepare Master Plan with respect to remaining eight (8) towns²⁶.
- The above three Master Plans were subsequently extended only up to 2015. They have not been revised (August 2017) thereafter.
- The Perspective Plan document defines the vision and focuses on the spatio-development policies, strategies and programmes for the development of the State. The Master Plan was to flow from the framework of this approved Perspective Plan. Audit observed that the UAD did not prepare any

²⁵ As per the Urban and Regional Development Plans Formulation and Implementation (URDPFI) Guidelines, 2014.

²⁶ Baghmara, Williamnagar, Resubelpara, Nongpoh, Nongstoin, Umroi, Sohra and Mairang.

Perspective Plan and that the Master Plan was prepared without framing the vision for the spatio-economic development policies of the State.

- UAD did not formulate any strategy to ensure co-operation of the participative departments like Power, Public Works, Public Health Engineering, Transport, Tourism, Education Departments, *etc.* to achieve the objectives envisaged in the Master Plan.

In the absence of Perspective Plan, many of the infrastructural projects were implemented in a haphazard and ad-hoc manner resulting in their remaining incomplete, abandoned, *etc.* as discussed in detail under ‘Project Implementation’ (Paragraph 1.3.8).

The Director, UAD stated (November 2017) that the Master Plans for Tura and Jowai were currently being examined whereas the Master Plan for Shillong would be redone and the work was in progress. He also stated that preparation of Master Plans for Nongstoin, Nongpoh, Williamnagar, Baghmara and Resubelpara was underway and the Master Plans for Mairang, Umroi and Sohra would also be taken up. With regard to the Perspective Plan, the Director further added that the Department had prepared the Master Plans based on the provisions of the MTCPA, 1973 and as such preparation of Perspective Plan was not stipulated in the Act.

The reply of the Department regarding non-preparation of Perspective Plans contradicted the provision of the Urban and Regional Development Plan Formulation and Implementation (URDPFI) Guidelines, 2014 issued by the Ministry of Urban Development, Government of India which required that the Master Plan be derived from the policies given in the Perspective Plan.

1.3.7.2 Implementation of Meghalaya Building Bye Laws, 2011 for management of urban areas

Building Bye laws are the rules and regulations set forth by the government authorities concerned to be followed strictly by any person or organisation that plans to construct a building. The Meghalaya Building Bye Laws (MBBL) came into force since 2011 and extended to Shillong, Tura, Byrnihat and Jowai. MUDA was the enforcing agency. Audit examined the application of MBBL in Shillong and Tura. The deficiencies in implementation of issues such as issue of building permission, site inspection prior to issue of building permission/completion certificates and issue of occupancy certificates are as tabulated below:

Table 1.3.2: Details regarding site inspection, issue of building permissions/ occupancy certificates

Sl. No.	Provision	Shillong	Tura
1	As per Clause 8(e) of the MBBL 2011, ‘for building proposal requiring no modifications the grant of building permission must be intimated by the Authority within 30 days after the receipt of the application or else it will be	Test check of 142 cases revealed that in eight cases there were undue delay of 9 to 66 months in issue of building permission (Appendix-1.3.1). In 10 cases, date of receipt of the application for building permission was not	In six cases, there were undue delay of 5 to 53 months in issue of building permission. (Appendix-1.3.1).

Sl. No.	Provision	Shillong	Tura
	deemed that the permission has been granted'	available. In 47 cases, building permission were not issued. Reasons for not issuing building permission were not on records.	
2	Note below Rule 8 (a) of the MBBL 2011 stated that within 20 days period, the Authority shall visit/investigate the site after giving a notice to the applicant.	In five cases there were delays of one to six months in inspection of site by MUDA (Appendix-1.3.2). In 34 cases, date of site inspection was not available on record.	In five cases, there were delays of one to eleven months in inspection of site by MUDA (Appendix-1.3.2).
3	Clause 10(i) of the MBBL 2011, stipulated that no building or part thereof shall be occupied without having been granted an occupancy certificate by the authority.	In 29 cases, issue of occupancy certificates were not available on record.	Tura had no records regarding issue of completion and occupancy certificates with respect to the building permission granted by it.

Source: Information furnished by MUDA, Shillong and Tura

Delay in issue of building permission, delay in site inspections and non-maintenance of the records relating to issue of completion and occupancy certificates reflected the shortcoming of MUDA in delivering one of the vital citizen centric services.

The Director, UAD stated (November 2017) that the cases relating to Shillong showing delay in issue of building permission were cases of additional building permission granted for construction/change of use. Further, due to shifting of the office and records, details of receipt of application with regard to 10 cases was not available. With respect to 47 cases where building permission were not issued, he stated that those buildings were outside the Municipal area and were constructed much before the enforcement of the MBBL, 2011. As such, only occupancy certificates were issued. The reply was however, silent regarding the delay in issue of building permission, delay in site inspections and non-maintenance of the records relating to issue of completion and occupancy certificates by MUDA, Tura.

(i) Non levy of penalty on MBBL, 2011 violators

Clause 11 of the Meghalaya Building Bye Laws, 2011 stipulated various penalties for violation of the provision of MBBL, 2011 such as imposition of fine, demolition of un-authorised works, sealing of premises, prosecution and criminal proceeding against the offender, etc.

Scrutiny of the records relating to the violation of provision of the MBBL, 2011 during 2012-17 under the jurisdictional area of MUDA, Shillong and Tura revealed that:

- In Tura during 2012-17, there were 117 cases of violation of provisions of MBBL, 2011 in 30 locations (**Appendix-1.3.3**). Out of those cases, no action was taken in 11 cases.

- MUDA, Shillong could not furnish the details of cases of violation of MBBL, 2011 during 2012-17 though sought (June 2017) for.

The Director, UAD stated (November 2017) that details of the cases of violations of MBBL, 2011 under the jurisdiction of MUDA, Shillong could not be furnished to Audit as records relating to 24 cases of violations were under the custody of the Central Bureau of Investigation and the matter was pending with the Hon'ble High Court of Shillong. Reply was however, silent regarding the action taken with regard to cases of violations under the jurisdiction of MUDA, Tura and whether there were only 24 cases of violation of MBBL, 2011 under MUDA, Shillong.

The shortcomings pointed out regarding the Master Plan, the haphazard implementation of the urban development programmes and the failure to stringently implement the building bye-laws showed that the institutional mechanism for planning, development and management of urban areas was not very effective.

1.3.8 Project Implementation

During 2012-17, the UAD implemented the sub-mission projects under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) to provide the urban areas of the State with facilities such as proper housing, transportation, drinking water, sanitation & sewerage, solid waste management, e-governance, *etc.* Irregularities noticed by Audit in the project implementation are discussed below.

1.3.8.1 Implementation of housing projects for slum dwellers

There were 28 slum pockets identified within the Master Plan area during 1991 which rose to 113 slums by 2015²⁷. A major concern in urban areas was to provide adequate shelter and basic infrastructure facilities to the slum dwellers. Government of India (GoI) had sanctioned funds under Basic Services to Urban Poor (BSUP) and Integrated Housing and Slum Development Programme (IHSDP) the sub-missions under JNNURM. These schemes were implemented by the MUDA and the Agency. The position of the ongoing schemes during the period 2012-17 in the State was as under:

Table 1.3.3: Details of housing projects in Meghalaya during 2012-17

Sl. No.	Name of the project, location, number of dwelling units and scheme	Cost and year of sanction	Target date of completion	Actual date of completion	Present status	Dwelling units occupied by the beneficiaries (as on 30/09/2017)
MUDA						
1	Construction of 600 dwelling units at Nongmynsong, Shillong (Phase-I and II) under BSUP	Phase-I: ₹ 13.76 crore (August 2007)	Jan 2010	Incomplete	Phase-I: Out of 300, 92 units were incomplete.	Phase-I: All 208 completed units occupied.
		Phase-II: ₹ 16.68 crore (Dec 2007)	Jan 2010	Incomplete	Phase-II: Out of 300, 140 units were incomplete	Phase-II: Out of 160 completed units, only 48 were occupied.

²⁷ Source: Draft Shillong Master Plan 2015-2035 and Tura Master Plan 1990-2011.

Sl. No.	Name of the project, location, number of dwelling units and scheme	Cost and year of sanction	Target date of completion	Actual date of completion	Present status	Dwelling units occupied by the beneficiaries (as on 30/09/2017)
MUDA						
2	Construction of 48 dwelling units at Lower Mawprem, Shillong under Integrated Slum Development Programme (ISDP)	₹ 4.01 crore February 2009	September 2011	Jan 2016	Completed after a delay of nearly five years	All 48 dwelling units occupied
AGENCY						
3	Construction of 408 dwelling units at Dakopggre, Tura under IHSDP	₹ 21.82 crore February 2008	April 2013	Jan 2016	Completed after a delay of 33 months	None of the 408 completed units occupied.
4	Construction of 48 dwelling units at Sweeper Colony, Tura under IHSDP		March 2010	Dec 2010	Completed after a delay of 9 months	All 48 dwelling units occupied.
5	Construction of 216 dwelling units at Williamnagar, East Garo Hills under IHSDP	₹ 10.48 crore February 2009	August 2010	Abandoned		
6	Construction of 240 dwelling units at Nongpoh, Ri Bhoi under IHSDP	₹ 9.18 crore February 2009	October 2011	Abandoned		
Total Number of Housing Units: 1560			Completed: 872	Abandoned: 456	Occupied: 352	

As is evident from the table above, out of 1560 dwelling units sanctioned by the GoI, only 872 units (56 per cent) were completed, 456 units (29 per cent) were abandoned and 232 units (15 per cent) were incomplete as of September 2017. Further, out of 872 completed dwelling units, only 352 units (40 per cent) had been allotted to the beneficiaries. As such, out of 1560 beneficiaries, 1208²⁸ beneficiaries were deprived of the housing facilities till the date of audit (August 2017).

Besides the issue pointed above, the other deficiencies observed in the implementation of the housing projects are detailed below:

(i) Identification, selection and allotment of dwelling units to beneficiaries

The audit findings regarding identification, selection and allotment of dwelling units to beneficiaries are as follows:

➤ As per GoI's instruction (August 2007) the State Government was to undertake biometric identification of beneficiaries and place the lists on the State/Municipal/JNNURM websites with a view to ensuring utmost transparency in the implementation of housing and slum development programmes under JNNURM. Audit observed that biometric identification of beneficiaries as instructed by GoI was not conducted in any of the housing projects implemented in the State.

While accepting the audit observation, the Secretary, MUDA stated (November 2017) that there were no local firms readily available to capture the biometric data and hence biometric identification could not be done and identification of the beneficiaries was verified through their Electoral Photo Identity Card (EPIC)/ration card, etc.

➤ The UAD had not completed the selection of beneficiaries for allotment of 408 dwelling units at Dakopggre, Tura which were completed in January 2016. Due to

²⁸ 1560-352=1208

delay in selection of beneficiaries by the UAD, the families of 408 eligible beneficiaries were deprived of the intended benefits even after completion of the dwelling units.

(ii) Deviations from the approved DPR

The approved DPR specified the size of the dwelling units and other amenities. During the JPV, Audit observed that there were deviations as detailed below:

a. Inadequate provision of water supply

An important aspect of these housing projects was the provisioning of underground and/or overhead water reservoirs for ensuring water supply. It was however, seen that reservoirs of either lesser capacity were provided or not provided altogether as detailed below:

Table 1.3.4: Details regarding lesser capacity water reservoirs provided or not provided altogether

Sl. No.	Housing units and location/Implementing agency	As per approved DPR	Actual as observed during JPV	Deviations
1	408 dwelling units at Dakopggre, Tura(NBCCL)	i. Underground Water Reservoir of 2.50 lakh litres capacity.	i. Underground Water Reservoir of 1.25 lakh litres capacity.	Shortfall of 1.25 lakh litres of water.
		ii. Elevated Water Reservoir of 1.00 lakh litres capacity.	ii. Elevated water reservoir had not been constructed.	Plastic water tanks of 2000 litres capacity had been placed on the roof tops of each block.
2	48 dwelling units at Sweeper Colony, Tura (NBCCL)	i. Underground Water Reservoir of 0.50 lakh litres capacity.	i. Underground water reservoir constructed but capacity was not intimated to Audit.	Details of capacity of water reservoir constructed was not available.
		ii. Elevated Water Reservoir of 0.25 lakh litres capacity.	ii. Elevated water reservoir had not been constructed.	Plastic water tanks of 2000 litres capacity had been placed on the roof tops of each block.

Source: JPV Report

Further, in case of Sweeper Colony, Tura, the urban local body was not supplying water and people were utilising the water from a well for their daily needs as shown below:



Photograph - 1.3.1.1

Beneficiaries collecting water to drink from a well at Sweeper Colony, Tura.

Photograph - 1.3.1.2

While accepting the audit observation, the Director, UAD stated (November 2017) that due to cost escalation, the underground water reservoir at Dakopggre, Tura was

constructed with a reduced capacity of 1.25 lakh litres. He also stated that due to shortage of funds, elevated water reservoirs could not be constructed and PVC water tanks of 1000 litres capacity were placed on the rooftops of each of the 34 blocks raising the total installed capacity of tanks to 1.22 lakh litres. The reply was silent regarding the approval given by the competent authority for deviating from the approved estimates.

b. Social amenities/community infrastructure not provided

The admissible component under IHSDP included *inter alia* provisions for community healthcare centre building and community infrastructure for recreational activities. During JPV, several deficiencies were observed as detailed below:

➤ The DPR for the 408 units at Dakopgre, Tura had a provision for a children's park, a community hall, a dispensary and an office/ meeting room for welfare activities at an estimated amount of ₹ 46.34 lakh. None of these were found to have been constructed. No records were also available to indicate how funds amounting to ₹ 46.34 lakh meant for social amenities were adjusted.

While accepting the audit observation, the Director, UAD stated (November 2017) that the estimates for construction of community hall had been submitted to the Government for necessary sanction. He further added that the earth filling, levelling and construction of retaining wall for a children's park was in progress and would be completed by the end of November 2017.

➤ The DPR for the 600 units at Nongmynsong, Shillong had provision for a community-cum-health centre, a dispensary and an office / meeting room for welfare activities at an estimated amount of ₹ 23.61 lakh. During JPV it was seen that none of these infrastructure were available. Instead, only a partially constructed community hall was found lying abandoned.



Photograph – 1.3.2

Incomplete and abandoned community hall at Nongmynsong, Shillong.

While accepting the audit observation, the Secretary, MUDA stated (November 2017) that the community-cum-health centre could not be completed as Hindustan Prefab Limited (HPL) had abandoned the work (February 2015). He also stated that MUDA had now assessed the financial implication required to complete the works and submitted proposal to the Government for financial assistance to complete the work.

c. Other amenities not provided

As per the approved DPR, the dwelling units at Dakopggre and Sweeper Colony, Tura were to have rainwater harvesting facilities and also garbage-vats²⁹. During JPV, none of these were found constructed at either of the site.

Similarly, as per the approved DPR, the dwelling units at Nongmynsong, Shillong were to be provided with rainwater harvesting facility, but this was not found constructed. The dwelling units were also to be provided with street lights estimated to cost ₹ 6.68 lakh, but this was not done.

Absence of social amenities in the housing units would affect the social and living conditions of the beneficiaries. Further, no records were available to indicate that UAD had identified these deviations and calculated the revised cost of these projects because of not creating these facilities in the housing units.

While accepting the audit observation, the Secretary, MUDA stated (November 2017) that the MUDA had assessed the financial involvement for the incomplete works and submitted proposal to the Government for financial assistance for completing the work.

(iii) Idle Expenditure

The construction of 600 dwelling units at Nongmynsong, Shillong (Phase-I and II) estimated at ₹ 30.44 crore under BSUP was given for implementation to Hindustan Prefab Limited (HPL), a GoI enterprise under the agreement signed between MUDA and HPL on 23 March 2007. The project was to be completed by January 2010.

After completing only 96 dwelling units including infrastructure such as retaining wall, roads, pavement, *etc.* valuing ₹ 8.50 crore and foundation work of four housing blocks valuing ₹ 5.59 crore, HPL stopped the work and handed it over to MUDA (February 2015) on ‘as is where is’ basis. HPL could not complete the work as it was facing problems on



Photograph – 1.3.3

Abandoned foundation work of four housing blocks at Nongmynsong, Shillong constructed by HPL.

deployment of labourers due to restrictions by the Dorbar as well as NGOs and there were also incidence of vandalism. After the work was abandoned by HPL (February 2015), the work was taken up departmentally. MUDA could complete the construction of only 272 dwelling units (August 2017).

During JPV, it was observed that no further construction was undertaken in the four housing blocks which were left incomplete by the HPL at the foundation stage. Government should take efforts to complete the project as otherwise the expenditure

²⁹ A waste container for temporarily storing waste.

of ₹ 5.59 crore already incurred on the project which is idle at present would become unfruitful.

The Secretary, MUDA accepted the audit observation during the Exit Conference (November 2017).

(iv) Implementation of Integrated Slum Development Programme (ISDP)

The integrated slum development programme under BSUP strives to achieve a holistic development of slums with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the slum dwellers of the identified urban areas.

GoI, approved (February 2009) ₹ 21.30 crore for construction of housing units for economically weaker sections (EWS) and other infrastructure such as sewage treatment plant, drainage, solid waste management, *etc.* under BSUP in five notified slums at Mawbah, Lower Mawprem, Pynthorumkhrah, Demseiniong and Kynjat Phutbol in Shillong, Meghalaya. The project was to be completed within two years and the cost of the project was to be shared between the Centre (₹ 16.58 crore) and the State (₹ 4.72 crore).

The deficiencies in implementation of this project are detailed below:

a. Failure to construct 120 dwelling units due to land not being available

As per the sanction, 168 dwelling units were to be constructed in four notified slums at Lower Mawprem (48 units), Pynthorumkhrah (64 units), Demseiniong (28 units) and Kynjat Phutbol (28 units) at an estimated cost of ₹ 5.45 crore. For acquiring the land for the dwelling units, an amount of ₹ 0.81 crore was also sanctioned.

Scrutiny of records revealed that MUDA acquired (November 2011) 9,900 sq ft of land at a cost of ₹ 0.82 crore only at Lower Mawprem and constructed (January 2016) 48 dwelling units at an expenditure of ₹ 4.01 crore after a delay of nearly five years (Sl No. 2 of Table 1.3.3).

MUDA failed to acquire land at Pynthorumkhrah, Demseiniong and Kynjat Phutbol. As a result the construction of 120 dwelling units at Pynthorumkhrah, Demseiniong and Kynjat Phutbol could not be undertaken thereby depriving the intended benefit of a dwelling unit to 120 EWS families.

The Secretary, MUDA stated (November 2017) that owners of the land at Pynthorumkhrah and Demseiniong did not agree to part with their land at the rate fixed by the Deputy Commissioner (DC). He also stated that in case of land at Kynjat Phutbol, it was found by the DC that the land belonged to the forest department.

The reply indicated that the Department failed to carry out detailed enquiries about the ownership of the land and obtain agreement from the land owners to hand over their land at Government prescribed rates.

b. Construction of drains within the localities of four slums

An amount of ₹ 7.85 crore was sanctioned for construction of 9,061 running metres (RM) of drain (including new & reconstruction) at localities of four notified slums. Audit however, observed that after constructing 5,130 RM of drain and incurring an expenditure of ₹ 4.35 crore, HPL stopped the work (September 2013) because of security related problems faced by the contractor. Thereafter, the work had not progressed further (July 2017). The status of the incomplete drainage work in the localities of four notified slums is shown in the table below:

Table 1.3.5: Status of the incomplete drainage work in the localities of four notified slums

(₹ in lakh)						
Sl. No.	Location	Amount sanctioned	Drainage (in RM)	Completed work (in RM)	Expenditure incurred	Balance work (in RM)
1.	Mawbah	210.00	1425	665	98.00	760
2.	Kynjat Phutbol	26.12	532	410	20.13	122
3.	Pynthorumkhrah	392.37	5710	3183	218.72	2527
4.	Demseiniong	156.50	1394	872	97.90	552
	Total	784.99	9061	5130	434.75	3931

Source: Information furnished by MUDA, Shillong

The failure to complete the work had not only resulted in expenditure of ₹ 4.35 crore becoming unfruitful but had also led to depriving the four notified slums the benefit of having drains for a healthy and enabling urban environment.

c. Wasteful expenditure of ₹ 1.02 crore in construction of STP at Mawbah

An amount of ₹ 1.24 crore was sanctioned for construction of Sewerage Treatment Plan (STP) including laying of pipes and installation of pump at Mawbah, Shillong to be implemented by HPL. The work started in 2011 and after completing 82 per cent of the work and incurring expenditure of ₹ 1.02 crore, HPL stopped the work in September 2013 citing technical problems resulting in ₹ 1.02 crore incurred on the project becoming wasteful and the objective of having a STP at Mawbah also not being met.



Photograph – 1.3.4

Abandoned sewage treatment plant at Mawbah.

Further, though HPL failed to complete the project, MUDA failed to levy the penalty of ₹ 6.22 lakh³⁰ as per terms of agreement signed between MUDA and HPL (March 2007).

The Secretary, MUDA stated (November 2017) that tenders would be floated soon to complete the STP at Mawbah.

³⁰ Five per cent of ₹ 124.33 lakh.

(v) Financial irregularities in implementation of housing projects at Williamnagar

GoI approved (February 2009) the project for construction of 216 dwelling units for the urban poor at Williamnagar, at a cost of ₹ 10.48 crore. The cost was to be borne between the Centre (₹ 6.36 crore) and the State (₹ 4.12 crore). UAD released the GoI's share of ₹ 3.18 crore (received in July 2009) and the State's share of ₹ 2.06 crore to the Agency in March 2010 and March 2011 respectively. The project was executed by NBCCL and the Agency released (November 2010) the central share of ₹ 3.18 crore to NBCCL.

After incurring an expenditure of ₹ 0.48 crore (July 2012), NBCCL abandoned the work citing insurgency problems. Thereafter, the Agency instructed (December 2014 and May 2016) NBCCL to foreclose the work and refund the balance amount so that the same could be refunded back to the GoI. NBCCL had however, not refunded (September 2017) the balance amount of ₹ 2.70 crore (₹ 3.18 crore *minus* ₹ 0.48 crore) on the ground that the balance amount would be refunded to GoI after reconciliation of books and accounts. No action was taken by the Agency to ensure speedy reconciliation of accounts.

Further the Agency had also not refunded the State share of ₹ 2.06 crore received for the project resulting in blockade of funds for more than 6 years.

While accepting the audit observation, the Director, UAD stated (November 2017) that NBCCL had been instructed to refund the unutilised fund.

Though the number of slums had been increasing over the years (28 slum pockets in 1991 to 113 slums in 2015), the UAD was not able to provide adequate shelter. Out of 1560 housing units only 872 were completed and again out of that only 352 allotted to beneficiaries. The completed housing units lacked basic infrastructure facilities such as drinking water, lighting, social amenities, etc. to the extent envisaged. The objective of providing adequate shelter and basic infrastructure facilities to the slum dwellers was therefore not met.

1.3.8.2 Implementation of Solid Waste Management project

Management of solid waste is perceived as a crucial civic service of the urban local bodies with great environment implication. In Meghalaya, out of the 11 towns³¹, Solid Waste Management (SWM) projects had been undertaken at Tura, Nongpoh and Shillong only. While the SWM project in Shillong was being implemented by the Shillong Municipal Board, in Tura and Nongpoh the projects were being implemented by MUDA.

Mention was made in Paragraph 1.6 of the Report of the Comptroller & Auditor General of India on Social, Economic and General and Economic (PSUs) Sectors for the year ended 31 March 2015 that till July 2015 the work for design, fabrication, erection and commissioning of solid waste compost plants at Tura and Nongpoh had

³¹ Shillong, Tura, Jowai, Baghmara, Williamnagar, Resubelpara, Ampati, Nongstoin, Nongpoh, Mawkyrwat and Khliehriat.

not been undertaken resulting in delay in completion of solid waste management (SWM) project and consequent unfruitful expenditure of ₹ 10.24 crore.

Audit test checked the SWM Project at Tura and Nongpoh (September 2017) to ascertain the current status of the works pertaining to SWM at Tura and Nongpoh. The findings revealed the following:

(i) The work of ‘construction of solid waste disposal facility including external electrification, Nongpoh’ was awarded to M/s Marbaniang Enterprise, Nongthymmai, Shillong on 28 February 2011 at a cost of ₹ 2.50 crore and was to be completed by November 2011. During JPV (September 2017), it was observed that though compost plants for solid waste disposal had been completed, the sanitary landfill work was incomplete as construction of layers including clay liners³² had not been done, external electrification including a 63 KVA transformer had not been installed and internal electrification was also not completed.



Photograph – 1.3.5.1

External electrification including a 63 KVA transformer had not been installed.



Photograph – 1.3.5.2

Construction of layers including clay liners had not been done.

(ii) Similarly the work of ‘construction of solid waste disposal facility including external electrification, Tura’ was awarded to Shri Roosevelt P. Marak, Williamnagar on 28 February 2011 at a cost of ₹ 3.65 crore. It was to be completed by November 2011. During JPV (July 2017), it was observed that the sanitary landfill work was incomplete as construction of layers including clay liners had not been done.

The delay of more than five years from the scheduled date of completion deprived the population of Tura and Nongpoh the benefit of crucial civic service of having a solid waste disposal facility.

While accepting the audit observation, the Secretary, MUDA stated (November 2017) that the SWM project at Tura and Nongpoh were expected to be fully commissioned and made operational by the end of 2017-18.

1.3.8.3 Implementation of Greater Shillong Water Supply Project Phase-III

Providing adequate potable water supply to the city is an obligatory function of all Urban Local Bodies (ULBs) in the country. In Meghalaya, this function was

³² Liners are constructed to isolate everything within the landfill from the environment and protects it from contaminating the soil and the water within the ground.

undertaken by the Public Health Engineering Department (PHED), Municipal Boards and Autonomous District Councils. Audit examined the Greater Shillong Water Supply Project (GSWSP) Phase-III which was approved by GoI in October 2008 at cost of ₹ 193.50 crore. The objective of this project was to create infrastructure to provide for the supply of additional 24 million litres of water to the projected population of Shillong Urban Agglomeration from 2011 to 2041. The project was to be implemented by the Public Health Engineering Department on behalf of MUDA who were the nodal agency. Mention was made in Paragraph 1.5 of the Report of the Comptroller and Auditor General of India on Social, Economic, General and Economic (PSUs) Sectors for the year ended 31 March 2015 regarding failure to implement the reforms as per timelines under JNNURM. This led to the deduction of ₹ 17.41 crore of additional central assistance and delay in completion of the project leading to unfruitful expenditure of ₹ 131.84 crore.

Further scrutiny of records along with JPV (September 2017) of the GSWSP Phase-III revealed the following:

➤ The project involved works such as ‘*construction of two stages raw water pumping system, augmentation of capacity of the existing water treatment plant, laying of clean water gravity main and feeder main pipelines, construction of clear water pumping system, laying of distribution system and supply of pipes*’. The work however, had not been completed despite incurring expenditure of ₹ 132.65 crore and even after extension of target dates of completion by more than five years (**Appendix-1.3.4**). The delay in completion of the project had not only resulted in incurring unfruitful expenditure of ₹ 132.65 crore but had also led to depriving the population of Shillong Urban Agglomeration of adequate potable drinking water facilities as envisaged under the project.



Photograph – 1.3.6

Construction of intake pump house in progress and the approach bridge from the pump house to the intake well awaiting completion.

The Secretary, MUDA stated (November 2017) that the GoM had released funds for the project and work was in progress with the overall progress being 70 per cent.

1.3.8.4 Construction of shopping infrastructure for migratory rural vendors-cum- parking infrastructure at Nazing Bazar, Tura

Most of the commercial activities in the city of Tura were concentrated in a few core areas. The major arterial roads that serviced the commercial area were however, restricted by the increase in traffic volume and encroachment of pavements by street vendors and hawkers. In order to rehabilitate the hawkers and vendors of



Photograph – 1.3.7

Incomplete infrastructure for shopping for migratory rural vendors cum parking at Nazing Bazar, Tura.

Nazing Bazar, Tura and to facilitate smooth weekly business transaction of the local population, GoI, sanctioned (December 2009) ₹ 22.78 crore for construction of infrastructure for shopping for migratory rural vendors-cum-parking at Nazing Bazar, Tura. The project was funded by GoI, and was to be executed by National Building Construction Corporation Ltd. (NBCCL). Along with the sanction, GoI released ₹ 9.11 crore as the 1st instalment directly to NBCCL.

NBCCL awarded the contract valuing ₹ 14.67 crore (December 2010) to a firm (M/s Deka Associates) with a stipulation to complete the work within June 2012.

Scrutiny revealed that NBCCL terminated (July 2016) the contract with M/s Deka Associates due to its unsatisfactory performance after incurring expenditure of ₹ 10.86 crore³³ and completing 65 *per cent* of the work. No further construction had taken place after the termination of contract of M/s Deka Associates (July 2017). The objective of rehabilitation of hawkers and vendors for smooth weekly business transaction of the local population of Tura remained unfulfilled.

The Director, UAD stated (November 2017) that the matter had been taken up with the GoI to release the second instalment of the sanctioned amount. Once the instalment was received, the project would be completed within 15 months' time.

1.3.8.5 Non-implementation of e-Governance project

In order to improve the system of Governance using IT applications by making the Urban Local Bodies (ULBs) more efficient and effective in delivering services to the citizen's doorstep, GoI approved (March 2012) the project 'Implementation of e-Governance in Municipalities in Meghalaya' with the pilot project in Shillong Municipality under Urban Infrastructure and Governance (UIG), a sub mission under JNNURM for an amount of ₹ 11.68 crore. The cost of the project was to be borne between the Central Government (₹ 10.51 crore) and State Government (₹ 1.17 crore) and was to be completed in 15 months. As a pre-condition to release of fund, an agreement was signed by the UAD and Shillong Municipal Board (SMB) and sent (October 2012) to GoI. The first instalment of ₹ 2.92 crore was thereafter released by GoI (₹ 2.63 crore) and GoM (₹ 0.29 crore) in July 2013 and January 2014 respectively.

Scrutiny of records revealed that even though the project was to be completed within 15 months, the Director, UAD floated (October 2014) the request for proposal for appointing a project consultant only after 30 months of receiving the sanction. Based on the bids received, Price Waterhouse Cooper (PWC) was selected (February 2015) as the Consultant. The work order was issued (November 2015) to the firm at a cost of ₹ 0.92 crore after eight months caused by the delay in finalising the terms of the agreement. Between November 2015 and September 2016, PWC completed four

³³ ₹ 9.58 crore for work executed by M/s Deka Associates and balance ₹ 1.28 crore for other miscellaneous works.

deliverables/milestones³⁴ and was paid ₹ 18.56 lakh³⁵ as per the terms of the agreement.

During July 2016, GoI conveyed that the project was no longer eligible for funding and the State Government had to complete the project out of its own resources. As the State was not in a position to fund the project, UAD decided (January 2017) that based on available funds, National Informatics Centre (NIC), Shillong be given the responsibility to implement the project within 12 months. UAD also directed PWC to revise the scope of work. Pending finalisation of the revised scope of work, PWC had been retained as the Consultant and NIC was designated as the 'Development Agency' (position as of September 2017).

The failure to complete the work on time resulted in the Department losing central financial assistance of ₹ 7.88 crore (₹ 10.51 crore minus ₹ 2.63 crore). Besides, the objective of providing more efficient and effective delivery of services to the citizen's doorstep also remained unrealised.

1.3.8.6 Non-implementation of Intelligent Transport System (ITS) in buses

As a stimulus package for funding of buses for urban transport under JNNURM to States to enable them to implement the bus-based public transport system, GoI sanctioned (December 2013) the procurement of 240 buses (100 Mini and 140 Midi buses) for ₹ 60.00 crore to Shillong. The cost of the project was to be shared between GoI and GoM in the ratio of 90:10. Till the date of audit (July 2017), as against the total sanctioned cost of ₹ 62.23 crore for procurement of 240 buses, ₹ 50.78 crore had been released (GoI: ₹ 43.35 crore and GoM: ₹ 7.43 crore).

Based on the bids received, MUDA issued works orders in August – September 2014 to Tata Motors Ltd, Ashok Leyland Ltd and Force Motors Ltd for supply of 240 buses (100 Mini and 140 Midi buses). Payment of ₹ 32.96 crore³⁶ had been released to the three motor companies. As of August 2017, only 139 buses had been delivered which were in on-road condition. However, the Shillong populace were deprived of the benefits of the additional 101 buses.

As per the terms and conditions of the supply orders for 240 buses issued during August – September 2014, the buses to be supplied were to conform to the 'Urban Bus Specifications (UBS)-II' published by the Ministry of Urban Development, GoI. The UBS-II stipulated having an Intelligent Transport System (ITS) which provided real-time monitoring and tracking of buses to reduce road congestion and other transport issues.

The Central Sanctioning and Monitoring Committee of GoI in its 5th meeting had sanctioned (December 2013) ₹ 1.19 crore for setting up of an ITS control room

³⁴ Submission of Inception Report; Acceptance of Functional Solution Design; Acceptance of Request for Proposal for selection of SDA/ASP; and Acceptance of Change Management and Capacity Building Plan.

³⁵ ₹ 4.66 lakh on 18 March 2016; ₹ 9.27 lakh on April 2016 and ₹ 4.63 lakh on September 2016.

³⁶ Tata Motors Ltd. ₹ 11.28 crore; Force Motors Ltd. ₹ 11.25 crore and Ashok Leyland Ltd. ₹ 10.42 crore.

(including designing of software and procurement of hardware) for 240 buses under Ancillary Infrastructure of the New Bus funding project. MUDA was designated as the nodal agency for implementing the project. The work order was awarded to M.P Singhanian & Company, Shillong only in June 2015. Though the control room was completed in October 2015, the installation of the hardware and software in the control room for implementing ITS in 139 delivered buses was incomplete even till August 2017 and after incurring expenditure of ₹ 1.25 crore³⁷.

The intended benefits of ITS had therefore, not reached the people of Shillong.

1.3.8.7 Delay in completion and handing over of the projects

(i) *Inter State Bus Terminus (ISBT), Tura, Meghalaya*

In order to provide Tura town with a planned parking lot for long distance buses, GoI sanctioned (March 2012) ₹ 45.32 crore for construction of an Inter State Bus Terminus (ISBT) at Tura, Meghalaya. The cost of the project was to be shared between the Central Government (₹ 41.41 crore) and State Government (₹ 3.91 crore) and the project was to be completed within two years. NBCCL was the executing agency and UAD was to monitor the project.

The NBCCL started the work during January 2013 and completed the project in January 2016 after a delay of one year. The planned ISBT was however, not functioning as UAD had not taken over the parking lot (August 2017) despite repeated requests (04 January 2016 and 24 October 2016) from NBCCL. No recorded reason was available for not taking over the completed project.

Further, a JPV of the ISBT, Tura conducted on 25 and 26 July 2017 revealed several deviations in the works as compared to the approved DPR. The details of the deviations noticed were as under:

- Facilities for security and transport control systems³⁸ estimated to cost ₹ 1.10 crore were not found installed.
- Instead of installing ten ‘high mast lighting of 15 meters length’ estimated to cost ₹ 80 lakh, only four high mast lighting was found installed.
- Instead of constructing an underground water sump of 1.00 lakh litres capacity estimated to cost ₹ 9.00 lakh, an underground water sump of only 0.60 lakh litres was constructed.
- Instead of installing a 500 KVA ‘Outdoor generator’ valuing ₹ 35 lakh, a 200 KVA ‘Outdoor generator’ was found installed. Similarly, instead of installing a 630 KVA ‘Outdoor transformer’ estimated to cost ₹ 15 lakh, a 500 KVA ‘Outdoor transformer’ was found installed.

³⁷ ₹ 1.18 crore for software and hardware for ITS in the Control Room and ₹ 0.073 crore for construction of control room.

³⁸ Automatic Fire alarm System, close circuit TV, TV monitors, audio announcement facilities, electronic security, security arrangements, telephones, digital clocks, traffic lights, battery charging, fuel delivery system, bus control system, control console, diesel fuel installation, standby electrical generator, fuel tank, compressed air facilities, bus wash system, heavy duty vehicle lifting beams and degreasing tank and trolleys.

While accepting the audit observations, the Director, UAD stated (November 2017) that the delay in taking over of the ISBT, Tura was due to pending works like installation of CCTV, TV monitors, provision of sitting arrangement, electric service connection, *etc* which were to be completed by NBCCL. The Director, UAD also accepted the deviation in numbers of high mast lighting, capacity of the UG water sump, capacity of outdoor generator and outdoor transformer but attributed the reason to offset the higher cost of electrical transformer and to provide for items such as electrical water pump for which no separate provision was made in the DPR.

The reply was however, silent about the approval of the competent authority for deviating from the approved estimates. No records were however, available with UAD to indicate that it had directed NBCCL to complete the pending works as stated above.

(ii) Parking lot at Old Jail Complex, Akhonggre, Tura

GoI sanctioned (March 2010) ₹ 4.81 crore for construction of parking lot at Akhonggre, Tura, Meghalaya and NBCCL was designated as the executing agency. The project was to be completed within three years (March 2013). The project started in May 2012 and was completed only in July 2016. UAD had however, not taken over the project (August 2017) despite repeated requests (August 2016 and October 2016) from NBCCL. No recorded reason was available for not taking over the completed project.

The Director, UAD stated (November 2017) that delay in handing and taking over of the project was due to electricity connection which had not been provided by NBCCL even though electrical transformers had been installed. No records were however, available to indicate that UAD had directed NBCCL to complete the pending works as stated above even after being requested by NBCCL to take over the project.

A JPV of the parking lot at Akhonggre, Tura was conducted on 25 and 26 July 2017 and the findings were as under:

➤ As per the approved DPR, an overhead tank of 5000 litres capacity was to be installed at the Akhonggre, Tura parking lot. During JPV, it was seen that instead of an overhead tank of 5000 litres, a PVC tank of 2000 litres only had been installed. No records were available to indicate that GoI/GoM's approval was taken for the deviations in this work.

The Director, UAD stated (November 2017) that since no separate provision for RCC staging of the water tank had been kept in the DPR, the capacity of the overhead water tank had to be reduced to 2000 litres which was sufficient to cater to the needs of the parking lot. The reply was silent about the approval of the competent authority for deviating from the approved estimates.

➤ Since the project had not been taken over by UAD, the parking lot was left unmonitored and it was being utilised by the pick-up vans without any revenue accruing to UAD.

The Director, UAD stated (November 2017) that the DC, Tura had temporarily allowed the parking lot to be utilised by the pick-up vans. The parking lot would be handed over to the CEO, Tura Municipal Board when electrical service connection was obtained. The reply indicated failure of UAD to provide electrical service connection even after more than one year of the project being completed.

1.3.8.8 Management of parking lots

Within Shillong City, UAD provides authorised parking spaces and these are transferred to various agencies such as MUDA and SMB for operation and maintenance. The existing parking lots and the agencies responsible for their operation and maintenance are detailed in **Appendix-1.3.5**. These agencies charge user fee for operation and maintenance of these parking lots.

Scrutiny of records of operation of three parking lots under the jurisdiction of MUDA, Shillong revealed several deficiencies as detailed below:

(i) *Parking lot at Mahavira Park, Jhalupara*

Tender for collecting parking fees from the parking lot at Mahavira Park, Jhalupara, Shillong for the period May 2013 to April 2014 was invited (April 2013) by MUDA at a reserve price of ₹ 3.60 lakh. In response, seven bids were received. MUDA awarded (April 2013) the lease for collecting the parking fees to the highest bidder³⁹ at his offered price of ₹ 10.60 lakh. The bidder however, withdrew his offer (April 2013). Thereafter, instead of settling the offer with second highest bidder who quoted ₹ 7.39 lakh, MUDA arbitrarily extended an undue favour to Smt. Saidom Lamin by awarding (June 2013) her the lease for an amount of ₹ 1.99 lakh for nine months⁴⁰ (June 2013 to February 2014) even though she did not participate in the tendering process.

MUDA again repeatedly extended the lease agreement of Smt. Saidom Lamin from March 2014 to May 2017 arbitrarily fixing the lease amount to be paid by the lessee without calling for fresh bids. Computed with reference to the amount offered by the second highest bidder during the tendering conducted in April 2013, between June 2013 and May 2017 MUDA sustained a loss of ₹ 15.90 lakh on settlement of the parking lot at Mahavira Park, Jhalupara with Smt. Saidom Lamin (**Appendix - 1.3.6**).

The Secretary, MUDA stated (November 2017) that the parking lot was allotted to Smt. Saidom Lamin, the collector of the nearby Pahsyntiew parking lot with a view to ease the congestion. The reply indicated that the principle of tendering for ensuring competitive pricing was violated.

³⁹ Shri H. Basaiawmoit.

⁴⁰ ₹ 6,000 per month for June and July 2013 and ₹ 26,785 per month from August 2013 to February 2014.

(ii) Parking lot at Police Bazar, Shillong

Scrutiny of comparative statement (13 October 2011) of bidding for allotment of lease for collection of parking fees from the parking lot at Police Bazar prepared by the Assistant Engineer, MUDA revealed that MUDA had received five bids for collection of the parking fees. Even before the lease was awarded, the highest bidder withdrew his bid citing financial difficulties.

MUDA awarded (31 October 2011) the bid to the second highest bidder (Shri Nichol Pariat & Others) at the rate of ₹ 6.00 lakh per month for the period from November 2011 to October 2012. The lease agreement was repeatedly extended up to September 2014 without re-tendering. During the said period, different partners of 'Shri Nichol Pariat & Others' disassociated themselves from the lease agreement and in May 2013, MUDA allotted the lease in the name of Shri E. Kharlukhi being one of the partner of 'Shri Nichol Pariat & Others' without signing any agreement.

Shri E. Kharlukhi however, started defaulting in the payment of lease rent since September 2013 and the outstanding rent accumulated to ₹ 16.71 lakh as on 15 September 2014. Due to default in payment, the parking lot was taken over by the MUDA on 18 September 2014 and handed over (September 2014) to Smt. Saidom Lamin as discussed in the next paragraph.

No further action had been taken by MUDA to recover the outstanding dues of ₹ 16.71 lakh. Further, since the lease was awarded to Shri E. Kharlukhi without any agreement, the possibility of recovering the outstanding dues had weakened to that extent.

The Secretary, MUDA stated (November 2017) that steps had been taken to file money suit against the defaulting lessee.

(iii) Granting of lease for parking lots without inviting tender

Tenders for collecting parking fees from the parking lot at Pahsyntiew, Shillong for the period 04 June 2013 to 03 June 2014 were invited thrice⁴¹ at a reserve price of ₹ 30.00 lakh, ₹ 27.20 lakh and ₹ 27.20 lakh respectively. Since only two bids in response to each of the three tender notices, were received, MUDA decided that as three number of bids were not received, the tenders be returned to the bidders without opening them. Thereafter MUDA decided to extend the lease of the previous lessee (Smt. Saidom Lamin) at an agreed rate of ₹ 2.27 lakh per month for the period of nine months (04 July 2013 to 03 April 2014). Even after the expiry of the renewed lease period on 03 April 2014, MUDA failed to explore the possibility of earning higher revenue by re-tendering and instead it kept on repeatedly extending the lease agreement of Smt. Saidom Lamin from 04 April 2014 to 03 April 2017 without any recorded reason.

Similarly, as mentioned in the previous paragraph, MUDA allotted (September 2014) the parking lot at Police Bazar, Shillong to Smt. Saidom Lamin after taking over from

⁴¹ On 03 April 2013, 17 April 2013 and 03 May 2013.

Shri E. Kharlukhi because he defaulted in payment of lease rent. The lease was then given to Smt. Saidom Lamin for a period of one year (26 September 2014 to 25 September 2015) at the rate of ₹ 6.00 lakh per month without tendering. MUDA further extended the lease agreement by two years (01 November 2015 to 31 October 2017) at the same rate of ₹ 6.00 lakh per month without inviting tenders.

By repeatedly extending the lease for both Pahsyntiew and Police Bazar parking lots without inviting tenders, MUDA failed to ensure competitive pricing for the parking lots besides extending undue advantage to one single lessee.

The Secretary, MUDA stated (November 2017) that since only two bids were received against the parking lot at Pahsyntiew, they were rejected in line with the Central Vigilance Commission guidelines and that in case of the parking lot at Police Bazar, the collection work had been entrusted to Smt. Saidom Lamin who had not defaulted in payment. The fact however, remained that repeated extension of leases had deprived MUDA from getting a competitive price for its parking lots.

1.3.9 Monitoring and evaluation

Regular monitoring and evaluation is a key factor for effective and efficient implementation of any programme. Monitoring has to be a continuous process and both programme implementation and outcome indicators are required to be monitored on a regular basis. The deficiencies in the monitoring and supervision aspects are detailed in the succeeding paragraphs.

1.3.9.1 Formation of Meghalaya Town and Country Planning Advisory Council

As per Clause 3 (1) of the Meghalaya Town and Country Planning Act, 1973, the State Government may constitute, by a notification in the official Gazette, the Meghalaya Town and Country Planning Advisory Council (MTCPAC) to advise the State Government in connection with the preparation and publication of the Master Plan. The MTCPAC was constituted in March 2005, but no meetings had been held till the date of audit (September 2017). As such, the objective for which the MTCPAC was brought into existence could not be achieved.

1.3.9.2 Formation of State Level Coordination Committee

As per the Integrated Housing and Slum Development Programme (IHSDP) guidelines, State Level Coordination Committee (SLCC) was to be constituted for examining, approving and periodical monitoring of projects. Further, the SLCC was required to meet at least quarterly for reviewing the progress of ongoing projects and for sanctioning new projects.

The SLCC was constituted in March 2007. During the period covered by Audit (2012-17) no meetings of the SLCC were held thereby defeating the objective for which it was formed.

1.3.9.3 Social Audit

GoI introduced (December 2011) social audit mechanism under JNNURM to monitor projects at community and ULB levels with the objective of ensuring proper implementation of the scheme, transparency and accountability, participation of stakeholders and identifying gaps with a view towards curbing mismanagement. Scrutiny of the records revealed that Social Audit was not conducted in any of the test checked projects as envisaged under the guidelines.

1.3.10 Financial Management

1.3.10.1 Fund Management

During 2012-17, the UAD received ₹ 663.39 crore from the GoI and GoM under various schemes. The funds received were all released to implementing agencies (MUDA, Agency⁴² and ULBs). The position of funds received by MUDA and the Agency only against major schemes and expenditure incurred there against during 2012-17 is detailed below:

Table 1.3.6: Funds received and expenditure incurred by MUDA/Agency against major schemes
(₹ in lakh)

Sl. No.	Name of the Scheme	Total funds received	Total expenditure	Surplus (+) /Deficit (-)
	MUDA			
1.	300 Dwelling Units BSUP Phase-I	1440.12	1453.06	(-) 12.94
2.	300 Dwelling Units BSUP Phase-II	2003.66	2051.51	(-) 47.85
3.	GSWSS Phase-II	13183.54	13220.01	(-) 36.47
4.	Solid Waste Management (SWM) Project (Nongpoh)	569.09	574.50	(-) 5.41
5.	Procurement of 120 Buses under JNNURM	1739.39	1824.13	(-) 84.74
6.	Storm Water Drainage	2446.60	2513.74	(-) 67.14
7.	SWM Project, Tura	786.48	693.38	93.10
8.	Integrated Slum Development Programme (ISDP)	1597.32	1341.92	255.40
9.	Bus Depots	217.00	70.95	146.05
10.	Procurement of 240 Buses under JNNURM	2979.10	2746.19	232.91
	Sub Total	26962.30	26489.39	(-) 254.55 (+) 727.46
	Agency			
1.	SJSRY/Deendayal Antoyodaya Yojana	1213.84	569.19	644.66
2.	Integrated Housing and Slum Development Programme (IHSDP), Nongpoh	104.14	0.00	104.14
3.	IHSDP, Williamnagar	206.06	0.00	206.06
4.	IHSDP, Tura	2113.42	2022.12	91.30
	Sub Total	3637.46	2591.31	(+) 1046.16
	Grand Total	30599.76	29080.70	(+) 1519.07

⁴² Meghalaya Urban Development Agency.

As can be seen from the table above, in six out of ten schemes MUDA utilised funds in excess of the availability. The excess expenditure was met from interest earned (as detailed in paragraph 1.3.10.3). Further despite incurring this excess expenditure many of the projects had not been completed as pointed out in the preceding paragraphs. As of March 2017, MUDA and Agency had unutilised funds of ₹ 17.74⁴³ crore. Non-completion of projects despite excess expenditure and failure to utilise the available funds indicated poor implementation of the schemes.

1.3.10.2 Short/non release of funds by the GoI/GoM

Due to non-compliance with the scheme guidelines, failure to complete the projects within the stipulated time, failure to pursue release of funds by GoI *etc.*, UAD lost GoI assistance to the tune of ₹ 12.37 crore under various schemes of JNNURM as detailed below:

Table 1.3.7: Details of short/non release of fund by GoI (₹ in lakh)

Sl. No.	Name of the Scheme	Reason for short release	Amount sanctioned	Actual release	Short/Non release
1	Procurement of 240 buses under JNNURM	As per the conditions laid down by GoI, financial support to this project would be provided only till 31 March 2017. The project could not be completed within the stipulated period.	4818.00	4335.00	483.00
2	Integrated Slum Development Programme (ISDP) under JNNURM	As per GoI's instruction (01 July 2014) projects which could not be completed within the stipulated period would be cancelled. The project for construction of 168 dwelling units could not be completed within the stipulated period of two years.	414.51	-	414.51
3	Storm Water Drainage under UIG of JNNURM	Due to non-achievement of the mandatory reforms within the timeline recommended by GoI (Appendix-1.3.7), a cut of 10 per cent (₹220.14 lakh) out of 2 nd installment was imposed (September 2011).	220.14	-	220.14
4	Implementation of ITS in 240 buses under JNNURM	As per GoI's decision (14 August 2015) the sanctioned projects where 1 st instalment of Additional Central Assistance had not been released, were to be transferred to the respective States for funding. Though the project was sanctioned (December 2013) by GoI, no records were available to indicate that MUDA had pursued the matter for release of fund after the approval of the project.	119.00	-	119.00
	Total		5571.65	4335.00	1236.65

Further due to short release of funds by the GoI, the GoM also did not release its matching share of ₹ 7.80 crore under various schemes as detailed below:

⁴³ MUDA: ₹727.46 lakh + Agency: ₹ 1046.16 lakh.

Table 1.3.8: Details of short release of fund by GoM (₹ in lakh)

Sl. No.	Name of the Scheme	Amount sanctioned	Actual release	Short release
1	Procurement of 240 buses under JNNURM	1405.00	743.10	661.90
2	Integrated Slum Development Programme (ISDP) under JNNURM	117.93	-	117.93
	Total	1522.93	743.10	779.83

Thus, failure to achieve the milestones, complete the projects within the stipulated time, *etc.* resulted in UAD losing GoI assistance of ₹ 12.37 crore. The short release not only affected the implementation of the schemes but also resulted in imposing additional financial burden on the State Government.

1.3.10.3 Parking of scheme funds in fixed deposits

Scrutiny of the fixed deposits register of MUDA, Shillong for the period 2012-17 revealed that funds amounting to ₹ 201.32 crore belonging to Sub-Missions of JNNURM like UIG (procurement of buses), BSUP (construction of dwelling units), IHSDP (Dwelling units and infrastructure like Sewerage Treatment Plant, Sewerage for notified slums, *etc.* in Shillong) were kept in the fixed deposits for one year and more. During 2012-17, MUDA earned an interest of ₹ 9.21 crore on those deposits.

The JNNURM guideline was silent about the utilisation of interest earned on the JNNURM deposits. The funds received by MUDA from GoI/GoM were meant for implementing the schemes and interest earned on the funds/deposits was not an income of MUDA. Scrutiny however, revealed that out of interest of ₹ 9.21 crore earned on the fixed deposits during 2012-16, ₹ 4.27 crore were utilised for meeting the administrative and operational expenses of MUDA.

1.3.11 Conclusion

The Performance Audit showed that the institutional mechanism of UAD for planning, development and management of urban areas was not very effective. The UAD had not prepared Master Plans for eight⁴⁴ towns. The Master Plans of Shillong, Tura and Jowai were prepared without preparing the Perspective Plan. Project implementation was deficient as construction of housing under BSUP and IHSDP were abandoned or not completed depriving 1208 beneficiaries the benefit of housing facilities. Solid Waste Management Project at Tura and Nongpoh were not commissioned even after incurring an expenditure of ₹ 14.56 crore over a period of eight years. The Greater Shillong Water Supply Project Phase-III sanctioned in October 2008 was far from completion even after incurring an expenditure of ₹ 171.25 crore. Procurement of 240 buses under JNNURM to strengthen the bus-based public transport in Shillong was incomplete. There was wasteful expenditure of ₹ 1.02 crore on construction of the abandoned Sewerage Treatment Plant at Mawbah. Construction of shopping complex for migratory rural vendors-cum-parking infrastructure at Nazing Bazar, Tura was abandoned from July 2016 which resulted in unfruitful expenditure of ₹ 9.11 crore. Implementation of e-Governance project in

⁴⁴ Baghmara, Williamnagar, Resubelpara, Nongpoh, Nongstoin, Umroi, Sohra and Mairang.

Shillong Municipal Board (SMB) sanctioned in March 2012 was incomplete and funds to the tune of ₹ 2.73 crore were lying idle. Monitoring and evaluation of the schemes was inadequate and ineffective as the Meghalaya Town & Country Planning Advisory Council and the State Level Coordination Committee failed to meet. Social Audit was also absent. Financial management was inefficient as GoI did not release ₹ 12.37 crore due to non-compliance with scheme guidelines, failure to complete the projects within the stipulated time, *etc.* Scheme funds amounting to ₹ 201.32 crore were kept in fixed deposits and interest of ₹ 4.27 crore earned out of those funds were utilised to meet the administrative and operational expenses of MUDA.

Thus, urban development in Meghalaya was affected to the extent that there were short-comings in the institutional mechanism for planning, development and management of urban areas. The developmental schemes/projects were implemented haphazardly with projects being abandoned or remaining incomplete. The completed projects also suffered from lack of adequate civic and social amenities. The citizen centric services like benefits of e-governance, transport facilities for urban population, housing facilities for slum dwellers, solid waste management, water supply, *etc.* could not be extended to the beneficiaries in the manner envisaged under various schemes.

1.3.12 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for improving the effectiveness of the working of the UAD for urban development in Meghalaya:

- *Perspective Plan should be prepared and the Master Plans draw its approach and targets from the Perspective Plan. Preparation of Master Plan of eight towns and updation of three towns i.e Shillong, Tura and Jowai should be given priority.*
- *Incomplete housing projects should be completed on priority basis and occupancy of the completed projects should be ensured. STP at Mawbah should be taken up immediately in order to ensure that the expenditure of ₹ 1.02 crore already incurred on the STP does not become wasteful.*
- *Greater Shillong Water Supply Project should be completed as per the revised target date of March 2018 so as to avoid further delays. Construction of shopping complex for migratory rural vendor-cum-parking infrastructure at Nazing Bazar, Tura should be revived in order to ensure that the expenditure of ₹ 9.11 crore already incurred on the project does not become wasteful.*
- *Meetings of the MT&CPAC and the SLCC should be convened to advise GoM in preparation and publication of the Master Plans and also to monitor and evaluate the projects.*
- *Fund management should be done economically and efficiently so as to avoid curtailment of funds by the GoI.*

CHAPTER-II

ECONOMIC SECTOR

CHAPTER II : ECONOMIC SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2017 deals with the findings on audit of the State Government units under Economic Sector.

The names of the major State Government departments and the Budget provision and expenditure of the State Government under Economic Sector during the year 2016-17 are given in the table below:

Table 2.1.1: Budget provision and expenditure of major departments

(₹ in crore)

Sl. No.	Name of Department	Budget provisions (Original and Supplementary)	Expenditure
1.	Public Works	788.80	745.14
2.	Agriculture	512.61	259.28
3.	Planning	566.05	234.70
4.	Community & Rural Development	1296.36	1262.36
5.	Power	223.81	138.16
6.	Forest	158.27	124.09
7.	Industries	213.47	156.75
8.	Mining & Geology	73.73	68.61
9.	Fisheries	59.14	27.10
10.	Co-operation	43.12	24.06
11.	Soil Conservation	253.07	128.61
12.	Animal Husbandry and Veterinary	125.04	95.89
13.	Tourism	32.69	25.73
		4346.16	3290.48

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

2.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of the Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. Audit of 21 auditee units were conducted during 2016-17 involving expenditure of ₹ 1887.33 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Economic Sector. The chapter contains a paragraph on 'Implementation of Border Areas Development Programme in Meghalaya' and two other Compliance Audit paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

BORDER AREAS DEVELOPMENT DEPARTMENT

2.2 Implementation of Border Areas Development Programme in Meghalaya

2.2.1 Introduction

The Department of Border Management, Ministry of Home Affairs, Government of India (GoI), has been implementing the Border Areas Development Programme (BADP), a Centrally Sponsored Scheme through the State Governments as part of a comprehensive approach to Border Management. The programme aims to meet the development needs of the people living in remote and inaccessible areas situated near the international border and to saturate the border areas with the required essential infrastructure through convergence of Central/State/Local schemes and participatory approach. BADP is a major intervention strategy of the Central Government to bring about a comprehensive development of border areas by supplementing the State Plan funds to bridge the gaps in socio-economic infrastructure on one hand and by improving the security environment in border areas on the other. Since 2008, BADP covers all the States which share an international land border with the neighboring countries. In Meghalaya, the BADP had been implemented since 1993-94 and it was implemented in eight districts, 14 border blocks having a total length of 443 km of international boundary with Bangladesh and covered an area of 8860 Sq.km. Border Areas Development Department (BADD) notified 1523 villages as border villages located along the international border with Bangladesh during June 1992. The list was revised to 1692¹ villages in March 2015.

2.2.2 Organisational structure

Border Areas Development Department (BADD) is the nodal department for planning and implementation of BADP in the State, which is headed by Commissioner and Secretary. The various agencies responsible for planning and implementation of BADP at State, District and Block levels are depicted in the table below:

Table 2.2.1: Agencies responsible for planning and implementation of BADP

Level	Agency	Headed by	Role/responsibility
State	State Level Screening Committee (SLSC)	Chief Secretary of the State	<ul style="list-style-type: none"> Finalisation of list of schemes/projects for implementation under BADP and approval of Annual Action Plan for submission to GoI. Development of an institutional system for inspection of BADP.
	Border Areas Development Department (BADD)	Commissioner and Secretary	<ul style="list-style-type: none"> Receipt of funds from Finance Department and disbursement to District Magistrate/ Deputy Commissioner. Appointment of Third Party Inspection for independent feedback on quality of works and other related issues. Review on the quality and progress of BADP works.

¹ 1053 were strategic villages i.e. located within 10 km (crow fly distance) from the International border and 639 were non-strategic villages i.e. located beyond 10 km but within 20 km from the border.

Level	Agency	Headed by	Role/responsibility
District	District Level Coordination and Screening Committee (DLC&SC)	Deputy Commissioner	<ul style="list-style-type: none"> • Conduct of base-line survey in all border villages and preparation of village wise plan. • Timely preparation and submission of district Annual Action Plan. • Holding individual meeting with line departments to avoid overlapping of BADP scheme with other schemes. • To arrange for convergence of BADP scheme with other schemes. • Monitoring of works under BADP and timely release of funds to BADOs.
Block		Border Areas Development Officer	<ul style="list-style-type: none"> • Submission of Utilisation Certificate (UC) to DC for timely release of funds. • Issue of work orders and regular inspection to ensure timely completion of works under BADP.

BADP was implemented by the Nodal Department and other agencies *viz* (i) Border Security Force (BSF) for implementation of security related schemes and (ii) Meghalaya State Skill Development Society (MSSDS) for implementation of Capacity Building/ Skill Development.

2.2.3 Sample selection, Scope and Audit Methodology

For the purpose of this audit, two districts *viz* East Khasi Hills and West Jaintia Hills districts were selected using Probability Proportionate to Size Without Replacement (PPSWOR). From East Khasi Hills district, out of the four border blocks two border blocks *viz* Sohra and Pynursla blocks were selected using Simple Random Sampling Without Replacement (SRSWOR) and from West Jaintia Hills district, Dawki being the lone border block was automatically selected. Fifteen villages from the selected border blocks² were selected using SRSWOR for the purpose of Joint Physical Verification of BADP projects. The details of the 15 selected villages is given in **Appendix-2.2.1**. The selected border districts, blocks and villages are as under:

Table 2.2.2: Details of Border Districts, Blocks and Villages selected for audit

Total No of border districts	Border district selected for audit	No of border blocks in the district	Name of border blocks selected for audit	Five villages selected from each of the selected border block
8	East Khasi Hills	4	Sohra	Bholaganj, Umsawmaskon, Kurikhal, Laitkynsew and Diengsiar Mawlong
			Pynursla	Lapalang (A&B), Nongkyndah, Mawlyndun, Pomshutia and Mawbeh
	West Jaintia Hills	1	Dawki	Lamin, Pamtdong, Bhoi Kyrweng, Nongbareh Rim and Amlamet

Audit on BADP commenced with an Entry Conference held on 11 April 2017, wherein the audit objectives, criteria, scope and methodology were explained to the Joint Secretary cum Director of BADD and other officers of the Department. Field work was conducted (June to August 2017) covering the period from 2012-13 to

² Five villages from each selected border block.

2016-17 by examining the records of the Commissioner & Secretary, BADD, Director of BADD, Deputy Commissioners (DCs) of selected districts, Border Areas Development Officers (BADOs) of selected blocks, Chief Executive Officer (CEO) of MSSDS and Inspector General of Border Security Force (IG-BSF). Joint Physical Verification (JPV) of BADD works implemented in 15 selected villages was also conducted jointly along with the village authorities and respective BADOs. The findings of the JPV is given in paragraph 2.2.10.9.

Exit Conference was held on 09 October 2017, wherein the Commissioner and Secretary of BADD, the Director, BADD and other officers of the Department attended. Replies received during the exit conference have been incorporated at appropriate places.

2.2.4 Audit Objectives

The Audit of BADD was conducted to ascertain the extent to which implementation of the programme was successful in meeting the special needs of the border areas duly examining whether:

- planning process of the implementation of the Programme was adequate, effective and according to the BADD guidelines;
- the Programme was implemented with due regard to economy, efficiency and effectiveness;
- implementation of scheme was properly monitored; and
- the objectives of the programme have been achieved.

2.2.5 Financial position

The position relating to release of Special Central Assistance (SCA) towards the implementation of BADD and utilisation there-against in the State during 2012-17 is shown in the table below:

Table 2.2.3: Year-wise release of BADD funds during 2012-17 (₹ in crore)

Year	Annual release	Additional release	Total release	Amount utilised	Outstanding utilisation certificate
2012-13	21.00	8.89	29.89	29.89	0.00
2013-14	21.00	7.97	28.97	28.97	0.00
2014-15	21.00	0.00	21.00	21.00	0.00
2015-16	21.00	6.31	27.31	23.01	4.30
2016-17	25.00	0.00	25.00	10.20	14.80
Total	109.00	23.17	132.17	113.07	19.10

(Source: Information collected from the Directorate, BADD)

Out of the total outlay of ₹ 132.17 crore during 2012-17, ₹ 106.98 crore (80.94 per cent) was towards implementation of new schemes and ₹ 25.19 crore (19.06 per cent) was for other components of the BADD³.

³ Such as (i) Maintenance of Assets (₹ 8.99 crore); (ii) Monitoring & Evaluation (₹ 1.05 crore); (iii) Security related schemes (₹ 7.52 crore) and (iv) Skill Development (₹ 7.63 crore).

Audit Findings

Whether planning process of the implementation of the Programme was adequate, effective and according to the BADP guidelines:

2.2.6 Planning:

BADP scheme guidelines emphasised a bottom up approach for planning by carrying out base-line surveys in the villages to assess the gaps in basic physical and social infrastructure. Thereafter, a village-wise plan was to be prepared. The guidelines envisages that the State Government shall utilise the BADP funds in villages which were located ‘within 0-10 km’ from the international border. Those villages were classified as strategic villages. After saturating these strategic villages with basic infrastructure, the next set of villages located within ‘0-15 km’ and ‘0-20 km’ was to be taken up. The guidelines also envisaged convergence of various State and Central plan schemes with BADP.

Scrutiny of records to examine the adequacy of baseline survey, saturating of strategic villages and convergence with various State and Central plan schemes revealed the following:

2.2.6.1 Baseline Survey (BS)

The BADD carried out the baseline survey (BS) of 1511 border villages in the State during 2008. According to the information furnished by the Director, BADD (July 2017), the BS was updated from time to time. Scrutiny however, revealed that:

- Out of the three selected blocks, in two blocks (Sohra and Pynursla), the BS of 2008 was not updated inspite of implementation of many works during 2012-17.
- BADD had notified 1523 villages as border villages located along the international border with Bangladesh during June 1992. In March 2015, the Department updated the list and notified 1692 villages as border villages. The BADD continued to rely on the BS of 2008 even though the list of villages were updated twice after 2008. Thus, not only was the BS of 181 border villages (1692 *minus* 1511) not carried out (July 2017), but the BADD was undertaking schemes in those villages without a BS. During 2012-17, 45 projects valuing ₹ 3.09 crore were implemented in 33 villages where BS was not conducted.

2.2.6.2 Saturation of strategic village and convergence:

There were 1692 border villages located within 20 km from the international border with Bangladesh of which 1053 were strategic villages. No village in the State was declared saturated till July 2017 even though development projects under BADP had been implemented in Meghalaya since 1993. Scrutiny revealed that the BADD had also not fixed any target for the number of border villages to be saturated. There was also no convergence of BADP with other Central/State schemes. The Director, BADD

while admitting the fact of non-convergence stated (June 2017) that convergence of BADP with other schemes was under process.

2.2.7 Annual Action Plan (AAP)

The AAP of BADP contains a list of projects proposed to be implemented during the year. The AAPs were prepared based on proposal received from respective District Level Coordination and Screening Committee (DLC&SC). The Deputy Commissioner was the Chairman of DLC&SC and local MLA and district heads of other line departments were the members. The State Level Screening Committee (SLSC) under the chairmanship of Chief Secretary approved the AAP which was then forwarded to GoI for release of funds. Scrutiny of AAPs for the years 2012-17 revealed the following:

- The BADP Guidelines envisaged preparation of a village-wise plan prioritising the projects for filling up the gaps wherefrom the Annual Action Plan (AAP) had to be prepared by picking up the prioritised projects. The village-wise plan prioritising the projects for filling up the gap had not been prepared by the Department till July, 2017. As a result, BADP was implemented randomly in non-strategic villages leaving aside the strategic villages and also resulted in implementation of projects which were not even listed as missing gaps in the BS (pointed out in paragraphs 2.2.10.2 and 2.2.10.3).
- Distance of the villages from border wherein the projects were proposed to be implemented were not indicated in the AAPs. Thus, the projects were approved by the SLSC without the information whether the projects proposed were in strategic villages or non-strategic villages.
- Under 'Capacity building', the AAPs of 2012-17 only indicated the funds amounting to ₹ 8.20 crore proposed to be transferred to the Meghalaya State Skill Development Society (MSSDS) for skill development training. But the type of training to be imparted, the duration of training were not indicated. The AAPs of 2014-17 did not also indicate the district/block/village-wise number of persons targeted to be trained.
- As per BADP Guidelines 2009, the expenditure for the maintenance of assets created under BADP can be made only after three years from the date of completion of the asset. The AAPs of 2012-17 had provided ₹ 8.99 crore under 'Maintenance of Assets' without indicating the details such as date/year of completion of the assets to be repaired.

2.2.8 Equal weightage not ensured while formulating block-wise allocation of funds

GoI allocated funds to the States on the basis of three criteria viz (i) Area, (ii) Population and (iii) Length of International border of the border blocks with equal weightage.

Audit observed that the criteria adopted by GoI for release of funds to the State was not followed by the Department while finalising the block-wise allocation of BADP funds. During 2012-17, six border blocks were allocated funds in excess of the criteria and consequently eight border blocks got funds less than the criteria adopted by GoI. The details of the border block-wise release of funds is shown in the table below:

Table 2.2.4: Block-wise allocation of funds

Sl. No.	Name of Block	Population	Border length (in km)	Area ⁴ (in sq.km)	Percentage of				Total funds allocated during 2012-17 (in lakh)	Percentage of fund allocated	Excess(+)/short(-) percentage of funds allocated (col 11–col 9)	Excess(+)/short(-) funds allocated (in lakh)
					Population	Border length	Area	Fund admissible as per criteria ⁵				
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Ampati	43592	38	760	15.06	8.58	8.58	10.74	2438.59	22.85	12.11	1292.51
2	Kalaichar	66279			6.71	17.16	17.16	13.67				
3	Baghmara	48911	76	1520	4.74	7.67	7.67	6.70	956.74	8.96	-4.71	-502.70
4	Gasuapara	34553	34	680	8.1	9.03	9.03	8.72	398.80	3.74	-2.96	-315.92
5	Dalu	59046	40	800	5.52	7	7	6.51	965.80	9.05	0.33	35.22
6	Dawki	40285	31	620	3.93	12.19	12.19	9.44	644.02	6.03	-0.48	-51.23
7	Khliehriat	28689	54	1080	7.96	13.32	13.32	11.53	672.51	6.30	-3.14	-335.14
8	Ranikor	49090	59	1180	0.56	-	-	0.19	1127.14	11.04	-0.49	-52.30
9	Mawkyrwat	8947							51.15			
10	Nongstoin	4057	-	-	1662.21	17.93	1.75	186.78				
11	Pynursla	240997	29	580	35.47				6.55	6.55	16.19	252.12
12	Mawkyrnrew	17668	37	740	5.43	8.35	8.35	7.38	677.44	6.35	-1.03	-109.93
13	Mawsynram	39604	45	900	6.53	10.16	10.16	8.95	804.82	7.54	-1.41	-150.49
14	Sohra	47614										
	Total	729332	443	8860					10673.09	100		

Source: Compiled by Audit based on information furnished by Directorate, BADD

It can be seen from the table above that out of the six border blocks which were allocated funds in excess of the criteria, Ampati and Kalaichar together were allocated 12.11 per cent of the BADP funds in excess of the criteria. Four other blocks (Dalu, Nongstoin, Pynursla and Mawkyrnrew) were allocated between 0.01 and 1.75 per cent of the funds in excess of the criteria.

Eight other border blocks⁶ were allocated between 0.48 per cent and 4.71 per cent funds less than the criteria adopted by GoI.

During the Exit Conference (October 2017), the Commissioner & Secretary, BADD stated that BADP fund to the blocks were allotted based on population of the notified villages along the international border blocks. The reply was not tenable as all three criterion should have been given equal weightage.

⁴ The Department calculated the area of the border block as 'length of the international border x 20 kms' (crow fly distance).

⁵ Average of the sum total of columns 6 to 8.

⁶ 1 Baghmara ; 2 Gasuapara ; 3 Dawki ; 4 Khliehriat ; 5 Ranikor ; 6 Mawkyrwat ; 7 Mawsynram ; 8 Sohra.

2.2.9 Sector-wise allocation of funds

In order to ensure proportionate allocation of BADP funds under every sector, the revised BADP Guidelines 2015, prescribed sector-wise minimum/maximum rates for allocation of funds. During 2015-16 and 2016-17 the State was allocated ₹ 27.31 crore and ₹ 25.00 crore respectively under BADP. The sector-wise permissible *vis-a-vis* actual allocation of funds under each sector⁷ is given below:

Table 2.2.5: Sector-wise allocation of funds (₹ in lakh)

Sl. No.	Sectors	Prescribed rates (%) for allocation	2015-16			2016-17		
			Amount admissible	Actual allotment	Excess (+) Shortfall (-)	Amount admissible	Actual allotment	Excess (+) Shortfall (-)
1	Infrastructure	Maximum 35	955.85	1224.00	268.15	875.00	674.00	(-) 201.00
2	Health	Minimum 10	273.10	71.87	(-) 201.23	250.00	31.00	(-) 219.00
3	Agriculture	Minimum 10	273.10	Nil	(-) 273.10	250.00	156.15	(-) 93.85
4	Social Sector	Minimum 15	409.65	157.64	(-) 252.01	375.00	286.89	(-) 88.11
5	Sanitation	Minimum 5	136.55	25.00	(-) 111.55	125.00	15.00	(-) 110.00
6	Education	Minimum 10	273.10	216.59	(-) 56.51	250.00	256.85	-
7	Sports Activities	Minimum 5	136.55	198.07	61.52	125.00	147.34	22.34
8	Special/Specific areas schemes	Minimum 10	273.10	34.42	(-) 238.68	250.00	20.00	230.00
9	Security Sector	Maximum 10	273.10	210.00	-	250.00	250.00	-
10	Skill Development	Maximum 10	273.10	210.00	-	250.00	250.00	-
11	Monitoring & Evaluation	Maximum 1.5 (Maximum of ₹ 50 lakh)	40.00	31.37	-	37.50	37.50	-
12	Maintenance of Assets	Maximum 15	409.65	307.21	-	375.00	375.00	-

Source: AAP (2015-17) and records of the Director, BADD

From the above table it can be seen as follows:

- Health, Agriculture, Social Sector, Sanitation together were allotted ₹ 8.38 crore and ₹ 5.11 crore less than the minimum amount prescribed during 2015-16 and 2016-17 respectively. Agriculture Sector was not allotted any funds during 2015-16 indicating neglect of the sector during the year.
- Education and Special/Specific areas schemes together were allotted ₹ 2.95 crore less than the minimum amount prescribed during 2015-16. Infrastructure was allotted ₹ 2.01 crore less than the minimum amount prescribed during 2016-17.
- Sports Activities received ₹ 0.62 crore and ₹ 0.22 crore more than the maximum amount prescribed during 2015-16 and 2016-17 while Infrastructure received ₹ 2.68 crore more than the maximum amount prescribed during 2015-16.

The Director, BADD stated (June 2017) that, non-allocation or less allocation of funds to some sectors such as health, agriculture sector, *etc.*, depends on the proposal from the local bodies and as per the requirement. The reply was however, violative of the provision of the guideline as the minimum and maximum limit had been fixed to ensure that no single sector gets disproportionately large share of the allocation.

⁷ Excluding Skill Development, Monitoring & Evaluation and Maintenance of Assets.

Recommendation: *The Nodal Department may ensure that baseline survey is conducted in all notified border villages and updated annually. It may also set targets to saturate all strategic villages on a priority basis. The Department should ensure that the Annual Action Plan was complete in all respects and that there was convergence with line departments while implementing BADP works.*

During the exit conference (October 2017), the Department agreed with the recommendations made by Audit.

Whether the Programme was implemented with due regard to economy, efficiency and effectiveness & whether the objectives of the programme had been achieved:

2.2.10 Implementation:

2.2.10.1 Non-maintenance of Measurement Books

The schemes under BADP were primarily implemented by the beneficiaries themselves except security related schemes⁸. The work orders were allotted to the beneficiaries recommended by the village authority. Although the BADD prepared detailed estimates, detailed project report of each work based on the Schedule of Rates (SOR) of Public Works Department/Public Health Engineering Department, it did not maintain any Measurement Books (MB) to record measurement of completed work. Payments were made on the basis of physical progress (in percentage) of the work reported in the site inspection reports of the Junior Engineer (JE). The Department thus, had no records to verify whether the quantum of work executed was as per the estimate.

2.2.10.2 Implementation of BADP projects in non-Strategic villages

BADP guidelines envisaged that the State Government utilise the BADP funds in strategic villages. Only after saturating the strategic villages with basic infrastructure, the next set of villages need to be taken up. During 2012-17, 364 projects valuing ₹ 24.92 crore were implemented in the three selected blocks, of which 108 projects valuing of ₹ 7.89 crore (32 per cent) were implemented in 56 non-strategic villages. The block-wise position is given in the table below:

Table 2.2.6: Coverage of schemes in non-strategic villages of selected blocks (₹ in lakh)

Sl. No.	BADO	BADP schemes/ projects sanctioned during 2012-17		BADP schemes/ projects implemented in non-strategic villages during 2012-17		
		No. of work	Total amount	No. of work	No. of villages	Total amount (Per cent)
1	Sohra	124	775.30	41	21	260.66 (34)
2	Pynursla	137	1167.77	51	27	446.12 (38)
3	Dawki	103	548.92	16	08	81.90 (15)
	Total	364	2491.99	108	56	788.68 (32)

Source: Compiled by Audit from list of Notified Villages and AAP (2012-17)

⁸ Security related schemes during 2012-13 to 2015-16 were implemented by the Border Security Forces (BSF) through contractors selected through tendering process.

Further during 2012-17 while more than one work was implemented in 25⁹ non-strategic villages, no work was implemented in 52 per cent¹⁰ of the strategic villages. The list of strategic villages where no project was implemented during the past five years is given at **Appendix-2.2.2**. The reasons for exclusion of strategic villages and inclusion of non-strategic villages were not on record.

On enquiry, the Joint Secretary, BADD and Director, BADD stated (July 2017 and October 2017) that under the BADP Guidelines, BADP works can be taken up from 0-20 kms and stated further that all the notified villages were greatly affected economically due to partition and closure of border haats. Hence the villages beyond 10 km were also considered for availing the benefit of BADP. The reply however, went against the BADP Guidelines which provided that those villages, which were located nearer to the international border would get first priority and only after saturating those villages with basic infrastructure, the next set of villages located within 0-15 km and 0-20 km need to be taken up.

2.2.10.3 Implementation of projects which were not identified as missing gaps in the BS

Out of the 108 works valuing ₹ 7.89 crore implemented in non-strategic villages as pointed out in the preceding paragraph, 74 works valuing ₹ 6.12 crore¹¹ (**Appendix-2.2.3**) were projects which were not even identified to address the gaps in the BS.

During the exit conference (October 2017), the Commissioner & Secretary, BADD stated that a reply would be furnished after verification of records. The reply was awaited (March 2018).

2.2.10.4 Implementation of inadmissible works

BADP guidelines provided that schemes which were of direct benefit in nature to specific villages/individual need to be addressed by the State Government under their own development initiatives. The guideline also provided list of inadmissible works which cannot be taken up under BADP. These included works such as construction of boundary walls and construction of cremation sheds in graveyards/samshan ghats, construction of building for offices of local bodies, patwarkhana, panchayat ghar, BDOs, DCs and any type of infrastructure inside the border outposts (BOPs) including construction of barracks, common infrastructure, etc.

⁹ Block	No. of non-strategic villages	No. of works implemented
1. Sohra	07 villages	2-7 works
2. Pynursla	14 villages	2-4 works
3. Dawki	04 villages	2-5 works

¹⁰ 133 out of 255 strategic villages (Sohra – 62 villages; Pynursla - 36 villages and Dawki-35 villages).

¹¹

Sl. No.	BADO	No of works not identified as missing gaps in the BS	Amount in lakh
1	Sohra	36	241.66
2	Pynursla	36	360.53
3	Dawki	02	10.40
	Total	74	612.59

Audit observed that 30 projects valuing ₹ 1.69 crore implemented during 2012-17 in three blocks covered during audit, directly or indirectly benefited few selected individuals or religious institutions or a group of people (**Appendix-2.2.4**). These projects were thus inadmissible being in violation of the scheme guidelines.

Records of the three blocks covered during audit also revealed that the BADD also executed another 10 inadmissible works such as construction of office of durbar hall, approach road to cemetery, construction of security post with toilet block, *etc.* valuing ₹ 0.72 crore (**Appendix-2.2.5**) during 2012-16, in the selected blocks.

During the exit conference (October 2017), the Commissioner & Secretary, BADD stated that the works were approved by SLSC and sanctioned by GoI. Nonetheless, the fact remained that the projects were inadmissible as per guidelines.

2.2.10.5 Forging of partnership

Paragraph 7.2 of the BADP Guideline 2009 stated that the State Government may consider forging of partnership between the Government and the community having a joint stake in the services. Wherever possible, communities may be involved in sharing of 10 *per cent* to 15 *per cent* of the cost of social infrastructure.

During 2012-17, BADD executed 1336 projects valuing ₹ 106.73 crore. No action was taken by BADD to forge partnership by involving the community in sharing the cost of the infrastructure created.

During the Exit Conference (October 2017), the Commissioner & Secretary, BADD assured that necessary action would be taken.

2.2.10.6 Capacity building/ Skill Development

As per BADP guidelines, the objective of Capacity Building/ Skill Development was to upgrade the skill capacity of local artisans, weavers *etc.* as a means of employment generation in the border areas so that people do not migrate to other areas in search of livelihood.

The SLSC in its meeting (26 April 2012) decided that the work of Capacity Building under BADP be entrusted to the Meghalaya State Skill Development Society (MSSDS). Accordingly, the MSSDS received ₹ 8.72¹² crore under Capacity Building during 2012-17. Till the date of audit (June 2017), the MSSDS had incurred an expenditure of ₹ 3.18 crore (36 *per cent*) only, completed training of 3226 persons and provided placement to 2373¹³ persons.

¹² This includes ₹ 8.20 crore released by Director, BADD, ₹ 0.37 crore Bank interest and ₹ 0.15 crore transferred from State Plan.

Year	No. of placement
2013-14	225
2014-15	1025
2015-16	851
2016-17	272
Total	2373

Scrutiny of records regarding implementation of Capacity Building programmes revealed the following:

(i) Training to unemployed youth of border villages

During 2012-17, the work of Capacity Building under BADP was executed by MSSDS by engaging four agencies viz (i) Don Bosco Technical Society (DBTS) (ii) Infrastructure Leasing & Financing Services (IL&FS), (iii) Sarodini Sangma Net Com (SS Net Com) and (iv) North East Security Agency (NESA) to impart training to the unemployed youth from the border villages. The details and the trades in which the agencies imparted training was as given in the table below:

Table 2.2.7: Detail of trades in which training was imparted

Sl. No.	Agency	Trade in which training given	No. of persons who completed training	No. of persons placed
1	DBTS	Automobile Repair, Basic Welding, Construction, Electrical, Hospitality - General, Industrial Sewing Machine Operator and Security	2550	1917
2	IL&FS	Asstt. Hairstylist, Asstt. Beautician, Basic Electrician, BPO, F&B Services, General Duty Asstt., Helper Mason	489	322
3	SS Net Com	F&B Service, ITES, SMO	70	22
4	NESA	Security Guard	117	112
	Total		3226	2373

Out of the 2373 trained persons who were provided placement as can be seen from the table above, 1946 (82 per cent) persons were placed outside the State, mostly in Bangalore, Chennai, Pune, etc.

(ii) Delay in completion of training

Work orders for training 1750 persons were issued to the three agencies on 29 February 2016. As per the terms and conditions of the work order the training programme were to be completed by March 2017. The agency-wise target, trained *vis-a-vis* job placement and upto-date expenditure as of June 2017 is given in the table below:

Table 2.2.8 : Detail of year-wise target, trained *vis-a-vis* job placement under Skill development upto June 2014

Year	Name of agency	Target (No. of trainees)	Project cost (₹ in lakh)	Total trainees registered	No. attended training	Training completed	No. of trainees placed	Amount paid (₹ in lakh)
2014-15	IL&FS	650	117.00	651	522	489	322	29.25
to	SS Net Com	550	99.00	90	90	70	22	9.90
2016-17	NESA	550	99.00	117	117	117	112	9.90
	Total	1750	315.00	858	729	676	456	49.05

Source: Records of the Chief Executive Officer, MSSDS

As can be seen from the table above none of the agencies had completed the training programme despite lapse of 3 months of the due date (March 2017). None of the three agencies could even enroll the required number of persons to be trained till June 2017.

It can also be seen from the above that out of 676 trainees completing training, only 456 trainees (67 per cent) were placed till June 2017. Records showing action initiated either by the BADD or the MSSDS to ensure that training and placement was completed on time was not furnished though called for (August 2017).

During the exit conference (October 2017), the Director, BADD stated that initially training was given only to local artisans and weavers but based on experience on the response/outcome of the training, a placement linked skill development training was imparted with the approval of GoI. The Department however, accepted the Audit contention that the placements were often outside the State and caused migration.

2.2.10.7 Implementation of Security related schemes

In Meghalaya, security related schemes¹⁴ under BADP upto 2015-16 were implemented through the Border Security Force (BSF). Thereafter, based on the decision of GoI (15 November 2016) the security related schemes were implemented by BADD. During 2012-17, an amount of ₹ 7.52 crore was sanctioned for implementation of security related schemes under BADP. The year-wise number of projects and amount sanctioned is given below:

Table 2.2.9: Number of project and amount sanctioned

Year	No. of projects	Amount (₹ in lakh)
2012-13	08	48.20
2013-14	04	70.00
2014-15	35	174.00
2015-16	23	210.01
2016-17	22	249.99
Total	92	752.20

Test check of records of the IG-BSF, Shillong and records of the Director, BADD revealed that against the sanctioned amount of ₹ 7.52 crore for 92 works, only 41 works valuing ₹ 2.72 crore had been completed (June 2017). While 13 works valuing ₹ 0.93 crore were in progress (**Appendix-2.2.6**), 38 works valuing ₹ 3.87 crore had not started till June 2017 (**Appendix-2.2.7**). The year-wise abstract of projects which had not started, the amount involved and period of delay is given below:

Table 2.2.10: Detail abstract of projects which had not started (₹ in lakh)

Year of sanction	No. of works sanctioned	No. of works not started	Total estimated cost	Target date of completion as per AAP	Period of delay in months(as on June 2017)
2014-15	35	08 (23%)	36.10	30/06/2015	24
2015-16	23	08 (35%)	101.13	30/06/2016	12
2016-17	22	22 (100%)	249.99	30/06/2017	1
Total	80	38 (48%)	387.22		

On being pointed out, the Dy. Commandant (Works), Frontier headquarter BSF, Shillong stated (June 2017) that the works were not completed for reasons such as funds not being released by BADD, non-response to tender, contractor not starting the

¹⁴ Schemes like construction of link roads to Border Outposts, any other work of raising infrastructure for drinking water supply/ electricity generation (New & Renewable Energy). etc.

work, etc. The reply regarding non-release of funds by BADD was however, untenable as Audit further observed that as of July 2017, the BSF had an unspent balance of ₹ 3.29¹⁵ crore of BADD funds lying in its account.

During the exit conference (October 2017), the Commissioner & Secretary, BADD assured that the matter would be taken up with the BSF authorities and detailed reply would be furnished. The reply was awaited (March 2018).

2.2.10.8 Delay in completion of works by the selected blocks

Scrutiny of records of three blocks covered during audit revealed that 46 works (Appendix-2.2.8) with the estimated cost of ₹ 5.06 crore were lying incomplete till the date of audit (July 2017). The block-wise number of incomplete works and the estimated cost are given in the table below:

Table 2.2.11: Block-wise/unit-wise number of incomplete works (₹ in lakh)

Year	Due date of completion	Sohra		Pynursla		Dawki		Total		Period of delay in month(as on July 2017)
		No. of works	Amount	No. of works	Amount	No. of works	Amount	No. of works	Amount	
2012-13	31.03.2013	3	27.67	-	-	-	-	3	27.67	51
2013-14	31.03.2014	3	11.00	-	-	1	10.00	4	21.00	39
2014-15	30.06.2015	2	13.00	-	-	-	-	2	13.00	24
2015-16	30.06.2016	5	66.15	3	136.00	-	-	8	202.15	12
2016-17	30.06.2017	8	62.23	10	112.56	11	66.95	29	241.74	1
Total		21	180.05	13	248.56	12	76.95	46	505.56	

As can be seen from the above table, 46 works were not completed till July 2017 even after a lapse of 1 to 51 months of due date of completion. The BADOs attributed the reasons for delay to issues such as (i) land dispute, (ii) negligence of contractors, (iii) issue of work orders in phased manner to ensure 100 per cent inspection by the JE and the BADO, etc.

The reply indicated failure of the administrative mechanism to ensure that issues for delay was promptly resolved. Further, monitoring of the works were also inadequate since Audit found low rate of inspections of works from the level of Director upto SLSC as pointed out in paragraphs 2.2.11.1 and 2.2.11.2.

During the exit conference (October 2017), the Commissioner & Secretary, BADD accepted the fact pointed out by Audit and stated that detailed reply would be furnished. The reply was awaited (March 2018).

2.2.10.9 Joint Physical Verification

A joint physical verification (JPV) of 15 strategic villages (05 villages from each of the three blocks covered during audit) was conducted between 06 July 2017 and 28 July 2017 by a team consisting of the audit party, the respective BADOs and the village authorities. The findings of the JPV are as under:

¹⁵ (1) FTR HQ BSF: ₹ 12.48 lakh; (2) SHQ BSF Jowai: ₹ 95.03 lakh; (3) SHQ BSF Shillong: ₹ 123.76 lakh; (4) SHQ BSF Tura: ₹ 97.62 lakh; **Total: ₹ 328.89 lakh**

Table 2.2.12: Findings of the JPV of 15 strategic villages

Sl. No.	Name of the border block/village	Whether any work sanctioned during the past five years	Whether connected with a motorable road	Whether CHC/PHC/ Sub-centre available	Whether Water supply available	Whether mobile connectivity available	Whether pucca drainage system available	No. of persons trained under Skill Development	Placement provided
Sohra									
1	Bholaganj/ Majai	No	Yes	Sub-centre	Yes	Yes	No	Nil	Nil
2	Umsawmaskon	No	No	No	No	Yes	No	Nil	Nil
3	Kurikhal	No	Yes	No	Yes	No	No	Nil	Nil
4	Laitkynsew	Yes	Yes	PHC	Yes	Yes	Yes	7	Nil
5	Diengsiar Mawlong	Yes	Yes	PHC	Yes	Yes	Yes	2	Nil
Pynursla									
1	Lapalang (A&B)	Yes	Yes	No	Yes	Yes	Yes	Nil	Nil
2	Nongkyndah	No	Yes	No	Yes	Yes	No	Nil	Nil
3	Mawlyndun	No	Yes	No	Yes	Yes	Nil	Nil	Nil
4	Pomshutia	Yes	Yes	No	Yes	Yes	No	Nil	Nil
5	Mawbeh	Yes	Yes	Sub-centre	Yes	Yes	Yes	Nil	Nil
Dawki									
1	Lamin	Yes	Yes	Sub-centre	Yes	Yes	Yes	2	1
2	Pamtadong	No	Yes	No	No	Yes	No	Nil	Nil
3	Bhoi Kyrweng	No	Yes	No	Yes	No	Yes	2	2
4	Nongbareh Rim	No	Yes	Sub-centre	Yes	No	Yes	9	7
5	Amlamet	Yes	Yes	No	No	Yes	No	Nil	Nil
	Total	Yes - 7 No - 8	Yes- 14 No - 1	Yes – 6 No - 9	Yes – 12 No - 3	Yes – 12 No - 3	Yes – 8 No - 7	22	10

It can be seen from the table above that:

- Umsawmaskon village under Sohra block though located at a distance of 2 km from the international border was not connected with a motorable road. The BADD however, did not identify the absence of a motorable road in the village as one of the missing gaps in its baseline survey.
- Nine¹⁶ out of 15 villages did not have health facilities such as Community Health Centre or Public Health Centre or a Sub-centre.
- In three villages (1. Umsawmaskon under Sohra Block; 2. Pamtadong and 3. Amlamet under Dawki Block), the water supply system was not available.
- Three villages (1. Kurikhal under Sohra Block, 2. Bhoi Kyrweng and 3. Nongbareh Rim under Dawki Block) did not have any mobile network connectivity.
- In seven villages¹⁷ there was no *pucca* drainage system.

¹⁶ **Sohra Block:** 1 Umsawmaskon and 2 Kurikhal; **Pynursla Block:** 3 Lapalang (A&B), 4 Nongkyndah, 5 Mawlyndun and 6 Pomshutia; **Dawki Block:** 7 Pamtadong, 8 Bhoi Kyrweng and 9 Amlamet.

¹⁷ **Sohra Block:** 1 Bholaganj, 2 Umsawmaskon and 3 Kurikhal; **Pynursla Block:** 4 Nongkyndah and 5 Pomshutia; **Dawki Block:** 6 Pamtadong and 7 Amlamet.

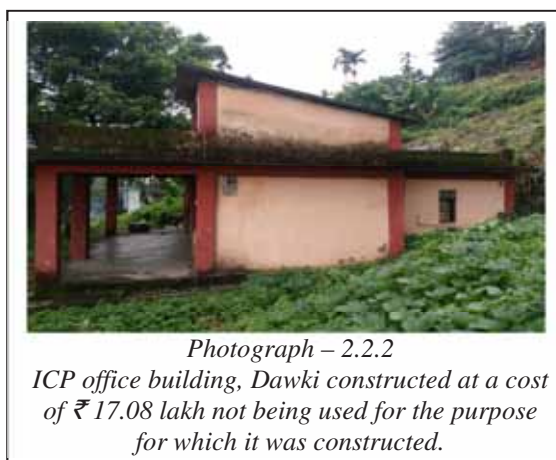
- Twenty two persons from five villages got skill development training under BADP, out of which 10 persons had been placed. The placements were made outside the villages resulting in migration of trained persons.

The JPV of 20 works executed under BADP were also carried out. The findings of JPV of some works are as highlighted below:

- The work ‘Construction of a motorable bridge at PHC approach road at Mawlong (Sohra block)’ was completed at the cost of ₹ 15.00 lakh under BADP (2016-17). But the approach roads on both ends of the bridge was not constructed, thus frustrating the objective of having a motorable road.



- The Immigration Check Post (ICP) office building for Meghalaya Police at Dawki was constructed under BADP 2007-08 under a security scheme at an estimated cost of ₹ 17.08 lakh. The building was however, constructed at a distance of 2 km (approx.) from the Dawki-Tamabil Land Custom check gate. On inspection, the ICP Building was found to be utilised as quarters by the Meghalaya Police personnel posted at ICP Dawki in violation of BADP guidelines. The Sub-Inspector in-charge of ICP, Dawki had however, not confirmed the utilisation of the building though called for (July 2017). This had resulted in unfruitful expenditure of ₹ 17.08 lakh.



- The community halls at Pomshutia and Mawbeh villages (Pynursla block) constructed at a cost of ₹ 20.00 lakh (₹ 10.00 lakh each) under BADP (2012-13) and BADP (2014-15) respectively, though completed were not being utilised due to absence of an approach road. This had resulted in unfruitful expenditure of ₹ 20.00 lakh besides depriving the villages of Pomshutia and Mawbeh the benefits of a community hall.



Photograph – 2.2.3
Unutilised community halls at Mawbeh village.



Photograph – 2.2.4
Unutilised community halls at Pomshutia village.

Recommendation: *The Department may ensure that projects are implemented to saturate the strategic border villages and may then move on to non-strategic villages. The Department may ensure that BADD funds were utilised towards implementation of prioritised admissible works listed as missing gaps in the BS. It may also consider having joint stake in the services with the Community wherever possible and ensure timely completion of sanctioned projects. BADD should ensure utilisation of assets created under BADD.*

Whether implementation of scheme was properly monitored:

2.2.11 Monitoring:

2.2.11.1 SLSC had not carried out review of works

BADP Guidelines provided that the SLSC shall meet at least twice a year, first for approving the AAP and second to review the progress of the schemes under BADP.

Audit observed that the SLSC meeting was held once every year during 2012-17 to approve the AAPs. The SLSC did not hold the second meeting to review the progress of the schemes under BADP during the last five years.

2.2.11.2 Inspection of schemes for the purpose of quality control

BADP Guidelines envisaged that the State Government shall develop an institutional system for inspection of the BADP works in each border block by assigning a block-wise high ranking Nodal Officer, who would make regular visits in the blocks. Accordingly, BADD notified (February 2009) percentages for inspection of schemes by Officers of the State for the purpose of quality control of projects under BADP being implemented in Meghalaya. The details of prescribed percentage *vis-a-vis* inspection actually carried out were as under:

Table 2.2.13: Details of percentage of inspection carried out

Sl. No.	Officers	Prescribed percentage of inspections	Inspection actually carried out
1	Pr. Secretary/Commissioner & Secretary, Border Areas development Department	5%	Nil
2	Dy. Commissioners (DC)	10%	Nil
3	Director, BADD	25%	Before start of the work and after completion
4	Executive Engineer (EE) & SDO(T)	50% each	
5	Asstt. Directors of Shillong and Jowai	100%	26.55% & 42.68% respectively
6	BADOs & JEs	100%	100%

From the above it can be seen that inspection of the site of the projects were carried out by the BADOs and Junior Engineers (JEs) only and there was no regular inspection and monitoring at the higher level. Further, the inspection reports did not highlight the important achievements/lacunae in the execution of the work. They only mentioned the quantum of work executed and were used as a basis to release payment towards BADP works to the beneficiaries.

2.2.11.3 Third Party Inspection Agencies

BADP Guidelines stipulated that the State needs to commission 'Third Party' inspections for an independent feedback on the quality of the works and other relevant issues. Inspection reports submitted by the inspecting agencies shall be analysed by the State Government and the Action Taken Reports thereon would be submitted to the MHA on quarterly basis.

During 2012-17 the Department had appointed two agencies to carry out the Third Party Inspection on the implementation of BADP in the State as under:

Table 2.2.14: Details of Third Party Inspection

Sl. No.	Name of firm/agency	Period to be inspected	Date of work order	Date of submitting the report	Amount paid (₹ in lakh)
1	St. Anthony College, Shillong	2009-10 to 2014-15	03/07/2012	Report submitted on quarterly basis	16.00
2	State Institute of Rural Development (SIRD), Nongsder, Shillong	2015-16 to 2016-17	23/02/2016	July 2017	10.00

The two agencies had submitted their reports alongwith suggestions/recommendations to the Department. Some of the major suggestions/recommendations *vis-a-vis* status of follow up action taken by the Department is highlighted at **Appendix-2.2.9**. The Department only issued direction to Director, BADD to take corrective action on the Inspection Reports submitted by St. Anthony College, Shillong. It however, did not take any follow up action. No corrective action was also taken by the Director, BADD, thus defeating the objective of having Third Party Inspection. No records were available to indicate that the Inspection Report submitted by SIRD was evaluated by BADD.

During the exit conference (October 2017), the Director stated that the suggestion/recommendation submitted by St. Anthony College, Shillong were forwarded to the Government of India for necessary comment/direction, while in respect of SIRD, the report was submitted recently and Directorate had not acted on the same.

2.2.12 Social Audit system

As one of the means of monitoring and reviewing BADP schemes, the BADP guidelines 2009, stipulates that an appropriate ‘Social Audit System’ be put in place by the State Government. Audit however, noticed that Department had not put in place the system of Social Audit of BADP schemes. On enquiry, the Director, BADD stated (July 2017) that the Social Audit System was under process.

During the exit conference (October 2017), the Commissioner & Secretary accepted the fact that the Government had not finalised the Social Audit System.

Recommendation: The SLSC may conduct at least two meetings in a year and also review the progress of BADP works. The Department should ensure regular monitoring of the BADP schemes at all levels and take follow up action on the recommendations/suggestions made. The State Government may ensure setting up of Social Audit System at the earliest.

2.2.13 Conclusion

The objective of BADP was to meet the special development needs of the people living in remote and inaccessible areas situated near the international border and saturate the border villages with the required essential infrastructure through convergence of Central/State/Local schemes. It was a major intervention strategy of the Central Government to bring about a comprehensive development of border areas by supplementing the State plan funds to bridge the gaps in socio-economic infrastructure on the one hand and by improving the security environment in border areas on the other.

The State had however, not been able to fully achieve the desired objectives because of the shortcomings in the implementation of the programme. The schemes suffered from planning deficiencies as baseline survey of all notified border villages was not conducted. Baseline survey was also not updated regularly inspite of implementation of many works during 2012-17. The objective of saturating strategic border villages was not met. This was mainly due to non-convergence of BADP with other Central and State Schemes and also due to implementation of BADP projects in non-strategic villages coupled with the execution of inadmissible works. Priority was also not directed towards creating infrastructure identified as gaps during baseline survey. This compromised the strategic villages in becoming saturated as envisaged under the Scheme. Weightage to different sectors and all the border blocks was not adequately given while preparing the Annual Action Plan. Projects were not being completed on time and there was absence of a serious effort in ensuring community participation by

way of sharing the cost of assets. The objective of preventing migration was defeated as the trained persons were provided placement outside the border villages thereby encouraging migration. Monitoring and evaluation of the scheme was not satisfactory by way of review of the schemes by SLSC, inspection at various levels and follow up on the recommendations of the Third Party Inspection Reports.

PUBLIC WORKS DEPARTMENT

2.3 Unfruitful expenditure

Failure of the Division/Department to prepare the estimates for balance works had resulted in the expenditure of ₹ 11.10 crore incurred on Nongtraï-Shella and Balat–Bagli roads becoming unfruitful. Besides the incomplete Nongtraï-Shella had also been left exposed to the vagaries of nature for the last three years leading to its further deterioration.

The State Level Export Promotion Committee (SLEPC) approved construction/ improvement of the following two road works in July 2008 and January 2013 respectively.

Name of the road/estimated cost	Objective of the project
Construction including Metalling and Blacktopping of a road from Nongtraï to Shella (L-6.28 km) at a cost of ₹ 10.26 crore (Work-1).	To facilitate export of limestone and agricultural produce to other parts of the State and Bangladesh and to reduce the distance between Nongtraï and Shella by 17 km from the existing distance of 24 km.
Improvement including Metalling and Blacktopping of Balat – Bagli road consisting of a road (3.682 km) and two bridges (No.3/1 and 3/4) at a revised cost of ₹ 13.98 crore (Work-2)	To connect the residents of Balat to the border haat and play an important role in transporting and marketing of goods in and out of the haat.

These roads were to be funded under ‘Assistance to States for Developing Export Infrastructure and other Allied Activities’ (ASIDE) scheme of the Ministry of Commerce and Industries, Government of India (GoI) and were being executed by Executive Engineer, Mawsynram Public Works Division – Roads (EE, Mawsynram-PWD).

The Work-1 was awarded (February 2009) to a contractor¹⁸ at par (₹ 7.87 crore). While Work-2 was awarded to three contractors; viz road work to Contractor-1¹⁹ (February 2014) at the tendered amount of ₹ 6.85 crore, bridge No.3/1 to Contractor-2²⁰ (May 2014) at the tendered amount of ₹ 3.00 crore and bridge No.3/4 to Contractor-3²¹ at the tendered amount of ₹ 1.26 crore. All the works orders stipulated that the works be completed within 24 months.

Examination of records (February 2017) of the EE, Mawsynram-PWD, revealed that neither of the works were completed. The Work-1 was abandoned by Contractor-1 (January 2014) after completing only 43 *per cent* of the work on the ground that the terrain made it difficult to work and also because of delayed payments. While in case of Work-2, only 75 *per cent* of the road work (valuing ₹ 5.50 crore) and 25 *per cent*

¹⁸ Shri Raham Sing Gullong, JV with Hilyne Wahlang

¹⁹ Shri Rocky Dhar.

²⁰ Shri Boisling Kurkalang.

²¹ Shri B. Lyngdoh.

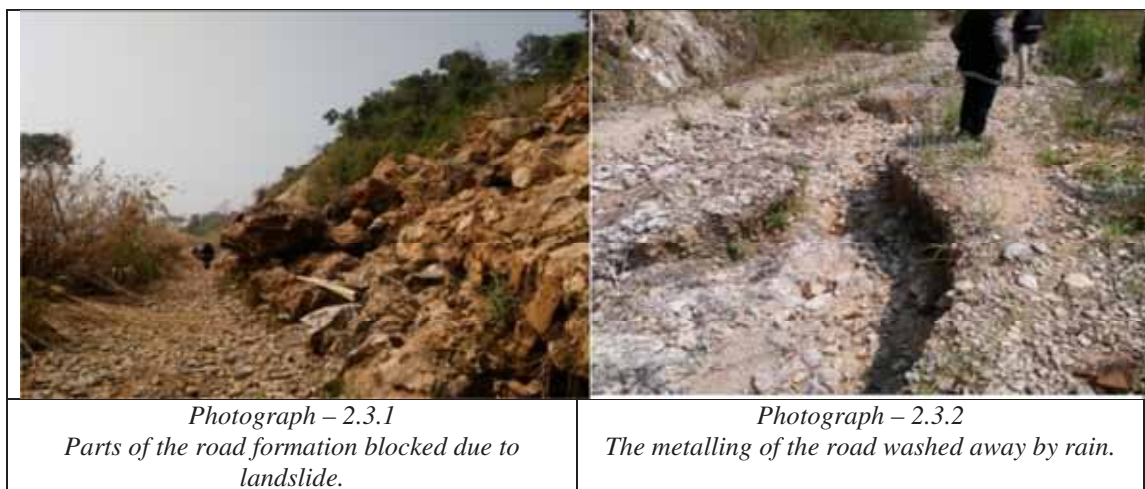
of bridge No.3/1 (valuing ₹ 2.22 crore) were completed upto June 2016. Thereafter, there was no further progress. The work for the bridge No.3/4 did not start.

In the meantime, GoI delinked it's support for the scheme from 2015-16 as the devolution of Union Taxes to States was increased from 32 *per cent* to 42 *per cent*. The CE, PWD (Roads) accordingly instructed (February 2016) the Division to submit the estimates for the balance works. The Division however, failed to prepare and submit the respective estimates. The reasons for not submitting the estimates were not found on record.

Upto the date of audit, ₹ 3.94 crore and ₹ 2.00 crore was released under ASIDE for the Work-1 and Work-2 respectively. After delinking, the State Government released (May 2016) further ₹ 5.60 crore for Work-2. From the funds available, the Division had incurred an expenditure of ₹ 3.94 crore on Work-1 and ₹ 7.16 crore on Work-2 respectively.

With these roads being left incomplete and exposed to vagaries of nature, the expenditure of ₹ 7.16 crore incurred is not only unfruitful but is likely to become wasteful. Besides, the Department had also failed to achieve the intended objectives.

A joint physical verification²² of Work-1 revealed that the Grade-I metalling of the road which was completed upto two km was washed away by the rain; parts of the road formation were blocked due to landslide; surface drain was found destroyed; and the road was not usable. Few photographs are shown below.



The matter was reported (November and December 2017) to the Government and reminder issued (January 2018); reply was awaited (March 2018).

²² A joint physical verification was conducted on 02 March 2017 by Audit along with officers from Office of the EE, Mawsynram-PWD.

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

2.4 Unfruitful expenditure

Delay in sending proposal/sanctioning manpower for two Vocational Training Centres at Khliehtyrshi and Manai and for the seven newly constructed veterinary dispensaries and failure to seek sanction for manpower for the three new veterinary dispensaries had rendered the expenditure of ₹ 9.99 crore unfruitful.

Animal Husbandry and Veterinary Department (Government) accorded administrative approval (between March 2010 and September 2012) for setting up of two Vocational Training Centres (VTCs) at Khliehtyrshi, Jaintia Hills District and at Manai, Mairang, West Khasi Hills and 15 veterinary dispensaries across the State and sanctioned ₹ 14.64 crore²³ for the project. The VTCs and veterinary dispensaries were being set up to provide practical training in animal husbandry activities to farmers, educated unemployed youths, non-governmental organisations, *etc.* and to strengthen the veterinary health services.

Scrutiny of records (March 2017) of the Director of Animal Husbandry and Veterinary Department (Director - AH&VD) revealed that between August 2013 and February 2014, the Engineering Wing of the Department completed the construction of both the VTCs and ten veterinary dispensaries at a cost of ₹ 9.99 crore as shown in the table below. The work in the remaining five veterinary dispensaries were in progress.

Table 2.4.1: Details of construction of two VTCs and ten veterinary dispensaries

(₹ in crore)

Name of the VTC	Date of commencement of work	Date of completion of work	Expenditure incurred on completed works
VTC Khliehtyrshi, Jaintia Hills	11/08/2010	25/02/2014	1.37
VTC Manai, Mairang	14/12/2011	29/08/2013	2.00
Seven Veterinary Dispensaries	December 2011 and April 2012	March 2013 to May 2014	4.09
Eight Veterinary Dispensaries	July 2015 and March 2016	Three completed between July 2015 and March 2016	2.53
Total			9.99

It was further seen that after the civil work of the VTCs were completed, the Director - AH&VD sent (November 2013) a proposal to the Government to sanction nine regular and seven contractual posts for each VTCs so as to make them functional. For

²³

Particulars	Sanctioned date and amount	
Vocational Training Centres at Khliehtyrshi, Jaintia Hills	March 2010	₹ 1.37 crore
Vocational Training Centres at Manai, Mairang, West Khasi Hills	March 2011	₹ 2.00 crore
Seven veterinary dispensaries at Laitlyngkot, Umsning, Dongki-Ingding, Wahiajer, Makal Gunchu, Adokgre (Reking) and Dimapara. The existing Stockman Centres at Laitlyngkot and Umsning were to be upgraded to veterinary dispensaries.	October 2011	₹ 4.09 crore
Eight veterinary dispensaries	September 2012	₹ 7.18 crore
Total		₹ 14.64 crore

the seven veterinary dispensaries whose construction were completed between March 2013 and May 2014, the Director - AH&VD submitted a proposal (June 2014) to the Government for creation of 24 new posts²⁴ in order to make them functional and to redeploy the existing two Veterinary Field Assistants and two Chowkidars at the Stockman Centres at Laitlyngkot and Umsning in the upgraded veterinary dispensaries. For the eight dispensaries, including the three veterinary dispensaries which had been completed between July 2015 and March 2016, the Director - AH&VD had not submitted any proposal to the Government for creation of posts upto April 2017.

The Director, AH&VD thus, failed to seek sanction for manpower for the VTCs and dispensaries well in time. The proposal for creation of posts were submitted only when the construction of both the VTCs and seven veterinary dispensaries were completed.

Despite passage of more than three years (August 2017), the Government had not sanctioned any posts for the two VTCs or for the seven veterinary dispensaries. The newly constructed VTCs and veterinary dispensaries were lying idle and non-functional.

A joint physical inspection (24 and 25 April 2017) of the two VTCs was conducted by Audit and officers of the AH &VD. The inspection revealed that the window panes and internal wiring of all the buildings constructed at Khliehtyrshi and Manai were broken/ damaged, the office-cum-classroom building at Khliehtyrshi was in a dilapidated condition and the pipes for water supply in most of the buildings were also damaged.

Hence, the expenditure of ₹ 9.99 crore became unfruitful besides defeating the objective of providing practical training in animal husbandry activities and strengthening the veterinary health services through the VTCs/veterinary dispensaries. Furthermore, the Department would also have to bear additional cost to repair the wear and tear and damages to the buildings.

The matter was reported (August 2017) to the Government and reminder issued (January 2018); reply was awaited (March 2018).



Photograph – 2.4.1

Office-cum-class room building at Vocational Training Centre, Manai with all window panes broken.



Photograph – 2.4.2

Office-cum-class room building (side-view) in a dilapidated condition of Vocational Training Centre, Khliehtyrshi.

²⁴ Seven Animal Husbandry & Veterinary officers, six Veterinary Field Assistants, six Chowkidars and seven peons.

CHAPTER-III

GENERAL SECTOR

CHAPTER III : GENERAL SECTOR

3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2017 deals with the findings on audit of the State Government units under General Sector.

The names of the major State Government departments and the Budget provision and expenditure of the State Government under General Sector during the year 2016-17 are given in the table below:

Table 3.1.1: Budget provision and expenditure of major departments

(₹ in crore)

Sl. No.	Name of Department	Budget provision (Original and Supplementary)	Expenditure
1.	Finance	1082.60	1207.82
2.	Home/Police/Jail	706.95	644.06
3.	Election	34.86	29.77
4.	Transport	75.20	66.75
5.	Printing & Stationery	25.74	21.40
6.	Law	41.99	31.58
7.	Assembly Secretariat	83.19	67.85
8.	Chief Minister's Secretariat, Secretariat Administrative Department, Personnel, including Passport	86.20	76.71
	Total	2136.73	2145.94

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

3.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. Audit of 12 auditee units were conducted during 2016-17 involving expenditure of ₹ 1201.81 crore (including expenditure pertaining to previous years audited during the year) of the State Government under General Sector. The chapter contains one Compliance Audit paragraph.

The major observations under General Sector detected in audit during the year 2016-17 are given in the succeeding paragraphs.

COMPLIANCE AUDIT PARAGRAPH

HOME (POLICE) DEPARTMENT

3.2 Unfruitful expenditure

A police academy could not be completed in time and as the Finance Commission award period is over, State would have to complete the project with its own funds as it had lost central grant of ₹ 25 crore and meanwhile, till the facility is completed, the objective (training of policemen) would not be achieved.

The Thirteenth Finance Commission (XIII FC) awarded (December 2009) an amount of ₹ 50.00 crore for setting up the 'Meghalaya Police Academy' (hereinafter referred as the Police Academy). The Police Academy was to be set up as per norms laid down for a Police Academy with a training capacity for 450 trainees. The norms laid down 35 different infrastructures such as Parade Ground, Obstacle Course, Stadium, Firing Range, Indoor Shooting Range, Classrooms, Mini Forensic Science Lab, Living accommodation/ Barracks, Administrative Building, etc. (*Appendix-3.2.1A*).

- GoM accorded (March 2012) administrative approval (AA) of ₹ 50.00 crore for the project based on the proposal sent by the office of the Director General of Police (PHQ¹) for constructing 26 items of works for the proposed academy (*Appendix-3.2.1B*).
- A year later, GoM acquired (March 2013) 100 acres of land for the proposed Police Academy at Umran, Niangbyrni, Ri-Bhoi District. The project was entrusted (April 2013) to Meghalaya Government Construction Corporation Limited (MGCCCL).
- Audit observed that the scope of the proposed Police Academy was reduced substantially. The reduction of scope happened first by the PHQ which only included 26 items of work in the Action Plan and the Estimate submitted to Government of India. Thereafter, MGCCCL further reduced the scope of work to only 13 items (*Appendix-3.2.1C*). This was done as the earlier estimate was based on Schedule of Rates (SOR) of 2010-11 for Buildings and SOR 2007-08 for Electrical Works while the Detailed Project Report was revised to SOR of 2013-14. Finally, MGCCCL only called tenders for 11 items of works.
- The work was awarded to six contractors with a stipulation to complete the work between September 2016 and March 2017. The Police Academy was however, incomplete with the physical progress of work ranging between 40 per cent and 80 per cent (November 2016) and incurring expenditure of ₹ 33.09 crore (*Appendix-3.2.1D*). Further, GoI after having released the ₹ 25.00 crore² did not

¹ The office of the Director General of Police is also referred as 'Police Headquarters' (PHQ).

² 1st installment of ₹ 12.50 crore during March 2012 and 2nd of ₹ 12.50 crore during February 2015.

release any more fund to the State as the currency of XIII FC had expired on 31 March 2015. Hence, the delay had resulted in the State having to forego ₹ 25.00 crore of the balance award of XIII FC. In March 2016, GoM sanctioned ₹ 3.61 crore for the project from the State Plan and the fund was released (September 2016) to MGCCL.

On being pointed out (August 2017) to the Government, the Assistant Inspector General of Police (Administration), Meghalaya attributed (October 2017) the delay to a lot of ground work done for acquiring the land. He stated that ₹ 30.61 crore was released to MGCCL and that further fund of ₹ 10.00 crore was sought (June 2017) from the Government for early completion of the project.

The fact however, remained that even after completing works valuing ₹ 33.09 crore, the project was not completed. More importantly, the facility could not be completed in time and as the XIII Finance Commission award period is over, State would have to complete the project with its own funds as it had lost central grant of ₹ 25.00 crore and meanwhile, till the facility is completed, the objective (training of policemen) would not be achieved.

CHAPTER-IV

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

CHAPTER-V

FOLLOW UP OF AUDIT OBSERVATIONS

CHAPTER IV: ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

4.1 Functioning of State Public Sector Undertakings

4.1.1 Introduction

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 and also occupy an important place in the State economy. As on 31 March 2017, in Meghalaya, there were 17 SPSUs (15 Government companies and 2 Statutory Corporations). None of these companies was, however, listed on the stock exchange. During the year 2016-17, no SPSU was incorporated/closed down. The details of the SPSUs in Meghalaya as on 31 March 2017 are given below:

Table 4.1.1: Total number of SPSUs as on 31 March 2017

Type of SPSUs	Working SPSUs	Non-working SPSUs ¹	Total
Government Companies ²	14	1	15
Statutory Corporations	2	Nil	2
Total	16	1	17

The working SPSUs registered an aggregate turnover of ₹ 1,108.66 crore as per their latest finalised accounts as of September 2017. This turnover was equal to 3.75 *per cent* of Gross State Domestic Product (GSDP) of ₹ 29,567 crore³ for 2016-17. The working SPSUs incurred an overall loss of ₹ 266.27 crore as per their latest finalised accounts as of September 2017 as compared to the aggregate loss of ₹ 389.50 crore incurred by the working SPSUs as of September 2016. The decrease in the aggregate loss of working SPSUs during 2016-17 was mainly on account of decrease in the net losses of power sector companies from ₹ 365.30 crore during 2015-16 to ₹ 234.92 crore during 2016-17. The working SPSUs had employed 6,788 employees as at the end of March 2017. Total investment in 16 working SPSUs as on 31 March 2017 was amounting to ₹ 6,469.41 crore. The Return on Equity (RoE) in respect of 9 out of 16 working SPSUs was (-) 2.16 *per cent* as per their latest finalised accounts as on 30 September 2017. The accumulated losses (₹ 1,084.03 crore) of remaining seven working SPSUs had completely eroded their share capital (₹ 896.65 crore) as per their latest finalised accounts.

As on 31 March 2017, there was one non-working SPSU⁴ lying defunct since 2006 and involved an investment of ₹ 4.72 crore. This is critical as the investment in non-working SPSU do not contribute to the economic growth of the State.

¹ Non-working SPSUs are those which have ceased to carry on their operations (Meghalaya Electronics Development Corporation Limited).

² Government companies include other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013.

³ Source: State Finance Report 2016-17.

⁴ Meghalaya Electronics Development Corporation Limited.

4.1.2 Accountability framework

The audit of the financial statements of a Company in respect of financial years commencing on or after 1 April, 2014 is governed by the provisions of the Companies Act, 2013 (Act). However, the audit of the financial statements of a Company in respect of financial years that commenced earlier than 1 April 2014 continued to be governed by the Companies Act, 1956.

According to Section 2 (45) of the Act, a Government Company is one in which not less than 51 *per cent* of the paid-up capital is held by the Central and/or State Government (s) and includes a subsidiary of a Government Company. The process of audit of Government Companies under the Act is governed by respective provisions of Section 139 and 143 of the Act.

Statutory Audit

The financial statements of a Government Company as defined in Section 2(45) of the Act, are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 139(5) or (7) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG under the provisions of Section 143(6) of the Act.

Further, the Statutory Auditors of any other Company (*Other Company*) owned or controlled, directly or indirectly, by the Central and/or State Government(s) are also appointed by CAG as per the provisions of Section 139(5) or (7) of the Act.

As per the provisions of Section 143(7) of the Act, the CAG, in case of any Company (Government Company or *Other Company*) covered under sub-section (5) or sub-section (7) of Section 139 of the Act, if considers necessary, by an order, may cause test audit to be conducted of the accounts of such Company (Government Company and *Other Company*) and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit.

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

Role of Government and Legislature

The State Government exercises control over the affairs of these SPSUs through its administrative departments. The Chief Executives and Directors to the Board of these SPSUs are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSUs. For this purpose, the Annual Reports of State Government Companies together with the Statutory Auditors' Reports and comments of the CAG thereon are to be placed before the Legislature under Section 394 of the Act.

Similarly, the Annual Reports of Statutory Corporations along with the Separate Audit Reports of CAG are to be placed before the Legislature as per the stipulations made under their respective governing Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

4.1.3 Stake of Government of Meghalaya

The State Government has a huge financial stake in these SPSUs. This stake is of mainly three types:

- **Share Capital and Loans-** In addition to the Share Capital contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the SPSUs as and when required.
- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the SPSUs from Financial Institutions.

4.1.4 Investment in State SPSUs

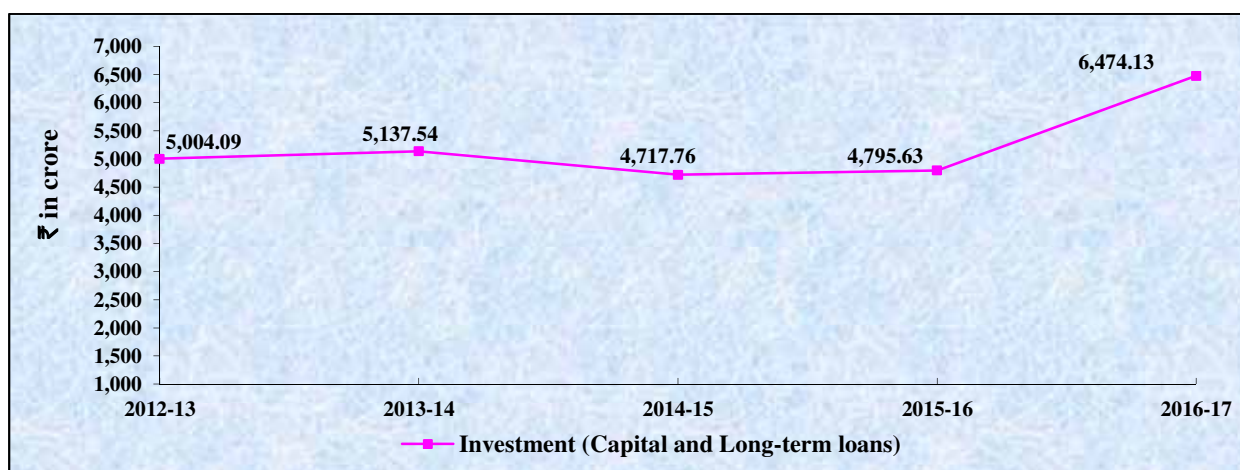
As on 31 March 2017, the investment (capital and long-term loans) in 17 SPSUs was ₹ 6,474.13 crore as per details given in Table 4.1.2 below:

Table 4.1.2: Total investment in SPSUs

Type of SPSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working SPSUs	4,353.22	2,019.69	6,372.91	96.50	0.00	96.50	6,469.41
Non-working SPSU	4.72	0.00	4.72	0.00	0.00	0.00	4.72
Total	4,357.94	2,019.69	6,377.63	96.50	0.00	96.50	6,474.13

Out of the total investment of ₹ 6,474.13 crore in SPSUs as on 31 March 2017, 99.93 per cent was in working SPSUs and the remaining 0.07 per cent in non-working SPSUs. This total investment consisted of 68.80 per cent towards capital and 31.20 per cent in long-term loans. The investment has grown by 29.38 per cent from ₹ 5,004.09 crore in 2012-13 to ₹ 6,474.13 crore in 2016-17 as shown in Chart 4.1.1 below:

Chart 4.1.1: Total investment in SPSUs



As could be noticed from the Chart above, there was a significant increase (₹ 1,678.50 crore) in the investments of the SPSUs during the year 2016-17 from ₹ 4,795.63 crore (2015-16) to ₹ 6,474.13 crore (2016-17). This increase was mainly on account of increase of ₹ 1,664.59 crore in the investment of power sector companies during 2016-17 in the form of equity (₹ 162.74 crore) and loans (₹ 1,501.85 crore).

The sector wise summary of investments in the State PSUs as on 31 March 2017 is given below:

Table 4.1.3: Sector-wise investment in SPSUs

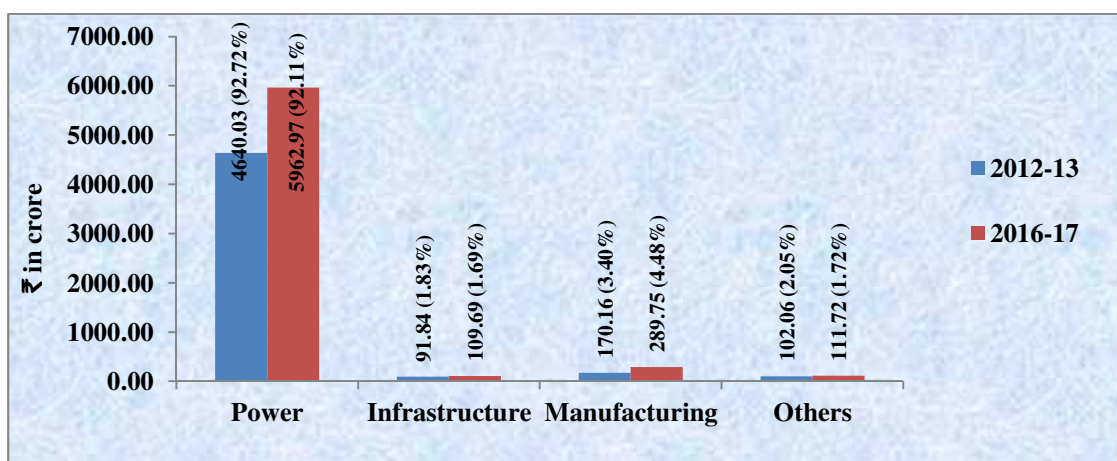
(₹ in crore)

Name of Sector	Government/Other ⁵ Companies		Statutory Corporations	Total Investment
	Working	Non-Working	Working	
Power	5,962.97	0.00	0.00	5,962.97
Manufacturing	285.03	4.72	0.00	289.75
Finance	0.00	0.00	0.00	0.00
Miscellaneous	4.81	0.00	3.36	8.17
Service	7.96	0.00	93.14	101.10
Infrastructure	109.69	0.00	0.00	109.69
Agriculture & Allied	2.45	0.00	0.00	2.45
Total	6,372.91	4.72	96.50	6,474.13

The investment in various important sectors and percentage thereof as on 31 March 2013 and 31 March 2017 are indicated in Chart 4.1.2.

⁵ 'Other Companies' as referred to under Section 139 (5) and 139 (7) of the Companies Act, 2013.

Chart 4.1.2: Sector wise investment in SPSUs



It could be observed from Chart 4.1.2 above that during 2012-17, the thrust of SPSU investment was mainly in power sector, which had increased by 28.51 per cent from ₹ 4,640.03 crore (2012-13) to ₹ 5,962.97 crore (2016-17). Besides, the investment in manufacturing sector had also increased by 70.28 per cent from ₹ 170.16 crore (2012-13) to ₹ 289.75 crore (2016-17) mainly due to increase in the equity (₹ 45 crore) and long term borrowings (₹ 74.59 crore) of Mawmluh Cherra Cements Limited during 2013-17.

4.1.5 Special support and returns during the year

The State Government provides financial support to SPSUs in various forms through annual budget allocations. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and interest waived in respect of SPSUs for three years ended 2016-17 are given in Table 4.1.4 below:

Table 4.1.4: Details regarding budgetary support to SPSUs

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	4	40.30	1	3.31	3	38.90
2.	Loans given from budget	2	2.46	1	100.31	4	10.43
3.	Grants/Subsidy from budget	5	128.53(G) 24.73(S)	6	18.82(G) 6.21(S)	6	(G) 68.76 (S) 28.37
4.	Total Outgo⁶ (1+2+3)	10	196.02	8	128.65	11	146.46
5.	Waiver of loans and interest	1	3.00	Nil	Nil	Nil	Nil
6.	Guarantees issued	Nil	Nil	Nil	Nil	1	325.00
7.	Guarantee Commitment	3	758.18	6	993.85	2	944.10

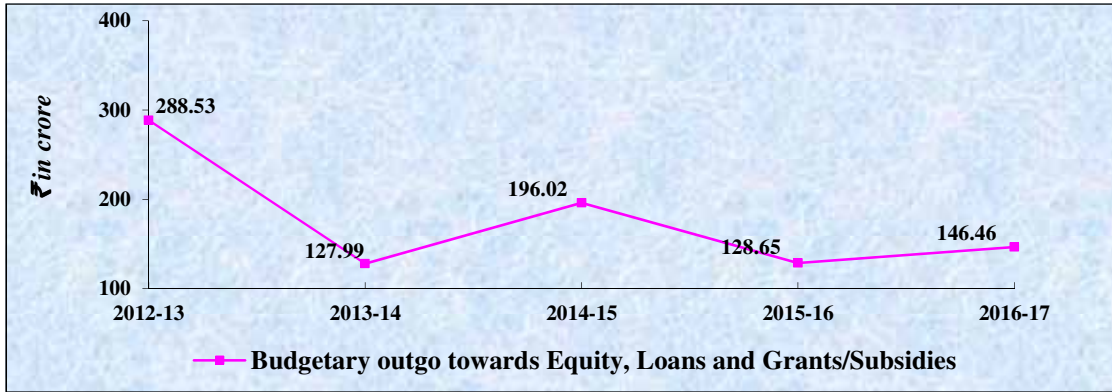
Source: As furnished by SPSUs.

(G): Grants; (S): Subsidies

⁶ Actual number of SPSUs, which received equity, loans, grants/subsidies from the State Government.

The details regarding budgetary outgo to SPSUs towards Equity, Loans and Grants/Subsidies for past five years from 2012-13 to 2016-17 are depicted in Chart 4.1.3.

Chart 4.1.3: Budgetary outgo towards Equity, Loans and Grants/Subsidies



As could be noticed from the Chart above, the budgetary outgo to SPSUs during 2012-17 had shown a mixed trend. The budgetary outgo during 2013-14 was at all time low in five years at ₹ 127.99 crore which increased in 2014-15 to ₹ 196.02 crore mainly due to extension of grants/subsidy of ₹ 142.84 crore to one power sector SPSU (*viz.* Meghalaya Energy Corporation Limited). The budgetary support during 2015-16 was lower at ₹ 128.65 crore as compared to ₹ 196.02 crore provided during 2014-15. During 2016-17, however, the budgetary outgo to SPSUs had again increased to ₹ 146.46 crore. This included the budgetary support of ₹ 120.35 crore (68.86 *per cent*) provided to four power sector companies in the form of equity (₹ 29.09 crore), loans (₹ 5.41 crore) and grants/subsidy (₹ 85.85 crore). The said budgetary support provided to power sector companies included the support of ₹ 99.85 crore provided in the form of equity (₹ 29.09 crore), loans (₹ 5.41 crore) and grant (₹ 65.35 crore) for execution of power projects. The balance amount (₹ 20.50 crore) was provided to these companies towards Rural Electrification subsidy.

Further, to enable SPSUs to obtain financial assistance from Banks and Financial Institutions, State Government provides guarantee subject to the prescribed limits. The State Government charges guarantee fee against the guarantee so provided from the SPSUs concerned. This fee varies from 0.25 *per cent* to one *per cent* as decided by the State Government. As could be noticed from Table 4.1.4, the guarantee commitment of the State Government against the borrowing of the SPSUs increased from ₹ 758.18 crore during 2014-15 to ₹ 944.10 crore (2016-17).

4.1.6 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of SPSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the Finance Department and the SPSUs concerned should carry out reconciliation of differences. The position in this regard as at 31 March 2017 is summarised in Table 4.1.5:

Table 4.1.5: Equity, loans and guarantees outstanding as per Finance Accounts vis a vis records of SPSUs

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs ⁷	Difference
Equity	2,365.80	2,411.16	45.36
Loans	Not available ⁸	290.33	Not workable
Guarantees	943.01	944.10	1.09

It can be noticed that there were unreconciled differences in the figures of equity (₹ 45.36 crore) and guarantees outstanding (₹ 1.09 crore) as per two sets of records. Audit observed that the difference in equity occurred in respect of seven SPSUs⁹ and some of the differences were pending reconciliation since 2012-13. Though the Principal Secretary, Finance Department, Government of Meghalaya as well as the management of the SPSUs concerned were apprised after every quarter about the differences and it was stressed for the need for early reconciliation, no significant progress was noticed in this regard. The matter was also regularly taken up with the Chief Secretary, Government of Meghalaya after every three months to take necessary steps. The Government and the SPSUs concerned should take concrete steps to reconcile the differences in a time-bound manner.

4.1.7 Arrears in finalisation of accounts

The financial statements of the companies for each financial year are required to be finalised within six months after the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96(1) of the Act. Failure to do so may attract penal provisions under Section 99 of the Act. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

The Table 4.1.6 below provides the details of progress made by working SPSUs in finalisation of their annual accounts as on 30 September 2017.

Table 4.1.6: Position relating to finalisation of accounts of working SPSUs

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1.	Number of Working SPSUs	15	15	15	16	16
2.	Number of accounts finalised during the year	15	9	13	35	13
3.	Number of accounts in arrears	52	58	60	43¹⁰	46

⁷ Information as provided by SPSUs and includes only the investment made by State Government.

⁸ State Government's loans to SPSUs are extended through the Government Departments. These Government Departments reallocate the loan funds to different SPSUs. Hence, the SPSU-wise figures of State Government loans are not available in the Finance Accounts.

⁹ Forest Development Corporation Limited, Meghalaya Industrial Development Corporation, Meghalaya Energy Corporation Limited, Meghalaya Handloom & Handicraft Development Corporation Limited, Meghalaya Basin Management Agency, Meghalaya Transport Corporation and Meghalaya Infrastructure Development & Finance Corporation Limited.

¹⁰ Including two years' accounts of a newly added Company at serial no. A-5 of **Appendix 4.1.2** which were pending for finalisation.

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
4.	Number of Working SPSUs with arrears in accounts	14	14	15	16	16
5.	Extent of arrears (numbers in years)	1 to 15	1 to 16	1 to 14	1 to 11	1 to 12

As could be noticed from the table above, the number of accounts in arrears increased from 52 in 2012-13 to 60 in 2014-15 but decreased thereafter to 43 in 2015-16 mainly on account of finalisation of highest number of accounts (35 accounts) by working SPSUs during 2015-16 in last five years. As of September 2017, total 46 accounts relating to 16 SPSUs were in arrears. Audit noticed that more than 50 *per cent* of total SPSUs-arrears (*viz.* 24 out of 46 arrear accounts) pertained to three working SPSUs namely Meghalaya Handloom & Handicrafts Development Corporation Limited (12 accounts), Forest Development Corporation Limited (six accounts) and Meghalaya Tourism Corporation Limited (six accounts).

Timely finalisation of accounts is important for the State Government to know the financial health of the SPSUs, avoid financial misappropriation, weaknesses, mismanagement, ensure safety of Government equity and fix responsibility, *etc.* The administrative departments concerned 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 stipulated period. The Chief Secretary of Meghalaya and the Departments concerned were informed regularly of the arrears in finalisation of accounts by these SPSUs. Further, based on the proposal (May 2016) of the Principal Accountant General (PAG), the Chief Secretary of Meghalaya held two meetings (June/July 2016) with the Management of the SPSUs having arrears of accounts and the Principal Secretaries/Secretaries of the administrative departments concerned for clearing the backlog of accounts at the earliest. No improvement was, however, noticed in the position of arrears of accounts by working SPSUs.

4.1.8 Investment made by State Government in SPSUs

The State Government had invested an amount aggregating ₹ 251.02 crore in 14 SPSUs {equity: ₹ 118.72 crore (4 SPSUs), loans: ₹ 51.98 crore (four SPSUs) and grants ₹ 80.32 crore (eight SPSUs)} during the years for which the accounts of these SPSUs had not been finalised as detailed in **Appendix 4.1.1**. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not. Hence, State Government's investment in such SPSUs remained outside the scrutiny of State Legislature.

In addition to the above, there were arrear of 10 accounts as on 30 September 2017, in respect of the only non-working SPSU¹¹. This SPSU became non-working in 2006 and was in the process of liquidation since June 2011.

¹¹ Meghalaya Electronics Development Corporation Limited

Table 4.1.7: Position relating to arrears of accounts in respect of non-working SPSU

No. of non-working companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
1	2007-08 to 2016-17	10

4.1.9 Placement of Separate Audit Reports

The position depicted in Table 4.1.8 below shows the status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 30 September 2017) on the accounts of Statutory Corporations in the Legislature. It could be seen that no SAR on the accounts of the Statutory Corporations was pending for placement in the State Legislature (November 2017).

Table 4.1.8: Status of placement of SARs in Legislature

Sl. No.	Name of the Statutory Corporation	Year up to which SARs issued to the Government and placed in Legislature
1	Meghalaya Transport Corporation	2013-14
2	Meghalaya State Warehousing Corporation	2015-16

4.1.10 Impact of non-finalisation of accounts

As pointed out under paragraphs 4.1.7 and 4.1.8, the delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of the above, the actual contribution of SPSUs to the State GDP for the year 2016-17 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Government may:

- *ensure preparation of accounts by SPSUs to clear the arrears and set targets for individual SPSU which could be monitored.*
- *consider finalisation of accounts as a pre-condition for providing fresh equity/loans/grants etc.*

4.1.11 Performance of SPSUs as per their latest finalised accounts

The financial position and working results of working Government Companies and Statutory Corporations are detailed in **Appendix 4.1.2**. A ratio of SPSU turnover to State GDP shows the extent of SPSU activities in the State economy. Table 4.1.9 below provides the details of working SPSUs turnover and State GDP for a period of five years ending 2016-17.

Table 4.1.9: Details of working SPSUs turnover vis-a vis State GDP (₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Turnover ¹²	461.00	430.20	640.05	935.69	1,108.66
State GDP ¹³	21,872.00	22,938.00	23,235.00	25,767.00	29,567.00
Percentage of Turnover to State GDP	2.11	1.88	2.75	3.63	3.75

¹² Turnover of working SPSUs as per the latest finalised accounts as on 30 September of the respective year.

¹³ Source: Ministry of Statistics & Programme Implementation, Government of India

From the table above, it can be noticed that during the last five years ending 2016-17, the overall percentage of SPSUs turnover to State GDP had increased from 2.11 *per cent* (2012-13) to 3.75 *per cent* (2016-17). Contrary to the constant growth registered by State GDP during 2012-13 to 2016-17, the turnover of State PSUs had decreased by ₹ 30.80 crore (6.68 *per cent*) during 2013-14 as compared to 2012-13 and increased thereafter during the subsequent three years. As a result, the percentage of SPSUs turnover to State GDP had increased during all the years under reference excepting 2013-14. There was a significant increase of ₹ 468.61 crore in the SPSUs turnover during 2014-17 from ₹ 640.05 crore (2014-15) to ₹ 1,108.66 crore (2016-17). This increase was mainly on account of overall increase of ₹ 467.08 crore in the turnover of four power sector companies¹⁴ from ₹ 529.26 crore (2014-15) to ₹ 996.34 crore (2016-17).

4.1.11.1 Erosion of capital due to losses

The paid-up capital and accumulated losses of 16 working SPSUs as per their latest finalised accounts as on 30 September 2017 were ₹ 4,281.19 crore and ₹ 1,515.45 crore respectively (**Appendix 4.1.2**). Analysis of investment and accumulated losses of these SPSUs revealed that the accumulated losses (₹ 1,084.03 crore) of seven¹⁵ working SPSUs had completely eroded their paid-up capital (₹ 896.65 crore).

Of these seven SPSUs, the primary erosion of paid-up capital was in respect of one¹⁶ power sector company. The accumulated losses (₹ 961.42 crore) of this power sector company had completely eroded its paid-up capital (₹ 801.20 crore) as per its latest finalised accounts. Among non-power sector SPSUs, the paid-up capital had primarily eroded in respect of one SPSU, namely, Meghalaya Transport Corporation (paid-up capital: ₹ 88.08 crore; accumulated losses: ₹ 99.63 crore).

Accumulation of huge losses by these SPSUs had eroded public wealth, which is a cause for serious concern.

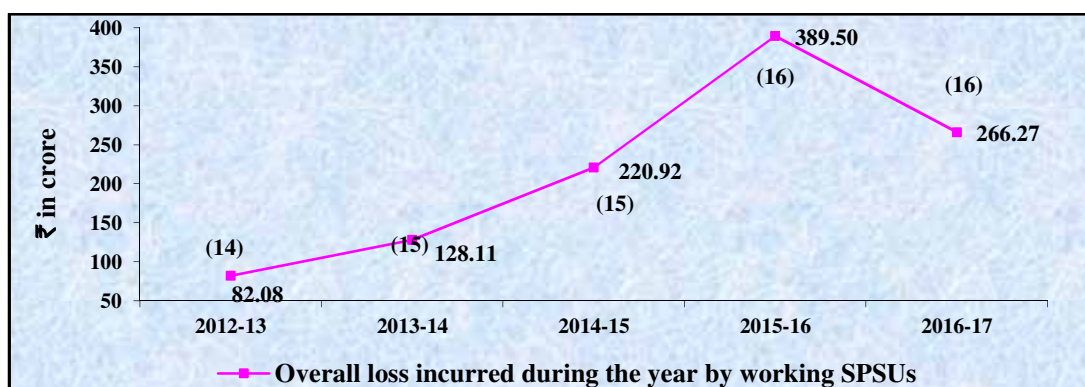
4.1.11.2 The overall losses incurred by the working SPSUs during 2012-13 to 2016-17 as per their latest finalised accounts as on 30 September of the respective year have been depicted below in Chart 4.1.4.

¹⁴ Meghalaya Energy Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Distribution Corporation Limited and Meghalaya Power Transmission Corporation Limited.

¹⁵ Serial No. A1, A2, A4, A7, A10, A13 & B1 of **Appendix 4.1.2**.

¹⁶ Serial No. A10 of **Appendix 4.1.2**.

Chart 4.1.4: Losses of working SPSUs



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

From the chart above, it can be noticed that the overall losses of working SPSUs increased considerably from 2012-13 onwards and peaked at ₹ 389.50 crore (2015-16) mainly due to the huge losses (₹ 366.55 crore) incurred by three power sector companies¹⁷ during 2015-16. During 2016-17, the losses of power sector companies had decreased by ₹ 130.38 crore from ₹ 365.30 crore (2015-16) to ₹ 234.92 crore (2016-17). This had correspondingly decreased the overall losses of working SPSUs from ₹ 389.50 crore (2015-16) to ₹ 266.27 crore (2016-17). During 2016-17, out of 16 working SPSUs, 4 SPSUs earned profit of ₹ 9.30 crore while 12 SPSUs incurred loss of ₹ 275.57 crore as per their latest finalised accounts as on 30 September 2017. The main contributors to profits were Meghalaya Power Transmission Corporation Limited (₹ 7.17 crore) and Meghalaya Government Construction Corporation Limited (₹ 2.01 crore). Heavy losses were incurred by Meghalaya Power Distribution Corporation Limited (₹ 197.96 crore), Meghalaya Power Generation Corporation Limited (₹ 29.40 crore), Mawmluh Cherra Cements Limited (₹ 24.68 crore) and Meghalaya Transport Corporation (₹ 5.73 crore).

Some other the key parameters of SPSUs as per their latest finalised accounts as on 30 September of the respective year are given below.

Table 4.1.10: Key Parameters of SPSUs

Particulars	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Return on Capital Employed (<i>per cent</i>)*	-	-	-	-	-
Debt	1,047.53	1,126.21	1,310.44	1,231.99	1,418.51
Turnover ¹⁸	461.00	430.20	640.05	935.69	1,108.66
Debt/ Turnover Ratio	2.27:1	2.62:1	2.05:1	1.32:1	1.28:1
Interest Payments	40.80	31.52	41.98	137.13	139.90
Accumulated losses	671.82	358.41	576.93	1,113.47	1,533.80

* Negative figures in all the five years under reference.

From the table above, it could be noticed that during 2012-17 (excepting 2013-14) the debt-turnover ratio had shown an improving trend. During 2016-17, the debt-

¹⁷ Meghalaya Power Generation Corporation Limited (₹ 70.02 crore), Meghalaya Power Distribution Corporation Limited (₹ 295.15 crore) and Meghalaya Power Transmission Corporation Limited (₹ 1.38 crore).

¹⁸ Turnover of working SPSUs as per the latest finalised accounts as on 30 September of the respective year.

turnover ratio (1.28:1) was at its best in five years mainly on account of growth of ₹ 615.44 crore in the turnover of four power sector companies¹⁹ from ₹ 380.90 crore (2013-14) to ₹ 996.34 crore (2016-17). This had correspondingly increased the overall turnover of the SPSUs during the said period. The accumulated losses of SPSUs had shown an increasing trend after 2012-13. During 2013-17, the accumulated losses of SPSUs had increased by ₹ 1,175.39 crore from ₹ 358.41 crore (2013-14) to ₹ 1,533.80 crore (2016-17). This was mainly due to increase of ₹ 1,106.94 crore in the accumulated losses of four power sector companies from ₹ 119.97 crore (2013-14) to ₹ 1,226.91 crore (2016-17). This was indicative of the fact that the overall operational results of the SPSUs were highly influenced by the performance of power sector companies.

There was no information available on record regarding the existence of any specific policy of the State Government on payment of minimum dividend by the SPSUs. As per their latest finalised accounts as on 30 September 2017, four SPSUs²⁰ earned aggregate profit of ₹ 9.30 crore. None of these SPSUs, however, had declared any dividend during 2016-17.

4.1.12 Winding up of non-working SPSU

There was one non-working SPSU²¹ involving investment of ₹ 4.72 crore as on 31 March 2017. Though the liquidation process of the non-working SPSU had commenced in June 2011, the winding up of the same was still in process (November 2017). As the annual accounts of this SPSU were pending finalisation since 2007-08, the up-to-date details of the expenditure incurred towards salaries, establishment expenditure, *etc.* were not available. As the non-working SPSU was neither contributing to the State economy nor meeting its intended objectives, the winding up process of the SPSU need to be expedited.

4.1.13 Comments on Accounts

During the year 2016-17, 10 working companies have forwarded 12 audited accounts to the Principal Accountant General (PAG). Of these, nine accounts of eight Companies were selected for supplementary audit while three accounts of two Companies were issued 'non-review certificates'. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needed to be improved substantially. The details of aggregate money value of the comments of statutory auditors and CAG are given below:

¹⁹ Serial no. A8 to A11 of **Appendix 4.1.2.**

²⁰ Meghalaya Power Transmission Corporation Limited, Meghalaya Government Construction Corporation Limited, Meghalaya Tourism Development Corporation Limited and Meghalaya State Warehousing Corporation Limited.

²¹ Meghalaya Electronics Development Corporation Limited.

Table 4.1.11: Impact of audit comments on working Companies**(₹ in crore)**

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	0.53	4	3.31	1	1.48
2.	Increase in loss	3	109.58	16	95.69	1	1.00
3.	Non-disclosure of material facts	2	2.93	8	1,877.13	7	4,736.04
4.	Errors of classification	2	56.21	5	572.68	4	164.51

Source: As per latest finalised annual accounts of SPSUs.

During the year, the statutory auditors had given qualified certificates to all 12 accounts of 10 Companies. In addition, CAG had also issued qualified certificates on all nine accounts of eight Companies selected for supplementary audit. No adverse certificates or disclaimers were issued by the statutory auditors or CAG on any of the accounts during the year. The compliance of Companies with the Accounting Standards (AS) remained poor as there were 14 instances of non-compliance with AS relating to seven accounts.

Similarly, during the year 2016-17, one working Statutory Corporation forwarded one year accounts for audit to PAG which was completed. The statutory auditor and the CAG had given qualified certificates on the accounts of the Corporation.

4.1.14 Response of the Government to Audit

Performance Audits and Paragraphs

For the Chapter on Economic Sector (PSUs) of the Report of the CAG for the year ended 31 March 2017, Government of Meghalaya, one performance audit and three compliance audit paragraphs involving two Departments were issued to the Principal Secretaries of the respective Departments with a request to furnish replies within six weeks. The replies to the three compliance audit paragraphs and the draft performance audit had been received from the State Government. The draft performance audit report was also discussed (22 November 2017) with the representatives of audited entities (Meghalaya Energy Corporation Limited and its three subsidiaries) as well as the State Government in the Exit Conference. The formal replies to the draft Report as furnished (November 2017) by the audited entities and State Government as well as the views expressed by the representatives of the State Government in the Exit Conference have been appropriately taken into consideration while finalising the Report.

4.1.15 Follow up action on Audit Reports

Replies outstanding

The Reports of the CAG represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. To ensure accountability of the executive about the issues contained in these Audit Reports, the Public Accounts Committee (PAC) of the Meghalaya

Legislative Assembly issued instructions (July 1993) for submission of *suo moto* explanatory notes by the administrative departments concerned within one month of presentation of the Audit Reports to the State Legislature.

Table 4.1.12: Explanatory notes not received (as on 30 September 2017)

	Date of placement of Audit Report in the State Legislature	Total performance audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2010-11	23 March 2012	1	5	Nil	1
2011-12	9 October 2013	1	1	Nil	Nil
2012-13	16 June 2014	Nil	4	Nil	3
2013-14	24 September 2015	Nil	6	Nil	2
2014-15	23 March 2016	1	4	Nil	4
2015-16	24 March 2017	1	4	Nil	4
Total		4	24	Nil	14

From the above, it could be seen that out of 24 paragraphs and four performance audits (PAs), explanatory notes to 14 paragraphs in respect of three Departments, which were commented upon, were awaited (November 2017).

Discussion of Audit Reports by COPU

The status as on 30 September 2017 of PAs and compliance audit paragraphs that appeared in the Chapter on Economic Sector (PSUs) of the Audit Reports and discussed by the Committee on Public Undertakings (COPU) was as under.

Table 4.1.13: PAs/paragraphs appeared in Audit Reports *vis a vis* discussed as of September 2017

Period of Audit Report	Number of PAs/paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2010-11	1	5	Nil	3
2011-12	1	1	1	1
2012-13	Nil	4	Nil	1
2013-14	Nil	6	Nil	4
2014-15	1	4	1	1
2015-16	1	4	Nil	Nil
Total	4	24	2	10

Compliance to Reports of COPU

Action Taken Notes (ATN) to 15 recommendations²² pertaining to 3 Reports of the COPU presented to the State Legislature between November 2010 and March 2017 had not been received (November 2017) as indicated below:

Table 4.1.14: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total no. of recommendations in COPU Report	No. of recommendations where Action Taken Notes (ATNs) not received
2008-09	1	7	7
2009-10	1	7	7
2011-12	1	1	1
Total	3	15	15

²² Against four paragraphs and one performance audit.

It is recommended that the Government may ensure: (a) sending of replies to explanatory notes/compliance audit paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) recovery of loss/outstanding advances/overpayments within the prescribed period; and (c) revamping of the system of responding to audit observations.

4.1.16 Coverage of this Report

This Report contains four compliance audit paragraphs and one performance audit on 'Financial Management of Meghalaya Energy Corporation Limited and its three Subsidiary Companies' involving an aggregate financial effect of ₹ 1,183.06 crore.

The audit findings covered in the Report relate to six SPSUs. The investment, turnover, equity, return and percentage of return on equity (RoE) of these SPSUs as per their latest finalised accounts as on 30 September 2017 are given below:

Table 4.1.15: Key parameters of the SPSUs covered in the Report

(₹ in crore)

Sl. No.	Name of the PSU	Investment	Turnover	Equity ²³	Return ²⁴	RoE (per cent)
1	Meghalaya Energy Corporation Limited	1,961.64	0.00	1,862.07	-14.73	-0.79
2	Meghalaya Power Generation Corporation Limited	1,772.89	191.10	621.50	-29.40	-4.73
3	Meghalaya Power Distribution Corporation Limited	1,017.40	722.17	-160.22	-197.96	Not workable
4	Meghalaya Power Transmission Corporation Limited	406.29	83.07	369.12	7.17	1.94
5	Meghalaya Industrial Development Corporation Limited	94.17	7.27	55.65	-2.35	-4.22
6	Mawmluh Cherra Cements Limited	269.70	0.05	41.49	-24.68	-59.48
Total		5,522.09	1,003.66	2,789.61	-261.95	

Source: Latest finalised accounts of the SPSUs.

It can be seen from the Table 4.1.15 above that the six SPSUs had a total investment of ₹ 5,522.09 crore as per their latest finalised accounts. The Equity of one SPSU (serial no. 3 above) was, however, completely eroded by its accumulated losses and hence, RoE of this SPSU was not workable. The RoE of remaining five SPSUs ranged between (-) 59.48 per cent and (+) 1.94 per cent.

4.1.17 Disinvestment, Restructuring and Privatisation of SPSUs

There was no information regarding any disinvestment, restructuring or privatisation programme in any of the SPSUs during 2016-17.

²³ Equity represents Paid-up Equity Capital plus Free Reserves plus Accumulated profits minus Accumulated losses.

²⁴ Net profit after tax.

PERFORMANCE AUDIT

POWER DEPARTMENT

4.2 Financial Management of Meghalaya Energy Corporation Limited and its three Subsidiary Companies

As part of the power sector reforms in the State, the erstwhile Meghalaya State Electricity Board (MeSEB) was unbundled (March 2010) into four companies viz., Meghalaya Energy Corporation Limited (MeECL), the holding company and its three subsidiaries, Meghalaya Power Generation Corporation Limited (MePGCL), the generation entity, Meghalaya Power Transmission Corporation Limited (MePTCL), the transmission entity and Meghalaya Power Distribution Corporation Limited (MePDCL), the distribution entity. After unbundling, MeECL initially took over (April 2010) the power generation, transmission and distribution activities in the State. The subsidiary companies became operational with effect from 1 April 2012. The present Performance Audit (PA) was conducted (May 2017 to August 2017) to review the Financial Management of MeECL and its three subsidiaries covering the aspects relating to planning, revenue generation, borrowing and debt servicing activities during the period from 2012-13 to 2016-17. The major observations emerging from the present report are as follows:

Highlights

The subsidiary companies did not have the required administrative and financial autonomy to manage their individual revenue and expenditure. The holding Company was pooling together all revenue and receipts of the holding Company and its subsidiaries. The entire expenditure of these companies were met out of the said pooled fund by passing the adjustment entries in the books of the holding and subsidiaries.

(Paragraph 4.2.9)

More than 52 per cent of the financial resources of MeECL and its subsidiaries during the five years (2012-17) were utilised for funding losses and only 16 per cent was utilised for creation of fixed assets, which were essential for revenue generation and future growth.

(Paragraph 4.2.11)

During the five years (2012-17) under review, MeECL failed to prepare the Budgets for its subsidiaries and get the same approved before the start of the relevant financial year. There was no system in place to compare the budgeted figures with actuals so as to analyse the extent and reasons for variations and taking timely corrective action.

(Paragraph 4.2.12)

The revenue realised by MePDCL against sale of power during the five years (2012-17) was not sufficient to meet even the power purchase cost (including

transmission/wheeling charges) mainly due to poor billing and collection efficiency and high power purchase cost.

(Paragraphs 4.2.13, 4.2.18 and 4.2.19)

Debt servicing of MeECL was deficient as about 86 per cent of the loan instalments due for payment during 2012-17 were defaulted leading to high incidence of additional interest and penal charges. MeECL had to avail fresh loans for payment of overdue loan instalments and servicing of debts which placed MeECL and its subsidiaries in a debt trap situation.

(Paragraphs 4.2.29 and 4.2.30)

A review of the minutes of the meetings of the Board of Directors (BoD) of MeECL and its subsidiaries revealed that issues like achievement of targets against the budgeted revenue/expenditure, performance of the subsidiaries against billing and collection of operational revenue, progress in reduction of AT&C loss etc. were not discussed in the BoD meetings during the five years (2012-17) covered under audit.

(Paragraph 4.2.34.1)

4.2.1 Introduction

As part of the power sector reforms in the State, the erstwhile Meghalaya State Electricity Board (MeSEB) was unbundled (March 2010) into four companies viz., Meghalaya Energy Corporation Limited (MeECL), the holding Company and its three subsidiaries, Meghalaya Power Generation Corporation Limited (MePGCL), the generation entity, Meghalaya Power Transmission Corporation Limited (MePTCL), the transmission entity and Meghalaya Power Distribution Corporation Limited (MePDCL), the distribution entity. After unbundling of erstwhile MeSEB, MeECL initially took over (April 2010) the activities relating to generation, transmission and distribution of power in the State. The three subsidiary companies became operational with effect from 1 April 2012. MePGCL (the generation entity) was engaged in power generation through its seven hydroelectric plants (HEPs) with a total capacity of 314.70 MW²⁵. The entire power generated by MePGCL was being sold to MePDCL. MePTCL (the transmission entity) had been engaged in transmission of power at 132 kV²⁶ and above purchased by MePDCL from MePGCL as well as other power generating entities. MePDCL (the distribution entity) was engaged in distribution and sale of power to the end consumers within the State. As such, MePDCL was the main revenue generating subsidiary of MeECL. MePDCL was responsible to pay off the power purchase bills against the power purchased from various sources (viz. MePGCL, Central Generating Units (CGUs) and other power generating entities). In addition, MePDCL was also liable to pay the wheeling charges²⁷ to the transmission entities (viz. MePTCL and other inter-state power transmission entities) towards transmission of power at

²⁵ Mega watt– A unit of power equal to one million watts.

²⁶ Kilovolt –a unit of electromotive force, equal to 1000 volts.

²⁷ Electric power transmission charges for transportation over transmission lines of the grid.

132 kV from the generation source to the sub-stations of MePDCL. The power so received by MePDCL was then stepped down to appropriate lower levels (*viz.* 11 kV, 220 volts, *etc.*) and supplied to the end consumers through the distribution network of MePDCL.

4.2.2 Organisational set up

Despite functional segregation into three separate entities, the Corporate Office of the holding company (MeECL) had been centrally controlling the entire activities of three subsidiaries relating to fund management, material management, planning, human resource management, *etc.* The Management of MeECL was vested in a Board of Directors (BoD) headed by the Chairman and Managing Director (CMD). The CMD of MeECL was also the CMD on the BoDs of the three subsidiaries. The Director (Finance) of MeECL exercised control over the financial management of MeECL and its three subsidiaries and was assisted by the Chief Accounts Officer (CAO) and three Deputy Chief Accounts Officers (Dy. CAO).

4.2.3 Scope of Audit

A Performance Audit (PA) on the Fund Management of the erstwhile MeSEB had featured in the Report of the Comptroller & Auditor General of India for the year ended 31 March 2004, Government of Meghalaya (GoM). The Report was discussed (June 2008) by the Committee on Public Undertakings (COPU). The COPU, however, did not issue any recommendations in this regard (December 2017).

The present PA conducted during May 2017 to August 2017 reviewed the Financial Management of MeECL and its three subsidiaries covering the period from 2012-13 to 2016-17. The PA mainly deals with the aspects relating to planning, revenue generation, borrowing and debt servicing activities of MeECL and its three subsidiaries. For the purpose of the present audit, records maintained by the Finance and Accounts Wing of MeECL and its three subsidiaries functioning under the control of the Director (Finance), MeECL were scrutinised. Besides, the records of all the nine Revenue Divisions of MePDCL as well as the records relating to all the 21 cases of long term borrowings of MeECL and its subsidiaries involving an amount aggregating ₹ 2,472.91 crore were also reviewed.

4.2.4 Audit Objectives

The objectives of the PA were to assess whether:

- the overall management of funds in MeECL and its three subsidiaries was efficient and effective;
- the budgetary planning and control of funds was efficient and effective;
- performance relating to revenue generation as well as management of receivables and payables was efficient; and,
- activities relating to fund raising, debt servicing and internal controls were efficient and effective.

4.2.5 Audit Criteria

The audit criteria for assessing the performance of MeECL and its three subsidiaries against above mentioned audit objectives were derived from the following sources:

- The Electricity Act, 2003;
- Meghalaya Electricity Supply Code 2012 (MESC, 2012);
- The National Electricity Policy, 2005 (NEP);
- Regulations/instructions issued by the Government of India (GoI)/GoM and the Regulatory Authorities;
- Tariff orders issued by Meghalaya State Electricity Regulatory Commission (MSERC);
- Annual Financial budgets of MeECL and three subsidiaries;
- Financial parameters and procedures prescribed by the four power companies;
- Policies and guidelines on efficient utilisation of funds as framed by GoM and four power companies; and,
- Financial performance indicators of MeECL and three subsidiaries.

4.2.6 Audit Methodology

The methodology adopted for attaining the audit objectives included holding of Entry Conference (8 May 2017) with the representatives of MeECL, its three subsidiaries and the GoM. The scope, audit objectives, audit criteria, *etc.* were explained in the Entry Conference. The audit methodology also included analysis of the data/records with reference to the audit criteria, raising of audit queries, interaction with the personnel of audited entities and issuing of draft Audit Report to the power companies and to the GoM for comments.

The draft Audit Report was also discussed (22 November 2017) with the representatives of MeECL and its three subsidiaries as well as the GoM in the Exit Conference. The formal replies to the draft Report as furnished (November 2017) by the MeECL on behalf of its subsidiaries and reply of GoM (January 2018) as well as the views expressed by the representatives²⁸ of the four companies and GoM in the Exit Conference have been appropriately taken into consideration while finalising the Report.

4.2.7 Acknowledgement

The Indian Audit & Accounts Department acknowledges the co-operation of the GoM, MeECL and its subsidiaries in providing necessary information and records for conducting the present audit.

²⁸ CMD (MeECL), Director Corporate Affairs (MeECL), Director (MePTCL), Company Secretary (MeECL) and Joint Secretary – Power Department, GoM.

Audit Findings

Efficient financial management serves as a tool for decision making, optimum utilisation of financial resources and borrowing of funds, as per requirement, at favourable terms. During the period of five years from 2012-13 to 2016-17 covered under the present audit, MeECL had been taking all important decisions on the matters relating to the financial activities of its subsidiaries on their behalf. The financial activities of three subsidiaries (MePGCL, MePTCL and MePDCL) mainly included purchase of power from various sources and payment thereagainst, billing towards sale of power and collection of revenue thereagainst, availing of short and long term borrowings to finance the revenue and capital expenditure and other related transactions, etc. Audit examined the efficiency and effectiveness in managing these activities and the findings are discussed in succeeding paragraphs.

4.2.8 Financial Position

The basic objective of unbundling the erstwhile MeSEB as stipulated under the Section 131 of the Electricity Act, 2003, was to make the power sector entities financially and operationally independent and also make them economically viable. The National Electricity Policy (NEP) 2005 also envisaged to ensure financial turnaround and attain commercial viability of the State power sector. Audit analysed the financial position of MeECL and its subsidiaries during the five years (2012-17) under review and the details have been summarised in Table 4.2.1 below:

Table 4.2.1: Consolidated financial position of MeECL and its subsidiaries

(₹ in crore)						
Sl No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17 ²⁹
A.	Liabilities					
1.	Share capital including equity pending allotment ³⁰	1,760.75	1,838.57	1,961.64	2,004.41	2,033.50
2.	Reserves & Surplus (Loss)					
i	Accumulated losses	(626.68)	(991.99)	(1,226.92)	(1,510.83)	(1,836.02)
ii	Others	309.49	321.06	312.99	310.57	36.24
3.	Long term Borrowings	1,204.53	1,243.47	1,414.97	1,623.94	2,050.23
4.	Other long term liabilities	24.86	28.85	34.53	36.95	358.46
5.	Current liabilities & provisions	1,690.91	1,515.75	1,170.66	947.06	1,280.02
	Total	4,363.86	3,955.71	3,667.87	3,412.10	3,922.43
B.	Assets					
1.	Net Fixed Assets	1,664.25	1,836.69	1,734.45	1,693.99	1,607.90
2.	Capital work in progress	914.47	919.97	1,084.28	1,208.06	1,409.07
3.	Investments	9.96	10.88	11.99	14.52	9.95
4.	Current Assets, Loans and Advances	1,775.18	1,188.17	837.15	495.53	895.51
	Total	4,363.86	3,955.71	3,667.87	3,412.10	3,922.43
	Net worth ³¹ (Sl. A1 + A2 (i))	1134.07	846.58	734.72	493.58	197.48

Source: Annual Accounts

²⁹ Figures for 2016-17 were provisional.

³⁰ Amount against equity received but share certificate was pending to be issued.

³¹ Net worth = Equity share capital minus accumulated losses.

As could be seen from the table above, the accumulated losses of MeECL and its three subsidiaries during five years (2012-17) showed almost three-fold increase from ₹ 626.68 crore (2012-13) to ₹ 1,836.02 crore (2016-17). As a result, the net worth of these companies had decreased by 83 *per cent* from ₹ 1134.07 crore in 2012-13 to ₹ 197.48 crore in 2016-17. The deterioration in the net worth of four power companies was mainly attributable to the mounting accumulated losses of MePDCL, (one of three subsidiaries of MeECL), on account of high Aggregate Technical & Commercial losses (AT&C losses) and poor billing and collection efficiency as discussed under paragraphs 4.2.14.4, 4.2.18 and 4.2.19. Examination of the records of MePDCL revealed that during the period of five years (2012-17), the accumulated loss of MePDCL increased by more than three times from ₹ 468.31 crore (2012-13) to ₹ 1,492.04 crore (2016-17), which ultimately eroded its entire equity capital. As a result, the net worth of MePDCL (₹ 308.08 crore) as on 31 March 2013 turned negative {(-) ₹ 680.42 crore} as on 31 March 2017. Hence, instead of attaining the financial turnaround of the state power sector as per the spirit of NEP, the financial position of the power sector companies in the State of Meghalaya turned to be worse.

4.2.9 Administrative and financial autonomy

To improve efficiency in operations and achieve financial turnaround of the State power sector, it was imperative that the Generation, Transmission and Distribution entities had separate managements with independent administrative and financial powers. This was also essential for fixing responsibility and accountability of the executives/authorities for their actions/inactions while governing the activities of four power companies.

Examination of records of MeECL and subsidiaries, however, revealed that among four power sector companies, only the holding Company (MeECL) had been functioning with a full time Chief Executive Officer³². The Commissioner of Taxes, GoM was holding additional charge of Director (Finance), MeECL to control the Finance and Accounts of MeECL. The Chief Executive Officer of the holding Company was also the Chief Executive Officer of all three subsidiaries. It was further noticed that none of the subsidiaries had separate Finance and Accounts wing. As such, the Director (Finance) of MeECL was discharging the functions relating to the Finance and Accounts of the holding as well as three subsidiaries. Further, during the period of five years (2012-17) covered under audit, all the revenue and receipts of the holding and its subsidiaries were pooled together. The entire expenditure of these companies were met out of the said pooled fund by passing the adjustment entries in the books of the holding and subsidiaries. Hence, the entire exercise did not involve any physical movement of cash/funds. Further, while preparing the annual accounts of subsidiaries, the other consolidated expenses such as employee costs, finance charges and other expenses of the subsidiaries had been allocated by the holding Company among these companies by passing adjustment entries in their accounts.

³² Chairman-cum-Managing Director.

Examination of records further revealed that MePDCL had not been making any actual payments to its sister concerns (MePGCL and MePTCL) towards the cost of power purchased and transmitted. Audit observed that the dues of MePDCL payable to these sister concerns were being settled through book adjustment entries only. The final balances payable by MePDCL to MePGCL and MePTCL were either accounted as inter-company payables/receivables or written off in the accounts of MePGCL and MePTCL. Audit observed that during 2015-16, an amount aggregating ₹ 55.78 crore receivable from MePDCL towards power purchase and transmission charges was written off in the books of MePGCL (₹ 31.79 crore) and MePTCL (₹ 23.99 crore) as bad debts. The corresponding amount was, however, booked as 'other income' in the accounts of MePDCL. The adjustment entries so passed for settling the inter-company receivables/payables were highly irregular as it resulted in depicting an incorrect picture of the operational performance and financial health of three subsidiaries of MeECL.

Hence, under the present system of financial management, the subsidiaries did not have the required administrative and financial autonomy to manage their individual revenues and expenditure in an efficient manner. This had ultimately hampered the operational performance of the subsidiaries. As a result, the financial turnaround of these companies could not be a reality even after a lapse of more than seven years of unbundling (March 2010) of erstwhile MeSEB.

The GoM/MeECL stated (January 2018/November 2017) that the Companies Act, 2013 allowed (Section 203) the key managerial personnel of holding Company to hold the same post in subsidiary companies. It was further stated that the MeECL was in the process of unbundling the accounting function of subsidiaries.

The reply was not acceptable in view of the fact that the prevailing system of financial management and accounting in MeECL and subsidiaries had defeated the basic spirit of unbundling of erstwhile MeSEB. Besides, the existing system of accounting had also provided an incorrect picture of the financial health and operational activities of these companies.

4.2.10 Financial Ratios

Financial stability of any organisation is assessed by analysing various financial ratios. Some important ratios have been discussed below:

- **Current Ratio**³³ indicates the ability of the organisation to cover the obligations against 'current liabilities' with its current assets.
- **Debt-Equity Ratio**³⁴ shows the relative proportion of the investment through external funding (long term borrowings) and shareholders' funds. The ratio indicates the soundness of long term financial stability of the entity.
- **Debt Service Coverage Ratio**³⁵ is a measure of available cash flow to pay off current debt obligations.

³³ Current Ratio = Current Assets ÷ Current Liabilities.

³⁴ Debt Equity Ratio = Debt ÷ Equity.

The accepted benchmarks for Current Ratio and Debt Service Coverage Ratio were 2:1 and 1:1 respectively. The standard for Debt-Equity Ratio as prescribed by MSERC was 70:30. Audit worked out the above three ratios collectively for four power companies (MeECL and its subsidiaries) during the five years (2012-17) as per the details summarised in Table 4.2.2 below:

Table 4.2.2: Financial ratios of MeECL and its subsidiaries

Sl No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	Benchmark
1	Current Ratio	1.05:1	0.82:1	0.82:1	0.77:1	0.92:1	2:1
2	Debt Equity Ratio	45:55	52:48	57:43	67:33	90:10	70:30
3	Debt Service Coverage Ratio*	-0.65:1	-0.66:1	-0.004:1	-0.19:1	-0.23:1	1:1

Source: Annual Accounts of power companies.

*Figures of 'Profit before interest and depreciation' were negative in all five years (2012-17)

An analysis of the above ratios revealed the following:

- The power companies could not achieve the Current Ratio benchmark (2:1) during any of the five years (2012-17) under reference. The Current Ratio of these companies was less than 1:1 during four out of five years (excepting 2012-13). This was indicative of poor short-term liquidity and inadequacy of the 'current asset' to cover the obligations against 'current liabilities' of power companies. This had caused deficiency of working capital to meet the fund requirements for day-to-day operations of these companies.
- Debt Service Coverage Ratio had showed negative figures during all the five years (2012-17) under review as the 'profit before interest and depreciation' of the power companies was negative in all these years. This indicated unhealthy and unstable financial condition of power companies in the long term, exposing them to the possibilities of defaults in repayment of long term borrowings. As a result, these companies had to forcibly depend on fresh borrowings for servicing of long term debts, which further added to overall debt burden of these companies and increased the possibility of getting them into a 'debt-trap' situation.
- As against the standard Debt-Equity Ratio of 70:30 fixed by MSERC, the actual Debt-Equity Ratio of the power companies had deteriorated from 45:55 (2012-13) to 90:10 (2016-17). This was indicative of high dependency of power companies on long term borrowings leading to unsound financial health and risky financial structure considering the fact that the Debt Service Coverage Ratio of power companies was 'negative' during last five years (2012-17).

The GoM/MeECL had accepted (January 2018/November 2017) the above audit observations.

4.2.11 Sources and Utilisation of fund

The primary sources of fund of MeECL and its subsidiaries included the revenue from sale of power, subsidy from GoM and the borrowing availed from GoM and Financial Institutions (FIs). The funds so sourced were mainly utilised for payment of power

³⁵ Debt Service Coverage Ratio = Profit before Interest and Depreciation ÷ Amount of the Instalments (interest and principal) due for repayment on borrowings during the year.

purchase bills, servicing of long term debts, meeting the revenue expenditure against administrative overheads (including employee costs) and the capital expenditure against system improvement works. Summarised details of the combined sources and utilisation of funds of MeECL and its subsidiaries during the five years (2012-17) have been given in **Appendix 4.2.1**. It can be seen from the **Appendix 4.2.1** that during 2012-13 to 2016-17 more than 52 per cent (₹ 2,057.66 crore) of the total financial resources (₹ 3,932.85 crore) were utilised towards funding the losses of power companies. It is pertinent to mention that investment on creation of fixed assets is essential for revenue generation and growth of an organisation. However, as could be noticed from the **Appendix 4.2.1**, MeECL and subsidiaries had utilised only about 16 per cent (₹ 617.18 crore) of the available financial resources on creation of fixed assets during 2012-17. The position stated above was indicative of poor financial health and ineffective management of financial resources of MeECL and its subsidiaries.

In reply, GoM/MeECL had accepted (January 2018/November 2017) the audit observation.

4.2.12 Budgetary planning and control

Budgetary planning and control is an important tool for an effective financial management. Budgetary planning involves advance and realistic assessment of available resources *vis-à-vis* the requirements of funds for meeting the revenue and project related capital expenditure. To facilitate effective budgetary planning and control of financial resources, it was essential that the power companies annually prepare the Budget before the start of the financial year concerned. It was also a prudent practice to split the annual Budget targets into quarterly or monthly targets and compare them with actuals to enable regular monitoring and timely corrective action. On review of the Budgets prepared by MeECL for its subsidiaries for the period of five years (2012-17) covered under audit, following deficiencies were noticed:

- During all the five years (2012-17) covered under audit, MeECL failed to prepare the Budgets for its subsidiaries and get the same approved by the Board of Directors of the respective companies before the commencement of the relevant financial year as shown in Table 4.2.3 below:

Table 4.2.3: Dates of approval of Budgets of MeECL and its subsidiaries

Sl. No.	Name of Company	2012-13*	2013-14	2014-15	2015-16	2016-17
1	MeECL	01.06.2012	-	-	-	-
2	MePGCL	-	19.07.2013	08.07.2014	01.07.2015	03.11.2016
3	MePTCL	-	19.07.2013	08.07.2014	10.08.2015	03.11.2016
4	MePDCL	-	19.07.2013	08.07.2014	10.08.2015	03.11.2016

Source: Records of Audited entities

*In 2012-13 only one consolidated budget was prepared

- There was no system in place to compare the budgeted figures with the actuals during any of the five years under reference. As such, there was no system in place to

analyse the extent and reasons for variations between the actual and budgeted figures and initiate the timely corrective action.

➤ The power companies had been implementing various capital projects, which were partly financed under various schemes of GoI/GoM. The balance funding for said projects were, however, to be arranged by these companies through their own sources. The own sources of project funding included funds sourced in the form of equity/grant from GoM, borrowings from FIs, *etc.* Audit observed that though capital projects were identified for execution during the year, the sources to arrange the corresponding own funding part of such projects had not been identified and incorporated in the Budget.

➤ To ensure efficient execution of capital projects as envisaged in the Budget estimates, quarterly targets in measurable terms were not set in any of the year. As such, there was no system in place to compare the quarterly Budget estimates with actual progress achieved in each quarter.

As evident from the above, there was absence of an effective budgetary planning and control during the period covered under audit.

While accepting the observations, MeECL assured (November 2017) that appropriate action would be taken to correct the deficiencies and improve budgetary control in future.

As mentioned under paragraph 4.2.12 *supra*, MeECL and subsidiaries did not compare the budget estimates with the actuals during any of the five years under reference (2012-17) to analyse the extent and reasons for variation and take corrective actions. During the course of audit, the budget estimates prepared by MeECL for five years (2012-17) were analysed with reference to the actual revenue and expenditure for the respective years. The major deficiencies noticed in this regard have been discussed below:

4.2.12.1 Revenue Budget

The summarised details of the revenue budget estimates prepared by MeECL in respect of its subsidiaries for the five years (2012-17) *vis-à-vis* the actual expenditure thereagainst have been presented in **Appendix 4.2.2**. The details appearing in the **Appendix** revealed that the budgets did not portray a realistic estimate of the revenue and expenditure of the MeECL and subsidiaries. An analysis of revenue budget estimates *vis-à-vis* the actual revenue expenditures of four companies for five years (2012-17) revealed the following:

➤ The actual gross revenue from the operations of power companies during all the five years (2012-17) was significantly lower than the budget estimates. The variations ranging from 29 *per cent* (2012-13/2013-14) to 8 *per cent* (2015-16) was mainly attributable to the poor billing and collection efficiency of MePDCL as discussed under paragraphs 4.2.18 and 4.2.19 *infra*.

➤ During 2012-17, the actual power purchase cost with reference to year-wise budget estimates was significantly high (excepting 2013-14). The overall net variation (₹ 414.14 crore) in the budgeted and actual power purchase cost during 2012-17 was, to a significant extent, attributable to the delayed payment charges (DPC) aggregating ₹ 265.13 crore (64 per cent) levied by the Central Generating Units (CGUs) during 2012-17. This was on account of delay in payment of power purchase bills by MePDCL, as discussed under paragraph 4.2.23 *infra*.

➤ Ideally, in the case of interest liability against borrowings, there should not be any variations between the budgets and the actuals as most of the long term borrowings of power companies carried a fixed rate of interest. As could be noticed from **Appendix 4.2.2**, the actual interest charges paid by the power companies against long term borrowing were higher than the budget estimates in all the years. This was mainly due to levy of penal interest by the FIs consequent on default in payment of loan instalments and interest dues within the due dates as discussed under paragraph 4.2.29 *infra*.

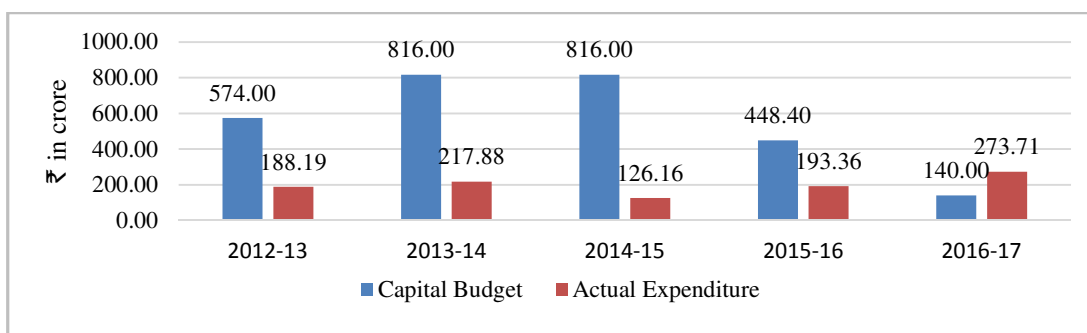
The GoM/MeECL stated (January 2018/November 2017) that the respective variations in power purchase cost and interest charges were due to high incidence of DPC on account of non-payment of power purchase bills and inability to service interest and repayment within due date due to financial constraints.

It was evident from the reply that the management of MeECL had failed in arranging funds for timely payment of power purchase bills as well as servicing of long term debts. MeECL and its subsidiaries needed to focus on improving the billing and collection efficiency as well as making their financial management efficient to contain the accumulated losses.

4.2.12.2 Capital Budget

The year-wise details of the consolidated capital budget of MeECL and its subsidiaries *vis-à-vis* the actual expenditure thereagainst for five years (2012-17) covered under audit have been summarised in **Appendix 4.2.3**. The graphical presentation of the position of the consolidated budgeted and actual capital expenditure of MeECL and its three subsidiaries for the five years (2012-17) covered under audit has been given in Chart 4.2.1 below:

Chart 4.2.1: Actual Capital Expenditure against Budget Estimates



Source: Budgets and Annual Accounts

From the **Appendix 4.2.3** and Chart 4.2.1 above, it could be seen that the actual capital expenditure in all the five years was meagre (excepting 2016-17) compared to the budget estimates. The shortfall in actual capital expenditure against budgeted expenditure ranged from 57 per cent (2015-16) to 85 per cent (2014-15). This was mainly due to failure of power companies to arrange funding for the projects planned and consequent dependence on GoM/FIs for project funding.

The GoM/MeECL stated (January 2018/November 2017) that due to financial constraints, MeECL and its subsidiaries had to depend on funding from GoM or loan from FIs for taking up capital projects.

The reply was not acceptable as the MeECL and subsidiaries should have assessed the requirement of funds in advance after taking into account the budget allocation made by GoM for the project costs and planned for timely action to avail fresh borrowings from FIs accordingly.

4.2.13 Operational Performance

MePDCL was engaged in sale of power to various categories of end consumers in the State. The operations of MePDCL involved billing of power supplied and collection of revenue thereagainst. Hence, MePDCL was the main revenue earning subsidiary of MeECL. MePGCL, the generation entity had been supplying power exclusively to MePDCL. Similarly, MePTCL was mainly transmitting the power purchased by MePDCL either from MePGCL or from other sources. The main source of income of MePTCL was transmission charges recovered from MePDCL. As mentioned under paragraph 4.2.9 *supra*, dues payable by MePDCL to MePGCL and MePTCL towards cost of power supplied/transmitted were settled through book adjustment without involving any cash flow from MePDCL. Considering the above facts, Audit analysed the operational performance and revenue generation efficiency of MePDCL and the findings are discussed below.

The summarised details of the operational performance of the MePDCL for the years (2012-17) covered under audit have been presented in **Appendix 4.2.4**. As could be seen from the **Appendix**, during four years from 2012-13 to 2015-16, revenue from sale of power registered increase of 47 per cent from ₹ 446.50 crore (2012-13) to ₹ 655.09 crore (2015-16). During 2016-17, however, the 'revenue from sale of power' had decreased by 9 per cent (₹ 61.44 crore) from ₹ 655.09 crore (2015-16) to ₹ 593.65 crore (2016-17). This reduction was attributable mainly to non-supply of power by NEEPCO (except free power) to MePDCL during first three quarters (April-December 2016) of the year (2016-17) due to non-payment of power purchase bills by MePDCL.

As could be further noticed from **Appendix 4.2.4**, the revenue realised from sale of power during the five years (2012-17) was not sufficient to meet even the power purchase cost (including transmission/wheeling charges). The revenue from sale of power during 2012-17 constituted only 70 to 86 per cent of the power purchase cost.

This was mainly due to poor billing and collection efficiency of MePDCL as discussed under paragraph 4.2.18 and 4.2.19 *infra*.

From **Appendix 4.2.4**, it could also be noticed that during the five years (2012-17) under review, the two components of cost (*viz.* cost of power purchased and employee cost) together constituted the major element of cost ranging from 86 *per cent* (2013-14) to 95 *per cent* (2015-16) of the total cost. The main reasons for high power purchase cost were high incidence of delayed payment surcharge (₹ 265.13 crore) as well as payment of fixed capacity charges (₹ 262.06 crore) by MePDCL during the five years (2012-17) as discussed under paragraph 4.2.23 *infra*. Consequently, the revenue gap of ₹ 252.49 crore in 2012-13 increased to ₹ 479.87 crore in 2016-17 as could be noticed from the **Appendix**.

Audit analysed the efficiency of MePDCL in managing the receivables (such as revenue recoverable against sale of power, subsidy support from GoM, *etc.*) and the payables (such as dues against power purchase bills) of MePDCL and the findings are discussed in succeeding paragraphs.

4.2.14 Management of Receivables

Efficient management of receivables attracts greater significance as the financial viability of a commercial organisation largely depends on maximisation of revenue collection. The main sources of revenue of the three subsidiaries were the revenue collected against sale/transmission of power as per the tariff fixed by MSERC and financial support received from time to time from GoM. The power generated by MePGCL was sold exclusively to MePDCL and transmitted by MePTCL at the tariff fixed by MSERC. On the other hand, MePDCL had been selling power to the end consumers in the State at the applicable rates as per the tariff fixed by MSERC. As such the financial viability of the three subsidiaries was greatly influenced by the factors such as:

- filing of Tariff petitions for revision of tariff by MSERC within the due dates;
- adequacy of tariff to cover the cost of operation;
- timely release of subsidy by GoM; and
- efficiency in billing of the power sold and collection of revenue thereagainst.

4.2.14.1 Timeliness of Tariff petitions

The subsidiary companies had been filing their respective Tariff petition with MSERC for each year projecting the Annual Revenue Requirements (ARR). The ARR was prepared based on estimates of expenditure and revenue for the year concerned. After scrutiny and approval of the ARR, MSERC issued the revised Tariff Order for implementation by the respective companies. MSERC, while approving the ARR of MePDCL, also considered the approved ARR of the generation and transmission entities for revision of tariff in respect of MePDCL. After revision of tariff by MSERC, MePDCL billed and collected the revenue against sale of power to end consumers at the revised rates. As mentioned above, revision of tariff by MSERC was based on the

estimated ARR of MePDCL. Hence, MSERC had been undertaking the exercise to review the expenses and revenues of MePDCL as approved in the Tariff Order with reference to the final actual figures as per the audited accounts of MePDCL for the respective years. This exercise was termed as ‘truing-up’ of tariff. The revenue surplus/shortfall, if any, based on the truing-up of tariff were considered along with subsequent year’s ARR and Tariff Orders were issued by MSERC accordingly.

As per Regulation 15 of the Tariff Regulations, 2011³⁶ MePDCL (the distribution licensee) shall make an application before the Commission (MSERC) for truing-up of ARR of the year concerned by 30 September of the following year on the basis of the audited statement of accounts of the MePDCL (licensee). Filing of truing-up petitions on due date assumed greater significance for recovering the shortfall in revenue of the respective year through increased tariff during the subsequent year. As there were delays in finalising the annual accounts and corresponding delay in their audit, MePDCL was filing truing-up petitions provisionally and MSERC was allowing interim tariff revisions subject to adjustment after filing the audited accounts. Review of records relating to filing of tariff petitions by MePDCL revealed inordinate delays in filing of the truing-up petition by MePDCL to MSERC as shown in **Appendix 4.2.5**. As could be seen from the **Appendix**, the delay in filing truing-up petition ranged from 4 to 44 months, which had correspondingly delayed the recovery of ₹ 300.85³⁷ crore by 12 to 48 months. The delay in filing of truing-up petition by MePDCL was attributable to delay in finalisation of accounts by MePDCL as discussed under paragraph 4.2.34.2 *infra*.

4.2.14.2 Adequacy of Tariff

As required under the Electricity Act, 2003, the Generation, Transmission and Distribution entities have to file the ARR and tariff petitions every year with the Regulatory Commission and get the same approved by way of revised tariff for recovery from the end consumers. Accordingly, the three subsidiary companies had been filing tariff petition and ARR with the MSERC. Analysis of the ARR filed and that approved by MSERC revealed wide variations between the revenue requirements claimed by the subsidiaries of MeECL and that approved by MSERC. This is shown in Table 4.2.4 below:

Table 4.2.4: Variations between ARR filed by three subsidiaries and approved by MSERC (₹ in crore)

Company	Particulars	2012-13 [*]	2013-14	2014-15	2015-16	2016-17	Total
MePGCL	ARR Proposed	-	299.50	373.32	383.92	551.71	1,608.45
	ARR Approved	-	194.18	205.47	215.60	220.42	835.67
	Shortfall	-	105.32	167.85	168.32	331.29	772.78
MePTCL	ARR Proposed	-	75.36	89.27	183.23	211.69	559.55
	ARR Approved	-	58.32	72.79	78.12	83.29	292.52
	Shortfall	-	17.04	16.48	105.11	128.40	267.03

³⁶ Meghalaya State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011.

³⁷ ₹ 317.14 crore (Total from **Appendix 4.2.5**) - ₹ 16.29 crore (Sl. No. 8 from **Appendix 4.2.5**) allowed for 2014-15 for which there was no delay.

Company	Particulars	2012-13 [*]	2013-14	2014-15	2015-16	2016-17	Total
MePDCL	ARR Proposed	886.38	1,086.72	859.56	1,005.93	1,157.58	4,996.17
	ARR Approved	661.41	744.22	618.87	591.90	610.14	3,226.54
	Shortfall	224.97	342.50	240.69	414.03	547.44	1,769.63

Source: Tariff Order issued by MSERC

(*Only single tariff for 2012-13 was filed by MeECL and was treated as tariff of MePDCL)

Examination of the records of power companies revealed that MSERC, while approving the ARR, had done the following:

- reduced the 'return on equity' claimed by the subsidiary companies for all the five years (2012-17) limiting the equity as in 2011-12 due to non-availability of audited annual accounts for the respective accounting year;
- reduced the amount of 'depreciation' claimed by power companies for all the five years (2012-17) in absence of complete details on the fixed assets created by utilising the consumer contribution and Government grant/subsidy;
- disallowed 'interest costs' incurred during construction period of the projects and attributable to capital work in progress during three years (2013-14 to 2015-16);
- disallowed 'delayed payment charges' from power purchase cost for all the five years (2012-17);
- reckoned deemed income from sale of surplus power while approving the ARR as the actual rate of sale was far below the average cost of supply of power during three years (2014-15 to 2016-17);
- did not approve the capital cost of the project for want of audited annual accounts; and
- levied penalty during three years (2011-12 to 2013-14) for not attaining the prescribed reduction in the AT&C losses.

As a result of the above mentioned disallowances of the claims by MSERC, the subsidiary companies lost the opportunity to earn revenue to the tune of ₹ 2,809.44³⁸ crore during 2012-17 as worked out in audit.

The GoM/MeECL stated (January 2018/November 2017) that recently MePGCL filed (September 2017) an appeal in APTEL³⁹ challenging the order of MSERC to disallow the 'return on equity' on the generation projects. The outcome of the appeal was awaited.

The reply was not acceptable in view of the fact that MSERC had been continuing to limit the claims of MePGCL against 'return on equity' for the last five years, while MePGCL had filed the appeal only recently. Also, the 'return on equity' was restricted by MSERC to the equity level of 2011-12 (the last audited account available

³⁸ ₹ 772.78 crore (MePGCL) + ₹ 267.03 crore (MePTCL) + ₹ 1769.63 crore (MePDCL).

³⁹ Appellate Tribunal for Electricity.

at that time) due to the failure of MePGCL to submit its audited accounts for the years concerned, which was mandatory.

No specific replies were, however, furnished in respect of the other audit observations.

4.2.14.3 Realisation of revenue approved under ARR

After approval of the ARR filed by MePDCL, MSERC revised the tariff so that MePDCL could realise the approved ARR from various consumers through revised tariff. MSERC also fixed the figures of gross revenue to be realised by MePDCL from various sources during the year concerned. Analysis of the actual revenue collection by MePDCL vis-à-vis revenue to be collected as per revised tariff approved by MSERC revealed heavy shortfall in actual sale of power as well as revenue realisation during five years (2012-17) as shown in **Appendix 4.2.6**. It can be seen from the **Appendix** that during 2012-13 to 2016-17, there were significant shortfalls ranging between 304.98 MUs (2015-16) and 832.43 MUs (2016-17) in the quantum of power sold by MePDCL with reference to the quantum of power approved to be sold by MSERC. One of the reasons for this was stoppage of supply of power (except free power) by CGUs due to non-payment of power purchase bills by MePDCL within due dates as discussed under paragraph 4.2.23 *infra*. Shortfall in sale of the approved quantum of power had correspondingly caused shortfalls in the actual revenue collection by MePDCL as compared to that approved by MSERC in all the five years under review. Besides, the high transmission & distribution losses and deficiencies in billing and collection efficiency also adversely affected the actual revenue collection of MePDCL as discussed under paragraph 4.2.18 and 4.2.19 *infra*. The aggregate shortfall in collection of revenue by MePDCL during 2012-17 worked out to ₹ 825 crore.

The GoM/MeECL stated (January 2018/November 2017) that this was due to availability of lesser power than projected due to non-commissioning of projects as well as the imposition of power regulation by CGUs on account of delay in payment of power purchase dues.

The reply was not acceptable as the MeECL/MePGCL needed to execute the power generation projects within the prescribed schedule to ensure availability of power as per the projections. Further, the imposition of power regulation (stopping supply of power except free power) by CGUs was due to non-payment of power purchase bills by MePDCL within the due dates. This could have been avoided through efficient fund management as well as improvement in billing and collection efficiency by MePDCL.

4.2.14.4 Aggregate Technical & Commercial Losses

Reduction in the Aggregate Technical & Commercial Losses (AT&C losses) of MePDCL on sustainable basis was one of the focus areas at the time of finalising the Tariff orders by MSERC. The Transmission and Distribution losses (T&D losses) linked to collection efficiency of distribution licensee were termed as AT&C losses. AT&C losses include the losses on account of theft, non-billing, incorrect billing and

inefficiency in collection of the amount billed besides the T&D losses. Regulation 91 of the Tariff Regulations, 2011 stipulated that in case the AT&C losses of a distribution licensee (MePDCL) during the previous year remained more than 30 *per cent*, the distribution licensee should achieve a reduction in such losses by minimum of 3 *per cent* during the year. For any shortfall in achieving the minimum reduction target (3 *per cent* per year) prescribed for AT&C losses, the distribution licensee (MePDCL) would be penalised by the value of energy lost on this account. The value of the energy so lost would be calculated at the average overall cost of sale of power. Audit analysis revealed that MePDCL failed to achieve the AT&C loss reduction target (3 *per cent*) during five⁴⁰ out of last six years (2011-12 to 2016-17) which led to levy of penalty by MSERC as shown in Table 4.2.5 below:

Table 4.2.5: AT&C Loss against MSERC targets

Sl.No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16*	2016-17*
1	AT&C loss target fixed by MSERC (<i>per cent</i>)	28.38	26.86	24.64	21.79	20.40	22.00
2	Actual AT&C loss (<i>per cent</i>)	40.23	41.26	42.16	34.66	36.50	34.87
3	Reduction/(Increase) (<i>per cent</i>)	(4.59 ⁴¹)	(1.03)	(0.90)	7.50	(1.84)	1.63
4	Penalty for non-reduction (₹ in crore)	29.64	16.75	17.16	NIL	N.A.	N.A.

Source: Tariff Order issued by MSERC

* Provisional figures pending filing of truing up petition.

Examination of records of MePDCL revealed that the high incidence of AT&C losses was mainly due to poor billing and collection efficiency as discussed under paragraphs 4.2.18 and 4.2.19 *infra*. Thus, due to non-reduction of AT&C losses as per the prescribed target, MSERC levied a penalty aggregating ₹ 63.55 crore on MePDCL while approving the truing-up petitions for the years 2011-12 to 2013-14. Accordingly, the approved ARR for these years was reduced by that extent. It was only in 2014-15 that MSERC did not levy any penalty as the AT&C loss during 2014-15 was reduced by more than 3 *per cent* compared to 2013-14.

It was further observed that the truing-up petition for 2015-16 filed (January 2017) by MePDCL was not considered by MSERC due to non-submission of the audited financial statements for the year 2015-16. It was, however, likely that penalty would be levied for 2015-16 also as the provisional AT&C loss had increased to 36.50 *per cent* from 34.66 *per cent* in the previous year. Thus, due to failure to achieve the reduction of minimum 3 *per cent* in AT&C losses as prescribed by MSERC, during the period of three years from 2011-12 to 2013-14, MePDCL lost the opportunity to recover revenue amounting to ₹ 63.55 crore.

The GoM/MeECL stated (January 2018/November 2017) that high AT&C losses were due to large number of unmetered consumers, poor billing and collection efficiency in rural areas and old sub-transmission and distribution systems of

⁴⁰ Excepting 2014-15.

⁴¹ Increase from the actual AT&C loss of 35.64 *per cent* in 2010-11.

MePDCL. It was also stated that after expansion of the 11 KV system and improvement in the HT-LT line ratio, the losses would reduce.

The fact, however, remained that there was not much progress in the reduction of AT&C losses despite repeated directions and even levy of penalty by MSERC.

4.2.15 Subsidy support from Government

The Electricity Act, 2003 stipulated (Section 65) that the State Governments intending to subsidise the electricity tariff determined by the State Electricity Regulatory Commissions to any class of consumers must pay the amount of subsidy in advance to the distribution entity. In the tripartite agreement executed (24 August 2005) between the GoM, erstwhile MeSEB and Rural Electrification Corporation Limited (REC), the GoM had also committed to provide the requisite revenue subsidy to MePDCL to compensate the revenue gap against supply of electricity to identified class of consumers at subsidised rates. MePDCL had been supplying electricity at subsidised rates to the targeted beneficiaries⁴². Preferring of subsidy claims by MePDCL on time and timely release of the subsidy by the GoM was, therefore, essential for maintaining the financial stability of the distribution entity (MePDCL). Besides, it was also essential for MePDCL to submit the subsidy claim to GoM before finalisation of the State budget for the respective years so as to enable GoM to make necessary budget allocations for subsidy claimed by MePDCL.

On scrutiny of the records relating to receipt of subsidy from GoM, it was noticed that during 2012-17, GoM released only a meagre amount of ₹ 77.92 crore (6.45 per cent) against the accumulated subsidy receivable by MePDCL amounting to ₹ 1,207.70⁴³ crore as detailed in **Appendix 4.2.7**. Audit analysis revealed that in all the five years (2012-17) MeECL had submitted the subsidy claims to GoM on behalf of MePDCL only after finalisation of the budget for the respective year. As observed from the records of MeECL/MePDCL, the subsidy claims for last two years (2015-16 and 2016-17) were pending to be submitted by MeECL/MePDCL to GoM (November 2017). As a result, the GoM had also not taken any action for advance release of subsidy in violation of the provision of the Act. Failure of MeECL to submit the subsidy claims before finalisation of State Budget by GoM for the respective years had resulted in non-receipt of subsidy from GoM to the extent of ₹ 798.39 crore⁴⁴ pertaining to the review period (2012-17).

While accepting the facts, MeECL stated (November 2017) that the subsidy claims could not be submitted before the State Budget due to non-finalisation of the annual accounts of MePDCL. It was also stated that all efforts were being made to finalise the accounts of MePDCL on time to enable it to submit the subsidy claims before the State Budget in future. The GoM also stated (January 2018) that low budget provision was due to failure of the MePDCL to submit the audited accounts on time.

⁴² Below Poverty Line (BPL) consumers and the consumers falling under rural and remote areas.

⁴³ ₹ 331.39 crore + ₹ 876.31 crore.

⁴⁴ ₹ 876.31 crore - ₹ 77.92 crore.

4.2.16 Non-release of committed financial support by Government

As per the Memorandum of Understanding (MoU) signed (31 March 2010) between the GoM and the erstwhile MeSEB at the time of unbundling of the latter, GoM had agreed to bear the liability towards the terminal benefits (pension and retirement benefits) of the employees of erstwhile MeSEB. GoM had also committed to provide the entire amount as a one time subsidy support. The total liability on this account as on 31 March 2010 was assessed at ₹ 845.56 crore. Audit observed that as against this commitment, the GoM had released ₹ 5.52 crore only (0.65 *per cent*). GoM, however, did not release the balance amount of ₹ 840.04 crore so far (November 2017) even after a lapse of more than seven years of the commitment made (March 2010) under the MoU. As a result, MeECL and its subsidiaries had to divert an amount aggregating ₹ 416.58 crore out of their operational revenue/borrowings during the period from 2010-11 to 2016-17 towards payment of terminal benefits to the employees of erstwhile MeSEB. This further contributed towards increase in the accumulated losses and deterioration in the financial health of MeECL and its subsidiaries.

The MeECL stated (November 2017) that it had made several correspondences with GoM highlighting the need for support in respect of terminal liabilities. The GoM stated (January 2018) that request had been made (July 2009) to Ministry of Power, GoI for funding through External Aided Funding and many reminders were also sent, but no response had been received so far.

The fact, however, remained that GoM had not released the amount so far (January 2018) despite the commitment made under the MoU, causing further deterioration in the financial condition of power companies.

4.2.17 Delay in participating in UDAY scheme.

Government of India (GoI) introduced (November 2015) Ujwal Discom Assurance Yojana (UDAY) Scheme for the financial turnaround of State owned Power Distribution Companies (DISCOMs) with the main objective to improve the operational and financial efficiency of the State DISCOMs. The Scheme inter alia envisaged (Clause 7.0):

- the State Governments to take over 75 *per cent* of DISCOM debts (payable to banks/ FIs) as on 30 September 2015 during 2015-16 and 2016-17;
- Banks/FIs not to levy any pre-payment charges on the DISCOM debt;
- Banks/FIs to waive off the unpaid overdue interest and penal interest, if any against the DISCOM debt and refund/adjust any such overdue/penal interest, if already paid since 1 October 2013; and,
- State Governments to take over and fund future losses (5 *per cent* to 50 *per cent*) of DISCOMs from 2016-17 onwards.

The Scheme was optional for the States. To operationalise the Scheme in a State, the State Government and the DISCOM concerned had to execute a tripartite MoU with Government of India (GoI). Audit analysis revealed that GoM and the MePDCL executed

the required tripartite MoU only in March 2017. As per the MoU, the outstanding debts of MePDCL from Banks/FIs as on 30 September 2015 were assessed at ₹ 166.67 crore. The GoM committed to take over 75 per cent of said debts by providing the equivalent financial support in the form of equity/grant during the last quarter of 2016-17. The GoM, however, had not released any funds so far (August 2017) against the commitment made. Hence, due to delay in operationalising the UDAY scheme in the State, MePDCL failed to avail the financial benefits envisaged under the Scheme, which could have helped in attaining the financial turnaround of MePDCL as per the Scheme objectives.

The GoM/MeECL accepted (January 2018/November 2017) that there was undue delay on part of GoM in signing the MoU. No comments were, however, offered on non-release of committed financial support by GoM to MePDCL.

4.2.18 Billing efficiency

To attain the financial turnaround and improve the commercial viability of the distribution entity, it was essential to maximise the billing efficiency by metering all supplies and issuing the electricity bills based on actual meter reading. Analysis of data relating to energy injected and billed by MePDCL for sale of power within the State during the period under review revealed that the billing efficiency was poor ranging between 65.44 per cent (2014-15) and 69.84 per cent (2012-13) as detailed in **Appendix 4.2.8**. As could be seen from the **Appendix**, the billing efficiency showed a decreasing trend during 2012-13 (69.84 per cent) to 2014-15 (65.44 per cent). After a marginal increase in 2015-16 (67.38 per cent), the billing efficiency again decreased in 2016-17 (67.35 per cent). As a result, more than 30 per cent of the energy injected during the period (2012-17) could not be billed. Detailed analysis of Circle-wise performance of MePDCL during 2012-17 revealed that the dismal billing performance of MePDCL was mainly on account of poor billing efficiency in two out of six Circles, namely, East Garo Hills Circle and West Garo Hills Circle. The billing efficiency of these two Circles during 2012-17 ranged from 26.27 per cent (2013-14) to 38.65 per cent (2012-13) {East Garo Hills Circle} and 37.21 per cent (2016-17) to 55.04 per cent (2012-13) {West Garo Hills Circle}. Audit observed that poor billing efficiency of MePDCL was attributable to high incidence of unmetered supply (24 per cent), billing not based on actual meter reading, average billing due to existence of defective meters (13.50 per cent), etc. Further, MePDCL had also failed to achieve the year-wise distribution loss targets set by MSERC during the period, which also contributed to low billing efficiency. As could be noticed from **Appendix 4.2.8**, the T&D losses of MePDCL during the period under review, were higher by 7.12 per cent (2012-13) to 11.79 per cent (2014-15) than the all India average⁴⁵.

The MeECL stated (November 2017) that the poor billing and collection efficiency was due to high AT&C losses, inability to recruit permanent staff, non-synchronisation of electronic data in different platforms, etc.

⁴⁵ Figures for 2015-16 and 2016-17 were not available.

The reply was not acceptable as the deficiencies pointed out could have been overcome through effective managerial action and according top priority on reducing the T&D losses so as to improve the revenue generation.

4.2.19 Revenue collection efficiency

As the sale of energy was the main source of revenue of MePDCL, prompt and efficient collection of this revenue assumed great significance. The liquidity position of a power distribution organisation depended on its efficiency to collect the revenue billed on the consumers. MSERC, at the time of issuing tariff orders, had also impressed upon MePDCL to improve metering, introduce computerised data base of consumers to ease the billing process and improve the billing and collection efficiency.

During the course of audit, the revenue collection mechanism prevailing in MePDCL was also examined. The consumers of MePDCL could make payments of the bills by cash, cheques, demand drafts or direct remittance into the account of MePDCL through online payments. As per the Meghalaya Electricity Supply Code 2012 (MESC, 2012) issued by MSERC, the consumers were required (Clause 9.1) to pay electricity charges within 15 days from the date of bill, failing which consumers were liable to pay 'delayed payment charges' at 2.50 *per cent* of the bill amount per month. Further, if the bills remained unpaid for more than one month, the MePDCL was authorised to disconnect the supply of the consumers concerned.

The details of year-wise (2012-17) receivables of MePDCL at the beginning of the year, revenue billed and realised during the year, receivables pending to be realised at the end of each year, percentage of revenue collection, *etc.* have been summarised in **Appendix 4.2.9**. As could be seen from the **Appendix**, the percentage of revenue collection of MePDCL during the five years (2012-17) was very low ranging from 59.46 *per cent* (2012-13) to 68.81 *per cent* (2013-14). Further, the revenue collection of MePDCL fell short of the target set by MSERC during all five years (2012-17). The shortfall ranged from 29.69 *per cent* (2013-14) to 39.38 *per cent* (2016-17). Consequently, revenue of more than 30 *per cent* of the billed amount for each of the five years (2012-17) covered under audit was locked up with the consumers. This indicated lack of effective penal action against defaulting consumers which included disconnection of supply and filing of money suit for recovery of electricity dues, *etc.* as discussed under paragraph 4.2.20.1 *infra*.

As provided under the MESC, 2012, MePDCL had been levying delayed payment charges (DPC) on the consumers who defaulted in payment of electricity bills within the due dates. The imposition of DPC was to deter consumers from defaulting the payment of electricity charges within due dates. As at the beginning of 2012-13, the amount of unrecovered DPC stood at ₹ 232.18 crore. During the period of five years (2012-17), MePDCL had further levied DPC aggregating ₹ 307.44 crore on the consumers who had defaulted in payment of electricity dues. Audit however, noticed that out of total DPC amount of ₹ 539.62 crore levied up to 31 March 2017 (including the opening balance of ₹ 232.18 crore), MePDCL had waived ₹ 243.70 crore. Even after waiver of the same, MePDCL could collect only ₹ 136.55 crore during the

period of five years (2012-17) and the balance amount of ₹ 159.37 crore remained un-recovered as on 31 March 2017. Thus, the failure of MePDCL to collect the entire amount of DPC levied, had reduced the deterrent effect of levy of DPC as envisioned in the MESC, 2012.

4.2.20 Management of consumer dues

Initiating stringent legal action against the defaulting consumers for recovery of electricity dues as per the provisions of the Electricity Act and Rules was essential for improving the revenue collection efficiency. For this purpose, MePDCL was required to prepare the age-wise analysis of consumer dues periodically and bring the same to the notice of the top management for appropriate action. Audit noticed that receivables of MePDCL against supply of power to consumers as on 31 March 2017 stood at ₹ 564.89 crore. Of this, ₹ 60.82 crore was due from inter-state customers while the remaining amount (₹ 504.07 crore) pertained to domestic consumers. This included ₹ 318.21 crore (63 per cent) against sale of power and ₹ 185.86 crore (37 per cent) against various other charges (*viz.* delayed payment charges, electricity duty, FPPA⁴⁶ charges, service connections, capital receipts, *etc.*). Audit observed that MePDCL had never carried out the age-wise analysis of unrecovered dues to assess the extent of pendency of these dues. On scrutiny of records, it was further noticed that the above position of long pending receivables of MePDCL was never reported to its Board of Directors for appropriate directions. Analysis of dues against domestic consumers as on 31 March 2017 revealed serious managerial lapses in follow-up and monitoring of these receivables, which led to accumulation of arrears as discussed in the succeeding paragraphs:

4.2.20.1 Dues from consumers with disconnected supply

As per Electricity Act, 2003 (Section 56 (2)) no sum due from any consumer was recoverable after a period of two years from the date when such sum first became due unless such sum had been continuously shown as recoverable towards outstanding charges against electricity supplied and the distribution licensee had also not disconnected the supply of the consumer concerned. As such, once the supply of a defaulting consumer was disconnected, MePDCL must recover the unpaid electricity dues within a period of two years of first billing. Audit analysed the dues relating to 4,339 consumers (whose digital billing data was provided to Audit), out of the total 4.15 lakh consumers of MePDCL as on 31 March 2017. It was observed that a sum of ₹ 100.99 crore was due against 374⁴⁷ out of 4,339 consumers test checked. It was further noticed that MePDCL had already disconnected the power supply of said 374 consumers for more than two years. MePDCL, however, failed to initiate any action to recover the outstanding dues from these consumers so far (November 2017) rendering the said receivables irrecoverable as per the provisions of the Act.

⁴⁶ Fuel and Power Purchase cost Adjustment Charges.

⁴⁷ Consumers owing more than ₹ 1 lakh.

The GoM/MeECL stated (January 2018/November 2017) that now they had introduced a scheme for waiver of 60 *per cent* of delayed payment charges and expected some improvement in realisation.

The reply, however, ignored the fact that the said consumer dues had already become time barred as per the Electricity Act, 2003 and same could not be recovered.

4.2.20.2 Locking up of funds due to litigation

Analysis of dues from consumers as on 31 March 2017 revealed that ₹ 74.59 crore was outstanding against six High Tension industrial consumers due to prolonged litigation as shown in **Appendix 4.2.10**. Of this, a significant portion of 88 *per cent* (₹ 65.59 crore) pertained to three consumers. Audit observed that the power connection of these three consumers had not been disconnected by MePDCL despite the continuous default in payment of outstanding electricity dues by the said consumers. Failure of MePDCL to prioritise and pursue the litigations vigorously enabled the defaulting consumers to evade payment of energy charges by filing petitions before Courts/Lokadalats.

The GoM/MeECL stated (January 2018/November 2017) that recently an ‘out of court’ settlement had been arrived at in two cases and realisation against these cases was anticipated.

The fact remained that delay in taking timely action against defaulting consumers had led to a significant revenue loss to MePDCL on account of unrealised electricity dues.

4.2.20.3 Dues against Government Departments

Examination of the records of MePDCL revealed that as on 31 March 2017, receivables amounting to ₹ 49.90 crore of MePDCL were locked up with Government Departments towards outstanding dues against supply of power as shown in **Appendix 4.2.11**. Audit analysis revealed that as on 31 March 2014, the said outstanding dues stood at ₹ 17.11 crore only, which had increased by around three fold to ₹ 49.90 crore within a period of three years. The MeECL had taken up (September 2016) the matter with Chief Secretary, GoM, for expeditious settlement of outstanding dues of Government Departments. No tangible progress was, however, achieved in clearing the dues so far (November 2017).

The MeECL stated (November 2017) that the matter had been taken up with GoM. No specific comments were, however, offered by GoM on the issue.

4.2.21 Non-revision of Security Deposit

As per the provisions (Clause 6.10) of the Meghalaya Electricity Supply Code, 2012 (MESC, 2012), the MePDCL was entitled to collect a security deposit (SD) from consumers to the extent of three months’ average electricity consumption so as to facilitate recovery of unpaid electricity dues in case of default by consumers. The SD so collected from the consumers was also subject to review by MePDCL on annual basis for Low Tension (LT) consumers based on their consumption during the previous 12 months; and, on half-yearly basis for High Tension/Extra High Tension (HT/EHT) consumers based on their consumption during the previous six months. The consumers

concerned were required to deposit the required amount for the shortfall, if any, towards additional SD within one month of serving the demand notice by MePDCL.

During examination of records, however, it was noticed that MePDCL did not have a system of periodical review and revision of consumer SD and to recover additional SD as per the provisions of MESC, 2012. Based on the directions issued (December 2012) by the MeECL to review and revise the SD of industrial HT/EHT consumers, MePDCL served (January 2013) demand notices on 98 HT/EHT consumers for remitting additional SD amounting to ₹ 39.81 crore. Instead of remitting the additional SD as demanded by MePDCL, one association⁴⁸ of HT industrial consumers approached (April 2013) MSERC for quashing the notices and amending the related provisions of MESC, 2012. MSERC turned down (September 2013) the case in favour of MePDCL and allowed it (MePDCL) to decide on collecting the additional SD amount in three or six instalments. MePDCL, however, failed to pursue the matter further. The Table 4.2.6 below indicates the details of SD to be collected by MePDCL at the rate of three months' average revenue, SD actually collected and shortfall thereof during the five years (2012-17):

Table 4.2.6: Shortfall in collection of Security Deposit by MePDCL during the five years (2012-17)

(₹ in crore)

Year	Revenue Billed during the year	Average Monthly Revenue	Security deposit to be collected	Security Deposit actually collected	Shortfall
1	2	3(col. 2/12 months)	4 (col. 3 x 3 months)	5	6(4-5)
2012-13	412.88	34.41	103.22	24.87	78.35
2013-14	440.20	36.68	110.05	28.73	81.32
2014-15	488.04	40.67	122.01	33.57	88.44
2015-16	530.88	44.24	132.72	35.97	96.75
2016-17	527.81	43.98	131.95	43.45	88.50

Source: Data furnished by the Audited entity and Annual Accounts

As could be seen from the table above, failure to periodically review and revise the SD amount as per the provisions of the Supply Code deprived MePDCL of the opportunity of collecting 'zero cost' funds ranging between ₹ 96.75 crore (2015-16) and ₹ 78.35 crore (2012-13) during the five years (2012-17). The said funding, if collected, could have helped MePDCL in improving its liquidity position and day-to-day operational performance. As MePDCL had not maintained consumer-wise data for collection of SD, Audit could not comment on the loss, if any, suffered by the Company due to non-recovery of unpaid electricity dues of defaulting consumers in absence of adequate SD amount.

The GoM/MeECL stated (January 2018/November 2017) that MePDCL collected SD initially at the time of providing the electricity connection and whenever there was enhancement of load. It was further added that it was impossible to review the consumption every year for about four lakh consumers.

⁴⁸ Byrnihat Industries Association (BIA).

The reply was not acceptable in view of the fact that under the computerised system of billing and recording the SDs of each consumer, it could be quite simple with suitable software to review and revise SD at periodic intervals. Non-review/revision of SD on periodic basis had violated the provisions of MESC, 2012, which was mandatory for MePDCL.

4.2.22 Non-rationalisation of Security Deposit

The consumers of MePDCL comprised LT, HT and EHT consumers. MePDCL had been collecting SD in cash from all the consumers at the time of sanctioning new connection as well as additional load at the rate prescribed in the tariff order. Collection of SD in cash had great significance for maintaining the liquidity position of the MePDCL taking into account the lead time of around three months between supply of power and collection of payments thereagainst from the consumers. Besides, the provisions of MESC, 2012 also indicated to collect the SD in cash and hence, any change in the mode of collection of SD amount required appropriate amendment to the MESC, 2012 by MSERC.

As discussed under paragraph 4.2.21 *supra*, one association of HT industrial consumers had approached (April 2013) MSERC to allow remitting the SD amount in the form of a bank guarantee (BG) by amending the provisions of MESC, 2012. The MSERC, however, had decided (September 2013) the issues in favour of MePDCL taking cognizance of the fact that the system of accepting BG was unreliable and collection of SD in cash was in line with the provisions of MESC, 2012. Subsequently, one EHT industrial consumer requested (July 2014) MePDCL to permit them to furnish SD in the form of a BG for the additional load applied by the consumer. Considering the request, the Board of Directors of MePDCL took (July 2014) a policy decision to collect 25 *per cent* of the additional load SD by way of demand draft and the balance in the form of an irrevocable BG from industrial HT/EHT consumers who were regular in payment of electricity dues. Accordingly, MePDCL accepted (July 2014 to March 2017) BG amounting to ₹ 11.69 crore towards additional SD from four consumers. Audit, however, noticed that MePDCL before taking a policy decision on the issue, did not take up the matter with MSERC for amendment to the MESC, 2012 in this regard. As such, the special treatment given to HT/EHT consumers in the mode of payment of SD was not in line with the provisions of the MESC, 2012 and tantamounted to undue favour to HT/EHT consumers.

The GoM/MeECL stated (January 2018/November 2017) that acceptance of BG towards SD was to encourage industrial consumers to enhance their connected load.

The reply was not acceptable as collection of SD in any mode other than cash was not in line with the provisions of MESC, 2012. Hence, any concession to any class of consumers in this regard, required amendment of MESC, 2012 by MSERC, which was never sought by MePDCL before accepting the BG from HT/EHT consumers.

4.2.23 Management of payables

To meet the power demand in the State, MePDCL was purchasing power from MePGCL as well as from Central Generating Utilities⁴⁹ (CGUs) besides Unscheduled Interchange⁵⁰ (UI) draws from the Regional Grid and power swapping⁵¹. The total power purchased including free power and swapped power during the five years under review was 10141.34 MUs. The cost of power purchased constitutes about 74 per cent to 82 per cent of the total expenditure of MePDCL during 2012-17 (Appendix 4.2.4). Hence, MePDCL was required to arrange adequate funds to ensure the payment of power purchase bills within the due dates and avoid any interruption in supply of power by the suppliers on this account.

During the five years (2012-17) under review ended 2016-17, MePDCL purchased 4082.42 MUs from CGUs. As per the Power Purchase Agreements (PPAs) executed with the CGUs, MePDCL was required to make payments against the power purchased from CGUs within two months of raising the power purchase invoice. In case MePDCL failed to make the payment within the due period, a surcharge at the rate of 1.5 per cent per annum was leviable on MePDCL for the delays. Therefore, to minimise the power purchase cost, it was imperative to pay the bills within the due date.

A review of the records of MePDCL revealed that during the five years ended 2016-17, MePDCL did not make payment against the power purchase bills or wheeling charges within the due dates excepting a few bills of OTPC⁵² and NHPC⁵³. This led to heavy accumulation of power purchase dues and consequent levy of surcharge by CGUs amounting to ₹ 265.13 crore during the five years (2012-17) as shown in Table 4.2.7 below:

Table 4.2.7: Position of outstanding power purchase bills and levy of surcharge by CGUs

(₹ in crore)

Year	Payable at the beginning	Purchases during the year	Total	Payments during the year	Amount adjusted from sale, etc.	Rebate allowed	Surcharge levied	Payable at the end
1	2	3	4 (2+3)	5	6	7	8	9 [(4+8)-(5+6+7)]
2012-13	231.50	348.04	579.54	264.38	29.13	0.02	6.13	292.14
2013-14	292.14	359.09	651.23	201.38	26.48	0.03	4.84	428.18
2014-15	428.18	415.34	843.52	394.38	19.16	0.13	112.87	542.72
2015-16	542.72	421.34	964.06	321.46	15.16	0.02	84.37	711.79
2016-17	711.79	477.39	1189.19	617.62	25.19	0.03	56.92	603.27
Total	-	2,021.20	-	1,799.22	115.12	0.23	265.13	-

Source: Data furnished by the Audited entity

The MSERC, while considering the truing-up application, disallowed the amount of delayed payment surcharge (₹ 265.13 crore) from power purchase cost and

⁴⁹ NEEPCO, NHPC, NTPC and OTPC.

⁵⁰ Unscheduled Interchange means the difference between actual drawal and scheduled drawal.

⁵¹ Short - term supply of power with a condition to return the same at a later date.

⁵² OTPC - ONGC Tripura Power Company.

⁵³ NHPC - National Hydro Power Corporation.

accordingly, the ARR was reduced to that extent. As a result, MePDCL could not recoup the expenses incurred towards delayed payment charges as a tariff component and it had to bear the said burden leading to further deterioration in the financial position of MePDCL. It was further noticed that in addition to imposing the delayed payment charges on MePDCL, two CGUs (NEEPCO⁵⁴ and NHPC) had further imposed (June 2012-December 2016) power regulations⁵⁵ on supplies to MePDCL during the periods as detailed in Table 4.2.8 below:

Table 4.2.8: Regulations imposed by CGUs on MePDCL

Sl. No.	Regulated period	CGU	Power Station
1	June 2012 to February 2013	NHPC	-
2	January 2014 to September 2015	NHPC	Loktak HEP-
3	July 2012 to January 2013	NEEPCO	AGTPP ⁵⁶ & AGBPP ⁵⁷
4	April 2013 to May 2014	NEEPCO	AGTPP & AGBPP
5	November 2013 to May 2014	NEEPCO	RHEP ⁵⁸ , DHEP ⁵⁹
6	April 2016 to December 2016	NEEPCO	all power stations

Source: Data furnished by the Audited entity

Examination of records of MePDCL further revealed that during the above periods of non-supply, although no power was supplied by the two CGUs, MePDCL had to pay the capacity charges (fixed) aggregating ₹ 262.06 crore at the prescribed rates. It was further seen that due to non-supply of power by NEEPCO and NHPC, MePDCL had to impose load shedding during the above period. The financial position of MePDCL/MeECL had worsened further as MeECL had to avail (December 2014/December 2016) long term loans of ₹ 100 crore and ₹ 325 crore bearing interest of 12.75/12.5 per cent per annum from the FIs to pay off the dues against power purchase bills of NHPC and NEEPCO.

In reply, GoM/MeECL accepted the facts and stated (January 2018/November 2017) that now MeECL/MePDCL have been prioritising payment towards power purchase bills.

4.2.24 Non-remittance of Electricity Duty collected

As per the provisions (Clauses 3 and 4) of the Meghalaya Electricity Duty Act, 1964, MePDCL was required to levy and collect Electricity Duty at prescribed rates, from its consumers through the electricity bills and remit the same to GoM.

On scrutiny of the records of MePDCL, Audit noticed that though MePDCL recovered an amount aggregating ₹ 20.86 crore from consumers towards Electricity Duty during the five years ended 2016-17, it did not remit the same to the GoM as detailed in Table 4.2.9 below:

⁵⁴ NEEPCO - North East Electric Power Corporation.

⁵⁵ Stopping supply of power excepting free power.

⁵⁶ AGTPP - Agartala Gas Turbine Power Plant.

⁵⁷ AGBPP - Assam Gas Based Power Plant.

⁵⁸ RHEP - Ranganadi Hydro Electric Power.

⁵⁹ DHEP - Doyang Hydro Electric Power.

Table 4.2.9: Electricity Duty collected by MePDCL but not remitted to GoM
(₹ in crore)

Sl. No.	Year	Outstanding at the beginning	Collected during the year	Amount remitted to GoM	Closing balance
1	2012-13	4.91	3.87	0	8.78
2	2013-14	8.78	4.02	0	12.80
3	2014-15	12.80	4.65	0	17.45
4	2015-16	17.45	4.28	0	21.73
5	2016-17	21.73	4.04	0	25.77
Total (2012-17)			20.86	Nil	25.77

Source: Annual Accounts

It could be noticed from the table above that the revenue amounting to ₹ 25.77 crore collected by MePDCL towards Electricity Duty on behalf of GoM, was irregularly appropriated for its own use without the approval of GoM.

The MeECL stated (November 2017) that huge amounts were due from Government Departments towards electricity charges and payment of Electricity Duty would be made as soon as the outstanding electricity dues were realised from Government Departments.

The reply was not acceptable as appropriation of Government revenue for own use of MePDCL was irregular.

No specific comments were, however, offered by GoM on the issue.

4.2.25 Management of Borrowings

As the revenue realised by MeECL and its subsidiaries was not sufficient to meet their operational costs, MeECL and subsidiaries had to depend heavily on the borrowings to fund new projects, service long term debts and bridge the revenue gap for day-to-day operations. The position of the collective borrowings⁶⁰ of MeECL and its subsidiaries from FIs during the five years under review (2012-17) has been shown in the Table 4.2.10 below:

Table 4.2.10: Borrowings of MeECL and its subsidiaries from Financial Institutions
(₹ in crore)

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2012 to 2017
Opening Balance	975.88	1,060.35	1,085.72	1,238.50	1,365.20	975.88
Borrowings during the year	132.00	87.65	401.81	180.37	659.84	1,461.67
Total	1,107.88	1,148.00	1,487.53	1,418.87	2,025.04	2,437.55
Repayments during the year	47.53	62.28	249.03	53.67	264.36	676.87
Closing Balance	1,060.35	1,085.72	1,238.50	1,365.20	1,760.68	1,760.68

Source: Data furnished by Audited entity

As could be seen from the table above, the borrowings of MeECL and subsidiaries from FIs during the five years (2012-17) had increased by 80 per cent from ₹ 975.88 crore at the beginning of 2012-13 to ₹ 1,760.68 crore at the end of 2016-17. This increase was significant and had ultimately brought the power companies under heavy debt burden and debt trap situation as discussed under paragraph 4.2.30 *infra*.

⁶⁰ Excluding the interest component.

The deficiencies noticed in the management of borrowings by MeECL and its subsidiaries have been discussed in succeeding paragraphs:

4.2.26 Higher interest rates of borrowings due to poor credit rating

The rate of interest charged by the FIs depended on the credit rating of the borrower. The credit rating depended largely on the factors like financial position, position of outstanding borrowings, promptness in repayment of principal and interest, *etc.* of the entity concerned. The two FIs (PFC⁶¹ and REC) graded the state sector borrowers as A⁺, A, B and C. The lowest rate of interest was allowed to A⁺ category borrower and as the rating goes down to A, B and C the interest rate on borrowings also correspondingly increased by 0.25 *per cent* for each category.

PFC and REC assigned the lowest category ratings ('B'/'C') to MeECL and its subsidiaries. This led to higher interest rates (higher by 0.50 to 0.75 *per cent* than the interest rate offered to A+ Companies) on the long term borrowings sanctioned to these power companies.

The GoM/MeECL accepted (January 2018/November 2017) the audit observation.

4.2.27 Failure to submit External Credit Rating

MeECL availed (October/December 2011) two Corporate Term Loans of ₹ 65 crore and ₹ 50 crore from State Bank of India (SBI) at the concessional interest rate of 13.75 *per cent* per annum (*viz.* 3.75 *per cent* above the Base Rate of 10 *per cent*) as against the prevailing interest rate of 17.25 *per cent* (*viz.* 7.25 *per cent* above the Base Rate). The Term Loans were availed for payment of power purchase bills and other outstanding liabilities. The SBI had allowed the concessional rate subject to submission of the External Credit Rating by MeECL from an approved rating agency on or before 31 March 2012. In case MeECL failed to submit the said Rating within the stipulated time, the concessional rate of interest was to be withdrawn by SBI. Scrutiny of records, however, revealed that MeECL could submit the credit rating to SBI only on 10 September 2013 after a delay of 17 months from the stipulated date (31 March 2012). The delay in submitting the credit rating was attributable to delay in initiating (November 2012) action by MeECL for obtaining the credit rating from ICRA⁶². As a result, the lenders levied interest at higher rate of 17.25 *per cent* (*viz.* 7.25 *per cent* above base rate) during 1 April 2012 to 31 August 2013 resulting in avoidable expenditure of ₹ 3.33 crore towards additional interest liability.

The GoM/MeECL stated (January 2018/November 2017) that at that point of time, MeECL was in the process of unbundling and trifurcation which caused the delay in appointment of the rating agency.

The reply was not acceptable as the MeECL should have prioritised the action for obtaining the credit rating in view of the cut-off date fixed by SBI and the amount of additional interest involved.

⁶¹ Power Finance Corporation Limited.

⁶² International Credit Rating Agency.

4.2.28 Pre-closure of two high cost loans

MeECL availed (September 2016) a Special Term Loan of ₹ 250 crore from REC at the interest rate of 11.75 *per cent* per annum. The loan amount was utilised mainly for payment of overdue instalments (principal and interest) of five REC loans and pre-closure of two high cost loans (13.25/12.75 *per cent* interest) availed from REC.

Audit observed that at the time of availing (September 2016) the Term Loan, the overdue instalments of two out of above mentioned five REC high cost loans was ₹ 75.74 crore. It was noticed that though MeECL availed the loan with the intention to clear the overdue instalments, it paid only ₹ 14.15 crore of the overdue instalments of the said two loans in September 2016 and the balance amount (₹ 61.59 crore) was paid in October 2016. Similarly, despite availing the Term Loan in September 2016, MeECL paid the overdue instalments (principal and interest) against remaining three high cost REC loans only during December 2016 to May 2017.

Further, MeECL closed (December 2016) the balance outstanding (₹ 112.50 crore) against two high cost REC loans after two months of availing (September 2016) the Term Loan, though the same was availed specifically to close down the said loans. These delays led to avoidable payment of ₹ 0.98 crore towards differential interest (₹ 0.45 crore) against two high cost loans settled during December 2016 and penal interest (₹ 0.53 crore) towards overdue instalment of other three REC loans.

The GoM/MeECL stated (January 2018/November 2017) that for pre-payment/closure of loans they had to arrange necessary funds from own sources which could be arranged by December 2016 and the loans were pre-paid in the same month.

The reply was not factually correct as pre-payment/closure of high cost REC loans was made by way of adjustment against the Special Term Loan of ₹ 250 crore availed (September 2016) from REC and not out of the own funds of MeECL as claimed in the reply.

4.2.29 Poor Servicing of debts

Repayment of instalments (principal and interest) on due dates is one of the important aspect of efficient financial management. This is essential to ensure early liquidation of the debts, avoiding penal interest thereon for any default in loan repayment and improving the credit rating of the organisation. As on 31 March 2017, MeECL had availed total 17 loans aggregating ₹ 2,204.66 crore from 7 FIs, which included 8 loans (₹ 1,213.05 crore) availed during 2012-17. Against these loans, total 695 instalments were due for payment towards principal (297 instalments) and interest (398 instalments) during the five years ended 2016-17. Audit examined the promptness of MeECL in payment of these instalments and noticed the following:

- Out of the 695 instalments (₹ 1,023.66 crore) due for payment during 2012-17, MeECL paid only 123 instalments amounting to ₹ 139.24 crore (13.60 *per cent*) within the due dates.

➤ While releasing subsequent instalments of loan, the FIs adjusted ₹ 324.15 crore towards overdue instalments (principal and interest) of previous loans. As a result, the loan amount availed for implementation of the projects could not be utilised for intended purpose to the full extent which ultimately hampered implementation of the project.

➤ The terms and conditions of loans provided for levy of additional interest (two/three *per cent*) and compound interest in case of delay in payment of the loan instalments. During the period of five years (2012-17), as mentioned above, MeECL failed to pay 572 instalments (₹ 884.42 crore) on due dates resulting in avoidable payment of additional interest and penal charges amounting to ₹ 21.36 crore.

➤ As the payment of loan instalments (principal and interest) were guaranteed by GoM, the lenders invoked the guarantee and requested the GoM to release funds for payment of instalments overdue. Accordingly, on three occasions GoM had to release ₹ 29.37 crore to MeECL in the form of soft loan for repayment of overdue instalments of principal and interest.

The GoM/MeECL stated (January 2018/November 2017) that revenue realised from sale of power was being utilised for payment of power purchase dues, expenses against operation and maintenance works, terminal benefits, employee cost, *etc.* It was also stated that MeECL was trying every possibility to reduce the penal charges by servicing the interest and repayment of principal.

The fact, however, remained that about 86 *per cent* of the instalments were not paid on due dates resulting in high incidence of additional interest and penal charges.

4.2.30 Debt-trap due to borrowings for debt servicing

Servicing of debts through own revenue generation is imperative to facilitate easy liquidation of debts and minimise the finance costs. Audit, however, noticed that during the period of five years (2012-17) covered under audit, the revenue generated by MeECL and its subsidiaries was not sufficient even to meet their variable costs (i.e. cost of power purchase, wheeling charges *etc.*) as discussed under paragraph 4.2.13 *supra*. As a result, MeECL and subsidiaries had to resort to outside borrowings for servicing the debts. During 2014-15, MePGCL availed (October 2014) a loan of ₹ 145.03 crore from PFC for closing down the loan (₹ 127.60 crore) availed and payment of overdue instalments {principal (₹ 14.83 crore) and interest (₹ 2.60 crore)} against a loan from HUDCO⁶³. Further, as discussed under paragraph 4.2.28 *supra*, MeECL had also availed (September 2016) a Special Term Loan of ₹ 250 crore from REC for paying off the overdue instalments of previous REC loans as well as closure of two high cost loans of REC (₹ 112.50 crore). This further added to the overall financing cost and increased the borrowings rather than liquidating the debts thereby placing the MeECL and subsidiaries in a debt trap situation.

The MeECL stated (November 2017) that due to non-release of financial assistance committed by GoM under Meghalaya Power Sector Reforms Transfer Scheme 2010,

⁶³ Housing Urban Development Corporation Limited.

MeECL was facing financial constraints and had to avail fresh loans for repayment of overdue instalments of principal and interest.

The reply was not acceptable as the MeECL needed to pursue the issue of releasing the committed financial assistance at appropriate level with GoM.

No specific reply was, however, offered by GoM on the issue.

4.2.31 Non-creation of Bond redemption reserve

Prudent financial management demands setting apart a portion of the revenue earned to create appropriate reserves to facilitate redemption of the Bonds immediately on maturity. Erstwhile MeSEB issued (July 2008/August 2009) Bombay Stock Exchange (BSE) Bonds amounting to ₹ 170 crore for funding implementation of Myntdu Leshka Hydro-Electric project (MLHEP). The Bonds were guaranteed by GoM and had specific redemption in two phases viz. ₹ 120 crore (October 2017) and ₹ 50 crore (November 2018).

Audit, however, noticed that, there was no laid down policy of MeECL and its subsidiaries for creating any committed reserves for redemption of Bonds as per the due dates for redemption of these Bonds. As such, though the Bonds were due for bullet repayment (one time repayment) in October 2017/November 2018, MeECL did not have any financial planning for redemption of these Bonds. Absence of an appropriate financial planning to fund timely redemption of the Bonds would cast a heavy financial burden on MeECL and its subsidiaries while redeeming the said Bonds. Under such situation, MeECL would be forced to resort to further borrowing, else GoM would have to come forward to finance redemption of these bonds in view of the guarantee given by it.

The GoM/MeECL stated (January 2018/November 2017) that MeECL could not create a reserve fund for redemption of Bonds, but it had redeemed Bonds to the extent of ₹ 120 crore on 17 October 2017 from its own resources. Agreeing to the Audit observation, MeECL further stated that the redemption of Bonds from its own sources had burdened their cash flow and MeECL was now proposing to avail loans from FIs to mitigate the same.

The fact remained that in the absence of an appropriate redemption reserve to finance the redemption of Bonds, MeECL was forced to avail fresh loans.

4.2.32 Borrowing from State government

The GoM also provided loans to MeECL and its subsidiaries for various purposes including implementation of various schemes and projects, repayment of borrowings and meeting revenue expenditure, etc. The GoM loans so availed carried interest at the rates varying between 7.18 per cent and 9.32 per cent per annum. The position of loan availed by MeECL/subsidiaries from GoM during the five years (2012-17) has been shown in the Table 4.2.11 below:

Table 4.2.11: Position of collective borrowings availed by MeECL and subsidiaries from GoM during 2012-17

(₹ in crore)

Year	Opening balance	Loans received during the year	Total	Repayments during the year	Closing balance
2012-13	55.82	5.98	61.80	0	61.80
2013-14	61.80	17.63	79.43	0	79.43
2014-15	79.43	44.13	123.56	0	123.56
2015-16	123.56	41.54	165.10	0	165.10
2016-17	165.10	5.42	170.52	0	170.52

Source: Data furnished by Audited entity

As per the terms and conditions of the GoM loans, the instalments (principal and interest) for repayment of loans were to be paid half yearly failing which penal interest at 2.50 per cent was leviable. Audit, however, noticed that MeECL had not paid any of the instalments of principal or interest during the period of five years (2012-17) under review so far (November 2017). The cumulative interest liability against GoM loans as on 31 March 2017 stood at ₹ 49.17 crore. The liability towards penal interest on account of overdue interest liability worked out to ₹ 14.30 crore as of March 2017. Non-payment of any instalment (principal and interest) against GoM loans during the five years (2012-17) highlighted the absence of an appropriate financial planning by MeECL and subsidiaries for liquidating the long term borrowings.

The GoM/MeECL stated (January 2018/November 2017) that as per Section 67A of the Electricity (Supply) Act, 1948 interest on loans from Government was to be paid only out of the balance of revenue left after meeting all other expenses.

The reply was not acceptable as it did not consider the fact that the Electricity (Supply) Act, 1948 was already repealed after notification (June 2003) of the Electricity Act, 2003.

4.2.33 Non-remittance of Guarantee fee

The loans availed and Bonds issued by MeECL and its subsidiaries were guaranteed by GoM. As on 31 March 2017, the total guarantees issued by GoM stood at ₹ 1,281.94 crore. As against this, the actual guarantee utilised and outstanding was ₹ 935.77 crore (excluding interest of ₹ 7.33 crore) as on 31 March 2017. As per the standing orders (April 1989) issued by GoM, guarantee fee (at the rate of 0.50 per cent of the guarantee issued) had to be deposited by the borrower (MeECL and its subsidiaries) within 30 April every year, until the guarantee was vacated or the loan was fully repaid. Audit, however, noticed that MeECL did not remit the guarantee fee in any of the years during the period from 2012-13 to 2016-17. The total amount payable by MeECL against guarantee fee as on 31 March 2017 stood at ₹ 31.46 crore as shown in the Table 4.2.12 below:

Table 4.2.12: Guarantee Fee payable by MeECL and its subsidiaries
(₹ in crore)

Year	Opening balance	Payable during the year	Total	Paid during the year	Closing balance
2012-13	7.58	4.20	11.78	0	11.78
2013-14	11.78	4.79	16.57	0	16.57
2014-15	16.57	4.70	21.27	0	21.27
2015-16	21.27	3.57	24.84	0	24.84
2016-17	24.84	6.62	31.46	0	31.46

Source: Data furnished by Audited entities

The MeECL stated (November 2017) that they had assured (September 2016) GoM for payment of outstanding Guarantee fee as and when their financial position improves.

No specific comments were, however, offered by GoM on the issue.

4.2.34 Internal control

Effective system of internal control and internal audit needed to be in place for efficient functioning of an organisation. Further, an effective system of top level budgetary review and constant monitoring of billing and collection efficiency, reduction in AT&C losses, repayment of borrowings, *etc.* had to be in place to ensure efficient financial management. Besides, finalisation and certification of the annual accounts as per the timeframe prescribed under the Companies Act, 1956/Companies Act, 2013 was also desirable to ensure strict monitoring of the operations of the organisation. Further, reporting of the internal audit findings to the top management was also essentially required for initiating appropriate remedial measures, if necessary, within the reasonable time. Deficiencies noticed in the internal control mechanism and internal audit are discussed in the following paragraphs:

4.2.34.1 Discussion of important issues in BOD meetings

A review of the minutes of the meetings of the Board of Directors (BoD) of MeECL and its subsidiaries revealed that issues like achievement of targets against the budgeted revenue/expenditure, performance of the subsidiaries against billing and collection of operational revenue, progress in reduction of AT&C loss *etc.* were not discussed in the BoD Meetings during the five years (2012-17) covered under audit.

In the exit meeting, CMD of MeECL informed (November 2017) that video conferences with the officers of MeECL and its subsidiaries were held for monitoring the aforementioned issues.

No documentary evidence was, however, provided by MeECL for verification by Audit in support of the claims of the CMD, MeECL. Audit also did not come across any records documenting the said meetings or follow-up actions for decisions taken in these meetings.

4.2.34.2 Non-finalisation of accounts

As per the provisions of the Companies Act, 1956/Companies Act, 2013⁶⁴ annual accounts of the MeECL and subsidiaries were to be finalised and audited within a period of six months from the end of the relevant financial year. MeECL and subsidiaries, however, failed to finalise their accounts within the due dates as detailed in Table 4.2.13 below:

Table 4.2.13: Details showing finalisation of accounts

Sl. No.	Year of Accounts	Due date for finalisation	Actual date of certification by the Statutory Auditors (extent of delay in months)			
			MeECL	MePGCL	MePTCL	MePDCL
1	2012-13	30.09.2013	20.07.2015 (21)	17.07.2015 (21)	17.07.2015 (21)	17.07.2015 (21)
2	2013-14	30.09.2014	01.02.2016 (16)	15.01.2016 (15)	11.01.2016 (15)	11.01.2016 (15)
3	2014-15	30.09.2015	30.11.2016 (14)	30.11.2016 (14)	30.11.2016 (14)	30.11.2016 (14)
4	2015-16	30.09.2016	28.12.2017 (15)	06.09.2017 (11)	12.10.2017 (12)	12.10.2017 (12)
5	2016-17	30.09.2017	Accounts not finalised* (6 months)			

Source: Data furnished by Audited entity and Annual Accounts

*position as on March 2018

As could be seen from the table above, during all the five years (2012-17) covered under audit, MeECL and its subsidiaries failed to finalise their annual accounts within the due date. The delays in finalisation of accounts of four companies ranged from 11 months (2015-16) to 21 months (2012-13). These delays led to corresponding delays in filing of truing-up petitions before MSERC by power companies as well as disallowance of expenditure by MSERC claimed in the petitions of the power companies and consequent delay in recovery of revenue as discussed under paragraphs 4.2.14.1 and 4.2.14.2 *supra*.

The GoM/MeECL stated (January 2018/November 2017) that various measures had been taken to gear up the finalisation of accounts and was expected to accomplish finalisation of accounts within the prescribed time limit with effect from financial year 2017-18 onwards.

The fact, however, remained that inordinate delay in finalisation of accounts had led to non-acceptance of the expenditure figures by MSERC as claimed in the tariff petitions of power companies besides violation of the provisions of the Companies Act, 1956/Companies Act, 2013.

4.2.34.3 Internal audit

The role of internal audit was to provide an independent assurance regarding the effectiveness of the risk management, governance and internal control processes prevailing in an entity. To ensure this, the internal audit wing of the entity should have independence and objectivity in its functioning. Besides, to maintain the independence of the internal audit wing, it was equally important that the findings of

⁶⁴ Accounts of periods commencing on or after 01 April 2014 are governed by the Companies Act, 2013 while the accounts pertaining to earlier periods continued to be governed by the Companies Act, 1956.

the internal audit are reported directly to the top management for appropriate and timely remedial action.

The internal audit wing of MeECL and its subsidiaries was headed by the Deputy Chief Accounts Officer (Audit) who was also holding other charges such as, Establishment, Funds, Administrative General duties (AGD) *etc.* Besides, the internal audit wing was reporting to the Chief Accounts Officer of MeECL instead of the BoDs of the respective power companies which indicated lack of independence and objectivity of the wing. Further, the Director (Finance) of the holding Company, was responsible for taking all major financial decisions in respect of MeECL and its subsidiaries. The internal audit of the office of the Director (Finance) was, however, confined to checking of the cash book and vouchers of Headquarters Drawing Account only. Hence, other decisions/activities of Director (Finance) were not under the purview of internal audit. As a result, the internal audit wing had only a restricted scope and all the financial decisions such as availing of long term loans from FIs, project funding, deployment of unutilised funds, investment of pension funds, *etc.* were not subjected to the scrutiny by the internal audit wing.

The status of completion of internal audit of the revenue and expenditure of all the nine Revenue Divisions of MePDCL presently in existence has been shown in **Appendix 4.2.12**. As could be seen from the **Appendix**, none of the nine Divisions had been audited for the periods upto 31 March 2017. Further, the internal audit wing had completed the audit upto 31 March 2016 in respect of only three out of nine Divisions.

While accepting the audit observation, GoM/MeECL stated (January 2018/November 2017) that there were only two internal audit teams and audit of high risk and high priority Divisions were taken up first.

The fact, however, remained that there was heavy backlog in internal audit highlighting inadequacy of effective internal control.

The facts narrated in previous paragraphs indicated that the system of internal control and internal audit prevailing in MeECL and its subsidiaries was weak and not commensurate with the nature and volume of activities of these companies.

Conclusion

The overall management of funds of MeECL and its subsidiaries was beset with absence of administrative and financial autonomy to the subsidiaries to manage their individual revenues and expenditures. The budgetary planning and control was deficient due to the absence of timely and realistic budgets, lapses in monitoring as well as non-analysis of reasons for wide variations between actuals and budget estimates.

Revenue generation by MePDCL, which was the main revenue earning subsidiary of MeECL, was inadequate due to dismal performance in billing and collection of operational revenue and high power purchase costs. Deficiencies in management of receivable and payables by MePDCL had caused regular defaults in payment of power purchase bills leading to significant expenditures towards delayed payment

surcharge. Fund raising and debt servicing activities of MeECL and subsidiaries were deficient leading to high incidence of default in repayment of loans thereby causing payment of higher interest rates, additional interest and penal charges. Reluctance of GoM to release committed subsidies annually and lack of persuasion on the part of MeECL and subsidiaries had further aggravated the financial condition of MeECL and subsidiaries.

The internal control and monitoring mechanism prevailing in MeECL and subsidiaries was also deficient as appropriate system for periodical review and monitoring of important operational areas at the top management level was non-existent.

Recommendations

Government may consider:

- *making the three subsidiaries independent by restricting the interference of the holding Company to a minimum in management of their day-to-day financial activities;*
- *evolving an effective system of budgetary control by setting quarterly targets for revenue, expenditure and project implementation as well as the constant monitoring thereof at top level;*
- *taking appropriate action to improve the billing and collection efficiency of MePDCL and releasing of the committed financial support to MeECL and subsidiaries so as to improve their financial health; and,*
- *making the system for monitoring of the operational and financial activities of MeECL and subsidiaries at top management level more robust.*

COMPLIANCE AUDIT PARAGRAPHS

COMMERCE & INDUSTRIES DEPARTMENT

MEGHALAYA INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

4.3 Loss of interest

Parking of Scheme funds (₹ 9.30 crore) in a ‘non-interest bearing’ account led to an interest loss of ₹ 1.98 crore.

The Ministry of Commerce & Industry, Government of India (GoI) sanctioned (March 2015) an amount of ₹ 18.60 crore to the Government of Meghalaya (GoM) under the Assistance to States for Development of Export Infrastructure and Allied Activities (ASIDE) Scheme for setting up four⁶⁵ border haats along the India-Bangladesh (Meghalaya) Border with Meghalaya Industrial Development Corporation Limited (Company) as the implementing agency. The GoI released (March 2015) an amount of ₹ 9.30 crore to Company as first instalment of the Scheme with the condition that the project be completed in a time bound manner. As per sound financial prudence, the Company was required to keep the unutilised Scheme funds in a separate interest bearing bank account so as to ensure maximum returns thereon.

Examination of the records of the Company revealed that the final location of the Border Haat could not be identified (July 2017) by GoM due to delays in conducting the joint inspection of the Boarder Haat sites with the Bangladesh Officials. The project works under the Scheme could not be commenced so far (November 2017) and the project fund (₹ 9.30 crore) remained idle for more than 30 months after their release (March 2015).

Examination of records revealed that Company had parked the Scheme funds (₹ 9.30 crore) in current account which did not bear any interest⁶⁶ for 30 months from April 2015 to September 2017.

Keeping the Scheme funds (₹ 9.30 crore) idled in a non-interest bearing current account during April 2015 to September 2017 was not a prudent action on part of the Company and had resulted in an interest loss of ₹ 1.98 crore⁶⁷.

The Government replied (March, 2018) that the Company has decided (October, 2017) to park the fund in interest bearing account by converting ASIDE current account to a flexi deposit account.

The reply confirmed the contention of the audit observation.

⁶⁵ At Bholaganj, Saydabad, Bhulyapara and Bagan Bari.

⁶⁶ ASIDE/140/Pt.IV/A/387 dated 30.11.2016.

⁶⁷ At the prevailing interest rate of 8.5 per cent during 8 December 2014 to 10 May 2015 in respect of Fixed Deposit for one year or more with State Bank of India. (₹ 9.30 crore x 8.50 per cent x 30 months)/12 months.

MAWMLUH CHERRA CEMENTS LIMITED

4.4 Avoidable expenditure

Delays in remitting the EPF contribution to the Employees Provident Fund Organisation resulted in avoidable expenditure of ₹ 58.84 lakh towards interests and damages.

Mawmluh Cherra Cements Limited (Company) was engaged in manufacturing of cement and covered under the purview of Employees Provident Fund and Miscellaneous Provisions Act, 1952 (Act). The Company was having 455 employees on its rolls. The provisions of the Act and the Employee Provident Fund Scheme, 1952 formed thereunder provided (Clause 38) that the employer shall deduct the contribution of employees from their wages and remit the amount so deducted along with employer's own contribution to the Fund within 15 days of the close of every month. In case of any default by the employer in remittance of any contribution to the Fund (Clause 32A), the employer was liable to pay penalty/damages at the rate given below:

Sl. No.	Period of default by employer	Rate of damages (in per cent of arrears per annum)	
		Up to 25 September 2008	From 26 September 2008
a.	Less than two months	17	5
b.	Two months and above but less than four months.	22	10
c.	Four months and above but less than six months.	27	15
d.	Six months and above	37	25

The Act further provided (Section 7 Q) that the employer shall be liable to pay simple interest at the rate of 12 per cent per annum or at such higher rate as may be specified in the Scheme. The interest rate should be on the amount due from the employer under this Act from the date on which the amount had become due till the date of its actual payment.

Scrutiny of the records relating to recovery and remittances of contributions to the Employees Provident Fund Organisation (EPFO) during the period from 2010-11 to 2016-17 revealed inordinate delays (ranging from 6 days to 337 days) in remitting the EPF contributions by the Company to the Fund. As a result, EPFO levied interest and damages amounting to ₹ 58.84 lakh on the Company during the period of five years (2012-17). Failure of the Company to remit the EPF contributions to EPFO within the due dates prescribed under the Act resulted in avoidable expenditure of ₹ 58.84 lakh (**Appendix 4.3.1**) which were paid by the Company during January 2014 to January 2017 as detailed under **Appendix 4.3.2**.

The Government/Company stated (October 2017) that the Company was facing tremendous liquidity crises due to delay in completion of its expansion project. This resulted in non-remittance of EPF dues on time.

The reply was not acceptable as the EPF dues were in the nature of statutory liability. Hence, the Company was required to remit its share of EPF dues along with the employees' contribution to EPFO immediately after recovery of the same from the salaries of the employees.

MAWMLUH CHERRA CEMENTS LIMITED

4.5 Avoidable Expenditure

Avoidable expenditure of ₹ 22.50 lakh due to inordinate delay in initiating timely action for enhancing the Authorised Share Capital.

Section 94 of the Companies Act, 1956⁶⁸ (1956 Act) permitted a Company to alter its share capital by passing a resolution in General Meeting, if so authorised by its Article of Association (AoA). Section 97 (1) of the 1956 Act further provided that if increase of share capital was beyond the authorised share capital⁶⁹ of the Company, notice of such increase shall be filed with the Registrar of Companies (RoC) within 30 days after passing resolution in the General Meeting. Accordingly, the application fee at the prescribed rate⁷⁰ was also payable for increase in share capital. As per Unlisted Public Companies (Preferential Allotment) Rules 2003, any allotment of securities shall be completed within 60 days from the receipt of application money.

Mawmluh Cherra Cements Limited (Company) was a wholly owned State Government Company with an Authorised Capital of ₹ 80 crore. As on 31 March 2013, the Company had Issued⁷¹, Subscribed⁷² and Paid up capital⁷³ of ₹ 72.83 crore. AoA of the Company empowered its Board of Directors (BoD) to increase the authorised share capital by passing an ordinary resolution in the General Meeting.

An increase in the authorised capital of the Company became necessary when Government of Meghalaya (GoM) released ₹ 50.07 crore (₹ 10 crore in 2011-12 and ₹ 40.07 crore in 2012-13) towards equity share capital. The BoD of the Company resolved (26 March 2013) to increase its authorised share capital by at least ₹ 50 crore. BoD's decision was to be followed by passing an ordinary resolution in the General Meeting and filing of notice for increase in the Authorised Capital with the RoC along with the required application fee. Subsequently, the Company requested (May/October 2013) the GoM for additional funds amounting to ₹ 30.72 crore. Based on the request of the Company, GoM released (2013-14) ₹ 22 crore as its contribution towards equity share capital of the Company. In view of

⁶⁸ Repealed by Companies Act 2013.

⁶⁹ Authorised share capital is the maximum capital that a company is allowed to raise through the sale of its shares.

⁷⁰ ₹ 4,000 upto ₹ 1 lakh, ₹ 300 for every ₹ 10,000 increase after ₹ 1 lakh upto ₹ 5 lakh, ₹ 200 for every ₹ 10,000 increase after ₹ 5 lakh upto ₹ 50 lakh, ₹ 100 for every ₹ 10,000 increase after ₹ 50 lakh upto ₹ 1 crore and ₹ 50 for every ₹ 10,000 increase after ₹ 1 crore.

⁷¹ Subscribed share capital is the total of a company's shares that are held by shareholders.

⁷² When a company goes for an issue of shares, the amount allowed to be issued is called issued capital.

⁷³ Paid-up capital is the amount of money that a Company receives from shareholders in exchange for shares.

the anticipated funding by the GoM, it was necessary to enhance the Authorised Capital of the Company at least by ₹ 90 crore.

Scrutiny of records, however, revealed that although the Company had held two general meetings (27 June 2013 and 17 September 2013) after BoD's decision (26 March 2013) regarding increasing the Authorized Capital, no resolution in this regard was moved in any of these meetings for passing/approval. The Company passed the resolution for increasing the Authorised Share Capital by ₹ 90 crore only in the extraordinary general meeting held on 16 January 2017.

In the meantime, the Government of India enacted the Companies Act, 2013 (new Act which came into force with effect from 1 April 2014) and promulgated (March 2014) the Companies (Registration of Offices and Fees) Rules, 2014 (Rules). As per these Rules, fee prescribed for enhancement of Authorised Share Capital was increased⁷⁴ by ₹ 25 for every ₹ 10,000 increase in Share Capital beyond ₹ 1 crore. The Company passed the resolution (January 2017) and filed (February 2017) the same with RoC after the notification (March/April 2014) of the new Act/Rules. As such, the Company had to remit a fee of ₹ 67.50 lakh as against ₹ 45 lakh required to be remitted in 2013 as per the Companies Act, 1956. Subsequently, the share certificate for allotment of Equity Share Capital (₹ 90.07 crore) was issued (March 2017) in the name of the Governor of Meghalaya. Hence, failure to initiate timely action for enhancing the Authorised Share Capital of the Company as early in 2013 resulted in avoidable expenditure of ₹ 22.50 lakh.

The Government/Company stated (October 2017) that it was aware of the issue but had to give priority to commissioning of new plant and the Company lacked the finances for payment of registration fee.

The reply was not acceptable in view of the fact that the GoM had released ₹ 50.07 crore in cash during 2011-12 (₹ 10 crore) and 2012-13 (₹ 40.07 crore) towards equity contribution. As such, the Company should have spared the necessary amount to meet the expenditure towards the fee payable to RoC for enhancement of authorized share capital. Further, the inaction on the part of the Company to initiate the required procedure for enhancing its Authorized Share Capital despite clear directions of its BoD lacked justification and indicated inefficiency on the part of the Management.

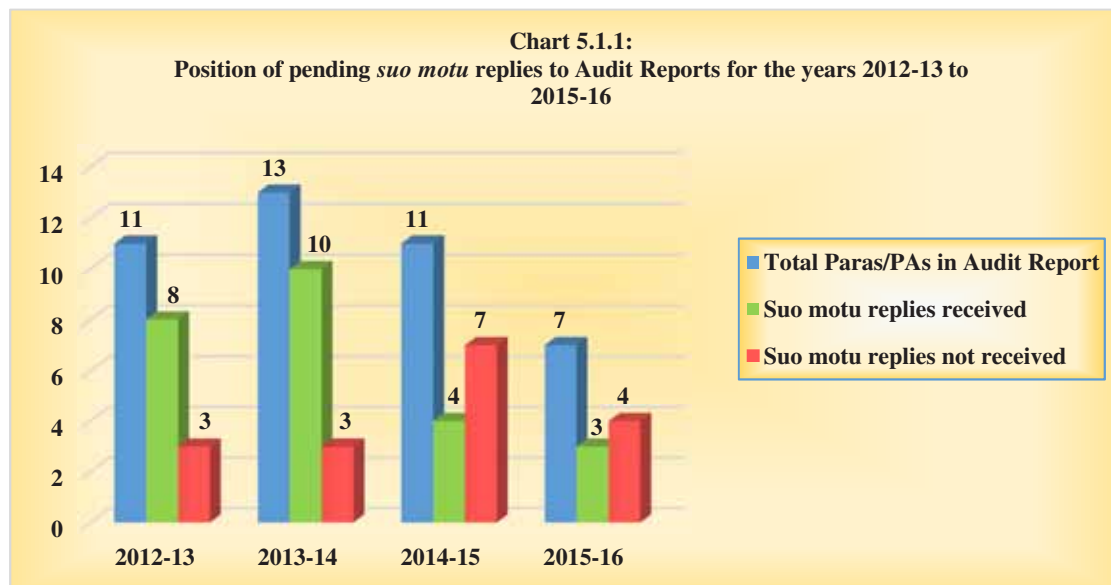
⁷⁴ ₹ 5,000 upto ₹ 1 lakh, ₹ 4,000 for every ₹ 10,000 increase after ₹ 1 lakh upto ₹ 5 lakh, ₹ 300 for every ₹ 10,000 increase after ₹ 5 lakh upto ₹ 50 lakh, ₹ 100 for every ₹ 10,000 increase after ₹ 50 lakh upto ₹ 1 crore and ₹75 for every ₹ 10,000 increase after ₹ 1 crore. As per earlier slab it was ₹ 50 for every ₹ 10,000 increase after ₹ 1 crore.

CHAPTER V : FOLLOW UP OF AUDIT OBSERVATIONS

5.1 Failure to submit suo motu explanatory notes

Every year Reports of the Comptroller and Auditor General of India are prepared and presented to the State Legislature. To ensure accountability of the executive about the issues contained in these Audit Reports, the Public Accounts Committee (PAC) of the Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presentation of the Audit Reports to the State Legislature.

As of March 2017, 17 departments (civil departments including Public Works Department) did not submit *suo motu* explanatory notes on 12 paragraphs and five Performance Audits (PAs) included in the Audit Reports (Social, Economic, General and Economic (PSUs) Sectors) for the years 2012-13 to 2015-16, details of which are given below:



5.2 Response of the departments to the recommendations of the Public Accounts Committee

The administrative departments were required to take suitable action on the recommendations made in the Report of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, the departments were to prepare action taken notes (ATNs) indicating action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat. The PAC specified the time frame for submission of such ATNs as six weeks upto 32nd Report (December 1997) of the PAC and six months in 33rd Report (June 2000).

Review of 17 Reports¹ of the PAC involving 15 departments² presented to the Legislature between April 1995 and March 2017, revealed that none of the departments had sent the ATNs to the Assembly Secretariat as of March 2017. Thus, the fate of the recommendations contained in the Reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

5.3 Monitoring

The following Committees have been formed at the Government level to review the follow up action on Audit Reports and explanatory notes.

5.3.1 Departmental Audit & Accounts Committee

Departmental Audit & Accounts Committee (DAAC) had been formed (August 2009) by all departments of the Government under the Chairmanship of the Departmental Secretary. The committee is to review and oversee the progress in disposal of pending inspection reports, audit matters pertaining to Public Sector Undertakings, follow up action on Audit Reports and explanatory notes to PAC/COPU, *etc.* The DAAC were to hold meetings quarterly.

No DAAC meeting was held during 2016-17.

5.3.2 Apex Committee

An Apex Committee (State Audit and Accounts Committee) had been formed (August 2009) at the State level under the Chairmanship of Chief Secretary. The committee is to review and oversee the progress in disposal of outstanding audit objections, timely furnishing of explanatory notes to PAC/ COPU, other accounts or audit related matters *etc.* The Apex Committee was to meet at half yearly intervals.

No Apex Committee meeting was held during 2016-17.

5.3.3 Audit Committees

For expeditious settlement of outstanding audit objections and inspection reports (IRs), the State Government is also persuaded to constitute 'Audit Committees' consisting of Secretary to the State Government in the Administrative Department concerned, a senior officer from the Finance Department and a representative of the Accountant General (Audit) for examination of the list of outstanding audit objections and IRs which could not be settled through discussion at the lower levels. During

¹ Between April 1995 and December 1997 (10 reports), in June 2000 (one report), April 2005 (one report), April 2007 (one report), March 2010 (one report), March 2011 (one report), March 2012 (one report) and March 2017 (one report).

² Containing recommendations on 59 paragraphs of Audit Reports.

2016-17, Audit Committee meetings were held with Health and Urban Affairs Departments where 11 IRs and 141 paragraphs were settled.

5.3.4 Outstanding Inspection Reports (IRs)

The Meghalaya Financial Rules, 1981 provide for prompt response by the executive to the IRs issued by the Accountant General (Audit) of the State (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies and lapses noticed during 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 AG. Serious irregularities are also brought to the notice of the Heads of the Department by the AG through a half-yearly report in respect of pending IRs to facilitate monitoring of the audit observations and for taking appropriate corrective action. At the end of March 2017, 630 IRs involving 3,134 paragraphs pertaining to the period 1986-87 to 2016-17 were outstanding.

Shillong
The 04 June 2018



(Stephen Hongray)
Principal Accountant General (Audit),
Meghalaya

Countersigned

New Delhi
The 08 June 2018



(Rajiv Mehrishi)
Comptroller and Auditor General of India

APPENDICES

Appendix - 1.2.1

Statement showing the details of projects executed during the period 2012-17 and delays in completion in the selected districts

(Reference: Paragraph 1.2.10.2)

Sl. No.	Name of the project/ Sports infrastructure	District	Year of sanction	Amount sanction (in lakh)	Date of issue of work orders	Due date for completion	Date of completion	Delay (months)
Completed projects								
1	Outdoor stadium at Smit	EKH	1992-93	75.66	08/12/93	Dec-95	Aug-12	200
2	Indoor Sports Hall at Mawlai Motsyiar	EKH	2001-02	57.72	26/02/08	Feb-10	May-14	51
3	Indoor Sports Hall at Mawlai Mawroh	EKH	2001-02	46.21	21/05/02	May-04	Dec-14	127
4	Indoor Sports Hall at Mawsynram	EKH	2008-09	66.15	02/06/09	Jun-11	Mar-13	21
5	Indoor Sports Hall at Malki	EKH	2009-10	78.65	19/03/11	Mar-13	Dec-12	-3
6	Indoor Sports Hall at Mawngap	EKH	2011-12	117.74	03/12/12	Dec-13	Dec-16	36
7	Indoor Sports Hall at Iawdaimasi, Jowai	WJH	2011-12	156.10	28/02/12	Feb-14	Oct-16	32
8	Multipurpose community Hall at Jaiaw Laitdom	EKH	2008-09	85.97	12/06/09	Jun-11	Dec-13	30
9	VIP Rostrum <i>etc.</i> , at Nongbah	WJH	2000-01	36.35	10/11/08	May-10	Jul-13	38
10	Playground and drainage at Sangmein	EKH	2008-09	9.21	04/02/10	Aug-10	Nov-14	51
11	Playground and gallery at Laskein	WJH	2001-02	73.23	29/07/02	Jul-04	Mar-17	152
12	Playground <i>etc</i> at Shangpung Pohshnong	WJH	2002-03	70.08	01/06/04	Jun-05	Oct-15	124
13	Playground <i>etc.</i> , at Umbuda	RB	2002-03	77.34	25/02/03	Feb-05	Jun-16	136
14	Sitting gallery at Pahamsyiem, Nongpoh	RB	2002-03	54.03	29/04/02	Oct-03	Jun-12	104
15	Improvement of existing field at Umden	RB	2005-06	11.13	27/02/07	Feb-08	Jun-15	88
16	Playground <i>etc.</i> at Umran Dairy	RB	2007-08	31.74	17/03/08	Sep-08	Jul-16	94
17	Playground at Jongksha	EKH	2008-09	12.37	24/02/10	Feb-11	Oct-12	20
18	Playground at Upper Lumparing	EKH	2008-09	13.30	08/02/10	Nov-10	Dec-12	25
19	Playground <i>etc</i> at Lawsohtun	EKH	2008-09	15.91	04/02/10	Nov-10	Mar-13	29
20	Playground, sitting gallery at Byrnihat	RB	2008-09	13.28	13/01/10	Jan-11	Nov-16	70
21	Playground at Mawsmal Elaka Sohra	EKH	2009-10	25.73	29/11/10	Nov-11	Jun-16	55
22	Improvement of Madan Ing Syiem Myllem	EKH	2014-15	8.00	02/11/15	Nov-16	Apr-16	-7
23	Improvement of F/ground at Mawlum Tyrsad	EKH	2014-15	12.00	14/09/15	Sep-16	Dec-15	-9
24	Improvement of F/playground, Amlarem.	WJH	2014-15	20.00	31/07/15	Jul-16	Dec-15	-7
25	Improvement of F/playground at Sahnsiang	WJH	2014-15	14.00	30/10/15	Oct-16	Apr-16	-6
26	Improvement of F/playground at Umlakhar	RB	2014-15	10.00	27/10/15	Oct-16	May-16	-5
27	Improvement of F/ground at Marmain	RB	2014-15	10.00	26/10/15	Oct-16	May-16	-5
28	Improvement of F/playground at Mairung	RB	2014-15	10.00	26/10/15	Oct-16	Mar-16	-5
29	Basketball courts at Umylنگka	EKH	2006-07	3.75	05/04/07	Oct-07	Mar-17	113
30	Basketball court at Shangpung Pyllun	WJH	2008-09	4.05	10/02/10	Aug-10	Feb-15	54

Sl. No.	Name of the project/ Sports infrastructure	District	Year of sanction	Amount sanction (in lakh)	Date of issue of work orders	Due date for completion	Date of completion	Delay (months)
31	Basketball Court at Khrum Diengiei School, Umbir	RB	2008-09	4.87	25/08/09	Feb-10	Jul-13	41
32	Basketball Court at Gorkha Sec. School, 3 rd Mile	EKH	2009-10	11.81	31/08/10	Aug-11	Jan-16	53
33	Basketball court at Dwar Jingkyrmen	EKH	2010-11	4.33	05/12/11	Mar-12	Aug-14	29
34	Basketball court at Mawsynram	EKH	2010-11	4.33	05/12/11	Mar-12	Jan-13	10
35	Basketball court at Lumpyngngad	EKH	2010-11	4.33	05/12/11	Mar-12	Sep-12	6
36	Basketball court at Mawprem	EKH	2010-11	4.33	05/12/11	Mar-12	Nov-13	20
37	Basketball court at Mawphlang	EKH	2010-11	4.33	05/12/11	Mar-12	Sep-12	6
38	Basketball court at Sohiong	EKH	2010-11	4.33	05/12/11	Mar-12	Oct-12	7
39	Basketball court at Malki Youth Centre	EKH	2010-11	4.33	30/11/12	Feb-13	Mar-13	1
40	Basketball court at St. George School	EKH	2010-11	4.33	05/12/11	Mar-12	Feb-15	35
41	Basketball court at Robert Hospital	EKH	2010-11	4.33	18/07/14	Oct-14	Dec-15	14
42	Basketball court at Jongksha	EKH	2010-11	4.33	05/12/11	Mar-12	May-13	14
43	Basketball court at Nongkrem	EKH	2010-11	4.33	05/12/11	Mar-12	Apr-12	1
44	Basketball court at Laitumkhrah SC	EKH	2010-11	4.33	30/11/12	Feb-13	Mar-15	25
45	Basketball court at Shillong Public School	EKH	2010-11	4.33	20/08/13	Nov-13	Dec-13	1
46	Basketball court at Mawryngkneng	EKH	2010-11	4.33	05/12/11	Mar-12	Jul-14	28
47	Basketball court at Mawlynrei	EKH	2010-11	4.33	05/12/11	Mar-12	Jun-12	3
48	Basketball court at Mawlai Mawiong	EKH	2010-11	4.33	05/12/11	Mar-12	Dec-12	9
49	Basketball court at Mawlongbna	EKH	2010-11	4.33	25/07/14	Oct-14	Jul-15	9
50	Basketball court at St. Louis School	EKH	2010-11	4.33	05/12/11	Mar-12	Aug-12	5
51	Basketball court at St. Patrick School	EKH	2010-11	4.33	05/12/11	Mar-12	Dec-12	9
52	Basketball court at Savio School	EKH	2010-11	4.33	05/12/11	Mar-12	Jun-12	3
53	Basketball court at Pynursla	EKH	2010-11	4.33	05/12/11	Mar-12	Nov-13	20
54	Basketball court at Jowai Presbyterian School	WJH	2010-11	4.33	05/12/11	Mar-12	Jul-12	4
55	Basketball court at Mookyndeng	WJH	2010-11	4.33	05/12/11	Mar-12	Apr-13	13
56	Basketball court at Nongtalang	WJH	2010-11	4.33	05/12/11	Mar-12	Mar-15	36
57	Basketball court at Umtung	RB	2010-11	4.33	04/06/14	Sep-14	Dec-14	3
58	Sports Complex at Rilbong Sports Club	EKH	2009-10	43.45	23/02/11	Aug-12	Oct-12	2
59	Artificial Turf, JNS Complex, Polo	EKH	2011-12	513.32	11/08/11	Dec-11	Dec-12	12
60	3(three) Nos. Lawn Tennis Court at JNSC, Polo	EKH	2009-10	96.00	18/06/10	Jan-11	Jun-12	17
61	Open Air stage at JNS Complex	EKH	2010-11	60.51	24/01/12	Jan-13	Jun-12	-7
62	Sports Cafeteria at JNSC	EKH	2011-12	129.88	10/11/12	Nov-13	Dec-16	37
63	Re-construction of Crinoline swimming pool	EKH	2011-12	170.34	30/11/12	Nov-13	Dec-16	37
64	Synthetic Track, JNS Complex, Polo	EKH	2011-12	550.00	16/11/12	Mar-13	Jul-14	16
65	Synthetic turf at Mawlai	EKH	2012-13	400.00	19/08/13	Dec-13	Jul-16	31
66	Synthetic turf at Jowai	WJH	2012-13	400.00	19/08/13	Dec-13	Nov-14	11
67	Floodlight at JNS Complex, Polo	EKH	2013-14	499.00	17/10/13	Feb-14	Mar-15	13
68	Futsal playground at Laitumkhrah	EKH	2012-13	50.00	27/02/14	Feb-15	Sep-15	19
69	Futsal playground at JNS Complex, Polo	EKH	2012-13	50.00	27/02/14	Feb-15	Dec-15	22
	Sub-total (completed projects)			4307.13				

Sl. No.	Name of the project/ Sports infrastructure	District	Year of sanction	Amount sanction (in lakh)	Date of issue of work orders	Due date for completion	Date of completion	Delay (months)
Projects in progress/not started								
1	Sports Infrastructure to Border Areas Jirang	RB	2013-14	160.00	12/03/15	Mar-16	In progress	16
2	Indoor Sports Hall, Tpep Pale, Jowai	WJH	2013-14	93.00	07/02/15	Feb-16	In progress	17
3	Indoor Sports Hall, Laban	EKH	2014-15	157.00	03/12/15	Dec-16	In progress	7
4	Indoor Sports Hall, Lower Lumparing	EKH	2014-15	111.00	29/09/15	Sep-16	In progress	10
5	Indoor Sports Hall at Golflink	EKH	2012-13	340.60	28/02/14	Feb-16	Not started	17
6	Improvement of F/playground at Umsaw Nongkharai	RB	2014-15	10.00	07/10/15	Oct-16	In progress	9
7	Playground <i>etc.</i> at Madan Lyngkhuid	EKH	2002-03	45.14	26/02/03	Feb-05	In progress	149
8	Playground at Sohlap	EKH	2008-09	24.14	03/02/09	Feb-10	In progress	89
9	Fencing footpath <i>etc.</i> at Ground No. 2 & 3 Polo	EKH	2008-09	33.86	15/07/09	Jul-10	In progress	84
10	Playground at Pahambir	RB	2009-10	40.78	28/02/10	Aug-11	In progress	71
11	Improvement of Ground 2 & 3, Polo	EKH	2011-12	138.11	26/02/12	Feb-14	In progress	41
12	Basketball court at Sohkha Mission	WJH	2008-09	4.99	01/02/10	Aug-10	In progress	83
13	Gallery, Eastern End, JNS Complex	EKH	2012-13	435.00	02/07/13	Jul-15	In progress	24
14	Accommodation of Sports persons at JNS Complex, Polo	EKH	2013-14	169.47	17/02/15	Feb-16	In progress	17
15	Improvement of JNS Complex, Polo	EKH	2013-14	212.00	12/02/15	Feb-16	In progress	17
	Sub-total (in progress/not started)			1975.09				
	Grand total of 84 projects (69+15)			6282.22				

EKH = East Khasi Hills; WJH = West Jaintia Hills; RB = Ri Bhoi

Appendix - 1.2.2

Statement showing the details of the assessment made during joint physical verification of sports infrastructure in the three selected districts

(Reference: Paragraph 1.2.12)

Sl. No.	Sports infrastructure (District)	Year of sanction	Cost (₹ in lakh)	JPV findings
1	Multipurpose community hall at Jaiaw Laitdom (East Khasi Hills)	2008-09	85.97	No deviation from the estimate was found to be executed.
2	Indoor sports hall at Mawngap (East Khasi Hills)	2011-12	117.74	<i>No markings or cross line on the floor was found and hall has been utilised for purposes other than sporting events.</i>
3	Re-construction of Crinoline swimming pool (East Khasi Hills)	2011-12	170.34	No deviation from the estimate was found to be executed.
4	Playground at Jongksha (East Khasi Hills)	2008-09	12.37	No deviation from the estimate was found to be executed.
5	Playground at Lawsotun (East Khasi Hills)	2008-09	15.91	
6	Improvement of playground at Madan Ing Syiem Myllem (East Khasi Hills)	2014-15	8.00	
7	Sports Complex at Rilbong Sports Club (East Khasi Hills)	2009-10	43.45	<i>Basketball court and tennis ball cricket pitch were not found to be constructed.</i>
8	Futsal playground at Laitumkhrach (East Khasi Hills)	2012-13	50.00	No deviation from the estimate was found to be executed.
9	Synthetic turf at Mawlai (East Khasi Hills)	2012-13	400.00	No deviation from the estimate was found to be executed.
10	Basketball court at Dwar Jingkyrmen (East Khasi Hills)	2010-11	4.33	<i>Basketball boards were broken and rings and nets were also found missing.</i>
11	Basketball court at Mawphlang (East Khasi Hills)	2010-11	4.33	<i>Basketball boards were broken and rings and nets were also found missing.</i>
12	Basketball court at Mawprem	2010-11	4.33	No deviation from the estimate was found to be executed.
13	Basketball court at Savio School (East Khasi Hills)	2010-11	4.33	
14	Basketball court at St. Louis school (East Khasi Hills)	2010-11	4.33	No deviation from the estimate was found to be executed.
15	Basketball Court at Gorkha Sec. School, 3rd Mile (East Khasi Hills)	2009-10	11.81	No deviation from the estimate was found to be executed.
16	Indoor sports hall, Iawdaimasi, Jowai (West Jaintia Hills)	2011-12	156.10	
17	Synthetic turf at Jowai (West Jaintia Hills)	2012-13	400.00	
18	Playground and gallery at Laskein (West Jaintia Hills)	2001-02	73.23	
19	Improvement of F/playground at Amlarem (West Jaintia Hills)	2014-15	20.00	
20	Improvement of F/playground at Sahnsiang (West Jaintia Hills)	2014-15	14.00	
21	Basketball court at Jowai Presbyterian School (West Jaintia Hills)	2010-11	4.33	No deviation from the estimate was found to be executed.
22	Basketball court at Mookyndeng (West Jaintia Hills)	2010-11	4.33	<i>Basketball boards were broken and nets were also found missing.</i>
23	Basketball court at Nongtalang (West Jaintia Hills)	2010-11	4.33	<i>Basketball boards were broken and nets were also found missing.</i>
24	Playground etc. at Umran Dairy (Ri Bhoi)	2007-08	31.74	No deviation from the estimate was found to be executed.
25	Improvement of existing field at Umden (Ri Bhoi)	2005-06	11.13	

Sl. No.	Sports infrastructure (District)	Year of sanction	Cost (₹ in lakh)	JPV findings
26	Improvement of F/playground at Umlakhar (Ri Bhoi)	2014-15	10.00	No deviation from the estimate was found to be executed.
27	Improvement of F/ground at Marmain (Ri Bhoi)	2014-15	10.00	<i>Water logged, landslides were noticed. A standard football playground exist within a distance of 200m.</i>
28	Improvement of F/playground at Mairung (Ri Bhoi)	2014-15	10.00	No deviation from the estimate was found to be executed.
29	Sitting gallery at Pahamsyiem, Nongpoh (Ri Bhoi)	2002-03	54.03	No deviation from the estimate was found to be executed.
30	Basketball court at Umtung (Ri Bhoi)	2010-11	4.33	No deviation from the estimate was found to be executed.
Total			1744.79	

Appendix - 1.2.3

Details of short release of funds by SYAD/DSYA to SSCM

(Reference: Paragraph 1.2.13)

(₹ in crore)

Sl. No.	Name of the sports infrastructure	Fund sanctioned	Fund released	Short release
1	Football stadium at Ampati	13.75	12.60	1.15
2	Synthetic turf, Madanheh Mawlai	1.00	0.90	0.10
3	Sports complex, Mawkyrwat	1.00	0.90	0.10
4	Gallery, <i>etc.</i> , Eastern End, JNS Complex, Polo	2.10	2.00	0.10
5	23 numbers football playfields	5.32	4.90	0.42
6	29 numbers of football playfields	4.16	3.66	0.50
7	Indoor sports hall, playground, <i>etc</i>	12.28	11.28	1.00
	Total	39.61	36.24	3.37

Appendix - 1.2.4

Statement showing details of receipt and expenditure on salaries and allowances of staff of the SSCM

(Reference: Paragraph 1.2.13.3)

(₹ in lakh)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Grants received	107.33	250.00	250.00	250.00	287.00	1144.33
Actual expenditure						
Salary and allowances	164.14	194.00	246.88	261.38	307.55	1173.95
Gratuity	14.37	0.00	1.78	3.93	11.46	31.54
General Provident Fund	0.00	0.96	0.00	0.00	0.00	0.96
Contributory Provident Fund (CPF)	41.46	52.53	29.71	0.00	0.00	123.70
Employees Provident Fund (EPF)	0.00	0.00	0.00	54.67	58.33	113.00
Professional tax	0.59	0.71	0.78	0.89	0.99	3.96
Children education advance	3.30	3.74	4.73	4.40	5.50	21.67
Festival advance	1.65	1.70	1.80	1.90	1.95	9.00
Medical Advance	0.00	0.00	0.00	0.00	7.50	7.50
Total expenditure	225.51	253.64	285.68	327.17	393.28	1485.28
Excess of expenditure over grants received	118.18	3.64	35.68	77.17	106.28	340.95

Appendix - 1.2.5

Statement showing the status of coaches during 2012-17

(Reference: Paragraph 1.2.14.3)

Directorate/districts	Availability of coaches in respective sports discipline								Total
	Football	Basketball	Athletics	Archery	Badminton	Boxing	Karate	Table Tennis	
Directorate (DSYA)	1	2	3	2	1	-	-	-	9
East Jaintia Hills	1	-	-	-	-	-	-	-	1
West Jaintia Hills	-	-	1	-	-	-	-	-	1
East Khasi Hills	1	-	-	-	-	1	1	1	4
West Khasi Hills	-	-	-	-	-	-	-	-	-
South West Khasi Hills	1	-	-	-	-	-	-	-	1
Ri Bhoi	1	-	1	-	-	-	-	-	2
East Garo Hills	-	-	-	-	-	-	-	-	-
North Garo Hills	1	-	-	-	-	-	-	-	1
South Garo Hills	1	-	-	-	-	-	-	-	1
South West Garo Hills	1	-	-	-	-	-	-	-	1
West Garo Hills	-	-	-	-	-	-	1	1	2
Total	8	2	5	2	1	1	2	2	23

Appendix - 1.3.1

Details of delay in issue of building permission

(Reference: Paragraph 1.3.7.2)

Sl. No.	Name of the applicant	Date of Receipt	Date of Inspection by MUDA Official	Date of granting permission	Delay in months
Shillong					
1.	Smti. Verolinda Khariong	06-05-2010	13-05-2010	17-04-2012	21
2.	Smti. Balapynkmen Shadap	22-02-2011	09-03-2011	14-05-2013	25
3.	Parish Priest R.C. Church L. Mawprem	08-08-2014	22-08-2014	07-09-2015	9
4.	Rev. Fr. Leo Lambor	08-08-2014	22-08-2014	07-09-2015	9
5.	Rev. Fr. Leo Lambor	08-08-2014	22-08-2014	07-09-2015	9
6.	Smti. Lilia Jyrwa	16-07-2010	28-07-2010	24-09-2015	60
7.	Smti. Domina Rani	20-10-2016	03-11-2016	13-12-2017	12
8.	A.H & Veterinary Dept.	24-07-2015	12-08-2015	28-03-2017	18
Tura					
1.	The Divisional Forest Officer (Staff Q)	18-02-11	18-02-11	16-01-13	9
2.	The Secretary, G.V.V	18-02-11	21-02-11	16-01-13	9
3.	Smti. Brigit G. Momin	17-09-13	21-06-13	14-01-14	5
4.	Smti. Niulinda R. Marak	07-10-14	08-10-14	24-02-16	15
5.	Shri. Mickerson R. Marak	16-01-12	16-01-12	07-07-16	53
6.	The General Secretary, Garo Baptist Convention	05-11-14	05-11-14	29-07-16	19

Appendix - 1.3.2

Details of delay in site inspection prior to issue of building permission

(Reference: Paragraph 1.3.7.2)

Sl. No.	Name of applicant	Location	Date of receipt	Date of inspection by MUDA	Delay in months
	Shillong				
1.	Smti. Arpita Mukherjee	Jail Road	16-12-13	06-02-14	1
2.	Christian Academy School	Wahingdoh	11-11-14	06-02-15	2
3.	President Sein Jaintia	Qualapatty	11-08-14	10-03-15	6
4.	Smti. Rimaya Cayoo	Lummawrie, Laitumkhrah	22-03-16	31-05-16	1
5.	Shri. Hubert Lyngdoh	Mawlai Mawtawar Lapalang	09-12-16	31-01-17	1
	Tura				
1.	Director Monford Centre for Education, Tura	Matchakolgre-I	05-12-11	05-11-12	10
2.	Smti. Marcy D. Shira	Danakgre-II	01-02-13	15-04-13	1
3.	Shri. A.B.Savio Chisim	Te.tengkol	27-09-13	23-11-13	1
4.	Shri. Inter Ch. Marak	Rongkhon	27-09-13	23-11-13	1
5.	Smti. Caroline R. Marak	Lower Babupara, Tura	12-05-13	15-05-14	11

Appendix - 1.3.3

Statement showing cases of violation of provisions of MBBL, 2011 in Tura

(Reference: Paragraph 1.3.7.2 (i))

Sl. No.	Cases of default	No. of cases	Present status
1.	Illegal Residential Building	80	i) 74 cases did not comply with MBBL 2011, stopped ii) 6 cases no action taken
2.	Illegal G+6 extension	1	No action taken
3.	Illegal school Building	1	No action taken
4.	Encroachment of PWD Road	2	i) Court case pending ii) No action taken
5.	Stream encroachment	2	Construction stopped
6.	Car wash centre	1	Stopped
7.	Illegal Building	2	No action taken
8.	Illegal Institute Building	3	Did not comply, stopped
9.	Illegal commercial Building	3	Did not comply, stopped
10.	Encroachment of Government land	4	Work stopped, demolished
11.	Encroachment of PWD culvert	1	Demolished
12.	G Floor commercial buildings	1	To be declared unsafe building
13.	Illegal office building	3	Did not comply
14.	Illegal office building G+1	10	Did not comply
15.	Illegal court building G+3	3	Did not comply, building permission not issued.
	Total	117	

Appendix - 1.3.4

Statement showing the physical progress of construction of various components of the GSWSP Phase-III along with expenditure incurred till date (July 2017)

(Reference: Paragraph 1.3.8.3)

Package No.	Component	Target date of completion	Extended date of completion	Actual date of completion	Expenditure incurred (₹ in crore)	Physical progress
I	Survey, Engineering, Design and Construction of 2 stages raw water pumping system, Augmentation of the capacity of the existing water treatment plant, laying of clean water gravity main and feeder main pipelines, construction of clear water pumping system package associated with augmentation of water supply to Shillong Urban Centres	2011-12	31/12/2017	Incomplete	30.97	70%
I A	Supply and carriage of MS pipes	07/10/2009 18/08/2016	- -	06/02/2010 Incomplete	1.84 1.75	100% 50%
I B	Supply of DI pipes	30/11/2009	31/05/2010	11/12/2010	35.53	100%
I C	Supply of DI fittings	21/01/2010	20/06/2010	29/09/2010	13.11	100%
II	Survey, Engineering, Design and laying of distribution system for the Shillong Urban Centres comprising of 12 Zones	Feb 2012	-	Incomplete	5.45	70%
II A	Supply of DI pipes	30/09/2010	31/3/2011	18/4/2011	33.25	100%
II B	Supply of DI fittings	09/06/2010	15/2/2011	10/01/2012	10.75	100%
	Total				132.65	

Appendix - 1.3.5
Statement showing existing parking areas in Shillong
(Reference: Paragraph 1.3.8.8)

Sl. No.	Name of the parking lot	Location	Agency responsible for operation and maintenance
1.	Near Polo Towers	Polo	Shillong Municipal Board
2.	Opposite Apex Bank	Apex Bank	Shillong Municipal Board
3.	Boucher Road	Boucher Road	NA
4.	SCERT Compound	Mawkhar	Shillong Municipal Board
5.	Old Civil Hospital	Police Bazaar	Meghalaya Urban Development Authority
6.	Mahavira Park	Luckier Road	Meghalaya Urban Development Authority
7.	Opposite Anjali Cinema	Mawlonghat	Meghalaya Urban Development Authority
8.	Bus Terminus	Polo	TRUST
9.	Mawlonghat I (23/17)	Mawlonghat	Meghalaya Urban Development Authority
10.	Mawlonghat II	Mawlonghat	Meghalaya Urban Development Authority
11.	Laitumkhrah Market	Laitumkhrah	Shillong Municipal Board
12.	Stoney Land	Dhankheti	Shillong Municipal Board
13.	Khlieh Iewduh parking	Khlieh Iewduh	Meghalaya Urban Development Authority
14.	Pahsyntiew parking	Opposite District Council	Meghalaya Urban Development Authority
15.	Shillong City Bus Syndicate Terminus	Mawblei	Shillong City Bus Syndicate
16.	Mawlonghat Bus Terminus	Mawlonghat	Shillong Municipal Board

Appendix - 1.3.6

Statement showing loss suffered on settlement of parking lot at Mahavira Park, Jhalupara

(Reference: Paragraph 1.3.8.8 (i))

(₹ in lakh)

Sl. No.	Period of lease	Lease amount	No of months of lease	Amount offered by the 2nd highest bidder in April 2013	Lease amount that would have accrued from the 2nd highest bidder of April 2013 for this period	Loss of revenue (col 6 - col 3)
1	2	3	4	5	6	7
1.	June 2013 to February 2014	1.99	9	7.39	5.54	3.55
2.	March 2014 to February 2015	3.54	12	7.39	7.39	3.85
3.	March 2015 to May 2015	0.88	3	7.39	1.85	0.97
4.	June 2015 to May 2016	3.54	12	7.39	7.39	3.85
5.	June 2016 to May 2017	3.71	12	7.39	7.39	3.68
	Total					15.90

Source: Compiled by Audit

Appendix - 1.3.7

Statement showing status of achievement of reforms

(Reference: Paragraph 1.3.10.2)

Category of Reforms	Name of the Reform	Timeline for Implementation	Actual date of Achievement
State Level Mandatory Reforms	Implementation of 74th Constitutional Amendment Act	2008-09	Not achieved
	Transfer of functions to ULBs	2010-11	Partially achieved
	New Rent Control Act	2007-08 & 2009-10	Partially achieved
	Stamp Duty Rationalisation to 5%	2011-12	Partially achieved
	Community Participation Law	2010-11	Not Achieved
	Public Disclosure Law	2007-08 to 2011-12	2013
Mandatory Reforms: ULB Level	e-Governance	2007-08 to 2011-12	Partially achieved
	Migration to Accrual based double entry system in accounts	2007-08 to 2011-12	2010
	Property Tax	2007-08 to 2011-12	Out of 6, 5 achieved
	Water Supply	2008-09 to 2011-12	2010
	Provisions of Basic Services to urban poor	2007-08 to 2011-12	2013
	Internal earmarking of funds in ULB budget for services to urban poor	2007-08 to 2011-12	2010
Optional Reforms	Revision of Building Bye-laws to streamline the approval process	2007-08	2011
	Revision of Building bye-laws to make rainwater harvesting mandatory	2008-09 to 2009-10	2011
	Introduction of computerised process for registration of land property	2010-11	2012
	Structural Reforms	2008-11	Partially achieved
	Encouraging Public-Private Partnerships	2007-10	Partially achieved

Appendix - 2.2.1

Details list of 15 border villages selected for Joint Physical Verification

(Reference: Paragraph 2.2.3)

District	BADO	Sl. No.	Name of selected village	Distance from the international border (km)	No. of House holds	Population
East Khasi Hills	Sohra	1	Bholaganj	1	110	478
		2	Umsawmaskon	2	58	258
		3	Kurikhal	1	19	109
		4	Laitkynsew	7	113	469
		5	Diengsiar Mawlong	8	124	725
	Pynursla	6	Lapalang (A&B)	1	390	1492
		7	Nongkyndah	2	36	144
		8	Mawlyndun	4	78	390
		9	Pomshutia	2	148	754
		10	Mawbeh	7	98	431
West Jaintia Hills	Dawki	11	Lamin	4	189	1443
		12	Pamtadong	10	18	126
		13	Bhoi Kyrweng	1	39	161
		14	Nongbareh Rim	4	101	597
		15	Amlamet	8		44

Appendix - 2.2.2

Block-wise list of strategic villages that have not been sanctioned BADP work during 2012-17

(Reference: Paragraph 2.2.10.2)

Sl. No.	Block	Village	Distance from the international border (km)
1	Sohra	Dhorom	0.5
2	Sohra	Kalatek	0.5
3	Sohra	Kalibari	0.5
4	Sohra	Khahmalai	0.5
5	Sohra	Lubia	0.5
6	Sohra	Lumpukri	0.5
7	Sohra	Umkhaw	0.5
8	Sohra	Chakla Basti	1
9	Sohra	Dhorombasti	1
10	Sohra	Diengrai	1
11	Sohra	Kalorkhar (Kalakhat)	1
12	Sohra	Khahsyndha	1
13	Sohra	Diengkain	1.5
14	Sohra	Jalba	1.5
15	Sohra	Kurikhal	1.5
16	Sohra	Mawmuri (Lummuri)	1.5
17	Sohra	Rangkamati	1.5
18	Sohra	Saikarap	1.5
19	Sohra	Thliewumtham	1.5
20	Sohra	Lailad	2
21	Sohra	Umsawmaskon	2
22	Sohra	Khah-um-rin	2.5
23	Sohra	Lum-U-Smon	2.5
24	Sohra	New Kamorah	2.5
25	Sohra	Saitsohphan	2.5
26	Sohra	Umdud	2.5
27	Sohra	Old Komorah	3
28	Sohra	Umdohmawpud	3
29	Sohra	Umtaru	3
30	Sohra	Disong (Diengsong)	4
31	Sohra	Duba	5
32	Sohra	Jamew	5
33	Sohra	Jasir	5
34	Sohra	Nongrum	5
35	Sohra	Ramsong-katanor	5
36	Sohra	Lynggar	5.5
37	Sohra	Mawryngkhong	5.5
38	Sohra	Mawthang Sohkhylung	5.5
39	Sohra	Byrong	6
40	Sohra	Mustoh	6
41	Sohra	Nongrong (Nongnong)	6
42	Sohra	Wahjain	6

Sl. No.	Block	Village	Distance from the international border (km)
43	Sohra	Wahkrem	6
44	Sohra	Ringiur (Ri-ngur)	6.5
45	Sohra	Shnongkawar	6.5
46	Sohra	Sohbar	6.5
47	Sohra	Laitkynsew	7
48	Sohra	Siej	7
49	Sohra	Wahkhim (Sohsarat)	7
50	Sohra	Khliehumlong (Khliehumlang)	7.5
51	Sohra	Lumrynjang (Lumryngang)	8
52	Sohra	Mawshamok	8
53	Sohra	Lumsohpie	8.5
54	Sohra	Nongkroh	8.5
55	Sohra	Nonglyngkien	9
56	Sohra	Wah-U-Tim	9
57	Sohra	Mawrap (Tynrong)	9.5
58	Sohra	Nongla	9.5
59	Sohra	Nongthymmai (Tyrna)	9.5
60	Sohra	Ramdait	9.5
61	Sohra	Rumnong	9.5
62	Sohra	Umtlang	10
63	Pynursla	Hatthymmai	1
64	Pynursla	Iarbamon	1
65	Pynursla	Nongjribah	1
66	Pynursla	Nongkhawui	1
67	Pynursla	Rimai	1
68	Pynursla	Ri-Mylliem	1
69	Pynursla	Thai	1
70	Pynursla	Thang-Juban	1
71	Pynursla	Lympungshyrngan	2
72	Pynursla	Nongkyndah	2
73	Pynursla	Lympungsniang	3
74	Pynursla	Nongthymmai (Kyndiar)	3
75	Pynursla	Riwai	3
76	Pynursla	Thiepshkai	3
77	Pynursla	Mawlyndun	4
78	Pynursla	Rimassar	4
79	Pynursla	Ringer	4
80	Pynursla	Laitsohpie	5
81	Pynursla	Latang Riwan	5
82	Pynursla	Mawpyrthuh	5
83	Pynursla	Kynton Sair	6

Sl. No.	Block	Village	Distance from the international border (km)
84	Pynursla	Mawbarem	6
85	Pynursla	Mawsiang-Sdam	6
86	Pynursla	Burma	7
87	Pynursla	Lyngngai	7
88	Pynursla	Shakai	7
89	Pynursla	Wahjarem	7
90	Pynursla	Mawshun	8
91	Pynursla	Mawsiang Nongshken	8
92	Pynursla	Risawkur	8
93	Pynursla	Phlang U Diak	9
94	Pynursla	Wahsherkmut	9
95	Pynursla	Mawah	10
96	Pynursla	Mawkhap	10
97	Pynursla	Mawsohrisa	10
98	Pynursla	Nongshyrngan	10
99	Dawki	Latang	1
100	Dawki	Tamabil	1
101	Dawki	Riahjalong	1
102	Dawki	Kamsing	1
103	Dawki	Rhongkum	1
104	Dawki	Jaliakhola	1
105	Dawki	Hartale	1
106	Dawki	Amdoh	1
107	Dawki	Amsku	1
108	Dawki	Bhoi Kyrweng	1
109	Dawki	Lakroh	1
110	Dawki	Sankhat	1
111	Dawki	Lumsohrmen	2
112	Dawki	Lymba	2
113	Dawki	Hawai Sutnga	2
114	Dawki	Pasadwar	2
115	Dawki	Amjalong	2
116	Dawki	Sohkha Phlang	3
117	Dawki	Amsohmahaleng (Nongtalang)	3
118	Dawki	Nongtalang Thymmai	3
119	Dawki	Syndai Lyngkot	3
120	Dawki	Kharkhana	3
121	Dawki	Wahrong	4
122	Dawki	Amtra	4
123	Dawki	New Nonglamin (Nongtalang)	4
124	Dawki	Kudengthymmai	4
125	Dawki	Laremshyap	5
126	Dawki	Pdengkeh	5
127	Dawki	Pdengkarong	7
128	Dawki	Dapdeng	8
129	Dawki	Lurniang	8
130	Dawki	Amtasam	8
131	Dawki	Jaralud	8
132	Dawki	Amlarang	9
133	Dawki	Amsyrwai	9

Appendix - 2.2.3

Block-wise list of projects implemented in non-strategic villages in the selected blocks during 2012-17 including item of works not identified as 'missing gaps' in the baseline survey

(Reference: Paragraph 2.2.10.3)

Block	Sl. No.	Village	Dis-tance	Sl. No.	Name of work	Whether identified as 'gap' during baseline survey	Cost (₹ in lakh)	Year
Dawki	1	Amlarem	12	1	Construction of Public Latrines, Amlarem	Yes	5.00	2014-15
				2	Construction/Development of playground at Amshipai, Amlarem	Yes	5.00	2014-15
				3	Construction of Hr.Sec.School building for Syiem Jingsuk School at Amlarem village	Yes	10.00	2015-16
				4	Construction of Godown for storage of Agricultural Produce (Seng Nongrep Pdengkarong) at Amlarem village	No	5.00	2016-17
				5	Repair and Impv of approach Rd to Krangsuri Tourist spot	Yes	8.00	2016-17
	2	Ammutong	11	6	Construction of Community Hall, Ammutong	No	5.40	2013-14
				7	Major renovation & repair of Enowell Hall, Amlarem	Yes	6.00	2013-14
	3	Jarain	15	8	Repair of suspension footbridge over Amtariang river	Yes	3.50	2014-15
				9	Construction of School Building for Jarain L.P School by Seng Pynrumlangki Khynta at Jarain village	Yes	5.00	2015-16
	4	Krang Pamtdong	12	10	Improvement of playground at Krang Pamtdong village	Yes	5.00	2016-17
	5	Ladjaplem	14	11	Renovation of indoor stadium, Ladjaplem, Amlarem	Yes	5.00	2013-14
	6	Mawlong	11	12	Construction/Development of Playground, Mawlong	Yes	3.00	2013-14
	7	Thangbuli	15	13	Extension of Ron Challam Memorial School building, Thangbuli	Yes	3.00	2013-14
				14	Improvement of Playground at Dongwah, Thangbuli village	Yes	5.00	2015-16
				15	Fencing of Amwi Secondary School at Thangbuli village	Yes	5.00	2016-17
8	Umladkhur	15	16	Extension of Marbailin LP School building, Umladkhur village	Yes	3.00	2012-13	
Pynursla	9	Laitmyn-rieng	18	17	Const. additional room at Laitmynrieng LP School, Laitmynrieng	No	5.00	2014-15
				18	Construction of Additional Room at NEIMA's Orphanage and Poor Children's Home, Laitmynrieng.	No	8.00	2012-13
	10	Lyndem	13	19	Construction of suspension footbridge over Wahkarat to connect Lyndem and Khatarshnong	Yes	25.00	2012-13
				20	Construction of Community Hall, Lyndem	No	10.00	2013-14
				21	Renovation of playground for Jingkieng Ksiar UP School, Lyndem by providing cement concrete flooring and construction of fencing	Yes	5.00	2015-16
22	Repair of footbridge over Phud Wahkdong i/c extension of footpath, Lyndem	Yes	2.25	2016-17				

Block	Sl. No.	Village	Distance	Sl. No.	Name of work	Whether identified as 'gap' during baseline survey	Cost (₹ in lakh)	Year
Pynursla	11	Lyngkyrdem	18	23	Construction of Additional Room at Seng Khasi Sec. School, Lyngkyrdem	No	8.00	2012-13
	12	Lyting Lyngdoh	16	24	Construction of Community Hall at Lyting Lyngdoh	No	10.00	2014-15
	13	Mawmang	16	25	Construction of Approach Road to Mawmang Ropeway via Jarain {(Total Length=750.00m) Phase-I 400.00m}	No	20.00	2014-15
	14	Mawpran Nongmadan	12	26	Construction of Minot Sordar UP School, Mawpran Nongmadan	No	9.00	2015-16
	15	Myllat	13	27	Construction of retaining wall at Wahshlih river with approach footpaths, Myllat	Yes	4.00	2013-14
				28	Construction of Fencing at Raid Nongkhlieng UP School, Myllat	No	5.00	2016-17
				29	Construction of Footbridge over Wahsyiar, Myllat	Yes	3.50	2012-13
	16	Mynrieng	15	30	Levelling of Mynrieng LP School campus, Mynrieng	No	5.00	2014-15
				31	Const. of footbridge at Mynrieng	Yes	4.00	2013-14
	17	Pynursla (Nenggate)	14	32	Completion of community hall at Nenggate, Pynursla	No	15.00	2012-13
				33	Construction of Fencing and Toilets for Community Hall, Nenggate	No	15.00	2014-15
				34	Construction of Community Hall at Nenggate, Pynursla	No	10.00	2012-13
	18	Nongblai	17	35	Repairing of ropeway at Nongblai (1st ropeway)	No	5.04	2015-16
				36	Repairing of ropeway at Nongblai (2nd ropeway)	No	3.38	2015-16
	19	Nongkhlieng	12	37	Const. of additional room at Govt. LP School, Nongkhlieng	No	5.00	2014-15
	20	Nongkwai	12	38	Repair of 2nd Ropeway at Nongkwai	No	3.79	2016-17
	21	Nongmadan	12	39	Construction of Retaining Wall at Nongmadan Cemetery	No	15.00	2014-15
	22	Nongmadan Shatsngi	14	40	Extension and improvement of internal roads at Nongmadan Shatsngi including MBT (750 km)	No	51.00	2015-16
				41	Improvement of Playground at Nongmadan Shatsngi	No	5.00	2014-15
	23	Pynursla	14	42	Construction of hostel building (dormitory), Pynursla	No	6.00	2014-15
				43	Extension of Pynursla Pres. LP School Bldg, Pynursla	Yes	5.00	2015-16
				44	Renovation of E.Usai Memorial Hall including provision of water connection at St. Anthony's Higher Sec.School, Pynursla	No	16.82	2015-16
	24	Pyrnai	12	45	Construction of Community Hall at Pyrnai	No	10.00	2012-13
				46	Construction of Raid Mawjam Pres. U.P. School building (Ph-II), Pyrnai	Yes	4.50	2012-13
47				Const. additional room at Jingshaibarit LP School, Pyrnai	Yes	5.00	2014-15	
48				Fencing of Raid Mawja Presbyterian U.P. School, Pyrnai	No	5.00	2016-17	

Block	Sl. No.	Village	Distance	Sl. No.	Name of work	Whether identified as 'gap' during baseline survey	Cost (₹ in lakh)	Year
Pynursla	25	Raid Lyngkyrdem	18	49	Completion of Raid Lyngkyrdem Hostel	No	15.00	2012-13
	26	Raid Nongkhlieng	12	50	Construction of School building at Raid Nongkhlieng	No	15.00	2013-14
	27	Rangthylliang	13	51	Completion of Library Hall for Samla Seng Khasi Pynursla Pyllun, Rangthylliang village.	No	3.00	2012-13
				52	Extension of community Hall at Rangthylliang village	No	10.00	2013-14
	28	Rngain	20	53	Repairing of link road from NH 40 to Kyntiew Masi, Rngain	No	6.00	2015-16
				54	Development of tourist viewpoint at Rngain.	Yes	7.00	2016-17
	29	Siatbakon	11	55	Construction of RCC Hall at Siatbakon	No	3.00	2012-13
	30	Tyngkei	14	56	Construction of Community Hall at Tyngkei village	Yes	4.00	2012-13
	31	Pynursla (Umkor)	14	57	Extension of Community Hall at Umkor	No	15.00	2014-15
				58	Repairing of approach road at Umkor (providing pucca CC side drain, etc)	No	10.00	2015-16
	32	Urksew	13	59	Const. of additional room at Radon Memorial LP School, Urksew	No	4.50	2013-14
				60	Const. of Auto Workshop for Shaniahlang SHG, Urksew	Yes	4.00	2013-14
				61	Constn of LP School building at Urksew	No	9.00	2015-16
	33	Wahkhen	19	62	Repairing of Suspension footbridge at Wahpohrang, Wahkhen	Yes	3.34	2014-15
	34	Wahlyngkhat	18	63	Bathing and washing place, Wahlyngkhat	Yes	4.00	2013-14
64				Construction of School at Tbeh Jingshai, Wahlyngkhat	No	15.00	2013-14	
65				Completion of Fencing at St.John Bosco LP School, Wahlyngkhat	No	6.00	2016-17	
66				Construction of Fencing of Government L.P. School Wahlyngkhat village	No	3.00	2012-13	
35	Wahpathaw	13	67	Const. of footbridge with footpath at Wahpathaw	Yes	5.00	2014-15	
Sohra	36	Dewiong	14	68	Construction of Suspension footbridge over river Sohra at Dewiong	No	12.00	2013-14
	37	Dewlieh	20	69	Construction of Godown for Dewlieh village	No	3.00	2012-13
	38	Khrang	16.5	70	Construction of Additional Class Room of Nangkysiew S/School at Khrang	No	5.00	2016-17
				71	Const.of village internal road at Khrang (280 mt)	No	6.84	2016-17
	39	Kongthong	17	72	Construction of Community hall at Kongthong	No	5.00	2016-17
	40	Kunongrim	16	73	Construction of playground at Kunongrim	No	5.00	2016-17
	41	Laitduh	14	74	Construction of playground at Laitduh	Yes	3.00	2013-14
	42	Laitmawsiang	16	75	Const. of cultural hall for Seng Khasi Laitmawsiang at Laitmawsiang	No	6.44	2015-16
	43	Laitryngew	19.5	76	Const. of footpath at Them Phanbuh Cave at Laitryngew	No	6.00	2015-16
77				Improvement of playground at Laitryngew	No	6.00	2015-16	

Block	Sl. No.	Village	Distance	Sl. No.	Name of work	Whether identified as 'gap' during baseline survey	Cost (₹ in lakh)	Year
Sohra				78	Setting up of piggery farm unit for Rasong Upliftment and Dev. Committee at Laitryngew	No	5.00	2016-17
	44	Mawkawir	10.5	79	Construction of Community Hall at Mawkawir	No	4.00	2012-13
	45	Mawmluh	10.5	80	Construction of community hall at Mawmluh village	No	7.50	2016-17
	46	Mawphu	14	81	Completion. of Nongbah Youth Club Hall at Nongbah Mawphu (NYC), Mawphu	No	3.00	2013-14
				82	Improvement of playground at Mawphu village	Yes	3.00	2013-14
				83	Construction of a footbridge at Wah Umki, Mawphu (30.00m)	No	12.00	2014-15
				84	Const. of betelnut soaking pond for Nongrud Society at Mawphu	Yes	5.00	2015-16
				85	Construction of Mawphu UP School building at Mawphu	No	7.00	2015-16
				86	Costruction of Betelnut soaking pond for Iamonlang Society at Mawphu	Yes	5.00	2016-17
				87	Strengthening of suspension footbridge at Umiam river (130 mt) at Mawphu	No	10.00	2016-17
	47	Mawsahew	10.5	88	Constn. of C-Hall with removable partitions at Mawsahew by Tynrong Sirdarship Social and Economic Development Society, Mawsahew	No	9.00	2014-15
	48	Mawshuit	14	89	Const. of approach road from Mawtjuh towards Nongbah Mawshuit (400 mt) (Ph-II)	No	10.00	2016-17
				90	Repair of Suspension footbridge at Wahmein, Sder to Mawshuit villages	No	4.80	2016-17
	49	Nongbah (Mawphu)	14	91	Construction of community hall at Nongbah (Mawphu)	No	7.50	2016-17
	50	Nongbah Mawshuit	14	92	Const. of approach road from Mawtjuh towards Nongbah Mawshuit (Ph-I)	No	8.84	2015-16
	51	Nongsteng	12.5	93	Construction of Suspension footbridge at Rynseit, Nongsteng	No	6.00	2012-13
				94	Construction of Betelnut Soaking pond for Nongsteng Development Society, Nongsteng	No	3.00	2013-14
				95	Construction of playground at Kiengshympat, Nongsteng	No	3.00	2013-14
				96	Constn. of Bettlenut soaking pond at Nongsteng by Ka thong Ban Jop Society, Nongsteng	No	5.00	2014-15
				97	Repair and Renovation of the First & Second Ropeways at Nongsteng	No	13.15	2015-16
98				Repair/Renovation of the Third Ropeway at Nongsteng	No	6.82	2016-17	
52	Umblai	14	99	Construction of Pres LP School Building, Umblai	No	5.00	2013-14	
			100	Improvement of playground at Umblai	Yes	3.00	2013-14	
			101	Construction of Suspension footbridge at Laitjri, Umblai village	No	6.00	2012-13	
			102	Construction of Suspension Footbridge at Umblai village (50.00m)	No	15.00	2013-14	

Block	Sl. No.	Village	Distance	Sl. No.	Name of work	Whether identified as 'gap' during baseline survey	Cost (₹ in lakh)	Year
Sohra	53	Umlai	14	103	Repair/Renovation of the Second Ropeway at Umlai	No	6.80	2016-17
				104	Repair of First Ropeway at Umlai Village	No	6.49	2015-16
	54	Wahkaliar	11.5	105	Construction of playground at Wahkaliar	No	5.00	2013-14
				106	Repair of link Rd. i/c CC work from PWD Rd. to Ropeway station at Wahkaliar	No	4.03	2016-17
	55	Wahsohra	18.5	107	Construction of Footbridge with approach footpath at Wahrangum (Interest money)	No	8.61	2016-17
	56	Warbah	13	108	Repair of Suspension footbridge over Wahtyngphan & Warbah Villages	No	3.84	2015-16
Total							788.68	

Appendix - 2.2.4

List of works in the test checked districts/blocks which directly or indirectly benefited few individuals, religious institutions or a group of people

(Reference: Paragraph 2.2.10.4)

Sl. No.	Name of work	Block	Village	Cost (₹ in lakh)	Year	Remarks
1	Construction of Protection wall near Presbyterian Church and Pres. L.P. School at Dawki village	Dawki	Dawki	3.00	2012-13	Asset created for Religious mission
2	Construction of Roman Catholic LP School building, Lumpyngngad village	Dawki	Lumpyngngad	3.00	2012-13	-do-
3	Construction of toilets in St. Francis De Sales School at Bakur Village	Dawki	Bakur	5.00	2015-16	-do-
4	Repair of damage Protection wall near Pres. LP School & Pres. Church, Dawki	Dawki	Dawki	4.38	2016-17	-do-
5	Completion of Fencing at St.John Bosco LP School, Wahlyngkhat	Pynursla	Wahlyngkhat	6.00	2016-17	-do-
6	Completion of Fencing of St Xavier LP, UP & SS Lapalang (Phase-II)	Pynursla	Lapalang	7.00	2015-16	-do-
7	Const. additional room at St.John Evanjest LP School, Nongsohphan	Pynursla	Nongsohphan	5.00	2014-15	-do-
8	Const. of additional rooms and completion of the Nohwet Pres. LP school building, Nohwet	Pynursla	Nohwet	10.00	2013-14	-do-
9	Const. of Auto Workshop for Shaniahlang SHG, Urksew	Pynursla	Urksew	4.00	2013-14	Self Help Group
10	Construction of Additional Classrooms for Pres.LP School Pongtung	Pynursla	Pongtung	10.00	2016-17	Asset created for Religious mission
11	Construction of Additional rooms for Tiewlyngksiar Roman Catholic LP School building, Nongjri	Pynursla	Nongjri	5.00	2015-16	-do-
12	Construction of Fencing of Presbyterian LP & UP School, Umniuh Tmar	Pynursla	Umniuh Tmar	10.00	2014-15	-do-
13	Extension of Pynursla Pres. LP School Bldg, Pynursla	Pynursla	Pynursla	5.00	2015-16	-do-
14	Fencing of Church of God (COG) LP School, Nongshken	Pynursla	Nongshken	5.00	2016-17	-do-
15	Fencing of St. Xavier (LP,UP & Sec) School, Lapalang	Pynursla	Lapalang	5.00	2014-15	-do-
16	Constn. of Fencing for Rest House at Majai	Sohra	Majai	5.30	2014-15	Self Help Group
17	Construction of 1st floor of Staff Quarter at St.Ursala Border Areas Higher Secondary School, Mawlong	Sohra	Mawlong	8.00	2014-15	Asset created for Religious mission
18	Construction of Addl.Room for E.Usai Memorial Secondary School, Mawkliaw	Sohra	Mawkliaw	8.00	2014-15	Asset for Private School
19	Construction of Bakery Unit at Ladrungud, for Syiemiong SHG	Sohra	Ladrungud	3.00	2012-13	Self Help Group
20	Construction of Car Washing and Servicing centre by Seng Samla Thangkarang at Thangkarang	Sohra	Thangkarang	5.00	2016-17	Self Help Group

Sl. No.	Name of work	Block	Village	Cost (₹ in lakh)	Year	Remarks
21	Construction of cemented approach road to the Rest House (SRD) at Majai (102.20 m)	Sohra	Majai	14.00	2014-15	-do-
22	Extension of Rest House at Majai	Sohra	Majai	7.00	2014-15	-do-
23	Fencing of COG UP School Compound, Mawlyndiar	Sohra	Mawlyndiar	3.00	2013-14	Asset created for Religious mission
24	Improvement of Kharura Bakery Unit, Sohlap village	Sohra	Sohlap	3.00	2012-13	Self Help Group
25	Setting up of Furniture Making Unit for Iateilang Society, Suktia	Sohra	Suktia	5.00	2014-15	-do-
26	Setting up of piggery farm unit for Rasong Upliftment and Dev. Committee at Laitryngew	Sohra	Laitryngew	5.00	2016-17	-do-
27	Setting up of Poultry farm at Ichamati for SHG Ichamati, Ichamati village	Sohra	Ichamati	4.30	2012-13	-do-
28	Setting up of Poultry Farm for Jatap Nangpar Nangroi SHG, Jatap village	Sohra	Jatap	3.00	2012-13	-do-
29	Setting up of Tyre Retreading Unit for Iatyllilang Development Society, Umwai village	Sohra	Umwai	3.00	2012-13	-do-
30	Setting up of Vehicle Workshop (Purchase of Machineries etc) at Ichamati for Iateilang Multipurpose Society, Ichamati	Sohra	Ichamati	5.00	2014-15	-do-
Total				168.98		

Appendix - 2.2.5

Statement showing List of inadmissible works executed in selected three BADOs and BGF

(Reference: Paragraph 2.2.10.4)

Sl. No.	Name of work	Block	Village	Cost (in lakh)	Year	Inadmissibility clause
1	Construction of Office of Village Durbar at Darrang village	Dawki	Darrang	3.00	2012-13	BADP guidelines 2009, Annexure II 4 (v)
2	Construction of Retaining Wall at Nongmadan Cemetery	Pynursla	Nongmadan	15.00	2014-15	BADP guidelines 2009, Annexure II 4 (ii)
3	Construction of approach road to Cemetery at Nongsken village	Pynursla	Nongsken	10.00	2012-13	BADP guidelines 2009, Annexure II 4 (ii)
4	Construction of Office of the VDP, Nongtyngur village	Pynursla	Nongtyngur	10.00	2012-13	BADP guidelines 2009, Annexure II 4 (v)
5	Security Post with toilet block including water supply at Sonatola Border area	Mawsynram	Sonatola	5.08	2015-16	BADP guidelines 2014, Annexure III 2(a)
6	Security Post with toilet block including water supply at Ryngku border near proposed Border Haat	Mawsynram	Ryngku	5.08	2015-16	BADP guidelines 2014, Annexure III 2(a)
7	Security Post with toilet block including water supply at Purnanagar Border area	Mawsynram	Purnanagar	5.08	2015-16	BADP guidelines 2014, Annexure III 2(a)
8	Security Post with toilet block including water supply of Export Point at Bholaganj Border area	Sohra	Bholaganj	6.10	2015-16	BADP guidelines 2014, Annexure III 2(a)
9	Security Post with toilet block including water supply of Export Point at Beltoli Border area	Sohra	Beltoli	6.10	2015-16	BADP guidelines 2014, Annexure III 2(a)
10	Security Post with toilet block including water supply of Export Point at Patharghat Border area	Sohra	Patharghat	6.10	2015-16	BADP guidelines 2014, Annexure III 2(a)
Total				71.54		

Appendix - 2.2.6

Statement showing year-wise detailed list of on-going security related schemes

(Reference: Paragraph 2.2.10.7)

(₹ in lakh)

Sl. No	Name of work	Sanction amount	Physical progress	Financial	Area of operation	Year of sanction
1	C/O Ring well with motor fitted & laying of pipe line at village Rajagaon in AOR of BOP Dulainala of 73 Bn BSF under SHQ BSF Shillong in East Khasi Hills District (BADP Grant 2014-15)	5.00	50%	Nil	SHQ Shillong	2014-15
2	C/O Ring well with overhead tank, RO, GI Pipe fittings and 02 HP motor at BOP Lailong	8.20	90%	4.16	SHQ Jowai	2014-15
	Sub-total	13.20		4.16		
3	C/o Link road BOP Durgapara-23 Bn (Tura)	20.70	80%	12.05	SHQ Tura	2015-16
4	Providing of water supply near BOP Hawa Bhoi(7.00L) for villagers and C/o rain shed to provide shelter to villagers-30 Bn (Jowai)	9.00	80%	Nil	SHQ Jowai	2015-16
5	Security post with toilet block incl water supply at Ryngkua border area-123 Bn (Jowai)	5.08	80%	Nil	SHQ Jowai	2015-16
6	Security post with toilet block incl water supply at Purnanagar border area-123 Bn (Jowai)	5.08	95%	Nil	SHQ Jowai	2015-16
7	Security post with toilet block incl water supply of export point at Bholaganj border area-123 Bn (Jowai)	6.10	90%	Nil	SHQ Jowai	2015-16
8	Security post with toilet block incl water supply of export point at Beltoli border area-123 Bn (Jowai)	6.10	90%	Nil	SHQ Jowai	2015-16
9	Security post with toilet block incl water supply of export point at Patharghat border area-123 Bn (Jowai)	6.10	90%	Nil	SHQ Jowai	2015-16
10	Security post with toilet block incl water supply of export point at Sonatala border area-123 Bn (Jowai)	5.08	95%	Nil	SHQ Jowai	2015-16
11	C/o BCL block(Bath cum-latrine) in Govt.L.P school Miringipara-23 Bn (Tura)	5.50	50%	2.39	SHQ Tura	2015-16
12	C/o BCL block(Bath cum-latrine) in Govt.L.P school Bhagtagiri-23 Bn (Tura)	5.50	35%	Nil	SHQ Tura	2015-16
13	C/o BCL block(Bath cum-latrine) in Lukaichar village-23 Bn (Tura)	5.50	50%	2.54	SHQ Tura	2015-16
	Sub-total	79.74		16.98		
	Grand-Total	92.94		21.14		

Appendix - 2.2.7

Statement showing detailed list of security related schemes which are not yet started till (June 2017)

(Reference: Paragraph 2.2.10.7)

Sl. No.	Name of work	Sanction amount (₹ in lakh)	Area of operation	Year of sanction	Reasons for not starting the works stated by the BSF
1	Repair and maintenance of BADP assets i.e. 03 Nos RO Plant in AOR of 36 Bn BSF under SHQ BSF Tura	0.90	SHQ Tura	2014-15	Fund not released by Nodal Department
2	Repair and maintenacne of 02 Nos RO Plants , 02 Nos Jet motor pump and 03 Nos 5KVA Stabilizer at various BOPs in AOR of 183 Bn BSF under SHQ BSF Tura	0.26	SHQ Tura	2014-15	Fund not released by Nodal Department
3	Repair and maintenance of BADP assets i.e. RO Plant & Gen set in AOR of 23 Bn BSF under SHQ BSF Tura	0.10	SHQ Tura	2014-15	RO plant has been condemned by BOOs
4	Repair and maintenance of Solar light in AOR of 73 Bn BSF under SHQ BSF Shillong	1.00	SHQ Shillong	2014-15	Supply order placed but supply not yet received
5	C/o Ring well with overhead tank, RO, GI Pipe fittings and 02 HP motor at BOP Khaliang	8.74	SHQ Jowai	2014-15	Two times tender called but no response
6	Providing & Laying pipe line with overhead tank , RO, GI pipe fittings and 02 HP Motor at BOP Harai	6.55	SHQ Jowai	2014-15	Two times tender called but no response
7	C/o Ring well with overhead tank, RO, GI Pipe fittings and 02 HP motor at BOP Jaliakhola	9.70	SHQ Jowai	2014-15	Work order awarded on 27/7/16 but work not yet started
8	C/o Ring well with overhead tank, RO, GI Pipe fittings and 02 HP motor at BOP Laijuri	8.85	SHQ Jowai	2014-15	Work order awarded on 16/2/16 but not yet started.
Sub-total		36.10			
1	C/o Jeepable road from PWD road to BSF BOP Baghmara(L=0.500m)-141 Bn (SHG)	13.40	SHQ Shillong	2015-16	Work not yet awarded due to no reponse of tender
2	C/o Water tank for village Tissan Basti & water supply line from Tissam Basti to BOP Tuka (appx 2.00km) – 30 Bn (Jowai)	8.00	SHQ Jowai	2015-16	Work awarded on 10/11/16 but not yet started
3	Water supply pipe with water storage tanks 2000 ltrs for village Kalapahar under BOP Rajai-73 Bn (SHG)	18.79	SHQ Shillong	2015-16	Contractor failed to deposit necessary security deposit, work order cancelled
4	Providing & fixing Iron removal plant at Rongra, Chenggni, Nadangkol, Kanai, Ailatuli, Sinkata, Panchgaon, Maheshkola & Dulbeta village under BOPs of 65 Bn (SHG)	5.50	SHQ Shillong	2015-16	Tender called and due on 21/7/17
5	C/o public latrine incl water supply & solar light system at toilet block at Dumnikura & Gasuapara village-36 Bn (Tura)	6.50	SHQ Tura	2015-16	Work order awarded on 12/6/17
6	Installation of proposed reserve osmosis water filtration and treatment plant (4 units) at Dalu, Nokchi, Kachuadogri & Purakasia-183 Bn (Tura)	23.29	SHQ Tura	2015-16	Tender scrutiny under process
7	C/o water supply pipe line & water storage tank near BOP Kalaicharpara for villagers-23 Bn (Tura)	5.00	SHQ Tura	2015-16	No response till 7th tender

Sl. No.	Name of work	Sanction amount (₹ in lakh)	Area of operation	Year of sanction	Reasons for not starting the works stated by the BSF
8	C/o suspension bridge over Umniuh river near BOP Tuka(span 40m)-30 Bn (Jowai)	20.64		2015-16	Fund not released by Nodal Department
Sub-total		101.13			
1	C/o Cement concrete metalled road from BOP Angratoli to PWD Border road(130mtrs) of 20 Bn (SHQ Tura)	5.90	SHQ Tura	2016-17	Work not yet started
2	C/o CC approach road to Silbaripar BOP in AOR of 20 Bn (SHQ Tura)	2.53	SHQ Tura	2016-17	
3	Providing /supply of water with GI pipes from Barsora Basti to SSA UP school vill-Kuliang in AOR of 19 Bn (SHQ Jowai)	13.13	SHQ Jowai	2016-17	
4	Providing supply of water through pipeline from village Hawaitilla to road head near BOP Hawaitilla (Hawai Bhoi) under AOR of 30 Bn (SHQ Jowai)	18.25	SHQ Jowai	2016-17	
5	C/o water tank for village Tisan Basti to BOP Tuka (approx. 2 kms) in AOR of 30 Bn (SHQ Jowai)	8.00	SHQ Jowai	2016-17	
6	Provide drinking water supply pipeline with water storage tank (2000 ltrs) at Rajapara village & BOP Rajapara in AOR of 11 Bn (SHG)	14.16	SHQ Shillong	2016-17	
7	Provide drinking water supply pipeline with water storage tank (2000 ltrs) at Lukma village & BOP Lalghat in AOR of 11 Bn (SHQ-SHG)	14.16	SHQ Shillong	2016-17	
8	C/o storage tank & distributary line at vill-nilwagiri in AOR of 20 Bn (SHQ Tura)	8.00	SHQ Tura	2016-17	
9	C/o Ring well in vill- lower Gasuapara, Songmong school & Gobraakura in AOR of 20 Bn (SHQ Tura)	3.90	SHQ Tura	2016-17	
10	C/o Rain shelter at Mahadev river bank near BOP Mahadev in AOR of 65 Bn (Now 58 Bn) (SHQ-SHG)	5.90	SHQ Shillong	2016-17	
11	Improvement of guard room adjacent to Indo_BD border fencing at Benjora, Purakhasia, Kachuadogiri, Halchati, Chichingpara, Chandaboi & Baburambill in AOR of 183 (now 75 Bn) (SHQ Tura)	27.73	SHQ Tura	2016-17	Considered as inadmissible work by DC, WGH
12	C/o Deep tube well and overhead tank at village Balughat in AOR of 23 Bn (Now 26 Bn) (SHQ Tura)	19.90	SHQ Tura	2016-17	Fund not released since the works will be taken up by Nodal department
13	C/o Deep tube well and overhead tank at village Tungichar in AOR of 23 Bn (Now 26 Bn) (SHQ Tura)	15.16	SHQ Tura	2016-17	
14	C/o Deep tube well and overhead tank at village Gujangparar in AOR of 23 Bn (Now 26 Bn) (SHQ Tura)	15.16	SHQ Tura	2016-17	Fund not released since the works will be taken up by Nodal department
15	C/o 02 lavatory block consisting 01 toilet & 03 urinal points each for ladies & gents with water supply fitted with overhead tank nearby border haat premises and further pipeline to BOP Barmanbari with 01 water storage incl drinking water supply with source in AOR of 11 Bn (SHQ-SHG)	18.13	SHQ Shillong	2016-17	

Sl. No.	Name of work	Sanction amount (₹ in lakh)	Area of operation	Year of sanction	Reasons for not starting the works stated by the BSF
16	C/o Kissan/Farmer rain shelter with toilet near village Purkhan in AOR of 123 Bn (SHQ Jowai)	7.27	SHQ Jowai	2016-17	
17	C/o Kissan/Farmer rain shelter with toilet near village Adharghat in AOR of 123 Bn (SHQ Jowai)	7.27	SHQ Jowai	2016-17	
18	C/o Kissan/Farmer rain shelter with toilet near village Thariaghat in AOR of 123 Bn (SHQ Jowai)	7.27	SHQ Jowai	2016-17	Fund not released since the works will be taken up by Nodal department
19	C/o public toilet incl water supply & solar light system at toilet block at Dumnikura & Gasuapara village in AOR of 20 Bn (SHQ Tura)	7.09	SHQ Tura	2016-17	
20	Installation of solar lights at Baghmara BOP/river bank near BOP Mahadev in AOR of 141/65 (now 58 Bn) (SHQ-SHG)	5.00	SHQ Shillong	2016-17	
21	Installation of street lights from Hatimara in AOR of 30 Bn (SHQ Jowai)	5.46	SHQ Jowai	2016-17	
22	C/o suspension bridge over Umniuh river near BOP Tuka(span=approx. 40 mtr) in AOR of 30 Bn (SHQ Jowai)	20.64	SHQ Jowai	2016-17	Fund not released since the work will be taken up by Nodal department
	Sub-total	250.00			
	Grand Total	387.22			

Appendix - 2.2.8

Statement showing list of schemes where completion is delayed in the selected blocks

(Reference: Paragraph 2.2.10.8)

Sl. No.	Name of work	Block	Village	Cost (₹ in lakh)	Year
1	Construction of footbridge at Ramawshong (Mawlong)	Sohra	Ramawshong (Mawlong)	20.37	2012-13
2	Construction of Godown for Dewlieh village.	Sohra	Dewlieh	3.00	2012-13
3	Setting up of Poultry farm at Ichamati for SHG Ichamati, Ichamati village	Sohra	Ichamati	4.30	2012-13
4	Construction of fencing, electrification at Tourist centre, Sohlap	Sohra	Sohlap	3.00	2013-14
5	Construction of playground at Laitduh	Sohra	Laitduh	3.00	2013-14
6	Construction of playground at Wahkaliar	Sohra	Wahkaliar	5.00	2013-14
7	Construction of 1st floor of Staff Quarter at St.Ursala Border Areas Higher Secondary School, Mawlong	Sohra	Mawlong	8.00	2014-15
8	Setting up of Furniture Making Unit for Iateilang Society, Suktia	Sohra	Suktia	5.00	2014-15
9	Const. of betelnut soaking pond for Nangpynroi Welfare Association at Ryngud	Sohra	Ryngud	5.00	2015-16
10	Const. of suspension Footbridge at Nongriat village (Span 70 m)	Sohra	Nongriat	35.00	2015-16
11	Construction of Mawphu UP School building at Mawphu	Sohra	Mawphu	7.00	2015-16
12	Improvement of playground at Laitryngew	Sohra	Laitryngew	6.00	2015-16
13	Repair and Renovation of the First & Second Ropeways at Nongsteng	Sohra	Nongsteng	13.15	2015-16
14	Const. of approach road from Mawtjuh towards Nongbah Mawshuit (400 mt) (Ph-II)	Sohra	Mawshuit	10.00	2016-17
15	Const. of footbridge over Wahlyngngam (85.5mts) (Ph-II), Mawlatang	Sohra	Mawlatang	18.70	2016-17
16	Construction of Additional Class Room of Nangkysiew S/School at Khrang	Sohra	Khrang	5.00	2016-17
17	Costruction of Betelnut soaking pond for Iamonlang Society at Mawphu	Sohra	Mawphu	5.00	2016-17
18	Extension of e.Usai UP School Building at Mawkliaw	Sohra	Mawkliaw	6.50	2016-17
19	Setting up of piggery farm unit for Rasong Upliftment and Dev. Committee at Laitryngew	Sohra	Laitryngew	5.00	2016-17
20	Repair of Suspension footbridge at Wahmein, Sder to Mawshuit villages	Sohra	Mawshuit	4.80	2016-17
21	Construction of Kishan/Farmer rain shelter with Toilet near Pyrkan	Sohra	Pyrkan	7.23	2016-17
	Sub Total			180.05	
1	Const. of internal road at Nohwet	Pynursla	Nohwet	40.00	2015-16
2	Extension and improvement of internal roads at Nongmadan Shatsing including MBT (750 km)	Pynursla	Nongmadan Shatsing	51.00	2015-16
3	Extension of internal road at Umkrem (200 m)	Pynursla	Umkrem	45.00	2015-16
4	Construction of suspension footbridge over Umniuh river near BOP Tuka (span: 40 m) Phase-I	Pynursla	Umniuh	20.64	2016-17

Sl. No.	Name of work	Block	Village	Cost (₹ in lakh)	Year
5	Construction of Basketball Court and Badminton Court at Pongtung	Pynursla	Pongtung	11.82	2016-17
6	Construction of Lamjingshai UP School, Umnihtmar	Pynursla	Umniuh Tmar	9.00	2016-17
7	Development of tourist viewpoint at Rngain	Pynursla	Rngain	7.00	2016-17
8	Extension of Gallery, construction of underground & side drain, filling & levelling of playground at Mawlam village	Pynursla	Mawlam	20.00	2016-17
9	Fencing of COG LP School Nongshken	Pynursla	Nongshken	5.00	2016-17
10	Fencing of Girls Hostel of Mawlam Pres. Secondary School	Pynursla	Mawlam	5.00	2016-17
11	Construction of suspension footbridge over Umniuh river near BOP Tuka (span: 40 m) Phase-II	Pynursla	Umniuh	20.64	2016-17
12	Construction of water tank for village Tissan Basti to BOP Tuka (approx. 2 km)	Pynursla	Tissan Basti	8.00	2016-17
13	Installation of Street lights from Hatimara	Pynursla	Hatimara	5.46	2016-17
	Sub Total			248.56	
1	Construction of U.P. School building, Padu Bah	Dawki	Padu Bah	10.00	2013-14
2	Construction of L.P. School at Twah-U-Sdiah village	Dawki	Twah-U-Sdiah	5.00	2016-17
3	Construction of School building for Padu Pohklor L.P. School at Padu Mawsku village	Dawki	Padumawsku	5.00	2016-17
4	Construction of Youth Centre at Nongtalang Mission village	Dawki	Nongtalang Mission	5.20	2016-17
5	Construction of Godown for storage of Agricultural Produce (Seng Nongrep Pdengkarong) at Amlarem village	Dawki	Amlarem	5.00	2016-17
6	Extension of Joylyone Memorial Secondary School at Trangblang village	Dawki	Trangblang	5.00	2016-17
7	Improvement of playground at Amlamet village	Dawki	Amlamet	5.00	2016-17
8	Improvement of Syndai Cave at Syndai village	Dawki	Syndai	5.00	2016-17
9	Purchase of ambulance for Dawki PHC at Bakur-Dawki village	Dawki	Dawki	6.00	2016-17
10	Purchase of Dental equipments and Improvement of Nongtalang CHC at Nongtalang village	Dawki	Nongtalang	5.00	2016-17
11	Repair of CC drain at Shnong Pdeng	Dawki	Shnongpdeng	2.50	2016-17
12	Providing/supply of drinking water through pipeline from Hawaii Bhoi village to road head near BOP Hawaii (Security scheme)	Dawki	Hawaii Bhoi	18.25	2016-17
	Sub Total			76.95	
	Total			505.56	

Appendix - 2.2.9

Suggestion and recommendations of Third Party Inspection and status of follow up action

(Reference: Paragraph 2.2.11.3)

Sl. No.	Suggestion and Recommendations	Status of follow up action
	Name of the Third Party Agency - St. Anthony College	
1	<p>Name of Project: Construction of Ropeway at Nongpriang; Year: 2010-11; Amount: ₹ 10.50 lakh</p> <p>The TPA reported that the ropeway was completed and started operations in 2010, but stopped after 4 months till date. This was due to the cable attached to the concrete weight on the ground (top station) which appeared to have moved up and may fail to hold the weight and pull of the cable, carriage and its load, when ropeway is in operation, thus endangering lives. Further it was reported that the place where the loading and unloading of materials done at the top of the station, appears to be unsafe for the operator, since it is small landing and after a sheer drop. Besides, since the coolie charged the same amount for half way, the purpose of the ropeway seemed to be economically defeated unless another ropeway joining midway with the village was taken up. Accordingly, the TPA suggested that the department send a competent/technical person who can verify the safety fear of the villagers of Nongpriang in operating ropeway and to take appropriate action to ensure that the asset created is fully utilized by the beneficiaries.</p>	Audit observed that follow up action is yet to be taken till date
2	<p>Construction of public toilet at Nohwet; Year- 2010-11; Amount : ₹ 3.60 lakh</p> <p>The TPA reported that the Toilet was not allowed to be used by the headman and water connection was also not available to each of the toilet units.</p>	
3	<p>Construction of Community Hall at Nolikata Village; Year: 2009-10; Amount: ₹ 10.00 lakh</p> <p>The TPA reported that the Community Hall was completed in 2013. However, since the Hall was constructed within the compound of the BSF (83 bn), access to it by villagers is restricted. However, the report stated that members of BSF were using the hall for their activities.</p>	
4	<p>Construction of Fencing of Youth Centre at Saikarap Village; Year: 2009-10; Amount: ₹ 10.00 lakh</p> <p>This Youth Centre at Saikarap village was constructed in 2006-07 (details not available). The fencing for this centre was sanctioned in 2009-10. This project was implemented by the Directorate.</p> <p>The TPA reported that the facility was not fully utilised and suggested that programme from capacity building and other forms of recreational activities should be started at the earliest so that the people around this area may fully utilize this facility and this facility may also fulfill the purpose for which it was conceived and constructed in the first place.</p>	
5	<p>Construction of footpath from Mawlong village to Laitkynsiew park; Village: Mawlong; Year: 2009-10; Amount: ₹ 3.00 lakh</p> <p>The TPA reported that the CC footpath from Mawlong village to Laitkynsiew park is of about 160-170 m long with a width of 5ft. However, there is still a distance of about 2km left for the path to reach the Laitkynsiew Park which is located at the top of the hill. The original intention to build a footpath linking Mawlong village with Laitkynsiew park should be completed.</p>	

Sl. No.	Suggestion and Recommendations	Status of follow up action
6	<p>Fencing of COG upper Primary School, Mawlyndiar; Village: Mawlyndiar; Year: 2013-14; Amount: ₹ 3.00 lakh The TPA reported that the ponds which exist behind the school is quite deep. There is always possibility that children playing near the ponds may result in an unfortunate situation. Therefore suggested for construction of iron gate at one point of the fence which can be locked when not in use.</p>	
7	<p>Construction of godown at Nongpriang; Village: Nongpriang; Year: 2013-14; Amount: ₹ 4.00 lakh The TPA suggested that an iron railing needs to be placed on both sides of the front entrance so that access to the side ledges is restricted. Since the drop from the ledges is quite deep and dangerous. The people of Nongpriang to whom the project has been handed over, should properly maintain the godown and the ropeway as well.</p>	Audit observed that follow up action is yet to be taken till date
Name of the Third Party Agency – SIRD		
1	<p>Awareness about BADP: Proper dissemination of information about the purpose and objectives of BADP schemes to border people is desirable. Good coordination among various line departments is necessary. There is an urgent need for awareness building campaigns in all selected districts and blocks regarding various assets covered under BADP. It is also suggested that schemes envisioned as a means of socio-economic uplift of the people living in these areas should receive greater focus rather than concentrating heavily on infrastructure only.</p>	
2	<p>Construction of all-weather Roads/Bridges/ Footpaths: Dealing with inadequacy of funds and a limited flow of funds from the Centre, the Border Area Development Department of the Government of Meghalaya has constructed a number of ropeways and RCC footpaths in the State. These are, however, only a short-term remedial measure and not exactly an alternative to proper roads. The problem is serious as these villages are not connected by roads. In cases emergency, the people of these villages find it extremely difficult to access basic amenities.</p>	
3	<p>Staff Adequacy: The BADO at the district level are experiencing a shortage of manpower required for the smooth implementation and running of BADP. As such, they are unable to visit all the sites for monitoring and investigation.</p>	
4	<p>Creating a sense of security among the villagers: Creating a sense of security is one of the prime objectives of BADP which includes creating an enabling environment for normal economic activities. BADP should also help generate alternate sources of income by creating employment for young people. But, during the course of this study it was observed that there is no such specific orientation. The money gets spent on creating the sort of infrastructure that other schemes also create.</p>	
5	<p>Convergence with Other Programs: Convergence was absent, both in terms of planning and in terms of the use of resources even though the works selected under BADP could have been suitably converged with other schemes. For example, in majority of the villages, a number of sand and gravel roads were constructed under BADP. Such roads are not long-lasting since they are not pucca. In the absence of black-topping, these roads usually get washed away in the rainy season. While working with limited resources, a number of such sand and gravel roads were constructed under BADP, but these roads could just as easily have been constructed under MGNREGS. And then, BADP resources could have been used for black-topping, and these areas would have got roads that are long-lasting.</p>	

Sl. No.	Suggestion and Recommendations	Status of follow up action
6	Use of Abandoned Assets: There are plenty of assets created which are no longer being used for their original purpose. For example, a number of ropeways were constructed to provide load carriage facilities to the villagers. However, after the construction of roads to these villages, nearly half of these ropeways were abandoned from becoming redundant. These ropeways can be shifted to other villages that are yet to be connected by roads, and this could be achieved under BADP. There are numerous cases in which the infrastructure developed was not being use due to the unavailability of staff such as ANM, doctors, teachers <i>etc.</i> This infrastructure can be used for other important activities till such time as the staff is available to fill the vacant posts.	

Appendix - 3.2.1

Statement showing list of infrastructure required to be created for a Police Academy with a training capacity for 450 trainees as per BPR&D norms, list of items proposed to be constructed as per original/revised administrative approval and progress of work.

(Reference: Paragraph 3.2)

List of infrastructure required to be created for a Police Academy with a training capacity for 450 trainees as per norms

A	1. Parade Ground (will also be used for PT), 2. Obstacle Course, 3. Demo Area, 4. Playground, 5. Stadium, 6. Gymnasium, 7. Swimming Pool, 8. Firing Range, 9. Equipment Room for driving simulators, 10. Indoor Shooting Range, 11. Classrooms, 12. Computer Centre, 13. Mini Forensic Science Lab, 14. Study Room/Study cubicle, 15. Library, 16. Living accommodation/ Barracks, 17. Dining Hall, 18. Kitchen, 19. Cooperative/Provisioning Stores, 20. Canteen, 21. Recreation Room/ Sabha Room, 22. Office Accommodation/ Administrative Building, 23. Equipment Display Room, 24. Armoury/Magazine, 25. Auditorium, 26. MT Store, 27. MT Workshop, 28. Rooms & Stores for tradesmen, 29. Generator Room, 30. Family Welfare room/hall, 31. Hospital, 32. Post Office, 33. Bank, 34. Mini Theatre and 35. Residential Accommodation for Staff
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List of 26 item of works proposed to be constructed at a cost of ₹ 50 crore as per original administrative approval

B	1. Administrative building; 2. Training Block; 3. Boy's Hostel; 4. Girl's Hostel; 5. Trainees Barracks (Boys); 6. Trainees Barracks (Girls); 7. Women's Barrack; 8. Bachelors Barrack; 9. Director's Residence; 10. SP's Residence (4 Units); 11. Dy. SP/Faculty's Residence (4 Units); 12. Officer's Mess; 13. Auditorium; 14. L/S quarters (12 units); 15. U/S quarters (12 units); 16. Hospital Building; 17. Armoury and Quarter Guard; 18. MT Branch building; 19. Drill Shed; 20. Mess Building; 21. Playfield; 22. Firing Range*; 23. External Electrification with transformer*; 24. External Water Supply with pump and reservoir*; 25. Boundary Wall*; and 26. Road and Parking*
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List of 13 item of works proposed to be constructed at a cost of ₹ 50 crore as per revised administrative approval

C	1. Administrative building; 2. Training Block; 3. Boy's Hostel; 4. Mess Building; 5. Girl's Hostel; 6. Trainees Barracks (Boys); 7. Officer's Mess; 8. Trainees Barracks (Girls); 9. Women's Barrack; 10. Bachelors Barrack; 11. Director's Residence; 12. SP's Residence (1 Units); and 13. Dy. SP/Faculty's Residence (2 Units)
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	Sl. No.	Item of work tendered by MGCL	Cost of work as per DPR	Cost of work as per work order	Physical progress up to 15/05/2017 (In per cent)	Expenditure up to 15/05/2017
(₹ in lakh)						
D	1	Administrative building	391.49	1686.91	80	3309.49
	2	Training Centre	1176.72		80	
	3	Trainees Barracks (Boys)	534.24	758.32	70	
	4	Officer's Mess	110.39		75	
	5	Boy's Hostel	270.70	488.87	70	
	6	Mess Building	190.95		75	
	7	SP's Residence (1 Units)	31.82	191.27	75	
	8	Dy. SP/Faculty's Residence (2 Units)	62.01		75	
	9	External Water Supply with pump and reservoir	166.00	142.48	60	
	10	Road, Pathways, Culvert, Drains**	505.38	145.38	70	
	11	Site Development, Retaining walls***			40	
		Grand total	3439.70	3413.23		

* Lump sum estimate

** Road, Pathways, Culvert, Drains are also included in works listed at Sl. Nos. 2, 4, 6 and 8

*** Site Development, Retaining walls have been included in works listed at Sl. Nos. 1 to 8.

Appendix - 4.1.1

Statement showing investments made by State Government in SPSUs whose accounts were in arrears

(Reference: Paragraph 4.1.8)

(Figures in columns 4 & 6 to 8 are ₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid up capital ¹	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A Working Government Companies							
1.	Forest Development Corporation of Meghalaya Limited	2010-11	1.97	2011-12 to 2016-17	0.00	0.00	0.09 ²
2.	Meghalaya Government Construction Corporation Limited (MGCL)	2014-15	0.75	2015-16 to 2016-17	0.00	0.00	0.65
3.	Mawmluh Cherra Cements Limited (MCCL)	2015-16	162.90	2016-17	0.00	5.02	0.00
4.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2015-16	2.32	2016-17	0.00	0.00	2.79
5.	Meghalaya Handloom & Handicraft Development Corporation Limited (MHDCL)	2004-05	1.85	2005-06 to 2016-17	2.91 ³	0.00	0.00
6.	Meghalaya Bamboo Chips Limited (MBCL)	2015-16	0.48	2016-17	0.00	0.00	0.00
7.	Meghalaya Industrial Development Corporation Limited (MIDCL)	2013-14	91.09	2014-15 to 2016-17	16.34	0.00	0.00
8.	Meghalaya Energy Corporation Limited (MeECL)	2014-15	1961.64	2015-16 to 2016-17	71.86	0.00	0.00
9.	Meghalaya Power Generation Corporation Limited (MePGCL)	2014-15	779.17	2015-16 to 2016-17	0.00	37.48	13.99
10.	Meghalaya Power Transmission Corporation Limited (MePTCL)	2014-15	377.37	2015-16 to 2016-17	0.00	8.91	25.24
11.	Meghalaya Power Distribution Corporation Limited (MePDCL)	2014-15	801.20	2015-16 to 2016-17	0.00	0.57	26.11
12.	Meghalaya Tourism Development Corporation Limited (MTDCL)	2010-11	7.96	2011-12 to 2016-17	0.00	0.00	10.84
Total A (Working Government Companies)			4188.70		91.11	51.98	79.71
B Working Statutory corporations							
1.	Meghalaya Transport Corporation (MTC)	2013-14	88.08	2014-15 to 2016-17	27.61	0.00	0.00
2.	Meghalaya State Warehousing Corporation (MSWC)	2015-16	3.36	2016-17	0.00	0.00	0.61
Total B (Working Statutory Corporations)			91.44		27.61	0.00	0.61
Grand Total (A + B)			4280.14		118.72	51.98	80.32

¹ Paid up Capital as per latest finalised accounts.

² ₹0.68 lakh in 2011-12, ₹1.75 lakh in 2012-13, ₹1.75 lakh in 2013-14, ₹1.75 lakh in 2014-15, ₹1.75 lakh in 2015-16 and ₹1.65 lakh in 2016-17.

³ ₹0.18 crore in 2005-06, ₹0.24 crore in 2006-07, ₹0.24 crore in 2007-08, ₹0.25 crore in 2008-09, ₹0.30 crore in 2009-10, ₹0.30 crore in 2010-11, ₹ 0.40 crore in 2011-12, ₹0.45 crore in 2013-14, ₹0.05 crore in 2014-15 and ₹0.50 crore in 2016-17.

Appendix - 4.1.2
Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2017

(Reference: Paragraph 4.1.11 and 4.1.11.1)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital ⁴	Loans outstanding at the end of year	Accumulated profit(+)/loss (-)	Turn-over	Net profit (+)/loss (-)	Net impact of Audit comments ⁵	Capital employed ⁶	Return on capital employed ⁷	Percentage of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
A. WORKING GOVERNMENT COMPANIES													
AGRICULTURE AND ALLIED													
1.	Forest Development Corporation of Meghalaya Limited (FDCM)	2010-11	2016-17	1.97	-	- 5.45	3.46	- 0.02	0	-3.48	-0.02	-*	43
2.	Meghalaya Bamboo Chips Limited (MBCL)	2015-16	2016-17	0.48	1.16	- 1.44	-	- 0.39	0	0.2	-0.39	-19.50	NIL
Sector Wise Total				2.45	1.16	-6.89	3.46	-0.41	0.00	-3.28	-0.41	-*	43
FINANCE													
Sector Wise Total				-	-	-	-	-	-	-	-	-	-
INFRASTRUCTURE													
3.	Meghalaya Industrial Development Corporation Limited (MIDC)	2013-14	2015-16	91.09	3.08	- 36.14	7.27	- 2.35	4.57	58.03	-2.05	-3.53	79
4.	Meghalaya Government Construction Corporation Limited (MGCC)	2014-15	2015-16	0.75	0.00	- 6.99	82.75	2.01	0.33	-6.24	2.01	-*	105
5.	Meghalaya Infrastructure Development and Finance Corporation Limited (MIDFC)	2015-16	2016-17	1.00	0.00	- 0.08	0	- 0.02	0	0.92	-0.02	-2.17	2
Sector Wise Total				92.84	3.08	-43.21	90.02	-0.36	4.90	52.71	-0.06	-0.11	186
MANUFACTURING													
6.	Mawmluh Cherra Cement Limited (MCCL)	2015-16	2016-17	162.90	106.80	- 121.41	0.05	- 24.68	0	148.29	-23.26	-15.69	336
7.	Meghalaya Mineral Development Corporation Limited (MMDC)	2015-16	2016-17	2.32	0	- 6.98	0	- 0.09	0.67	-4.66	-0.09	-*	15
Sector wise total				165.22	106.80	-128.39	0.05	-24.77	0.67	143.63	-23.35	-16.26	351
POWER													
8.	Meghalaya Energy Corporation Limited (MeECL)	2014-15	2016-17	1961.64	0	- 99.57	0	-14.73	0	1862.07	-14.73	-0.79	

⁴ Paid up Capital includes Share Application Money pending allotment.

⁵ Impact of Audit Comments include the net impact of comments of Statutory Auditors and C&AG and is denoted by (+) increase in profit/decrease in losses (-) decrease in profit/increase in losses.

⁶ Capital employed represents Shareholders fund and long term borrowings.

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

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital ⁴	Loans outstanding at the end of year	Accumulated profit(+)/ loss (-)	Turn-over	Net profit (+)/ loss (-)	Net impact of Audit comments ⁵	Capital employed ⁶	Return on capital employed ⁷	Percentage of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
9.	Meghalaya Power Generation Corporation Limited (MePGCL)	2014-15	2016-17	779.17	993.72	- 157.67	191.10	- 29.40	-0.51	1615.22	79.84	4.94	
10.	Meghalaya Power Distribution Corporation Limited (MePDCL) ¹⁵	2014-15	2016-17	801.20	216.20	- 961.42	722.17	-197.96	-3.28	55.98	-171.93	-307.13	
11.	Meghalaya Power Transmission Corporation Limited (MePTCL) ¹⁵	2014-15	2016-17	377.37	28.92	- 8.25	83.07	7.17	1.51	398.04	9.90	2.49	
Sector Wise Total				3919.38	1238.84	-1226.91	996.34	-234.92	-2.28	3931.31	-96.92	-2.47	5261
SERVICE													
12.	Meghalaya Tourism Development Corporation Limited (MTDC)	2010-11	2015-16	7.96	47.06	- 7.82	9.77	0.11	0	47.20	0.29	0.61	315
Sector Wise Total				7.96	47.06	-7.82	9.77	0.11	0.00	47.20	0.29	0.61	315
MISCELLANEOUS													
13.	Meghalaya Handloom & Handicrafts Development Corporation Limited (MHHDC)	2004-05	2012-13	1.85	0.40	- 2.12	0.03	- 0.20	0	0.13	-0.20	-153.85	8
14.	Meghalaya Basin Management Agency (MBMA) ⁸	2015-16	2016-17	0.05	20.39	0.00	0.00	0.00	0.00	0.05	0.00	0.00	358
Sector Wise Total				1.90	20.79	-2.12	0.03	-0.20	0.00	0.18	-0.20	-111.11	366
Total A (All sector wise working Government companies)				4189.75	1417.73	-1415.34	1099.67	-260.55	3.29	4171.75	-120.65	-2.89	6522
B. Working Statutory Corporations													
1.	Meghalaya Transport Corporation (MTC)	2013-14	2015-16	88.08	-	- 99.63	8.41	- 5.73	4.40	-11.55	-5.73	-*	256
Sector Wise Total				88.08	0.00	-99.63	8.41	-5.73	4.40	-11.55	-5.73	-	256
2.	Meghalaya State Warehousing Corporation (MSWC)	2015-16	2016-17	3.36	0	- 0.48	0.58	0.01	-	2.88	0.01	0.35	10
Sector Wise Total				3.36	0.00	-0.48	0.58	0.01	0.00	2.88	0.01	0.35	10
Total B (All sector wise working Statutory Corporations)				91.44	0.00	-100.11	8.99	-5.72	4.40	-8.67	-5.72	-*	266
Grand Total (A+B)				4281.19	1417.73	-1515.45	1108.66	-266.27	7.69	4163.08	-126.37	-3.04	6788
C. Non-working Government Companies													
1.	Meghalaya Electronics Development Corporation Limited (MEDC)	2006-07	2015-16	4.72	0.78	- 18.35	0.02	- 0.66	0	-12.85	-0.66	-*	0
Sector Wise Total				4.72	0.78	-18.35	0.02	-0.66	0.00	-12.85	-0.66	-*	0
Total C (All sector wise non-working Government companies)				4.72	0.78	-18.35	0.02	-0.66	0.00	-12.85	-0.66	-*	0
Grand Total (A+B+C)				4285.91	1418.51	-1533.80	1108.68	-266.93	7.69	4150.23	-127.03	-3.06	6788

*Not workable as the figures of capital employed of SPSUs was negative.

⁸ The Company is working on no profit/loss basis.

Appendix - 4.2.1

Details of combined sources and utilisation of fund of MeECL and its three subsidiaries during 2012-17

(Reference: Paragraph 4.2.11)

(₹ in crore)

Sl No.	Item	2012-13	2013-14	2014-15	2015-16	2016-17	Total
	Sources:						
1	Equity capital	751.47	77.81	123.08	42.77	29.09	1024.22
2	Borrowings	0	38.95	171.50	208.97	426.28	845.70
3	Increase in Other Long term liabilities	2.48	3.98	5.68	2.43	321.50	336.07
4	Increase in Current Liabilities	114.25	0	0	0	332.96	447.21
5	Decrease in Current Assets	0	587.01	351.03	341.61	0	1279.65
6	Total	868.2	707.75	651.29	595.78	1109.83	3932.85
	Utilisation:						
7	Creation of Fixed Assets	178.94	178.86	63.19	85.84	110.35	617.18
8	Increase in Current Assets	72.44	0	0	0	399.98	472.42
9	Repayment of current liabilities	0	175.15	345.09	223.60	0	743.84
10	Repayment of Borrowings	41.75	0	0	0	0	41.75
11	Losses	575.07	353.74	243.00	286.33	599.52	2057.66
12	Total	868.20	707.75	651.28	595.77	1109.85	3932.85

Appendix - 4.2.2

Details of actual revenue/expenditure against budget estimates during 2012-17

(Reference: Paragraph 4.2.12.1)

(₹ in crore)

Year	Particulars	Gross revenue from operations	Power Purchase	Employee Cost	Interest Charges
2012-13	Budget Estimate	791.93	390.64	222.95	127.73
	Actual	559.95	519.51	203.17	136.76
	Variation(<i>shortfall (-)/Excess (+)</i>)	-231.98	128.87	-19.78	9.03
	Percentage of variation	-29	33	-9	7
2013-14	Budget Estimate	1119.40	642.71	240.60	120.08
	Actual	796.46	569.95	194.25	153.57
	Variation(<i>shortfall (-)/Excess (+)</i>)	-322.94	-72.76	-46.35	33.49
	Percentage of variation	-29	-11	-19	28
2014-15	Budget Estimate	1149.86	676.33	221.41	126.88
	Actual	1011.77	711.87	217.33	160.47
	Variation(<i>shortfall (-)/Excess (+)</i>)	-138.09	35.50	-4.08	33.59
	Percentage of variation	-12	5	-2	26
2015-16	Budget Estimate	1162.26	617.90	221.97	145.31
	Actual	1074.40	783.52	250.54	168.65
	Variation(<i>shortfall (-)/Excess (+)</i>)	-87.86	165.62	28.57	23.34
	Percentage of variation	-8	27	13	16
2016-17	Budget Estimate	1300.41	696.67	253.06	161.70
	Actual	1123.78	853.58	278.72	196.93
	Variation(<i>shortfall (-)/Excess (+)</i>)	-176.63	156.91	25.66	35.23
	Percentage of variation	-14	23	10	22

Appendix - 4.2.3

Statements of Actual Capital Expenditure against Budget Estimates during 2012-17

(Reference: Paragraph 4.2.12.2)

(₹ in crore)

Year	Capital Budget	Actual Expenditure	Variation	Percentage of variation
2012-13	574.00	188.19	-385.81	-67
2013-14	816.00	218.27	-597.73	-73
2014-15	816.00	126.16	-689.84	-85
2015-16	448.40	193.36	-255.04	-57
2016-17	140.00	273.71	133.71	96

Appendix - 4.2.4

Operational performance of MePDCL for five years from 2012-13 to 2016-17

(Reference: Paragraph 4.2.13)

(₹ in crore)

Sl No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17 ⁹
1	Income					
(i)	Revenue from Sale of power	446.50	488.53	550.85	655.09	593.65
(ii)	Subsidy & Grants	10.36	14.57	110.16	23.72	22.50
(iii)	Other income [#]	96.71	58.16	74.09	84.21*	114.35
	Total income (i)+(ii)+(iii)	553.57	561.26	735.10	763.02	730.50
2	Sale of power (in MUs¹⁰)					
(i)	Total power purchased	1761.52	1890.53	2091.18	2339.07	2059.04
(ii)	Less: Transmission & distribution (T&D) losses (<i>per cent</i>)	556.56 (32)	508.48 (27)	588.31 (28)	643.29 (28)	593.82 (29)
(iii)	Net power sold including power swapping	1204.96	1382.05	1502.87	1695.78	1465.22
3	Expenditure on distribution of power					
(a)	Fixed cost					
(i)	Employee cost	107.54	93.26	103.93	120.38	132.21
(ii)	Administration and General Expenses	24.03	57.96	76.22	8.27	23.65
(iii)	Depreciation	8.11	11.50	9.96	10.07	15.06
(iv)	Interest and finance charges	33.56	35.68	26.02	34.19	39.06
	Total Fixed cost	173.24	198.40	216.13	172.91	209.98
(b)	Variable cost					
(i)	Purchase of power	441.60	463.34	574.37	613.91	653.15
(ii)	Transmission/Wheeling charges	77.91	106.61	137.50	169.61	200.43
(iii)	Repairs & Maintenance	6.24	4.72	6.11	3.62	9.96
	Total variable cost	525.75	574.67	717.98	787.14	863.54
(c)	Total cost (3(a) +(b))	698.99	773.07	934.11	960.05	1073.52
4	Revenue gap (1 (i) minus 3 (c))	252.49	284.54	383.26	304.96	479.87
5	Realisation (₹ per unit)	3.71	3.53	3.67	3.86	4.05
6	Fixed cost (₹ per unit)	1.44	1.44	1.44	1.02	1.43
7	Variable cost (₹ per unit)	4.36	4.16	4.78	4.64	5.89
8	Total cost (₹ per unit)	5.80	5.59	6.22	5.66	7.33
9	Contribution (₹ per unit)	-0.66	-0.62	-1.11	-0.78	-1.83
10	Profit (+)/Loss (-)(₹ per unit)	-2.10	-2.06	-2.55	-1.80	-3.28
11	Percentage of power purchase cost [#] to total cost	74	74	76	82	80
12	Percentage of Employee cost to total cost	15	12	11	13	12
13	Percentage of Revenue from sale of power to power purchase cost	86	86	77	84	70

Source: Annual Accounts and data furnished by Audited entity

[#]Including meter rent, other charges from consumers etc.

*Includes ₹55.78 crore being amount payable to MePGCL (₹31.79 crore) and to MePTCL (₹23.99 crore) towards power purchase and transmission charges respectively which was treated as doubtful debts in their books of accounts.

[#] Power purchase cost includes cost of purchase of power [(3)(b)(i)] and Transmission/Wheeling charges [(3)(b)(ii)].⁹ Figures for 2016-17 are provisional.¹⁰ Million Units.

Appendix - 4.2.5

Details of truing-up petition for distribution tariff filed before Meghalaya State Electricity Regulatory Commission (MSERC)

(Reference: Paragraph 4.2.14.1)

SIN o.	Year of petition	Due date for filing	Date of filing	Delay in months	Additional revenue approved by MSERC (₹ in crore)	Effective date		
						Due	Actual	Delay in Months
1	2011-12	30.09.2012	09.03.2015	29	85.53	01.04.2013	01.04.2015	24
2			29.05.2015	31	7.35		01.04.2016	36
3			30.05.2016	44	7.35		01.04.2017	48
4	2012-13	30.09.2013	05.01.2016	27	15.33	01.04.2014	01.04.2016	24
5			30.05.2016	32	40.69		01.04.2017	36
6	2013-14	30.09.2014	05.02.2016	16	72.03	01.04.2015	01.04.2016	12
7			30.05.2016	20	91.81		01.04.2017	24
8	2014-15	30.09.2015	05.02.2016	4	16.29	01.04.2016	01.04.2016	0
9			16.01.2017	15	25.83		01.04.2017	12
10	2015-16	30.09.2016	16.01.2017	-	-	-	-	-
11	Less: Adjusted in 2016-17				-45.07	-	-	-
Total					317.14	-	-	-

Source: Tariff Order issued by MSERC

Appendix - 4.2.6
Revenue realisation by MePDCL against the approved ARR
(Reference: Paragraph 4.2.14.3)

(₹ in crore)

Sl No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17*
1	Quantum of power approved to be sold by MSERC (in MU)	1592.96	1700.00	1744.00	1641.90	1924.50
2	Actual sale of power by MePDCL within and outside the State including power swapping (in MU)	1204.96	1382.05	1502.87	1695.78	1465.22
3	Less: Power Swapping (in MU)	56.63	125.48	300.53	358.86	373.15
4	Net sale of power (2 - 3)	1148.33	1256.57	1202.34	1336.92	1092.07
5	Shortfall (-) (in MU) (4 - 1)	-444.63	-443.43	-541.66	-304.98	-832.43
6	Revenue to be realised as per tariff approved by MSERC	696.22	745.14	619.63	618.00	696.41
7	Actual revenue realised by MePDCL [@]	421.16	488.53	498.09	548.98	593.64
8	Excess (+)/Shortfall (-) (7 - 6)	-275.06	-256.61	-121.54	-69.02	-102.77

Source: Tariff Order issued by MSERC and Annual Accounts

* Provisional figures

[@] Revenue from sale of power excluding Electricity Duty, Other Operating Income, Revenue Subsidies & Grants, UI sales etc.

Appendix - 4.2.7

Details of RE subsidy claimed/received from GoM during the five years 2012-17

(Reference: Paragraph 4.2.15)

(₹ in crore)

Year	Outstanding at the beginning	Subsidy receivable	Total	Subsidy received from GoM	Balance at the end	Date of submission of claim to GoM
1	2	3	4 (2+3)	5	6 (4-5)	7
2012-13	331.39	129.59	460.98	10.37	450.61	26.04.2016
2013-14	450.61	212.54	663.15	14.57	648.58	16.12.2016
2014-15	648.58	176.29	824.87	17.95	806.92	28.03.2017
2015-16	806.92	178.05	984.97	14.53	970.44	Yet to be submitted.
2016-17	970.44	179.84	1150.28	20.50	1129.78	Yet to be submitted.
Total	-	876.31		77.92	-	-

Source: Records of Audited entity

Appendix - 4.2.8
Billing Efficiency of MePDCL during the five years 2012-17
(Reference: Paragraph 4.2.18)

(₹ in crore)

Sl No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	Aggregate
1	Energy injected (MUs)	1518.61	1560.33	1590.73	1570.78	1443.78	7684.23
2	Energy billed (MUs)	1060.55	1072.59	1040.93	1058.32	972.38	5204.77
3	Billing efficiency* (%)	69.84	68.74	65.44	67.38	67.35	67.73
4	Distribution Loss ^{\$} (%)	30.16	31.26	34.56	32.62	32.65	32.27
5	Loss target fixed by MSERC (%)	26.87	25	24	23	22	24.17@
6	Shortfall (%) (4-5)	3.29	6.26	10.56	9.62	10.65	8.10
7	All India average T&D loss	23.04	21.46	22.77	N.A.	N.A.	-
8	Shortfall (%) (4-7)	7.12	9.80	11.79	N.A.	N.A.	-

Source: Tariff Order issued by MSERC and report of CEA

#Energy injected and energy billed are within the State only.

@ Calculated by averaging the loss targets for five years.

* Billing efficiency = Energy billed/Energy Injected x 100

\$ Distribution loss = (Energy injected- Energy billed)/Energy Injected x 100

Appendix - 4.2.9

Revenue Collection Efficiency of MePDCL during the five years 2012-17

(Reference: Paragraph 4.2.19)

(₹ in crore)

Year	Receivables at the beginning*	Revenue billed during the year*	Total (2)+(3)	Revenue collected (4) - (6)	Receivables at the end of the year*	Percentage of revenue collection (5)/(4) x100	MSERC Target (per cent)	Shortfall (per cent) (8)-(7)
1	2	3	4	5	6	7	8	9
2012-13	232.77	412.88	645.65	383.89	261.76	59.46	98.0	38.54
2013-14	261.76	440.20	701.96	483.03	218.93	68.81	98.5	29.69
2014-15	218.93	488.04	706.97	473.71	233.26	67.01	99.0	31.99
2015-16	233.26	530.88	764.14	493.94	270.20	64.64	99.5	34.86
2016-17 [@]	270.20	527.81	798.01	479.80	318.21	60.12	99.5	39.38
Total	-	2399.81	-	2314.37	-	-	-	-

Source: Tariff Order issued by MSERC and Annual Accounts

*As per final accounts figures, excluding Delayed Payment Charges, UI sale, Sale to Assam and Electricity Duty

[@] Provisional figures

Appendix - 4.2.10
Amount pending due to litigation as on 31 March 2017
(Reference: Paragraph 4.2.20.2)

Sl No.	Name of Consumer	Outstanding as on March 2017 (₹ in crore)	Status of Consumer	Remarks
1	Sai Parakash Alloys	42.26	Live	Litigation ongoing since 2014. MePDCL proposed (October 2016) to the High Court that it would try to settle the matter amicably outside the Court within four weeks but was yet to come to any agreement for settlement with the consumer (July 2017).
2	JUD Cements	18.86	Live	Litigation ongoing since 2015 and in process of withdrawal. Repayment of outstanding dues in instalments as per out of court agreement signed in February 2017 is in progress (July 2017).
3	Meghalaya Sovalspat	7.14	Disconnected in July 2007	Litigation ongoing since 2011
4	KamakshiI spat	4.47	Live	Litigation disposed in July 2015 with Court instructions to work out settlement formula mutually within three months. However, MePDCL and the consumer were yet to arrive at any mutual agreement as yet (July 2017).
5	Gita Ferro Alloys	1.51	Disconnected in September 2007	Litigation ongoing since 2011
6	Anirudha Steel	0.35	Disconnected in August 2009	Litigation ongoing since 2013
Total		74.59		

Appendix - 4.2.11

Outstanding from Government Departments as on March 2017

(Reference: Paragraph 4.2.20.3)

Sl No	Department	Amount Due (₹ in crore)
1	Public Health Engineering	21.66
2	Industries	15.64
3	Health	3.62
4	Police	1.89
5	Secretariat Administrative Department	1.23
6	Sports & Youth Affairs	0.93
7	Community & Rural Development	0.77
8	Veterinary	0.64
9	Agriculture	0.55
10	General Administrative Department	0.49
11	Public Works Department	0.39
12	State Transport Authority	0.34
13	Deputy Commissioner	0.28
14	Shillong Municipal Board	0.26
15	Legislative Assembly	0.26
16	Forest	0.25
17	Jails	0.22
18	Education	0.19
19	Governor's Secretariat	0.17
20	Home	0.12
Total		49.90

Appendix - 4.2.12

Details of Internal Audits conducted for MePDCL Revenue Divisions

(Reference: Paragraph 4.2.34.3)

SINo.	Division	Dates of Audit	Period covered
1	Shillong Revenue Division	20.04.2016 to 19.09.2016	Up to March 2016
2	Western Revenue Division	28.09.2016 to 10.02.2017	Up to March 2016
3	Jowai Revenue Division	08.08.2014 to 01.10.2014	Up to March 2014
4	Central Revenue Division	27.04.2016 to 26.05.2017	Up to March 2016
5	East Garo Hills Distribution Division	26.08.2009 to 24.09.2009	Up to March 2009
6	West Garo Hills Distribution Division	30.06.2011 to 02.08.2011	Up to March 2011
7	Tura Distribution Division	14.06.2011 to 29.06.2011	Up to March 2011
8	Garo Hills Revenue Division	05.01.2010 to 27.01.2010	Up to March 2009
9	East Garo Hills Revenue Division	15.09.2008 to 25.09.2008	Up to March 2008

Source: Data furnished by Audited entity

Appendix - 4.3.1

Interest and Damages Levied by EPFO

(Reference: Paragraph 4.4)

(₹ in lakh)

Order	Damages	Interest	Total
Order dated 5 December 2013	3.34	4.46	7.80
Order dated 20 March 2014	1.03	1.17	2.20
Order dated 29 September 2015	2.12	1.35	3.47
Order dated 7 January 2016	28.56	16.81	45.37
Total	35.05	23.79	58.84

Appendix - 4.3.2

**Details of Payment - Interest and Damages Levied by EPFO as given
in Appendix 4.3.1**

(Reference: Paragraph 4.4)

(Amount in ₹)

Sl No	Month	Amount
1	January 2014	2,60,111
2	February 2014	2,60,111
3	March 2014	2,60,114
4	April 2014	73,310
5	May 2014	73,310
6	June 2014	73,305
7	October 2015	1,15,679
8	November 2015	1,15,679
9	December 2015	1,15,679
10	April 2016	4,53,741
11	May 2016	4,53,741
12	June 2016	4,53,741
13	July 2016	4,53,741
14	August 2016	4,53,741
15	September 2016	4,53,741
16	October 2016	4,53,741
17	November 2016	4,53,741
18	December 2016	4,53,741
19	January 2017	4,53,741
	Total	58,84,708

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