

Laid before the Legislature on **13 MAR 2019** .....

**Report of the  
Comptroller and Auditor General of India**

**on**

**Social, General, Economic and Revenue Sectors**

**For the year ended 31 March 2017**

**Government of Mizoram**  
*(Report No. 2 of 2018)*

PROS. 94M 51

## TABLE OF CONTENTS

Paragraph	Particulars	Page
	<b>Preface</b>	<b>vii</b>
	<b>Executive Summary</b>	<b>ix</b>
<b>Chapter-I : Social Sector</b>		
1.1	<b>Introduction</b>	1
1.2	<b>Planning and conduct of Audit</b>	1
	<b>Performance Audit</b>	
Public Health Engineering Department		
1.3	“National Rural Drinking Water Programme (NRDWP)”	2
	<b>Compliance Audit Paragraphs</b>	
Mizoram Youth Commission		
1.4	Doubtful payment to consultants	29
Disaster Management & Rehabilitation Department		
1.5	Undue favour to the vendor	31
	<b>Follow up of Audit Observations</b>	
1.6	Non-submission of <i>suo moto</i> Action Taken Notes	32
1.7	Response to audit observations and compliance thereof by the Executive	32
1.8	Audit Committee Meetings	33
<b>Chapter-II : General Sector</b>		
2.1	<b>Introduction</b>	35
2.2	<b>Planning and conduct of Audit</b>	35
	<b>Follow up of Audit Observations</b>	
2.3	Non-submission of <i>suo moto</i> Action Taken Notes	36
2.4	Response to audit observations and compliance thereof by the Executive	36
2.5	Audit Committee Meetings	37
<b>Chapter-III : Economic Sector (Other than State Public Sector Undertakings)</b>		
3.1	Introduction	39
3.2	Planning and conduct of Audit	39

Paragraph	Particulars	Page
	<b>Compliance Audit Paragraphs</b>	
	Rural Development Department	
3.3	Border Area Development Programme (BADP)	40
	Irrigation and Water Resources Department	
3.4	Accelerated Irrigation Benefits Programme	59
	Horticulture Department	
3.5	Avoidable expenditure	71
	<b>Follow up action on Audit Observations</b>	
3.6	Non-submission of <i>suo moto</i> Action Taken Notes	73
3.7	Response to audit observations and compliance thereof by the Executive	73
3.8	Audit Committee Meetings	74
	<b>Chapter-IV : Economic Sector (State Public Sector Undertakings)</b>	
4.1	Introduction	75
4.2	Accountability framework	75
4.3	Statutory Audit	76
4.4	Role of Government and Legislature	76
4.5	Stake of Government of Mizoram	76
4.6	Investment in State PSUs	77
4.8	Special supports and returns during the year	78
4.9	Reconciliation with Finance Accounts	79
4.10	Arrears in finalisation of accounts	80
4.12	Performance of SPSUs	81
4.15	Accounts Comments	82
4.16	Follow up action on Audit Reports	82
4.17	Discussion of Audit Reports by CoPU	83
4.18	Compliance to Reports of Committee on Public Undertakings (CoPU)	83
	<b>Chapter-V : Revenue Sector</b>	
5.1	Trend of revenue receipts	85
5.2	Analysis of arrears of revenue	86
5.3	Arrears in assessments	86

<b>Paragraph</b>	<b>Particulars</b>	<b>Page</b>
5.4	Evasion of tax detected by the Department	87
5.5	Pendency of Refund Cases	87
5.6	Response of the Government/Departments towards audit	88
5.6.1	Departmental Audit Committee Meetings	89
5.6.2	Response of the departments to the draft audit paragraphs	89
5.6.3	Follow up on the Audit Reports – summarised position	89
5.7	Analysis of the mechanism for dealing with the issues raised by Audit	90
5.7.1	Position of Inspection Reports	90
5.7.2	Recovery of accepted cases	90
5.8	Audit Planning	91
5.9	Results of audit	91
5.10	Coverage of this Report	91
	<b>Compliance Audit Paragraphs</b>	
	<b>Excise and Narcotics Department</b>	
5.11	Misappropriation of Government Funds	92
	<b>Taxation Department</b>	
5.12	Non-levy of penalty	94
5.13	Evasion of tax	95
	<b>Geology &amp; Mineral Resources Department</b>	
5.14	Short levy of penalty for illegal transportation of minor minerals	96
5.15	Non-levy of penal rate of annual license fee	97
5.16	Short levy of royalty	98

**LIST OF APPENDICES**

<b>Appendix</b>	<b>Subject</b>	<b>Page</b>
1.1.1	Statement showing funds under Central Schemes transferred directly to State Implementing Agencies under Social Sector during 2016-17	101
1.3.1	Statement showing selection of districts, blocks and villages	102
1.3.2	Statement showing component-wise release and expenditure	103
1.3.3	Statement showing delay in release of funds received from GoI	104
1.3.4	Statement showing inclusion of repair works under Coverage and Sustainability component during 2012-17	105
1.3.5	Statement showing the details of expenditure incurred for Operation and Maintenance in the Urban WSS	110
1.3.6	Statement showing the details of procurement of furniture, stationery, hiring of vehicles, <i>etc.</i> from operation and maintenance fund	112
1.3.7	Statement showing the details of funds under 'Sustainability' component diverted for execution of piped water supply schemes	113
1.3.8	Statement showing the details of award of works without call of tender	114
1.3.9	Statement showing the details of community water purification plants	118
1.3.10	Statement showing the details of Work Contract Tax included in the cost of works	119
1.3.11	Statement showing the details of estimates for construction of seven RCC Reservoirs using the Department's mathematical model	122
1.4.1	Statement showing the details of placement of trained youths by the consultants	123
2.1.1	Statement showing funds under Central Schemes transferred directly to State Implementing Agencies under General Sector during 2016-17	124
3.1.1	Statement showing funds under Central Schemes transferred directly to State Implementing Agencies under Economic Sector (Other than Public Sector Undertakings) during 2016-17	125

<b>Appendix</b>	<b>Subject</b>	<b>Page</b>
3.3.1	Statement showing sample selection	127
3.3.2	Statement showing list of inadmissible works taken up under BADP	128
3.3.3	Statement showing the delay in release of fund	131
3.3.4	Statement showing expenditure incurred on hiring of excavator (JCB)/ pick up truck/ vibratory roller but were found to be of LMVs and two wheelers	132
3.3.5	Statement showing deductible amount of contractor's profit from the estimate under Lungsan and Champhai block during 2014-15 and 2016-17	137
3.3.6	Statement showing works shown as completed but yet to start	138
3.3.7	Statement of works shown as complete but found incomplete	139
3.4.1	Statement showing projects sample	140
3.4.2	Statement showing delay in release of funds by the State Government	141
3.4.3	Statement showing excess expenditure on hire charges of excavator	142
3.4.4	Statement showing cases of subletting of works	143
3.4.5	Statement showing delay in completion of projects	144
4.1.1	Statement showing investments made by State Government in SPSUs whose accounts are in arrears	145
4.1.2	Summarised financial position and working results of Government companies and Statutory Corporations as per latest finalised accounts and information furnished by the Companies	146
5.11.1	Statement showing amount of salary drawn from treasury and actual disbursement	147
5.12.1	Statement showing non-levy of penalty from dealers failing to submit Chartered Accountant's Audited Statement	151



## PREFACE

This Report for the year ended March 2017 has been prepared for submission to the Governor under Article 151 of the Constitution of India.

The Report contains significant results of the compliance audit of financial transactions of the Departments of the Government of Mizoram and their autonomous bodies under the Social, General, Economic and Revenue Sectors.

Reports in relation to accounts of a Government Company or Corporation are submitted to the Government by the Comptroller and Auditor General of India under Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

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

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



# **EXECUTIVE SUMMARY**



## EXECUTIVE SUMMARY

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

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

### CHAPTER-I : SOCIAL SECTOR

#### PERFORMANCE AUDIT

##### National Rural Drinking Water Programme

National Rural Drinking Water Programme (NRDWP) was launched in April 2009 by the Government of India (GoI) to ensure delivery of safe and adequate drinking water to the rural population of the country. Ministry of Drinking Water and Sanitation (MDWS) implements the programme through state governments.

A performance audit on NRDWP in the State revealed the following significant findings:

- *Decentralised need-based and participatory plan through a bottom-up approach was not followed as water security plans at Village and District levels were not prepared.*
- *The State Government released Central share of ₹ 59.56 crore to the implementing agency after delays ranging between one to 12 months during 2014-17.*
- *An amount of ₹ 6.42 crore meant for 'Coverage', 'Sustainability' and 'Operation and Maintenance' components were utilised for inadmissible and irregular works.*
- *Against the goal to provide 55 litres per capita per day water to 5.23 lakh rural population by 2017, 1.08 lakh (21 per cent) rural population were only covered.*
- *The State could not achieve the target of providing individual household connection by 2017 as per Strategic Plan of the MDWS. All rural Government schools and anganwadis were not provided with safe drinking water facilities.*
- *The water quality testing laboratories were functioning with inadequate manpower and constrained capabilities to analyse mandated parameters.*

(Paragraph 1.3)

### COMPLIANCE AUDIT PARAGRAPHS

The Mizoram Youth Commission made doubtful payment of ₹ 77.53 lakh in cash to consultants without any documentary evidence of placements done. Payments to the consultants were made in cash even before receipt of invoices.

(Paragraph 1.4)

The competent authority of the Disaster Management and Rehabilitation Department arbitrarily rejected the lowest bid resulting in extra expenditure of ₹ 85 lakh on procurements of tarpaulin during 2014-17.

(Paragraph 1.5)

### CHAPTER-III : ECONOMIC SECTOR (OTHER THAN STATE PUBLIC SECTOR UNDERTAKINGS)

### COMPLIANCE AUDIT PARAGRAPHS

#### Border Area Development Programme

Audit of implementation of the Border Area Development Programme (BADP) during 2012-13 to 2016-17 revealed the following irregularities:

- *Bottom-up approach in preparation of Annual Action Plans with the involvement of the concerned stakeholders at the grass root level was not followed. Further, none of the border villages were declared as 'saturated'.*
- *The Department released ₹ 68.98 crore with delays ranging between one to 23 months to the executing agency during 2012-17.*
- *Allocation of BADP funds for education, health, agriculture and allied activities, security and other sectors was not in the proportion as recommended in the BADP Guidelines.*
- *The Department parked funds in 'civil deposits' and savings bank accounts aggregating ₹ 27.02 crore and ₹ 65.25 crore respectively during 2012-16.*
- *Irregularities of ₹ 7.19 crore occurred in the execution of works.*
- *The monitoring and evaluation mechanism and Management Information System was deficient.*
- *Social Audit of the BADP was yet to be carried out.*

(Paragraph 3.3)

### Accelerated Irrigation Benefits Programme

The Accelerated Irrigation Benefits Programme (AIBP) was launched by the Government of India (GoI) in 1996-97. The main objective of the programme was to provide financial assistance to the States for accelerating the implementation of large irrigation and multipurpose projects, which were beyond the resources of the States to take up or were in an advanced stage of completion. AIBP in Mizoram was being implemented by the Irrigation & Water Resources Department (IWRD), Government of Mizoram (GoM). During the period 2008-17, 193 Minor Irrigation Projects (MIP) under the AIBP were taken up in the State at a total cost of ₹ 209.80 crore. Since 2015-16, 14 MIPs had also been taken up under the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) at a cost of ₹ 13.71 crore. Audit of implementation of the AIBP during 2008-09 to 2016-17 revealed the following irregularities:

- *Delay in release of funds by the State Government to the Implementing Agency ranged from nine days to six months.*
- *Parking of funds in Civil Deposit resulted in delay in completion of projects.*
- *Non-maintenance of assets resulted in loss of irrigation potential.*
- *Financial irregularities were committed during the execution of works.*
- *Monitoring and evaluation mechanism was weak and ineffective.*

(Paragraph 3.4)

The Horticulture Department incurred an expenditure of ₹ 45.63 lakh against the supply of poor quality seedlings and thereby extended undue benefit to the suppliers.

(Paragraph 3.5)

## CHAPTER-V : REVENUE SECTOR

### COMPLIANCE AUDIT

Failure to exercise prescribed checks by the Superintendent of Excise & Narcotics, Serchhip and the Treasury Officer, Serchhip resulted in suspected misappropriation of ₹ 1.76 crore.

(Paragraph 5.11)

Penalty of ₹ 30.49 lakh from 30 dealers who failed to submit audited accounts, was not imposed by three Assessing Officers of Taxation Department.

(Paragraph 5.12)

A dealer under the Assistant Commissioner of Taxes, North Zone, Aizawl evaded tax of ₹ 25.19 lakh on taxable turnover of ₹ 2.58 crore.

(Paragraph 5.13)

The Director, Geology and Mineral Resources Department failed to collect penalty of ₹ 70.76 lakh towards illegal removal and transportation of stone from the carriers during 2015-16.

**(Paragraph 5.14)**

The Geology and Mineral Resources Department did not levy annual license fee of ₹ 7.73 lakh at penal rate on delayed payment of annual license fee by one license holder.

**(Paragraph 5.15)**

There was short levy of royalty of ₹ 5.40 lakh due to late adoption of increased rate of royalty by the Director, Geology and Mineral Resources Department.

**(Paragraph 5.16)**

# **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 Departments under Social Sector.

During 2016-17, against a total budget provision of ₹ 2,760.58 crore, a total expenditure of ₹ 2,302.60 crore was incurred by 13 departments under the Social Sector. The department-wise details of budget provision and expenditure incurred there against are shown in Table-1.1.1.

Table-1.1.1:- Details of department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1.	School Education	1044.30	998.06
2.	Higher and Technical Education	201.48	141.16
3.	Sports and Youth Services	28.75	24.26
4.	Art and Culture	12.09	10.76
5.	Medical and Public Health Services	573.63	399.95
6.	Water Supply and Sanitation	313.43	259.33
7.	Information and Public Relations	16.73	12.90
8.	Labour and Employment	31.25	15.01
9.	Social Welfare	192.66	164.29
10.	Disaster Management and Rehabilitation	20.94	12.56
11.	Local Administration Department	47.16	43.97
12.	Personnel & Administrative Reforms	3.25	2.65
13.	Urban Development and Poverty Alleviation	274.91	217.70
<b>Total</b>		<b>2760.58</b>	<b>2302.60</b>

Source: Appropriation Accounts, Government of Mizoram, 2016-17

Besides, the Central Government has been transferring a sizable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of the Central Government. During 2016-17, ₹ 72.05 crore was directly released to different implementing agencies under Social Sector. The details are shown in **Appendix-1.1.1**.

#### 1.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Audit findings are either settled or further action for compliance is advised whenever replies are received. The important audit observations arising out of these Inspection

Reports are processed for inclusion in the Audit Report. The Audit Report is submitted to the Governor of State under Article 151 of the Constitution of India.

During the year, an expenditure of ₹ 2,596.80 crore (including funds pertaining to previous years audited during year) of the State Government under Social Sector was test checked.

This Chapter contains findings on the performance audit of 'National Rural Drinking Water Programme' and two compliance audit paragraphs.

## **PERFORMANCE AUDIT**

### **PUBLIC HEALTH ENGINEERING DEPARTMENT**

#### **1.3 Performance Audit on "National Rural Drinking Water Programme"**

##### **Highlights**

National Rural Drinking Water Programme (NRDWP) was launched in April 2009 by the Government of India (GoI) to ensure delivery of safe and adequate drinking water to the rural population of the country. Ministry of Drinking Water and Sanitation (MDWS) implements the programme through state governments.

##### **Highlights**

**Decentralised need-based and participatory plan through a bottom-up approach was not followed as water security plans at Village and District levels were not prepared.**

*(Paragraph 1.3.9.3)*

**The State Government released Central share of ₹ 59.56 crore to the implementing agency after delays ranging between one and 12 months during 2014-17.**

*(Paragraph 1.3.10.3)*

**An amount of ₹ 6.42 crore meant for 'Coverage', 'Sustainability' and 'Operation and Maintenance' components were utilised for inadmissible and irregular works.**

*(Paragraphs 1.3.10.4)*

**Against the goal to provide 55 litres per capita per day water to 5.23 lakh rural population by 2017, 1.08 lakh (21 per cent) rural population were covered.**

*(Paragraph 1.3.11.3)*

**The State could not achieve the target of providing individual household connection by 2017 as per Strategic Plan of the MDWS. All rural Government schools and *anganwadis* were not provided with safe drinking water facilities.**

*(Paragraphs 1.3.11.4 & 1.3.11.5)*

**The water quality testing laboratories were functioning with inadequate manpower and constrained capabilities to analyse mandated parameters.**

*(Paragraph 1.3.13 & 1.3.13.2)*

**Eight water treatment plants installed during August 2011 to December 2015 at a cost of ₹ 0.60 crore were non-operational.**

*(Paragraph 1.3.15.2)*

**Excess expenditure of ₹ 0.95 crore was incurred on construction of reservoirs due to wrong calculation of cost estimates.**

*(Paragraph 1.3.15.3)*

**The monitoring and evaluation mechanism and the Integrated Management Information System were inadequate.**

*(Paragraph 1.3.16 to 1.3.16.4)*

### **1.3.1 Introduction**

Government of India (GoI) had undertaken various programmes to provide safe drinking water to the rural masses since independence. The Government's first major intervention in the rural drinking water sector was through the Accelerated Rural Water Supply Programme (ARWSP) in 1972-73. The National Rural Drinking Water Programme (NRDWP) was launched in 2009 by modifying the ARWSP and subsuming earlier sub-missions and miscellaneous schemes. With the advent of 12<sup>th</sup> Five Year Plan (2012-17), NRDWP Guidelines were further updated (in 2013) with focus on piped water supply (PWS), increasing household tap connections and raising drinking water supply norms on a sustainable basis.

NRDWP was implemented under six components – 'Coverage', 'Water Quality', 'Operation & Maintenance', 'Sustainability', 'Support' and 'Water Quality Monitoring & Surveillance'. In the State of Mizoram, five components (except 'Water Quality') were implemented<sup>1</sup>. Public Health Engineering Department (PHED) of Government of Mizoram (GoM) is the primary agency for executing rural water supply schemes under the NRDWP in the State. As on 31 March 2017, the Department is responsible for implementing the NRDWP across 708 villages with 738 habitations having a rural population of 5.23 lakh in the State<sup>2</sup>.

### **1.3.2 Organisational set up**

The Secretary to GoM is the administrative head of the PHED. The Secretary is assisted by an Engineer-in-Chief (E-in-C), two Chief Engineers (CEs), four Superintending Engineers (SEs) at circle level and 13 Executive Engineers (EEs) at division level.

### **1.3.3 Scope of audit**

This Performance Audit (PA) covered the implementation of the NRDWP in the State during the period 2012-13 to 2016-17. The PA covered

- the office of the Engineer-in-Chief, PHED;
- two districts (Aizawl and Champhai) out of eight districts in the State;
- four out of eight blocks in Aizawl and Champhai districts;
- four out of six PHED divisions in Aizawl and Champhai districts;

<sup>1</sup> As per the Integrated Management Information System of the MDWS, there were no water quality affected habitations in Mizoram

<sup>2</sup> Out of a total population of 10.97 lakh in the State (Source: Census 2011)

- eight village councils (comprising a total of nine habitations) out of 94 village councils in the four selected blocks;
- examination of records of 56 schemes implemented under the NRDWP in Aizawl and Champhai districts during 2012-17 at a cost of ₹ 69.67 crore (out of 186 schemes implemented in the State at a cost of ₹ 149.32 crore during 2012-17);
- joint inspection by departmental and audit officials of 22 out of 56 schemes implemented in Aizawl and Champhai districts during 2012-17;
- a household beneficiary survey in eight selected village councils comprising of nine habitations (10 households from each habitation); and,
- data from Integrated Management Information System (IMIS) of the MDWS was also used to evaluate the performance of the NRDWP.

The details of the sample selection are given in **Table-1.3.1** and **Appendix-1.3.1**.

**Table-1.3.1:-Details of samples covered in audit**

	Districts	Divisions	Blocks	Village Councils	Habitations	Beneficiaries	NRDWP schemes
Selected	2	4	4	8	9	90	56
Total number	8 (in the state)	6 (in the two selected districts)	8 (in the two selected districts)	94 (in the four selected blocks)	9 (in the eight selected village councils)	1498 (in the nine selected habitations)	56 (in the four selected divisions)

Source: Departmental records and sample selection

#### **1.3.4 Audit Objectives**

The objectives of the PA were to ascertain whether:

- institutional mechanisms and planning processes were adequate;
- the fund management was economical and effective;
- the implementation of the NRDWP was effective and efficient; and,
- adequate and effective mechanism existed for monitoring and evaluation of the programme.

#### **1.3.5 Audit Criteria**

Audit criteria were drawn from:

- Guidelines of the NRDWP issued in 2009 and 2013; Strategic Plan, notifications, orders and circulars issued by the MDWS;
- Studies conducted by the Planning Commission (NITI Ayog) and other agencies;
- State Government orders relating to implementation of the NRDWP;
- Physical and financial progress reported under the IMIS available on website of the programme (<https://www.indiawater.gov.in>); and,
- NRDWP guidelines providing convergence with all other related programmes of GoI viz. MGNREGS (Department of Rural Development), National Afforestation Programme (Ministry of Environment and Forests), National

Projects for Repair, Restoration, Renovation of Water Bodies (Ministry of Water Resources), *etc.*

### **1.3.6 Audit methodology**

The PA comprised of an entry conference (27 April 2017) with the PHED, requisition and examination of records, issue of audit observations, examination of response to audit observations, joint inspection of 22 NRDWP schemes executed in Aizawl and Champhai districts, issue of draft report to the Department and an exit conference (13 February 2018). The replies received and views expressed by the Department during the exit conference have been suitably incorporated in this PA wherever relevant.

### **1.3.7 Acknowledgement**

We acknowledge the co-operation and assistance extended to us by the PHED during the conduct of this PA.

### **Audit Findings**

The findings of the PA on the implementation of the NRDWP are discussed in the succeeding paragraphs.

### **1.3.8 Institutional mechanism for implementation of the programme**

To strengthen and restructure the existing institutional mechanism and make it responsive to the needs of the community, the NRDWP Guidelines (2009) issued by the MDWS, prescribed the following institutions at the State, District, Block and Village levels to be constituted.

#### **1.3.8.1 State Water and Sanitation Mission (SWSM)**

As per paragraph 12.4 of the NRDWP Guidelines (2009), each State was required to constitute a SWSM<sup>3</sup>. The responsibilities of the SWSM include providing policy guidance, co-ordination with other government departments and other partners, monitoring and evaluation of physical and financial performance of schemes and maintaining the accounts for programmes and support funds, *etc.* The SWSM was required to have one meeting in every quarter and not less than four meetings in a year.

It was observed that the GoM had constituted the SWSM in May 2009 headed by the Principal Secretary, PHED. However, no meeting of the SWSM was held during 2012-17. This state of affairs implied that the implementation of NRDWP schemes in the State was bereft of any policy guidance and monitoring and evaluation of the programme fell short of the level as envisaged in the NRDWP guidelines.

#### **1.3.8.2 State Level Scheme Sanctioning Committee (SLSSC)**

As per paragraph 12.4 of the NRDWP Guidelines (2009), a SLSSC was required to be constituted in the State under the Chairmanship of the Secretary, PHED with a representative of the MDWS for approval of Annual Action Plans (AAPs), sanction of

<sup>3</sup> To be headed by the Chief Secretary with Secretaries in-charge of PHED, Rural Development, Panchayati Raj, Finance, Health, Education, Women and Child Development, Water Resources, Agriculture, Information and Public Relations as members

new schemes and monitoring the progress of on-going schemes. The Committee was to meet at least twice in a year.

Though, the SLSSC was constituted in October 2009, it was observed that during 2012-17, its role was confined only to approval of AAPs and sanctioning of projects. It did not monitor/review the progress of on-going schemes or the performance/functioning of the commissioned schemes. Further, the Committee met only on five occasions during 2012-17 as against the required 10 meetings.

#### **1.3.8.3 Source Finding Committee (SFC)**

As per Annexure VII of the NRDWP Guidelines (2009), the schemes submitted for approval to SLSSC should be cleared by the SFC. The Committee was responsible to review functioning/ performance of existing water supply schemes for availability of potable drinking water in adequate quantity in the rural habitations.

As of May 2018, the SFC had not been constituted in the State.

#### **1.3.8.4 State Technical Agency (STA)**

As per paragraph 12.4 of the NRDWP Guidelines (2009), the SWSM in consultation with the MDWS was required to identify a reputed technical institution to be designated as the STA to provide technical support to the implementing Department for designing/preparation of AAPs and scientific and cost effective rural water supply schemes.

As of May 2018, no technical institution was designated by the State Government as STA. Instead, a STA was constituted (November 2009) with the Joint Secretary, PHED as Officer-in-Charge and six other members<sup>4</sup> including a representative from the All India Institute of Hygiene and Public Health, Kolkata which was responsible to engage technical experts for scrutinising projects.

No technical experts was engaged by the STA during 2012-17. It was further observed that the STA on its own scrutinised and approved 31 out of 106 Detailed Project Reports (DPRs) in a meeting held in July 2013.

#### **1.3.8.5 Water and Sanitation Support Organisation (WSSO)**

As per paragraph 12.4 of the NRDWP Guidelines (2009), the State Government was required to set up a WSSO under the SWSM to deal with Water Quality, Monitoring & Surveillance (WQMS), Management Information System (MIS)/ computerisation, online monitoring, Information, Education & Communication (IEC), Human Resource Development (HRD), Research and Development (R&D), etc. The WSSO was responsible to facilitate Village Water and Sanitation Committees to prepare Water Security Plans.

As of July 2017, the WSSO was not established in the State. In the exit conference, the Department stated (February 2018) that constitution of the WSSO was under process.

#### **1.3.8.6 District Water and Sanitation Mission (DWSM)**

As per paragraph 12.5 (Annexure VII) of the NRDWP Guidelines (2009), a DWSM was required to be constituted in each district. The DWSM headed by the Deputy

<sup>4</sup> One Superintending Engineer, one Under Secretary, two Executive Engineer and one Assistant Engineer from the PHE Department

Commissioner was responsible for formulation, management and monitoring of projects and for this purpose, was required to meet at least once every quarter.

It was observed that the District Water and Sanitation Committees (DWSCs) were constituted in all the eight districts of the State. With respect to the requirement for 20 quarterly meetings to be held during the period 2012-17, the position in the two districts covered under this PA was:

- DWSM Aizawl met only thrice during 2012-17; and,
- DWSM Champhai did not meet even once during 2012-17.

#### **1.3.8.7 Block Resource Centre (BRC)**

As per paragraph 12.6 of the NRDWP Guidelines (2013), a BRC was required to be set up at the block level to provide continuous support in terms of awareness generation, motivation, mobilisation, training and handholding support to village communities. Further, the BRCs were to act as a link between the DWSM and village communities.

It was observed that the BRCs were not set up in the State. As a result, the villagers were deprived of continuous support as envisaged under the guidelines.

#### **1.3.8.8 Village Water and Sanitation Committee (VWSC)**

As per paragraph 12.7 of the NRDWP Guidelines (2013), a VWSC was required to be set up in each gram panchayat for planning, designing and implementation of water supply schemes to ensure active participation of villagers. The VWSC was to consist of 6 to 12 persons with at least 50 per cent members being women.

As per the IMIS, out of 708 villages in the State, the VWSCs were formed in 651 villages (92 per cent) as on 31 March 2017. The VWSCs were formed in all eight villages covered in this PA, but representation of women in these eight VWSCs was only 16 per cent (12 out of 77 members). It was noticed that the VWSCs were mainly engaged with the operation and maintenance of schemes and were not involved in planning, designing and implementation process of schemes.

#### **1.3.8.9 Vigilance and Monitoring Committee (VMC)**

As per paragraph 19.2 of the NRDWP Guidelines (2009), a VMC at State, District and Village levels should be set up. VMCs were required to hold regular meetings for monitoring the progress and exercising vigilance on the execution of schemes.

Examination of records revealed that VMCs were set up at the State and District levels, but no VMC was established at the village level.

During the period 2012-17, four meetings of State Level VMC were held.

In Aizawl district, District Vigilance and Monitoring Committee (DLVMC) held 13 meetings during 2012-17, of which in 12 meetings, issues relating to release of funds, coverage of habitations under the NRDWP were discussed.

In Champhai district, eight meetings of the DLVMC were held during 2012-17, of which in seven meetings, issues relating to progress of schemes under the NRDWP and availability of fund for implementing the NRDWP were discussed.

The Department stated (December 2017) that the Rural Development Department would be approached to constitute village level VMCs.

*Although, Audit has made observations on non-formation of various committees as required under the guidelines, the State Government may like to take up the matter with GoI of formation of such committees which is neither feasible nor desirable given the manpower constraints and shortage of officers in a small state like Mizoram.*

### 1.3.9 Planning

#### 1.3.9.1 Strategic Plan

As per paragraph 2.3 of the Strategic Plan (2011-22) of the MDWS, targets for coverage of rural households are given in Table-1.3.2.

Table-1.3.2:-Targets for coverage of rural households

Targets	By 2017	By 2022
Provide with piped water supply	At least 50 per cent	At least 90 per cent
Have piped water supply with a household connection	At least 35 per cent	At least 80 per cent
Use of public tap	Less than 20 per cent	Less than 10 per cent
Use of hand pumps or other safe and adequate private water sources	Less than 45 per cent	Less than 10 per cent
Access to and use of adequate quantity of safe drinking water	All households, schools and anganwadis	--
Management of rural drinking water sources and systems by Panchayati Raj Institutions (PRIs) and local communities	At least 60 per cent	100 per cent

Source: Strategic Plan (2011-22)

Each State was to formulate its own Implementation Plan depending on its needs, capacity and resources and establish a timeframe for achieving the above objectives. It was noticed in audit that the State had not prepared any Implementation Plan indicating the roadmap to achieve the target set in the Strategic Plan of the MDWS.

The Department stated (December 2017) that State Government had submitted in November 2016 to the GoI, a draft action plan to achieve 100 per cent coverage of rural habitations with piped water supply with an outlay of ₹ 1,346.68 crore.

#### 1.3.9.2 Comprehensive Water Security Action Plan and State Specific Sector Policy Framework

Paragraph 14 of the NRDWP Guidelines (2009) envisages preparation of a rolling five-year Comprehensive Water Security Action Plan (CWSAP) with broad directions, thrust are as and tangible targets. As per paragraph 15 of the Guidelines *ibid*, the Government was also required to prepare a State Specific Sector Policy Framework in line with National Policy Framework.

Examination of records revealed that the CWSAP and State Specific Sector Policy Framework were not prepared during the period covered by this PA.

The Department did not offer comment on this matter.

### 1.3.9.3 Village and District Water Security Plan

Paragraph 13 of the NRDWP Guidelines (2009) envisaged a decentralised, need-based and participatory planning through a bottom-up approach. For this, a Village Water Security Plans (VWSPs) were to be prepared. The VWSPs were to include demographic, physical features, water sources and other details of the village, available drinking water infrastructure and gaps, proposed work to augment the existing infrastructure and water sources. Based on all the VWSPs of the districts, the District Water Security Plans (DWSPs) were to be prepared.

It was noticed that none of the eight villages and the two districts covered under this PA had prepared VWSPs and DWSPs during the period 2012-2017. Thus, a decentralised need-based and participatory plan through a bottom-up approach was not followed in the implementation of the NRDWP in the State as can be inferred from the position obtained from the sampled villages and districts.

The Department stated (December 2017) that the VWSCs were involved in identifying/ selecting the schemes as well as in certifying the sustainability and security of the schemes.

The fact, however, remained that VWSPs and DWSPs were not formulated prior to formulating the AAPs at the State level. Further, no documentary evidence in support of involvement of the VWSCs in selection/ identification of schemes could be produced to audit.

### 1.3.9.4 Annual Action Plans (AAP) and coverage of priority habitations

As per paragraph 14 of the NRDWP Guidelines (2013), each State was required to prepare an AAP taking into consideration the on-going schemes, new schemes and schemes which required augmentation and link the habitations proposed to be covered. Paragraph 9.1 *ibid* envisaged that during planning, priority was to be given to habitations where zero to less than 50 *per cent* of the population had access to adequate and safe drinking water. The State Government was also required to take the help of the State Technical Agency (STA) to assist in planning and designing sound and cost effective rural water supply schemes and in preparation of action plan of the State. Further, the target for consumption of water from 40 litres per capita per day (lpcd) was increased (August 2013) to 55 lpcd by GoI.

Audit scrutiny revealed following deficiencies with respect to the above requirements:

- The Department did not avail any technical assistance from the STA (committee of officers constituted by the GoM as STA in November 2009 - refer **paragraph 1.3.8.4**) while preparing the AAPs for the period 2012-17 to ensure cost effective and sustainable water supply schemes.
- The Department prepared the AAPs for 2014-15 and 2015-16 with the norm of 40 lpcd instead of 55 lpcd as revised by GoI in August 2013. The revised norm of providing 55 lpcd of water was adopted only in the AAP for 2016-17.

As mentioned earlier, while planning for schemes in any year, priority was to be given to habitations where zero to less than 50 *per cent* of the population had access to adequate and safe drinking water. The details of total number of habitations, target and

actual coverage of habitations<sup>5</sup> under the NRDWP during 2012-13 to 2016-17 is given below:

**Table-1.3.3:-Details of coverage of habitations**

Year	Number of Habitations											
	0 and < 25 per cent			> 25 and < 50 per cent			> 50 and < 75 per cent			> 75 and < 100 per cent		
	No.	T	A	No.	T	A	No.	T	A	No.	T	A
2012-13	10	6	0	16	14	0	20	17	0	20	20	1
2013-14	175	5	0	65	7	0	401	8	0	98	13	3
2014-15	122	26	12	169	15	4	230	6	1	172	5	21
2015-16	146	35	8	162	9	2	216	0	0	156	0	1
2016-17	83	18	17	97	6	8	258	1	0	184	0	0
<b>Total</b>		<b>90</b>	<b>37</b>		<b>51</b>	<b>14</b>		<b>32</b>	<b>1</b>		<b>38</b>	<b>26</b>

Source: IMIS data and Departmental records; T:- Target for coverage; A:- Achievement

As seen from the table:

- A total of 211 habitations were targeted for coverage under the NRDWP during 2012-17 of which however, only 141 habitations (67 per cent) were habitations (0 and < 25 per cent plus > 25 and 50 per cent) which were to be given priority for supply of adequate and safe drinking water as per the NRDWP Guidelines. 70 non-priority habitations were also targeted for coverage under the NRDWP during this period which was at the cost of coverage of the priority habitations.
- The target for coverage of priority habitations in 2012-13 and 2013-14 was 77 per cent and five per cent respectively of the total of such habitations in these years; in the remaining three years 2014-17, the target for coverage of priority habitations hovered around 13 per cent.
- Out of the total of 141 priority habitations targeted to be covered under the NRDWP during 2012-17, only 51 habitations (36 per cent) could actually be covered.
- In 2012-13 and 2013-14, a total of 20 and 12 priority habitations were targeted for coverage under the NRDWP - the achievement in both years was 'Nil'; in the remaining three years, the achievement was 39 per cent (2014-15), 23 per cent (2015-16) and 104 per cent (2016-17) of the target for the respective years.

The above figures point to the fact the objective of providing adequate and safe drinking water to priority habitations was largely not achieved.

The Department stated (December 2017) that habitations in the priority range could not be covered due to high head pumping, far distance of source or non-availability of source as well as requirement of huge fund.

The fact, nonetheless, remained that priority habitations were to be given precedence under the NRDWP Guidelines.

<sup>5</sup> Habitations grouped in four categories viz., (i) 0 to 25 per cent of the population had access to adequate and safe drinking water; (ii) > 25 to < 50 per cent of the population had access to adequate and safe drinking; (iii) > 50 to < 75 per cent of the population had access to adequate and safe drinking; and, (iv) > 75 to < 100 per cent of the population had access to adequate and safe drinking

### 1.3.10 Fund Management

NRDWP is funded by GoI and the State Governments on cost sharing basis as detailed below:

**Table-1.3.4:-Component-wise allocation of funds**

NRDWP fund	Component	2012-13			2013-14 to 2014-15			2015-16 to 2016-17		
		Percentage share of NRDWP funds	Central Share	State Share	Percentage share of NRDWP funds	Central Share	State Share	Percentage share of NRDWP funds	Central Share	State Share
			(in per cent)			(in per cent)			(in per cent)	
Programme	Coverage	65	90	10	67	90	10	67	90	10
	Water Quality									
	O&M	10	90	10	15	90	10	15	90	10
	Sustainability	20	100	0	10	100	0	10	90	10
Support	Support	3	100	0	5	100	0	5	90	10
	WQM&S	2	100	0	3	100	0	3	90	10

Source: NRDWP Guidelines (2013)

Till 2013-14, funds allocated by GoI were routed through separate bank accounts operated by the SWSM for 'programme' account and 'support' account. The funding pattern was changed from April 2014 whereby, the funds under the NRDWP allocated by GoI are routed through the State Finance Department which then releases the funds to the implementing Department.

The findings of audit on fund management are discussed below.

#### 1.3.10.1 Release and Utilisation of Fund

The year wise details of fund released by the GoI and State Government and expenditure incurred there against during 2012-17 are shown in Table-1.3.5:

**Table-1.3.5:-Receipt and utilisation of fund**

(₹ in crore)

Financial Year	Availability of Funds						
	Opening balance	Release		Misc. receipt <sup>6</sup>	Total available	Expenditure	
		Central	State			Central	State
2012-13	5.90	47.92	2.64	0.37	56.83	44.92	2.64
2013-14	9.27	44.88	1.17	0.51	55.83	38.99	1.17
2014-15	15.67	34.50	0.00	0.51	50.68	44.41	0.00
2015-16	6.27	17.32	0.96	0.03	24.58	23.22	0.96
2016-17	0.40	24.49	1.63	0.02	26.54	24.83	1.63
<b>Total</b>	--	<b>169.11</b>	<b>6.40</b>	<b>1.44</b>	--	<b>176.37</b>	<b>6.40</b>

Source: Information furnished by the Department

As seen from the table, the closing balance increased from ₹ 9.27 crore as of 31 March 2013 to ₹ 15.67 crore at the end of 31 March 2014 and thereafter, utilisation of funds improved and the closing balance reduced to ₹ 0.08 crore as of 31 March 2017. Further, as per the funding pattern, the State Government was to release ₹ 14.62 crore as its share during 2012-17. However, only ₹ 6.40 crore was released resulting in short release of State share of ₹ 8.22 crore.

While accepting the fact, the Department stated (December 2017) that release of State's share would improve in the coming years.

<sup>6</sup> Interest received on the SWSM accounts with the bank

### 1.3.10.2 Comparison of component-wise allocation and expenditure

The component-wise allocation of funds as per the limit (in percentage) prescribed under NRDWP and actual allocation and expenditure during 2012-17 is shown in the table below:

Table-1.3.6:-Component-wise allocation of fund

Sl. No.	Name of the Component	Allocation and utilisation of Funds (in per cent)					
		Limit prescribed		Actual allocation		Expenditure	
		2012-13	2013-17	2012-13	2013-17	2012-13	2013-17
1.	Coverage and Water Quality	65	67	67	61 to 75	66	65 to 74
2.	Sustainability	20	10	14	6 to 10	15	7 to 10
3.	Operation and Maintenance	10	15	11	10 to 27	12	11 to 21
4.	Support	3	5	5	1.55 to 3	4	3 to 4
5.	WQMS	2	3	3	1.55 to 3	3	1 to 3

Source: Departmental records

As seen from above, the actual allocation and utilisation of funds was not as per the prescribed limits. The allocation and utilisation under 'coverage and water quality' and 'O&M' components exceeded the limit in some years while allocation and utilisation under 'Sustainability', 'Support' and 'WQMS' were less than the prescribed limit in some years. The year-wise details of component-wise allocation and expenditure are given in **Appendix-1.3.2**.

*Given the fact that Mizoram is a hilly State; as such, O&M expenditure are likely to be higher, the State Government should approach the GoI for revision of norms for hilly states.*

### 1.3.10.3 Delay in release of funds by the State Government to SWSM

As per paragraph 17 of the NRDWP Guidelines (2013) read with sanction orders of GoI, the State should transfer the entire amount of central allocation received along with its matching share to the implementing agency(s) not later than 15 days of receipt of funds from GoI. In case of delay, penal interest at 12 per cent for the period of delay should be transferred by the State Government to the implementing agency.

Examination of sanction orders of GoI/ State Finance Department issued during 2014-17<sup>7</sup> revealed that out of ₹ 76.31 crore released by GoI during 2014-17, ₹ 16.75 crore was released to the PHED within the stipulated period of 15 days. The remaining ₹ 59.56 crore was released by State Finance Department to the PHED with delays ranging between one and 12 months during 2014-17 and for which the State Government was liable to pay ₹ 1.82 crore as penal interest but was yet to be credited by it to the NRDWP account. The details are given in **Appendix-1.3.3**.

The Department stated (December 2017) that the delay arose from complying with various formalities for release of fund and added that the position would improve in the coming years.

<sup>7</sup> During 2012-13 and 2013-14, the fund from GoI was directly transferred to the SWSM account

**1.3.10.4 Diversion of funds**

As per the NRDWP Guidelines (2013), funds allocated for any component should be utilised for that component only. It was observed that funds allocated for the following components were diverted for other purposes as discussed below:

(a) During 2012-17, four PHED divisions in the two districts covered in this PA prepared the estimates for execution of 37 new water supply schemes (WSS) at an estimated cost of ₹ 47.20 crore under 'Coverage' and 'Sustainability' components. Scrutiny of estimates revealed that the cost of repair and replacement costs of existing WSSs of ₹ 1.57 crore was included in the estimates of ₹ 47.20 crore. It was observed that ultimately, an expenditure of ₹ 1.67 crore was incurred for repair and replacement of existing WSSs in contravention of the guidelines which have impacted the implementation of new schemes in partially covered habitations. The details are given in **Appendix-1.3.4** and summarised in the table below.

**Table-1.3.7:-Diversion of funds for repair and maintenance**

(₹ in crore)

District	Division	No. of new WSSs	Total cost of new WSSs	Repair and replacement cost met out of fund for new WSSs
Aizawl	Rural WATSAN Division, Aizawl	6	6.56	0.15
	Serchhip WATSAN Division	1	1.54	0.09
Champhai	Champhai WATSAN Division	12	14.62	0.51
	Khawzawl WATSAN Division	18	24.48	0.92
<b>Total</b>		<b>37</b>	<b>47.20</b>	<b>1.67</b>

Source: Departmental records

The Department stated (December 2017) that funds were diverted due to limitation of maintenance fund for existing schemes.

(b) As per the NRDWP Guidelines, O&M funds are required to be spent for operation and maintenance of only rural WSSs. Three PHED divisions covered in this PA received ₹ 7.21 crore under 'O&M' component during 2012-17. Scrutiny of records revealed that ₹ 1.51 crore out of O&M fund of ₹ 7.21 crore was diverted for O&M of urban WSSs when budgetary allocation for them are available separately. Further, this diversion has impacted the vulnerable groups in rural areas. The details are given in **Appendix-1.3.5** and summarised in the following table:

**Table-1.3.8:-Diversion of fund for O&M of urban WSSs**

(₹ in crore)

District	Division	Fund received for O&M of rural WSSs	Fund diverted for O&M of urban WSSs
Aizawl	Rural WATSAN Division, Aizawl	2.89	0.57
Champhai	Champhai WATSAN Division	2.98	0.69
	Khawzawl WATSAN Division	1.34	0.25
<b>Total</b>		<b>7.21</b>	<b>1.51</b>

Source: Departmental records

The Department, while accepting the fact, stated (December 2017) that funds would not be diverted for the O&M of urban WSSs in future.

(c) Two PHED divisions covered under this PA received ₹ 5.87 crore during 2012-17 under 'O&M' component for rural WSSs. Scrutiny of records revealed that ₹ 0.76 crore out of ₹ 5.87 crore was diverted for procurement of stationery, furniture, wages of work charged employees, security fencing of Engineer-in-Chief's office, etc. The details are given in **Appendix-1.3.6** and summarised in the table below.

**Table-1.3.9:- Diversion of funds for inadmissible items**

(₹ in crore)			
District	Division	Fund received for O&M of rural WSSs	Fund diverted for procurement of stationery, etc.
Aizawl	Rural WATSAN Division, Aizawl	2.89	0.19
Champhai	Champhai WATSAN Division	2.98	0.57
<b>Total</b>		<b>5.87</b>	<b>0.76</b>

Source: Departmental records

While accepting the fact, the Department assured (December 2017) that these would not be repeated in future.

(d) The Department received ₹ 7.64 crore under 'Sustainability' component during 2013-15. Scrutiny of records revealed that the Department diverted ₹ 2.48 crore meant for augmenting and sustaining the existing WSSs for implementing six piped WSSs during 2013-15 adversely affecting the sustainability of existing rural water supply schemes. The details are given in **Appendix-1.3.7**.

Further, during 2012-17, the State Government had budget allocation of only ₹ 2.00 to ₹ 2.95 crore for maintenance of rural water supply schemes without assessing the actual requirement. The State Government may also take up the matter of enhanced funding for O&M of existing assets with Government of India.

### 1.3.11 Programme Implementation

#### 1.3.11.1 Introduction

As mentioned earlier, five components (out of six) of the NRDWP are being implemented in the State viz. 'Coverage', 'O&M', 'Sustainability', 'Support' and 'WQMS'. The purpose of each component is explained in Table-1.3.10:

**Table-1.3.10:- Component-wise details of NRDWP**

Component	Purpose
Coverage	For providing safe and adequate drinking water supply to unserved, partially served and slipped back habitations
O&M	For expenditure on running, repair and replacement cost of drinking water supply projects
Sustainability	To encourage States to achieve drinking water security at the local level through sustainability of sources and systems
Support	Providing support for awareness creation (Information, Education and Communication), training activities (Human Resource Development), hardware and software support for Management Information System and computerisation, Research and Development, etc.
WQMS	For monitoring and surveillance of water quality in habitations at field level and for setting up, upgrading laboratories at State, districts and sub-division levels

Source: NRDWP Guidelines, 2013

### 1.3.11.2 Coverage of habitations

As of 01 April 2012, the number of on-going WSSs were 65. During 2012-17, 82 new WSSs were taken up for execution. As on 31 March 2017, 143 schemes were completed, while four schemes were on-going.

In the 11<sup>th</sup> Five Year Plan, a habitation was declared as 'fully covered' if people residing in that habitation had access to 40 lpcd of water supply within a distance of 500 meters from their household. In the 12<sup>th</sup> Five Year Plan, the criteria was revised (August 2013). Under the revised criteria, at least 50 *per cent* of rural population should have access to 55 lpcd water within the household premises or within a radius of 100 meter by 2017. Accordingly, the MDWS suggested that state governments should design the schemes funded under the NRDWP for 55 lpcd or higher from 2013-14 and further, existing WSSs of 40 lpcd were to be upgraded to 55 lpcd or higher.

As mentioned in **paragraph 1.3.9.4**, the PHED implemented the revised norms of 55 lpcd in the schemes from 2016-17 onwards only.

The status of year-wise coverage of habitations, considering water supply of 40 lpcd during 2012-13 and 55 lpcd during 2013-17 is given in Table-1.3.11 below.

**Table-1.3.11:- Status of coverage of habitations**

Position as on	Total habitations	Partially covered habitations with population coverage					'Fully covered' habitations
		> 0 and < 25 <i>per cent</i>	> 25 and < 50 <i>per cent</i>	> 50 and < 75 <i>per cent</i>	> 75 and < 100 <i>per cent</i>	Total (3+4+5+6)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
01.04.2012 <sup>8</sup>	777	10	16	20	20	66	711
01.04.2013	777	175	65	401	98	739	38 <sup>9</sup>
01.04.2014	777	122	169	230	172	693	84
01.04.2015	760	146	162	216	156	680	80
01.04.2016	738 <sup>10</sup>	83	97	258	184	622	116
01.04.2017	738	68	91	248	182	589	149

Source: IMIS Data

As seen from above table, only 149 (20 *per cent*) out of 738 rural habitations in the State were fully covered with 55 lpcd water supply as on 31 March 2017.

In two districts Aizawl and Champhai covered in this PA, the position as on 31 March 2017 was as under:

**Table-1.3.12:- Coverage of habitations**

District (Position as on 01 April 2017)	Total habitations	Partially covered habitations with population coverage					'Fully covered' habitations
		>0 and <25 <i>per cent</i>	>25 and <50 <i>per cent</i>	>50 and <75 <i>per cent</i>	>75 and <100 <i>per cent</i>	Total (Col. 3+4+5+6)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Aizawl	108	3	6	9	11	29	79
Champhai	84	0	7	12	20	39	45

Source: IMIS Data

<sup>8</sup> As per 40 lpcd

<sup>9</sup> The number of fully covered habitations reduced during the year because of increased norms of water supply from 40 lpcd to 55 lpcd

<sup>10</sup> Number reduced due to merger to habitations

**1.3.11.3 Coverage of population**

As per paragraph 4 of the NRDWP Guidelines (2013), at least 50 *per cent* of rural population should have access to 55 lpcd water supply within their household premises or within a 100 meter radius by 2017. Accordingly, the Department was required to provide piped water supply to 2.61 lakh population (50 *per cent* of 5.23 lakh rural population) within their household premises or within a 100 meter radius by 2017.

However, as per the IMIS data, as on 31 March 2017, only 1.08 lakh (21 *per cent*) of the rural population in the State had access to water supply of 55 lpcd within their household premises or within a 100 meter radius.

As per IMIS data, as on 31 March 2017, in Aizawl and Champhai districts covered in this PA, only 13,035 (13 *per cent*) and 4,278 (six *per cent*) respectively of the rural population had piped water supply of 55 lpcd water within their household premises or within a 100 meter radius.

**1.3.11.4 Coverage of individual households with PWS connection**

As per paragraph 2.3 of the Strategic Plan (2011-22) of the MDWS, at least 35 *per cent* of rural households should have piped water supply with individual household connections by 2017. Accordingly, the Department was required to provide individual connections to rural 36,668 households in the State (35 *per cent* of 1,04,765 rural households<sup>11</sup> in the State) by March 2017.

As per the IMIS data, 2,779 (eight *per cent*) households out of 36,668 rural households in the State were having individual household connections as on 1 April 2012. By 31 March 2017, 13.47 *per cent* (14,108 households out of a total of 1,04,765 rural households in the State) were having piped water supply through individual household connections.

Thus, while the Department had made progress on this front, the goal of providing piped water supply through individual household connections to 35 *per cent* of the rural households by 2017 had largely not been achieved.

While accepting the fact, the Department stated (December 2017) that position would improve in the coming years with the help of the VWSCs.

**1.3.11.5 Coverage of schools and anganwadis**

As per the Strategic Plan of the MDWS read with the NRDWP guidelines, all government schools and *anganwadis* should have access to safe drinking water by 2017. Data sourced by Audit from the IMIS, School Education Department (SED) and Social Welfare Department (SWD) of the State Government and the PHED in this respect was as under:

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<sup>11</sup> As per IMIS

Table-1.3.13:-Drinking water provided to schools (as on 31 March 2017)

State and Selected districts	Total Number of government schools as per			Number of government schools provided with drinking water facility		
	IMIS	SED	PHED	IMIS	SED	PHED
State-Mizoram	1619	2047	1154	1460	1883	1154
District-Aizawl	291	305	164	273	298	164
District-Champhai	284	252	145	279	252	145

Source: IMIS, Sarva Shiksha Abhiyan data and Departmental records

Table-1.3.14:-Drinking water provided to *anganwadis* (as on 31 March 2017)

State and Selected districts	Total Number of <i>anganwadis</i> as per			Number of <i>anganwadis</i> provided with drinking water facility		
	IMIS	SWD	PHED	IMIS	SWD	PHED
State-Mizoram	829	2244	892	691	1701	753
District-Aizawl	187	544	104	148	509	103
District-Champhai	161	275	89	159	261	73

Source: IMIS, Social Welfare Department data and Departmental records

It will be seen from the above tables that the number of schools and *anganwadis* in the State obtained from different sources differed widely as also the number of schools and *anganwadis* provided with drinking water facility. Under the circumstances, Audit could not evaluate the performance of the PHED with respect to the goal of providing drinking water facility to all government schools and *anganwadis* by 2017 as set out by the MDWS in its Strategic Plan. The inconsistency of data also indicated lack of coordination between different State agencies on this subject.

While accepting the fact, the Department stated (December 2017) that schools and *anganwadis* would be provided water supply as early as possible.

### 1.3.12 Operation and Maintenance (O&M)

As per paragraph 9.7 of the NRDWP Guidelines (2013), the Department was required to prepare an O&M plan for each water supply scheme specifying the procedure for checks and inspections at set intervals. For this purpose, the States were authorised to utilise 15 per cent of the NRDWP funds for O&M.

PHED had utilised ₹ 22.74 crore for O&M in the State during 2012-17. Two districts (Aizawl and Champhai) covered under this PA, between them, incurred an expenditure of ₹ 10.46 crore for O&M during the same period.

Scrutiny of records revealed:

- the Department did not prepare any O&M annual plans for any of the five years during the period 2012-13 to 2016-17. The details of equipment cost, life, etc. were not compiled and consequently not available with the PHED nor was a reporting system indicating the status of assets and equipment in vogue;
- the Department did not fix any performance standards for different components of the NRDWP projects to evaluate actual performance;
- no system of water audits and leakage control measures was put in place in two districts covered in this PA; and,
- in Aizawl and Champhai districts, 31 and 26 WSSs respectively were completed during 2012-17 and all the WSSs were transferred to the VWSCs. However, funds

were not transferred to the VWSCs for O&M as envisaged under the NRDWP Guidelines. Instead, the PHED divisions in these two districts incurred the entire expenditure of ₹ 10.46 crore (Aizawl District – ₹ 5.89 crore; Champhai District – ₹ 4.57 crore) towards O&M.

While accepting the fact, the Department stated (December 2017) that performance standards for different components of water supply schemes to evaluate their actual performance would be prepared. It further added that water audits and leakage control measures would be initiated in some villages.

### **13.13 Water Quality Monitoring and Surveillance**

Paragraph 2 of the Uniform Drinking Water Quality Monitoring Protocol (UDWQMP), 2013 read with paragraph 10.4 of the NRDWP Guidelines (2013) envisages that laboratories at State, District and Sub-divisional levels should be established for regular testing and surveillance of drinking water. Paragraph 5.3 of the UDWQMP also stipulates that the laboratories at all levels and especially at the State level, shall obtain NABL<sup>12</sup> accreditation at an early date. Further, paragraph 4.1 and 4.2 *ibid* require that the State, District, and sub-divisional level laboratories should have the capability of analysing the prescribed range (number) of physical, chemical and microbiological parameters as listed in the protocol. Paragraph 5.4.1 *ibid* prescribes the staffing norms for a State, District and Sub-divisional laboratory.

Examination of records with respect to the above requirements revealed the following:

- (i) The State had set up laboratories at State, District and Sub-divisional levels for monitoring of water quality as detailed below:

**Table-1.3.15:-Details of Laboratories**

<b>Name of laboratories</b>	<b>Required</b>	<b>Available</b>	<b>Shortage</b>
State laboratory	1	1	Nil
District laboratories	8	8	Nil
Sub-divisional laboratories	23	18	5

*Source: Information furnished by the Department*

It was however, observed that none of the above water quality testing laboratories had obtained NABL accreditation.

- (ii) Inspection by Audit of the State laboratory, Aizawl and Champhai district laboratories and two sub-divisional laboratories (one from each district) revealed significant shortfalls in the capability of these laboratories to analyse prescribed number of physical, chemical and microbiological parameters as listed under the UDWQMP, as detailed in the table below:

<sup>12</sup> National Accreditation Board for Testing and Calibration of Laboratories

**Table-1.3.16:- Details of availability of parameters vis-à-vis requirement**

Laboratories	Number of test parameters		Shortfall
	Prescribed under the UDWQMP	Laboratory was equipped to carry out	
State laboratory	75	34	41
Aizawl District laboratory	34	29	5
Champhai District laboratory	34	15	19
Khawzawl sub-divisional laboratory	19	9	10
Khawbung sub-divisional laboratory	19	11	8

Source: Physical inspection reports

It can be seen from above that the State laboratory had the capability to analyse 34 of the prescribed 75 parameters. Aizawl and Champhai district laboratories had the capacity to analyse only 29 and 15 parameters respectively against the required 34 parameters. Khawzawl and Khawbung sub-divisional laboratories had the wherewithal to analyse only 9 and 11 parameters respectively against 19 parameters which was required of them.

The Department stated (December 2017) that efforts would be made to fulfil the requirement for water testing parameters, as suggested in the UDWQMP.

(iii) Review (31 March 2017) of the manning of five laboratories with respect to the manpower norms prescribed under the UDWQMP revealed that these facilities were significantly understaffed as under:

**Table-1.3.17:- Details of manpower position**

Name of the laboratory	Manpower position		
	As prescribed by the UDWQMP	Available	Vacancies
State laboratory	14	7	7
Aizawl District laboratory	8	4	4
Champhai District laboratory	8	5	3
Khawzawl sub-divisional laboratory	8	3	5
Khawbung sub-divisional laboratory	8	3	5

Source: Departmental records

As seen from the above table:

- Against 14 positions prescribed under the UDWQMP for a State laboratory, only seven positions were manned at the Mizoram State laboratory. Out of the seven vacant posts, the posts of Senior Chemist (one post), Data Entry Operators (two posts), Laboratory Assistant (three posts) were yet to be sanctioned by the State Government. The post of bacteriologist though sanctioned by the GoM, was lying vacant.

The UDWQMP prescribes that a district and a sub-divisional laboratory should each have a staff of eight personnel. With respect to this norm -

- Aizawl and Champhai district laboratories were short staffed by 50 and 38 per cent respectively. There were vacancies in the positions of bacteriologist (one post), Sampling Assistant (two posts) and Laboratory Assistants (four posts).

- Khawzawl and Khawbung sub-divisional laboratories each had only three positions filled against the prescribed eight positions for each laboratory. There were vacancies in the posts of Laboratory Attendants (two posts), Data Entry Operators (two posts), Sampling Assistants (four posts) and Laboratory Assistants (two posts).

The significant shortage of personnel (ranging from 38 to 63 *per cent*) as brought out above in the aforementioned five laboratories would have severely compromised the capability and effectiveness of these facilities in carrying out their mandate as envisaged under the NRDWP guidelines and the UDWQMP.

### **1.3.13.1 Water Quality Testing in State Laboratory**

As per paragraph 5 of Annexure III of the NRDWP Guidelines (2013), 10 *per cent* of the samples tested in District Level Laboratories (DLLs) should be sent to the State Laboratory for further testing. Year-wise samples required to be tested by the State laboratory *vis-à-vis* tests done by district labs during 2012-17 are shown in the table below:

**Table-1.3.18:-Tests conducted by the State Laboratory**

Year	Total Nos. of water samples tested in DLLs	Details of water samples tested by State Laboratory			
		Required	Actual	Shortfall	Percentage
2012-13	11653	1165	722	443	38
2013-14	13419	1342	720	622	46
2014-15	12386	1239	717	522	42
2015-16	18112	1811	699	1112	61
2016-17	17042	1704	648	1056	62
<b>Total</b>	<b>72612</b>	<b>7261</b>	<b>3506</b>	<b>3755</b>	<b>52</b>

Source: Departmental records

As evident from the table above, the State Laboratory tested only 3,506 water samples against the requirement of 7,261 samples resulting in a shortfall of 52 *per cent* in sample testing during the period 2012-17. Moreover, during the period, the shortfall in testing had seen an increasing trend except in the year 2014-15. This indicated that the process of cross-verification of water samples at the State laboratory was minimal and the accuracy of testing at DLLs could not be ensured.

### **1.3.13.2 Water Quality Testing in District and Sub-divisional labs**

Paragraph 5 (Annexure III) of the NRDWP Guidelines (2013) read with paragraph 5.2 of the UDWQMP prescribes that all drinking water sources should be tested by district and sub-divisional laboratories at least twice a year (pre and post monsoon) for bacteriological contamination<sup>13</sup> and once a year for chemical contamination<sup>14</sup> and uploaded in the IMIS for regular monitoring.

Information furnished to Audit by Aizawl and Champhai district laboratories and Khawzawl and Khawbung sub-divisional laboratories regarding the water quality testing carried out by them during 2012-17 was as under:

<sup>13</sup> Total coliform and Faecal coliform

<sup>14</sup> Alkalinity, Chloride, Total hardness, Iron, Nitrate, Arsenic, Fluoride, *etc.*

Table -1.3.19:- Details of bacteriological and chemical tests

Laboratory	Year	Total Nos. of water sources	Bacteriological Tests			Chemical Tests		
			Number of			Number of		
			Tests prescribed	Tests done	Contaminated samples	Tests prescribed	Tests done	Contaminated samples
Aizawl District laboratory	2012-13	562	1124	263	120	562	1070	Nil
	2013-14	568	1136	227	136	568	1344	Nil
	2014-15	571	1142	156	74	571	907	Nil
	2015-16	575	1150	187	132	575	1273	Nil
	2016-17	580	1160	263	66	580	1131	Nil
<b>Total</b>			<b>5712</b>	<b>1096</b>	<b>528</b>	<b>2856</b>	<b>5725</b>	<b>Nil</b>
Champhai District laboratory	2012-13	533	1066	406	25	Nil	856	Nil
	2013-14	541	1082	194	20	541	885	Nil
	2014-15	548	1096	551	6	548	939	Nil
	2015-16	551	1102	584	Nil	551	961	Nil
	2016-17	553	1106	813	Nil	553	1034	Nil
<b>Total</b>			<b>5452</b>	<b>2548</b>	<b>51</b>	<b>2193</b>	<b>4675</b>	<b>Nil</b>
Khawzawl sub-divisional laboratory	2012-13	92	184	154	18	92	594	Nil
	2013-14	92	184	189	20	92	458	Nil
	2014-15	92	184	193	23	92	734	Nil
	2015-16	92	184	187	15	92	1085	Nil
	2016-17	92	184	184	12	92	1049	Nil
<b>Total</b>			<b>920</b>	<b>907</b>	<b>88</b>	<b>460</b>	<b>3920</b>	<b>Nil</b>
Khawbung sub-divisional laboratory	2012-13	91	182	183	17	91	366	Nil
	2013-14	91	182	209	22	91	418	Nil
	2014-15	91	182	184	20	91	392	Nil
	2015-16	91	182	306	12	91	664	Nil
	2016-17	91	182	323	15	91	669	Nil
<b>Total</b>			<b>910</b>	<b>1205</b>	<b>86</b>	<b>455</b>	<b>2509</b>	<b>Nil</b>

Source: Departmental records

During 2012-17, as seen from above table:

- Aizawl district laboratory tested only 1,096 water samples (19 per cent) against the required 5,712 samples required to be taken and tested for bacteriological contamination. Out of 1,096 samples tested, 528 samples (48 per cent) were found to be bacteriologically contaminated. Against 2,856 water samples to be tested for chemical contamination, 5,725 samples were actually tested and not a single sample tested positive for chemical contamination.
- Champhai district laboratory tested 2,548 water samples (47 per cent) against the required 5,452 samples required to be taken and tested for bacteriological contamination. Out of 2,548 samples tested, 51 samples (two per cent) were found to be bacteriologically contaminated. Against 2,193 water samples to be tested for chemical contamination, 4,675 samples were actually tested and not a single sample tested positive for chemical contamination.
- Khawzawl sub-divisional laboratory tested 907 water samples (98 per cent) against the required 920 samples required to be taken and tested for bacteriological contamination. Out of 907 samples tested, 88 samples (10 per cent) were found to be bacteriologically contaminated. Against 460 water samples to be tested for chemical contamination, 3,920 samples were actually tested and not a single sample tested positive for chemical contamination.

- Khawbung sub-divisional laboratory tested 1,205 water samples (132 per cent) against the required 910 samples required to be taken and tested for bacteriological contamination. Out of 1,205 samples tested, 86 samples (seven per cent) were found to be bacteriologically contaminated. Against 455 water samples for be tested for chemical contamination, 2,509 samples were actually tested and not a single sample tested positive for chemical contamination.

Audit further observed that neither the State Laboratory nor any of the district or sub-divisional laboratories in the State were uploading their test results on the IMIS as required under the NRDWP guidelines and the UDWQMP.

The Department stated (December 2017) that efforts would be made to conduct the requisite pre and post monsoon bacteriological tests as envisaged in the UDWQMP.

#### **1.3.13.3 Field Testing Kits (FTKs)**

As per paragraph 10.4 of the NRDWP Guidelines (2013), FTKs should be used for primary detection of chemical and bacteriological contamination of all drinking water sources in the villages. At least five persons in each village are required to be trained and their services utilised for surveillance.

Examination of records revealed that FTKs were not procured in the State for primary detection of chemicals and bacteriological contamination of all drinking water sources in the villages during 2012-17.

*None of the water testing laboratories in the State were NABL accredited which would have given assurance about the rigour of their testing procedures. Further, the laboratories were significantly understaffed and had constrained capabilities to carry out the entire range of tests as mandated under the UDWQMP. Moreover, the tests were not being carried out to the extent prescribed and the test results were not being uploaded on the IMIS to ensure regular monitoring. FTKs had not been procured/ distributed during the period 2012-17. The PHED should urgently address these issues so that there is a reasonable assurance that drinking water supplied to rural habitations and villages in the State is of an acceptable quality.*

#### **1.3.14 Procurement process**

According to Rule 137 of the General Financial Rules (GFR), every authority delegated with the financial power of procuring goods in public interest shall have the responsibility to ensure efficiency, economy and transparency in such procurement.

Scrutiny of records revealed that as per guidelines (May 2007) of the Finance Department of GoM, prices approved by the State Purchase Advisory Board (SPAB) were valid for one year extendable by another six months. The SPAB approved purchase of GI Pipes under the NRDWP from a firm<sup>15</sup> in March 2010. However, the PHED, in contravention of the GFR provisions and the guidelines of the State Government, procured pipes valuing ₹ 19.40 crore from the same firm at the same rates without inviting fresh tenders during 2012-17 though, the validity of the approval given by the SPAB had expired. This deprived the Department of the opportunity of ascertaining

<sup>15</sup> North Eastern Tubes Limited, Guwahati

current market prices and assuring itself of the competitiveness and reasonableness of the expenditure incurred on the procurement of GI pipes.

While accepting the facts, the Department stated (December 2017) that new bidding documents would be prepared for fresh works.

### 1.3.15 Execution of Water Supply Schemes (WSS)

Out of 186 schemes executed at a cost of ₹ 149.32 crore during 2012-17, 56 schemes executed in Aizawl and Champhai districts at a cost of ₹ 69.67 crore were test-checked in audit. Further, out of the 56 selected schemes, 22 schemes were also jointly inspected by departmental and audit officials to verify the actual ground level status of these schemes. Test check of these schemes and joint inspection revealed the following observations:

Table-1.3.20:- Details of nature of observations

(₹ in crore)

Sl. No.	Nature of observations	No. of schemes involved	Amount of irregularity
1.	Award of works without inviting tenders	25	9.67
2.	Non-functional community water purification plants	7	0.60
3.	Extra expenditure	27	0.95
4.	Suspected misappropriation	2	0.81

The observations are discussed below:

#### 1.3.15.1 Award of works with inviting tenders

The CPWD Manual, 2012 (adopted by the State) stipulates that tenders should be called for all works costing more than ₹ 50,000 except in urgent cases or when the interest of works demands, works may be awarded by the Executive Engineer (EE) without calling of tenders subject to maximum ceiling of works costing up to ₹ four lakh and by the Superintendent Engineer (SE) subject to maximum ceiling of works costing up to ₹ 12 lakh.

Audit observed that during 2012-17, the Executive Engineers of three PHED divisions<sup>16</sup> of Aizawl and Champhai districts awarded 63 works valuing ₹ 9.67 crore to contractors relating to 25 NRDWP schemes without inviting tenders although, the works were not of an urgent nature. The details are given in **Appendix-1.3.8**. Reasons for issue of these work orders without calling tenders were not on record.

The comments of the Department on this observation were yet to be received (May 2018).

#### 1.3.15.2 Non-functional community water purification plants

The Department installed (August 2011 to December 2015) eight water purification plants at a cost of ₹ 0.60 crore in Champhai district. During joint verification of these plants, it was found that all eight purification plants were non-operational. The details are given in **Appendix-1.3.9**.

<sup>16</sup> Rural WATSAN Division, Aizawl, Khawzawl WATSAN Division and Champhai WATSAN Division

While accepting the fact, the Department stated (December 2017) that O&M of village water purification plants was the responsibility of the VWSCs. It added that more emphasis would be given for timely O&M to make them functional.

**1.3.15.3 Extra expenditure for execution of water supply schemes**

(a) As per a PHED circular of May 2013, Works Contract Tax at 13.50 per cent of 70 per cent of the total cost of works and Labour Cess at one per cent of 30 per cent of total cost of works were to be added over and above the approved rates in the construction of Water Retaining Structures. The Works Contract Tax and Labour Cess were to be deducted and deposited in government account as required under the Mizoram Value Added Tax, 2005 and Building and Other Constructions Workers' Act, 1996 respectively.

Audit observed that the four PHED divisions covered in this PA in Aizawl and Champhai districts executed (2013-17) 16 water supply schemes at a cost of ₹ 6.63 crore. However, the Works Contract Tax and Labour Cess aggregating ₹ 0.57 crore were not deducted and deposited by the four divisions into government account. The details are given in **Appendix-1.3.10**.

The Department stated (December 2017) that Works Contract Tax and Labour Cess in respect of the above schemes were utilised for construction of approach road to reservoir, drainage systems, inlet-outlet control system, etc.

The reply was not acceptable as the tax and cess were in the nature of statutory deductions and, as per the PHED circular of May 2013, the deductions on this account were to be deposited into government account.

(b) The PHED in May 2011 circulated (May 2011) a mathematical model<sup>17</sup> for calculation of cost estimates for RCC Water Retaining Structures.

Test check of records of three PHED divisions<sup>18</sup> revealed that the divisions computed the cost estimates for 36 RCC reservoirs under 11 water supply schemes at ₹ 6.85 crore following the mathematical model. Audit calculated the cost estimates of the 36 RCC reservoirs using the same mathematical model and the figure worked out to ₹ 6.47 crore. The details are given in **Appendix-1.3.11**. Thus, due to wrong calculation, the estimates were inflated by ₹ 0.38 crore (₹ 6.85 crore - ₹ 6.47 crore).

The Department stated (December 2017) that extra amount available was utilised for approach road, side drain, control valves, retaining wall, etc. connected with the reservoir.

The reply is not acceptable as the divisions executed the extra work without the approval of the competent authority.

**1.3.15.4 Suspected misappropriation**

(a) The Department sanctioned (March 2017) ₹ 0.51 crore for a water supply scheme at Phaibakkawn which was executed departmentally by Serchhip WATSAN

<sup>17</sup>  $(Y) = 1.993 \times 10^5 + 3.330 \times (X) + 1.344 \times 10^{-7} \times (X)^2 - 1.474 \times 10^{-12} \times (X)^3$ , where: X= total volume including free board in litre and Y = estimated cost based on Schedule of Rates 2007, Mizoram (Relevant cost indices should be added to the estimated cost)

<sup>18</sup> Rural WATSAN Division, Aizawl, Champhai WATSAN Division and Khawzawl WATSAN Division

Division. The works under the scheme consisted of construction of Intake, Conveyance Main and Distribution System.

Scrutiny of the Monthly Progress Reports revealed that the work had been completed by May 2017. Joint physical verification (June 2017) by audit and departmental officials of the Phaibakkawn water supply scheme, however, revealed that the work had not even started. Photographic evidence confirming this fact are shown below.

#### Phaibakkawn Water Supply Scheme



*Proposed intake site*



*Proposed Reservoir and HRF Filter site*

The Division had spent ₹ 0.51 crore in March 2017 by preparing fake bills amounting to ₹ 28.10 lakh for supply of GI Pipes, cement, sand, etc. Further, another ₹ 22.80 lakh was also drawn by preparing fake bills for construction of RCC reservoir (₹ 1.20 lakh) and labour costs (₹ 21.60 lakh).

(b) The scheme 'Improvement of Chhawrtui Water Supply Scheme' at a cost of ₹ 3.29 crore was sanctioned by the GoM in 2011-12 which was executed departmentally by Serchhip WATSAN Division, Serchhip. The work *inter alia* consisted of dismantling and refitting of 3,409 running meter (rm.) of the existing Gravity Mainline 40 mm GI pipes, as well as construction of six approach roads (total length 4,099 meters) for six reservoirs<sup>19</sup>.

During joint physical verification (June 2017) of the scheme, it was noticed that:

- ₹ 4.39 lakh was approved in the estimate for dismantling and re-fitting of the existing Gravity Mainline of 40 mm GI pipes. Scrutiny of records revealed that the Division had incurred an expenditure of ₹ 4.29 lakh for dismantling and re-fitting of existing 40 mm GI pipes as per the approved estimates. Further, an additional expenditure of ₹ 16.22 lakh was incurred on payments to labourers for dismantling and re-fitting of existing Gravity Mainline GI pipes of 65 mm (4,464 rm.) and 50 mm (6,962 rm.).

It was found that the existing scheme had no 65 mm and 50 mm GI pipes. Hence, the question of dismantling and re-fitting of 65 mm and 50 mm GI pipes did not arise. Under the circumstances, the expenditure of ₹ 16.22 lakh incurred on dismantling and re-fitting of existing gravity mainline on 65 mm and 50 mm GI pipes was doubtful.

<sup>19</sup> Five nos. of 5.00 lakh litres capacity and 1 no. of 3.70 lakh litres capacity

- It was also found that only two approach roads of 1,300 metre length were constructed. However, the Division spent ₹ 20.84 lakh for labour payments (drawn through six bills) for the construction of six approach roads.

Thus, the expenditure of ₹ 30.45 lakh (₹ 16.22 lakh incurred on labour payments for dismantling and re-fitting of 65 mm and 50 mm GI pipes *plus* ₹ 14.23 lakh<sup>20</sup> incurred on labour payments for construction four non-existent approach roads) was doubtful.

The Department stated (December 2017) that some portion of the gravity mainline GI pipes (65 mm) was washed away due to heavy monsoon in May 2013. Expenditure was incurred for dismantling and refitting of the washed portion of 65 mm GI pipes. It further added that 50 mm GI pipe line of the previous scheme needed to be dismantled due to prolonged service. In the absence of documented evidence to support the Department's claim, the reply was unacceptable. Further, the Department was silent on the labour payments made for four non-existent approach roads.

*Audit recommends that both the above cases be referred to the State's Vigilance Department for investigation.*

### **1.3.16 Monitoring and Evaluation**

As per paragraph 8 of the NRDWP Guidelines (2009), monitoring through regular field inspections by officers at the National, State and District levels should be put in place for effective implementation of the NRDWP. The DWSM was also to constitute a team of experts in the districts to review (at least once in a quarter) the implementation of the programme in the blocks.

The Department did not have any records of any field inspections carried out during the period 2012-17 by officers at the National, State and District levels.

The Department stated (December 2017) that monitoring reports and details of field visit would be maintained henceforth.

#### **1.3.16.1 Community monitoring and social audit**

As per paragraph 19.3 of the NRDWP Guidelines (2009), the community and community based organisations should monitor the demand/ need of the people in the villages and coverage of the programme and a six - monthly social audit should be conducted to measure, understand, report and improve the executing agency's social responsibility and ethical performance.

During the period 2012-17, no community monitoring or social audit of the implementation of the NRDWP was conducted in any of the eight villages covered under this PA.

The Department stated (December 2017) that efforts will be made to conduct community monitoring and social audit in the coming years.

#### **1.3.16.2 Evaluation study**

As per paragraph 10.5 of the NRDWP Guidelines (2009), the State Government was required to take up monitoring and evaluation studies periodically on the implementation of the NRDWP through reputed organisations.

<sup>20</sup> ₹ 20.84 lakh - ₹ 6.61 lakh (3.41 m<sup>3</sup> of earth assumed to be excavated for every meter of road constructed. Thus, 3.41 x 1,300m x ₹ 149/m<sup>3</sup> = ₹ 6.61 lakh)

Examination of records revealed that during 2012-17, the State Government had not engaged any organisation to undertake an evaluation study of the implementation of the NRDWP in Mizoram.

#### **1.3.16.3 Computerised Grievance Redressal System**

As per Annexure V of the NRDWP Guidelines (2013), Computerised Grievance Redressal System (CGRS) should be set up at the State/ District levels.

The CGRS was not put in place either at the State or District level.

The Department stated (December 2017) that CGRS would be set up as early as possible.

#### **1.3.16.4 Inconsistencies and unreliability of IMIS data**

Monitoring and evaluation are two important aspects for ensuring the success of any project. The MDWS had developed the IMIS software for monitoring the implementation of the NRDWP. Under the IMIS, the data and information as prescribed by the MDWS from time to time, was to be uploaded by the concerned State agency in the relevant module of the IMIS.

As required under paragraph 19.2 of the NRDWP Guidelines (2009), the Department had designated one Superintending Engineer as State IT Nodal officer to oversee the accuracy of the IMIS data being furnished by the districts.

Examination of the IMIS data revealed the following:

- The Department had established (1983) a State level water quality testing laboratory at Aizawl. The IMIS, however, had not been updated to include the laboratory in its database and as a consequence, the tests and other reports of the State level laboratory were not available on the IMIS. As mentioned earlier in this report, the district and sub-divisional water testing laboratories were also not uploading their test and other reports in the IMIS although, they were included in the database.
- In eight villages covered in this PA, 24 hand-pumps were installed. However, this data was not found uploaded in the IMIS.
- As per format B-21 (IMIS data), there were a total of 22 hand pumps in all eight districts of the State. As per departmental records, however, the number was 860 hand pumps. Further, departmental records also showed that there were 226 non-functional hand pumps in the State - this data was not in the IMIS although there was a provision in the IMIS to upload this information.
- As per departmental records a total 11,356 individual households were provided with piped water supply connections during 2014-17, while as per format C-36 (IMIS data) this number was only 37 for the same period.

The above discrepancies indicated unreliability of the IMIS data and hence compromised the usefulness of the software to be used as a monitoring mechanism for the implementation of the NRDWP in the State.

While accepting the fact, the Department stated (December 2017) that due to the posts of programmer and system analyst not being filled, there was lack of data entry from

time to time. It added that the data entry and updating would improve with recruitment of the programmer and the system analyst in the near future.

### **1.3.17 Impact of the programme**

Audit conducted a beneficiary survey of 90 beneficiaries (10 beneficiaries per habitation) in nine habitations of eight villages covered under this PA. The results of this survey was as under:

**Table-1.3.21:- Summary of survey findings on adequacy of drinking water**

No. of beneficiaries surveyed	Water supply of sufficient drinking water	Water supply was available round the year	Water supply was at regular hours	Access to water supply from alternative sources
90	80	70	70	70

Source: Survey reports

**Table-1.3.22:- Summary of survey findings on water quality of drinking water**

No. of beneficiaries surveyed	Awareness of safe/potable drinking water	Satisfied with water quality	Samples were collected from source/supply point for testing	Community Water Purification Plan was installed	Awareness of water quality test conducted by the laboratories
90	1	75	15	0	0

Source: Survey reports

**Table-1.3.23:- Training and awareness**

No. of beneficiaries surveyed	Training provided to the beneficiaries	Providing awareness generating IEC activities to the beneficiaries
90	0	0

Source: Survey reports

**Table-1.3.24:- Operation and maintenance**

No. of beneficiaries surveyed	WSS remained non-operation due to O&M	Collection of user charges for O&M
90	10	60

Source: Survey reports

### **1.3.18 Conclusion**

The Department had not prepared water security plans at different levels as envisaged in the NRDWP guidelines. A five-year comprehensive rolling water security action plan and State specific policy framework were not prepared. Component-wise expenditure was not ensured as per norms of the guidelines. There was delay in the release of funds by the Department. It was not clear how many government schools and *anganwadis* in the State were provided drinking water facility although this was to be done by 2017. The State, District and Sub-divisional level laboratories did not carry out water quality tests as mandated. There were instances of procurement and award of works in violation of the GFR and CPWD Manual. There were instances of expenditure incurred in excess of estimates, non-utilisation of assets created, suspected misappropriation, etc. There were no records of inspection carried out to monitor the implementation of the NRDWP and no social audit was undertaken.

**1.3.19 Recommendations**

- The Department should make efforts to prepare rolling State five-year comprehensive water security action plans under the aegis of a State specific policy framework.
- Efforts should be made to fully utilise the available funds and avoid delays in release of GoI funds and the State's matching share.
- The quality of drinking water should be ensured by ensuring that the requisite range of tests are carried out at all water testing laboratories.
- Regular monitoring through regular field inspections of the projects should be carried out and social audit as envisaged in NRDWP guidelines should be conducted.

**COMPLIANCE AUDIT PARAGRAPHS****MIZORAM YOUTH COMMISSION****1.4 Doubtful payment to consultants**

**The Mizoram Youth Commission made doubtful payment of ₹ 77.53 lakh to placement agencies without any documentary evidence of placements done. Payments were made in cash even before the invoices were received**

The Ministry of Development of North Eastern Region (DoNER), Government of India in January 2016 sanctioned a grant of ₹ 2.51 crore to the Mizoram Youth Commission<sup>21</sup> (MYC) for imparting training to 400 unemployed youth of North Eastern region in specified trades and fields. Do NER released the amount in two instalments (₹ 1.88 crore in January 2016 and ₹ 0.63 crore in August 2016) to the MYC.

The MYC in January 2016 decided to appoint 16 Placement Agencies (PA) to facilitate the placement of the youth who would be trained and during February-May 2016, conducted training programmes on Hospitality, Aviation, Retail, Tourism and Information Technology for 463 youth (of which 50 youth dropped out before completing the training) with the grant received from DONER.

Rule 168 (ii) of the General Financial Rules, 2005 stipulates that where the estimated cost of the work or service is above ₹ 25 lakh, an enquiry seeking 'Expression of Interest' (EOI) from consultants should be published in at least one national daily and the Department's website. Enquiry for seeking EOI should *inter alia* include in brief, the broad scope of work or service, eligibility and the pre-qualification criteria to be met by the consultant(s), consultant's past experience in similar work or service, etc.

Audit observed that 16 PAs were engaged in violation of the above requirement. Moreover, no appointment letters detailing the scope of work and consultancy fees to

<sup>21</sup> A Body Corporate established under the Mizoram Youth Commission Act, 2008 in April 2008

be paid were issued to the PAs. The MYC between May 2016 and January 2017 paid ₹ 77.53 lakh in cash to the PAs. This payment was also irregular and doubtful in view of the circumstances as detailed below:

- Audit observed differences in the number of youth who were placed - as per the list provided by the MYC to Audit, 386 out of 413 youth<sup>22</sup> who had undergone training were placed. As per the invoices of the PAs however, 506 youth were placed.
- The 16 PAs submitted 25 invoices (May 2016 to January 2017) to the MYC for payment of consultancy fees without any documentary evidence of placements done in support of their claims. All the invoices were printed on plain paper without any details of their registration numbers, service tax registration numbers, etc. as required under Rule 4 of the Service Tax Rules, 1994.
- With respect to 24 of the 25 invoices received from the 16 PAs, the payments were made even before the invoices were received (details given in **Appendix-1.4.1**). In the case of one invoice<sup>23</sup>, the payment was made on the same day the invoice was received.
- No Actual Payee Receipts were taken from the PAs for payments made in cash to them in contravention of Rule 56 of Receipt and Payment Rules.
- Invoices submitted by eight of the 16 PAs indicated that they were private limited companies. Audit cross checked this information from the website of the Registrar of Companies, Ministry of Corporate Affairs which revealed that only one PA<sup>24</sup> was registered with the Ministry as a private limited company.

The aforementioned facts indicated that the credentials of the PAs as well as the payments made to them were doubtful.

On the above being pointed out, the Department accepted (May 2018) the facts of doubtful payment to consultants.

Thus, the MYC engaged and made payments to the tune of ₹ 77.53 lakh to the PAs in violation of the Rules and without proof of work.

*Audit recommends that this matter be referred to the Vigilance Department, Government of Mizoram for further investigation.*

<sup>22</sup> Total of 463 youth who underwent training minus 50 youth who did not complete the training

<sup>23</sup>

Name of the Consultant	Vr. No.	Date of		Amount (in lakh)	Trainees placed	
		Invoice	Payment		Trade	No.
Intelligent Resources Private Limited	135	30.01.2017	30.01.2017	0.61	Hospitality	10

<sup>24</sup> The seven PAs which did not figure in the Ministry's website were (i) Intelligent Resources Private Limited, (ii) Delta Consultants Private Limited, (iii) AS Private Limited, (iv) AMS Services Private Limited, (v) Future Wings Private Limited, (vi) Wizmatrix Consulting Private Limited, and (vii) SD Private Limited

## DISASTER MANAGEMENT &amp; REHABILITATION DEPARTMENT

## 1.5 Undue favour to the vendor

**The arbitrary rejection of the lowest bid resulted in extra expenditure of ₹ 85 lakh on procurement of tarpaulin during 2014-15 to 2016-17**

Rule 137 of the General Financial Rules, 2005 prescribes that every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

Scrutiny of records (December 2016) of the Disaster Management & Rehabilitation Department, revealed that the Department had floated (August 2014) a Short Quotation Notice (SQN) for procurement of a specified type of tarpaulin. The SQN *inter alia* stipulated that bidders should attach proof of being a manufacturer or submit a certified copy of appointment as dealer or agent for the item offered.

The Department received three bids in response to the SQN. At the end of tender process, the competent authority<sup>25</sup> approved procurement (₹ 1,404/- per piece) of the tarpaulin from the highest bidder<sup>26</sup> (the second lowest offer<sup>27</sup> was rejected by the competent authority for want of the certificate of being appointed as an authorised dealer by the manufacturer).

Audit observed that the competent authority - overlooking the fact that the authorisation letter attached by the lowest bidder with his bid documents clearly mentioned that the bidder was an authorised dealer for the 'North East region' - arbitrarily rejected the lowest bidder's offer<sup>28</sup> (₹ 1,305/- per piece) on the ground that "*attested copy of the authorised dealer certificate from the Supreme Industries, Kolkata (manufacturer) submitted; however, it was learned that the firm is an authorised dealer for Silchar, Assam*"<sup>29</sup>.

During 2014-15 to 2016-17, the Department procured 85,662 tarpaulin pieces at a cost of ₹ 12.03 crore instead of at ₹ 11.18 crore<sup>30</sup> which would have been the case had the material been purchased from the lowest bidder.

<sup>25</sup> A six member State Level Purchase Advisory Board under the Chairmanship of the Chief Secretary

<sup>26</sup> M/s Floria Glamour, Aizawl, Mizoram

<sup>27</sup> The second lowest offer (₹ 1,400/- per piece) by M/s JK Enterprise

<sup>28</sup> Tripal and Textile Traders, Silchar, Assam

<sup>29</sup> Minutes of meeting of the competent authority held on 15 September 2014

<sup>30</sup> Floria Glamour 85,662 X ₹ 1,404 = ₹ 12,02,69,448

Tirpal & Textile 85,662 X ₹ 1,305 = ₹ 11,17,88,910

**Extra Expenditure = ₹ 84,80,538**

Thus, the patently facetious decision of the competent authority to reject the offer of the lowest bidder resulted in extra expenditure of ₹ 85 lakh. Further, the Department would continue to pay the higher rate till the time it invites fresh tenders for procurement of tarpaulin which is a regular requirement due to the State's climatic conditions.

The matter was reported to the Department in May 2018; reply was awaited (July 2018).

## **FOLLOW UP OF AUDIT OBSERVATIONS**

### **1.6 Non-submission of *suo moto* Action Taken Notes**

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

A review of follow up action on submission of *suo moto* ATNs disclosed that there were pendency in replies in respect of the Audit Reports for the years 2011-12 to 2015-16. The Audit Report for the year 2015-16 was laid on the table of the State legislative assembly on 25 May 2017. The *suo moto* replies in respect of two Performance Audit and two paragraphs that had appeared in the Audit Report were due by the end of August 2017. However, no replies in respect of the paragraphs/ Performance Audit were received as of December 2017, even after a delay of about four months.

Thus, due to the failure of the respective departments to comply with the instructions of the PAC, the objective of ensuring accountability remained inadequate.

### **1.7 Response to audit observations and compliance thereof by the Executive**

Accountant General (Audit) conducts periodical inspections of Government Departments to test-check the transactions. The maintenance of significant accounting and other records as per the prescribed rules and procedures is also verified. These inspections are followed by the Inspection Reports (IRs) issued to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/orders of the Government provide for prompt response by the Executive to the IRs. The Heads of Offices and next higher authorities are required to rectify the defects and omissions promptly and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Accountant General.

As of March 2017, a review of the outstanding IRs issued during 2008-17 revealed that 802 paragraphs relating to 180 IRs remained outstanding as shown in the following Table:

Table-1.7.1:- Details of outstanding IRs

Name of the Sector	Opening Balance (upto 2015-16)		Addition during the year 2016-17		Disposal during the year 2016-17		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Social	131	595	54	284	5	77	180	802

### 1.8 Audit Committee Meetings

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

During 2016-17, no audit committee meeting was held in respect of Social Sector.



# **CHAPTER – II**

## **GENERAL SECTOR**



## CHAPTER-II

### GENERAL 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 Departments under General Sector.

During 2016-17, against a total budget provision of ₹ 2,485.50 crore, a total expenditure of ₹ 1,928.18 crore was incurred by 13 departments under the General Sector. The department-wise details of budget provision and expenditure incurred there against are shown in Table-2.1.1.

**Table-2.1.1:- Details of department-wise budget provision and expenditure**

(₹ in crore)

Sl. No.	Name of the Department	Budget provision	Expenditure
1.	Legislative Assembly	21.18	19.58
2.	Governor	7.04	6.68
3.	Council of Ministers	6.36	5.54
4.	Law and Judicial	50.65	28.69
5.	Vigilance	5.64	5.47
6.	Finance	1213.63	793.52
7.	Mizoram Public Service Commission	6.23	5.52
8.	Secretariat Administration	113.36	94.09
9.	Parliamentary Affairs	0.70	0.62
10.	General Administration Department	86.49	70.68
11.	Home	654.23	580.47
12.	Printing and Stationery	18.97	16.30
13.	District Councils	301.02	301.02
<b>Total</b>		<b>2485.50</b>	<b>1928.18</b>

Source: Appropriation Accounts, Government of Mizoram, 2016-17

Besides, the Central Government has been transferring a sizable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of the Central Government. During 2016-17, ₹ 26.15 crore was directly released to different implementing agencies, under General Sector. The details are shown in **Appendix-2.1.1**.

#### 2.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Audit findings are either settled or further action for compliance is advised whenever replies are received. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Report.

During 2016-17, an expenditure of ₹ 1,125.62 crore (including funds pertaining to previous years audited during the year) of the State Government under General Sector were test checked.

## FOLLOW UP OF AUDIT OBSERVATIONS

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

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

A review of follow up action on submission of *suo moto* ATNs disclosed that there was pendency in respect of the Audit Reports for the years 2011-12 to 2013-14. The Audit Report for the year 2015-16 was laid on the table of the State legislative assembly on 25 May 2017. The *suo moto* replies in respect of two paragraphs that had appeared in the Audit Report were due by the end of August 2017. However, no replies in respect of the paragraphs were received as of December 2017, even after a delay of about four months.

Thus, due to the failure of the respective Departments to comply with the instructions of the PAC, the objective of ensuring accountability remained unachieved.

### 2.4 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspections of Government Departments to test-check the transactions. The maintenance of significant accounting and other records as per the prescribed rules and procedures is also verified. These inspections are followed by the Inspection Reports (IRs) issued to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/orders of the Government provide for prompt response by the Executive to the IRs. The Heads of Offices and next higher authorities are required to rectify the defects and omissions promptly and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Accountant General.

As of March 2017, a review of the outstanding IRs issued during 2008-17 revealed that 244 paragraphs relating to 77 IRs remained outstanding as shown in the following Table:

**Table-2.4.1:- Details of outstanding IRs**

Name of the Sector	Opening Balance (upto 2015-16)		Addition during the year 2016-17		Disposal during the year 2016-17		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
General	56	175	22	110	01	41	77	244

## **2.5 Audit Committee Meetings**

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

During 2016-17, no audit committee meeting was held in respect of General Sector.



**CHAPTER – III**

**ECONOMIC SECTOR  
(OTHER THAN STATE PUBLIC  
SECTOR UNDERTAKINGS)**



## CHAPTER-III

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

#### 3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2017 deals with the findings on audit of the State Government Departments under Economic Sector (other than State Public Sector Undertakings).

During 2016-17, against a total budget provision of ₹ 2,638.58 crore, a total expenditure of ₹ 1,712.88 crore was incurred by 15 departments under the Economic Sector. The department-wise details of budget provision and expenditure incurred there against are shown in Table-3.1.1.

Table-3.1.1:-Details of department-wise budget provision and expenditure

(₹ in crore)			
Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1.	Planning & Programme Implementation	740.27	76.06
2.	Agriculture	183.44	132.04
3.	Horticulture	81.87	71.75
4.	Soil and Water Conservation	22.15	19.01
5.	Animal Husbandry and Veterinary	89.77	57.34
6.	Fisheries	30.87	29.72
7.	Co-operation	25.70	19.90
8.	Rural Development	488.77	370.76
9.	Industries	100.14	81.29
10.	Sericulture	20.28	18.97
11.	Tourism	38.67	38.44
12.	Trade and Commerce	12.27	11.93
13.	Public Works	728.09	760.71
14.	Minor Irrigation	55.73	16.70
15.	Information & Communication Technology	20.56	8.26
<b>Total</b>		<b>2638.58</b>	<b>1712.88</b>

Source: Appropriation Accounts, Government of Mizoram, 2016-17

Besides, the Central Government has been transferring a sizable amount of funds directly to the implementing agencies of the State Government for implementation of various programme of the Central Government. During 2016-17, ₹ 168.78 crore was directly released to different implementing agencies under Economic Sector. The details are shown in **Appendix-3.1.1.**

#### 3.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish

replies to the audit findings within one month of receipt of the Inspection Reports. Audit findings are either settled or further action for compliance is advised whenever replies are received. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Report. The Audit Report is submitted to the Governor of State under Article 151 of the Constitution of India.

During the year, an expenditure of ₹ 1,131.98 crore (including funds pertaining to previous years audited during year) of the State Government under Economic Sector (other than Public Sector Undertakings) was test checked.

This Chapter contains findings on three compliance audit paragraphs.

## **COMPLIANCE AUDIT PARAGRAPHS**

### **RURAL DEVELOPMENT DEPARTMENT**

#### **3.3 BORDER AREA DEVELOPMENT PROGRAMME**

##### ***Highlights***

Audit of implementation of the Border Area Development Programme (BADP) during 2012-13 to 2016-17 revealed the following irregularities:

**Bottom-up approach in preparation of Annual Action Plans with the involvement of the concerned stakeholders at the grass root level was not followed. Further, none of the border villages was declared as 'saturated'.**

*(Paragraphs 3.3.8 & 3.3.8.1)*

**The Department released ₹ 68.98 crore with delays ranging between one to 23 months to the executing agency during 2012-17.**

*(Paragraphs 3.3.9.1)*

**Allocation of BADP funds for education, health, agriculture and allied activities, security and other sectors was not in the proportion as recommended in the BADP Guidelines.**

*(Paragraphs 3.3.9.2)*

**The Department parked funds in 'civil deposits' and savings bank accounts aggregating ₹ 27.02 crore and ₹ 65.25 crore respectively during 2012-16.**

*(Paragraphs 3.3.9.3 & 3.3.9.5)*

**Irregularities of ₹ 7.19 crore occurred in the execution of works.**

*(Paragraph 3.3.10)*

**The monitoring and evaluation mechanism and Management Information System was deficient.**

*(Paragraphs 3.3.12 & 3.3.14)*

**Social Audit of the BADP was yet to be carried out.**

*(Paragraph 3.3.13)*

### 3.3.1 Introduction

The Department of Border Management, Ministry of Home Affairs (MHA), Government of India (GoI) implements the Border Area Development Programme (BADP) through the State Governments as part of a comprehensive approach to border management. The BADP aims to meet the development needs of the people living in remote and inaccessible areas near the International Border (IB) and to saturate the border areas with essential infrastructure through convergence of Central/State/BADP/Local schemes. The BADP was a 100 *per cent* Centrally funded upto 2015-16 and in the ratio of 90:10 between the GoI and the State Governments from 2016-17.

In Mizoram, the BADP was implemented in phases since 1993-94<sup>1</sup> in 16 blocks of six districts bordering Myanmar and Bangladesh IB as under:

Sl. No.	District	Sl. No.	Block	International Border
1.	Champhai	1.	Ngopa	Indo- Myanmar
		2.	Khawzawl	
		3.	Champhai	
		4.	Khawbung	
2.	Serchhip	5.	E. Lungdar	Indo-Bangladesh
3.	Lunglei	6.	Hnathial	
		7.	Bunghmun	
		8.	Lungsen	
4.	Lawngtlai	9.	Chawngte	Indo- Myanmar
		10.	Lawngtlai	
		11.	Sagnau	
		12.	Bungtlang 'S'	
5.	Saiha	13.	Tuipang	Indo-Bangladesh
		14.	Saiha	
6.	Mamit	15.	West Phaileng	Indo-Bangladesh
		16.	Zawlnuam	

The cumulative expenditure under the BADP in Mizoram was ₹ 426.51 crore till March 2017.

### 3.3.2 Organisational Set-up

The Rural Development Department (RDD), Government of Mizoram (GoM), headed by the Secretary is the nodal implementing department for the BADP. Under the Department, the Directorate of RDD is the implementing agency for BADP. The Director is the head of the Directorate and he is assisted by a Joint Director, Deputy Director and Technical Officers of the Engineering Cell of the Directorate. At the district level, Deputy Commissioners (DCs) of the districts are responsible for the overall implementation of the BADP through the concerned Block Development Officers (BDOs). The implementation of the programme is monitored by a monitoring cell attached with the Secretary, RDD.

<sup>1</sup> Along the Indo-Bangladesh international border (318 km with a population of 1.72 lakh) and since 1997-98, along the Indo-Myanmar international border (404 km with a population of 2.96 lakh)

As required under the BADP Guidelines, a State Level Screening Committee (SLSC) headed by the Chief Secretary was constituted in June 2005 which is responsible for approving the schemes for implementation under the BADP. District Level Committees (DLCs), headed by the Deputy Commissioners (DCs) of the respective districts were also constituted in April 2014 which are responsible for preparing village-wise plans for implementation of the BADP in the villages of the 16 border blocks of six districts in the State.

### **3.3.3 Audit Scope**

This compliance audit covered the implementation of the BADP in the State during 2012-13 to 2016-17. The scope of the audit included

- the offices of the Secretary and the Director, RDD;
- two border districts (Champhai and Lunglei)<sup>2</sup> out of six border districts in the State;
- two (Champhai and Lungsens) out of seven blocks<sup>3</sup> in Champhai and Lunglei districts;
- 24<sup>4</sup> out of 77 villages in Champhai and Lungsens blocks;
- examination of records of 299 works implemented under BADP in Champhai and Lungsens blocks during 2012-17 at a cost of ₹ 30.88 crore (out of 1,760 works implemented in the State at a cost of ₹ 178.39 crore during 2012-17); and,
- joint inspection by departmental and audit officials of 33 works (valuing ₹ 5.17 crore) executed in Champhai block and 40 works (valuing ₹ 4.84 crore) executed in Lungsens block, out of a total of 183 works (valuing ₹ 15.77 crore) and 116 works (valuing ₹ 15.11 crore) implemented in Champhai and Lungsens blocks respectively during 2012-17.

The details of sample selection are given **Appendix-3.3.1**.

### **3.3.4 Audit Objectives**

This compliance audit of the BADP was conducted to ascertain whether:

- planning and implementation of the BADP was adequate, effective and in accordance with BADP Guidelines;
- the programme was implemented with due regard to economy, efficiency and effectiveness; and,
- implementation of the BADP was properly monitored.

### **3.3.5 Audit Criteria**

Audit criteria were drawn from:

- Guidelines of BADP issued by GoI (2009, 2014 and 2015);

<sup>2</sup> Champhai is on the Indo-Myanmar Border and Lunglei is on the Indo-Bangladesh and Indo-Myanmar Border

<sup>3</sup> Against the criteria of a minimum of 25 *per cent* of seven blocks

<sup>4</sup> 13 villages of Champhai block and 11 villages in Lungsens block

- Orders/ guidelines/ circulars issued by the Ministry of Home Affairs, Department of Border Management and the State Government;
- Perspective Plan and Approved Annual Action Plans;
- Mizoram Public Works Department's Schedule of Rates;
- CPWD Manual followed by the State Government;
- General Financial Rules and Central Treasury Rules followed by the State Government; and,
- Third Party Inspection Reports.

#### **3.3.6 Audit Methodology**

The audit methodology comprised of an entry conference (03 May 2017), examination of records, issue of audit queries/observations, joint physical verification along with departmental officials, photographic evidence and questionnaires duly authenticated by the departmental officials wherever relevant, issue of draft report to the Department and an exit conference (15 December 2017). The replies received and the views expressed by the Department have been incorporated in this report wherever relevant.

#### **3.3.7 Acknowledgement**

Indian Audit and Accounts Department acknowledges the co-operation extended by the Rural Development Department in providing necessary information and records to Audit.

#### **Audit Findings**

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

#### **3.3.8 Planning**

The BADP Guidelines envisaged that a baseline survey shall be carried out in border villages to assess the gaps in basic physical and social infrastructure. Further, a detailed village-wise long term action plan prioritising the projects should be prepared by the DLCs for filling up the gaps in consultation with autonomous councils, community leaders and development agencies. Following the long term plan, Annual Action Plan (AAP) should be formulated at the State level for executing the prioritised projects. The AAP should also ensure convergence of various Central and State schemes.

Examination of records revealed the following:

- The baseline survey was conducted by BDOs only once in 2015-16 in the 16 border blocks of the State. Audit observed that the baseline survey only listed the existing physical infrastructure in the surveyed villages-the surveys did not bring out the quantifiable gaps in the social and physical infrastructure which was the objective of the baseline survey as envisaged under the BADP Guidelines.
- The detailed village-wise long term action plans were also not prepared by any of the six DLCs in the State during 2012-17.

- A five-year Perspective Plan (PP) was prepared in March 2010 by the Department indicating the shelf of projects to be undertaken under the BADP during 2009-10 to 2013-14. However, there was no evidence on record to indicate that the PP was prepared in consultation with stakeholders. Moreover, the PP did not prioritize the projects to be undertaken annually. The Department had not formulated a PP for the subsequent years.
- The Department had prepared AAPs at the State level for all the years covered in this audit (2012-13 to 2016-17). However, the AAPs for the period 2012-14 did not flow from the PP formulated for the period 2009-10 to 2013-14.
- Further, the AAPs did not have any convergence of the BADP with any Central or State schemes in so far as Champhai and Lungsan blocks (the two blocks covered under the scope of this audit) were concerned.

The Department stated (May 2018) that AAPs were prepared with the involvement of the concerned stakeholders at the grass root level. The Department, however, did not substantiate this claim with any supporting evidence.

### 3.3.8.1 Selection of village

As per the BADP Guidelines, priority should be given to villages located within 0-10 Kilometre (Km.) from the IB. Only after 'saturation' of 0-10 Km. villages with the necessary infrastructural facilities, was the State Government to take up the next set of villages within the 0-20 Km. distance of the IB for implementation of works under the BADP and so on up to 0-50 Km. Further, paragraph 2.2 of the Guidelines *ibid*, required the respective DLCs to make their own definition as to what constituted "saturation of a village with basic infrastructure<sup>5</sup>".

Scrutiny of records revealed that none of the six DLCs in the State had defined the connotation of 'saturation of a village with basic infrastructure' in their respective jurisdictions despite the BADP being implemented in the State since 1993-94.

The details of villages in the State located between 0-10 Km., 10-20 Km., and 20-50 Km. from the IB and the coverage of villages under BADP during 2012-17 is given below:

Table-3.3.1:- Details of villages located between 0-50 Km from the IB

Sl. No.	District	Block	No. of villages distance-wise				Villages covered under BADP			
			Total villages	0-10 Km.	10-20 Km.	20-50 Km.	Total coverage	0-10 Km.	10-20 Km.	20-50 Km.
1.	Champhai	Champhai	17	15	2	0	17	15	2	0
		Khawzawl	36	5	9	22	18	5	8	5
		Khawbung	25	17	8	0	23	16	7	0
		Ngopa	15	4	6	5	10	4	6	0
	<b>Total (1)</b>		<b>93</b>	<b>41</b>	<b>25</b>	<b>27</b>	<b>68</b>	<b>40</b>	<b>23</b>	<b>5</b>

<sup>5</sup> As per Revised Guidelines (June 2015), DLCs were to define the 'saturation' of village infrastructure based on the minimum facilities including road connectivity, schools along with facilities like separate toilets for girls, sports facilities, health services, electricity, water supply, community centre, public toilets particularly for women, houses for teachers and health staff in the light of local conditions

Sl. No.	District	Block	No. of villages distance-wise				Villages covered under BADP			
			Total villages	0-10 Km.	10-20 Km.	20-50 Km.	Total coverage	0-10 Km.	10-20 Km.	20-50 Km.
2.	Serchhip	E. Lungdar	12	2	8	2	10	2	8	0
		<b>Total (2)</b>	<b>12</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>10</b>	<b>2</b>	<b>8</b>	<b>0</b>
3.	Lunglei	Hnahthial	23	7	7	9	20	7	7	6
		Bunghmun	36	18	7	11	26	17	3	6
		Lungsen	60	31	23	6	28	18	9	1
		<b>Total (3)</b>	<b>119</b>	<b>56</b>	<b>37</b>	<b>26</b>	<b>74</b>	<b>42</b>	<b>19</b>	<b>13</b>
4.	Lawngtlai	Lawngtlai	35	9	13	13	28	9	12	7
		Sangau	17	11	6	0	17	11	6	0
		Bungtlang S	27	18	9	0	25	18	7	0
		Chawngte	83	78	5	0	35	30	5	0
		<b>Total (4)</b>	<b>162</b>	<b>116</b>	<b>33</b>	<b>13</b>	<b>105</b>	<b>68</b>	<b>30</b>	<b>7</b>
5.	Saiha	Saiha	19	6	13	0	9	5	4	0
		Tuipang	36	18	14	4	25	14	10	1
		<b>Total (5)</b>	<b>55</b>	<b>24</b>	<b>27</b>	<b>4</b>	<b>34</b>	<b>19</b>	<b>14</b>	<b>1</b>
6.	Mamit	W. Phaileng	20	8	11	1	20	8	11	1
		Zawlnuam	43	8	4	31	13	8	3	2
		<b>Total (6)</b>	<b>63</b>	<b>16</b>	<b>15</b>	<b>32</b>	<b>33</b>	<b>16</b>	<b>14</b>	<b>3</b>
<b>Grand Total (1 + 2 + 3 + 4 + 5 + 6)</b>			<b>504</b>	<b>255</b>	<b>145</b>	<b>104</b>	<b>324</b>	<b>187</b>	<b>108</b>	<b>29</b>

Source: Information furnished by the Department

Note: As per the BADP Guidelines, zero Km is either zero Km from IB (if the first village falls in the borderline) or first village from IB (irrespective of its distance from border)

As seen from above:

- There were total of 504 villages in the State within 0-50 Km. of the IB of which 324 villages (64 per cent) were covered under the BADP during 2012-17.
- Out of the total of 255 villages within 0-10 Km. of IB, 187 villages (73 per cent) were covered under the BADP during 2012-17. In Champhai block, all 15 villages within 0-10 Km. of IB were covered under the BADP, whereas in Lungsen block, 18 out of 31 such villages were covered during 2012-17.
- During 2012-17, 137 villages beyond 10 Km. of the IB were also covered under the BADP. Coverage of these 137 villages<sup>6</sup> was at the expense of the remaining 68 villages (255 minus 187 villages) within 0-10 Km. of the IB that could have been additionally covered during 2012-17 and which ought to have been given priority of coverage in accordance with the BADP Guidelines.
- It was further observed that none of the 324 villages covered under BADP during 2012-17 were declared 'saturated' in terms of infrastructure by the respective DLCs.

The Department stated (May 2018) that no village was declared 'saturated' since many villages within 0-10 Km. from the IB needed infrastructure development due to increased population.

The reply is not acceptable as the concept of 'saturation' of a border village was an essential requisite of the BADP itself. As the BADP was implemented since 1993-94,

<sup>6</sup> 137 villages = 108 villages (10-20 Km. of IB) plus 29 villages (20-50 Km. of IB)

non-declaration of villages as 'saturated' would result in the BADP being implemented as an indefinitely open-ended programme with no concrete progress to show in terms of the number of villages 'saturated' with infrastructural facilities.

#### **3.3.8.2 Prioritisation of works for strategic villages**

As per the BADP Guidelines (2014 and 2015), upper most priority should be given to strategic villages (located within 0-10 Km. from the IB) identified by the Border Guarding Forces (BGFs). BGFs were required to send a list of identified strategic villages to the State Government for saturating first with respect to developmental activities e.g. road connectivity, health, agriculture and allied activities. Further, 10 per cent of total fund allocated under the BADP was earmarked for the schemes to be suggested by the BGFs.

It was observed that Assam Rifles<sup>7</sup> forwarded (May 2014) a list of 69 *strategic villages* to the RDD to be saturated first. The same information relating to Border Security Force (BSF)<sup>8</sup> was not produced to Audit by the Department though called for. However, BSF forwarded to Audit the list of *works* proposed (May 2014) by it to the Department for execution under the BADP.

Audit observed that the Department had included 42 out the 69 *strategic villages* listed by Assam Rifles for coverage under the BADP in the AAPs of 2015-16 and 2016-17. Further, Assam Rifles had also proposed that 43 *works* be implemented in the 69 villages as against which however, only 19 *works* were included for implementation in the AAPs of 2015-16 and 2016-17. The BSF had proposed 20 *works* to be implemented under the BADP as against which only six *works* were included for implementation in the 2015-17. Reasons for non-inclusion of *villages/works* suggested by the BGFs were not on record.

In reply, the Department stated (June 2018) that the State Government was yet to notify strategic border villages and in the absence of such a notification, the Department was not obliged to give due importance to the suggestions of the BGFs.

The reply indicates that the Department was not fully complying with the provisions of the BADP Guidelines.

#### **3.3.8.3 Execution of inadmissible works**

Annexures-I and III of the BADP Guidelines detail the types/ nature of works that can be implemented under the BADP. Further, schemes of individual benefit/ construction of government buildings/ construction of Border Out Posts (BOP) for BGFs/ construction of any work in private places, etc. out the BADP funds is not permissible<sup>9</sup>.

<sup>7</sup> BGF for Indo-Myanmar Border

<sup>8</sup> BGF for Indo-Bangladesh Border

<sup>9</sup> Annexure II and III of the BADP Guidelines

Scrutiny of records revealed that the Department executed 60 inadmissible works across the State at a cost of ₹ 4.42 crore during 2012-17 out of the BADP funds as detailed in **Appendix-3.3.2**.

While accepting the fact, the Department stated (May 2018) that the inadmissible works were taken up due to grave necessity and construction of government buildings were in public interest.

The reply is not acceptable because the Department is obliged to execute only such works as are admissible under the BADP Guidelines.

### 3.3.9 Financial Management

During 2012-17, out of total fund of ₹ 202.62 crore<sup>10</sup> (including opening balance of ₹ 0.03 crore) available under the BADP, the Department utilised ₹ 201.69 crore for implementation of the programme. The year-wise details of funds available and expenditure incurred there against during 2012-17 are shown in the table below:

Table-3.3.2:- Receipt and utilisation of fund

Year	Opening Balance	Availability of funds			Expenditure	Closing Balance
		Release from GoI	Misc. Receipts <sup>11</sup>	Total		
2012-13	0.03	41.55	0.20	41.78	41.56	0.22
2013-14	0.22	40.17	0.26	40.65	40.17	0.48
2014-15	0.48	35.34	0.17	35.99	35.34	0.65
2015-16	0.65	38.62	0.18	39.45	38.51	0.94
2016-17	0.94	46.00	0.10	47.04	46.11	0.93
<b>Total</b>	<b>--</b>	<b>201.68</b>	<b>0.91</b>	<b>--</b>	<b>201.69</b>	<b>--</b>

Source: Departmental records

As seen from the above table, the closing balance increased from ₹ 0.22 crore as of 31 March 2013 to ₹ 0.93 crore as of 31 March 2017.

Audit observations on financial management are discussed in the succeeding paragraphs.

#### 3.3.9.1 Delay in release of fund by the State Government

As per paragraph 8.3 of the BADP Guidelines (2009), funds should be released by the State Governments to the implementing agencies immediately<sup>12</sup> upon receipt of fund from the GoI.

Scrutiny of records revealed that out of total fund of ₹ 201.68 crore received from GoI during 2012-17, ₹ 1.99 crore was retained<sup>13</sup> by the Secretary, RDD to meet the cost of administrative expenses, monitoring, Management Information System (MIS) etc.

<sup>10</sup> ₹ 202.62 crore = Opening balance : ₹ 0.03 crore + Release from GoI : ₹ 201.68 crore + Interest received ₹ 0.91 crore

<sup>11</sup> Paragraph 5.11 of BADP (2015) Guidelines envisages release fund within one month of receipt of fund from the GoI

<sup>12</sup> As per BADP Guidelines, the State Government can reserve 1.5 per cent of GoI's allocation

<sup>13</sup> As per BADP Guidelines, the State Government can reserve 1.5 per cent of GoI's allocation subject to maximum of ₹ 40 lakh (upto 2014-15) and ₹ 50 lakh (2015-17)

The remaining fund of ₹ 199.69 crore was released by the State Government to the RDD after delays ranging between one month and 23 months (details given in **Appendix-3.3.3**). It was also noticed that ₹ 4.60 crore (10 per cent State share of 2016-17) was not released (as of December 2017) by the State Government to the Department.

The delay in release of funds (as also timely release of State's share) by Finance Department, GoM to RDD would have adversely impacted on the overall implementation of the BADP in the State.

The Department stated (May 2018) that time taken by the Finance Department for release of fund resulted in delay of funds. There were no records produced to Audit to show that the Department had taken up this matter with the Finance Department to address this issue. The reply was also silent about the non-release of State's share of ₹ 4.60 crore.

### 3.3.9.2 Sector-wise allocation of funds

As per paragraph 5.2 of the BADP Guidelines (2015), the State Government shall draw an annual plan for taking up various schemes/ projects under various sectors for overall balanced development and for filling the gaps in basic physical and social infrastructure in the border areas. The Guidelines also prescribe the maximum/ minimum limit of budgetary allocation under the BADP for various sectors like education, health, infrastructure, etc.

As mentioned in **paragraph 3.3.8**, the Department executed works under BADP without assessing the critical gaps in physical and social infrastructure. Scrutiny of records also revealed that the sector-wise allocation of funds prescribed in the BADP Guidelines was not adhered to during 2015-16 and 2016-17 as tabulated below:

**Table-3.3.3:- Details of sector-wise allocation of funds**

Name of sector	Percentage of allocation to be made as per Guideline	2015-16			2016-17		
		Details of Allocation					
		Amount (₹ in crore)	Per cent	Excess (+)/ Short (-) (in Per cent)	Amount (₹ in crore)	Per cent	Excess (+)/ Short (-) (in per cent)
Education	10 (Min)	1.70	4.46	(-) 5.54	4.21	9.24	(-) 0.76
Health	10 (Min)	0.47	1.23	(-) 8.77	2.25	4.95	(-) 5.05
Infrastructure-I	35 (Max)	13.58	35.63	(+) 0.63	11.66	25.62	(-) 9.38
Infrastructure-II (Drinking water supply)	No limit	4.42	11.59	--	4.15	9.13	--
Agriculture & Allied activities	10 (Max)	0.26	0.68	(-) 9.32	0.39	0.86	(-) 9.14
Social	30	10.14	26.59	(-) 3.41	9.89	21.73	(-) 8.27
Sports	5 (Min)	3.46	9.08	--	4.25	9.34	--
Special/Specific area schemes	10 (Min)	0.13	0.34	(-) 9.66	0.62	1.36	(-) 8.64
Security	10 (Max)	0.17	0.45	(-) 9.55	2.45	5.39	(-) 4.61
Other Infrastructure	--	3.79	9.95	(+) 9.95	4.78	10.51	(+) 10.51
Total		38.12	--	--	44.65	--	--

Source: Departmental records

As seen from the above table, that the percentage of funds allocated under the 'Education', 'Health', 'Agriculture & Allied Activities', 'Special/ Specific area schemes' and 'Security' during 2015-16 and 2016-17 was less than the minimum

prescribed for these sectors in the BADP Guidelines. Further, the RDD had on its own, introduced a 'Other Infrastructure'<sup>14</sup> sector which was not there in the BADP Guidelines (2015) and allocation under this sector was 9.95 per cent (2015-16) and 10.51 per cent (2016-17) of the BADP funds.

The Department stated (May 2018) that infrastructure facilities are not satisfactory in Mizoram and therefore, the infrastructure sector was given priority. It further stated that due to the implementation of New Land Use Policy in Mizoram, agriculture sector was given lesser emphasis under BADP.

The Department's reply is not acceptable as the priority given to the infrastructure sector was not based on actual baseline surveys to assess the gaps in basic physical and social infrastructure in the border areas.

### 3.3.9.3 Parking of funds in Civil Deposits

As per paragraph 8.3 of the BADP Guidelines (2009), parking of BADP funds at any level is strictly prohibited. In violation of the guidelines, the Department parked BADP funds amounting to ₹ 27.02 crore in 'civil deposits'<sup>15</sup> for periods ranging between 3 and 30 months during 2012-17 as shown below:

Table-3.3.4:- Details of parking of funds in 'civil deposits'

Year	Details of deposits		Details of withdrawal		Duration of retention (in months)
	Amount	Month	Amount	Withdrawn between	
2012-13	6.18	March 2013	6.18	July 2013-September 2015	4 – 30
2013-14	20.42	March 2014	20.42	August 2014-December 2015	5 – 21
2014-15	0.00	-	0.00	-	-
2015-16	0.09	March 2016	0.09	June 2016	3
2016-17	0.33	March 2017	0.00	Nil	Nil
<b>Total</b>	<b>27.02</b>	<b>--</b>	<b>26.69</b>	<b>--</b>	<b>--</b>

Source: Departmental records

As seen from above, the Department was yet to withdraw ₹ 0.33 crore from 'civil deposits' (as of May 2018). Parking of funds in this manner affected the timely release of funds to the districts and resulted in submission of incorrect Utilisation Certificates to GoI as discussed in paragraph 3.3.9.5.

While accepting the fact, the Government stated (May 2018) that parking of funds under 'civil deposits' was in pursuance of the direction of the State's Finance Department.

<sup>14</sup> Works under this sector *inter alia* included construction of dormitory, development of Mizo cultural and tourist centre, construction of side drains, etc.

<sup>15</sup> To minimise the possibility to misuse of funds and huge accumulation of cash balance in the departmental chest, the Finance Department, GoM directed (March 2009) Departments to credit the unspent funds temporarily into '8443-Civil Deposit' (non-interest bearing) funds which were then to be withdrawn only with the prior permission of the Finance Department

### 3.3.9.4 Delay in submission of Detailed Countersigned Contingent Bills

Rule 312 of Central Treasury Rules (CTR) provides that funds for contingent charges may be drawn from the Treasury by presenting Abstract Contingent (AC) Bills. Detailed Countersigned Contingent (DC) Bills should be signed by the controlling officer and submitted to the Accountant General within one month from the date of drawal of such AC Bills.

It was observed that the Director, RDD drew ₹ 2.27 crore (March 2013: ₹ 1.49 crore; June 2016: ₹ 0.09 crore; March 2017: ₹ 0.69 crore) on AC bills. The Director submitted DCC bills (June 2013 to June 2017) for ₹ 2.18 crore after delays ranging between 2 and 12 months in violation of the timeline specified in the CTR.

DCC Bills for the remaining amount of ₹ 0.09 crore were, however, submitted in July 2016 without any delay.

The Department accepted (May 2018) the observation.

### 3.3.9.5 Submission of incorrect Utilisation Certificates

As per the BADP Guidelines, Utilisation Certificates (UCs) should be issued for the amount released under the BADP in the previous years except the preceding year. The details of BADP funds received and submission of UCs are shown in the table below:

Table-3.3.5:- Details of submission of UCs

(₹ in crore)

Year	Instalment	Funds released by GoI		Date of issue of UCs	Amount for which of UCs issued	Un-utilised amount at the end of year <sup>16</sup>
		Amount	Date			
2012-13	1	37.53 <sup>17</sup>	12.07.2012	17.04.2013	41.55	41.23
	2	4.02	23.01.2013			
Total		41.55	-	-	-	-
2013-14	1	36.12	22.07.2013	07.05.2014	40.17	33.40
	2	4.05	01.11.2013			
Total		40.17	-	-	-	-
2014-15	1	35.34	15.07.2014	16.04.2015	35.34	12.64
Total		35.34	-	-	-	-
2015-16	1	33.90	24.08.2015	27.05.2016	38.51	6.16
	2	3.77	04.12.2015			
	3	0.95	14.01.2016			
Total		38.62	-	-	-	-
Grand Total		155.68	-	-	155.57	93.43

Source: Departmental records

As seen from above, out of ₹ 155.68 crore received from the GoI during 2012-16, the Department issued UCs for ₹ 155.57 crore.

<sup>16</sup> Unutilised amount during 2012-16:

(₹ in crore)

Year	Civil deposit	Funds lying in the Bank Account	AC Bills	Total
2012-13	6.18	33.56	1.49	41.23
2013-14	20.42	12.98	0.00	33.40
2014-15	0.00	12.64	0.00	12.64
2015-16	0.09	6.07	0.00	6.16
Total	26.69	65.25	1.49	93.43

<sup>17</sup> including ₹ 1.38 crore released during 2011-12 but revalidated for 2012-13

Further, scrutiny of records revealed that the UCs issued during the period 2012-16 for ₹ 155.57 crore were not correct as out of this amount, the Department (i) parked ₹ 26.69 crore in 'civil deposit'; (ii) ₹ 65.25 crore was lying in a bank account; and, (iii) AC bills drawn of ₹ 1.49 crore had not been adjusted within that particular financial year. However, the Department reported ₹ 93.43 crore on these three counts as expenditure to the GoI. Thus, the reporting of expenditure by the Department to the GoI through UCs was incorrect.

The Department did not offer any comments on this observation (July 2018).

### 3.3.10 Programme Implementation

Works taken up under the BADP in Mizoram were all departmentally executed by the Director RDD through Block Development Officers. The Directorate also executed works directly from Aizawl deploying its engineers in the blocks.

During 2012-17, 1,760 works were taken up under the BADP across the 16 border blocks of six districts in the State at a cost of ₹ 178.39 crore. Out of 1,760 works, 299 works executed at a cost of ₹ 30.88 crore in Lungsens and Champhai blocks during 2012-17 were test-checked by Audit. In addition, out of these 299 works, joint inspection of 73 works executed at a cost of ₹ 10.01 crore was carried out (June-July 2017) by the departmental and audit officials. Test check of 299 works and joint inspection of 73 of the 299 works, revealed the following irregularities:

Sl. No.	Types of irregularities	Amount (₹ in crore)
(i)	Doubtful expenditure on hiring of excavators/ trucks	3.15
(ii)	Excess expenditure due to non-exclusion of contractor's profit	1.20
(iii)	Non-deduction of labour cess	0.31
(iv)	Overlapping of works taken up under BADP	0.83
(v)	Idle assets/ Assets utilised for other purposes than intended	0.58
(vi)	Works shown as completed but yet to start	0.20
(vii)	Works shown as completed but found incomplete	0.92
(viii)	Display board not erected	--

The above irregularities are discussed in the succeeding paragraphs.

#### (i) *Doubtful expenditure on hiring of excavators/ trucks*

For construction of road works during 2012-17, the Directorate of RDD and BDOs of Champhai and Lungsens blocks deployed excavators and trucks for executing earthworks in these two blocks.

Audit verified (June and July 2017) the registration numbers of the excavators/ trucks (noted in the money receipts) with the records of the Transport Department, GoM. The verification revealed that in 67 works (where ₹ 3.15 crore was paid as hiring charges for excavators/ trucks), the registration numbers of excavators/ trucks shown in the money receipts were the registration numbers of vehicles other than the excavators/ trucks like auto-rickshaw, scooter, motor cycle, car, van, etc. (details given in **Appendix-3.3.4**). Further, in 20 out of the 67 works, the excavators/ trucks with the

same registration numbers were found to have been utilised at two or more different locations at the same time as shown below:

**Table-3.3.6:- Details of engagement of excavators/ trucks with the same registration numbers**

Sl. No.	Name of the Block	Name of work	JCB Registration number	Period of engagement	Amount spent (₹ in lakh)
1.	BDO, Champhai	Improvement of approach road from Vengthlang, Dawrveng to Kanan	MZ04-2197	7 to 24 January 2013	4.83
2.		Construction of Approach road to A. R Security Post at Vengsang		7 to 21 January 2013	3.83
3.		Construction of T/road from N. Khawbung to Khamkeh Zau via Tuikual zau		7 to 24 January 2013	4.83
4.		Construction of T/road from Khuangphah to Lungphunlian	MZ04-2439	7 January to 8 February 2013	8.83
5.		Improvement of Truck road Thingsechawlh hmun to Ngawiphai WRC area		7 to 16 January 2013	2.83
6.		Construction of MTR from Kelkang to Hmundo	MZ03-1538	7 November to 6 December 2016	4.85
7.		Construction of MTR from Zokhawthar to Hringlangtang		7 to 30 November 2016	3.94
8.		Widening of Jeepable road from Diltang o Tuithoh	MZ04-3040	7 to 24 January 2013	4.83
9.		Construction of Playground at Vengsang			4.88
10.		Construction of MTR from Tualcheng to Pamchung via Kahkawn	MZ04-5304	13 February 2017 to 14 March 2017	4.85
11.		Construction of MTR from Vapar to Murlen		13 February 2017 to 14 March 2017	4.92
12.		Construction of MTR from Lungphunlian to Tualcheng		13 February 2017 to 7 April 2017	8.86
13.		Construction of MTR from thinglian zau to Tiau phai Hnahlan		13 February 2017 to 24 March 2017	6.90
14.		Continuation of MTR from Dinthar top RD pump via Awmpui phai zau, Dinthar		13 February 2017 to 20 March 2017	5.91
15.	BDO, Lungsan	Construction of MTR from Sailen to mautlang.	MZ02-7085	28 November 2015 to 12 January 2016	7.67
16.		Extension of playground at Bolia		12 December 2015 to 9 January 2016	4.64
17.		Construction of MTR from Sailen to mautlang.	MZ02-7537	8 February 2017 to 25 March 2017	9.51
18.		Construction of MTR from Andermanik to Rolui.		8 February 2017 to 25 March 2017	9.51
19.		Hiring charge of JCB for black topping of road between Phairuangkai and Rotlang west	MZ01D-8275	14 December 2015 to 12 March 2016	9.80
20.		Hiring charge of Vibratory roller for black topping of road between Phairuangkai and Rotlang west		14 December 2015 to 12 March 2016	5.88
Total					122.10

Source: Departmental records

Thus, in the light of the facts brought out by Audit, the expenditure of ₹ 3.15 crore towards hiring charges of excavators/ trucks appeared doubtful.

The Department stated (May 2018) that during preparation of bills, “JCB<sup>18</sup> owners are usually communicated through mobile phones and JCB (registration) numbers inquired through the same. Some words and numbers might have been misheard and misunderstood leading to wrong entry of JCB numbers in the bills.”

The reply is unacceptable as it indicates the laxity of the concerned departmental officials who relied on information received from the owners of excavators/ trucks through mobile phone but did not carry out checks to ascertain the genuineness of the claims.

*Audit recommends that First Information Report (FIR) be filed in this matter so that responsibility can be fixed and guilty punished.*

**(ii) Excess expenditure due to non-exclusion of contractor's profit**

For works executed departmentally, estimates should be prepared exclusive of contractor's profit. The Department prepared the estimates for various works executed under the BADP based on the Mizoram Schedule of Rates (MSoR), which is inclusive of 10 per cent (for buildings and bridges) and 12.50 per cent (for rural roads) contractor's profit.

During 2012-14, an expenditure of ₹ 10.02 crore was incurred on 162 works taken up under the BADP, which were executed departmentally, in Champhai and Lungsens blocks as shown below:

**Table-3.3.7:- Details of non-deduction of contractor's profit**

Name of the Component	Champhai	Lungsens	Total	Contractor's Profit		
				10 per cent	12.5 per cent	Total
(A) Building and bridges:						
(i) No. of works	78	44	122	-	-	-
(ii) Amount (₹ in crore)	3.80	3.82	7.62	0.69 <sup>(*)</sup>	-	0.69
(B) Rural roads:						
(i) No. of works	36	4	40	-	-	-
(ii) Amount (₹ in crore)	1.65	0.75	2.40	-	0.27 <sup>(**)</sup>	0.27
Grand Total (A + B):						
(i) No. of works	114	48	162	-	-	-
(ii) Amount (₹ in crore)	5.45	4.57	10.02	0.69	0.27	0.96

Source: Departmental records

(\*) :  $0.69 = \{7.62 - (7.62/1.10)\}$

(\*\*) :  $0.27 = \{2.40 - (2.40/1.125)\}$

As contractors were not engaged, preparation of estimates based on MSOR without excluding contractor's profit amounting to ₹ 0.96 crore was irregular and hence resulted in extra expenditure to that extent.

While accepting the audit observation, the Department stated (May 2018) that the contractor's profit amount was fully absorbed in the works but have been deducted from all the works in later years. The reply is not correct as it was observed in the two selected blocks of Champhai and Lungsens, contractor's profit of ₹ 0.21 crore had

<sup>18</sup> J.C. Bamford Excavators universally known as JCB

not been deducted from the estimates of ₹ 2.29 crore for 10 works (details given in **Appendix-3.3.5**) executed in these two blocks under the BADP during 2014-15 and 2016-17. The Department thereby also incurred excess expenditure of ₹ 0.21 crore in these 10 works.

The excess expenditure due to non-deduction of contractor's profit in the above cases detected by Audit worked out to ₹ 1.17 crore<sup>19</sup>.

**(iii) Non-deduction of labour cess**

The Finance Department, GoM directed (May 2012) all Departments to deduct cess at source at the rate of one *per cent* for execution of any building or other construction works including works executed departmentally. The amount so deducted was to be deposited with the Mizoram Building & Other Construction Welfare Board.

Test check of records of Champhai and Lungsens blocks revealed that though 299 construction works were executed departmentally at a cost of ₹ 30.88 crore during 2012-17, cess of ₹ 0.31 crore was not deducted at source and deposited with the Board.

The Department stated (May 2018) that the Department referred the matter to the Ministry of Home Affairs (MHA), GoI and no instruction was received and therefore, no deduction was made for labour cess.

The reply is not factually correct as MHA had clarified (December 2016) that financial procedures/ rules/ regulations of the concerned State Government regarding deduction of labour cess would be applicable. Hence, non-deduction and non-deposit of labour cess by the Department was irregular.

**(iv) Idle assets**

As mentioned earlier, 73 works executed at a cost of ₹ 10.01 crore in Champhai and Lungsens blocks during 2012-17 were jointly inspected (July 2017) by departmental and audit officials. This exercise revealed that the assets created from three works executed in Lungsens block of Lunglei district at a cost of ₹ 13.90 lakh during 2013-16 were not being utilised as detailed below:

**Table-3.3.8:- Details of idle assets/assets utilised for other purposes**

Sl. No.	Name of work	Cost (₹ in lakh)	Reasons for non-utilisation of assets created
1.	Construction of building for Turmeric process Mill at Lungsens	5.00	Turmeric Processing Machine has not been installed since July 2017 and there is no provision of supply of power and water in the building
2.	Provision for supply and installation of Ultrasound machine at PHC Lungsens	5.00	The equipment were handed over in March 2018 after 40 months of completion. The Health Department, GoM has posted the technician in March 2018
3.	Provision for supply and installation of semi-analyser at PHC Lungsens	3.90	
<b>Total</b>		<b>13.90</b>	<b>--</b>

Source: Departmental records

<sup>19</sup> ₹ 1.17 crore = (₹ 0.96 crore + ₹ 0.21 crore)

Thus, non-utilisation/ delayed utilisation of assets created under BADP not only point to poor monitoring at DLC and/ or SLSC levels but also deprived the people residing in the border villages of the benefits which were to accrue to them from these works.

The Department stated (June 2018) that action would be taken to utilise the assets.

**(v) Works shown as complete but yet to start**

Scrutiny of records of Champhai and Lungsens blocks revealed that the BDOs of the two blocks incurred an expenditure ₹ 20 lakh on four works (Champhai: two and Lungsens: two) during 2016-17. As per records these works were commenced between 06 February 2017 and 08 February 2017 and reported as complete between 07 March 2017 and 10 March 2017 (details are given in **Appendix-3.3.6**).

Joint inspection (June-July 2017) of the four works revealed that these works were however, yet to even commence. Audit observed that bills for ₹ 20 lakh were approved by the BDOs towards wage payments (₹ 5.68 lakh) to skilled, semi-skilled and un-skilled labourers purportedly engaged on these four works and for procurement of material (₹ 14.32 lakh).

While accepting the observations, the Department stated (May 2018) that the works had been started and would be completed soon. In the absence of documentary evidence, the contention of the Department could not be vouched by Audit. The reply was silent as to why fake bills were approved/ sanctioned by BDOs when the works had not even commenced.

*Audit recommends that First Information Report (FIR) be filed in this matter so that responsibility can be fixed and guilty punished.*

**(vi) Works shown as complete but found incomplete**

Scrutiny of records of Champhai and Lungsens blocks revealed that the BDOs of the two blocks took up four works (Champhai: three and Lungsens: one) at a cost of ₹ 92 lakh during 2013-17. As per records, these works commenced between 16 December 2013 and 08 February 2017 and were reported as completed between 29 January 2014 and 07 April 2017 (details given in **Appendix-3.3.7**).

During joint inspection (June-July 2017) by departmental and audit officials of these four works, it was found that these works were incomplete. Photographic evidence confirming this finding are printed below.



Indoor Badminton Court at Old DC Complex at Champhai Block



Community Hall at Mualveng, Ruantlang at Champhai Block



Medium Truck Road from Lungphunlian to Tual-cheng at Champhai Block



Primary Health Centre building at Lungsen Block

Thus, the BDOs wrongly certified the four works as complete. Further, in the absence of vouchers and actual payee receipts in support of payments made with respect to the four works, the genuineness of the payments could not be vouched by Audit.

The Department stated (May 2018) that the four works would be completed during 2017-18. The reply did not clarify as to why fake bills were raised when the works were in an incomplete stage.

Department should investigate the remaining 1,461 works to ensure that similar irregularities had not occurred in these works also.

*Audit recommends that the matter be referred to the State's Vigilance Department for further investigation.*

**(vii) Display board not erected**

As per paragraph 9.2 of the BADP Guidelines (2009), signboards should be put up at project sites indicating name of the work, estimated cost, date of commencement, date of completion of construction and the name of the executing agency. However, during joint inspection (June–July 2017) of 73 works, it was found that signboards were not erected at 35 work sites.

While accepting the facts, the Department stated (May 2018) that due to site or time constraints and lack of knowledge about the necessity of signboards by the executing parties, numerous works were executed without installing the requisite signboards.

### 3.3.11 Monitoring and evaluation

An effective monitoring system is an important tool to ensure the proper and timely execution of works and the attainment of their intended outcomes. Under the BADP Guidelines, mechanisms have been prescribed for this purpose. The compliance of these provisions by the Department is given in the table below:

Sl. No.	Provision as per BADP Guidelines	Status of compliance by RDD
1.	The SLSC should meet November/December every to review the progress of the schemes.	Although, an SLSC was constituted, no meetings of the SLSC were held during 2012-17 to review the progress of the BADP.

Sl. No.	Provision as per BADP Guidelines	Status of compliance by RDD
2.	The State Government should develop an institutional system for inspection of the BADP scheme. For each border block a high ranking nodal officer should regularly visit the block and monitor the schemes.	No institutional system for inspection of the schemes taken up under the BADP was developed. Since September 2014, officers in the rank of Joint Secretary and Deputy Secretary of the Department were assigned the task of monitoring BADP works in the specified blocks. Scrutiny of records revealed that during September 2014 to October 2016, only 40 works in the State were inspected by the departmental officers. Out of two blocks covered in this Audit, inspection of four works was conducted in Champhai block, while no inspection was carried out in Lungsens block during the same period.
3.	The DLCs should monitor the implementation of works as well as the quality of works and submitted quarterly report to the State Government for onward transmission to the Ministry of Home Affairs, GoI.	DLC of Champhai District monitored only two works of Champhai block once in May 2016. No monitoring by DLC was conducted in Lungsens block of Lunglei district.
4.	Third Party inspection should be commissioned for an independent feedback on the quality of works executed and other relevant issues	Third Party inspection was conducted (May 2017) by M/s North East Consultancy of works taken up under the BADP in the State during 2012-15. The Third Party Inspection Report indicated deficiencies in the areas of procurement of medical equipment, capacity buildings, training, weaknesses of the technical wing of the RDD, etc. However, no corrective measures were taken by the Department to address the shortcomings pointed out.

While accepting the facts, the Department assured (June 2018) that comprehensive inspections would be initiated at the District and Block levels. It further added that instructions had since been issued to field functionaries to address the issues pointed out in the third party inspection report.

### 3.3.12 Social Audit

Paragraph 9.1 and 10.1 of the BADP Guidelines (2009, 2014 & 2015) stipulate that an appropriate Social Audit System should be put in place for monitoring and review of the works executed under the BADP.

It was observed that no Social Audit was commissioned by the Department during the period covered by Audit.

While accepting the facts, the Government stated (June 2018) that social audit would be conducted by Mizoram Society for Social Audit, Accountability & Transparency (MISSAAT) in future.

### 3.3.13 Management Information System

As per paragraph 11 of the BADP Guidelines (2015), Management Information System (MIS) developed by the Ministry was required to be implemented<sup>20</sup> from 2015-16. The State Government was required to identify a state and district level nodal officers to

<sup>20</sup> Submission of the AAP, release of funds, monitoring and e-filling be done through MIS application

oversee the regularity and accuracy of the data furnished by the District to the State and the State to the Ministry.

It was observed that the Department had designated (May 2018) a Deputy Secretary as nodal officer at the State level. No nodal officers were however, designated at the district level. The Department used the MIS only for uploading the baseline survey in 2015-16 and AAPs of 2015-16 and 2016-17. It did not upload data or feed the required reports on the implementation of the schemes. Further, Audit could not retrieve any information from the portal of MIS. Thus, the reliability and utility of MIS was yet to be established.

While accepting the facts, the Department stated (May 2018) that previous MIS was corrupted and could not be used due to which a new MIS was under development. The reply was silent on engagement of nodal officers at the district level.

### **3.3.14 Conclusion**

The main objective of the BADP for speedy development of border areas and saturating the priority villages with essential social and physical infrastructure was not achieved as not a single border village was declared 'saturated'. There was little or no involvement of the significant stakeholders at the district level in the planning process. Deposit of huge fund in 'civil deposits'/ savings bank account and excessive delays in release of funds had adversely impacted the implementation of the programme. Allocation of the prescribed percentage of funds under the different sectors identified under the BADP Guidelines was also not maintained. There were slippages in execution of schemes and there were instances of possible misappropriation of funds. Maintenance of assets created was inadequate and there were instances of the created assets remaining idle or utilised for other purposes than intended. Monitoring of the BADP at the State and district level was negligible.

### **3.3.15 Recommendations**

In order to improve implementation of the BADP, the State Government may consider:

- Adopting a bottom-up approach in preparation of Annual Action Plans with the involvement of concerned stakeholders at the grass-root level.
- Prioritize implementation of the BADP works in villages within 0-10 Km. from the IB.
- Ensure timely release of funds to the RDD and discourage the parking of funds under 'civil deposits'.
- Improve the oversight mechanism to curb irregularities, as brought out in this report, in the execution of works under the BADP.
- Take steps to fully operationalize the Management Information System at the earliest and commission Third Party inspection and Social Audits at frequent intervals to improve the planning, execution and outcomes of the BADP.

## IRRIGATION AND WATER RESOURCES DEPARTMENT

### 3.4 Accelerated Irrigation Benefits Programme

#### 3.4.1 Introduction

The Accelerated Irrigation Benefits Programme (AIBP) was launched by the Government of India (GoI) in 1996-97. The main objective of the programme was to provide financial assistance to the States for accelerating the implementation of large irrigation and multipurpose projects, which were beyond the resources of the States to take up or were in an advanced stage of completion. AIBP in Mizoram was being implemented by the Irrigation & Water Resources Department (IWRD), Government of Mizoram (GoM). During the period 2008-17, 193 Minor Irrigation Projects<sup>21</sup> (MIP) under the AIBP were taken up in the State at a total cost of ₹ 209.80 crore. Since 2015-16, 14 MIPs had also been taken up under the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)<sup>22</sup> at a cost of ₹ 13.71 crore.

#### Highlights

**Delay in release of funds by the State Government to the Implementing Agency ranged from nine days to six months.**

(Paragraph 3.4.9.1)

**Parking of funds in Civil Deposit resulted in delay in completion of projects.**

(Paragraph 3.4.11)

**Non-maintenance of assets resulted in loss of irrigation potential.**

(Paragraph 3.4.13.3)

**Financial irregularities were committed during the execution of works.**

(Paragraph 3.4.10.1)

**Monitoring and evaluation mechanism was weak and ineffective.**

(Paragraph 3.4.14)

#### 3.4.2 Organisational Setup

The Secretary to the Government of Mizoram (GoM), IWRD is the Administrative Head of the Department. He is assisted by a Chief Engineer, two Superintending Engineers (SEs), eight Executive Engineers (EEs), three Assistant Engineers (AEs) and 14 Sub-Divisional Officers (SDOs).

#### 3.4.3 Scope of audit

Audit covered the implementation of the AIBP in the State during the period 2008-17. The scope of this audit encompassed (details given in **Appendix-3.4.1**):

- the office of the Chief Engineer, IWRD;

<sup>21</sup> All ground water schemes and surface water schemes (both flow and lift) having cultivable command area (CCA) up to 2,000 hectares individually are considered as minor irrigation schemes

<sup>22</sup> In July 2015, PMKSY was conceived by amalgamating AIBP, Integrated Watershed Management Programme (IWMP) and On-Farm Water Management (OFWM)

- two districts (Aizawl and Champhai) out of eight districts in the State;
- two<sup>23</sup> out of four IWRD divisions in Aizawl and Champhai districts;
- 12 MIPs<sup>24</sup> (10 completed and two on-going) executed at a cost of ₹ 17.01 crore (completed MIPs – ₹ 16.51 crore; ongoing MIPs ₹ 2.43 crore<sup>25</sup>) in Aizawl and Champhai districts (out of a total of 207 completed/ ongoing MIPs taken up in the State during 2008-17 at an estimated cost of ₹ 223.51 crore<sup>26</sup>); and,
- a beneficiary survey (a minimum of nine farmers each from the 10 completed MIPs)<sup>27</sup>.

#### **3.4.4 Audit Objectives**

The objectives of audit of AIBP were to ascertain whether:

- the implementation of AIBP was economical and effective;
- the fund management was economical and effective; and,
- adequate and effective mechanism existed for monitoring and evaluation of the projects.

#### **3.4.5 Audit Criteria**

Audit criteria were drawn from:

- Guidelines of AIBP (2006) and PMKSY (2015);
- Guidelines issued by Central Water Commission (CWC) for preparation of Detailed Project Reports (DPRs), Memorandum of Understanding (MoU) between the State and Central Government;
- CPWD Manual (being followed in the State) and General Financial Rules; and,
- Circulars/ instructions issued by Ministry of Water Resources, River Development & Ganga Rejuvenation (MoWR) and CWC.

#### **3.4.6 Audit Methodology**

Audit methodology comprised of an entry conference (28 April 2017) with the Department, requisition and scrutiny of records, issue of audit observations, scrutiny of response to audit observations, joint inspection of selected AIBP assets by departmental and audit officials, issue of draft audit report to the Department followed by an exit conference (22 January 2018). The replies received from the Department and views expressed by the Department during the exit conference have been incorporated in this report wherever considered relevant.

<sup>23</sup> Aizawl, Champhai

<sup>24</sup> **Aizawl Division:** Completed projects: Mat, Zilngai, Changte, Buhchangdil, Tuikual, Fuanlui; On-going project: Khawhnuai

**Champhai Division:** Completed projects: Awmpuiphai, Midumphai, Lower Tuimuk, Thangpui; On-going project: Tlabung Ph. II

<sup>25</sup> Up to March 2017

<sup>26</sup> Cost of 193 completed projects: ₹ 209.80 crore *plus* cost of 14 on-going projects: ₹ 13.17 crore = ₹ 223.51 crore

<sup>27</sup> The actual number of farmers who took part in the beneficiary survey was 105

### **3.4.7 Acknowledgement**

The Indian Audit & Accounts Department acknowledges the cooperation and assistance extended to it by the IWRD during the conduct of this audit.

### **Audit Findings**

The findings of audit on the implementation of AIBP are discussed in the succeeding paragraphs.

### **3.4.8 Detailed Project Reports**

#### **3.4.8.1 Deficiency of Detailed Projects Reports**

The IWRD submits its Detailed Project Reports (DPRs) for works proposed to be taken up under the AIBP to the Central Water Commission (CWC) for approval. As per guidelines of the CWC, DPRs should be prepared for irrigation projects after considering the surveys and investigation reports, hydrological analysis, construction programme (quantity-wise, item-wise and year-wise), irrigation planning and benefit-cost ratio (BCR).

Scrutiny of the DPRs of the 10 completed and two on-going MIP projects<sup>28</sup> in Aizawl and Champhai districts revealed the following deficiencies:

- Survey details of the command area<sup>29</sup>, head works and channel alignments were not mentioned. Although, the Department claimed that prospective beneficiaries were involved in the process of project formulation through their active participation in preliminary surveys and investigations, Audit could not find any documentary evidence of the survey and investigation reports.
- Rainfall details of the catchment areas<sup>30</sup>, detailed assessment of the requirement and availability of water for irrigation were not mentioned in the DPRs.
- The assumed lives<sup>31</sup> of the projects were estimated arbitrarily at 10, 25 and 40 years for the purpose of working out the BCR of the projects.
- Operation and Maintenance (O&M) cost of 10 completed MIPs was not included for the calculation of the net annual costs, while DPRs of two on-going MIPs included the O&M cost in DPRs.

While accepting the facts, the Department stated (December 2017) that the aspects pointed out by audit would be incorporated in the DPRs in future and survey and investigation reports would be properly documented.

### **3.4.9 Financial Management**

AIBP was being funded on a cost-sharing basis of 90:10 between the GoI and State Government. The Department received ₹ 202.84 crore (from GoI ₹ 182.35 crore and

<sup>28</sup> O&M charges were included in the DPRs of the two on-going projects

<sup>29</sup> The area which can be irrigated from a scheme and is fit for cultivation

<sup>30</sup> The area from which the rainfall flows into a river or lake or reservoir

<sup>31</sup> 10 years:- one project (Aizawl Division); 25 years:- two projects (Aizawl Division); 40 years:- four projects (Aizawl Division) and five projects (Champhai Division)

from GoM ₹ 20.49 crore) for the implementation of AIBP during 2008-17 which was entirely spent as of 31 March 2017.

It was noticed during audit that the Department did not receive funds during the period 2012-15 as the GoI did not sanction new projects during this period due to late/non-submission of project proposals by the State Government.

The Department stated (December 2017) that due to repeated revision of guidelines and restructuring of Planning Commission (now Niti Ayog), the submitted DPRs were not approved.

The reply of the Department was not acceptable for the following reasons:

- Proposal for inclusion of 26 schemes under AIBP XI (2012-13) was sent to the MoWR, GoI only in December 2012. Another proposal for inclusion of 45 schemes under AIBP XII (2012-13 and 2013-14) was sent to the MoWR, GoI in February 2013.
- Proposals for inclusion of 66 new schemes (2013-14) under AIBP and Command Area Development and Water Management (CADWM)<sup>32</sup> were sent to the MoWR, GoI only in March 2014.
- No proposal was submitted by the State Government for the year 2014-15.

#### **3.4.9.1 Delay in release of fund by State Government**

As per AIBP guidelines, the State Government must release Central grant component along with the State share to the IWRD within 15 days of its release by the GoI.

Scrutiny of records revealed that out of the total available fund (received from GoI and State share) of ₹ 202.83 crore during 2008-17, the State Government released ₹ 183.45 crore (90 *per cent*) to the IWRD with delays ranging between 9 and 180 days beyond the specified time limit (details are given in **Appendix-3.4.2**). The remaining amount of ₹ 19.38 crore was released to the IWRD within the stipulated time of 15 days.

The Department stated (December 2017) that efforts would be made for early release of funds in future.

#### **3.4.9.2 Submission of incorrect Utilisation Certificates**

As per AIBP guidelines, Utilisation Certificates (UCs) must contain physical achievement of Irrigation Potential (IP).

Scrutiny of records revealed that UCs submitted by the Department indicated only the financial progress but not the physical achievement of IP. Further, out of the total funds

<sup>32</sup> The objective of CADWM was to improve Irrigation Potential (IP) utilisation and to optimise agricultural production from irrigated land. CADWM was funded on a cost sharing basis of 50:50 between the GoI and the State Government

(₹ 144.06 crore) received during 2009-12, ₹ 117.01 crore parked in 'Civil Deposits'<sup>33</sup> were also reported to GoI as utilised as given in Table-3.4.1 below.

Table-3.4.1:- Funds parked in Civil Deposits reported as utilised

(₹ in crore)

Year	Fund received (Central and State)	Fund kept in Civil Deposit	Date of deposit	Date of submission of UC	Amount shown as utilised	Balance on the date of submission of UC
2009-10	40.50	37.38	31.03.2010	11.06.2010	40.50	30.50
2010-11	56.77	37.32	31.03.2011	16.08.2011	56.77	21.00
2011-12	46.79	42.31	31.03.2012	11.02.2013	46.79	19.87
<b>Total</b>	<b>144.06</b>	<b>117.01</b>	--	--	<b>144.06</b>	

Source: Departmental records

Thus, the UCs furnished to the GoI were not based on the actual expenditure incurred during 2009-12.

### 3.4.10 Programme implementation

#### 3.4.10.1 Irregularities in the execution of works

The Department executed 207 projects<sup>34</sup> in the State under AIBP at an estimated cost of ₹ 223.51 crore during 2008-2017. Out of the 207 projects, audit test checked 12 projects (ten completed and two on-going) executed in Aizawl and Champhai districts. The scrutiny revealed irregularities which are discussed in the succeeding paragraphs.

##### (i) Extra expenditure incurred on hiring charges of excavators

Land levelling and shaping of rice cultivation areas was being done mechanically using hydraulic excavators. As per Analysis of Rates, 2007 of CPWD, (followed by the State PWD), average output of a hydraulic excavator is 30 cubic metres (cum.) per hour.

Contrary to the CPWD norm, it was observed that the Department in order to derive the number of hours required to hire an excavator, simply divided the estimated cost of land development (as provisioned in the approved estimates of each work) by the hourly hiring charges of an excavator instead of taking into account the volume of earth work an excavator did in one hour. Resultantly, the excavators were found to be hired in excess of the actual requirement and the Department incurred an extra expenditure of ₹ 52.89 lakh on hiring charges of excavators for land development during 2011-13 in nine sampled MIPs (details given in **Appendix-3.4.3**).

The Department stated (December 2017) that land levelling and shaping is inconvenient to be measured in terms of volume. The amount of cut and fill was next to impossible to measure and sometimes small amount of excavated earth had to be dumped in a far

<sup>33</sup> To minimise the possibility of misuse of funds and huge accumulation of cash balance in the departmental chest, GoM decided (March 2009) to credit the unspent funds, temporarily, into '8443-Civil Deposits'. Funds were to be withdrawn only with the prior permission of the Finance Department

<sup>34</sup> 193 completed (₹ 209.80 crore) and 14 on-going (₹ 13.71 crore)

corner of the field. This made the cost of hiring of excavator justified in hours and not from the volume of earthwork excavated.

The reply is not acceptable because, as per the CPWD norm, excavators were to be engaged and paid for in terms of the volume of earthworks to be executed calculated at the rate of 30 cubic metres per hour.

**(ii) Subletting of work**

As per Clause 21 of the General Conditions of Contract (GCC) issued by the Department for construction of Mat MIP, the contract shall not be assigned or sublet without the written approval of the Chief Engineer (CE). Further, CPWD Manual 2007 (being followed in the State) stipulates that in case of subletting, the sublettee should be a contractor of the same or higher capacity or class as the original contractor.

Scrutiny of records revealed that two contractors who were awarded works, valuing ₹ 2.21 crore in Mat MIP, sublet (October 2012) their works, without the approval of CE through Power of Attorney to two contractors who did not have valid registration under the State PWD, thereby defeating the purpose of registration of contractors and tendering (**Appendix-3.4.4**).

The Department stated (December 2017) that care would be taken in future.

**3.4.11 Delay in completion of projects**

As per the AIBP Guidelines, MIPs should be completed within two years. As stated earlier, for the purposes of this report, Audit had selected a sample of 10 completed MIPs (and two on-going MIPs) based on the information provided by the Department. In the course of joint inspection however, it emerged that out of the ten MIPs reported as completed, one MIP (Mat MIP) was still on-going as of May 2017 (Mat MIP is discussed separately in **paragraph 3.4.11.1**).

Scrutiny of records revealed there were delays in completion of eight out of the nine (after excluding Mat MIP, which is still on-going) selected MIPs ranging between one year and three years as detailed in **Appendix-3.4.5**. Only Thangpuilui MIP in Champhai district was completed in time. The reasons for delay in completion of the eight MIPs were attributable to:

- Release of funds by the GoM to the IWRD with delays ranging between 9 and 189 days from the date of receipt of funds from GoI in all the eight MIPs;
- Parking of project funds under 'Civil Deposit' for periods ranging between 19 and 70 months in all the eight MIPs; and,
- Notice Inviting Tenders were issued after a lapse of more than one year from the date of receipt of funds from GoM for four MIPs<sup>35</sup>.

<sup>35</sup> (i) Mat MIP (366); (ii) Zilngai MIP (510); (iii) Buhchangdil MIP (540); and (iv) Tuikual MIP (540)

The Department stated (December 2017) that efforts would be made to minimise delays in future.

#### 3.4.11.1 Ongoing project reported as completed

GoI sanctioned (March 2011) Mat MIP (estimated cost: ₹ 5.54 crore) with the aim to provide irrigation facilities to 210 hectares of gross command area to benefit 44 farmers. The project was scheduled to be completed within two years from the date of release of the first instalment by GoI i.e. by March 2013. The project was reported by the IWRD to the CWC as complete in February 2013. Joint verification (May 2017) of the project, however, revealed that the project was still on-going.



Scrutiny of records revealed that the project was executed departmentally as well as through three contractors<sup>36</sup>. The GoM released the first instalment to the Department in March 2011. However, the Department engaged the contractors after a lapse of 366 days from the date of receipt of funds while for the departmentally executed portion of the work, there was a delay of 355 days in procurement of materials from the date of release of first instalment of GoI fund.

It was observed that the implementation of the project was further set back by land disputes on two occasions (2013 and 2015). While the first case was settled in 2015, the second case was not yet settled (the owner of a stone crusher had objected to the construction of a RCC channel on the ground that his stone crusher was located just above the channel alignment).

The Department had no records to indicate that the matter was being pursued with the owner of the stone crusher for early settlement of the dispute. Thus, the work scheduled to be completed by March 2013 was yet to be completed (November 2017) and the benefits envisaged for 44 farmers was yet to accrue to them even after a delay of more than four years and an expenditure of ₹ 4.86 crore (up to March 2017).

The Department stated (December 2017) that efforts would be made to complete the project expeditiously.

<sup>36</sup> (i) Pu Rozinga for construction of Channels and culverts; (ii) Pu John Zakamlova for construction of channels, aqueduct with escape and culverts; and (iii) Pu H. Sapthagliana for construction of channels, culverts and aqueduct

### 3.4.12 Irrigation Potential targeted, actually created and utilised

As per the information provided by the Department, 100 *per cent* irrigation potential (IP)<sup>37</sup> (with reference to targeted IP to be created) of 894 hectares had been created in respect of the nine completed sampled MIPs<sup>38</sup>. Out of the 894 hectares of IP created, 373 hectares (42 *per cent*) of IP was being utilised by the farmers. The details are as shown in Table-3.4.2.

Table-3.4.2:- IPC and IPU of nine completed sampled projects

Sl. No.	Name of completed Project	District	Date of completion	Irrigation Potential			Gap	
				To be created <sup>39</sup>	Actually created <sup>40</sup>	Utilised	IPC-IPU	Per cent
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8=6-7)	[9=(8/6) x100]
1.	Awmpuiphai	Champhai	Feb 2013	120	120	78	42	35
2.	Lower Tuimuk		Nov 2011	80	80	48	32	40
3.	Midumphai		Nov 2012	137	137	82	55	40
4.	Thangpuilui		Feb 2009	55	55	23	32	58
5.	Buhchangdil	Aizawl	May 2014	100	100	40	60	60
6.	Changte		April 2015	130	130	60	70	54
7.	Fuanlui Zau		Nov 2014	75	75	3	72	96
8.	Tuikual		June 2014	72	72	30	42	58
9.	Zilngai		May 2015	125	125	9	116	93
<b>Total</b>		--	--	<b>894</b>	<b>894</b>	<b>373</b>	<b>521</b>	<b>58</b>

Source: Information furnished by the Department

Going by the Department's own admission, it will be seen that:

- overall only 42 *per cent* of IP created was being utilised;
- in Fuanluizau and Zilngai MIPs, the non-utilisation of the IP created was more than 90 *per cent*; and
- utilisation of IP ranged from 4 to 46 *per cent* in respect of MIPs under Aizawl District, whereas the same ranged from 42 to 65 *per cent* in the case of MIPs under Champhai District.

Audit observed that the underutilisation of IPC arose mainly from the multiple cropping pattern projected in the DPRs. The beneficiaries of the abovementioned projects

<sup>37</sup> **Irrigation Potential Created (IPC)** is the total gross area proposed to be irrigated under different crops during a year by a scheme. The area proposed to be irrigated under more than one crop during the same year is counted as many times as the number of crops grown and irrigated

**Irrigation Potential Utilised (IPU)** is the gross area actually irrigated during the reference year out of the gross proposed area to be irrigated by the scheme during the year.

<sup>38</sup> Ten MIPs were selected during sampling of completed MIPs. However, one MIP viz. Mat MIP found out to be on-going during physical inspection, though reported (February 2013) as completed by the Department

<sup>39</sup> As per Detailed Project Reports

<sup>40</sup> As on the date of completion of the project

intimated during joint inspection that they did not practise multiple cropping pattern but continued to practise mono-cropping.

The Department stated (December 2017) that the cropping pattern formulated in the DPRs was based on assumption. It added that Command Area Development & Water Management Programme (CADWM-discussed in **paragraph 3.4.13.1**) to bridge the gap between could not be taken up in the State due to its unfavourable funding pattern.

The reply of the Department is self-contradictory as in reply to paragraph 3.4.8.2, it was stated that cropping patterns were formulated and approved by the District Agriculture Officers, whereas in this reply, the Department stated the same was based on assumption. Further, despite the poor utilisation of IP created, the Department had not yet taken any initiative to explore other options (other than the CADWM) to improve the utilisation of the IP created.

### 3.4.13 Sustainability issues

#### 3.4.13.1 Command Area Development & Water Management

The GoI initiated a centrally sponsored 'Command Area Development Programme' (CADP) in December 1974 to improve irrigation potential utilisation and optimise agricultural production from irrigated land. The CADP was restructured and renamed as CADWM in April 2014.

The components under CADWM that may be undertaken were as below:

Table-3.4.3:- Funding pattern under CADWM

Sl. No.	Components	Cost sharing between Centre and States
1.	Survey Planning and Design for On-Farm-Development (OFD)	50:50
2.	OFD works	50:50
3.	Construction of Field, Intermediate and Link Drains	50:50
4.	Reclamation of Waterlogged Areas	50:50
5.	Correction of system deficiencies	50:50
6.	Adaptive Trials and Demonstrations	75:25
7.	Training	75:25

Source: Departmental records

Audit observed that although 317 MIPs were completed as on March 2017, the Department proposed to implement (during the course of 2008-17) the CADWM Programme for only five MIPs<sup>41</sup> at an estimated cost of ₹ 78.62 lakh. The Department however, received only ₹ 30.90 lakh<sup>42</sup> and executed only three components viz. survey and planning, on-farm development works and construction of field drains, while, the other components could not be taken up for want of funds.

The Department stated (December 2017) that it was not in a position to implement CADWM programmes for more MIPs in the State due to the high funding requirement

<sup>41</sup> Darlak, Likphai and Damdai MIPs in Aizawl district; Saitluang and Keilungliah MIPS in Champhai district

<sup>42</sup> GoI Share: ₹ 13.00 lakh and GoM Share: ₹ 17.90 lakh

expected from the State Government. The reply was silent as to whether any alternative options had been explored to enhance the utilisation of the IP created in the State.

#### **3.4.13.2 Ownership of projects by Water Users Association (WUA)**

The Ministry of Water Resources<sup>43</sup> advised (1998) state governments to adopt a Model Act<sup>44</sup> for involving the beneficiaries (farmers) in the management and maintenance of the irrigation schemes and to inculcate a sense of ownership in them.

The framework of the Model Act provides for creation of farmers organisations at different levels as under:

- (i) **Water Users' Association (WUA)** will have a delineated command area on a hydraulic<sup>45</sup> basis, which shall be administratively viable. Generally, a WUA would cover a group of outlets or minor distributaries.
- (ii) **Distributary Committee** will comprise of five or more WUAs. All the presidents of WUAs will comprise general body of the Distributary Committee.
- (iii) **Project Committee** will be an apex committee of an irrigation system and presidents of the Distributary Committees in the project area shall constitute general body of this committee.

The Associations at different levels were to be actively involved in:

- maintenance of irrigation system in their area of operation;
- distribution of irrigation water to the beneficiary farmers;
- assisting the irrigation department in the preparation of water demand and collection of water charges;
- resolving disputes among the members and WUA; and,
- monitoring flow of water in the irrigation system, *etc.*

The GoM was yet to enact and adopt the Model Act. It was noticed during audit that though WUAs were formed for all the 317 completed MIPs in the State, only one MIP viz. Lower Tuimuk MIP, was handed (May 2012) over to a WUA.

Since the Department had not handed over the remaining 316 projects to the WUAs, the objective of ensuring participatory management of irrigation schemes was not met.

#### **3.4.13.3 Non-maintenance of assets**

In order to derive optimum benefits from the MIPs created, irrigation infrastructure like channels, pick-up weirs, tanks and reservoirs are to be maintained regularly to ensure that the MIPs continue to be operational during the duration of the planned life of the project.

<sup>43</sup> The ministry was renamed as "Ministry of Water Resources, River Development & Ganga Rejuvenation" in July 2014

<sup>44</sup> Circulated by the Ministry

<sup>45</sup> "hydraulic basis" means the basis for identifying a viable irrigated area served by one or more hydraulic structures such as headworks, distributaries, minors, pipe outlets and the like

Joint physical verification in June 2017 of the completed nine selected MIPs in Aizawl and Champhai districts which were created at a cost of ₹ 10.97 crore revealed that these MIPs were not operational due to silting, structural damage, erosion and weed growth. The particulars of these nine MIPs are given in Table-3.4.4:

Table-3.4.4:-Details of sampled completed MIPs

Sl. No.	MIPs	District	Cost (₹ in lakh)	Date of commencement	Date of Completion	IPU
1.	Awmpuiphai	Champhai	164.52	November 2009	February 2013	78
2.	L. Tuimuk		99.14	October 2010	November 2011	48
3.	Midumphai		127.10	November 2009	November 2012	82
4.	Thangpuilui		65.00	September 2007	February 2009	23
5.	Buhchangdil	Aizawl	123.40	December 2010	March 2014	40
6.	Changte		146.00	January 2011	April 2015	60
7.	Fuanlui Zau		85.00	January 2011	November 2014	03
8.	Tuikual		100.00	May 2011	June 2014	30
9.	Zilngai		186.70	January 2011	May 2015	09

Source: Departmental records

#### Photographs of some of the non-functional MIPs



Broken channel at Fuanlui



Channel without proper headwork at Fuanlui



Broken channel at Zilngai



Damaged Pickup weir at Zilngai



Damaged tank at Changte



Channel at Midumphai

As discussed in **paragraph 3.4.8.1**, no funds were provisioned for O&M activities in the DPRs. The Department also did not make any budget provision for O&M of MIPs.

The Department stated (December 2017) that utmost efforts would be made to revive the under-used projects. The Department's reply was unconvincing, as adequate budget had not been provisioned for maintenance of the assets created under the AIBP.

#### **3.4.14 Monitoring and evaluation**

It was observed that the Department had constituted a Monitoring Cell headed by the Superintending Engineer (W&M), IWRD in June 2011 to (i) monitor the implementation of MIPs under AIBP against the targets fixed and work schedules prepared; (ii) physically verify schemes under AIBP on random selection; and, (iii) submit monitoring reports on the physical and financial status of the schemes. The Department had no records of monitoring of the MIPs done by the Monitoring Cell.

As per AIBP guidelines (2006), the State Government was also required to monitor the MIPs through an independent agency. Further, MIPs were required to be monitored periodically on a sample basis by CWC.

Scrutiny of records revealed that monitoring of MIPs was not conducted by an independent agency while CWC inspected five MIPs only once in 2008.

The Department stated (December 2017) that efforts would be made to review and strengthen the Monitoring Cell.

##### **3.4.14.1 Physical verifications of assets**

Rule 192 (1) of General Financial Rules stipulates that the inventory for fixed assets shall ordinarily be maintained at site. Fixed assets should be verified at least once in a year and the outcome of the verification recorded in the corresponding register. Discrepancies, if any, shall be promptly investigated and brought to account.

It was noticed that records were not available with the Department regarding physical verification of the assets created. In the absence of records of physical verification of the assets, Audit could not draw any satisfactory degree of assurance about the existence and state of the assets created under the AIBP.

The Department stated (December 2017) that necessary instruction would be issued to the divisional offices to maintain an inventory of fixed assets.

#### **3.4.15 Conclusion**

The audit of AIBP projects brought out various deficiencies in the planning, financial management, execution and monitoring of the irrigation projects. There were delays on the part of the State Government in releasing the funds received under the AIBP from GoI to the Department. MIPs were not completed within the prescribed period of two years. Parking of AIBP funds in 'Civil Deposit' affected timely implementation of projects. The State Government was yet to enact the Model Act circulated by GoI which would have ensured better utilisation and maintenance of the assets created. The State Government did not provision funds for O&M of the MIPs, as a result of

which the projects became non-functional within a few years of their completion. The monitoring and evaluation of the AIBP projects was also deficient.

#### 3.4.16 Recommendations

The State Government should ensure that

- Steps be taken to address the factors affecting timely completion of the projects;
- Funds are released to the implementing agency in time;
- Funds are provided for Operation and Maintenance; and
- An effective monitoring mechanism is put in place and the impact of irrigation projects is periodically evaluated.

### HORTICULTURE DEPARTMENT

#### 3.5 Avoidable expenditure

The Department unjustifiably paid ₹ 45.62 lakh for sub-standard arecanut seedlings rejected by beneficiaries. The Department also paid another ₹ 45.62 lakh to the beneficiaries

General Financial Rules<sup>46</sup> (GFR) envisage that every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters relating to public procurement.

Government of Mizoram under its flagship programme New Land Use Policy (NLUP) decided to distribute arecanut seedlings to identified beneficiaries to wean them away from *jhum* cultivation. Accordingly, the NLUP Purchase Input Board<sup>47</sup> (NLUP-PIB) in July 2013 approved the procurement by Divisional Horticulture Officer (DHO), Tuidam Division, Mamit of 6.62 lakh arecanut seedlings worth ₹ 60.37 lakh from three departmentally approved nurseries for distribution to 936 identified beneficiaries of 16 villages. Pursuant to this, the DHO issued (July 2013) supply orders to the distributors of the three nurseries to supply the seedlings (at the rates approved by the NLUP-PIB) to the designated villages.

Scrutiny of the DHO's records (March 2017) revealed that 752 beneficiaries (80 *per cent*) of the 13 villages in July 2013 rejected 4.96 lakh seedlings worth ₹ 45.62 lakh on the ground that the quality of the seedlings was poor. The details were as under:

<sup>46</sup> Rule 137 of General Financial Rules (GFR) provides that in making procurement, the specification in terms of quality, type *etc.* should be clearly spelt out. Further, Rule 187(2) and (3) of GFR provides that while receiving goods from a supplier, all materials should be counted, measured or weighed and visually inspected by the technical inspector or any agency to ensure that the quantities are correct and the quality is according to the specification and entered into the stock register

<sup>47</sup> chaired by the Chief Secretary

Table-3.5.1:-Details of seedlings rejected

(₹ in lakh)

Sl. No.	Name of the Distributor (approved Nursery)	Type of seedlings	NLUP-PIB approved rate per seedling (in ₹)	Details of seedlings supplied		Details of seedlings rejected	
				Number	Value (3X4)	Number	Value (3X6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	M/s Lalzamliana (Green Nursery, Cachar, Assam)	Seedling with Nuts	5	117,300	5.87	79,493	3.97
2.	M/s Zokailiana Khiangte (Public Nursery, Nagaon, Assam)	Poly-potted seedlings	10	300,000	30.00	287,500	28.75
3.	M/s Lalremruati Khiangte (Public Nursery, Nagaon, Assam)		10	245,000	24.50	129,000	12.90
Total				662,300	60.37	495,993	45.62

Further examination of records disclosed the following shortcomings in the procurement process (*viz.*, placement of order, receipt and inspection of seedlings, payment) and follow up action of the Department on this matter as under:

- the NLUP-PIB was aware<sup>48</sup> that ‘Public Nursery’ had the capacity to supply only 2.20 lakh poly-potted seedlings - despite this information, the NLUP-PIB approved the procurement of 5.45 lakh poly-potted seedlings from the said nursery; thus, from the very start, this flawed decision of the NLUP-PIB was fraught with the risk of supply of poor quality seedlings;
- the supply orders issued by the DHO were defective in that they did not specifically mention the quality related specifications, *viz.* age and height of the seedlings to be supplied; inspection of seedlings by departmental officers; terms and conditions for payment, *etc.* as required under the GFR;
- the distributors supplied the seedlings at the designated villages without informing the departmental officers;
- notwithstanding the beneficiaries in July 2013 rejecting 4.96 lakh seedlings worth ₹ 45.62 lakh and the distributors not replacing these rejected seedlings, the DHO, after a lapse of one year, in July 2014 unjustifiably released ₹ 45.62 lakh to the distributors of the three nurseries on the ground of “*maintaining good rapport of the Department in future*”<sup>49</sup>; and,
- the Department in January 2016 paid another ₹ 45.62 lakh to the 752 beneficiaries as a “*gap-filling*”<sup>50</sup> for the rejected seedlings.

Audit further observed that the Department had not black listed the concerned distributors/ nurseries for supplying sub-standard seedlings. Rather, the Department

<sup>48</sup> The ‘Spot Verification Report of arecanut nurseries’ carried out in June 2013 by the Deputy Director, Horticulture Department which was placed before the NLUP-PIB in July 2013 clearly mentioned that the supply capacity of ‘Public Nursery’ was 2.20 lakh poly-potted seedlings

<sup>49</sup> Director of Horticulture letter No. B.13014/18/2013-DTE (Hort-NLUP)/Part IV/243 dated 11 November 2013 addressed to the Secretary, NLUP Implementing Board, Aizawl

<sup>50</sup> Director of Horticulture letter No. B.13014/18/2013-DTE (Hort-NLUP)/Vol-V dated 12 November 2015 addressed to the Secretary, NLUP Implementing Board, Aizawl

issued (June 2016) a supply order for 22,150 arecanut seedlings at a cost of ₹ 6.64 lakh to M/s Lalzamlia, the distributor listed at Sl. No. 1 of the table.

*Audit recommends that this matter be referred to the Vigilance Department, GoM for further investigation.*

## FOLLOW UP OF AUDIT OBSERVATIONS

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

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

A review of follow up action on submission of *suo moto* ATNs disclosed that there was pendency in replies in respect of the Audit Reports for the years 2011-12 to 2013-14. The Audit Report for the year 2015-16 was laid on the table of the State legislative assembly on 25 May 2017. The *suo moto* replies in respect of one Performance Audit that had appeared in the Audit Report were due by the end of August 2017. However, no reply in respect of the Performance Audit was received as of December 2017, even after a delay of about four months.

Thus, due to the failure of the respective departments to comply with the instructions of the PAC, the objective of ensuring accountability remained inadequate.

### 3.7 Response to audit observations and compliance thereof by the Executive

Accountant General conducts periodical inspections of Government Departments to test-check the transactions. The maintenance of significant accounting and other records as per the prescribed rules and procedures is also verified. These inspections are followed by the Inspection Reports (IRs) issued to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/orders of the Government provide for prompt response by the Executive to the IRs. The Heads of Offices and next higher authorities are required to rectify the defects and omissions promptly and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Accountant General.

As of March 2017, a review of the outstanding IRs issued during 2008-17 revealed that 630 paragraphs relating to 157 IRs remained outstanding as shown in the following Table:

Table-3.7.1:- Details of outstanding IRs

Name of the Sector	Opening Balance (upto 2015-16)		Addition during the year 2016-17		Disposal during the year 2016-17		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Economic (other than SPSUs)	123	517	38	221	04	108	157	630

### **3.8 Audit Committee Meetings**

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

During 2016-17, no audit committee meeting was held in respect of Economic (other than SPSUs) Sector.

**CHAPTER – IV**

**ECONOMIC SECTOR**  
**(STATE PUBLIC SECTOR**  
**UNDERTAKINGS)**



## CHAPTER-IV

### ECONOMIC SECTOR (STATE PUBLIC SECTOR UNDERTAKINGS)

#### 4.1 Introduction

The State Public Sector Undertakings (SPSUs) comprise of State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature keeping in view the welfare of people and also occupy an important place in the State economy. As on 31 March 2017, in Mizoram there were six SPSUs. The details of the SPSUs in Mizoram as on 31 March 2017, as per latest finalised accounts and latest information furnished by the SPSUs, are as given below:

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

(₹ in crore)						
Sl. No.	Name of the SPSU	Year upto which accounts finalised	Paid up capital	Accumulated profit (+)/ Loss(-)	Turnover <sup>1</sup>	Net profit(+)/ Loss <sup>2</sup> (-)
<b>Working Government Companies</b>						
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	5.45	(-) 6.43	0.28	(-) 1.02
2.	Zoram Industrial Development Corporation Limited	2014-15	15.78	(-) 20.66	0.89	(-) 0.71
3.	Zoram Electronics Development Corporation Limited	2009-10	7.23	(-) 6.59	0.27	(-) 0.24
4.	Mizoram Food & Allied Industries Corporation Limited	2014-15	20.00	(-) 20.91	2.23	(-) 1.59
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2015-16	10.00	(-) 7.32	0.10	(-) 1.88
6.	Mizoram Mineral Development Corporation Limited	2014-15	0.15	(-) 0.18	--	(-) 0.01
<b>Total</b>			<b>58.61</b>	<b>(-) 62.09</b>	<b>3.77</b>	<b>(-) 5.45</b>

*Source: Annual accounts and information furnished by the SPSUs*

As per the latest finalised accounts and provisional figures furnished by the Companies (September 2017), the working SPSUs registered a turnover of ₹ 3.77 crore. This turnover was equal to 0.03 per cent of State Gross Domestic Product (GDP) for 2016-17. The working SPSUs incurred loss of ₹ 5.45 crore as per their latest finalised accounts as of September 2017 and provisional figures furnished by the Companies. These SPSUs had employed 60<sup>3</sup> employees as at the end of March 2017.

#### 4.2 Accountability framework

The audit of the financial statements of a company in respect of financial years commencing on or after 01 April 2015 is governed by the provisions of the Companies Act, 2013.

<sup>1</sup> As per provisional figures furnished by the Companies

<sup>2</sup> As per provisional figures furnished by the Companies

<sup>3</sup> Affairs of one Company viz. Mizoram Mineral Development Corporation Limited are being managed by Zoram Industrial Development Corporation Limited. 60 employees are regular employees of two Companies (ZIDCO & MIFCO)

However, the audit of a company in respect of financial years that commenced earlier than 01 April 2015 continued to be governed by the Companies Act, 1956.

According to Section 2 (45) of the Companies Act, 2013 (Act), a Government Company is one in which not less than 51 *per cent* of the paid-up capital is held by the Central and/ or State Government(s) and includes a subsidiary of a Government Company. The process of audit of the Government companies under the Act is governed by respective provisions of Section 139 and 143 of the Act.

#### **4.3 Statutory Audit**

The financial statements of a Government Company (as defined in Section 2 (45) of the Companies Act, 2013) are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as *per* the provisions of Section 139 (5) or (7) of the Companies Act. These financial statements are subject to supplementary audit to be conducted by the CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

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

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

#### **4.4 Role of Government and Legislature**

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

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of the State Government Companies are to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The Audit Reports of the CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

#### **4.5 Stake of Government of Mizoram**

The State Government has mainly three types of financial stake in these SPSUs, as stated below:

- **Share Capital and Loans** - In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.

- **Special Financial Support** - State Government provides budgetary support by way of grants and subsidies to the SPSUs as and when required.
- **Guarantees** - State Government also guarantees the repayment of loans with interest availed by the SPSUs from the Financial Institutions.

#### 4.6 Investment in State PSUs

As on 31 March 2017, the investment (capital and long-term loans) in six SPSUs was ₹ 89.29 crore as per details given below:

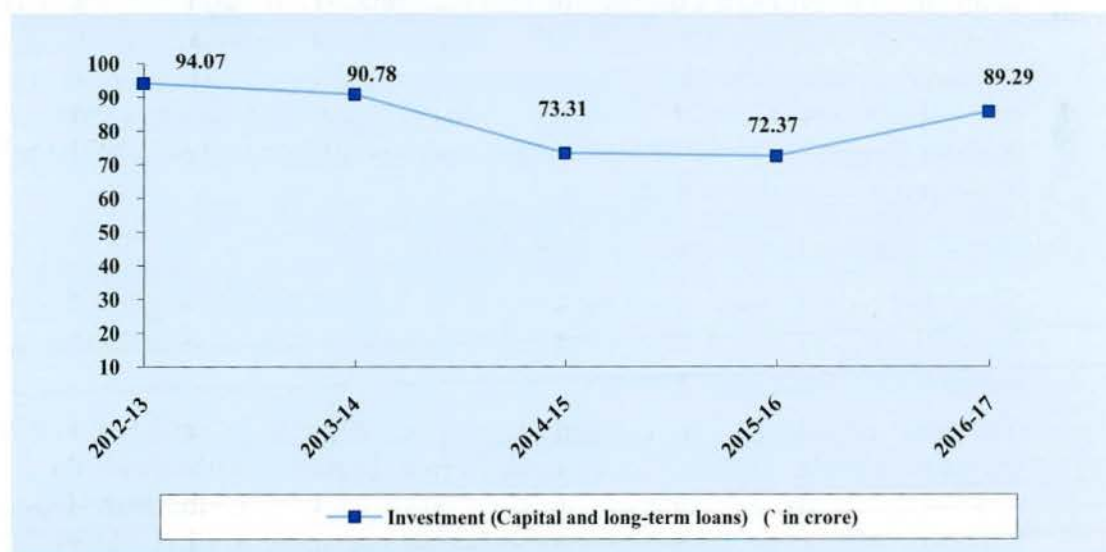
Table-4.1.2:- Total investment in SPSUs

Type of SPSUs	Government Companies		Total
	Capital	Long Term Loans	
Working SPSUs	58.61	30.685	89.29
<b>Total</b>	<b>58.61</b>	<b>30.68</b>	<b>89.29</b>

Source: Annual accounts and information furnished by the SPSUs

This total investment consisted of 65.64 per cent towards capital and 34.36 per cent in long-term loans. The investment has declined by 5.08 per cent from ₹ 94.07 crore in 2012-13 to ₹ 89.29 crore in 2016-17 as shown in the graph below:

Graph-4.1.1:- Total investment in SPSUs



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

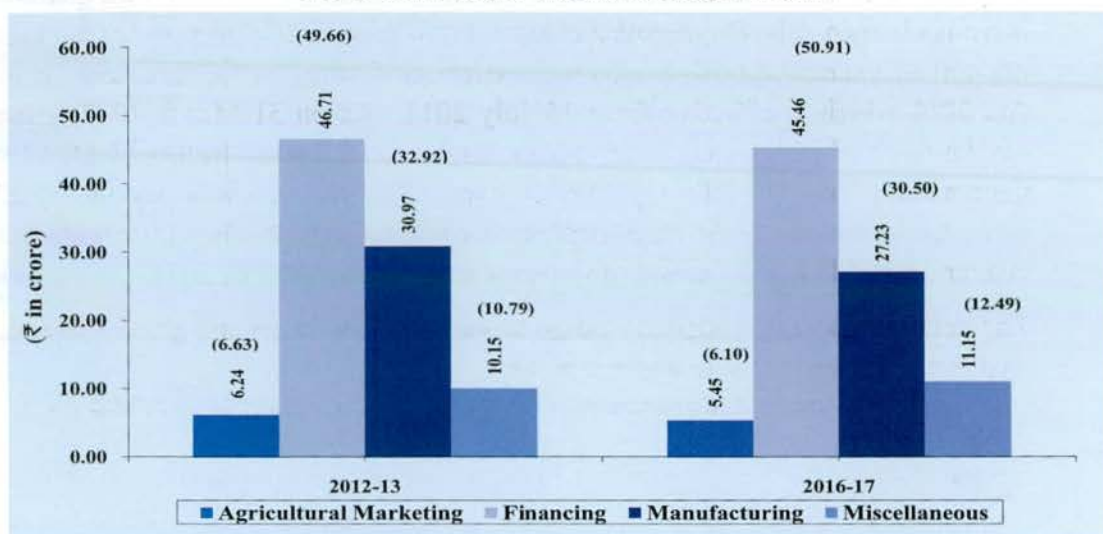
Table-4.1.3:- Sector-wise investment in SPSUs

Name of Sector	No. of Government Companies	Investment (₹ in crore)
Agricultural Marketing	1	5.45
Financing	1	45.46
Manufacturing	2	27.23
Miscellaneous	2	11.15
<b>Total</b>	<b>6</b>	<b>89.29</b>

Source: Information furnished by the Finance Department, Government of Mizoram

The investment in four sectors and percentage thereof at the end of 31 March 2013 and 31 March 2017 are as indicated below in the bar chart:

Chart-4.1.1:- Sector wise investment in SPSUs



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

From the bar chart above, it is noticed that the thrust of the State Government investment was mainly on SPSUs pertaining to financing and manufacturing sectors. However, the State Government investment in these sectors had decreased by ₹ 1.29 crore (2.68 per cent) and ₹ 3.74 crore (12.08 per cent) respectively as compared with the respective investment in 2012-13. The investment in agricultural marketing sector had also shown a considerable decline by ₹ 0.79 crore (12.66 per cent) and miscellaneous sectors had witnessed an increase of 8.97 per cent as compared with the investment during 2012-13.

#### 4.8 Special support and returns during the year

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

Table-4.1.4:- Details regarding budgetary support to SPSUs

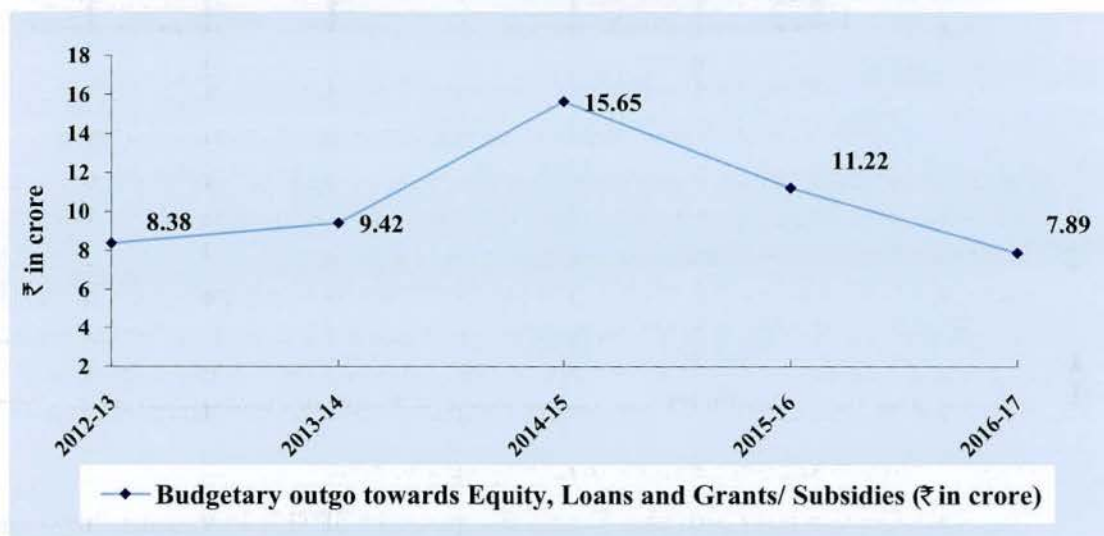
Sl. No.	Particulars	2012-13		2013-14		2014-15		2015-16		2016-17	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity capital outgo from budget	1	1.27	1	1.22	1	1.69	1	1.30	-	-
2.	Loans given from budget	-	-	-	-	-	-	-	-	1	1.00
3.	Grants/Subsidy received	2	7.11	3	8.20	4	13.96	3	9.92	4	6.89
4.	<b>Total Outgo</b>	<b>3</b>	<b>8.38</b>	<b>4</b>	<b>9.42</b>	<b>5</b>	<b>15.65</b>	<b>4</b>	<b>11.22</b>	<b>5</b>	<b>7.89</b>
6.	Waiver of loan and interest	-	-	-	-	-	-	-	-	-	-
7.	Guarantee issued	-	-	-	-	-	-	-	-	-	-
6.	Guarantee Commitment	1	23.07	1	18.61	2	23.63	1	22.68	1	24.93

Source: Annual accounts and information furnished by the SPSUs

In order to enable SPSUs to obtain financial assistance from Banks and Financial Institutions, State Government gives guarantee under the Mizoram Guarantee Act, 2011 subject to the limits prescribed by the Constitution of India, for which the guarantee fee is being charged. The Government charges a minimum of 0.75 per cent of the guarantee amount as guarantee commission vide Mizoram Ceiling of Government Guarantees Act 2011 which is effective from 15 July 2011. As on 31 March 2017, guarantees amounting to ₹ 24.93 crore were outstanding against Zoram Industrial Development Corporation Limited (ZIDCO). No Guarantee Commission was payable by ZIDCO to the Government of Mizoram as guarantees were given by the Government prior to enactment of Mizoram Ceiling of Government Guarantees Act, 2011.

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

Graph-4.1.2:- Budgetary outgo towards Equity, Loans and Grants/Subsidies



There was no case of conversion of Government loan into equity, moratorium in repayment of Loan and waiver of interest during this year.

#### 4.9 Reconciliation with Finance Accounts

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

Table-4.1.5: Equity, loans, guarantees outstanding as *per* finance accounts *vis-a-vis* records of SPSUs (₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per finalised accounts of SPSUs	Difference
Equity	6.98	58.61	51.63
Loans	--	30.68	30.68
Guarantees	24.93	24.93	--

Source: Annual accounts and Finance Accounts, GoM

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

#### 4.10 Arrears in finalisation of accounts

The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.* by September end in accordance with the provisions of Section 96(1) the Act. Failure to do is liable to attract penal provisions under Section 99 of the Act.

The table below provides the details of progress made by working SPSUs in finalisation of accounts as of 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	6	6	6	6	6
2.	Number of accounts finalised during the year	3	1	1	15	15
3.	Number of accounts in arrears	28	33	38	29	20
4.	Number of working SPSUs with arrears in Accounts	6	6	6	6	6
5.	Extent of arrears in years	1 to 11	1 to 8	1 to 13	2 to 10	1 to 7

It can be observed that the number of accounts in arrears has decreased from 28 (2012-13) to 20 (2016-17). The major arrears of accounts pertained to the Zoram Electronics Development Corporation Limited (ZENICS) which was having arrears of seven accounts as of September 2017.

The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSUs within the prescribed period. Though the Accountant General (AG) had brought the position of arrears of Accounts to the notice of the concerned Administrative Departments and officials of the Government periodically, no remedial measures were taken. As a result of this the net worth of these SPSUs could not be assessed in audit.

**4.11** The State Government had invested ₹ 29.13 crore (Equity: ₹ 8.49 crore, Loans: ₹ 1.00 crore, and Grants: ₹ 19.64 crore in five SPSUs) during the years for which Accounts have not been finalised as detailed in **Appendix-4.1.1**. In the absence of the finalisation of the accounts, it cannot be ascertained whether the income and expenditure have been properly accounted for and the purpose for which the State Government made the investment has been achieved. Non-finalisation of accounts also meant that the contribution of the SPSUs to the State GDP cannot be reported to the State Legislature. Further, delay in finalisation of Accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956 and 2013.

In view of the arrears in accounts it is recommended that the Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act, 1956 and 2013.

#### 4.12 Performance of SPSUs

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 below provides the details of working SPSU turnover and State GDP for a period of five years ending 2016-17:

Table-4.1.7: Details of working SPSUs turnover vis-a vis State GDP

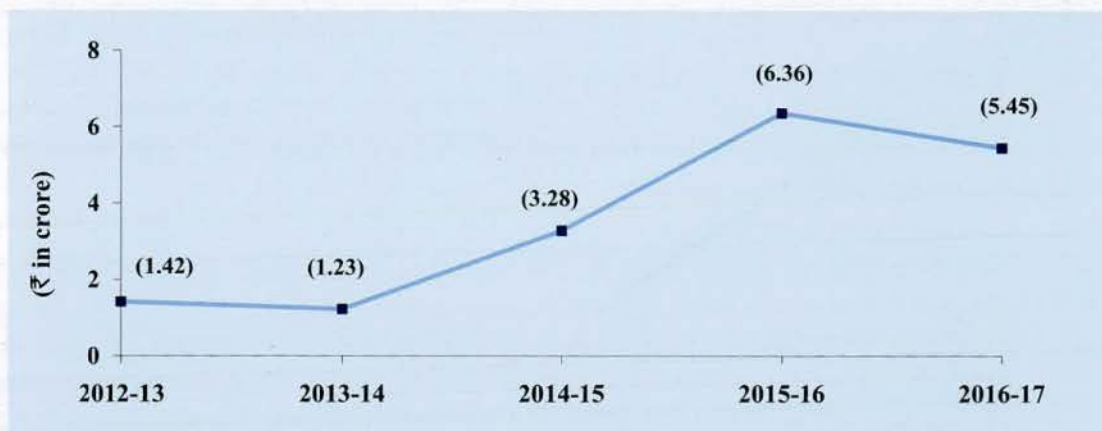
Particulars	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Turnover <sup>4</sup>	5.00	16.32	17.43	5.86	3.77
State GDP <sup>5</sup>	8053.09	10296.98	12498.69	13373.83	13890.97
Percentage of Turnover to State GDP	0.06	0.16	0.14	0.04	0.03

Source: Annual accounts and information furnished by the SPSUs

It can be seen from the above Table that the percentage of turnover to State GDP decreased from 0.06 per cent in 2012-13 to 0.03 per cent in 2016-17.

4.13 Overall losses incurred by working SPSUs during 2012-13 to 2016-17 are given below in the graph:

Graph-4.1.3:- Overall loss incurred by working SPSUs



The six SPSUs were incurring losses continuously during the period between 2012-13 and 2016-17. During the year 2016-17, six SPSUs incurred loss of ₹ 5.45 crore. Two major loss making SPSUs were Mizoram Handloom and Handicrafts Development Corporation Limited and Mizoram Food & Allied Industries Corporation Limited (MIFCO).

<sup>4</sup> Turnover as per the latest finalised accounts as of 30 September 2017

<sup>5</sup> The final figures of State GDP, provided by the Economic and Statistics Department of State Government have been adopted

#### 4.14 Some other key parameters of the SPSUs are given below:

**Table-4.1.8:- Key Parameters of SPSUs**

	(₹ in crore)					
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Return on Capital Employed ( <i>per cent</i> )	-	-	-	-	-	-
Debt	30.93	30.93	30.93	39.67	22.68	24.93
Turnover <sup>6</sup>	1.57	5.00	15.26	17.43	5.86	3.77
Debt/ Turnover Ratio	19.70:1	6.19:1	2.03:1	2.28:1	3.87:1	6.88:1
Interest Payments	0.30	0.30	0.06	0.07	0.06	0.02
Accumulated losses	50.58	51.34	58.04	57.89	57.89	62.09

Source: Annual accounts and information furnished by the SPSUs

The State Government had not formulated any dividend policy for payment of any minimum return by the SPSUs on the paid up share capital contributed by the State Government. As *per* the latest finalised Accounts as of 30 September 2017 none of the SPSU earned a profit during the year 2016-17.

#### 4.15 Accounts Comments

Six working companies forwarded their 16 audited accounts to Accountant General, Mizoram during the year 2016-17. Of these, 13<sup>7</sup> accounts were issued Non Review Certificate (NRC), two<sup>8</sup> accounts were issued final comments and one<sup>9</sup> account was selected for supplementary audit and yet to be audited (September 2017).

#### 4.16 Follow up action on Audit Reports

##### Replies outstanding

The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that it elicits appropriate and timely response from the executive. The Finance Department, Government of Mizoram issued (August 2015) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the CAG of India within a period of three months of their presentation to the legislature, in the prescribed format without waiting for any questionnaires from the CoPU.

**Table-4.1.9:- Explanatory notes not received from CoPU (as on 30 September 2017)**

Year of the Audit Report (Commercial/ SPSUs)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2012-13	09.07.2014	-	1	-	1
2013-14	08.07.2015	2	-	2	-
2014-15	31.08.2016	-	1	-	1
2015-16	25.05.2017	-	1	-	1
<b>Total</b>	<b>--</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>

<sup>6</sup> Turnover of working PSUs as per the latest finalised accounts as of 30 September 2017 and provisional figures furnished by the Companies

<sup>7</sup> ZIDCO (2013-14), MMDCL (2014-15), MIFCO (2012-13, 2014-15), ZOHANDCO (2011-12 to 2015-16), ZENICS (2006-07 to 2009-10)

<sup>8</sup> ZIDCO (2014-15) and MIFCO (2013-14)

<sup>9</sup> ZOHANDCO (2016-17)

From the above, it can be seen that explanatory notes on two PAs and three Paragraphs were not received (December 2017).

#### 4.17 Discussion of Audit Reports by CoPU

The status as on 30 September 2017 of PAs and Paragraphs that appeared in Audit Reports (SPSUs) and discussed by the Committee on Public Undertakings (CoPU) was as follows:

**Table-4.1.10:- Reviews/Paragraphs appeared in Audit Reports  
vis-a-vis discussed as on 30 September 2016**

Period of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2008-09	01	04	01	04
2009-10	-	02	-	02
2010-11	01	01	01	01
2011-12	01	03	01	03
2012-13	-	01	-	01
2013-14	02	-	02	-
2014-15	-	01	-	Yet to be discussed
2015-16	-	01	-	
<b>Total</b>	<b>5</b>	<b>13</b>	<b>05</b>	<b>11</b>

From the above, it could be seen that out of five reviews and 13 paragraphs that appeared in Audit Report between 2008-09 and 2015-16, 02 paragraphs were pending for discussion by CoPU as on September 2017.

#### 4.18 Compliance to Reports of Committee on Public Undertakings (CoPU)

Action Taken Notes (ATN) to paragraphs pertaining to one Report of the CoPU presented to the State Legislature had not been received (December 2017) as indicated below:

**Table-4.1.11:- Compliance to CoPU Reports**

Year of the CoPU Report	Total number of CoPU Reports	Total no. of recommendations in CoPU Report	No. of recommendations where ATNs not received
2007-08	1	3	3
2010-11	1	2	2
<b>Total</b>	<b>2</b>	<b>5</b>	<b>5</b>

These reports of CoPU contained recommendations in respect of five paragraphs pertaining to five companies, which appeared in the Audit Reports of the CAG of India for the years 2007-08 and 2010-11.

*It is recommended that the Government may ensure that replies to explanatory Notes and ATNs, on the recommendations of CoPU, are sent as per the prescribed time schedule of two months.*



**CHAPTER – V**  
**REVEUE SECTOR**



## CHAPTER-V

### REVENUE SECTOR

#### 5.1 Trend of revenue receipts

**5.1.1** The tax and non-tax revenue raised by the Government of Mizoram during the year 2016-17, the State's share of net proceeds of divisible Union taxes and duties and Grants-in-aid from Government of India (GoI) during the year and the corresponding figures for the preceding four years are given in the following table.

**Table-5.1.1:- Trend of revenue receipts**

(₹ in crore)

Sl. No.	Particular	2012-13	2013-14	2014-15	2015-16	2016-17
1.	<b>Revenue raised by the State Government</b>					
	Tax revenue	223.14	229.78	266.52	358.41	441.81
	Non-tax revenue	212.80	194.26	241.96	297.63	365.22
	<b>Total</b>	<b>435.94</b>	<b>424.04</b>	<b>508.48</b>	<b>656.04</b>	<b>807.03</b>
2.	<b>Receipt from GoI</b>					
	State's share of net proceeds of divisible Union taxes and duties	785.96	858.08	910.67	2,348.11	2,800.63
	Grants-in-aid	3,314.84	3,482.73	4,091.95	3,672.25	3,790.64
	<b>Total</b>	<b>4,100.80</b>	<b>4,340.81</b>	<b>5,002.62</b>	<b>6,020.36</b>	<b>6,591.27</b>
3.	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>4,536.74</b>	<b>4,764.85</b>	<b>5,511.10</b>	<b>6,676.40</b>	<b>7,398.30</b>
4.	Percentage of 1 to 3	9.61	8.90	9.23	9.83	10.91

Source: State Finance, Government of Mizoram, 2016-17

The above table indicates that during the year 2016-17, the revenue raised by the State Government (₹ 807.03 crore) was 10.91 *per cent* of its total revenue receipts. The balance 89.09 *per cent* of receipts during 2016-17 was from GoI.

**5.1.2** The details of Budget Estimates (BE) and tax revenue raised during the period from 2012-13 to 2016-17 are given in the following table.

**Table-5.1.2:- Details of tax revenue raised**

(₹ in crore)

Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase (+) or decrease (-) in 2016-17 over 2015-16
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
Taxes on Sales, Trades etc.	158.22	175.87	190.00	183.34	218.08	211.95	232.66	247.04	225.00	307.81	(+) 24.60
Motor Vehicles Tax	23.17	22.83	19.38	19.42	22.24	17.03	23.57	19.44	23.60	25.75	(+) 32.46
Others <sup>1</sup>	20.67	24.44	25.44	27.02	30.07	37.54	70.89	91.93	82.59	108.25	(+) 17.75
<b>Total</b>	<b>202.06</b>	<b>223.14</b>	<b>234.82</b>	<b>229.78</b>	<b>270.39</b>	<b>266.52</b>	<b>327.12</b>	<b>358.41</b>	<b>331.19</b>	<b>441.81</b>	<b>(+) 23.27</b>

Source: Finance Accounts & Annual Financial Statement, Government of Mizoram

<sup>1</sup> Others includes State Excise, Taxes on Goods and Passengers, etc.

The State's own tax revenue increased by 23.27 per cent in 2016-17 over 2015-16. Collection of taxes on sales, trades etc. increased by ₹ 60.77 crore (24.60 per cent) in 2016-17 over 2015-16 mainly due to introduction of Collection of Mizoram Entry Taxes. Similarly, due to introduction (August 2015) of the Mizoram Motor Vehicles Taxation (Amendment) Act 2015 the taxes on vehicles increased by ₹ 6.31 crore (32.46 per cent) in 2016-17 over the previous year.

**5.1.3** The details of the non-tax revenue raised during the period 2012-13 to 2016-17 are indicated in the following table:

**Table-5.1.3:- Details of non-tax revenue raised**

(₹ in crore)

Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase (+) or decrease (-) in 2016-17 over 2015-16
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
Interest receipts	21.76	16.86	24.50	17.93	19.88	19.88	20.00	30.73	21.20	48.34	57.31
Power	119.39	111.27	144.23	109.05	144.36	144.36	162.00	166.35	172.00	200.11	20.29
Others	65.60	84.67	83.05	67.28	77.18	77.72	87.83	100.55	85.86	116.77	16.13
<b>Total</b>	<b>206.75</b>	<b>212.80</b>	<b>251.78</b>	<b>194.26</b>	<b>241.42</b>	<b>241.96</b>	<b>269.83</b>	<b>297.63</b>	<b>279.06</b>	<b>365.22</b>	<b>22.71</b>

Source: Finance Accounts & Annual Financial Statement, Government of Mizoram

The concerned Departments did not furnish the reasons for variation in receipts of non-tax revenue over the previous year (March 2018).

## 5.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2017 on some principal heads of revenue amounted to ₹ 18.33 crore out of which, ₹ 7.41 crore was outstanding for more than five years, as detailed in the following table:

**Table-5.2.1:- Arrears of revenue**

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2017	Amount outstanding for more than 5 years as on 31 March 2017
1.	Taxes/ VAT on Sales, Trades etc.	17.55	7.34
2.	Taxes on Professions	0.51	0.03
3.	Taxes Motor spirits	0.15	0.00
4.	Taxes Entertainment	0.12	0.04
<b>Total</b>		<b>18.33</b>	<b>7.41</b>

Source: Information furnished by the Department

Information on total amount outstanding and amount outstanding for more than five years as on 31 March 2017 for Taxes on Vehicles and Taxes on Goods and Passengers were not furnished by the Taxation Department though called for (March 2018).

## 5.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for

finalisation at the end of the year as furnished by the Taxation Department in respect of sales tax, motor spirit tax, luxury tax and tax on works contracts was as shown in the table below:

Table-5.3.1:- Arrears in assessments

Head of revenue	Opening balance as on 31 March 2016	New cases due for assessment during 2016-17	Total assessments due	Cases disposed of during 2016-17	Balance at the end of the year 2016-17	Percentage of disposal (Col. 5 to 4)
1	2	3	4	5	6	7
0040-Taxes on Sales, Trades etc.	2,993	428	3,421	481	2,940	14.06

Source: Information furnished by the Department

It can be seen from the above table that out of 3,421 assessment due, the disposal was 481 (14.06 per cent) at the end of the year 2016-17.

The Department should take necessary action to complete the assessment in a time bound manner.

#### 5.4 Evasion of tax detected by the Department

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

Table-5.4.1:- Evasion of tax

Name of tax/duty	Case pending as on 31 March 2016	Cases detected during the year 2016-17	Total	Number of cases in which assignments/ investigation completed and additional demand including penalty etc., raised during the year 2016-17		Number of pending cases as on 31 March 2017
				No. of cases	₹ in lakh	
1	2	3	4	5	6	7
Sales Tax/VAT	400	143	543	143	1.40	400
Taxes on Motor Spirits	0	1	1	1	0.18	0

Source: Departmental figures

Information on evasion of tax detected by the Transport Department had not been furnished though called for (March 2018).

#### 5.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of 2016-17, claims received during the year, refunds allowed during the year and the cases pending at the close of 2016-17 as reported by the departments is given in the following table:

**Table-5.5.1:- Details of pendency of refund cases**

(₹ in crore)

Sl. No.	Particulars	Sales tax/VAT		State Excise	
1.	Claims outstanding at the beginning of the year	NIL	NIL	NIL	NIL
2.	Claims received during the year	2	0.03	NIL	NIL
3.	Refunds made during the year	NIL	NIL	NIL	NIL
4.	Balance outstanding at the end of year	2	0.03	NIL	NIL

Source: Information furnished by the Department

Thus, there were two pending cases of refund at the end of the year 2016-17.

### **5.6 Response of the Government/ Departments towards audit**

The Accountant General conducts periodical inspection of the Government Departments to test check the transactions. The maintenance of important accounts and other records as prescribed in the rules and procedures is also verified. These inspections are followed by the IRs issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to rectify the defects and omissions and report compliance through initial reply to the Accountant General within one month from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the departments and the Government.

At the end of June 2017, 129 Inspection Reports (IRs) issued up to December 2016 containing 344 paragraphs with money value of ₹ 67.13 crore were outstanding. The position in this respect for the preceding two years is given in the table below:

**Table-5.6.1:- Details of pending Inspection Reports**

Particulars	June 2015	June 2016	June 2017
Numbers of outstanding IRs	139	128	129
Number of outstanding audit observations	427	360	344
Amount involved (₹ in crore)	68.98	63.25	67.13

The department-wise details of the IRs and audit observations outstanding as on 30 June 2017 and the amounts involved are mentioned in the following table:

**Table-5.6.2:- Department-wise details of IRs**

Sl. No.	Name of Department	Name of Receipts	No. of Outstanding IRs	No. of Outstanding Audit Observations	Money Value involved (₹ in crore)
1.	Land Revenue	Land Revenue	13	31	4.26
2.	Excise	State Excise	7	13	0.59
3.	Taxation	Taxes/VAT on Sales, Trade etc.	31	104	16.57
		Other taxes	13	14	1.07
4.	Transport	Taxes on Vehicles/ Taxes on Goods and Passengers	34	86	20.58

Sl. No.	Name of Department	Name of Receipts	No. of Outstanding IRs	No. of Outstanding Audit Observations	Money Value involved (₹ in crore)
5.	Environment, Forests and Climate Change	Forests & Wild Life	27	82	9.18
6.	Geology and Mineral Resources	Non-ferrous Mining and Metallurgical Industries	4	14	14.88
<b>Total</b>			<b>129</b>	<b>344</b>	<b>67.13</b>

Audit did not receive the first replies required to be received from the Heads of Offices within one month from the date of issue of the IRs for five IRs issued up to December 2016. The pendency of the IRs due to non-receipt of the replies indicates that the heads of offices and heads of the departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by audit in the IRs.

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

#### 5.6.1 Departmental Audit Committee Meetings

The Government set up Audit Committees (AC) to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. During 2016-17, an Audit Committee Meeting was held with the Taxation Department. Out of 67 IRs and 186 paragraphs discussed, 27 IRs and 104 paragraphs were settled.

The Government may ensure holding of regular meetings of the AC for ensuring effective remedial action on the audit observations.

#### 5.6.2 Response of the departments to the draft audit paragraphs

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

Six draft paragraphs were sent to the Principal Secretaries/ Secretaries of the respective Departments during 2016-17 and their responses have been incorporated in the respective places.

#### 5.6.3 Follow up on the Audit Reports – summarised position

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report,

for consideration of the committee. 30 paragraphs (including three Performance Audits) included in the Reports of the Comptroller and Auditor General of India of the Government of Mizoram for the year ended 31 March 2012, 2013, 2014, 2015 and 2016 were placed before the State Legislature between 24 July 2013 and 25 May 2017. Action Taken Notes (ATN) in respect of six paragraphs (including Performance Audit) from four departments had not been received so far (March 2018).

A review of follow up action on submission of *suo moto* ATNs disclosed that there was pendency in respect of the Audit Reports for the years 2011-12 to 2015-16.

## **5.7 Analysis of the mechanism for dealing with the issues raised by Audit**

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

The succeeding paragraphs 5.7.1 to 5.7.2 discuss the performance of the Taxation Department on cases detected in the course of local audit during the last five years and also the cases included in the Audit Reports for the years 2011-12 to 2015-16.

### **5.7.1 Position of Inspection Reports (IRs)**

The summarised position of IRs issued, addition and clearances of IRs during the last five years are given in the following table:

**Table-5.7.1: Position of Inspection Reports**

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value
2012-13	66	189	35.82	8	43	4.48	2	20	15.90	72	212	24.40
2013-14	72	212	24.40	11	66	5.60	2	12	2.49	81	266	27.51
2014-15	81	266	27.51	6	44	7.25	1	29	2.99	86	281	31.77
2015-16	86	281	31.77	4	46	6.04	1	47	4.56	89	280	33.25
2016-17	89	280	33.25	10	57	4.70	45	166	17.92	54	171	20.03

The Department was periodically reminded to furnish replies to the outstanding audit observations. Despite such efforts, 54 IRs and 171 paragraphs having money value of ₹ 20.03 crore remained outstanding as on 30 June 2017. This was due to non-receipt of appropriate replies from the Department.

### **5.7.2 Recovery of accepted cases**

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

**Table-5.7.2:- Details of Paragraphs included in the Audit Reports  
and recovery made there against**

(₹ in crore)

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered as on 31 March 2017	Cumulative position of recovery of accepted cases
2011-12	3	1.36	2	1.27	0.07	0.07
2012-13	3	1.88	3	1.88	0.35	0.42
2013-14	5	2.38	4	1.95	0.14	0.56
2014-15	4	4.15	4	4.15	0.15	0.71
2015-16	5	3.63	4	1.61	0.02	0.73
<b>Total</b>	<b>20</b>	<b>13.40</b>	<b>17</b>	<b>10.86</b>	<b>0.73</b>	<b>--</b>

It could be seen from the above table that during the last five years, the Taxation Department had accepted 17 paragraphs having money value of ₹ 10.86 crore out of which, only ₹ 0.73 crore had been recovered as on 31 March 2017.

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

### **5.8 Audit planning**

The unit offices are categorised into high, medium and low risk units according to their revenue positions, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis. The risk criteria involved scrutiny of budget speech, white paper on State finances, Reports of the Finance Commission, recommendations of the Taxation Reforms Committee, analysis of the revenue earnings, tax administration.

During the year 2016-17, there were 60 auditable units, of which 20 units were planned and 18 units had been audited, which was 30 *per cent* of the total auditable units.

### **5.9 Results of audit**

#### **Position of local audit conducted during the year**

Records of 10 units of Taxation, Environment and Forest, and Land Revenue and Settlement Departments were test-checked during the year 2016-17. Test check revealed embezzlement of fund/ underassessment/ short levy/ loss of revenue aggregating ₹ 17.12 crore in 133 cases. Of these, the Departments recovered ₹ 0.43 lakh in six cases relating to 2016-17 and ₹ 1.62 crore relating to the previous years in 65 cases.

### **5.10 Coverage of this Report**

This Chapter contains six paragraphs involving money value of ₹ 3.16 crore. The Departments/Government have accepted audit observations involving ₹ 1.99 crore out of which no recovery has been made (March 2018).

## COMPLIANCE AUDIT PARAGRAPHS

### EXCISE AND NARCOTICS DEPARTMENT

#### 5.11 Misappropriation of Government Funds

**Failure to exercise prescribed checks by the Superintendent of Excise & Narcotics, Serchhip and the Treasury Officer, Serchhip resulted in suspected misappropriation of ₹ 1.76 crore**

Rule 92 of the Central Government Account (Receipts & Payments) Rules<sup>2</sup>, 1983 and the Manual for Drawing and Disbursing Officer (DDO) states that the Head of an Office/DDO is personally responsible for disbursement of pay and allowances for the amount drawn on a bill signed by him or on his behalf. Further, Rule 220(3) of Central Treasury Rules (CTR) (Volume-I) provides that while preparing a bill, the entries in all the money columns of the bill shall be totalled separately under each section/part and the total must be checked by the drawing officer himself or by some responsible person other than the person preparing the bill.

In regard to checks to be applied at Treasury, Rule 183 of CTR (Volume-I) provides that the Treasury Officer shall check the arithmetical computations on bills and in case of any obvious arithmetical mistakes or trifling mistakes which can easily be corrected, the Treasury Officer should correct them and pay the corrected amount of the bill.

Superintendent of Excise & Narcotics (SEN), Serchhip himself acted as DDO of the office and salaries of the employees in his office was being paid in cash through acquittance/pay rolls.

Scrutiny (March 2017) of pay rolls, treasury transit registers, bill registers and cash books of the office of SEN, Serchhip revealed that while preparing the pay bills for the period from August 2010 to January 2017, the net amount of salary payable to each individual had been shown correctly. However, in total column the net amount of salary pay bills had been fraudulently inflated by ₹ 1.76 crore as detailed in **Appendix-5.11.1**. The synopsis of **Appendix-5.11.1** is given in the following table:

<sup>2</sup> In absence of the State Government's own Rules/ Manual, Central Government Rules/ Manual is adopted by the State Government

Table-5.11.1:- Details of inflated salary pay bills

(₹ in lakh)

Year	Number of Bills	Total amount drawn	Net amount disbursed to employees	Excess amount drawn
2010-11 (From August 2010)	8	29.14	22.96	6.18
2011-12	12	52.99	38.53	14.46
2012-13	18	79.01	56.19	22.82
2013-14	20	93.37	73.15	20.22
2014-15	21	127.65	82.07	45.58
2015-16	13	90.28	60.49	29.79
2016-17 (Upto January 2017)	9	86.71	50.09	36.62
<b>Total</b>	<b>101</b>	<b>559.15</b>	<b>383.48</b>	<b>175.67</b>

Source: Departmental records (Bill Register/Cash Book/Treasury Transit Register & Pay Bills)

It was observed that the bills with the excess amount were apparently signed by the DDO and presented to the treasury for drawal. The Treasury Officer did not detect the inflated amount of the bills before passing. This indicated that the DDO and the Treasury Officer did not exercise due checks of the bills as per provisions of CTR. Thus, the bills were drawn from the treasury in excess of the actual amount payable and the excess money drawn was syphoned off.

While accepting the fact of possible misappropriation of fund the SEN, Serchhip stated (March 2017) that salary bills prepared in excess was 'to cover the exorbitantly high expenditure on maintenance of vehicles utilised for field duties'<sup>3</sup>.

The contention of the SEN, Serchhip is not acceptable as instead of following the prescribed procedure for approval of fund from the competent authority to meet the 'high expenditure on maintenance of vehicles', inflated salary bills were prepared. Further, no supporting document in support of 'high expenditure on maintenance of vehicles' could be produced to audit.

The SEN, Serchhip in a further reply ( January 2018) stated that corrective action was taken and the Cashier was transferred while the erstwhile SEN has since been posted to the Office of the Commissioner of Excise and Narcotics, Aizawl as he was promoted to Assistant Commissioner and he is currently placed under suspension with effect from 31 August 2017. The reply is however silent on the recovery of the misappropriated fund of ₹ 1.76 crore.

The Department confirmed (August 2017) the facts of misappropriation.

<sup>3</sup> Minutes of discussion dated 23 March 2017 held by Audit with the Superintendent of Excise and Narcotics, Serchhip

## TAXATION DEPARTMENT

### 5.12 Non-levy of penalty

**Penalty of ₹ 30.49 lakh from 30 dealers who failed to submit audited accounts, was not imposed by three Assessing Officers**

As per section 53 of the Mizoram Value Added Tax Act (MVAT), 2005 all dealers whose taxable turnover exceeds ₹ 30 lakh in a particular year are liable to get their accounts audited by chartered accountants, a true copy of which is to be furnished to the taxation authority within six months from the end of the financial year. If any dealer fails to get his accounts audited, the Commissioner shall, after giving the dealer a reasonable opportunity of being heard, impose on him, in addition to any tax payable, a sum by way of penalty equal to 0.1 *per cent* of the turnover as he may determine to the best of his judgment in respect of the said period. Further, from 17 April 2014 the threshold limit was increased to ₹ 100 lakh.

Audit of records (November-December 2016, January 2017 and February-March 2017) of three Assistant Commissioners of Taxes<sup>4</sup> (ACTs) revealed that 30 dealers did not get their accounts audited by the chartered accountants for submission to the respective taxation authorities inspite of the fact that all of them were having an annual turnover of ₹ 100 lakh and above for the assessment years 2010-15. However, the Assessing Officers (AOs) did not impose any applicable penalty as worked out in audit in the table below:

**Table-5.12.1:- Details of penalty leviable**

(₹ in lakh)			
Name of the ACT	No. of dealers	Turnover determined	Penalty leviable
ACT, Central Zone, Aizawl	14	10533.65	10.53
ACT, South Zone, Aizawl	14	18335.23	18.34
ACT, Serchhip Zone, Serchhip	02	1617.19	1.62
<b>Total</b>	<b>30</b>	<b>30486.07</b>	<b>30.49</b>

Source: Departmental records

The details of dealer-wise turnovers and penalty payable by 30 dealers are shown in **Appendix-5.12.1**.

Thus, all the 30 dealers under the three ACTs are liable to pay a penalty of ₹ 30.49 lakh for non-submission of audited accounts to the taxation authorities.

<sup>4</sup> i) ACT, Central Zone, Aizawl; ii) ACT, South Zone, Aizawl and iii) ACT, Serchhip Zone, Serchhip

While accepting the facts, the ACT, South Zone, Aizawl stated (March 2017) that they had already served demand notices to all 14 dealers for payment of penalties. However, report on realisation of penalty was awaited (March 2018).

The ACT, Central Zone, Aizawl, stated (January 2017) that no action could be taken from their end due to suspension of Section 53, effective from 09 July 2015. The reply of ACT, Central Zone, Aizawl is not acceptable as the Assessment Years of 30 dealers are related to 2010-11 to 2013-14 *i.e.* prior to the suspension of Section 53. Even then, ACT, Central Zone did not take steps to impose penalty of ₹ 10.53 lakh from 14 dealers for non-submission of audited accounts.

The ACT, Serchhip did not furnish (June 2018) any reply.

The matter was reported to the Department (June 2017); reply was awaited (June 2018).

### 5.13 Evasion of tax

#### A dealer evaded tax of ₹ 25.19 lakh on taxable turnover of ₹ 2.58 crore

Section 11 of the Mizoram Value Added Tax (MVAT) Act, 2005 stipulates that the tax payable by a dealer is levied on the taxable turnover of sales at the rate specified in Schedule II of MVAT Act. However, the tax payable by a dealer for works contract is levied on his taxable contractual transfer price at the rate specified in Schedule III of the MVAT Act.

Test check of records (November 2016) of the Assistant Commissioner of Taxes (ACT), North Zone, Aizawl revealed that a works contract dealer<sup>5</sup> who was also dealing in motor parts and spares for heavy earth moving machines was assessed by the Assessing Officer (AO) for the years 2011-12 and 2012-13. It was observed that the AO while assessing (April 2015) the tax payable by the dealer, arrived at the taxable turnover at ₹ 2.58 crore after considering the “turnover purchases”<sup>6</sup> reduced by 25 *per cent* for personal consumption and maintenance of vehicles and machines for the works contract of border fencing and road construction arbitrarily even though there was no such provision in the MVAT Act. The dealer himself mentioned a ‘nil’ return on works contract during the periods under assessment. Therefore, the assessment was to be made only for sale of goods and not on the works contract.

Accordingly, the tax payable by the dealer was determined at ₹ 25.19 lakh at the rate specified in the MVAT Act as the dealer was assessed only for sale of goods and not for the works contract.

<sup>5</sup> M/s Lalmalsawma, TIN 15110113059

<sup>6</sup> “turnover of purchases” in relation to any period, means aggregate of the purchase prices or parts of purchase prices paid or payable by a dealer during such period in respect of purchases liable to tax under Section 9, after deducting there from the amount, if any, refunded to the dealer by the seller in respect of any such purchase of goods returned to the seller

Audit further observed that from the determined MVAT payable of ₹ 25.19 lakh, the AO irregularly taken into consideration the tax deducted at source of ₹ 21.49 lakh on the works contract eventhough the turnover of the dealer on the works contract showing as 'nil' return. Thus, the dealer evaded payment of tax of ₹ 25.19 lakh on taxable turnover of ₹ 2.58 crore.

While accepting the facts, the ACT, North Zone, Aizawl stated (July 2017) that re-assessment of the dealer is under process and progress will be intimated to Audit. However, the result of re-assessment has not been intimated (March 2018).

The matter was reported (September 2017) to the Department; reply was awaited (June 2018).

## **GEOLOGY AND MINERAL RESOURCES DEPARTMENT**

### **5.14 Short levy of penalty for illegal transportation of minor minerals**

**The Director failed to collect penalty of ₹ 70.76 lakh towards illegal removal and transportation of stone from carriers during 2015-16**

Rule 43 of the Mizoram Minor Mineral Concession Rules (MMMCR), 2000 requires every permit holder who intends to despatch minor minerals by rail, road or river to issue a challan in 'Form-O' to the carriers who shall produce the same on demand by the Competent Authority or any officer authorised by him. 'Form-O' *inter-alia* contains name and address of the lease/ permit holder, details of the quarry lease permit, name of minor mineral *etc.*

Rule 46(2) of the Mizoram Minor Mineral Concession Rules (MMMCR), 2000 stipulates that whoever removes minor minerals without valid lease/ permit or on whose behalf such removal is made otherwise in accordance with these rules, he shall be presumed to be a party to illegal removal of the minor mineral and shall be liable to pay royalty or penalty which may extend upto four times the rate of royalty specified for the minor mineral in the second schedule without prejudice to other action taken against him under these rules or any other law for the time being in force.

The Directorate, Geology and Mineral Resources issued (December 2011) a public notice under Rule 46<sup>7</sup> of the MMMCR that an amount of ₹ 100 per cubic metre (cum)

<sup>7</sup> If any driver of any carrier while carrying minor minerals fails to furnish the challan in 'Form-O' or refuses inspection of such challan by the competent authority or any other officer authorised by him or the Deputy Commissioner or any officer authorised by him, he shall be punished with simple imprisonment which may extend to six months or with fine which may extend to two thousand rupees or with both

as fine will be payable by transporters who illegally removes and transports stone within Mizoram without a valid permit.

Test check (February-March 2017) of the records of the Directorate of Geology and Mineral Resources revealed that nine of its check-gates<sup>8</sup> in the State during 2015-16, had detected transportation of 96,578.20 cum of stone by carriers without challan in Form 'O' or valid permit. For illegal removal and transportation of 96,578.20 cum of stone, penalty of ₹ 96.58 lakh was leviable at the rate of ₹ 100 *per* cum. However, the nine check-gates realised penalty of only ₹ 25.82 lakh resulting in short levy of penalty of ₹ 70.76 lakh.

The matter was reported (September 2017) to the Department; reply was awaited (June 2018).

### 5.15 Non-levy of penal rate of annual license fee

#### **Penalty of ₹ 7.73 lakh was not levied on a licensee for delayed payment of annual license fee**

A bipartite agreement was signed (May 2007) between the Government of Mizoram (GoM) and Oil India Limited (OIL) for petroleum exploration license. As per clause (1) and (3) of Part-II of the agreement, the licensee was required to pay the annual license fee in advance at the rates and time specified in the Deed. If the license fee is not paid to the State Government within the specified time, the fee payable would be increased by a penal rate of 200 basis points over the prime lending rate of State Bank of India for the delayed period.

Test check (February-March 2017) of the records of the Directorate, Geology and Mineral Resources, GoM revealed that OIL holding license for petroleum exploration over an area of 3,213 sq.km. was liable to pay license fee at the rate of ₹ 4,000 *per* sq. km *per* year from the fifth year. It was further noticed that OIL delayed payment of the annual license fee by 21 to 208 days. Despite the delay in payment of annual license fees, no penal rate was imposed on the licensee, as shown in the following table:

<sup>8</sup> Check-gates of Lunglei, Kolasib, Champhai, Serchhip, Vaivakawn, Tuivamit, Mel-3, Lawipu and Zemabawk

Table-5.15.1:- Details of penal amount leviable

(₹ in lakh)

Sl. No.	Working period/year	Annual license fee	Due date on or before	Date of payment (demand draft date)	Number of days delayed	SBI prime lending rate ( <i>per cent</i> ) per annum + 200 basis point	Penal amount leviable
1.	22-5-2014 to 21-5-2015 for the 8 <sup>th</sup> year contract	128.52	21-5-2014	11-6-2014	21	14.75 + 2 = 16.75	1.24
2.	22-5-2015 to 21-5-2016 for the 9 <sup>th</sup> year contract.	128.52	21-5-2015	₹ 73.59 12-6-2015	22	14.60 + 2 = 16.60	1.29
			21-5-2015	₹ 54.93 <sup>9</sup> 15-12-2015	208	14.60 + 2 = 16.60	5.20
Total							7.73

Source: Departmental records

Thus, due to inaction on the part of the Directorate, penalty of ₹ 7.73 lakh was not levied on to the licensee.

While accepting the facts the Directorate stated (June 2017) that OIL had been informed (May 2017) to remit the penalty amount and also to pay the license fee in advance henceforth. However, the recovery of remittances of penalty had not been intimated (March 2018).

The matter was reported (September 2017) to the Department; reply was awaited (June 2018).

### 5.16 Short levy of royalty

**There was short levy of royalty of ₹ 5.40 lakh due to late adoption of increased rate of royalty**

The Industries Department<sup>10</sup>, Government of Mizoram (GoM) increased the rate of royalty of sand, stone and boulders with effect from 26 February 2016 from ₹ 40 per cubic meter to ₹ 60 per cubic meter.

Test check (February–March 2017) of the records of the Directorate, Geology and Mineral Resources, GoM revealed that the revised rate of royalty by the Industries Department was not adopted by the Directorate of the Geology and Mineral Resources while issuing stone quarry permits to the permit-holders during the period between 26 February and 20 October 2016. As a result, out of the total royalty of ₹ 16.03 lakh leviable for this period, ₹ 10.63 lakh was realised resulting in short levy of ₹ 5.40 lakh.


<sup>9</sup> Though ₹ 128.52 lakh was paid, ₹ 54.93 lakh constitute for the 9<sup>th</sup> year

<sup>10</sup> There are two Directorate under the Industries Department viz. (i) Directorate of Commerce and Industries and (ii) Directorate of Geology and Mineral Resources

Thus, it is evident that there was no correlation between these two Directorates (Directorate of Commerce and Industries and Directorate of Geology and Mineral Resources) under Industries Department.

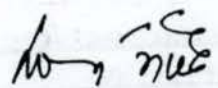
The Directorate accepted the short collection of revenue and stated (June and October 2017) that the revised rate of royalty could not be collected promptly as the gazette notification was received by the Directorate only in May 2016 following which a public noticed had to be served and the shortfall has happened as a result of transitional period. The reply confirms that due to late adoption of revised rate of royalty the State Government lost revenue of ₹ 5.40 lakh.

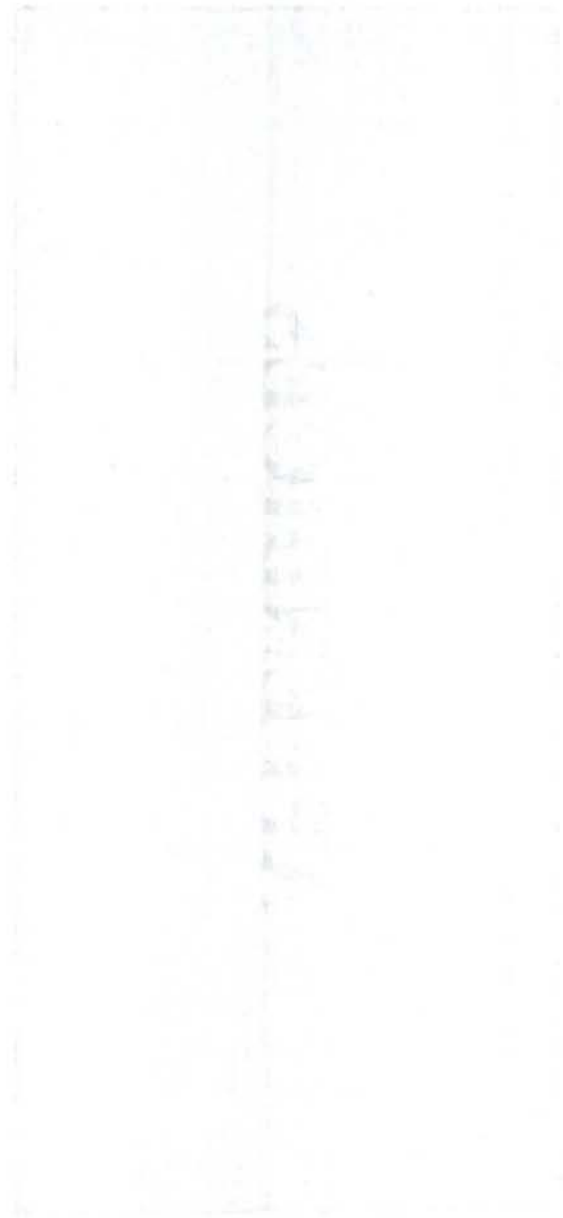
Aizawl  
The 31 August 2018

  
(Pravindra Yadav)  
Accountant General (Audit), Mizoram

**Countersigned**

New Delhi  
The 14 September 2018

  
(Rajiv Mehrishi)  
Comptroller and Auditor General of India



# APPENDICES



### Appendix-1.1.1

#### Statement showing funds under Central Schemes transferred directly to State Implementing Agencies under Social Sector during 2016-17

(Reference: Paragraph-1.1; Page-1)

(₹ in crore)

Sl. No.	GoI Scheme	Implementing Agency	GoI released fund
1.	Education And Training	Arts & Culture, Government of Mizoram	0.30
2.	Kala Sanskriti Vikas Yojana	Arts & Culture, Government of Mizoram	0.10
3.	Deendayal Disabled Rehabilitation Scheme	Gilead Special School	0.07
4.	Redevelopment of Hospitals/Institutions	Health and Family Welfare, Government of Mizoram	42.05
5.	Statutory Institutions	Health and Family Welfare, Government of Mizoram	0.30
6.	Strengthening of Ayush Delivery System	Health and Family Welfare, Government of Mizoram	0.16
7.	Strengthening of Institutions for Medical Education Training and Research	Health and Family Welfare, Government of Mizoram	0.08
8.	Human Resource in Health and Medical Education	Health and Family Welfare, Government of Mizoram	0.04
9.	Promotion of India Languages	Higher Education, Government of Mizoram	0.35
10.	Digital India E- Learning	Higher Education, Government of Mizoram	0.02
11.	Biotechnology Research and Development	Mizoram Youth Commission	0.20
12.	Alliance and R& D Mission	School Education Department, Government of Mizoram	0.39
13.	Pradhan Mantri Koushal Vikas Yojana CS	Skill Development & Entrepreneurship	8.29
14.	National Service Scheme	Sports and Youth Affairs	1.43
15.	Khelo India National Programme for Development of Sports (An Umbrella Scheme)	Sports and Youth Affairs	0.42
16.	Encouragement and Awards To Sportsperson (An Umbrella Scheme)	Sports and Youth Affairs	0.03
17.	Rashtriya Yuva Sashaktikaran Karyakram	Sports and Youth Affairs	0.02
18.	National AIDS & STD Control Programme	State AIDS Control Society, Mizoram, Aizawl	16.22
19.	Expansion of Training of Trainers Within DGET INST	Tribal Affairs, Government of Mizoram	0.40
20.	National Building Organisation (NBO)	Urban Development & Urban Poverty Alleviation, Government of Mizoram	0.15
21.	National Hydrology Project	Water Resources	0.93
22.	Protection and Empowerment of Women	Women and Child Development	0.10
<b>Total</b>			<b>72.05</b>

Source: Finance Accounts, 2016-17 which inter-alia is taken from the "Public Financial Management System (PFMS)" Portal of the Controller General of Accounts (CGA)

### Appendix-1.3.1

#### Statement showing selection of districts, blocks and villages

(Reference: Paragraph-1.3.3; Page-4)

State	Administrative Units	Total		Sampled
Mizoram	Districts	8		2
	Blocks	8 (in the two districts sampled)		4
	Village Councils	94 (in the four blocks sampled)		8
Districts, Blocks, Villages sampled/ selected for performance audit				
State	Name of selected			Name of habitations test checked
	District	Block	Village Councils	
Mizoram	Aizawl	Aibawk	Lungsei	Lungsei
			Chamring	Chamring
		Tlangnuam	Neihbawih	Neihbawih
			Lungdai	Lungdai
	Champhai	Khawzawl	Kawlkulh	Kawlkulh
			Taitakawn	Taitakawn
		Khawbung	Chawngtlai	Chawngtlai
			Khankawn	Khankawn
		Bungzung	Bungzung	
Total	2	4	8 Village councils	9 habitations

Note: 1. In Mizoram there is no Gram Panchayat. Village council acts as the Gram Panchayat.

2. Aizawl and Champhai districts were selected on the basis of Probability Proportional to Size Without Replacement (PPSWOR) method with weightage on expenditure (2012-17) in total eight districts of the State. Two divisions<sup>1</sup> were selected on the basis of PPSWOR with weightage on expenditure in six divisions of the two selected districts. In two sampled districts, two rural blocks were selected on the basis of PPSWOR with weightage on number of drinking water supply schemes completed (2012-17). Again, in each selected block, two village councils were selected using Simple Random Sampling without Replacement (SRSWOR) method. In each selected village council, the habitations and households were selected using SRSWOR method.

<sup>1</sup> **Aizawl District:** Rural WATSAN Division, Aizawl and Serchhip WATSAN Division, Serchhip  
**Champhai District:** Khawzawl WATSAN Division, Khawzawl and Champhai WATSAN Division, Champhai

**Appendix-1.3.2**  
**Statement showing component-wise release and expenditure**  
*(Reference: Paragraph-1.3.10.2, Page-12)*

(₹ in lakh)

Year	Name of component	Total fund allocated	Fund to be allocated as per norms	Component-wise		Component-wise	
				Allocation	per cent	Expenditure	per cent
2012-13	Coverage (65)	4,699.39	3,054.60	3,155.57	67.00	2,959.14	66.00
	O & M (10)		469.94	505.33	11.00	522.01	12.00
	Sustainability (20)		939.88	668.19	14.00	691.24	15.00
	Support (3)		140.98	231.44	5.00	197.08	4.00
	WQM&S (2)		93.99	138.86	3.00	122.35	3.00
	<b>Total</b>	<b>4,699.39</b>	<b>4,699.39</b>	<b>4,699.39</b>	<b>100.00</b>	<b>4,491.82</b>	<b>100.00</b>
2013-14	Coverage (67)	3,872.01	2,594.25	2,917.31	75.00	2,806.06	72.00
	O & M (15)		580.80	402.29	10.00	434.30	11.00
	Sustainability (10)		387.20	382.24	10.00	378.24	10.00
	Support (5)		193.60	106.36	3.00	162.70	4.00
	WQM&S (3)		116.16	63.81	2.00	117.95	3.00
	<b>Total</b>	<b>3,872.01</b>	<b>3,872.01</b>	<b>3,872.01</b>	<b>100.00</b>	<b>3,899.25</b>	<b>100.00</b>
2014-15	Coverage (67)	3,954.30	2,649.38	2,952.28	74.66	3,302.02	74.00
	O & M (15)		593.15	497.46	12.58	535.36	12.00
	Sustainability (10)		395.43	381.70	9.65	455.36	10.00
	Support (5)		197.72	61.39	1.55	115.57	3.00
	WQM&S (3)		118.63	61.47	1.55	32.20	1.00
	<b>Total</b>	<b>3,954.30</b>	<b>3,954.30</b>	<b>3,954.30</b>	<b>100.00</b>	<b>4,440.51</b>	<b>100.00</b>
2015-16	Coverage (67)	2,677.22	1,793.74	1,638.83	61.00	1,511.30	65.00
	O & M (15)		401.58	732.99	27.00	481.72	21.00
	Sustainability (10)		267.72	158.54	6.00	161.62	7.00
	Support (5)		133.86	68.58	3.00	88.59	4.00
	WQM&S (3)		80.32	78.28	3.00	78.40	3.00
	<b>Total</b>	<b>2,677.22</b>	<b>2,677.22</b>	<b>2,677.22</b>	<b>100.00</b>	<b>2,321.63</b>	<b>100.00</b>
2016-17	Coverage (67)	2,437.11	1,632.864	1,816.09	75.00	1,817.54	73.00
	O & M (15)		365.567	310.25	13.00	310.30	13.00
	Sustainability (10)		243.711	226.32	9.00	226.32	9.00
	Support (5)		121.856	52.78	2.00	76.96	3.00
	WQM&S (3)		73.113	31.67	1.00	52.90	2.00
	<b>Total</b>	<b>2,437.11</b>	<b>2,437.11</b>	<b>2,437.11</b>	<b>100.00</b>	<b>2,484.02</b>	<b>100.00</b>
<b>Grand Total</b>		<b>17,640.03</b>	<b>17,640.03</b>	<b>17,640.03</b>	<b>--</b>	<b>17,637.23</b>	<b>--</b>

Source: Departmental records

**Appendix-1.3.3**  
**Statement showing delay in release of funds received from GoI**  
*(Reference: Paragraph-1.3.10.3; Page-12)*

(₹ in crore)

Year	Amount received from GoI	Amount transferred within the prescribed limit	Amount transferred to PHED with delay ranging from				Amount of penal interest @ 12 per cent
			>15 days and < one month	> one month and < six month	> six month and < 12 month	Amount transferred after delay (4)+(5)+(6)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2014-15	34.50	11.90	Nil	14.60	8.00	22.60	1.41
2015-16	17.32	1.73	5.60	9.99	Nil	15.59	0.14
2016-17	24.49	3.12	13.43	7.92	0.02	21.37	0.27
<b>Total</b>	<b>76.31</b>	<b>16.75</b>	<b>19.03</b>	<b>32.51</b>	<b>8.02</b>	<b>59.56</b>	<b>1.82</b>

Source: Departmental records

## Appendix-1.3.4

## Statement showing inclusion of repair works under Coverage and Sustainability component during 2012-17

(Reference: Paragraph-1.3.10.4(a); Page-13)

(₹ in lakh)

Sl. No.	Details of the new Water Supply Scheme (WSS)				Details of repair and replacement cost included in the estimated cost the new WSS			
	District	Division	Name	Estimated Cost	Item	Estimated Cost	Actual Expenditure	
1.	Champhai	Champhai WATSAN Division	Vangchhia WSS	152.96	Dismantling and refitting of 40 mm dia of existing GI Pipe gravity mainline		2.77	2.77
2.			Khuangleng WSS	116.22	Dismantling and re-fitting of 40 mm dia of existing GI Pipe gravity mainline		3.93	3.93
					Reconstruction of intake at Rachhiah & Khuai lui		0.49	0.49
3.			Old Hruaikawn WSS	42.19	Dismantling and re-fitting of 40 mm dia of existing GI Pipe gravity mainline		2.45	2.44
					Reconstruction of two Nos. intake at existing sources		1.25	6.23
4.			S Khawbung WSS	199.78	Reconstruction of one No. intake at existing sources		0.45	0.90
5.			Buang WSS	68.46	Dismantling and re-fitting of 50 mm dia of existing GI Pipe gravity mainline		0.86	0.88
6.			Dungtlang WSS	44.70	Reconstruction of one No. intake at existing sources		0.49	0.51
					Dismantling and re-fitting of 40 mm dia of existing GI Pipe gravity mainline		3.68	3.67
7.			Sesih WSS	147.15	Dismantling and re-fitting of 40 mm dia of existing GI Pipe gravity mainline		1.58	1.57
					Dismantling and re-fitting of 40 mm dia of existing GI Pipe distribution line		0.54	0.74
					Dismantling and re-fitting of 20 mm dia of existing GI Pipe gravity mainline		0.20	
					Repair/Reconstruction of Service Reservoir		7.45	7.44
8.			Bungzung WSS	164.84	Dismantling and re-fitting of 65 mm dia of existing GI Pipe gravity mainline		4.46	4.46
9.			Melbuk WSS	149.00	Dismantling of existing GI Pipe gravity mainline	40 mm dia	0.71	1.95
	32 mm dia	0.21						
	Dismantling and re-fitting of existing GI Pipe gravity mainline	40 mm dia				0.81		
		32 mm dia				0.24		

*Audit Report for the year ended 31 March 2017*

Sl. No.	Details of the new Water Supply Scheme (WSS)				Details of repair and replacement cost included in the estimated cost the new WSS		
	District	Division	Name	Estimated Cost	Item	Estimated Cost	Actual Expenditure
10.			Khuangthing WSS	170.49	Dismantling and re-fitting of 40 mm dia of existing GI Pipe gravity mainline	4.83	4.82
11.			Vaphai WSS	139.79	Dismantling and re-fitting of 40 mm dia of existing GI Pipe gravity mainline	4.51	4.51
12.			Thekpui WSS	66.71	Dismantling and re-fitting of 40 mm dia of existing GI Pipe gravity mainline	4.14	4.15
13.	Aizawl	Rural WATSAN Division, Aizawl	Lengte WSS (Aug)	138.30	Gravity Main: Dismantling & refitting of existing line 40 mm diameter	2.00	8.04
					(v) Re-construction of RCC/Cement Concrete Platform & Stand Post	0.27	0.27
14.			Reiek WSS (RWH)	212.00	Re-construction of RCC intake at Ngawbing	0.65	0.63
15.			New Vervek WSS (Aug)	60.00	Intake Chamber Re-construction of RCC intake chamber at source Rawtla Lui	1.07	1.01
					Distribution System b) Re-construction of existing public point	0.73	0.73
16.			West Serzawl WSS (Aug)	98.00	Re-construction of Intake	0.76	0.76
17.			Nghalchawm WSS (Aug)	107.54	Re-construction of intake	0.66	0.66
					Dismantling and re-fitting of existing gravity main 40 mm dia GI Pipe	2.00	2.00
18.			Vervek (E. Damdiai) WSS	40.32	Dismantling and re-fitting of existing gravity main 40 mm dia GI Pipe	1.00	1.00
19.	Champhai	Khawzawl WATSAN Division	Neihdawn WSS	73.43	Reconstruction of five nos. CC Platform	0.35	0.34
					Reconstruction of existing 748000 ltrs Reservoir	23.60	23.60
20.			Suangpuilawn WSS	243.66	Dismantling of existing GI pipe 25mm 20mm	0.27 0.25	0.53
					Relaying of existing GI pipe 25mm 20mm	0.37 0.31	0.57

Sl. No.	Details of the new Water Supply Scheme (WSS)				Details of repair and replacement cost included in the estimated cost the new WSS		
	District	Division	Name	Estimated Cost	Item	Estimated Cost	Actual Expenditure
21.			Saichal WSS	223.10	Dismantling & Refitting of GI pipe	1.29	1.29
22.			Hmuncheng WSS	46.14	Dismantling and relaying of existing distribution line 40mm 20mm	0.39 0.44	0.83
23.			Luangpawm WSS	95.37	Dismantling & Refitting of 40mm pipes	6.28	5.67
					Dismantling of existing GI pipe 40mm 25mm 20mm	0.23 0.44 0.36	1.02
					Refitting of existing GI pipe 40mm 25mm 20mm	0.28 0.52 0.40	1.02
24.			Dulte WSS	196.64	Dismantling and refitting of existing gravity mainline Reconstruction CC platform	12.88 0.63	12.88 0.63
25.			Buhban WSS	63.96	Dismantling & refitting of existing 40mm gravity main	1.09	1.09
					Repair of existing 40mm pipe line in Pialthleng lui	6.87	5.81
					Dismantling of existing 20mm distribution pipe	0.16	0.16
					Relaying of existing 20mm distribution pipe	0.19	0.17
26.			N. Khawlek WSS	129.86	Dismantling of existing GI pipe 40mm 25mm 20mm	0.40 0.34 0.63	1.37
					Refitting of existing GI pipe 40mm 25mm 20mm	0.55 0.46 0.78	1.52

Sl. No.	Details of the new Water Supply Scheme (WSS)				Details of repair and replacement cost included in the estimated cost the new WSS		
	District	Division	Name	Estimated Cost	Item	Estimated Cost	Actual Expenditure
27.			Tualbung WSS	128.92	Dismantling of existing GI pipe 40mm 20mm	0.28 0.52	0.79
					Refitting of existing GI pipe 40m 20mm	0.39 0.64	0.87
28.			N. Lungpher WSS	55.97	Dismantling of existing GI pipe 40mm 20mm	0.34 0.76	1.09
					Refitting of existing GI pipe 40m 20mm	0.47 0.93	1.19
29.			Tawizo WSS	51.04	Construction of one no. existing intake chamber Dismantling of existing GI pipe 40mm 25mm 20mm	0.39 0.08 0.10 0.18	0.39 0.36
					Refitting of existing GI pipe 40mm 25mm 20mm	0.11 0.14 0.22	0.40
30.			Kawlbem WSS	161.57	Dismantling and refitting of 40mm distribution pipe	7.06	7.06
31.			Pawlrang WSS	131.30	Dismantling and refitting of 40mm distribution pipe	2.32	2.32
					Construction of one no intake chamber	0.39	0.39
32.			Lamherh WSS	104.99	Dismantling of existing GI pipe 40mm 25mm 20mm	0.16 0.44 0.32	0.92
					Refitting of existing GI pipe 40mm 25mm 20mm	0.22 0.60 0.39	1.02

Sl. No.	Details of the new Water Supply Scheme (WSS)				Details of repair and replacement cost included in the estimated cost the new WSS		
	District	Division	Name	Estimated Cost	Item	Estimated Cost	Actual Expenditure
33.			Aiduzawl WSS	91.62	Construction one No. intake	0.63	0.63
					Dismantling & relaying gravity main	1.29	1.28
34.			Changzawl WSS	152.40	Construction of one No. intake	0.38	0.44
					Dismantling and refitting of 40mm distribution pipe	6.18	6.09
35.			Chhawrtui WSS	329.07	Construction of one No. intake	0.63	0.63
					Dismantling & relaying of existing 40 mm gravity main	4.39	4.29
					Reconstruction of 40 CC platform	1.97	1.97
36.			Rullam WSS	169.31	Construction of one No. intake	0.63	0.63
					Reconstruction of 12 Nos. CC platform	0.59	0.59
37.	Aizawl	Serchhip WATSAN Division	Thingsul Tlangnuam WSS	154.30	Re-Alignment of Pipe Relaying and refitting of existing Gravity Main	7.04	8.64
<b>Total</b>				<b>4721.10</b>		<b>157.13</b>	<b>1,67.05</b>

Source: Departmental records

**Appendix-1.3.5**

**Statement showing the details of expenditure incurred for operation and maintenance in the Urban WSS**

(Reference: Paragraph-1.3.10.4(b); Page-13)

(₹ in lakh)

Sl. No.	Name of the District	Name of the Division	Particulars	Date of payment	Expenditure
1.	Champhai	Khawzawl WATSAN Division, Khawzawl	Valve, GI Flange, Bend <i>etc.</i>	21.03.2013	3.57
2.			Heavy duty chain wrench, Pipe wrench <i>etc.</i>	21.03.2013	4.34
3.			Chain Wrench, Pipe Wrench, <i>etc.</i>	21.03.2013	3.57
4.			GI Socket, GI Elbow, GI Nipple, <i>etc.</i>	21.03.2013	3.20
5.			SVC Steel flange	21.03.2013	1.81
6.			Chain Wrench, Pipe Wrench, <i>etc.</i>	21.03.2013	3.02
7.			GMF W Valve, Flange, Nipple, <i>etc.</i>	21.03.2013	2.45
8.			GI Pipe, GI Socket, U Socket, <i>etc.</i>	21.03.2013	0.89
9.			GI Elbow, Socket, Bend, <i>etc.</i>	28.03.2014	0.11
10.			GI Flange, Socket, Bend, <i>etc.</i>	12.06.2014	1.00
11.			Purchase of diesel for Pump House	24.06.2015	1.00
Sub-total					24.96
1.	Champhai	Champhai WATSAN Division, Champhai	Purchase of materials	30.03.2015	1.02
2.			Purchase of materials	30.03.2015	6.30
3.			Purchase of materials	27.05.2015	0.07
4.			Purchase of materials	27.05.2015	0.08
5.			Repair of Backward Tank Floor	29.05.2015	0.40
6.			Clearing landslide along service road	29.05.2015	2.64
7.			Jungle Clearance	29.05.2015	1.84
8.			Purchase of materials	09.06.2015	2.56
9.			Payment of muster roll	30.07.2015	9.55
10.			Payment of muster roll	25.08.2015	9.87
11.			Payment of muster roll	22.09.2015	6.85
12.			Repair of site drain along approach road	23.09.2015	3.29
13.			Clearing landslide along service road	23.09.2015	1.20
14.			Payment of muster roll	26.02.2016	3.35
15.			Payment of muster roll	26.02.2016	2.91
16.			Payment of muster roll	26.02.2016	3.66
17.			Purchase of materials	29.03.2017	6.51
18.			Purchase of materials	29.03.2017	3.53
19.			Transformer, oil <i>etc.</i>	29.03.2017	3.52
Sub-total					69.15
1.	Aizawl/	Rural WATSAN Division, Aizawl	Dismantling & Refitting of G/M	19.04.2012	1.19
2.			Dismantling & Refitting of 125 mm gravity main line	19.04.2012	1.99
3.			Dismantling & Refitting GI Pipe	31.10.2012	1.90
4.			Dismantling & refitting of G/M	16.11.2012	1.44
5.			Payment of muster roll	16.11.2012	2.01
6.			Payment of muster roll	28.12.2012	1.85

Sl. No.	Name of the District	Name of the Division	Particulars	Date of payment	Expenditure		
7.	Aizawl	Rural WATSAN Division, Aizawl	Supply, installation, testing & commissioning of 250 KvA transformer	21.03.2013	4.90		
8.			Dismantling and refitting of GI G/ Main	28.03.2013	2.00		
9.			Maintenance works of G/M	09.12.2013	1.00		
10.			Repair of GM Line	19.12.2013	1.49		
11.			Dismantling, relaying and refitting of GI G/Main	19.12.2013	3.00		
12.			Purchase of materials	19.12.2013	0.23		
2013.			Repair of GM Line	19.12.2013	0.27		
14.			Dismantling and relaying of GI pipe 100mm	25.03.2014	1.20		
15.			Dismantling and relaying of GI pipe 125mm	25.03.2014	1.20		
16.			Improvement of intake/ Dismantling and refitting of G/M	27.3.2014	1.05		
17.			Improvement of intake	27.03.2014	0.69		
18.			Improvement of intake	27.03.2014	0.44		
19.			Improvement of intake	28.03.2014	7.82		
20.			Purchaser of pipe, bolts <i>etc.</i>	29.05.2014	0.64		
21.			Maintenance works	30.05.2014	2.50		
22.			Maintenance works	30.05.2014	1.81		
23.			Purchase of Steel, plank, cement, sand <i>etc.</i>	09.07.2014	0.48		
24.			Maintenance works	09.07.2014	0.35		
25.			Maintenance works	09.07.2014	0.21		
26.			Maintenance works	09.07.2014	0.17		
27.			Dismantling & refitting of GI pipe of gravity main	29.10.2014	2.20		
28.			Dismantling & Relaying of 80 mm GI pipe	19.11.2014	2.20		
29.			Purchase of materials	30.03.2015	3.48		
30.			Dismantling and refitting of GI Pipe	31.03.2015	1.50		
31.			Pumping of water, checking of pump sets <i>etc.</i>	26.02.2016	1.89		
32.			Distribution of Water to the consumer through House connection, and clearing of grass <i>etc.</i>	26.02.2016	1.66		
33.			-do-	26.02.2016	1.19		
34.			Procurement of Poly Aluminium Chloride	08.08.2016	1.02		
Sub-total					56.97		
Grand Total					151.08		

Source: Departmental records

**Appendix-1.3.6**

**Statement showing the details of procurement of furniture, stationery, hiring of vehicles, etc. from operation and maintenance fund**

(Reference: Paragraph-1.3.10.4(c); Page-14)

Sl. No.	District	Division	Particulars	Date of payment	Expenditure (₹ in lakh)		
1.	Champhai	Champhai WATSAN Division, Champhai	Stationery	29.11.2012	0.10		
2.			Revolving Chair	12.12.2012	0.06		
3.			Revolving Chair	12.12.2012	0.08		
4.			Stationery	12.12.2012	0.16		
5.			Seal & Letter Head	12.12.2012	0.12		
6.			Water Filter, table etc.	12.12.2012	0.07		
7.			Stationery	25.03.2014	0.04		
11.			POL	27.05.2015	18.64		
12.			Stationery	10.06.2015	0.56		
13.			POL	12.06.2015	2.80		
14.			Stationery	26.06.2015	0.20		
15.			Stationery	26.06.2015	0.10		
19.			Stationery	07.09.2015	0.48		
20.			POL	07.09.2015	10.58		
21.			POL	07.09.2015	2.80		
22.			Nails, Plywood etc.	29.09.2015	0.04		
23.			Steel Almira, Nails etc.	30.09.2015	0.22		
24.			Plywood, Bath Tap etc.	29.02.2016	0.07		
25.			Work charge Pay	26.02.2016	1.71		
26.			Work charge Pay	30.07.2015	4.32		
27.			Work charge Pay	30.07.2015	1.70		
28.			Work charge Pay	25.08.2015	4.32		
29.			Work charge Pay	31.08.2015	1.70		
30.			Work charge Pay	22.09.2015	4.32		
31.			Work charge Pay	22.09.2015	1.70		
Sub-total					56.89		
1.			Aizawl	Rural WATSAN Division, Aizawl	Construction of security fencing between E-in-C & C/S Bungalow	30.05.2014	5.50
2.					Work Charge Pay	26.02.2016	4.05
3.					Work Charge Pay	26.02.2016	8.86
4.					Work Charge Pay	26.02.2016	0.44
Sub-total					18.85		
Grand Total					75.74		

Source: Departmental records

## Appendix-1.3.7

## Statement showing the details of funds under 'Sustainability' component diverted for execution of piped water supply schemes

(Reference: Paragraph-1.3.10.4(d); Page-14)

(₹ in lakh)

District	Block	Name of PWS	Year of execution	Year of completion	Expenditure
Lawngtlai	Lawngtlai	Chawntlangpui PWSS	2013-14	2013-14	41.32
Lawngtlai	Lawngtlai	Liapha PWSS	2013-14	2013-14	23.98
Kolasib	N Thingdawl	Saihapui PWSS	2013-14	2014-15	64.89
Mamit	West Phaileng	Kawnmawi/ chhippu PWSS	2013-14	2013-14	18.00
Mamit	Zawlnuam	Kawrtha PWSS	2013-14	2014-15	62.03
Lunglei	Lunglei	Tle PWSS	2013-14	2013-14	37.86
<b>Total</b>					<b>248.08</b>

Source: Departmental records

**Appendix-1.3.8**

**Statement showing the details of award of works without call of tender**

(Reference: Paragraph-1.3.15.1; Page-23)

(₹ in lakh)

Sl. No.	District	Division	Name of Scheme	Name of Works	Name of Contractors	Amount
1.	Champhai	Khawzawl WATSAN Division, Khawzawl	Aiduzawl WSS	Construction of RCC Reservoir 5.0 lakhs lit capacity	Lalremruata	19.31
2.				Construction of RCC Reservoir 4.20 lakhs lit capacity	F.Thansiamia	17.22
3.			Chhawrtui WSS	Construction of RCC Reservoir-VI (3,70,000 lits Cap)	Rohmingliana	16.75
4.				Construction of RCC Reservoir-V (5,00,000 lits Cap)	David Lalmuanpuia	20.83
5.				Construction of RCC Reservoir-IV (5,00,000 lits Cap)	F.Lallawmawma	20.83
6.			Changzawl WSS	Construction of RCC Service Reservoir-II 570 Klits cap	Lalnuntluanga	18.25
7.				Construction of RCC Service Reservoir-I 570 Klits cap	P.B. Vanlalsawma	18.25
8.				Construction of RCC Service Reservoir-III 570 Klits cap	Lalthanchhuanga	18.25
9.				Construction of RCC Service Reservoir-IV 570 Klits cap	Lalmuankima	18.25
10.			Lamherh WSS	Construction of RCC Service Reservoir-I 4,00,000 lits cap	K.T.Rokhaw	17.56
11.				Construction of RCC Service Reservoir-II 4,00,000 lits cap	Zomawia	17.52
12.				Construction of RCC Service Reservoir-II 2,00,000 lits cap	Rev.R.Pahlira	9.29
13.			Khawlek WSS	Construction of RCC Service Reservoir-III 4,00,000 lits cap	H.Zohmangaiha	17.52
14.				Construction of RCC Service Reservoir-I 4,00,000 lits cap	V.Vanlalbiakhlisma	17.50
15.			Pawlrang WSS	Construction of RCC Service Reservoir-III 660 Klits cap	Lalbiakfela	21.56

Sl. No.	District	Division	Name of Scheme	Name of Works	Name of Contractors	Amount
16.				Construction of RCC Service Reservoir-II 660 Klits cap	Vanlalmuanpuia	21.56
17.				Construction of RCC Service Reservoir-IV 660 Klits cap	B.Lalzarzoliana	21.56
18.			Pawlrang WSS	Construction of RCC Service Reservoir-I 660 Klits cap	Biakkima VCP	21.56
19.				Construction of RCC Service Reservoir-I (4,00,000 lits cap)	Michael Zoremsiama	17.52
20.			Tualbung WSS	Construction of RCC Service Reservoir-II (4,00,000 lits cap)	Lalbiakmawia	17.50
21.				Construction of RCC Service Reservoir-IV (4,00,000 lits cap)	R.Vanlalvena	17.52
22.				Construction of RCC Service Reservoir-IV (5,00,000 lits cap)	Zopuii	20.96
23.			Rullam WSS	Construction of RCC Service Reservoir-V (5,00,000 lits cap)	F.Lalchama	20.96
24.				Construction of RCC Service Reservoir-VI (3,00,000 lits cap)	Lungtial Nohro	14.32
25.				Construction of RCC Service Reservoir-VI (4,00,000 lits cap)	V.Ryuha	17.38
26.			Khawlian WSS	Construction of RCC Service Reservoir-VII (4,00,000 lits cap)	S.Sachai	17.38
27.				Construction of RCC Service Reservoir-VIII (4,00,000 lits cap)	Deborah Vanlalchhuangi	17.38
28.				Construction of RCC Service Reservoir-IV (4,00,000 lits cap)	Malsawmdawngliana	18.06
29.				Construction of RCC Service Reservoir-V (4,00,000 lits cap)	Damhauhva	18.06
30.			Suangpuilawn WSS	Construction of RCC Service Reservoir-VI (4,00,000 lits cap)	R.Thanzingi	18.06
31.				Construction of RCC Service Reservoir-VI (4,00,000 lits cap)	T.Vanlalmawia	18.06
32.				Construction of RCC Service Reservoir-VII (4,00,000 lits cap)	H.C.Chiesa	18.06

Sl. No.	District	Division	Name of Scheme	Name of Works	Name of Contractors	Amount
33.			Tawizo WSS	Construction of RCC Service Reservoir-I (2,00,000 lits cap)	Thangluna	9.49
34.				Construction of RCC Service Reservoir-II (2,00,000 lits cap)	Rinpuii	9.49
35.			Kawlbem WSS	Construction of RCC Service Reservoir-II 267.49 Klt cap	Thuamkunga	20.55
36.	Champhai Champhai Aizawl	Khawzawl WATSAN Division, Khawzawl	Kawlbem WSS	Construction of RCC Service Reservoir-I 267.49 Klt cap	Damsiama	20.55
37.			N.Khawlek WSS	Construction of RCC Service Reservoir-II 4,00,000 lits cap	David Ramdinzaava	17.57
38.			Buhban WSS	Construction of RCC Service Reservoir 2,00,000 lits cap	Lalchhanhima	9.49
39.			N.Lungpher WSS	Construction of RCC Service Reservoir 2,00,000 lits cap	Tlangkhuma	9.49
40.	Champhai	Champhai WATSAN Division	Bungzung WSS	Construction of 5 lakhs litres capacity RCC Circular Reservoir No.2 (Flat roofing)	H. Lalchhanchhuaha	32.77
41.				Construction of 5 lakhs litres capacity RCC Circular Reservoir No.1 (Flat roofing)	Lalrinmuana	32.77
42.		Rural WATSAN Division, Aizawl	Hmuifang WSS	Construction of Circular RCC Reservoir 600000 lits capacity No-1	K. Sangchhuma	22.92
43.				Construction of Circular RCC Reservoir 600000 lits capacity No-II	Lalthansanga	22.92
44.			W. Serzawl WSS	Construction of RCC Reservoir 435000 lits capacity	C. Zoliana	24.82
45.			Bawlte WSS	Construction of Circular RCC Reservoir 5,00,000 lits capacity No-1 (Northern Side)	Modelthangi	19.04
46.			Sakawrdai WSS	Construction of RCC Reservoir 4,00,000 lits capacity	Robert Malsawma	4.00
47.			Upper Sakawrdai WSS	Construction of RCC Reservoir 3,50,000 lits capacity	Malsawma Darnagawn	3.50
48.			Lengte WSS	Construction of Fencing of Demountable Tanks	Lalramhluna	8.63

Sl. No.	District	Division	Name of Scheme	Name of Works	Name of Contractors	Amount
49.	Mizoram	Aizawl	N. Serzawl WSS	Construction of Circular RCC Reservoir 5,00,000 lits capacity for system-III	Lalsawmliana	22.10
50.				Construction of Circular RCC Reservoir 5,00,000 lits capacity for system-II	PC Lianzama	22.10
51.				Construction of Circular RCC Reservoir 4,50,000 lits capacity for system-I	H. Sangliana	21.38
52.			Zohmun WSS	Construction of Rain Water Harvesting Roof (Group-VIII)	Thangneihluna	3.69
53.				Construction of Rain Water Harvesting Roof (Group-VII)	Kapchhunga	3.69
54.				Construction of Rain Water Harvesting Roof (Group-VI)	Rama	3.69
55.				Construction of Rain Water Harvesting Roof (Group-V)	Saihmingliana	3.69
56.				Construction of Rain Water Harvesting Roof (Group-IV)	Sairumliana	3.69
57.				Construction of Rain Water Harvesting Roof (Group-III)	Saikhamliana	3.69
58.				Construction of Rain Water Harvesting Roof (Group-II)	Tlangmawia	3.69
59.				Construction of Rain Water Harvesting Roof (Group-I)	Thansanga	3.69
60.				Construction of Rain Water Harvesting Roof at No-I	Lalrokimi	5.96
61.				Construction of Rain Water Harvesting Roof at No-II	C. Laltlanlawma	3.36
62.				Construction of Rain Water Harvesting Roof at No-III	Remtluanga	5.96
63.				Construction of Rain Water Harvesting Roof at No-IV	Lalsawmliana	3.36
Total						966.53

Source: Departmental records

**Appendix-1.3.9**  
**Statement showing the details of Community water purification plants**  
*(Reference: Paragraph-1.3.15.2; Page-23)*

(₹ in lakh)

Name of the scheme	Particulars	No. of plant	Estimated cost	Expenditure incurred	Remarks
Pawlrang RWHS	Slow sand filter	1	11.00	11.00	Not utilised due to design flaw of installation of the filter
Changzawl WSS	Slow sand filter	1	7.50	7.48	Not utilised due to design flaw of installation of the filter
Kawlhem WSS	Slow sand filter	1	13.11	13.47	Not in working condition
	Electro chlorinator	1	6.50	7.38	Not installed
N. Lungpher WSS	ACF (2000 LPH)	1	4.25	4.25	Not in working condition
Buhban WSS	ACF (2000 LPH)	1	4.25	4.25	Not in working condition
Neihdawn WSS	ACF (2000 LPH)	1	4.25	4.25	Not in working condition
Khuangleng WSS	Chlorinator	1	8.00	8.00	Not installed
<b>Total</b>			<b>58.86</b>	<b>60.08</b>	--

*Source: Departmental records and physical verification*

## Appendix-1.3.10

## Statement showing the details of Work Contract Tax included in the cost of works

(Reference: Paragraph-1.3.15.3(a); Page-24)

(₹ in lakh)

Sl. No.	Name of the District	Name of the Division	Name of the WSS	Estimated Cost of WSS (₹ in lakh)	Component of work					Actual Expenditure
					Items of work included in the estimated cost of WSSs	Cost of the work	Work contract tax (13.50 per cent of 70 per cent of total cost)	Cess	Total Estimated cost (7)+(8)+(9)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Champhai	Champhai WATSAN Division	Vangchhia WSS	152.96	Construction of 2 Nos. RCC Reservoir of size 5 lakh litres each	64.70	6.11	0.19	71.01	70.96
2.			Old Hruaikawn WSS	42.19	Construction of 1 No RCC Reservoir of size 2 lakh litres	16.77	1.58	0.05	18.40	17.92
3.			Bungzung WSS	164.84	Construction of 3 Nos RCC Reservoir of size 5 lakh litres	97.05	9.17	0.29	106.51	102.36
4.			Melbuk WSS	149.00	Construction of RCC intake	0.96	0.09	0.00	1.05	1.05
					Construction of RCC Reservoir of size 12.70 lakh litres	82.15	7.76	0.02	89.94	90.62
5.			Vaphai WSS	139.79	Construction of 2 Nos. RCC Reservoir of size 5 lakh litres each	64.70	6.11	0.19	71.01	71.01
6.			Thekpui WSS	66.71	Construction of 1 No. RCC Reservoir of size 7 lakh litres	45.29	4.76	0.14	50.18	50.18
7.	Aizawl	Rural WATSAN Division, Aizawl	West Serzawl WSS (Coverage)	98.00	Construction of two intakes @ ₹ 69,705.50	1.39	0.13	-	1.53	1.53
					Construction of 4.35 lakh litres RCC reservoir	27.19	4.08	-	31.27	31.26
Mauchar WSS (RWH)			19.18	Construction of Roof - I	5.44	0.51	-	5.96	5.96	
				Construction of Roof - II	3.08	0.29	-	3.37	3.36	
				Construction of Roof - III	5.44	0.51	-	5.96	5.96	
				Construction of Roof - IV	3.08	0.29	-	3.37	3.36	
9.			Nghalchawm WSS (Aug)	107.54	Construction of two RCC intake	1.21	0.11	-	1.32	1.32
					Construction of rapid sand filter	3.92	0.37	-	4.29	4.29

Sl. No.	Name of the District	Name of the Division	Name of the WSS	Estimated Cost of WSS (₹ in lakh)	Component of work					Actual Expenditure
					Items of work included in the estimated cost of WSSs	Cost of the work	Work contract tax (13.50 per cent of 70 per cent of total cost)	Cess	Total Estimated cost (7)+(8)+(9)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
10.			New Vervek water supply shcheme	59.60	Construction of intake chamber	2.01	2.46	-	60.00	2.01
					Construction of gravity main	21.22				24.80
					Construction of RCC reservoir	20.25				14.14
					Construction of Distribution system	1.54				6.18
					Providing water supply to important public places	9.24				6.96
					Carriage of materials	0.64				1.00
					Contingency & testing	2.47				5.98
11.	Champhai	Khawzawl WATSAN Division	Neihdawn WSS	73.43	Construction of 1 no. intake	0.52	0.05	-	0.56	0.56
					Jungle Clearance	0.56	0.05	-	0.61	0.61
					Construction of foot path	8.65	0.08	-	8.73	8.72
					Construction of 5 nos. support pillars	0.29	0.03	-	0.31	0.31
					Construction of 2 nos. temporary work shed	1.23	0.12	-	1.35	1.34
					Construction of 5 nos Cement Concrete Platform	0.32	0.03	-	0.35	0.34
					Construction of 4 nos. cement concrete valve chamber	0.06	0.01	-	0.07	0.07
					Renovation of existing reservoir	21.56	2.04	-	23.60	23.60
					Security fencing	0.85	0.08	-	0.93	0.92
					Construction of 1 no RCC intake	0.34	0.03	-	0.37	0.40
12.			Selam WSS	142.16	Construction of 1 no. RCC weir	0.30	0.03	-	0.33	0.31
					Sustainability of Water Source	8.61	0.81	-	9.42	9.41
					Construction of footpath	13.84	1.31	-	15.14	15.14
					Construction of 25 nos. RCC platform	1.40	0.13	-	1.53	1.52
					Construction of 380000 ltrs Reservoir	28.14	2.72	-	30.86	30.82

Sl. No.	Name of the District	Name of the Division	Name of the WSS	Estimated Cost of WSS (₹ in lakh)	Component of work					Actual Expenditure
					Items of work included in the estimated cost of WSSs	Cost of the work	Work contract tax (13.50 per cent of 70 per cent of total cost)	Cess	Total Estimated cost (7)+(8)+(9)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
13.			Hmuncheng WSS	46.14	Construction of 1 no. intake	0.52	0.05	-	0.57	0.54
					Construction 100000ltrs RCC Reservoir	9.94	0.94	0.03	11.00	10.99
14.			Luangpaw WSS	95.37	Construction of footpath including Jungle clearance	6.54	0.62	-	7.15	6.68
					Construction of temporary shed	1.03	0.10	-	1.12	1.12
					Construction of 10 no. support pillar	0.30	0.03	-	0.32	0.32
					Construction of 10 nos. CC platform	0.44	0.04	-	0.48	0.48
					Construction of 10 nos. valve chamber	0.23	0.02	-	0.25	0.25
15.			Dulte WSS	196.64	Construction of 1,00,000 litres RCC Reservoir	9.94	0.94	0.03	11.00	10.44
					Construction of 1 no. intake chamber	0.57	0.05	-	0.62	0.62
					Construction of 10 nos. support pillar	0.57	0.05	-	0.63	0.62
16.	Aizawl	Serchhip WATSAN Division	Phaibakkawn WSS	56.56	Construction of RCC intake	0.69	0.06	-	0.75	0.75
					Construction of footpath along gravity line	4.71	0.44	-	5.15	5.15
					Construction of 40,000 litres RCC Reservoir	5.50	0.51	-	6.01	6.01
					Construction of two cement concrete platform	0.12	0.01	-	0.14	0.14
					RCC support pillars 8 numbers	0.63	0.06	-	0.69	0.69
					Construction of roughening filter	2.03	0.16	-	2.18	2.18
<b>Total</b>						<b>610.17</b>	<b>55.93</b>	<b>0.94</b>	<b>667.39</b>	<b>663.26</b>

Source: Departmental records

Appendix-1.3.11

Statement showing the details of estimates for construction of seven RCC Reservoirs using the Department's mathematical model

(Reference: Paragraph-1.3.15.3(b); Page-24)

(₹ in lakh)

Sl. No.	Name of the District	Name of the Division	Name of Scheme	No of RCC Reservoir	Capacity of each Reservoir (in litres)	Total Capacity (Col. 5 x 6) (in litres)	Calculation of each RCC Reservoir (Y)	Add cost index	Total Cost calculated by		Expenditure	
									Audit [Col. (8+9) x Col. 5]	Department	Actual	Excess (Col. 12 - 10)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1.	Aizawl	Rural WATSAN Division	Hmuifang WSS (RWHS)	2	600000	1200000	19.27	5.02	48.59	55.64	55.63	7.04
2.			Bawlte WSS	2	500000	1000000	17.14	4.47	43.20	49.47	50.40	7.20
3.	Champhai	Champhai WATSAN Division	S Khawbung WSS	2	500000	1000000	17.14	5.03	44.33	50.76	59.77	6.42
				1	150000	150000	6.97	2.04	9.01	9.01		
4.		Khawzawl WATSAN Division	Tualbung WSS	4	400000	1600000	14.58	3.75	73.33	76.00	76.00	2.67
5.			N. Khawlek WSS	3	400000	1200000	14.58	3.75	54.99	57.00	57.00	2.01
6.			Lamherh WSS	2	400000	800000	14.58	3.75	36.66	38.00	37.88	1.22
7.			N. Lungpher WSS	1	200000	200000	8.59	2.21	10.80	11.20	11.38	0.59
8.			Buhban WSS	1	200000	200000	8.59	2.21	10.80	11.20	11.20	0.40
9.			Tawizo WSS	2	200000	400000	8.59	2.21	21.59	22.40	22.40	0.81
10.			Suangpuialawn WSS	8	400000	3200000	14.58	3.75	146.65	152.00	151.82	5.16
11.			Khawlian WSS	8	400000	3200000	14.58	3.75	146.65	152.00	151.72	5.07
Total				36	--	14150000	--	--	646.60	684.68	685.20	38.59

Source: Departmental records

Note:  $(Y=1.993 * 10^5 + 3.33 * X + 1.344 * 10^{-7} * X^2 - 1.474 * 10^{-12} * X^3)$

Y= Cost estimate; X = Total volume of reservoir

## Appendix-1.4.1

## Statement showing the details of placement of trained youths by the Consultants

(Reference: Paragraph-1.4; Page-30)

(₹ in lakh)

Sl. No.	Name of the Consultant	Vr. No.	Date of		Amount	Trainees placed	
			Invoice	Payment		Trade	No.
1.	Intelligent Resources Pvt. Ltd.	34	31.08.2016	31.05.2016	4.93	Hospitality	40
2.		87	31.11.2016	09.09.2016	4.14	Aviation	12
3.		135	30.01.2017	30.01.2017	0.61	Hospitality	10
4.	Delta Consultants Pvt. Ltd.	35	31.07.2016	31.05.2016	2.07	Aviation	06
5.	Aman Overseas	43	31.08.2016	03.06.2016	4.55	Hospitality	36
6.	Hospitality Services India	54	31.08.2016	01.07.2016	4.55	Hospitality	34
7.		57	30.09.2016	04.07.2016	4.55	Hospitality	36
8.	NIP Placement	55	30.09.2016	01.07.2016	2.07	Aviation	06
9.		60	31.10.2016	14.07.2016	5.41	Hospitality	15
10.	RS Placements	56	30.09.2016	01.07.2016	3.10	Aviation	09
11.		89	31.12.2016	12.09.2016	4.17	Hospitality	33
12.		92	31.12.2016	14.09.2016	1.50	Travel & Tourism	13
13.	AS Pvt. Ltd.	58	31.10.2016	04.07.2016	1.04	Aviation	03
14.	Global Hunt	59	31.10.2016	04.07.2016	1.15	Travel & Tourism	10
15.		91	31.12.2016	14.09.2016	1.64	ITES	11
16.	AMS Services Pvt. Ltd.	63	31.10.2016	27.07.2016	3.04	Hospitality	24
17.	Divine HR Solutions	69	30.11.2016	29.07.2016	5.19	Hospitality	21
18.	Star Carrear Pvt. Ltd.	70	30.11.2016	29.07.2016	3.54	Hospitality	20
19.	Future Wings Pvt. Ltd.	85	30.11.2016	09.09.2016	3.45	Aviation	10
20.	Jobs for Travel	93	31.12.2016	14.09.2016	1.96	Travel & Tourism	17
21.	Wizmatrix Consulting Pvt. Ltd.	94	31.12.2016	14.09.2016	0.58	Hospitality	05
22.	SD Private Limited	36	30.07.2016	31.05.2016	4.05	Hospitality	57
23.		36	31.08.2016	31.05.2016	2.42	Aviation	7
24.	Sheela Consultant	37	31.07.2016	31.05.2016	5.06	Hospitality	56
25.		37	31.07.2016	31.05.2016	2.76	Aviation	15
Total					77.53	--	506

Source: Departmental records

### Appendix-2.1.1

#### Statement showing funds under Central Schemes transferred directly to State Implementing Agencies under General Sector during 2016-17

(Reference: Paragraph-2.1; Page-35)

			(₹ in crore)
Sl. No.	GoI Scheme	Implementing Agency	Release of funds by GoI
1.	Domestic Promotion and Publicity including Market Development Assistance	Civil Aviation & Tourism	0.50
2.	MPs Local Area Development Scheme (MPLADS)	Deputy Commissioner, Aizawl	12.50
3.	Scheme of RGI Including National Population Register (NPR)	Home Department, Government of Mizoram	0.24
4.	National Mission for Justice Delivery and Legal Reforms	Law & Judicial Department, Government of Mizoram	2.11
5.	Capacity Building- Panchayat Sashaktikaran Abhiyaan (PSA)	Panchayati Raj	9.22
6.	Scheme for Prevention Of Alcoholism and Substance (Drugs) Abuse	Social Justice and Empowerment	1.39
7.	Top Class Education for SCs	Social Justice and Empowerment	0.18
8.	Assistance to Voluntary ORGS for Programme Related to Aged	Social Justice and Empowerment	0.01
<b>Total</b>			<b>26.15</b>

Source: Finance Accounts, 2016-17 which inter-alia is taken from the "Public Financial Management System (PFMS)" Portal of the Controller General of Accounts (CGA)

**Appendix-3.1.1****Statement showing funds under Central Schemes transferred directly to State Implementing Agencies under Economic Sector (Other than Public Sector Under Takings) during 2016-17***(Reference: Paragraph-3.1; Page-39)*

Sl. No.	GoI Scheme	Implementing Agency	(₹ in crore)
			Release of funds by GoI
1.	National Mission on Sustainable Agriculture Central Sector	Agriculture Department, Government of Mizoram	9.69
2.	National Programme for Bovine Breeding	Agriculture Department, Government of Mizoram	0.56
3.	Capacity Building and Publicity - IT	Development of North Eastern Region, Government of Mizoram	19.37
4.	Capacity Building and Publicity	Development of North Eastern Region, Government of Mizoram	1.96
5.	NER Textiles Promotion Scheme	Director of Sericulture, Government of Mizoram	37.51
6.	Management Support to Rural Development Programs and Strengthening of District Planning Process	Extension Training Centre, Thingsulthliah, Mizoram	5.00
7.	Industrial Infrastructure Upgradation Scheme (IIUS)	Industries Department, Government of Mizoram	4.33
8.	Technology Upgradation and Quality Certification	Industries Department, Government of Mizoram	0.27
9.	State Science and Technology Programme	Mizoram Council of Science and Technology and Environment	1.29
10.	Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	Mizoram Tourism Development Authority	48.28
11.	Support for Statistical Strengthening	Planning & Programme Implementation, Government of Mizoram	4.00
12.	Training Schemes	Planning & Programme Implementation, Government of Mizoram	0.74
13.	Atal Innovation Mission(AIM) including Self Employment and Talent Utilization (SETU)	Planning & Programme Implementation, Government of Mizoram	0.12
14.	Capacity Development CSO AND NSSO	Planning & Programme Implementation, Government of Mizoram	0.10
15.	Propagation of RTI Act - Improving Transparency & Accountability in Govt	Planning & Programme Implementation, Government of Mizoram	0.03
16.	Land Records Modernization Programme	Rural Development Department, Government of Mizoram	2.00
17.	National Rural Livelihood Mission CS	Rural Development Department, Government of Mizoram	1.07
18.	Indira Awas Yojana CS	Rural Development Department, Government of Mizoram	0.15
19.	Research and Development Support SERC	Science and Technology, Government of Mizoram	0.65
20.	Technology Development Programme	Science and Technology, Government of Mizoram	0.39
21.	International Cooperation S & T	Science and Technology, Government of Mizoram	0.09

*Audit Report for the year ended 31 March 2017*

Sl. No.	GoI Scheme	Implementing Agency	Release of funds by GoI
22.	Science and Technology Institutional and Human Capacity Building	Science and Technology, Government of Mizoram	0.08
23.	Industrial Research and Development	Science and Technology, Government of Mizoram	0.02
24.	Science and Technology Programme for Socio Economic Development	Science Teachers Association, Mizoram	0.33
25.	National Rural Employment Guarantee Scheme (MGNREGA) CS	Social Audit Unit	0.08
26.	National Plan for Dairy Development	State Implementation Unit Mizoram of NPCBB	4.38
27.	Scheme for Usage of Geotextiles in North East	Trade & Commerce, Government of Mizoram	6.89
28.	National Handloom Development Programme	Trade & Commerce, Government of Mizoram	0.15
29.	Human Resource Development- Handicrafts	Trade & Commerce, Government of Mizoram	0.05
30.	Research and Development - Handicraft	Trade & Commerce, Government of Mizoram	0.05
31.	Ambedkar Hasthshilp Vikas Yojana	Trade & Commerce, Government of Mizoram	0.02
32.	Digital India Programme	Zoram Electronics Development Corporation, Ltd.	0.81
33.	National Mission on Food Processing (SAMPDA)	Zoram Mega Food Park Private Limited	18.32
<b>Total</b>			<b>168.78</b>

*Source: Finance Accounts, 2016-17 which inter-alia is taken from the "Public Financial Management System (PFMS)" Portal of the Controller General of Accounts (CGA)*

**Appendix-3.3.1**  
**Statement showing sample selection**  
*(Reference: Paragraph-3.3.3; Page-42)*

State	Administrative units	Total	Total border units	Sampled
Mizoram	Districts	8	6	2
	Blocks	26	16	2
	Villages (Gram Panchayats)	830	504#	24
# out of 504 villages, BADP was implemented in 324 villages during 2012-17.				
<b>Districts, blocks, villages sampled/selected for Performance Audit on BADP</b>				
State	Name of selected			
	District	Block	Village	
1	2	3	4	
Mizoram	Champhai	Champhai	Venglai	
			Vengthlang	
			Bethel	
			Kanan	
			Vengsang	
			Kahrawt	
			Hmunhmeltha	
			Ruantlang	
			Zote	
			Ngur	
			Vapar	
			Tualcheng	
	Lunglei	Lungsen	Hnahlan	
			Zodin	
			Tlabung	
			Serhuan	
			Tipperaghat	
			Nunsury	
			Lungsen	
			Chhumkhum	
			Phairuangkai	
			Belthei	
			Putlungasih	
			Zawlpui	
<b>Total</b>	<b>2</b>	<b>2</b>	<b>24</b>	

- Note:**
1. Districts were selected on the basis of Probability Proportionate to Size without Replacement (PPSWOR) with weightage on funds allocated to the districts
  2. Border blocks were selected on the basis on Simple Random sampling without Replacement (SRSWOR)
  3. 13 villages under Champhai block and 11 villages under Lungsen block were selected on the basis of the simple random method considering the accessibility to villages

### Appendix-3.3.2

#### Statement showing list of inadmissible works taken up under BADP

(Reference: Paragraph-3.3.8.3; Page-47)

Sl. No.	Year	District	Block	Nature of inadmissible works	Expenditure incurred on inadmissible works (₹ in lakh)	Reason for inadmissibility
1.	2012-13	Champhai	Ngopa	Construction of English Medium School building at Kawlbem (KES)	10.00	Private School of individual benefit
2.				Construction of English Medium School building at Teikhang (PES)	10.00	
3.			Champhai	Construction of Supply Department Staff Quarters (Type -II)	6.00	Residence for officials
4.			Khawbung	Construction of English Medium School building at Sesih	10.00	Private school of individual benefit
5.		Lunglei	Hnahthial	Repair and Furnishing of Rural Development Department Rest- House at Cherhlun	3.00	Departmental building
6.				Construction of Police Check - Gate and Police Quarter (Type II) at Thingsai	6.00	
7.			Bunghmun	Construction of Police Quarter at Bunghmun.	5.00	Residence for officials
8.		Mamit	W.Phaileng	Construction of Sub-Divisional Police Officer quarter at New W. Phaileng	10.00	
9.			Zawlnuam	Construction of Village Council House at Rajiv Nagar-II	6.00	Office of local bodies
Sub-total (2012-13)					66.00	
10.	2013-14	Champhai	Ngopa	Construction of English Medium School (PES) Building, Kawlbem	13.00	Private School of individual benefit
11.				Construction of Ngopa English Medium School building (PES)	10.00	
12.				Construction of English Medium School building (Hauthuama) N.E. Khawdungsei	10.00	
13.		Champhai	Champhai	Construction of Hnahlan English Medium School Building	10.00	Office of local bodies
14.				Construction of Emmanuel Vapar Adventist School Building	5.00	
15.				Construction of Village Council House at Dinthar	4.00	
16.			Khawbung	Construction of English Medium School Building at Khuangthing	10.00	Private School of individual benefit
17.		Lunglei	Hnahthial	Continuing construction of Police check gate and police quarters Type - II at Thingsai	4.00	Departmental building &Residence for officials
18.				Construction of Kitchen and repair of Rural Development Department Rest House at Muallianpui	14.00	Departmental building
19.				Repairing of Chowkidar Quarters. at Rural Development Department Rest House Hnahthial	1.00	
20.			Bunghmun	Construction of Rural Development Department Rest House at Marpara 'S'	20.00	
21.				Internal Beautification of Block Headquarters, Bunghmun	9.35	
22.				Construction of Police Quarter at Bunghmun	5.00	

Sl. No.	Year	District	Block	Nature of inadmissible works	Expenditure incurred on inadmissible works (₹ in lakh)	Reason for inadmissibility
23.			Lungsen	Construction/Extension of Rural Development Department Rest House at Lungsen	7.50	Departmental building
24.			Saiha	Construction of Police Outpost	8.00	Private School of individual benefit
25.		Saiha	Tuipang	Continuing Construction of Private High School building at Lungpuk	4.00	
26.				Construction of border private High School building at Laki	10.00	
27.				Extension and Renovation of BDO Quarter at Tuipang	10.00	Departmental building
28.				Construction of building for Police Beat Post at Tuipang 'D'	10.00	
29.		Lawngtlai	Sangau	Construction of Blue Mountain private Higher Secondary School Building at Sangau-II	5.00	Private School of individual benefit
30.				Construction of Science Laboratory building at Blue Mountain English School, Sangau	4.00	
31.				Continuing Construction of Multi-purpose Hall at BDO Complex Sangau	5.00	Departmental building
32.			Bungtlang 'S'	Construction of Store Keeper Quarter at Vaseikai	6.00	Residence of officials
33.		Mamit	Zawlnuam	Construction of Jawan Barrack Quarter at Border Out Post (BOP) Rajivnagar	6.00	Infrastructure inside BOP
34.				Construction of Bathroom for Officer Room at BOP, Tuipuibari-I	1.00	
Sub-total (2013-14)					191.85	
35.	2014-15	Champhai	Ngopa	Construction of Mimbang English Medium High School Science Laboratory Building	8.00	Private School of individual benefit
36.				Construction of Ebenezer English Medium School Building at Chiahpu	10.00	
37.				Construction of Hnahlan English Medium School building, Hnahlan	6.00	
38.				Construction of English Medium School Building, Vapar	7.00	
39.			Champhai	Renovation of DC Rest House at Khuangphah	5.00	Departmental building
40.			Khawbung	Construction of English Medium School office building at Khuangthing	5.00	Private School of individual benefit
41.		Lunglei	Hnahthial	Repair & renovation of Rural Development Department Rest House at S. Vanlaiphai	5.00	Departmental building
42.				Construction of Holy Child English Medium School Building, Bungmun	8.00	Private School of individual benefit
43.			Bungmun	Internal Beautification of Block Headquarters Bungmun	5.65	Departmental building
44.			Saiha	Tuipang	Construction of New Light School building at Tuipang 'V'-II	10.00
45.		Lawngtlai	Bungtlang 'S'	Construction of Storekeeper Quarters at Vaseikai	2.00	Departmental building

*Audit Report for the year ended 31 March 2017*

Sl. No.	Year	District	Block	Nature of inadmissible works	Expenditure incurred on inadmissible works (₹ in lakh)	Reason for inadmissibility
46.		Mamit	W.Phaileng	Construction of English Medium School Building at Lallen	10.00	Private School of individual benefit
47.				Construction of English Medium School Building at New W. Phaileng	10.00	
48.				Construction of Barrack at BOP Silsury	6.00	Infrastructure inside BOP
49.				Construction of Bathroom cum Toilet Block at BOP's Hnahva Chera , Laxmi Chera and Pukzing	9.00	
50.			Zawlunam	Construction of Jawan barrack for 30 men	5.00	
Sub-total (2014-15)					111.65	
51.	2015-16	Lunglei	Hnahthial	Repair & Renovation of Rural Development Rest House at S. Vanlaiphai	3.00	Departmental building
52.		Saiha	Tuipang	Completion of New Light School Building at Tuipang V-II	10.00	Private School of individual benefit
53.		Lawngtlai	Sangau	Construction of Science Laboratory Building at Blue Mountain English School, Sangau	6.00	
54.			Bungtlang 'S'	Construction of Multipurpose Training Centre at Bungtlang 'S' Rural Development Department Complex	5.00	Departmental building
Sub-total (2015-16)					24.00	
55.	2016-17	Champhai	Champhai	Construction of RCC building at Khankawn check gate (police check gate)	10.00	Departmental building
56.				Renovation of District Court Building with Fencing	5.00	
57.				Fencing of Circuit House Complex	5.00	
58.				Fencing of DC Complex, Keifangtlang	5.00	
59.		Lawngtlai	Chawngte	Construction of Dormitories for Government Servant at Kamalanagar-III	18.00	Residence of officials
60.		Mamit	W. Phaileng	Renovation of VC House	5.00	Office of local bodies
Sub-total (2016-17)					48.00	
Grand Total (2012-17)					441.50	

*Source: Annual Action Plans for the years 2012-17*

**Appendix-3.3.3**  
**Statement showing the delay in release of fund**  
*(Reference: Paragraph-3.3.9.1; Page-48)*

(₹ in crore)

Year	GoI release (Year and Month)	Fund retained by the Secretariat of RDD for Monitoring, MIS etc.	Fund released to the Directorate (Year and Month)	Delay in release (in Month)
2012-13	41.55 (June 2012 to January 2013)	0.40	41.15 (September 2012 to February 2014)	2 to 13 months
2013-14	40.17 (July 2013 to November 2013)	0.40	39.77 (September 2013 to September 2015)	1 to 23 months
2014-15	35.34 (July 2014)	0.19	35.15 October 2014 to May 2015)	9 months
2015-16	38.62 (August 2015 to January 2016)	0.50	38.12 (October 2015 to July 2016)	1 to 6 months
2016-17	46.00 (June 2016 to November 2016)	0.50	45.50 (October 2016 to May 2017)	3 to 6 months
<b>Total</b>	<b>201.68</b>	<b>1.99</b>	<b>199.69</b>	<b>--</b>

Source: Departmental records

**Appendix-3.3.4**

**Statement showing expenditure incurred on hiring of Excavator (JCB)/ pick up truck/ vibratory roller but were found to be of LMVs and two wheelers**

(Reference: Paragraph-3.3.10(i); Page-51)

(₹ in lakh)

Sl. No.	Expenditure incurred by	Year	Particulars	Registration numbers of the machineries as noted in the bills	Actual category of vehicle (Type) registered with the Transport Department, GoM	Expenditure incurred
1.	(A) Directorate	2012-13	Hiring charge of JCB for Construction of Jeepable road between Vahai and Miepu	MZ-01B/3986	Scooter (LML Supermo/ Select-II)	9.58
2.		2013-14	Hiring charge of JCB for Construction of Medium Truck Road from Cheural to lower part of potato plantation area	MZ-03/2204	SUV (Tata Sumo)	4.74
3.		2013-14	Hiring charge of JCB for Construction of Jeepable road from Chapui to Mt. Lopa	MZ-01D/3896	Car (ZEN D)	4.65
4.		2013-14	Hiring charge of JCB for Construction of truckable road between Lokhisory and Futsury	MZ-01F/5068	Motor cycle (YZF R-15)	9.20
5.		2014-15	Hiring charge of JCB for Construction of Jeepable approach road from existing bridge to Farfanglui	MZ-01E/0491	Scooter (Pleasure two wheeler)	1.90
6.		2014-15	Hiring charge of JCB for Construction of link road from Samthang to Lamsial	MZ-01F/6568	Car (Maruti 800 MPI STD)	3.14
7.		2014-15	Hiring charge of JCB for Construction of Medium Truck road from Khankawn to river Tlawva via Sertial Zawl	MZ-01F/6568	Car (Maruti 800 Mpi STD)	5.30
8.		2015-16	Hiring charge of JCB for Widening of road from Aithur to Tarpho road Phase-I	MZ-01B/3986	Scooter (LML Supermo/Select-II)	6.05
9.		2016-17	Hiring charge of JCB for Construction of Khawnglung mual approach road to Sialsir	MZ01D-7197	Motor Cycle (Royal Enfield)	5.81
10.		2016-17	Hiring charge of JCB for construction of MTR road from Khawhri to Tuipui	MZ01F-6568	Car (Maruti 800)	9.73
Sub-total (A)						60.10

Sl. No.	Expenditure incurred by	Year	Particulars	Registration numbers of the machineries as noted in the bills	Actual category of vehicle (Type) registered with the Transport Department, GoM	Expenditure incurred
11.	(B) BDO Champhai	2012-13	Hiring charge of Truck for Carriage of Solar based electrification back up from Aizawl to Champhai	MZ01C 2513	Motor Cycle (Hero Honda CBZ)	0.12
12.		2012-13	Hiring charge of JCB for Widening of jeepable road from Diltlang to Tuithoh	MZ04-3040	SUV (Scorpio)	4.82
13.		2012-13	Hiring charge of JCB for Construction of Playground at Vengsang	MZ04-3040	SUV (Scorpio)	4.87
14.		2013-14	Hiring charge of JCB for Construction of jeep road from Tualcheng to Murlen	MZ04-3040	SUV (Scorpio)	4.82
15.		2015-16	Hiring charge of JCB for Construction of link road from Zaenglina house to Phaizau at Zokhawthar	MZ01D-3896	Car (ZEN D)	4.88
16.		2015-16	Hiring charge of JCB for Construction of MTR from Tingmun to Tuipui	MZ04-5984	SUV (Tata Spacio Sumo)	9.84
17.		2015-16	Hiring charge of JCB for Construction of T/road from Tlangnuam Veng to Midum Phaizau	MZ04-7111	Scooter (Activa two wheeler)	9.84
18.		2015-16	Hiring charge of JCB for Construction of playground at N. Diltlang	MZ04-7984	Car (Alto K10B VXi)	4.88
19.		2015-16	Hiring charge of JCB for Construction of T/road from N. Khawbung to Khamkeh zau via Tuikual zau	MZ04-7131	Car (Maruti Alto 800)	7.88
20.		2015-16	Hiring charge of JCB for continuation of truckable agriculture link road from Khankawn to Chhungte Hmunhlui	MZ01D-3896	Car (Zen)	4.88
21.		2015-16	Hiring charge of JCB for construction of T/road from Zote to Chharte	MZ01D/4526	Motor Cycle (Pulsar)	4.88
22.		2015-16	Hiring charge of JCB for construction of playground at Vengsang	MZ04-7291	Motor Cycle (Royal Enfield Classic)	5.88
23.		2016-17	Hiring charge of JCB for Construction of MTR from Tualcheng to Pamchung via Kahkawn	MZ04-5304	Motor Cycle (Apache RTR 180)	4.85

*Audit Report for the year ended 31 March 2017*

Sl. No.	Expenditure incurred by	Year	Particulars	Registration numbers of the machineries as noted in the bills	Actual category of vehicle (Type) registered with the Transport Department, GoM	Expenditure incurred
24.		2016-17	Hiring charge of JCB for Construction of MTR from Vapar to Murlen	MZ04-1017	Car (Alto LXI)	4.92
25.		2016-17	Hiring charge of JCB for Construction of MTR approach to Muga Farm N. Khawbung	MZ01C-5513	Motor Cycle (Pulsar 180)	4.85
26.		2016-17	Hiring charge of JCB for Continuation of MTR from Lungphunlian to Tualcheng	MZ04-5304	Motor Cycle (Fiero F2)	8.86
27.		2016-17	Hiring charge of JCB for construction of MTR from Thinglian zau to Tiau phai Hnahlan	MZ04-5304	Motor Cycle (Apache RTR 180)	6.89
28.		2016-17	Hiring charge of JCB for construction of playground at Jail Veng, Kanan	MZ04-1017	Car (Alto)	4.85
29.		2016-17	Hiring charge of JCB for continuation of MTR from Dinthar to RD pump via Awmpui phai zau Dinthar	MZ04-5304	Motor Cycle (Apache RTR 180)	5.91
30.		2016-17	Hiring charge of JCB for widening of playground at Vapar	MZ04-7382	Car (I10 Asta Motor)	4.85
31.		2016-17	Hiring charge of JCB for continuation of Hmunmeltha playground	MZ01B-7586	Scooter (Bajaj Chetak)	4.85
32.		2016-17	Hiring charge of JCB for construction of playground at Dilkawn	MZ01C-8184	Car (Bolero Lx)	4.85
Sub-total (B)						243.47
33.	(C) BDO, Lungsan	2012-13	Hiring charge of JCB for Construction of medium truck road from Serhuan to Puankhai	MZ-02-7292	Auto rickshaw (Bajaj)	9.46
34.		2012-13	Hiring charge of JCB for Construction of medium truck road from Serhuan to Puankhai	MZ-02A-0209	Spacio AI (Diesel LMV (Jeep) TATA Sumo	9.46
35.		2012-13	407 Truck hiring charge for carrying solar equipments from Aizawl to Lungsan	MZ0-1H-4180	Car (EON Sportz)	0.12
36.		2012-13	Pick up truck hiring charge for carrying solar equipments from Lungsan to Tlabung	MZ01B-2916	Motor Cycle (Fiero RTV)	0.03
37.		2012-13	Pick up truck hiring charge for carrying solar equipments from Lungsan to Tlabung	MZ01C-0819	Motor Cycle (Pulsar 150)	0.03

Sl. No.	Expenditure incurred by	Year	Particulars	Registration numbers of the machineries as noted in the bills	Actual category of vehicle (Type) registered with the Transport Department, GoM	Expenditure incurred
38.		2012-13	407 Truck hiring charge for carrying solar equipments from Aizawl to Lungsan	MZ01H-1616	Car (Alto K10B)	0.12
39.		2012-13	Pick up truck hiring charge for carrying solar equipments from Lungsan to Nunsury.	MZ01C-9418	Car (Maruti 800 MPI STD)	0.03
40.		2012-13	407 Truck hiring charge for carrying solar equipments from Aizawl to Lungsan	MZ01F-2480	Motor Cycle (YZF R-15)	0.12
41.		2012-13	Pick up truck hiring charge for carrying solar equipments from Lungsan to Kalapani.	MZ01E-1819	Scooter (Mid Size)	0.03
42.		2012-13	407 Truck hiring charge for carrying solar equipments from Aizawl to Lungsan	MZ01E-2820	Motor Cycle (YZF R-15)	0.12
43.		2012-13	Pick up truck hiring charge for carrying solar equipments from Lungsan to Thekaduar	MZ01F-8101	Motor Cycle (Apache RTR 180)	0.03
44.		2012-13	407 Truck hiring charge for carrying solar equipment from Aizawl to Lungsan	MZ01D 1480	Motor Cycle (Bajaj Pulsar 180)	0.12
45.		2012-13	Pick up truck hiring charge for carrying solar equipments from Lungsan to Zodin	MZ01F-9401	Motor Cycle (Karizma)	0.03
46.		2012-13	Pick up truck hiring charge for carrying solar equipments from Lungsan to Zodin	MZ01G-2089	Scooter (Sym Rodeo)	0.03
47.		2012-13	407 Truck hiring charge for carrying solar equipments from Aizawl to Lungsan	MZ01C-2884	Car (Maruti 800)	0.12
48.		2012-13	Pick up truck hiring charge for carrying solar equipments from Lungsan to Tipperaghat	MZ01H-6017	Scooter (Honda Activa)	0.03
49.		2012-13	Pick up truck hiring charge for carrying solar equipment from Lungsan to Tipperaghat	MZ01G 0041	Scooter (Rodeo Sym)	0.03
50.		2012-13	Pick up truck hiring charge for carrying solar equipments from Lungsan to Silgur	MZ01G-6518	Motor Cycle (Karizma)	0.03
51.		2012-13	Pick up truck hiring charge for carrying solar equipments from Lungsan to Tipperaghat	MZ01H-2518	Scooter (Flyte Sym)	0.03
52.		2012-13	Hiring charge of JCB for Construction of Medium Truck Road from Zehet to Sailen	MZ05-0538	Motor Cycle (Hero Honda CBZ)	7.16

*Audit Report for the year ended 31 March 2017*

Sl. No.	Expenditure incurred by	Year	Particulars	Registration numbers of the machineries as noted in the bills	Actual category of vehicle (Type) registered with the Transport Department, GoM	Expenditure incurred
53.		2012-13	Hiring charge of JCB for Construction of Medium Truck Road from Zehet to Sailen	MZ05-0538	Motor cycle (Hero Honda CBZ)	9.46
54.		2012-13	Hiring charge of JCB for Construction of Playground at Vairawkai	MZ07-0437	Car (Maruti Van)	6.60
55.		2012-13	Hiring charge of JCB for Construction of Playground at Zohmun	MZ04-4356	Scooter (TVS Pep)	6.60
56.		2014-15	Hiring of JCB for extension of playground at Belpui	MZ02-7292	Auto rickshaw (Bajaj)	4.71
57.		2015-16	Hiring of JCB for construction of MTR from Chawngte L to Hmunthar via Ngiautlang	MZ02-7537	Motor Cycle (Hero Hunk)	7.67
58.		2015-16	Hiring of JCB for construction of MTR from Undermanik to Rolui	MZ01D-8275	Scooter (Flyte Sym)	8.54
59.		2015-16	Hiring of JCB for construction of MTR from Sailen to Mautlang	MZ02-7085	Motor Cycle (CBZ Xtreme)	7.67
60.		2015-16	Hiring of JCB for extension of playground at Bolia	MZ02-7085	Motor Cycle (CBZ Xtreme)	4.64
61.		2015-16	Hiring of JCB for construction of playground at Letisury	MZ02-5284	Scooter (LML Supermo/ Select-II)	4.64
62.		2015-16	Hiring charge of JCB for black topping of road between Phairuankai and Rotlang west	MZ01D-8275	Scooter (Kinetic flyte)	9.80
63.		2015-16	Hiring charge of Vibratory roller for black topping of road between Phairuankai and Rotlang west	MZ01D-8275	Scooter (Kinetic flyte)	5.88
64.		2015-16	Hiring charge of JCB for construction of link road at Tablabagh	MZ02-7085	Motor Cycle (CBZ Xtreme)	4.64
65.		2016-17	Hiring of JCB for construction of MTR from Sailen to Mautlang	MZ02-7537	Scooter (Yamaha Fascino)	9.51
66.		2016-17	Hiring of JCB for construction of MTR from Undermanik to Rolui	MZ02-7537	Scooter (Yamaha Fascino)	9.51
67.		2016-17	Hiring of JCB for extension of playground near Halipad, Zodin	MZ02-7085	Motor Cycle (CBZ Xtreme)	4.89
<b>Sub-total (C)</b>						<b>131.89</b>
<b>Grand Total (A) + (B) + (C)</b>						<b>315.26</b>

Source: Departmental records and Database of Transport Department, GoM

## Appendix-3.3.5

## Statement showing deductible amount of contractor's profit from the estimate under Lungsen and Champhai block during 2014-15 and 2016-17

(Reference: Paragraph-3.3.10(ii); Page-54)

(₹ in lakh)

Sl.No.	Year	Name of District	Name of Block	Name of the work	Estimated amount of the work	Deductible 10 <i>per cent</i> Contractor's profit
1.	2014-15	Lunglei	Lungsen	Construction of Medium Truck Road from Chawngte L to Hmunthar via Ngiautlang	40.00	3.64
2.				Construction of Medium Truck Road from Sailen to Mautlang	40.00	3.64
3.				Construction of Medium Truck Road from Undermanik to Rolui	30.00	2.73
4.		Champhai	Champhai	Construction of Recreation Centre-cum-Rest House near DRDA Office, Keifangtlang	20.00	1.82
5.				Construction of YMA sub-Headquarter building at Vengthlang	20.00	1.82
6.				Continuation of community hall at Ngur	19.00	1.73
7.				Bouldering & Black topping of approach road to Zero point from main road, New Vaikhawtlang	10.00	0.91
8.				Continuation of construction of community hall at Electric Veng	20.00	1.82
9.				Continuation of construction of Kahrawt community hall	20.00	1.82
Total (2014-15)					219.00	19.93
10.	2016-17	Champhai	Champhai	Continuation of construction of community hall at Electric Veng	10.00	0.91
Total (2016-17)					10.00	0.91
Grand Total (2014-17)					229.00	20.84

Source: Departmental records

**Appendix-3.3.6**

**Statement showing works shown as completed but yet to start**

(Reference: Paragraph-3.3.10(v); Page-55)

(₹ in lakh)

Sl. No.	District	Block	Name of the work	Expenditure incurred	Voucher No. and Date	Date of commencement of work	Date of Completion as per Completion Report	Actual Position found on joint inspection
1.	Lunglei	Lungsen	Construction of motorable RCC Bridge over Borsegojasora	6.00	13278 dated 24.03.2017	06.02.2017	07.03.2017	Work not started
2.			Construction of Kisan sheds with toilets at IBB Fence gates of Tipperaghat	4.00	12981 dated 06.03.2017	8.02.2017	10.03.2017	Work not started
3.	Champhai	Champhai	Fencing of Circuit House Complex at Bethel	5.00	19 dated 11.03.2017	06.02.2017	07.03.2017	Work not started
4.			Fencing of DC Complex at Keifangtlang	5.00	9 dated 11.03.2017	06.02.2017	07.03.2017	Work not started
Sub-total				20.00	--	--	--	--

Source: Joint Inspection and Departmental records

**Appendix-3.3.7**  
**Statement of works shown as complete but found incomplete**  
*(Reference: Paragraph-3.3.10(vi); Page-55)*

(₹ in lakh)

Sl. No.	Name of District	Name of Block	Name of the work	Amount of expenditure	Voucher No. and Date	Date of start of work	Date of Completion as per Completion Report	Actual Position found on joint inspection
1.	Champhai	Champhai	Construction of Indoor Badminton Court at Old DC Complex, Bethel veng	12.50	360 BADP dated 04.03.2014	16.12.2013 and 14.12.2015	29.01.2014 and 12.01.2016	Initial site of Badminton Court at Bethel veng was shifted to Sports Complex at New Champhai in July 2016. Foundation work had commenced.
				7.50	2 dated 13.02.2015			
				5.00	17 dated 02.02.2016			
2.			Construction of Community hall at Mualveng, Ruantlang	9.00	362 BADP dated 04.03.2014	16.12.2013	29.01.2014	Structure with CGI sheet roof completed without floor
				7.00	112 dated 13.02.2015	26.01.2015	24.02.2015	
				2.00	10 dated 27.01.2016	14.12.2015	12.01.2016	
3.			Construction of Medium Truck Road from Lungphunlian to Tualcheng	9.00	51 dated 11.03.2017	13.02.2017	07.04.2017	A narrow earth cutting started and stop abruptly in the Jungle
4.	Lunglei	Lungsen	Construction of Primary Health Centre building at Lungsen	40.00	13463 dated 30.3.2017	08.02.2017	30.03.2017	Initial stage of foundation works
<b>Total</b>				<b>92.00</b>	--	--	--	--

Source: Joint Inspection and Departmental records

**Appendix-3.4.1**  
**Statement showing projects sample**  
*(Reference: Paragraph-3.4.3; Page-59)*

No. of MIPs completed during 2008-09 to 2015-16	No. of MIPs for sample (5 per cent)	No. of on-going MIPs as on March 2016	No. of MIPs for sample (5 per cent)	Total
193	10	14	2	12

<b>I. Completed Projects</b>			
(i)	Total No. of Divisions	=	4
(ii)	Total No. of completed Projects	=	193
(iii)	No. of units to be selected (five per cent)	=	10
(iv)	No. of Divisions Selected	=	2
<b>Sample Selected for audit scrutiny</b>			
	Name of MIP	Location	Cost (₹ in crore)
1.	Mat	Serchhip, Aizawl Division	5.54
2.	Zilngai	Tlungvel, Aizawl Division	1.87
3.	Changte	Samlukhai, Aizawl Division	1.46
4.	Buhchangdil	Phuaibuang, Aizawl Division	1.23
5.	Tuikual	Saithah, Aizawl Division	1.00
6.	Fuanlui	Chite, Aizawl Division	0.85
7.	Awmpui Phai	Champhai, Champhai Division	1.65
8.	Midumphai	-do-	1.27
9.	Lower Tuimuk	Khawzawl, Champhai Division	0.99
10.	Thangpui	Hnahlan, Champhai Division	0.65

<b>II. Ongoing Projects</b>			
(i)	Total No. of Divisions	=	4
(ii)	Total No. of ongoing Projects	=	14
(iii)	No. of units to be selected (5 per cent)	=	0.7 (rounded up to 2)
(iv)	No. of Divisions Selected	=	2
<b>Sample Selected for audit scrutiny</b>			
	Name of project	Location	Cost (in ₹)
(i)	Khawhnuai MI Project	Sihphir, Aizawl Division	1,48,00,000
(ii)	Tlabung Ph-II MI Project	Vangchhia, Champhai Division	1,19,47,000

**Appendix-3.4.2**  
**Statement showing delay in release of funds by the State Government**  
*(Reference: Paragraph-3.4.9.1; Page-62)*

(₹ in lakh)

Year	Name of the schemes	GoI Sanction Order No.	Release of Central Share		Release of State share (including Central share)		Total amount released to IWRD	Delay (in days) beyond 15 days
			Amount	Date	Amount	Date		
2008-09	AIBP- VI	F.No.41(1)PF-I/2007-13	112.00	10-04-2008	12.44	15-07-2008	124.44	81
	AIBP- VII	F.No.41(1)PF-I/2007-13	1215.00	10-04-2008	135.00	16-05-2008	1350.00	21
	AIBP- VI	F.No.41(1)PF-I/2008-309	1489.00	20-10-2008	165.45	12-02-2009	1654.45	100
	AIBP- VII	F.No.41(1)PF-I/2008-409	1685.50	29-12-2008	187.28	28-03-2009	1872.78	74
	AIBP- VI	F.No.41(1)PF-I/2008-678	165.26	31-03-2009	18.36	31-03-2009	183.62	-
	AIBP- VIII	F.No.41(1)PF-I/2008-591	405.00	23-03-2009	45.00	13-10-2009	450.00	189
2009-10	AIBP- VIII	F.No.41(1)PF-I/2009-499	3280.5	17-12-2009	364.51	29-01-2010	3645.01	28
	AIBP- VIII	F.No.41(1)PF-I/2009-847	364.50	31-03-2010	40.39	31-03-2010	404.89	
2010-11	AIBP- VIII	F.No.41(1)PF-I/2010-347	2153.60	16-07-2010	239.29	07-10-2010	2392.89	68
	AIBP- IX	F.No.41(1)PF-I/2010-402	1766.08	02-08-2010	196.24	07-10-2010	1962.32	51
	AIBP- X	F.No.41(1)PF-I/2010-1455	754.01	24-03-2011	83.78	30-03-2011	837.79	-
	AIBP- VIII	F.No.41(1)PF-I/2010-1319	239.29	28-02-2011	26.59	24-03-2011	265.88	9
	AIBP- IX	F.No.41(1)PF-I/2010-1319	196.23	28-02-2011	21.80	24-03-2011	218.03	9
2011-12	AIBP- IX	F.No.41(1)PF-I/2011-918	2067.50	11-11-2011	229.72	14-03-2012	2297.22	109
	AIBP- X	F.No.41(1)PF-I/2011-918	1722.41	11-11-2011	191.38	31-01-2012	1913.79	66
	AIBP- IX	F.No.41(1)PF-I/2011-1682	229.73	27-03-2012	25.52	31-03-2012	255.25	-
	AIBP- X	F.No.41(1)PF-I/2011-1682	191.37	27-03-2012	21.27	31-03-2012	212.64	-
2015-16	PMKSY	No.B.11011/1/2014-MI	0	-	44.10	05-10-2015	44.10	-
2016-17	PMKSY	F.No. 10-3/2016-MI/664-681	198.45	30-03-2016	0	29-06-2016	198.45	76
-	-	-	18235.43	-	2048.12	-	-	-
<b>Total fund released at the fag end of the year</b>			<b>2308.32</b>	<b>--</b>	<b>654.71</b>	<b>--</b>	<b>--</b>	<b>-</b>

Source: Departmental records

### Appendix-3.4.3

#### Statement showing excess expenditure on hire charges of excavator

(Reference: Paragraph-3.4.10.1(i); Page-63)

Sl. No.	Name of MIP	Volume of earth work executed as per MB (in cum @ 134.70)	Expenditure incurred (₹ in lakh)	Duration (in hours) for which excavators were		Excess utilisation of excavators (in hours) [(v)-(vi)]	Hire charges per hour <sup>2</sup>	Excess Expenditure (₹ in lakh) [(vii)x(viii)]
				Utilised	Required <sup>3</sup> to be utilised [(iii) ÷ 30]			
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
1.	Zilngai	20,397.00	28.50	1477.50	679.90	797.60	1800	14.36
2.	Changte	17,914.00	24.13	1340.50	597.13	743.37	1800	13.38
3.	Fuanlui	7,449.00	10.04	420.76	248.30	172.46	1800	3.10
4.	Buhchangdil	7,020.00	9.46	525.50	234.00	291.50	1800	5.25
5.	Tuikual	3,194.00	4.30	239.00	106.47	132.53	1800	2.39
6.	Mat	3,246.00	5.40	300.00	108.20	191.80	1800	3.45
7.	MidumPhai	6,833.50	7.74	430.00	227.78	202.22	1800	3.64
8.	Lower Tuimuk	10,694.05	12.24	679.80	356.47	323.33	1800	5.82
9.	AwmpuiPhai	6,996.65	0.57	316.78	233.22	83.56	1800	1.50
<b>Total</b>								<b>52.89</b>

Source: Departmental records

<sup>2</sup> Hiring charges of ₹ 1,800 per hour was fixed by the Mizoram JCB Association

<sup>3</sup> based on capacity of excavator (@ 30 cum/hour)

**Appendix-3.4.4**  
**Statement showing cases of Subletting of works**  
*(Reference: Paragraph-3.4.10.1(ii); Page-64)*

Sl. No.	Item of work	Eligible class of contractor as per tender notice	Contractor to whom work awarded originally	Class of Original Contractor	To whom sublet	Class of Sublettee	Remarks
1.	(i) RCC Channel, (ii) Column & Flooring, (iii) Culvert (15m) [Amount: ₹ 1,41,72,704]	I	Rozinga [Reg. No. 41/EinC-I/ 2011]	I	R. Lalthazuala	Information not provided by the Department.	<i>Reasons as to why the contractors could not directly run the contracts were not on record.</i>
2.	(i) Construction of Trapezoidal Channel-I (RCC Channel to Leirek lui), (ii) By-pass channel, (iii) Culvert (5m), (iv) Aqueduct with channel escape [Amount: ₹ 79,55,189]	II & above	John Zakamlova [Reg. No. CE-R/11 /2010]	II	H. Lalthanzama	Their names, however, are not in the list of registered contractors under PWD	<i>Written orders of competent authority accepting the Power of Attorneys were also not on record.</i>

Source: Departmental records

**Appendix-3.4.5**  
**Statement showing delay in completion of projects**  
*(Reference: Paragraph-3.4.11; Page-64)*

District	Name of Project	Date of release of fund by GoM	Delay (in days)			Parking of funds in Civil Deposit (in months)	Month of commencement	Target <sup>4</sup>	Month of completion	Delay in years
			Release of funds by the State Government	Release of NIT for works	Placement of procurement orders for materials					
Aizawl	Fuanlui	02-August-2010	51	--	146	45	January 2011	March 2013	November 2014	1
		28-February-2011	9							
	Changte	02-August-2010	51	--	161	60	January 2011	March 2013	April 2015	2
		28-February-2011	9							
		11-November-2011	94							
	Zilngai	02-August-2010	51	510	279	58	January 2011	March 2013	May 2015	2
		28-February-2011	9							
		11-November-2011	94							
	Buhchangdil	02-August-2010	51	510	172	40	December 2010	March 2013	March 2014	1
		28-February-2011	9							
		11-November-2011	94							
	Tuikual	02-August-2010	51	510	405	45	May 2011	March 2013	June 2014	1
		28-February-2011	9							
		11-November-2011	94							
	Mat	11-November-2011	111	364	355	70	April 2011	April 2014	On-going	3
Champhai	Awmpuiiphai	23-March-2009	189	--	66	34	November 2009	December 2010	February 2013	2
		17-December-2009	28							
	Midumphai	23-March-2009	189	--	525	19	November 2009	December 2010	November 2012	2
		17-December-2009	28							
		31-March-2010	175							
		16-July-2010	68							

Source: Departmental records

<sup>4</sup> Target dates fixed as per MoU were taken for Sl. No. 1 to 5. For Sl. No. 6 to 8 target dates mentioned in the DPR were considered as copies of the MoU were not available with the Department

**Appendix-4.1.1**  
**Statement showing investments made by State Government in SPSUs**  
**whose accounts are in arrears**

(Reference: Paragraph-4.11; Page-80)

(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	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Working Government Companies							
Sector : Agricultural Marketing							
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	5.45	2011-12 2012-13 2013-14 2014-15 2015-16 2016-17	0.25 - - - - -	- - - - - -	- - - 1.12 - -
Sector : Financing							
2.	Zoram Industrial Development Corporation Limited	2014-15	15.78	2015-16 2016-17	- -	- -	2.72 2.52
Sector : Manufacturing							
3.	Zoram Electronics Development Corporation Limited	2009-10	7.23	2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17	1.15 1.55 1.27 1.22 1.69 1.36 -	- - - - - - -	- - - - 1.34 1.70 0.63
4.	Mizoram Food & Allied Industries Corporation Limited	2014-15	20.00	2015-16 2016-17	- -	- -	5.87 2.32
Sector : Miscellaneous							
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2015-16	10.00	2016-17	-	1.00	1.42
6.	Mizoram Mineral Development Corporation Limited	2014-15	0.15	2015-16 2016-17	- -	- -	- -
Total			58.61		8.49	1.00	19.64

*Source: Annual accounts and information furnished by the SPSUs*

Appendix-4.1.2

**Summarised financial position and working results of Government companies and Statutory Corporations as per latest finalised accounts and information furnished by the Companies**

(Reference: Paragraph-4.12; Page-81)

(Figures in columns 5 to 12 are ₹ in crore)

Sl. No.	Sector/ Name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover <sup>5</sup>	Net profit (+)/ loss <sup>6</sup> (-)	Net impact of Audit comments	Capital employed <sup>7</sup>	Return on capital employed <sup>8</sup>	Percentage of return on capital employed	Manpower <sup>9</sup>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Working Government Companies</b>													
<b>SECTOR: AGRICULTURAL MARKETING</b>													
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	2015-16	5.45	-	(-) 6.43	0.28	(-) 1.02	-	11.04	(-) 1.01	-	-
<b>Sector Wise Total</b>				<b>5.45</b>	<b>-</b>	<b>(-) 6.43</b>	<b>0.28</b>	<b>(-) 1.02</b>	<b>-</b>	<b>11.04</b>	<b>(-) 1.01</b>	<b>-</b>	<b>-</b>
<b>SECTOR: FINANCING</b>													
2.	Zoram Industrial Development Corporation Limited	2014-15	2016-17	15.78	29.68	(-) 20.66	0.89	(-) 0.71	-	46.09	(-) 0.71	-	38
<b>Sector Wise Total</b>				<b>15.78</b>	<b>29.68</b>	<b>(-) 20.66</b>	<b>0.89</b>	<b>(-) 0.71</b>	<b>-</b>	<b>46.09</b>	<b>(-) 0.71</b>	<b>-</b>	<b>38</b>
<b>SECTOR: MANUFACTURING</b>													
3.	Zoram Electronics Development Corporation Limited	2009-10	2016-17	7.23	-	(-) 6.59	0.27	0.24	-	0.64	(-) 0.24	-	-
4.	Mizoram Food & Allied Industries Corporation Limited	2014-15	2016-17	20.00	-	(-) 20.91	2.23	(-) 1.59	-	18.09	(-) 1.59	-	22
<b>Sector Wise Total</b>				<b>27.23</b>	<b>-</b>	<b>(-) 27.50</b>	<b>2.50</b>	<b>(-) 1.83</b>	<b>-</b>	<b>18.73</b>	<b>(-) 1.83</b>	<b>-</b>	<b>22</b>
<b>SECTOR: MISCELLANEOUS</b>													
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2015-16	2016-17	10.00	1.00	(-) 7.32	0.10	(-) 1.88	-	3.09	(-) 1.88	-	-
6.	Mizoram Mineral Development Corporation Limited	2014-15	2016-17	0.15	-	(-) 0.18	-	(-) 0.01	-	(-) 0.03	(-) 0.01	-	-
<b>Sector Wise Total</b>				<b>10.15</b>	<b>1.00</b>	<b>(-) 7.50</b>	<b>0.10</b>	<b>(-) 1.89</b>	<b>-</b>	<b>3.06</b>	<b>(-) 1.89</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>				<b>58.61</b>	<b>30.68</b>	<b>(-) 62.09</b>	<b>3.77</b>	<b>(-) 5.45</b>	<b>-</b>	<b>78.92</b>	<b>(-) 5.44</b>	<b>-</b>	<b>60</b>

Source: Annual accounts and information furnished by the SPSUs

<sup>5</sup> As per provisional figures furnished by the Companies

<sup>6</sup> As per provisional figures furnished by the Companies

<sup>7</sup> Capital employed represents Shareholders fund and long term borrowings

<sup>8</sup> Return on capital has been worked out by adding profit and interest charged to profit and loss account

<sup>9</sup> Regular employees only

**Appendix-5.11.1**  
**Statement showing amount of salary drawn from treasury and actual disbursement**

(Reference: Paragraph-5.11; Page-92)

(₹ in lakh)

Sl. No.	Month and Year	No. of Bills	Amount drawn as per Bill Register/ Cash Book/Treasury Transit Register			Amount actually disbursed to the staff (Net Salary)			Difference
			In pay roll sheet-1	In pay roll sheet-2	Total	As per pay roll sheet-1	As per pay roll sheet-2	Total	
1.	August 2010	1	345615	0	345615	308641	0	308641	36974
2.	September 2010	1	410204	0	410204	308564	0	308564	101640
3.	October 2010	1	385376	0	385376	304064	0	304064	81312
4.	November 2010	1	385376	0	385376	305064	0	305064	80312
5.	December 2010	1	386376	0	385376	305064	0	305064	81312
6.	January 2011	1	332242	0	332242	250930	0	250930	81312
7.	February 2011	1	332542	0	332542	251230	0	251230	81312
8.	March 2011	1	336492	0	336492	262379	0	262379	74113
<b>Total (2010-11)</b>		<b>8</b>	<b>2914223</b>	<b>0</b>	<b>2914223</b>	<b>2295936</b>	<b>0</b>	<b>2295936</b>	<b>618287</b>
9.	April 2011	1	336482	0	336482	255160	0	255180	81322
10.	May 2011	1	364736	0	364736	283420	0	283420	81316
11.	June 2011	1	361838	0	361383	298724	0	298724	63114
12.	July 2011	1	453303	0	453303	338440	0	338440	114863
13.	August 2011	1	458851	0	458851	343988	0	343988	114863
14.	September 2011	1	433339	0	433339	320786	0	320786	112553
15.	October 2011	1	437339	0	437339	324786	0	324786	112553
16.	November 2011	1	439839	0	439839	327286	0	327286	112553
17.	December 2011	1	402696	0	402696	347015	0	347015	55681
18.	January 2012	1	547778	0	547778	344402	0	344402	203376
19.	February 2012	1	534477	0	534477	330579	0	330579	203898
20.	March 2012	1	528411	0	528411	338023	0	338023	190388
<b>Total (2011-12)</b>		<b>12</b>	<b>5299089</b>	<b>0</b>	<b>5299089</b>	<b>3852609</b>	<b>0</b>	<b>3852609</b>	<b>1446480</b>
21.	April 2012	1	525861	0	525861	341855	0	341855	184006
22.	May 2012	1	526341	0	526341	342335	0	342335	184006

*Audit Report for the year ended 31 March 2017*

Sl. No.	Month and Year	No. of Bills	Amount drawn as per Bill Register/ Cash Book/Treasury Transit Register			Amount actually disbursed to the staff (Net Salary)			Difference
			In pay roll sheet-1	In pay roll sheet-2	Total	As per pay roll sheet-1	As per pay roll sheet-2	Total	
23.	June 2012	1	596341	0	596341	338335	0	338335	258006
24.	July 2012	1	785753	0	785753	344689	0	344689	441064
25.	August 2012	1	0	0	0	0	0	0	0
26.	September 2012	1	0	413547	413547	0	358547	358547	55000
27.	October 2012	2	551403	456571	1007974	301366	356571	657937	350037
28.	November 2012	2	401366	453348	854714	301366	353321	654687	200027
29.	December 2012	2	401366	404063	805429	301366	354063	655429	150000
30.	January 2013	2	396866	402985	799851	296866	353665	650531	149320
31.	February 2013	2	393312	404360	797672	293312	354360	647672	150000
32.	March 2013	2	410362	377564	787926	286729	340466	627195	160731
<b>Total (2012-13)</b>		<b>18</b>	<b>4988971</b>	<b>2912438</b>	<b>7901409</b>	<b>3148219</b>	<b>2470993</b>	<b>5619212</b>	<b>2282197</b>
33.	April 2013	2	403572	379493	783065	309487	349493	658980	124085
34.	May 2013	2	403572	401493	805065	309487	351493	660980	144085
35.	June 2013	2	425072	431493	856565	310987	351493	662480	194085
36.	July 2013	1	382552	0	382552	312553	0	312553	69999
37.	August 2013	0	0	0	0	0	0	0	0
38.	September 2013	2	412932	423114	836046	312932	348114	661046	175000
39.	October 2013	2	362932	423114	786046	312932	348114	661046	125000
40.	Compensatory Allowance paid November 2013	1	1145801	0	1145801	945801	0	945801	200000
41.	November 2013	2	431253	457693	888946	331253	357693	688946	200000
42.	December 2013	2	409200	470260	879460	309200	370260	679460	200000
43.	January 2014	2	410477	478760	889237	310477	378760	689237	200000
44.	February 2014	2	535649	548760	1084409	315649	378760	694409	390000
45.	March 2014	0	0	0	0	0	0	0	0
<b>Total (2013-14)</b>		<b>20</b>	<b>5323012</b>	<b>4014180</b>	<b>9337192</b>	<b>4080758</b>	<b>3234180</b>	<b>7314938</b>	<b>2022254</b>

Sl. No.	Month and Year	No. of Bills	Amount drawn as per Bill Register/ Cash Book/Treasury Transit Register			Amount actually disbursed to the staff (Net Salary)			Difference
			In pay roll sheet-1	In pay roll sheet-2	Total	As per pay roll sheet-1	As per pay roll sheet-2	Total	
46.	April 2014	0	0	0	0	0	0	0	0
47.	May 2014	2	428987	533059	962046	328987	383059	712046	250000
48.	June 2014	0	0	0	0	0	0	0	0
49.	July 2014	2	620998	487862	1108860	321108	397862	718970	389890
50.	August 2014	2	430520	600106	1030626	320520	400106	720626	310000
51.	September 2014	2	554520	630106	1184626	324520	400106	724626	460000
52.	October 2014	2	604261	610939	1215200	325838	400939	726777	488423
53.	November 2014	2	604377	611050	1215427	325954	401050	727004	488423
54.	Compensatory Allowance paid in November 2014	1	1321360	0	1321360	1021960	0	1021960	299400
55.	December 2014	2	626624	695869	1322493	327201	401869	729070	593423
56.	January 2015	2	626624	589053	1215677	327201	387369	714570	501107
57.	February 2015	2	545624	511662	1057286	331121	386292	717413	339873
58.	March 2015	2	543923	587053	1130976	308634	385369	694003	436973
<b>Total (2014-15)</b>		<b>21</b>	<b>6907818</b>	<b>5856759</b>	<b>12764577</b>	<b>4263044</b>	<b>3944021</b>	<b>8207065</b>	<b>4557512</b>
59.	April 2015	2	534209	730376	1264585	355069	392503	747572	517013
60.	May 2015	1	696911	0	696911	486420	0	486420	210491
61.	June 2015	0	0	0	0	0	0	0	0
62.	July 2015	1	538587	0	538587	478382	0	478382	60205
63.	August 2015	2	677532	388495	1066027	476584	388498	865082	200945
64.	September 2015	1	721059	0	721059	471068	0	471068	249991
65.	October 2015	1	719059	0	719059	469058	0	469058	250001
66.	November 2015	1	780800	0	780800	480800	0	480800	300000
67.	Compensatory Allowance paid November 2015	1	700835	0	700835	600835	0	600835	100000
68.	December 2015	1	779030	0	779030	479030	0	479030	300000

*Audit Report for the year ended 31 March 2017*

Sl. No.	Month and Year	No. of Bills	Amount drawn as per Bill Register/ Cash Book/Treasury Transit Register			Amount actually disbursed to the staff (Net Salary)			Difference
			In pay roll sheet-1	In pay roll sheet-2	Total	As per pay roll sheet-1	As per pay roll sheet-2	Total	
69.	January 2016	1	879030	0	879030	479030	0	479030	400000
70.	February 2016	1	882524	0	882524	491939	0	491939	390585
71.	March 2016	0	0	0	0	0	0	0	0
<b>Total (2015-16)</b>		<b>13</b>	<b>7909576</b>	<b>1118871</b>	<b>9028447</b>	<b>5268215</b>	<b>781001</b>	<b>6049216</b>	<b>2979231</b>
72.	April 2016	1	1133564	0	1133564	553557	0	553557	580007
73.	May 2016	1	1135564	0	1135564	555556	0	555556	580008
74.	June 2016	1	773090	0	773090	562856	0	562856	210234
75.	July 2016	1	1081289	0	1081289	580883	0	580883	500406
76.	August 2016	1	959177	0	959177	546981	0	546981	412196
77.	September 2016	0	0	0	0	0	0	0	0
78.	October 2016	1	968350	0	968350	545354	0	545354	422996
79.	November 2016	1	965105	0	965105	545891	0	545891	419214
80.	December 2016	1	850488	0	850488	545891	0	545891	304597
81.	January 2017	1	804324	0	804324	572336	0	572336	231988
<b>Total (2016-17)</b>		<b>9</b>	<b>8670951</b>	<b>0</b>	<b>8670951</b>	<b>5009305</b>	<b>0</b>	<b>5009305</b>	<b>3661646</b>
<b>Grand Total (2010-17)</b>		<b>101</b>	<b>42013640</b>	<b>13902248</b>	<b>55915888</b>	<b>27918086</b>	<b>10430195</b>	<b>38348281</b>	<b>17567607</b>

Source: Departmental records

**Appendix-5.12.1**  
**Statement showing non-levy of penalty from dealers**  
**failing to submit Chartered Accountant's Audited Statement**  
*(Reference: Paragraph-5.12; Page-94)*

Sl. No.	Taxing authority (Period of Audit)	Name of Dealer (TIN No.)	Assessment Year	Turnover determined (in ₹)	Penalty leviable (in ₹)	Remarks
1.	ACT, Central Zone (November – December 2016)	Modernes Yarns 15200221009	2011-12	15766748	15767	--
2.		Hrangchhuan Pharmacy 15110197026	2010-11	62700573	62701	
			2011-12	67612988	67613	
			2012-13	59274344	59274	
3.		Dee Square 15200024076	2012-13	12482254	12482	
4.		Daffodils 15200068031	2013-14	23328653	23329	
5.		RC Shirt House 15110429018	2012-13	20345928	20346	
6.		RSL Enterprise 15111729020	2012-13	29118065	29118	
7.		Laldailova Pachuau & Sons 15110106086	2013-14	34227995	34228	
8.		MNR Agency 15500793087	2013-14	13951729	13952	
9.		Thanzauva & Sons 15110107096	2012-13	25313685	25314	
10.		Buangthanga & Sons 15200010033	2012-13	13487750	13488	
11.		Sam Enterprise 15200275064	2011-12	39684853	39685	
12.		Khaia & Sons 15120090016	2011-12	362406104	362106	
	2012-13		182755435	182755		
	2013-14		65730301	65730		
13.	Zoram Trade Centre 15110541071	2013-14	13034544	13035		
14.	Jedidia Enterprise 15120907038	2012-13	12143325	12143		
Total				1053365274	1053066	--
15.	ACT, Aizawl South Zone (January 2017)	Emy Drug Store 15120159027	2013-14	30797787	30798	Demand notices already served
2014-15			38960310	38960		
16.		Life Drug Centre 15120100019	2012-14	305757747	305758	
17.		Thansanga & Sons (Auto) 15121332020	2011-12	111976546	111977	
			2012-13	58610886	58610	
			2013-14	123620219	123620	
18.		R.S. Drug Store 15120114062	2011-12	60273719	60274	
			2012-13	63596562	63597	
			2013-14	58506715	58507	

*Audit Report for the year ended 31 March 2017*

Sl. No.	Taxing authority (Period of Audit)	Name of Dealer (TIN No.)	Assessment Year	Turnover determined (in ₹)	Penalty leviable (in ₹)	Remarks
19.		Thansanga & Sons (Ahuja) 15120528031	2011-12 2012-13 2013-14	15653069 16506474 16880660	15653 16506 16881	
20.		Rainbow 15120082033	2011-12 2012-13 2013-14 2014-15	18928997 15918928 22232341 30178038	18929 15919 22232 30178	
21.		Fancy Electronics 15120175090	2010-13 2013-14	37865038 13603970	37865 13604	
22.		Oriental Traders 15120843077	2013-14	13391327	13391	
23.		T.S.Drug Centre 15120091026	2011-12 2012-13 2013-14	111690441 136968864 166965465	111690 136969 166965	
24.		SL Sailo Pharmacy 15120146091	2014-15	43394513	43395	
25.		Genesis Enterprise 15120127095	2014-15	65948363	65948	
26.		MD Enterprise 15120190046	2012-13 2013-14	37897286 36772908	37897 36773	
27.		Millions Agency 15120059094	2010-11 2011-12 2012-13 2013-14	13665022 35144354 32884759 64776880	13665 35144 32885 64777	
28.		Vanhkira & Sons 15120182063	2013-14 2014-15	17336300 16818900	17336 16819	
<b>Total</b>				<b>1833523388</b>	<b>1833522</b>	--
29.	ACT Serchhip Zone (February - March 2017)	D3 Business Enterprise 15190137049	2012-13	148709972	148710	--
30.		VL Store 15190093094	2012-13	13009326	13009	
<b>Total</b>				<b>161719298</b>	<b>161719</b>	--
<b>Grand Total</b>				<b>3048607960</b>	<b>3048307</b>	--

Source: Departmental records