सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
on
Social, Economic and Revenue Sectors
for the year ended 31 March 2020

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of Mizoram

(Report No. 2 of 2022)

Laid before the Legislature
on 16 February 2023

Report of the Comptroller and Auditor General of India

on

Social, Economic and Revenue Sectors

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GOVERNMENT OF MIZORAM

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TABLE OF CONTENTS

APPENDICES

PREFACE

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

The Report contains significant results of the performance and compliance audits of the departments of the Government of Mizoram under the Social, Economic and Revenue Sectors including Health & Family Welfare Department; Labour, Employment, Skill Development & Entrepreneurship Department; Urban Development & Poverty Alleviation Department; Power & Electricity Department; Commerce & Industries Department; Rural Development, Horticulture, Agriculture, Home, Local Administration, Tourism, Taxation and Transport Departments.

The cases mentioned in this Report are those which came to notice in the course of test audit of accounts for the year 2019-20, as well as those which came to notice in earlier years, but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2019-20 have also been included, wherever necessary.

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

OVERVIEW

OVERVIEW

This Audit Report has been prepared in Five Chapters. Chapters-I to IV deals with Social Sector, Economic Sector, Economic (Public Sector Undertakings) Sector and Revenue Sector respectively. Chapter-V deals with cases of follow up of Audit Reports.

The Report contains 15 paragraphs including 11 Compliance Audit Paragraphs (three Compliance Audit Paragraphs including two Subject Specific Compliance Audits and eight Draft Paragraphs) and four paragraphs of Chapter-V. Performance Audits on "Deen Dayal Upadhyaya Gram Jyoti Yojana and Pradhan Mantri Sahaj Bijli Har Ghar Yojana– Saubhagya in the State of Mizoram" and "Development and Promotion of Horticulture in Mizoram" are also included in the Report. The draft Performance Audit Reports and Compliance Audit paragraphs were sent to the Head of the Departments concerned with a request to furnish replies within six weeks. The views of the Government have been incorporated wherever received. The audit findings were also discussed in Exit Conferences held with the representatives of the Government of Mizoram and their views were duly acknowledged in the Report. A synopsis of the important findings contained in the Report is presented below.

Compliance Audit Paragraph

Health and Family Welfare Department

The Directorate of Hospital and Medical Education incurred an avoidable expenditure of ₹ 5.30 crore, with avoidable committed liability of ₹ 4.20 crore.

Recommendation

- *The work has been awarded on nomination basis in violation of CVC guidelines. Government needs to investigate the matter and take action against the officials responsible for not invoking penalty provisions in time, signing an unnecessary buy-back agreement and spending ₹ 5.30 crore, as well as creating a further liability of ₹ 4.20 crore.*

(Paragraph 1.3 – Page 2)

Labour, Employment, Skill Development and Entrepreneurship Department

Irregular expenditure of ₹ 82.62 lakh incurred on training 1,021 ineligible persons.

Recommendation

- *The Government needs to streamline the process of selection of Training Centres as well as trainees to ensure that the Scheme Guidelines are followed in letter and spirit.*

(Paragraph 1.4 – Page 5)

Urban Development and Poverty Alleviation Department

Irregularity in awarding Parking Contracts and non-observance of terms and conditions of Deed Agreement resulted in loss of revenue to the Government.

Recommendation

- *AMC may follow the terms and the conditions of the Deed Agreements executed to prevent loss of revenue to the Government.*

(Paragraph 1.5 – Page 7)

ECONOMIC SECTOR

Performance Audit

Development and Promotion of Horticulture in Mizoram

Considering the undulating topography, high cost of inputs, exorbitant cost of transportation, and marginal land holdings of the farmers in Mizoram, horticultural sector possessed viable alternative in generating income beyond subsistence level. The technological transfer, skill development, inputs and infrastructure support through interventions such as Green Houses, irrigation facilities, *etc*., had helped the farmers in supplementing their income. However, majority of farmers were unable to come above subsistence level owing to non-receipt of assistance adequately and timely as prescribed under MIDH guidelines. In order to address such shortcomings, the Department needs to prepare Perspective Plan and Annual Action Plan with bottom-up approach. State Government has to give priority in release of funds to the Department for timely release of assistance to the farmers as the horticulture crops are season bound. Productivity of vegetables and fruits was low compared to North Eastern States and also to the all India average which needs to be addressed. Further, the Department needs to strengthen the cold chain supply system by developing proper infrastructure such as Low Energy Cool Chamber, Pusa Zero Energy Cool Chamber, Ripening Chamber and Refrigerated Van as per the Annual Action Plan to minimise post-harvest losses. The Post-harvest programmes and Marketing infrastructure needs to be implemented through credit linked back ended subsidy method in place of undertaking the works departmentally so that intended purpose of the Scheme to generate employment opportunities through entrepreneurship could be achieved. Moreover, diversion of grants sanctioned under pre-harvest and post-harvest schemes to unapproved works such as construction of office buildings, waiting sheds, procurement of vehicle for official use, *etc.*, needs to be avoided. There was lop-sidedness in pre-harvest and post-harvest training which needs to be addressed by formulating a systematic training plan and Annual Training Calendar to strengthen skill development of youth and farmers. Monitoring, Evaluation and Internal Control System of the Department was weak which needs to be addressed. These will help to realise full potential of horticulture and make it an effective tool for accelerating the upliftment of farmers and development in the State. The Horticulture sector in the

State will receive further fillip once the Department initiates corrective actions in the area of concern pointed out in the report.

Recommendations

i. Planning should be done as per the Scheme guidelines, adopting bottom-up approach, availing the technological support like remote sensing, etc., so as to help in formulating realistic plans which would lead to effective scheme implementation; and also, that priorities and potentials at the field level are adequately reflected in the AAP.

ii. Steps should be taken by the State Government to ensure that funds are released to the implementing Department without delay.

iii. The Department should undertake a study to find the reasons for low percentage achievement in creation of the water storage capacity, PZECC units and take appropriate remedial actions.

iv. Scheme funds should be spent only for the purposes for which they are sanctioned, and approval of the competent authority taken for any diversion of fund.

v. The requirements of beneficiary contribution and credit linked back subsidy as stipulated in the Guidelines may be adhered to so that there is sense of identification and ownership in the process of scheme implementation and in the assets created.

vi. The Department may formulate systematic training plans and Annual Training Calendar for providing focused training to its personnel and farmers.

vii. The Department should strengthen supervision and monitoring mechanisms so that timely action could be taken in the implementation stage for improvement in Scheme outcomes.

viii. The Department should ensure that provisions of GFR are strictly adhered to, in procurement and works execution.

ix. The Department should investigate cases of diversion of funds, viz., Evaporative/ Low Energy Cool Chamber, On Farm Pack House, Horticulture Mechanisation and irregular expenditure on hiring of Excavators. Responsibility of the officials needs to be fixed for the lapses.

(Paragraph 2.2 – Page 10)

Deen Dayal Upadhyaya Gram Jyoti Yojana and Pradhan Mantri Sahaj Bijli Har Ghar Yojana–Saubhagya Schemes

Government of India (GoI) launched electrification schemes which were Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) (launched in December 2014) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) (launched in October 2017) with the objective to strengthen electrification infrastructure and achieve universal household electrification. As per 2011 Census data, there were a total of 704 villages in Mizoram, out of which 675 villages were electrified.

Under DDUGJY New Scheme, GoI accorded sanction for 12 un-electrified villages (remaining 17 un-electrified villages were left out due to depopulation of the villages or electrified under other schemes) and 29 habitations for electrification and also for free electric connections to 1,468 un-electrified households. Besides, GoI also sanctioned creation of electric infrastructure under the scheme *viz.,* 11.14 km of 33 KV line, 283.70 km of 11 KV line, 67.65 km of LT line and 75 numbers of Distribution Transformers. Against these, PIA claimed to have electrified 12 un-electrified villages (100 *per cent)* and 29 habitations (100 *per cent)* while also providing free electric connections to 1,468 un-electrified households (100 *per cent*) under the scheme. Besides, the Department claimed to have achieved under the scheme 11.14 km (100 *per cent*) of 33 KV line, 248.20 km (87.49 *per cent*) of 11 KV line, 67.65 km (100 *per cent*) of LT line and also provided 75 Distribution Transformers (100 *per cent*).

In case of Saubhagya Scheme, GoI sanctioned free electric connection to 24,137 un-electrified households through grid and 1,390 un-electrified households through off-grid. Besides, GoI also sanctioned creation of infrastructure *viz.,*120.41 km of 11 KV line, 238.38 km of LT line, 275 numbers of Distribution Transformers (25 KVA/ 63 KVA/ 100 KVA). Against these, Department claimed to have provided free electric connection to 25,036 households (103.7 *per cent*) through grid and 1,466 households (105.4 *per cent*) through off-grid (Solar Photo Voltaic). The Department also claimed to have constructed 148.5 km (123 *per cent*) of 11 KV line, 267.49 km (112 *per cent*) of LT line and installed 286 numbers of Distribution Transformers (104 *per cent*).

GoI, under Additional DPR DDUGJY, also provided sanction for Consumer/ Feeder metering of 18,844 numbers, 85.50 km of 11 KV line, three km of 33 KV line and four numbers of Sub-Station augmentation works. Department claimed to have achieved Consumer/ Feeder Metering of 84 numbers, three km of 33 KV line and two numbers of Sub-Station and the works were still ongoing (May 2021).

There was, however, delay in submission of closure report to REC of the schemes sanctioned. As per DDUGJY Guidelines, the works under DDUGJY (New), should have been completed by 30 April 2019, but Department was yet to finalise the closure report even after a delay of 25 months (May 2019 to May 2021). The due date for completion of Saubhagya scheme was 31 March 2019. Though Department claimed to have completed the work on 31 March 2019, it was yet to finalise the closure report of the scheme with a delay of 26 months (from April 2019 to May 2021).

Even though the State Government has stated 100 *per cent* (in excess of *100 per cent* in case of Saubhagya Scheme) achievement of the broad objectives in terms of electrification of targeted number of villages, habitations and households, creation of electric infrastructure, *etc.,* Audit observed that the schemes could have been more efficiently and economically implemented had due diligence been exercised in matters related to financial management, measurement of works done, quality control, *etc.* In this regard, the following shortcomings were observed –

Planning & Financial Management

In regard to planning, Department failed to prepare the Rural Electrification Plan, excess payment was made to contractors due to overestimation of work (₹ 36.84 lakh). There were cases of irregular payment to Project Management Agency (PMA) (₹ 38.67 lakh), diversion of scheme funds (₹ 65.17 lakh) and non-deduction of labour cess (₹ 8.03 lakh), in respect of financial management.

Scheme Implementation – DDUGJY Scheme

In DDUGJY Additional Scheme implementation, deficiencies were noticed in respect of works being awarded to bidders who did not fulfill the techno-commercial requirements.

Scheme Implementation – Saubhagya Scheme

Several lapses and deficiencies were noticed in implementation of Saubhagya Scheme *viz*., creation of fictitious assets (₹ 200.33 lakh), variation of works executed with the DPR, provision of off-grid connection in the grid-connected villages resulting in extra expenditure (₹ 144.34 lakh).

Deficiencies in Quality Control

The basic requirement of preparing the Quality Assurance Plan was not fulfilled by the Department. Moreover, the Manufacturing Quality Plan (MQP) and Field Quality Plan (FQP) were also not prepared. Due to this, various defects were observed by both the PMA (163 numbers) and the REC Quality Monitoring (RQM) (1,039 numbers) which again were only partially rectified (136 numbers of the defects observed by RQM) by the Department. The role of the State Level Coordination Committees and the District Electricity Committees, which were to ensure quality and timeliness in Scheme implementation, were also found to be confined only to approval of the DPRs.

Recommendations

- *Department may prepare Rural Electrification Plan to bring more efficiency in planning and implementing electrification works in the State.*
- *Department should ensure that funds are expended only for the approved projects and approval of the competent authority taken for any case of diversion of funds.*
- *Department should adhere to the rules and procedures in the process of tendering and award of works to ensure fairness so that the benefits of competitive prices are availed. Due diligence may be exercised during scrutiny of bids.*
- *Department may inquire into all cases of doubtful execution of works and creation of fictitious assets as detailed in the Report and act accordingly.*
- *Department should put in place a stringent Internal Control System to deal with the system and procedural failures like non-measurement of works.*

(Paragraph 2.3 – Page 41)

Compliance Audit Paragraphs

Works executed by non-works Department

Works were executed without following due procedure. Some works were executed beyond their technical power or without obtaining technical sanction from technically qualified Engineers of the SPWD. Works were also given for execution without signing of any contract agreement. Due processes like open tendering were not followed properly. There was tendency to award the works through restricted tender when the works did not call for any urgency or secrecy.

Basic accounting propriety was not followed while passing the bills and funds were withdrawn by passing fictitious bills. There were cases of measurements not done for works or measurements done by the contractors themselves instead of by the Departments, for which payments were made as per the measurements of the contractors. Non-adherence to Rules also resulted in evasion of tax payment by contractors.

The test checked Departments did not have the requisite technical personnel to ensure the quality of works done. None of the test checked non-works Departments had any technical wing to monitor the quality of the works. Mandatory testing of construction materials was also not done to ensure that the materials conform to desired specifications.

Recommendations

- *The State Government should release the Central and State share of project funds in time so that projects could be completed on schedule.*
- *Only works that are within the technical competency of the head of the technical wing of the Department are executed.*
- *Treasuries need to strictly enforce Government of Mizoram's instructions on delegation of financial powers. Bills beyond financial limit need to be disallowed.*
- *Works requiring tendering are awarded only after due procedures of tendering as per the Rules are followed.*
- *Unless there is a genuine case for call of a restricted tender, open tenders should be called in order to ensure transparency and fair competition to attract competitive bids.*
- *All entries are made in the memorandum of payment and enfacement of bills done with the word 'Checked' so as to ensure that the bills are properly checked and necessary deductions like taxes, advances are traceable and the exact amount due to or from the contractors are readily ascertainable and necessary corrections, if any, made.*
- *Payment should be made to the contractors only after due execution of works and preparation and submission of proper bills by the contractor and proper*

measurement should invariably be done and the details of measurement entered in the MB before drawing fund and making payments to the contractor.

- *Measurement of works should invariably be done by the Department to ensure that bills are passed for the correct quantity of works executed.*
- *Necessary deductions like Security Deposits be invariably made from the bills of the contractors as per the Rules.*
- *Registration of contractors/ suppliers under the GST Act whose turnover exceeds ₹ 10 lakh should be ensured before entering into any contract to avoid evasion of tax. For this, an appropriate tendering method should be strictly adhered to.*
- *Department may forward the details of work done by un-registered contractors/ suppliers to GST Department for taking necessary action and the contractors/ suppliers concerned also be asked to deposit tax as per Rules.*
- *Details of TDS not deducted from un-registered contractors/ suppliers may be forwarded to the GST Department for taking necessary action and the contractors/ suppliers also be asked to deposit tax as per Rules.*
- *Proper survey and investigation be done before taking up construction of agriculture link road so as to establish the reasonableness of the estimated rates and also to ensure that roads are actually providing connectivity to agricultural land and benefitting the farmers.*
- *Departments may set up testing laboratories at site to ensure quality of material utilised in the construction works.*
- *Departments may maintain Asset Register of works at site, to record observations of the inspecting engineer.*

(Paragraph 2.4 – Page 70)

Power and Electricity Department

Construction of Tuiching Micro Hydel Project resulted in uneconomical expenditure of ₹ 155.24 lakh.

Recommendation

- Department/ Government should select/ take up new projects only after proper investigation, reliable data and co-ordination with other line Departments.

(Paragraph 2.5 – Page 94)

Tourism Department

Wasteful expenditure of ₹ 15.09 crore on installation and operation of Cable-Car between Durtlang to Chaltlang under Eco Circuit theme of Swadesh Darshan.

Recommendation

- *Responsibility of the officials needs to be fixed for taking up of projects/ works without obtaining necessary approvals and without assessing the feasibility of the project component resulting in wasteful expenditure.*

(Paragraph 2.6 – Page 96)

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

Functioning of Public Sector Undertakings

As on 31 March 2020, the State of Mizoram had five Public Sector Undertakings (PSUs) (including one non-working and all Government companies) in which, the investment of the State Government (capital and long-term loans) in five PSUs was ₹ 62.27 crore consisting of ₹ 52.82 crore (84.82 *per cent)* towards capital and ₹ 9.45 crore (15.18 *per cent*) towards long-term loans. The losses of two of these PSUs (accumulated losses of ₹ 27.34 crore) had completely eroded the State's investment in their paid-up capital (₹ 25.72 crore) as per their latest finalised accounts.

(Paragraphs 3.1.1 and 3.1.2.1 – Page 99)

The State Government has provided budgetary support during the year of ₹ 5.53 crore in the form of grants to Zoram Industrial Development Corporation Limited (₹ 3.42 crore) and Mizoram Food and Allied Industries Corporation Limited (₹ 2.11 crore) mainly to meet their salaries and other establishment expenditure.

(Paragraph 3.1.4 – Page 102)

The paid-up capital and accumulated losses of five PSUs as per their latest finalised accounts were ₹ 58.73 crore and ₹ 54.89 crore respectively. During 2019-20, out of five PSUs, one PSU (Zoram Industrial Development Corporation Limited) earned profit of ₹ 0.82 crore while remaining four PSUs incurred aggregate losses of ₹ 2.87 crore.

(Paragraph 3.1.8.2 – Page 106)

REVENUE SECTOR

Compliance Audit Paragraphs

Taxation Department

Subject Specific Compliance Audit on Processing of Refund claims under GST in the State of Mizoram.

Recommendations

- *Department may take steps for timely conduct of post- audit of the refund cases, both current and future cases.*
- *Department/ Government may put in place a system of effective internal control and monitoring for effective refund sanction process.*

(Paragraph 4.9 – Page 118)

Subject Specific Compliance Audit on GST Transitional credits

(Paragraph 4.10 – Page 124)

18 cable operators failed to furnish returns and evaded entertainment tax of ₹ 38.41 lakh.

Recommendation:

- *Department needs to put in place an institutionalised mechanism to ensure that the non-filing of returns are tracked and taxes to the Government are recovered on priority.*

(Paragraph 4.11 – Page 125)

Short levy of tax of ₹ 20.82 lakh by the Assessing Officer due to incorrect determination of tax rates

Recommendation

- *Department may initiate appropriate action for early recovery of re-assessed tax and may fix responsibility of the officials for incorrect assessment.*

(Paragraph 4.12.1 – Page 126)

Under assessment by Assessing Officer resulted in short levy of tax of ₹ 11.14 lakh

Recommendation:

- *Department may fix responsibility of the officials for under assessment of tax.*

(Paragraph 4.12.2 – Page 127)

Incorrect assessment by Assessing Officer resulted in short levy of tax of ₹ 10.59 lakh

Recommendation

- *Department may fix responsibility of the officials for incorrect assessment of tax.*

(Paragraph 4.12.3 – Page 128)

Transport Department

Mizoram Passengers and Goods Tax of ₹ 1.64 crore from 3,004 vehicle owners was not levied and realised.

Recommendation

- *Department may strictly implement provisions of the Act and Rules in force to prevent loss of revenue to the Government.*
- *It is recommended to increase the penalty amount from the existing ceiling for cases involving non-payment of tax to ensure better compliance.*

(Paragraph 4.13 – Page 129)

CHAPTER – I

SOCIAL SECTOR

CHAPTER-I

SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2020 deals with the findings on audit of State Government Departments under Social Sector.

During 2019-20, 13 departments under the Social Sector incurred an expenditure of ₹ 3,564.61 crore against budget provisions of ₹ 4,006.26 crore. Department-wise details of budget provision and expenditure incurred there-against are shown in **Table-1.1.**

Table-1.1: Department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Budget Allocation (BA)	Expenditure	Percentage of Expenditure to BA
1.	School Education	1,405.42	1,308.73	93.12
2.	Medical and Public Health Services	751.00	584.41	77.82
3.	Urban Development and Poverty Alleviation	541.99	516.16	95.23
4.	Water Supply and Sanitation	406.93	400.52	98.42
5.	Higher and Technical Education	362.11	287.24	79.32
6.	Social Welfare	298.05	233.17	78.23
7.	Labour, Employment, Skill Development and Entrepreneurship	53.46	46.38	86.76
8.	Disaster Management and Rehabilitation	52.26	60.78	116.30
9.	Local Administration	46.11	45.13	97.87
10.	Sports and Youth Services	45.60	41.63	91.29
11.	Information and Public Relations	20.70	19.89	96.09
12.	Art and Culture	17.41	16.25	93.33
13.	Personnel and Administrative Reforms	5.22	4.32	82.76
Total		**4,006.26**	**3,564.61**	**88.98**

Source: Appropriation Accounts: 2019-20

Barring Medical and Public Health Services Department and Social Welfare Department where the utilisations were around 78 *per cent* and Higher and Technical Education where utilisation was 79 *per cent*, all other departments managed to utilise more than 80 *per cent* of the funds allocated to them, whereas utilisation was more than the fund allocation in respect of Disaster Management and Rehabilitation Department. The overall savings under Social Sector was 11.02 *per cent* against the budget allocation.

1.2 Planning and conduct of Audit

Audit process commences with the assessment of risk for the various departments of the State Government. The risk criteria were the 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 (IRs) containing audit findings are issued to the Heads of the offices with a request to furnish replies within one month of receipt of the IRs with a copy to the next higher authority. On the basis of response, audit findings are either settled or further action for compliance is advised. Significant audit observations arising out of these IRs are processed for inclusion in the Audit Report. The Audit Report is submitted to the Governor of the State under Article 151 of the Constitution of India for being tabled in the State Legislature.

During 2019-20, Audit test-checked an expenditure of ₹ 2,918.81 crore, including funds related to previous years, of the State Government pertaining to Social Sector.

This Chapter contains three Compliance Audit Paragraphs, as discussed in the following paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

HEALTH AND FAMILY WELFARE DEPARTMENT

1.3 Avoidable expenditure

The Directorate of Hospital and Medical Education incurred an avoidable expenditure of ₹ 5.30 crore with avoidable committed liability of ₹ 4.20 crore

Directorate of Hospital and Medical Education (DHME), Health and Family Welfare Department, Government of Mizoram (GoM), Aizawl entered (May and December 2012) into Memorandum of Understandings (MoU) with a firm M/s Intergen Energy Limited (IGEL), New Delhi for installation of renewable energy and water treatment plant to supply water at nine Hospitals which include Referral Hospital, Falkawn and all eight District Hospitals[1] of Mizoram. This was based on the *suo-moto* proposal submitted (February 2012) by the firm to GoM, for installation of Water Treatment Plant with solar power water pumping system to supply water on the basis of BOOT[2] at the nine Hospitals. Health and Family Welfare Department, GoM forwarded (February 2012) the proposal to Director of Hospital and Medical Education, Health and Family Welfare Department for immediate action.

The terms and conditions of the MoU are as summarised below:

- IGEL would survey, design, set up, operate and maintain the system at its own cost and ensure uninterrupted supply of treated water suitable for drinking purpose to the Hospitals for a period of 10 years;
- DHME would provide required land for the plant, water tank, storages space of materials, *etc*., and pay an amount of ₹ 10 lakh for the project and would not pay any additional cost;
- DHME would purchase from IGEL a minimum of 25,000 litres of treated water per day per plant at the rate of ₹ 0.48 per litre for a period of 10 years; and

[1] (1). District Hospital, Champhai; (2). District Hospital, Lawngtlai; (3). Referral Hospital, Falkawn; (4). District Hospital, Mamit; (5). Civil Hospital, Aizawl; (6). Civil Hospital, Lunglei; (7). District Hospital, Siaha; (8). District Hospital, Kolasib; and (9). BN Hospital, Serchhip

[2] Built, Own, Operate and Transfer

- Upon expiry or termination of MoU, the entire system/ equipment would be taken over and fully owned by the DHME.

Further, as per Clause 5.4 of the MoU, if the seller *i.e.*, IGEL failed to complete the project or failed to deliver the services, it is liable to forfeit the balance amount payable to it and Department shall be at liberty to offer the project to other competent firm or firms. Also, as per Clause 14.2, failure to perform or delay in performance on the part of IGEL for reasons not envisaged under Clause 11 (provisions of ***force majeure***) shall bestow on the Department, the right to terminate the MoU, without the consent of the other party.

Test check (March 2021) of records of Director, DHME revealed that Water Treatment Plants were installed by IGEL in five Hospitals out of the nine Hospitals agreed to. Reason for non-installation of Plants in the other four Hospitals was not on record. Accordingly, payment of ₹ 0.50 crore at the rate of ₹ 0.10 crore for each of the five Hospitals was made to IGEL during the period March 2012 and February 2014. Month/ date of installation of Water Treatment Plants, period of water supplied and the quantity supplied are as detailed in the following **Table-1.2.**

Table-1.2: Detail calculation of short supply of water

(volume of water in lakh litre)

Sl. No.	Name of Hospital	Month of installation of equipment	Number of days to be supplied from next day of installation till 18 June 2019[3]	Quantity of water to be supplied (Col. 4* 25,000 litres)	Period of water supplied	Quantity of water supplied	Quantity of water short supplied	Percentage of water supplied
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(5)-(7)	(9)=(7) x100/(5)
1.	Civil Hospital, Aizawl	October 2014	1,691[4]	422.75	Nil	0.00	422.75	0.00
2.	District Hospital, Champhai	10 July 2012	2,534	633.50	Jan. 2013 - June 2013	10.09	623.41	1.59
3.	District Hospital, Mamit	15 August 2012	2,498	624.50	Aug. 2012 - Dec 2014; Feb.2020 - May 2020	27.72	596.78	4.44
4.	District Hospital, Lawngtlai	April 2014	1,875[5]	468.75	Nov. 2019 – Feb. 2020	0.65	468.10	0.14
5.	State Referral Hospital, Falkawn	12 August 2012	2,501	625.25	Jan. 2013 - May 2013	2.09	623.16	0.33
	Total		**11,099**	**2,774.75**		**40.55**	**2,734.20**	
Average percentage of total water supplied in the five Hospitals (total of col.7*100/ total of col.5)								**1.46**

Source: Departmental record.

[3] Restricted to the day before 19 June 2019 where buy-back MoU was signed thereby terminating the earlier MoU
[4] Number of days calculated from 1 November 2014 in absence of exact date of installation
[5] Number of days calculated from 1 May 2014 in absence of exact date of installation

From the table above, it can be seen that:

- IGEL did not supply water to Civil Hospital, Aizawl since installation of the treatment plant in October 2014 as the Plant was not functional.
- IGEL supplied water to District Hospital, Lawngtlai after a lapse of more than five years in November 2019 and that too for only four months. The Water Treatment Plant was not functional since installation till its commencement of service in 2019.
- IGEL supplied water to State Referral Hospital, Falkawn only for five months till May 2013; to District Hospital, Champhai only for six months till June 2013; to District Hospital, Mamit only for two years and four months till December 2014 due to non-availability of water resources.
- The percentage achievement of supply of water to the five Hospitals was only 1.46 *per cent* of the minimum volume as per the agreement.

Scrutiny of records revealed that in spite of the penalty provisions in MoU mentioned above, Department did not take any step against IGEL and instead entered (June 2019) into another agreement with the firm without any recorded reason. As per the new agreement, the previous MoUs were terminated and DHME would purchase the systems/ equipment installed in the five Hospitals at a cost of ₹ 9 crore payable in three installments of ₹ 3 crore each as below:

- First installment ₹ 3 crore was payable on or before 2 July 2019;
- Second installment ₹ 3 crore is payable when IGEL turns the system back on and has them fully operational in all five Hospitals making them capable of supplying 25,000 litres of treated water per day; and
- Third installment ₹ 3 crore is payable after a period of six months (operations and maintenance period) from the time the systems are turned back on and are fully operational.

DHME paid ₹ 4.80 crore (₹ 3.00 crore in July 2019 and ₹ 1.80 crore in December 2020) to IGEL as the first and second installment. The payment of second installment of ₹ 1.80 crore was irregular as the Water Treatment Plant at State Referral Hospital at Falkawn was still not functional (1 November 2021) and supply of treated water was not resumed in all five Hospitals since May 2020 after signing of the buy-back agreement.

Audit observed that all Hospitals were getting water supplies on priority from Public Health Engineering (PHE) Department and there were no insufficiency in supply of water to the Hospitals reported, before or during the period of MoU with IGEL. Hence, engagement of IGEL was arbitrary and proposal of the firm was agreed to by the Department without ascertaining the actual need for water supply in the Hospital.

Thus, expenditure of ₹ 0.50 crore for installation of Water Treatment Plants in five Hospitals and ₹ 4.80 crore on buy-back MoU in June 2019 totalling ₹ 5.30 crore was avoidable as there was no scarcity of water in the Hospitals prior to signing of agreement with the firm. Hospitals also did not report any issue in water supply during the stoppage of operation of the firm.

Hence, there was a total avoidable expenditure of ₹ 5.30 crore[6] in addition to committed liability of ₹ 4.20 crore[7] against the balance payable on MoU on buy-back of equipment and water supplied.

Further, Department, was supposed to terminate the MoUs on failure of IGEL to supply the required volume of water but entered into an unnecessary buy-back agreement.

The matter was brought to the notice of the Department and Government in July 2021 and Government, in its reply (August 2021) agreed to the audit observation but did not offer any comment on the reason for execution of the buy-back agreement which had led to huge avoidable expenditure and committed liability totalling ₹ 9 crore.

Recommendation:

The work has been awarded on nomination basis in violation of CVC guidelines. Government needs to investigate the matter and take action against the officials responsible for not invoking penalty provisions in time, signing an unnecessary buy-back agreement and spending ₹ 5.30 crore, as well as creating a further liability of ₹ 4.20 crore.

LABOUR, EMPLOYMENT, SKILL DEVELOPMENT AND ENTREPRENEURSHIP DEPARTMENT

1.4 Irregular expenditure

Irregular expenditure of ₹ 82.62 lakh incurred on training 1,021 ineligible persons

Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is a flagship outcome-based skill development training scheme of Ministry of Skill Development and Entrepreneurship (MSDE), Government of India (GoI) and is implemented through National Skill Development Corporation (NSDC) under the guidance of Ministry of Skill Development and Entrepreneurship (MSDE).

As per Paragraph 1.6 of the PMKVY Guidelines (2016-2020) read with clause 8(a) of the State Engagement Guidelines, the Scheme is meant for unemployed youth or school/ college dropouts in the age group of 15 years to 35 years only. Clause 5 of the Standard Operating Procedure (SOP)[8] further provides that Training Centres (TCs) are responsible for enrolment of authentic trainees in batch and the State Governments are to upload such authentic trainees batch on National Skill Development Corporation (NSDC) portal. Payment for imparting training will be made to the TCs in three installments based on the output parameters as prescribed under Clause 1.7.2 of the guidelines as below:

[6] ₹ 0.50 crore on initial installation of water treatment plants + ₹ 4.80 crore paid on buy-back MoU

[7] ₹ 4.20 crore on balance payable as per MoU (June 2019)

[8] Standard Operating procedure (SOP) lays down the steps-by-steps process to facilitate assessment and certification of batches run by the State Government funded schemes through Sector Skill Councils (SSC)

Table-1.3: Criteria for payment of installment

Installment	*Per cent* of Total Cost	Output Parameters
1	30 *per cent*	On commencement of the training batch against validated candidates
2	50 *per cent*	On successful certification of the trainees
3	20 *per cent*	Outcome based on placements.

Further, as per Clause 1.5.2 of the PMKVY Guidelines, TCs preferably should be stand-alone centres designed to deliver PMKVY with dedicated resources and should not carry out any other business operations in the same premises using same resources.

Scrutiny (April-May 2019) of records of the Director, Labour, Employment, Skill Development & Entrepreneurship Department (LESD&ED), Mizoram showed that one of the training centres[9] was actually a motor vehicle workshop carrying out business operations of its own. It was also seen that 30 of the trainees got placement in this workshop which clearly indicated that the Training Centre was actually a motor vehicle workshop. Thus, the possibility of enrolling the employees of the workshop as trainees by the Training Centre cannot be ruled out.

Further scrutiny showed that MSDE sanctioned ₹ 1,088.73 lakh under PMKVY scheme for imparting training and providing placement to 7,071 youths during the year 2017-18. The Department incurred expenditure of ₹ 776.81 lakh out of the sanctioned amount as on 4 August 2019.

Scrutiny of records revealed that 7,785 trainees were actually enrolled and trained in 15 TCs during the period from June 2018 to February 2020. Out of these, 6,764 were eligible trainees and 1,021 trainees were not eligible as detailed below:

Table-1.4: Number of trainees in the different age groups

Total	Eligible	Non-eligible			Total Non-eligible
		Under-age	Over-age		
		14 years	Above 30 and below 60 years	60 years and above	
7,785	6,764	10	980	31	1,021

Source: Department record

The Department incurred expenditure of ₹ 82.62 lakh on training these 1,021 ineligible trained persons as given below:

Table-1.5: Expenditure incurred on ineligible trained persons

Installment	Percentage of the training cost	Rate per trainee (in ₹)	Number of ineligible trained persons	Expenditure (₹ in lakh)
(1)	(2)	(3)	(4)	(5) = (2)x(3)x(4)
1	**30**	**14,805**	**1,021**	**45.35**
2	**50**		**469**	**34.72**
3	**20**		**86**	**2.55**
Total				**82.62**

[9] El Ke Auto Works (Training Centre of Accent Plus)

From the above **Table-1.5**, it could be seen that ₹ 82.62 lakh was irregularly expended to train 1,021 ineligible persons.

The matter was brought to the notice of the Department and Government in July 2021 and Government while accepting the fact stated (October 2021) that enrolment was done by the Training providers/ centres and the batch approval was done by the Director, LESD&ED where in the batch-wise approval, the age of the candidates enrolled were not reflected on the SDMS or Skill India Portal to scrutinise the age of the candidates. It was also stated that the TCs were also informed to strictly follow all the Guidelines and not to enroll any ineligible candidate in future. It was further stated that the Department has no responsibility on the accreditation of the TCs.

Thus, there was irregular expenditure of ₹ 82.62 lakh on imparting training to 1,021 ineligible candidates.

Recommendation:

Government needs to streamline the process of selection of TCs as well as trainees to ensure that the Scheme Guidelines are followed in letter and spirit.

URBAN DEVELOPMENT AND POVERTY ALLEVIATION DEPARTMENT

1.5 Loss of Revenue

Irregularity in awarding Parking Contracts and non-observance of terms and conditions of Deed Agreement resulted in loss of revenue to the Government

User charges–parking space charges/ fees is one of the sources of revenue of Aizawl Municipal Corporation (AMC). AMC has identified 53 parking areas within Aizawl city for collection of parking fees. Collection of these user charges is outsourced to collectors based on monthly reserved price fixed and approved by the Board of Councillors. The reserved price is the fee which the collectors have to pay for a particular parking area to the AMC regardless of how much the collectors collect in a particular month. The approved reserved price for the year 2017-18 (August 2017 to July 2018) varied from ₹ 800 to ₹ 2.50 lakh per month.

AMC tendered and awarded (25 July 2017) contracts for collection of parking fees to 53 collectors for the period from August 2017 to July 2018.

Terms and conditions of the Deed of Agreement between AMC and the collectors *inter-alia* included that:

1. The collector shall deposit an amount equal to one month bid price as security deposit (Clause-2);
2. The collector shall pay the monthly bid price in advance not later than 10th of the month, failing which penal interest at the rate 0.50 *per cent* of the bid price per day is leviable until payment is made (Clause-3); and
3. If the collector failed to remit the bid price for two consecutive months, AMC may terminate the contract which may also result in forfeiture of the security deposit. The AMC may also award the terminated contract to other collectors without calling for fresh tenders (Clause-4), *etc*.

Scrutiny of records (January 2019) of AMC revealed the following:

It was noted that in 21 cases (out of total 53), contract for collection of parking fees was not awarded to the highest bidder. AMC stated (April 2021) that parking fee contractors were selected based on the provision contained at Sl. No. 8 of the terms and conditions of contract which stated that "for the purpose of selecting a suitable parking fee collector, candidates who are qualified and competent should be selected, not necessarily the highest bidder". It was also stated that on the basis of this clause alone, the reliability and competency was established by the Mayor, AMC. The contracts were awarded as per the recommendation of the Mayor, AMC.

It was further seen that two (Area 8 and Area 53) out of total 53 collectors, failed to remit parking fees along with penal interest on time as stipulated in the Agreement.

AMC did not terminate the contracts of these two collectors (Area 8 and Area 53) in terms of **Clause-4** of the Agreement, after they failed to remit the bid price for two consecutive months nor did it award the terminated contract to other collectors without calling for fresh tenders, resulting in loss of revenue to the Government.

AMC stated (April 2021) that the matter was handed over to Certificate Officer, Aizawl DC Office under the Mizoram Public Demand Recovery Rules, 2001 for recovery of dues amounting to ₹ 116.41 lakh[10] which was inclusive of both principal and interest and calculated from the month of termination of contract till March 2019. However, the outcome of the case is still awaited.

The reply is not logical as it does not address the fact that AMC had an existing Clause 4 of the Agreement for such an eventuality, which was not followed and led to loss of revenue which has not been recovered till date.

Recommendation:

AMC may follow the terms and the conditions of the Deed Agreements executed to prevent loss of revenue to the Government.

[10] Area No.8: ₹ 7.61 lakh and Area No.53: ₹ 108.80 lakh

CHAPTER – II

ECONOMIC SECTOR

CHAPTER-II

ECONOMIC SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2020 deals with the findings arising from audit of State Government Departments under Economic Sector.

During 2019-20, against a total budgetary provision of ₹ 4,293.61 crore, an expenditure of ₹ 3,719.55 crore was incurred by 16 departments under the Economic Sector. Department-wise details of budget provision and expenditure incurred are shown in **Table-2.1.**

Table-2.1: Department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Budget Allocation (BA)	Expenditure	Percentage of Expenditure to BA
1.	Public Works	1,676.53	1,549.54	92.43
2.	Power and Electricity	894.74	872.30	97.49
3.	Rural Development	553.22	325.75	58.88
4.	Food, Civil Supplies and Consumer Affairs	335.73	259.65	77.34
5.	Agriculture	207.71	167.74	80.76
6.	Horticulture	129.53	114.88	88.69
7.	Animal Husbandry and Veterinary	119.45	107.85	90.29
8.	Planning and Programme Implementation	111.36	105.95	95.14
9.	Commerce and Industries	102.89	74.88	72.78
10.	Irrigation and Water Resources	45.90	30.20	65.79
11.	Fisheries	25.30	24.39	96.40
12.	Land Resources, Soil and Water Conservation	25.30	25.16	99.45
13.	Sericulture	22.64	20.32	89.75
14.	Co-operation	18.59	17.50	94.14
15.	Tourism	13.89	13.18	94.89
16.	Information and Communication Technology	10.83	10.26	94.74
Total		**4,293.61**	**3,719.55**	**86.63**

Source: Appropriation Accounts: 2019-20

The Rural Development Department and Irrigation and Water Resources Department utilised 59 and 66 *per cent* respectively of the allocated funds, whereas all other Departments managed to utilise more than 70 *per cent* of the funds allocated to them. The overall savings under Economic Sector was 13.37 *per cent* against the budget allocation.

During the year, an expenditure of ₹ 3,022.38 crore, including funds pertaining to previous years, of the State Government under Economic Sector were test checked in Audit.

This Chapter includes two Performance Audit Reports and three Compliance Audit Paragraphs, as discussed in the following paragraphs.

PERFORMANCE AUDIT

HORTICULTURE DEPARTMENT

2.2 Performance Audit of "Development and Promotion of Horticulture in Mizoram"

2.2.1 Introduction

Mizoram covers an area of 21,081 Sq. km (21.08 lakh hectares), out of which 11.56 lakh hectares (55 *per cent*) of land is identified as a potential area for horticulture crops. Horticulture plays a very important role in the economy of Mizoram. The geo-climatic condition of Mizoram is well suited for Horticulture crops including fruits, vegetables, spices, plantation crops, medicinal and aromatic plants of high economic value. Major spice crops grown in the State are Ginger, Turmeric and Birds eye chilli while principal fruit crops are Dragon fruit, Mandarin Orange, Banana, Mango, Strawberry, Grape, and Pineapple. Different types of flowers such as Anthurium, Roses, Fern, Orchids, *etc*., are grown abundantly in the State, of which Anthurium and Roses are grown commercially for export outside the State. Production of vegetables like Tomato, Capsicum, Broccoli under protected cultivation and off-season Cabbage in open field cultivation are given priority as they give better economic benefits besides catering to the local needs.

The Horticulture Department was bifurcated from the Department of Agriculture, Government of Mizoram (GoM) in the year 1993 and became a full-fledged Department in 1997.

2.2.2 Audit Objectives

The Performance Audit (PA) was conducted with the objective to assess whether:

- Effective planning process was in place fixing priorities for different districts/ regions in consonance with the diverse agro-climatic features; and various schemes/ projects for increase of production area and productivity of Horticulture Crops were planned effectively;
- Implementation of the schemes/ projects and provisions for utilisation of funds was efficient and effective and has resulted in increased acreage of horticultural crops and diversification of horticultural production as envisaged in the guidelines;
- The promotion of technology extension, post-harvest management, processing and marketing for holistic growth of horticulture sector in consonance with comparative advantage in the State/ Region was achieved;

- The skills of the local youth have been developed to create employment opportunities in the horticulture sector; and
- Monitoring and Evaluation system including Internal Controls were adequate and effective.

2.2.3 Audit Scope and Sampling

Performance Audit on Development and Promotion of Horticulture in Mizoram covering a period of five years (2015-16 to 2019-20) was conducted during October 2020 to March 2021 through test check of records of the Directorate of Horticulture, GoM and three sample Divisions. Three Divisions (Aizawl, Lunglei and Serchhip) out of eight Divisions under Horticulture Department were selected on the basis of Simple Random Sampling Without Replacement (SRSWOR) method. A total of eight circles (Aizawl: 3, Lunglei: 3 and Serchhip: 2) were selected from the three sampled Divisions. Further, two villages from each sampled circle aggregating 16 villages were selected. A total of 320 beneficiaries taking 20 beneficiaries from each sampled village were selected for beneficiary survey to assess the impact of the schemes. The sampling at circle, village and beneficiary level was also done on the basis of SRSWOR.

2.2.4 Audit Methodology

The Performance Audit commenced with an Entry Conference (06 October 2020) with the Horticulture Department wherein audit objectives, scope of audit, audit methodology and audit criteria were discussed. Audit process included issue of audit requisitions and queries for information/ data/ records; scrutiny of records and analysis of information/ data; physical verification of assets created followed by framing of audit observations. Beneficiary survey involving 279 farmers spread over three Divisions were also carried out to assess the impact of various schemes/ projects implemented by the Department and also to understand the constraints faced by the beneficiaries. Audit findings were discussed in the Exit Conference (21 January 2022) with the Department and the report was finalised after taking into consideration the replies of the Department.

2.2.5 Audit Criteria

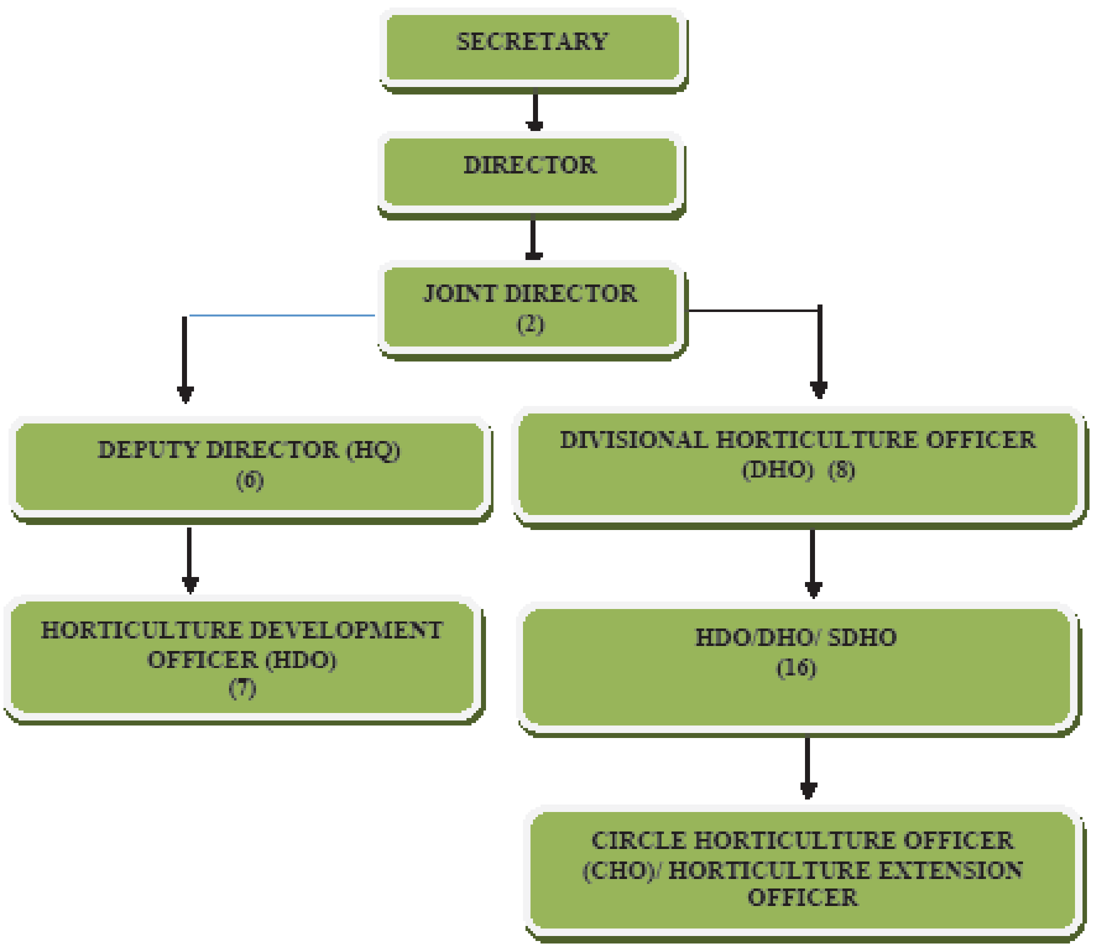
The audit criteria were drawn mainly from the following sources:

- Mission for Integrated Development of Horticulture (MIDH) Operational Guidelines, 2014;
- Guidelines and instructions issued by the Ministry of Agriculture and Farmers Welfare, Government of India (GoI)/ State Government;
- General Financial Rules (GFR), 2005, 2017;
- Receipt and Payment Rules, 1983;
- Central Public Works Department (CPWD) Manual; and
- Mizoram Schedule of Rates.

2.2.6 Organisational set-up

The Secretary to the Government of Mizoram is the administrative head of the Horticulture Department under whom is the Director who is assisted by the Joint Directors and Deputy Directors. There are eight Divisions which are headed by the Divisional Horticulture Officer (DHO). At the Divisional level, DHO is assisted by the Horticulture Development Officer (HDO), Additional Horticulture Development Officer (ADHO), Sub-Divisional Horticulture Officer (SDHO) and at Circle level, he is assisted by the Circle Horticulture Officer (CHO) or Horticulture Extension Officer (HEO). The Organogram of the Department is shown in **Chart 1** below:

Chart-1:



2.2.7 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of Officers and Staff of Horticulture Department, GoM. We also acknowledge the support of the Division and Circle level staff in the sampled Divisions for the smooth conduct of the Performance audit.

Audit Findings

The Audit findings are discussed in the succeeding paragraphs:

2.2.8 Planning

Audit Objective 1: Whether effective planning process was in place fixing priorities for State/ different districts/ regions in consonance with the diverse agro-climate features and whether various schemes/ projects for increase of production area and productivity of Horticulture Crops were planned effectively?

2.2.8.1 Perspective Plan and road map

Paragraph 4.8(a) and 5.1 of the Operational Guidelines of Mission for Integrated Development of Horticulture (MIDH) 2014 stipulated that State level agency shall prepare Strategic/ Perspective Plan and roadmap *i.e.*, State Horticulture Mission Document (SHMD), which will form the basis of preparation of Annual Action Plans (AAPs) for overall development of horticulture in consonance with the Mission's goals and objectives, in close co-ordination with Technical Support Group (TSG), State Agriculture Universities (SAUs), and ICAR institutes. The Department had prepared (February 2017) a five-year Perspective Plan for the period 2017-18 to 2021-22.

It was observed in audit that the Plan document consisted of only the Component wise Physical and Financial Targets of the State for the five years period. As against the provisions of the MIDH Guidelines, there was nothing on record to indicate that the targets were fixed based on survey and assessment of horticulture production, potential and demand. Moreover, the Plan document did not contain any information or write-up on crops having comparative advantages and natural potential for development in the State, adoption of cluster approach for production and linking with available infrastructure, post-harvest management, processing, marketing and export. Further, though stipulated in MIDH Guidelines, the Plan document did not contain any information on geography and climate, potential of horticulture development, availability of land, analysis of strength, weaknesses, opportunities and challenges (SWOC), strategy for development and plan of action proposed to be taken to achieve goals in each district of the State. Moreover, there were no records to indicate that Technical Support Group (TSG), State Agriculture Universities (SAUs), and ICAR institutes were involved in the preparation of the Strategic/ Perspective Plan.

Thus, due to shortcomings in the planning process, implementation of different components of the schemes were affected leading to delay in submission of Utilisation Certificates (UCs) and short release of funds as discussed in **Paragraph-2.2.9.2.**

Department stated that the Perspective Plan was prepared in consultation with the DHOs taking into account the Horticulture potential of the Districts and the State as a whole in cluster approach.

The reply is not tenable as the Department did not furnish any record in support of their reply and the fact remained that the Perspective Plan was prepared without survey.

It is recommended the Strategic/ Perspective Plan and roadmap should be prepared as per the stipulations of the MIDH Operational Guidelines.

2.2.8.2 Annual Action Plan (AAP)

Paragraph 5.3 of the Operational Guidelines of MIDH, 2014 stipulated that agencies at District level will prepare AAP keeping in view their priority and potential and submit the plan to State Horticulture Mission (SHM). SHM in turn will prepare a consolidated proposal for State as a whole, get it vetted by the respective State Level Executive Committee (SLEC) and furnish the same for consideration by National Level Executive Committee (NLEC).

It was seen in audit that MIDH scheme was being implemented by Horticulture Department itself and not in Mission Mode in State of Mizoram. Department prepared the AAPs (2015-16 to 2019-20) centrally at the Directorate level on the basis of tentative fund allotment by GoI. As such, physical and financial targets were fixed for the implementing units at the District and Circle levels instead of the field level requirements and proposals originating from the District level.

Department stated that AAPs were prepared in consultation and discussions with DHOs in meetings and submitted to GoI after vetting by the SLEC. However, this was against the provisions of the MIDH Guidelines which has stipulated that AAP would be prepared by the Divisional offices and would be consolidated at the State level.

Non-adoption of the stipulated bottom-up approach in preparation of AAP undermined the implementation of schemes and partly led to low production and productivity of horticulture crops in the State as compared to other North Eastern States as discussed in **Paragraph-2.2.10.1**, and also diversion of funds in the cases of On Farm Pack Houses, Low Energy Cool Chambers, *etc*., as discussed in **Paragraph-2.2.12.2**.

In the course of audit process, Department has taken measures in compliance of the audit observation by adding the feedback of DHOs in AAP 2021-22.

It is recommended that the Department prepares the AAP as per the stipulations in the MIDH Guidelines so that the priorities and potentials at the field level are adequately reflected in AAP.

2.2.8.3 Adoption of technology in Planning and monitoring

Paragraph 7.1 of the Operational Guidelines for MIDH, 2014 envisaged adoption of Information Communication Technology (ICT), Remote Sensing and Geographic Information System (GIS) for planning and monitoring purposes including identification of sites for creating infrastructure facilities for post-harvest management, markets and production forecasts.

It was seen in audit that ICT, Remote Sensing and GIS were not adopted for planning and monitoring.

Department stated that due to undulating topography and hilly terrain of the State, the plantation areas are often scattered and as such post-harvest management, market infrastructure are created based on production capacity of the area, connectivity and availability of cluster area.

The reply of the Department itself showed the importance of remote sensing and geographic information system, as it is difficult to physically access remote locations with the State being a hilly area with undulating topography.

It is recommended that steps should be taken to harness the benefits of ICT, Remote Sensing and Geographic Information System in planning and monitoring to the extent possible.

Audit Objective 2: Whether implementation of the schemes/ projects and provision and utilisation of funds was efficient and effective and has resulted in increased acreage of horticultural crops and diversification of horticultural production as envisaged?

2.2.9 Financial Management

2.2.9.1 Fund Receipt and Expenditure

The Horticulture Department, GoM received funds under Centrally Sponsored Schemes (CSS) namely (i) Mission for Integrated Development of Horticulture (MIDH)/ Horticulture Mission for North East & Himalayan States (HMNEH) (ii) Rastriya Krishi Vikas Yojana (RKVY) (iii) Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) "Per drop more crop"- Micro Irrigation (iv) National Bamboo Mission (v) Programme under Article 275 (1) (vi) North Eastern Council (NEC) Projects (vii) Rural Infrastructure Development Fund (RIDF) under National Bank for Agriculture and Rural Development (NABARD); and State flagship programmes like (viii) New Land Use Policy (NLUP) (ix) New Economic Development Policy (NEDP) (x) NLUP-NEDP Convergence Scheme (NNCS), (xi) Socio-Economic Development Policy (SEDP) for development and promotion of horticulture in the State.

The position of year wise fund received and expenditure incurred there against by the Department during 2015-20, as furnished by the Department, is depicted in the **Table-2.2**. Detailed scheme wise fund position is given in **Appendix-2.2.1**.

Table-2.2: Statement showing fund received, expenditure and closing balance during 2015-20

(₹ in crore)

Year	Opening Balance	Fund received	Interest Earned	Total fund available	Expenditure	Closing Balance	Percentage of unspent balance
2015-16	61.98	52.28	0.92	115.18	59.09	56.09	48.70
2016-17	56.09	62.38	1.20	119.67	80.17	39.50	33
2017-18	39.49	97.10	0.64	137.23	117.35	19.88	14.49
2018-19	19.89	44.84	0.52	65.25	43.57	21.68	33.23
2019-20	20.52[11]	64.57	0.89	85.98	59.98	26.00	30.24
Total		**321.17**	**4.17**		**360.16**		

Source: Directorate of Horticulture Department, GoM

[11] The difference between the closing balance and opening balance of 2019-20 is due to fact that ₹ 1.15 crore (Revolving Fund for Ginger Marketing under NEDP Scheme) was credited into the Public Account during 2019-20 by the Department

As can be seen from the above table, the year wise unspent balance ranged from 14.49 to 48.70 *per cent* of the total funds available during the period of audit. Huge unspent balances indicated that the Department did not achieve the year end Physical and Financial target as per the approved AAPs.

The Department while accepting the fact stated that unspent balance occurred due to release of funds by GoI at fag end of the financial year and delay in sanctioning by the State Government.

2.2.9.2 Delay in submission of Utilisation Certificate resulted in short release of funds

The release of second installment of GoI funds under MIDH Scheme during a year depends upon the progress of utilisation of first installment funds of that particular year. As per approved Annual Action Plan (AAP) of MIDH, total approved outlay for the year 2018-19 and 2019-20 was ₹ 33.33 crore and ₹ 32.40 crore respectively against which the Department received ₹ 27.78 crore (2018-19) and ₹ 25.09 crore (2019-20) only. Thus, there was short release of ₹ 12.86 crore (2018-19: ₹ 5.55 crore and 2019-20: ₹ 7.31 crore) under MIDH from the GoI. The short release was due to delay in submission of UCs, unspent balance of previous installments and slow implementation of the programme by the Department.

The Department while accepting the fact replied that since funds were released on installment basis, the last installment got released at the fag end of the financial year. After sanction by the State Government, the funds were sometimes kept in Civil Deposits without releasing to the Department which hampered the furnishing of the final UCs on time.

The State Government should ensure that the funds released are utilised promptly and properly and that UCs are sent to the Ministry in time.

2.2.9.3 Inordinate delay in release of fund by the State Government to the Implementing Department

Though the MIDH guidelines and sanction orders did not specify the timeline for release of the scheme funds by the State Government to the implementing Department, it was observed that State Government released GoI's share (90 *per cent* share) to the implementing Department with delays ranging from five to 203 days **(Appendix-2.2.2)**. Similarly, the State Government released its matching share to the implementing Department with delays ranging from 68 to 364 days **(Appendix-2.2.2)**

Delay in release of funds to the implementing Department not only resulted in delay in implementation of the schemes but also affected release of the subsequent installment further affecting the subsequent implementation cycle and so on and so forth.

The Department while accepting the fact stated that due to financial constraints of State Government's ex-chequer, the State Government always delayed release of funds to the implementing Departments which was beyond the control of the Department.

It is recommended that steps should be taken by the State Government to ensure that funds are released to the implementing Department without delay.

2.2.10 Programme Implementation

2.2.10.1 Impact of various schemes on area, production and productivity of crops

The impact of the various schemes implemented by the Department with respect to area under cultivation, production of crops and its productivity for the period covered under Performance Audit for various crops is as given in the **Table-2.3.**

Table-2.3: Area, Production and Productivity of various crops in Mizoram during the period 2015-20

Crop	Particulars	Year					Increase (+) / Decrease (-) (%)
		2015-16	2016-17	2017-18	2018-19	2019-20	
Fruit[12]	Area	55.01	62.56	63.19	62.93	63.77	(+) 8.76 (15.92)
	Production	330.28	339.05	340.51	347.02	344.91	(+) 14.63 (4.43)
	Productivity	6.00	5.42	5.39	5.51	5.41	(-) 0.59 (9.83)
Vegetable[13]	Area	45.21	37.02	36.25	34.66	36.49	(-) 8.72 (19.29)
	Production	179.02	179.88	171.01	200.37	181.63	(+) 2.61 (1.46)
	Productivity	3.96	4.86	4.72	5.78	4.98	(+) 1.02 (25.76)
Plantation[14] crop	Area	11.89	11.90	12.17	12.17	13.23	(+) 1.34 (11.27)
	Production	11.39	18.27	9.11	10.48	10.90	(-) 0.49 (4.30)
	Productivity	0.95	1.53	0.75	0.86	0.82	(-) 0.13 (13.68)
Spices[15]	Area	13.41	27.37	27.58	27.58	27.58	(+) 14.17 (105.67)
	Production	55.58	102.42	100.88	100.89	100.88	(+) 45.30 (81.50)
	Productivity	4.14	3.74	3.66	3.66	3.66	(-) 0.48 (11.59)
Medicinal[16] Plants	Area	0.93	0.93	0.76	0.76	0.76	(-) 0.17 (18.28)
	Production	0.90	0.90	0.82	0.78	0.78	(-) 0.12 (13.33)
	Productivity	0.96	0.96	1.08	1.02	1.02	(+) 0.06 (6.25)

(Area in '000 Ha; Production in '000 tonnes and productivity in MT/Ha)

Source: Ministry of Agriculture and Farmers Welfare

From the above, Audit observed that the overall productivity decreased in respect of fruit (9.83 *per cent),* plantation crop *(*13.68 *per cent)* and spices (11.59 *per cent*) whereas the productivity increased in cases of vegetables (25.76 *per cent)* and medicinal plants (6.25 *per cent)* during 2015-16 and 2019-20.

[12] Fruits: main fruits are Mandarin Orange (M. Orange), Banana, Pineapple, Papaya, *etc.*
[13] Vegetable: main vegetables are Chayote, Cabbage, Okra, Bitter gourd, Tomato, Broccoli
[14] Plantation Crops: Arecanut, Cashewnut, Coconut, Tung, Jatropha
[15] Spices: Black Peeper, Chilli, Cinnamon, Coriander, Ginger, Turmeric, Garlic, Celery
[16] Medicinal Plant: Aloe vera, Stevia

Comparison with other States

A comparison of productivity of major crops such as fruits, vegetables and spices were attempted in Audit for the three[17] years (2015-16 to 2017-18). The data pertaining to other States was not available with the Department, therefore, Horticulture Statistics 2018 published by the Ministry of Agriculture & Farmers Welfare, GoI was adopted for comparison. Based on this, the comparative performance of the North-eastern states for horticultural productivity is as follows **(**Details in **Appendix-2.2.3)**.

Fruit: The comparison revealed that productivity of fruit for Mizoram ranged between 5.39 MT/Ha and 6 MT/Ha which was lesser than that of Assam (14.17 to 14.42 MT/Ha), Manipur (9.15 to 9.57 MT/Ha), Meghalaya (9.65 to 11.42 MT/Ha), Tripura (9.68 to 11.28 MT/Ha), Nagaland (9.63 to 10.10 MT/Ha), and the all-India total of 14.31 to 14.96 MT/Ha. The performance of Mizoram was however better than that of Arunachal Pradesh (2.55 to 4.63 MT/Ha) and Sikkim (1.34 to2.84 MT/Ha).

Vegetables: The comparison revealed that productivity of vegetables for Mizoram ranged between 3.96 MT/Ha and 5.78 MT/Ha which was lesser than that of all the other North-eastern States such as Arunachal Pradesh (6.43 to 8.25 MT/Ha), Assam (10.97 to 12.03 MT/Ha), Manipur (6.23 to 9.21 MT/Ha), Meghalaya (10.42 to 10.58 MT/Ha), Nagaland (11.36 to 12.15 MT/Ha), Sikkim (5.28 to 7.47 MT/Ha), Tripura (17.07 to 17.52 MT/Ha) and that of the all India total of 16.73 to 17.97 MT/Ha.

Spices: The comparison revealed that productivity of Spices for Mizoram ranged between 3.66 MT/Ha and 4.14 MT/Ha and was better than that of the states of Assam (2.43 to 3.32 MT/Ha), Manipur (2.20 to 2.31 MT/ha), Sikkim (2.06 to 2.20 MT/Ha) and all India total of 2.01 to 2.21 MT/Ha. However, the productivity was lesser than that of Arunachal Pradesh (6.01 to 6.03 MT/Ha), Meghalaya (4.91 to 4.95 MT/Ha), Nagaland (6.55 to 7.95 MT/Ha), and Tripura (3.17 to 4.91 MT/Ha).

This indicated that the Department needs to take suitable steps to increase the productivity of horticultural crops especially vegetables in which productivity of the State was the least among all North-eastern states.

Department did not offer any comment on the decrease in production and productivity of crops in the States.

Mission for Integrated Development of Horticulture (MIDH/HMNEH)

Horticulture Mission for North East and Himalayan States (HMNEH), a sub-scheme of the Mission for Integrated Development of Horticulture (MIDH) is the back bone of horticulture development initiatives in the State of Mizoram. The programme focused on establishing convergence and synergy among numerous ongoing programmes in Horticulture sector with a view to achieve horizontal and vertical integration for ensuring adequate, appropriate, timely and concurrent attention to all the links in

[17] Since the Data published by the Ministry of Agriculture & Farmers Welfare was available up to 2017-18, the comparison with the other states productivity was taken up to 2017-18 instead of 2019-20

production, post-harvest management and consumption chain to maximise economic, ecological and social benefits. The observations pertaining to implementation of MIDH are discussed in the succeeding paragraphs.

2.2.10.2 Creation of water resources

(A) Huge shortfall in creation of water storage capacity through Individual water tanks

According to Paragraph 7.4 read with clause B 4(ii) of Annexure V of MIDH scheme, assistance of ₹ 90,000 (50 *per cent* of the total permissible cost of ₹ 1,80,000 per unit) was available for construction of water harvesting system for individuals for storage of waters in 20 m x 20 m x 3 m size farm ponds/ tube wells/ dug wells @ ₹ 150 *per* cubic metre. For smaller sized ponds/ tube well/ dug wells, cost will be admissible on *pro-rata* basis depending upon the command area.

As per the approved AAP, during 2015-20, Department was sanctioned ₹ 18.03 crore of subsidy amount for construction of 2,003 numbers of individual water tank of size specified under MIDH guidelines. As such, Department was required to create water storage capacity of 240.36 crore litres {[(20 x 20 x 3) x 2,003] x 1,000 litres} with the sanctioned amount.

Scrutiny of records revealed that against the approved Physical and Financial target, Department created water storage capacity of 6.23 crore litres only (details in **Appendix-2.2.4**) at the cost of ₹ 16.52 crore. Thus, there was shortfall in construction of water storage capacity of 234.13 crore litres (240.36 crore litre *minus* 6.23 crore litres). Department was able to create a meagre 2.59 *per cent* of the targeted water storage capacity with expenditure of 91.62 *per cent* of the sanctioned amount. Further, due to shortfall in water harvesting system, beneficiaries faced water shortages during dry season which was also confirmed during beneficiary survey as highlighted in **Paragraph-2.2.16**.

(B) Huge shortfall in creation of water storage capacity through Community water tanks

Under MIDH Scheme, assistance was provided for creating water sources through construction of Community tanks, farm ponds/ reservoirs with plastic/ RCC lining to ensure life saving irrigation to horticulture crops. Assistance was to be dovetailed in conjunction with Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and wherever possible, adequate convergence was to be ensured.

As per approved Annual Action Plan (AAP), 34 numbers of Community Tanks with dimension 100 m x100 m x 3 m at a cost of ₹ 8.50 crore (@ ₹ 25 lakh/ Community Tank) were planned for construction during 2015-16 to 2019-2020. As per records, Department achieved physical target of 30 Community Tank units (till March 2020) at the cost of ₹ 7.50 crore. Thus, there was a short achievement of creating the asset by four Community Tanks involving ₹ one crore.

In respect of the three sampled Divisions, a total of 12 Community Tanks with total water storage capacity of 3,600 lakh litres {[(100 x 100 x 3) x 12] x 1,000 litres} were to be constructed with a fund of ₹ 3 crore as per the AAP. Detailed scrutiny of records, however, showed that the three Divisions created total water storage capacity of 24.40 lakh litres (Aizawl: 12.58 lakh litres, Lunglei: 0.66 lakh litres, Serchhip: 11.16 lakh litres) by incurring ₹ 3 crore (₹ one crore in each division) towards RCC Community Tanks of various sizes ranging between 2,690 litres and 6.94 lakh litres (details in **Appendix-2.2.5**). Thus, there was gross under-creation of water storage capacity by 3,575.60 lakh litres (99.32 *per cent*) under the Community tanks component. Also, the construction of Community Water Tank was carried out without convergence with MGNREGS.

The Physical and Financial achievement of the scheme in respect of the three sampled Divisions were not commensurate as achievement of Physical target was a meagre 0.7 *per cent* as against 100 *per cent* achievement of Financial target. The purpose of the project to provide enough volume of water at the right time for the cultivable area of horticulture crop was not served due to huge short-creation of water storage capacity.

Department stated that the huge shortfall in creation of individual water tanks as well as Community Water Tanks was due to comparatively huge input cost in the State of Mizoram.

The reply of the Department is not tenable as the Department, in contravention of the MIDH guidelines, did not limit the construction of individual/ community water tanks on the cost of plastic/ RCC lining only and instead created the entire structure of individual/ community water tanks with RCC. The works were also not executed in conjunction with MGNREGS as per the guideline. This led to inflation of the construction cost and short creation of water storage capacity.

It is recommended that the Department should come out with a realistic target in consultation with the GoI for meaningful implementation of the Scheme component.

2.2.10.3 Rejuvenation of senile plant

Paragraph 7.20 of MIDH Guidelines provided for Rejuvenation/ Replacement of Senile plants in the Orchards and Plantations which have low productivity. Assistance under the programme was admissible at 50 *per cent* of the cost subject to maximum of ₹ 20,000 per Ha limited to two Ha per beneficiary and was available only in respect of rejuvenating/ replanting senile and unproductive plantation through proven technologies.

According to the approved Annual Action Plan (AAP), Department received ₹ 10.32 crore for the year 2015-16 to 2019-20 to cover 5,158 Ha area for rejuvenation/ replacement of senile plantation. As per the Physical and Financial report, Department fully achieved the targets. Main fruits taken up for rejuvenation of senile plantations were Mandarin Orange, Dragon fruit and Grapefruits.

Scrutiny of records, however, revealed that Department claimed to have covered 5,158 Ha area under the Scheme in eight Divisions. It was seen that the Divisions neither identified the beneficiaries prior to implementation of the scheme nor did any detailed assessment of the senile plants with regard to their annual productivity/ yield of crops, the period for which plants were senile, age of the senile plant, disease afflicting the senile plants, Plant health clinic report on senile plants, *etc*. Thus, in the absence of basic details and information about the senile plants, expenditure of ₹ 10.32 crore incurred on rejuvenation of senile plants covering 5,158 HA area was irregular.

Department stated that farmers were instructed to submit the samples and records of senile plants in their field. Due to non-submission of records by the farmers, data of Senile Plants was not maintained.

The reply of the Department confirmed the fact that assistance was disbursed to the beneficiaries without any record and inputs on the senile plants for which assistance was to be provided. Thus, the possibility of according the financial assistance to ineligible beneficiaries could not be ruled out.

It is recommended that the Department should put in place an appropriate mechanism for identification of the beneficiaries and for assessing the impact of the projects so that necessary follow-up can be done on future planning and implementation on the project.

2.2.10.4 Organic Farming

As per Paragraph 7.29 and 7.30 of MIDH guidelines, Organic Farming in horticulture will be promoted to harness environmental and economic benefits by way of adoption of organic farming techniques along with its certification. Organic certification will be guided by service providers and certification agencies accredited by Agricultural and Processed Food Products Export Development Authority (APEDA). Organic Farming techniques involve lowering input cost by substituting the chemical inputs with the organic inputs, decreased reliance on non-renewable resources, capturing the high value markets thereby increasing farm income.

With a view to promote Organic Farming, under MIDH scheme, financial assistance of ₹ 50,000 (50 *per cent* of maximum permissible limit of ₹ one lakh per unit) either for construction of vermi-compost bed of 30 x 8 x 2.5 feet dimension of permanent structure or High Density Poly Ethylene (HDPE) of 96 cubic feet (12 x 4 x 2) in pro-rata basis was provisioned.

As per the approved AAPs, in the five-year period (2015-2020) covered under audit, Department was sanctioned ₹ 12.5 lakh only for the year 2015-16 to cover the Physical Target for construction of vermi-compost of 25 units @ ₹ 0.50 lakh subsidy per unit. For subsequent years, the fund under the component was discontinued and Department was entrusted with the responsibility of linking Organic Farming with certification and marketing of Organic Farming. Scrutiny of records revealed that out of three sampled Divisions selected in PA, only the two Divisions - Lunglei and Serchhip were sanctioned ₹ 2.5 lakh each on 28 June 2016. Accordingly, ten beneficiaries (five in each Division) were selected by the two Divisions.

Scrutiny of records revealed that even though the DHOs disbursed the entire assistance to the beneficiaries, there was neither production report nor Organic Farming coverage from these vermi-compost units. Moreover, there was no record to indicate that the ten beneficiaries were given Organic Certificate by any certification agency. Thus, the extent of promotion of Organic Farming remained unfruitful.

Department replied that beneficiaries established vermi-compost units with given assistance and made good production of vermi-compost, however, they did not maintain proper record.

The reply of the Department is not acceptable as the absence of any record on production of vermi-compost by the beneficiaries rendered the utilisation of the financial assistance doubtful. Further, there was no mention of steps taken for Organic Certification in the State.

It is recommended that due importance be given to Organic Farming as per the provisions of the Scheme Guidelines given the scope of Organic Farming being higher in the small-scale farming system in the State.

2.2.10.5 Establishment of Centre of Excellence (CoE) for fruits in Lunglei District

With a view to demonstrate advance production technology of high-quality fruits produce for better market domestically and globally and to achieve increased productivity, the project of Centre of Excellence for fruits covering eight-hectare area in Lunglei District, an Indo-Israel Joint Venture, was approved (February 2015) by GoI under MIDH Scheme for ₹ 900 lakh. The construction of CoE, Lunglei was executed through the contractor M/s Tlaukunga Marketing & Co, Aizawl (₹ 405 lakh) and departmentally (₹ 495 lakh). As per the handing over affidavit dated 19 July 2018 the entire amount was stated utilised as shown in the **Table-2.4.**

Table-2.4: Statement showing the details of sanction and expenditure of ₹ 900 lakh

(₹ in lakh)

Sl. No	Component	Sanction	Expenditure
1	Infrastructure and Development	246.77	255.15
2	Irrigation and fertigation	265.27	263.95
3	Human Resource Development (HRD) and Consultancy	113.06	122.40
4	Other Infrastructure	274.90	258.50
	Total	**900**	**900**

Scrutiny of records revealed the following:

(a) Tendering: As per Rule 181(b) of General Financial Rules, 2005, for estimated value of the work or service above ₹ 10 lakh, the Ministry or Department should issue advertised tender enquiry asking for the offers by a specified date and time *etc*., in at least one popular largely circulated national newspaper and web site of the Ministry or

Department. It was, however, seen in audit that the Department resorted to restricted tendering in spite of the value of the work exceeding ₹ 10 lakh which was in violation of the codal provision of GFR.

Department while accepting the fact replied that restricted tendering was done due to exigency of work and to avoid delay in execution of work which was already running delays. Department further added that restricted tendering information was put on Department's website and all procedure was done with the approval of State Government.

(b) Provision of Mobilisation Advance in excess of permissible limit and non-levy of interest thereon: Paragraph 32.5 of CPWD Works Manual 2014 as adopted by GoM, provides that in respect of certain specialised and capital-intensive work with estimated cost put to tender for ₹ two crore and above, mobilisation advance limited to 10 *per cent* of tender amount at 10 *per cent* simple interest can be sanctioned to the contractor as per the terms of the contract.

Scrutiny of records of Director, Horticulture Department, Mizoram revealed that the Director released mobilisation advance of ₹ 405 lakh (45 *per cent* of total project cost of ₹ 900 lakh) to the selected firm (M/s Tlaukunga Marketing & Co, Aizawl) on 15 September 2015. The advance released was 350 *per cent* in excess of the permissible limit of ₹ 90 lakh (10 *per cent* of ₹ 900 lakh). Moreover, the advance was given without any interest which worked out to ₹ 220.70 lakh for the period 15 October 2015 to 26 March 2021 [till date of audit (1,989 days)].

Thus, in violation of CPWD norms, undue favour was accorded to the contractor by grant of advance in excess of the permissible limit.

Department replied that interest on advance was not levied as there was no provision under the contract agreement to do so.

The reply of the Department is not acceptable as the contract agreement itself was not in line with the provisions of the CPWD manual.

(c) Diversion of fund under other interventions of MIDH scheme for construction of CoE Lunglei - ₹ 69.45 lakh

While sanctioning the Project of CoE, Lunglei, the Ministry of Agriculture, GoI specifically mentioned that the project cost should be restricted to ₹ 900 lakh only and the balance amount of the project including the escalated cost, if any, has to be borne by the State Government.

As against the sanctioned cost of ₹ 900 lakh, a total of ₹ 969.45 lakh was incurred on construction of CoE, Lunglei. The Department, instead of meeting the excess expenditure of ₹ 69.45 lakh from State Government fund, diverted ₹ 69.45 lakh[18] from

[18] ₹ 69.45 lakh = ₹ 12.50 lakh (Community water tank, MIDH 2015-16) + ₹ 6.24 lakh (Mission Management Fund MIDH 2017-18) + ₹ 25 lakh (Community water tank, MIDH 2017-18) + ₹ 9 lakh (Community water tank 2018-19 + ₹ 14.46 lakh (shade net house -wooden structure component of MIDH 2015-16 fund) + ₹ 2.25 lakh (cost of power tiller met from Horticulture Mechanisation component of MIDH 2017-18)

other interventions of MIDH such as Community water tank, Mission Management Fund, *etc.*, to CoE, Lunglei due to which implementation of other intervention namely Community Water Tank, Shade net house (wooden structure), horticulture mechanisation could not be delivered to intended beneficiaries under the scheme.

Department stated that ₹ 69.45 lakh was utilised to supplement creation of water sources, Shade Net House, power tiller as the provision of CoE was not sufficient to meet these requirements. Further the Department added that infrastructure developed with ₹ 69.45 lakh would be utilised by the CoE, farmers and trainees.

The reply of the Department is not tenable as GoI while sanctioning the project categorically instructed that expenditure of project over and above ₹ 900 lakh should be met from State Government exchequer which was not complied with by the Department.

(d) Training of farmers: An amount of ₹ 12.60 lakh out of ₹ 900 lakh was available for training of farmers and staff under HRD and Consultancy component of the project as stated in the **Table-2.5.**

Table-2.5: Statement showing the details of ₹ 12.60 lakh for training of farmers and staff

(₹ in lakh)

Component	Rate (in lakh)	No of trainees	Total cost (in lakh)
Training of Staff at Sirsa	0.40	9	3.60
Training of farmers on different farming operations in various crops in Centre of Excellence for Fruit (CEF)	0.01	600	6
Training in Israel	0.50	6	3
Total		**615**	**12.60**

However, scrutiny of records revealed that merely ₹ 4 lakh out of ₹ 12.60 lakh was utilised for training of two employees of Divisional Horticulture Office, in Israel. The Department neither conducted any training for farmers at CoE, Lunglei nor deployed any of his official for training at Sirsa, Haryana. Due to non-conduct of training of farmers in the CoE, Lunglei, the objective of the establishment of CoE for demonstration and training as stipulated under paragraph 7.32 of MIDH guidelines was defeated.

Thus, there were various lapses and deficiencies as discussed above in the project implementation of CoE, Lunglei with expenditure of ₹ 900 lakh which led to undue favour to the contractor, inflation of project cost, non-development of advance horticulture skills in farmers through training as discussed above.

It is recommended that the Department abides by the rules and procedures and follows the provisions of the Works Manual in execution of works. Further, steps may be taken to impart training to maximum number of farmers to develop modern horticulture cultivation skill to maximise the production and productivity of crops.

2.2.11 Findings pertaining to other Horticultural Schemes

North-Eastern Council (NEC) Funded project

2.2.11.1 Unfruitful Expenditure of ₹ 56.66 lakh

North Eastern Council (NEC), Ministry of Development of North Eastern Region (MoDONER), GoI accorded administrative approval for the project "Plantation of Black Pepper at Sairum Village and Sihphir Village, Mizoram" with estimated cost of ₹ 141.66 lakh on 11 April 2017. The funding pattern was 90:10 by the NEC and State respectively. The project was implemented by the Department of Horticulture through Black Pepper Development Committee and a sum of ₹ 56.66 lakh[19] (NEC: ₹ 50.99 lakh and SMS: ₹ 5.67 lakh) being 1st installment was sanctioned by the NEC to the Horticulture Department, GoM subject to completion of the project within a period of two years from the date of its approval *i.e.*, by 10 April 2019.

As per the UCs submitted (16 November 2018) by the Horticulture Department to NEC, an amount of ₹ 56.66 lakh was stated utilised on the following work component *vis-à-vis* the approved work component as described in the **Table-2.6.**

Table-2.6: Utilisation of fund as per UCs of the Department

(₹ in lakh)

Sl. No.	Component	Approved cost	Expenditure details		
			NEC	SMS	Total
1.	Plantation of Black Pepper	88.53	0	3.53	3.53
2.	Approach Road	19.00	19.00	0	19.00
3.	Storage and Processing unit	30.23	28.79	1.44	30.23
4.	Water Tank	3.90	3.20	0.70	3.90
Total		**141.66**	**50.99**	**5.67**	**56.66**

Scrutiny of records showed that NEC closed the project on "as is where is" basis on the recommendation for closure submitted by the Department to NEC in February 2020. The closure of the project was due to poor work execution by the implementation agency (Black Pepper Development Committee) and Physical achievement was not commensurate with the funds released to the working agency.

Thus, due to premature closure, the objective of the project did not materialise and the assets created worth ₹ 56.66 lakh turned out to be unfruitful.

The Department replied that since the quality of work executed by the working agency (Black Pepper Development Committee) was not satisfactory, it was recommended to NEC to close the project in mid-way.

The reply of the Department is not tenable as the steps were taken only after utilisation of ₹ 56.66 lakh which shows lack of monitoring on the part of the Department.

[19] ₹ 56.66 lakh = ₹ 50.99 lakh was released by the NEC on 11 April 2017 and SMS of ₹ 5.67 lakh was released on 24 October 2017

It is recommended that steps be taken so that the investment already made in the black pepper project does not remain idle.

Rashtriya Krishi Vikas Yojana (RKVY)

RKVY was launched during 2007-08 under the Department of Agriculture & Cooperation (DAC), Ministry of Agriculture, GoI. GoI later extended the Scheme to XII Plan period (2012-13 to 2016-17) with the aim of achieving and sustaining the desired annual growth rate.

2.2.11.2 Two Plant Health Clinics constructed at a cost of ₹ 50 lakh lying idle since completion

Under RKVY 2017-18, the Director of Horticulture, GoM released (September 2017 and June 2018) funds amounting to ₹ 75 lakh for the construction of three Plant Health Clinics (PHC) @ ₹ 25 lakh per PHC to the DHOs of three Divisions (Serchhip, Lunglei and Kolasib).

Scrutiny of records and physical verification of the clinics in the two sample Divisions *viz*., Serchhip and Lunglei Divisions, by the audit team with the officials of the Department revealed the following:

- In Serchhip Division, the PHC was completed in May 2018 and remained idle since the date of completion due to lack of trained technical staff to run the clinic.
- In Lunglei Division, the PHC was completed in May 2018 and detailment of staff to run the clinic was issued in October 2020 after a gap of more than two years. However, there were no records of Plant and soil samples taken to indicate that the PHC was functioning.

This clearly showed that the project was undertaken without proper planning and sanctioned without proper scrutiny leading to assets created lying idle.

Department stated that due to Covid-19 pandemic, there was restriction of movements, *etc*., due to which the units during the visit by audit seemed idle, however, all arrangement had been made for the functioning of the PHC and immediate steps will be taken to make the Plant Health Clinic functional.

The reply of the Department is not tenable since the PHC was completed in May 2018 which was much before Covid-19 pandemic.

The Department should take necessary steps for making the Plant Health Clinics functional.

State Flagships Programmes

NLUP-NEDP Convergence Scheme

New Land Use Policy (NLUP) – New Economic Development Policy (NEDP) Convergence Scheme (NNCS) was introduced with the main objective of doubling or increasing the income of beneficiaries. The Scheme was implemented in three phases- Phase I (2016-17), Phase II (2017-18) and Phase III (2018-19) through various implementing line departments of the GoM and Horticulture Department is one of the implementing line departments. The observations pertaining to implementation of NNCS Scheme by the Horticulture Department are discussed in the succeeding paragraphs.

2.2.11.3 Unfruitful expenditure of ₹ 81 lakh

During 2018-19, for the implementation of Phase II and Phase III of NNCS Scheme, financial assistance of ₹ 7.20 crore was given to 1,440 beneficiaries (821 beneficiaries in Phase II and 619 beneficiaries in Phase III) @ ₹ 50,000 per beneficiary for procurement of planting material, land preparation, fertilisers and other inputs for the cultivation of various crops like M. Orange, Arecanut, Pineapple, Banana, Chayote, *etc*.

As per survey report of Phase II and III beneficiaries conducted (June – July 2019) by the Horticulture Department, the number of existing standing crops of 162 beneficiaries (Phase II = 65 beneficiaries and Phase III = 97 beneficiaries) were found to be 'nil' due to reasons like beneficiaries not taking up the cultivation after receiving financial assistance, utilisation of the financial assistance for other purposes like construction of house, *etc*. Thus, the expenditure of ₹ 81 lakh (₹ 50,000 x 162 beneficiaries) was unfruitful.

Department stated that the assistance amount was transferred to the beneficiaries' account purely for the implementation of the scheme and not for other purposes. Further, the Department stated that since it was not in a position to ascertain the actual amount available in the beneficiaries account and the amount utilised against, farmers account could not be accounted.

The reply of the Department showed lack of monitoring on part of the Department leading to non-fulfilment of the objective of the programme.

2.2.11.4 Unfruitful expenditure on Construction of Water Supply System - ₹ 43 lakh

The Directorate of Horticulture, GoM released (July 2019) an amount of ₹ 43 lakh out of ₹ 2.11 crore lying as unspent balance on implementation of Phase I, II and III of NNCS Scheme to DHO, Aizawl for construction of Water Supply System at Horticulture Centre, Thiak. The rate offered (March 2019) by M/s Zonun Enterprise was used as the estimate by the Division which was submitted (September 2019) to the Directorate of Horticulture. As per the estimate/ rate offered, the work component for the construction of Water Supply System included Installation of Pump Set, Pump House & RCC Trusses and Pipelines amounted to ₹ 43 lakh.

The Division entrusted (July 2019) the survey of project location and carrying out the irrigation works to M/s Zonun Enterprise, Republic Veng, Aizawl without calling of tender, the reason stated being the Department or Division had no technical expertise in the field of irrigation system. Records of Survey Report and award of work could not be produced in audit.

It was seen in audit that the fund amounting to ₹ 43 lakh was released (₹ 17.82 lakh in October 2019 and ₹ 25.18 lakh in August 2020) to the Junior Engineer, Aizawl Division without any record of bills and measurement of work done against the payment.

It was also seen that a new estimate amounting to ₹ 81.05 lakh was prepared for installation of 100 kVA Transformer and its accessories at the proposed installation site of Pump Set as the Pump Set required 80 kVA and the present 32 kVA transformer in the Horticulture Centre could not be utilised for running the Pump Set. The estimate was approved (October 2020) by Chief Engineer (SO), P & E Department, GoM and proposal for allocation of fund amounting to ₹ 81.05 lakh was submitted (December 2020) to GoM which was not allocated till date of audit (March 2021).

During physical inspection (March 2021) with the departmental officials, it was found that Pipelines and Water Storage Tanks were installed at the project site. However, Pump Set and Pump House were not installed, and the Water Supply System remained non-functional resulting in unfruitful expenditure of ₹ 43 lakh.

The Department replied that the transformer was not installed due to financial constraint and the water-pump set was not installed due to security reason. In the Exit Meeting, the Department further stated that it recently received the funds from the GoM and the water supply system will be functional soon.

The reply of the Department showed lack of planning before the execution of work which resulted in non-achievement of intended benefits of the scheme.

It is recommended that steps be taken to make the Water Supply System at Horticulture Centre, Thiak functional.

New Economic Development Policy (NEDP) Scheme

2.2.11.5 Non recovery of interest free loan - ₹ 0.85 crore

In order to provide timely liquidity support to facilitate smooth Ginger Marketing by Ginger growers (farmers) within and outside the State, the GoM under the flagship programme New Economic Development Policy (NEDP) allocated an amount of ₹ 2.00 crore as Revolving Fund to Horticulture Department. Timely liquidity support will be made available as interest-free loan to the aggregators[20].

The money was drawn (June 2018) through Abstract Contingent (AC) Bill which was regularised (November 2019) as Detailed Countersigned Contingent (DCC) Bill. The money was kept in Mizoram Cooperative Apex Bank Ltd. bearing account no. 00101960002762.

An amount of ₹ 1.70 crore was sanctioned as interest free loan to two Aggregators/ Societies (Loanees) *viz.,* ₹ 1.00 crore to MAMSOL against mortgage/ collateral security

[20] Aggregator means Primary Agriculture Credit Societies (PACS), Mizoram Agricultural Marketing Solution (MAMSOL), entrepreneurs or any eligible aggregators who will be responsible to work with the farmers and make arrangements for receiving ginger at designated places, making weighment and sorting and readying ginger for dispatch to designated destinations/ centres

of Bank Guarantee and ₹ 0.70 crore to Mizoram Farmers Society (MIFAS) against mortgage/ collateral security of Land Settlement Certificates. The status of release of sanctioned loan amount and its recovery till date of audit (March 2021) are as shown in **Table-2.7.**

Table-2.7: Statement showing the status of Ginger Marketing Revolving Fund

Sl. No.	Name of Loanee	Total Loan Granted (₹ in Crore)	1st Installment Released (₹ in Crore)	Date of Release of 1st Installment	2nd Installment Released	Amount Recovered (in ₹)
1.	MAMSOL	1.00	0.50	March 2019	Nil	Nil
2.	MIFAS	0.70	0.35	March 2019	Nil	Nil
	Total	**1.70**	**0.85**			

Source: Directorate of Horticulture Department, GoM

It can be seen from the above table that neither the 2nd Installment of the loans sanctioned were released to the loanees nor recovery of 1st Installment was made from the loanees even after a gap of two years from the date of release of 1st Installment. It was also seen that the Department did not take any step for forfeiture of the mortgage by the loanee.

Audit also noticed that the balance amount of ₹ 1.15 crore (₹ 2.00 crore *minus* ₹ 0.85 crore) of the Revolving Fund was credited (October 2019) in Civil Deposits as per instruction from Finance Department, GoM. Thus, the objective of providing timely liquidity support to facilitate smooth Ginger Marketing by the Ginger farmers was not fully achieved.

Thus, the Revolving Fund scheme could not materialise fully due to issues like late release of the first installment past the reaping season of ginger, non-release of the second installment by the Department, non-receipt of full payment by the aggregators from the buyers *etc*., reflecting poor planning and execution of the said scheme.

The Department while accepting the audit observation stated that all necessary steps had been initiated and will be pursued for full recovery of loans.

It is recommended that steps be taken to make the revolving fund for Ginger Marketing operational again in light of ginger being one of the main cash crops exported outside the State.

2.2.11.6 Construction of Horticulture Link Road under NEDP

Construction of all-weather jeepable Horticulture Link Road under NEDP was executed departmentally through the DHOs during the year 2018-19 at a total cost of ₹ 26.73 crore. The components of work consisted of Fresh cutting, boulder soling and widening of Link Roads and construction of Culverts and Bridges at the Link Roads as detailed in **Appendix-2.2.6**. Audit test checked 134 Link Roads constructed at a total cost of ₹ 13.69 crore in the three sample Divisions (Aizawl: 48 nos., Serchhip: 32 nos. and Lunglei: 54 nos.). Out of these 134 Link Roads, Joint Physical Inspection of

13 Link Roads executed at a cost of ₹ 3.30 crore was carried out (March-April 2021) by the audit team and departmental officials. Test check of 134 works and joint inspection of 13 of the 134 works revealed the following:

(a) Excess expenditure on hiring charge of Excavators - ₹ 72.15 lakh

The Department hired excavators for executing earthworks for fresh cutting and maintenance of Link Roads. It was seen in audit that for fresh cutting of 13 Link Roads and maintenance of one Link Road in Lunglei Division, the total duration of hiring of Excavators was more than the total duration of the time taken for executing the works, taken from the date of commencement to the date of completion of the works and with the daily working hours taken as 24 hours *per* day. This resulted in excess payment of ₹ 72.15 lakh on hiring charge of excavators (details are given in **Appendix-2.2.7).**

(b) Irregular expenditure on hiring of Excavators - ₹ 2.22 crore

Audit cross-checked (March 2021) the registration number of the excavators (noted in the money receipts and measurement books (MB)) with the records in VAHAN portal. The cross-checking revealed that in 20 works (exclusive of the 13 link roads above), the registration numbers of excavators shown in the money receipts and MBs were the registration numbers of vehicles other than the excavators like scooter, motorcycle, car, *etc.* (details are given in **Appendix-2.2.8)**. An amount of ₹ 1.10 crore was paid as hiring charges for excavators in these cases. Further, in another 18 works, eight excavators with the same registration numbers were found to have been utilised at two or more different locations at the same time by incurring a total expenditure of ₹ 1.12 crore (details are given in **Appendix-2.2.9**) as hiring charges of these excavators:

Thus, in the light of the facts brought out by Audit, the expenditure of ₹ 2.22 crore (₹ 1.10 crore *plus* ₹ 1.12 crore) towards hiring charges of excavators was irregular.

(c) Physical Verification:

Joint physical verification of 13 of the 134 works test-checked revealed the following:

(i) Fresh cutting of Bungmual – Melpui Link Road constructed at a cost of ₹ 5 lakh was not jeepable.

(ii) Boulder soling on Haulawng to Tlawngkawng Link Road (2 Km) constructed at a cost of ₹ 30 lakh was executed for a total length of 1.7 Km instead of two Km.

With respect to excess payment of ₹ 72.15 lakh on hiring charge of excavators, the Department stated that the date of commencement and date of completion recorded in the MBs were of engagement of manual labourers. The excavators did the earth excavation prior to the engagement of manual labours which were not recorded in the MBs. The hiring charge of excavators were paid as per actual engagement (in hours) and after verification of the work done at the field with support of photographic evidence. And, with respect to irregular payment of ₹ 2.22 crore on hiring charge of excavators, Department stated that the vehicle registration numbers were mistakenly entered.

The reply of the Department is not tenable as the MB had records of the works executed through the excavators, and the audit observation is based on the MB. Further, the Department did not substantiate their claim of wrong entry of vehicle number by providing documentary evidence.

It is recommended that the Department investigates cases of irregular and excess expenditure incurred on hiring of excavators and responsibility of the officials needs to be fixed. The excess payment made may be recovered and FIR lodged against the officials for hiring non–existent machinery (vehicles).

Audit Objective 3: Whether the promotion of technology extension, post-harvest management, processing and marketing for holistic growth of horticulture sector in consonance with comparative advantage in the State/ region was achieved?

2.2.12.1 Horticulture Mechanisation- Diversion of ₹ 29.10 lakh

As per the Approved AAP 2018-19 of MIDH, GoI sanctioned ₹ 140 lakh to the Horticulture Department, Mizoram towards subsidy for procurement of 800 units of equipment for land development, tillage and seed bed preparation @ ₹ 15,000 per unit (50 *per cent* of the maximum permissible limit of ₹ 30,000 per unit) under the Horticulture Mechanisation component.

Scrutiny of records revealed that the Director of Horticulture diverted ₹ 29.10 lakh out of ₹ 140 lakh for procurement of 194 numbers of non-motorised mobile Vending Cart from three suppliers *viz*., Thanglianthuama, Zailianthanga and Rammawia Chhuanthar at Departmental Purchase Advisory Board's approved rate ranging from ₹ 13,850 to ₹ 14,750 through eight DHOs and all the non-motorised Vending Carts were distributed to the 194 beneficiaries at 100 *per cent* subsidy. Thus, expenditure of ₹ 29.10 lakh incurred on items not approved in the AAP was irregular.

Department replied that considering the urgent requirement of vending cart at different districts, Vending Cart was proposed under marketing component in Annual Action Plan 2018-19 and arrangements were made in anticipation of the approval made by GoI. However, the component was not included in the approved AAP 2018-19 thereby necessitating the utilisation of ₹ 29.10 lakh from Mechanisation component to meet the committed liability of Vending Carts in 2018-19.

The reply of the Department was not tenable as expenditure was not as per the approved Action Plan and the diversion was also not regularised from the Competent Authority.

2.2.12.2 Post-Harvest Management

(I) On Farm Pack House: Diversion of ₹ 86 lakh

As per approved AAPs, the Department of Horticulture was sanctioned a total fund of ₹ 274 lakh for construction of 137 units of "On Farm Pack Houses" as shown in the **Table-2-8.**

Table-2.8:
(Year-wise Physical and Financial target and achievement for "On Farm Pack House")

Component	2015-16		2016-17		2017-18		2018-19		2019-20		Total	
	T	A	T	A	T	A	T	A	T	A	T	A
Physical (in No.)	52	52	70	70	0	0	0	0	15	0	137	122
Financial (₹ in lakh)	104	104	140	140	0	0	0	0	30	0	274	244

(Source: Director of Horticulture, Mizoram), (Note: T: Target; A: Achievement)

It can be seen from the table above that Physical and Financial targets for the year 2019-20 remained unachieved till 31 March 2020.

Scrutiny of records relating to the execution of "On Farm Pack Houses" of the Directorate of Horticulture, Mizoram and three sampled Divisions revealed the following:

The sample Divisions (Aizawl, Lunglei and Serchhip) in violation of MIDH guidelines diverted ₹ 86 lakh **(Appendix-2.2.10)** meant for subsidy to beneficiaries for construction of 43 units of "On Farm Pack House" departmentally at the rate of ₹ 2 lakh per unit to 19 number of unapproved construction works like waiting shed, Circle Horticulture Office (CHO), view point, *etc*., instead of identifying and disbursing the subsidy to the potential beneficiaries. The eight unapproved constructions (Refer Sl. No. 1, 7, 8, 9, 10, 12, 15 and 16 of **Appendix-2.2.10)** out of nineteen were verified and found to be unapproved constructions in the Joint Physical Verification (February and March 2021) with the officials of the Department.

Department replied that the unapproved constructions were basically Pack Houses though it seemed to appear as waiting sheds and it was constructed in strategic locations to meet the requirement of farmers at that location. The reply of the Department was not tenable as the said constructions were utilised as circle horticulture offices, staff lodge, godown, training hall and view point.

- There were no photographic evidences with respect to construction of seven[21] units (₹ 13 lakh) of "On Farm Pack Houses" under DHO, Aizawl. Out of the seven units, two units (Aibawk and Circle Horticulture Centre, Chite) were jointly verified with the officials of the Department and did not find any "On Farm Pack House" at the location. The Department stated that fund for Aibawk (₹ 2 lakh) was utilised for construction of Staff lodge at Aibawk and construction of "On Farm Pack house" at Horticulture Centre Chite was shifted to Durtlang. The Department's reply, however, was silent on the construction of "On Farm Pack Houses" at five locations (Nghaltan, Pharbawk, Sairang Dinthar, Bualram Suangpuilawn and Keifang).

[21] Seven units details-

2015-16	1. Aibawk (₹ 2 lakh) 2. Nghaltan (₹ 1 lakh) 3. Pharbawk (₹ 1 lakh) 4. Horticulture Centre, Sairang Dinthar (₹ 3 lakh) 5. Bualram Suangpuilawn (₹ 2 lakh)
2016-17	6. Keifang (₹ 2 lakh) 7. Horticulture Centre, Chite (₹ 2 lakh)

- As per the approved Annual Action Plan (AAP) and MIDH Guidelines (Serial No C1 of Annexure-V), the Department had to identify 137 potential beneficiaries and had to disburse ₹ 274 lakh @ ₹ 2 lakh per beneficiary being the 50 *per cent* subsidy while another 50 *per cent* should be shared by the beneficiaries themselves. However, the Department in violation of AAP, took up the construction of "On Farm Pack House" departmentally.

The Department replied that due to inactive response of the rural youth, the work was carried out departmentally. The Department reply agrees that there was un-approved construction. However, the Department neither reported the fact to the funding agency nor got any approval from the funding agency for such action.

It is recommended that the Department may execute the programme as per the MIDH guidelines.

(II) Evaporative/ Low Energy Cool Chamber- Diversion of ₹ 25 lakh

As per approved AAPs, the Department, during 2015-17, received ₹ 182.50 lakh[22] @ ₹ 2.50 lakh per unit for construction of 73 units of Evaporative/ Low Energy Cool Chamber which was to be implemented through credit linked back ended subsidy to the beneficiaries. Scrutiny of records revealed that the Director of Horticulture diverted ₹ 9.53 lakh out of ₹ 182.50 lakh for repair and maintenance of Cold room at Horticulture Centre, Chite (Aizawl). Out of ₹ 172.97 lakh (₹ 182.50 lakh *minus* ₹ 9.53 lakh) available for the Low Energy Cool Chambers, a sum of ₹ 72.50 lakh was sanctioned to the three sampled Divisions (Aizawl, Lunglei and Serchhip) by which a total of 17 units was constructed:

Scrutiny of records pertaining to the 17 units revealed the following:

- Out of ₹ 72.50 lakh, an amount of ₹ 25 lakh (**Appendix-2.2.11)** was diverted for construction of four unapproved works. Out of these, three works were confirmed unapproved (Sl. No 2, 3 and 4 of **Appendix-2.2.11**) in the Joint Physical Verification (February and March 2021) carried out alongwith the officials of the Department. Due to diversion of ₹ 25 lakh, the actual purpose of the programme to preserve farm produce after harvesting and thereby to reduce post-harvest losses was not fulfilled.

Department while accepting the audit observation stated that constructions at Sesawng and Thinglubual Zau were modified to meet the farmers' requirements whereas vertical extension of DHO, Lunglei was made for construction of Circle Horticulture Office (CHO) as the State Government has no fund for construction of CHO. Further, it was stated that the fund sanctioned for construction of Low Energy Cool Chamber at CoE, Thiak was utilised for construction of Training Hall within the same premises.

[22] ₹ 182.50 lakh = ₹ 32.50 lakh (2015-16) against 13 units and ₹ 150 lakh (2016-17) against 60 units

(Front view) (Inner view)

(Construction of Waiting shed with one room instead of a Low Energy Cool Chamber at Thinglubual Zau, Serchhip)

- Out of ₹ 72.50 lakh, an amount of ₹ 20 lakh (**Appendix-2.2.11**) was stated to be utilised for construction of four number of Low Energy Cool Chambers, however, there were no photographic evidence on records to authenticate the actual construction of Low Energy Cool chamber at the designated locations.

Though the Department claimed in its reply that the construction had taken place at the locations, but did not furnish any photographic evidence to sustain their reply.

The Department is required to take steps to execute the programme as per the approved AAP and fund may not be diverted for other purposes.

(III) Pusa Zero Energy Cool Chamber (PZECC) (100 kg) - Short achievement of target

The Department of Horticulture Mizoram in 2015-16 received a total subsidy amount of ₹ 22.40 lakh for construction of 1,120 units of PZECC @ ₹ 2,000 per unit across the State. Out of 1,120 units, 501 units were targeted to be covered in three sampled Divisions (Aizawl: 300 units, Lunglei: 100 units and Serchhip: 101 units) with available fund of ₹ 10.02 lakh.

Scrutiny of records, however, revealed that instead of disbursing the subsidy to the beneficiaries @ ₹ 2,000 per unit, Reinforced Cement Concrete (RCC) structured PZECC of 10 units out of 100 (90 *per cent* shortfall) and 10 out of 101 (90.10 *per cent* short fall) were constructed departmentally by the DHO Lunglei and DHO Serchhip respectively. Aizawl Division did not furnish any record towards utilisation of ₹ 6 lakh for coverage of 300 units.

Thus, due to utilisation of entire fund of ₹ 4.02 lakh (Lunglei: ₹ 2 lakh and Serchhip: ₹ 2.02 lakh) for coverage of 20 beneficiaries only, 181 (90.05 *per cent*) number of potential beneficiaries were deprived of the benefits of PZECC. Moreover, the purpose of the project to provide a Cooling Chamber with zero energy to the beneficiaries for preserving the crops after harvesting and mitigating the post-harvest losses was also defeated.

Department replied that due to high input cost of construction, the costs of units were clubbed together to meet the construction.

The reply of the Department is not tenable as according to MIDH guidelines, the Department had to transfer the assistance to the beneficiaries' account in DBT mode in place of taking up the work departmentally so that beneficiaries after contributing their 50 *per cent* share could construct Low Energy Cool Chamber unit to meet their requirement. Moreover, the utilisation of ₹ 6 lakh under Aizawl Division could not be ascertained.

It is recommended that the Department should execute the programme as per the criteria prescribed under MIDH guidelines and monitor the construction of Pusa Zero Energy Cool Chamber.

2.2.12.3 Creation of Marketing Infrastructure

Paragraph 7.54 of MIDH guidelines stipulates that assistance under the Marketing Infrastructure component was to be provided as credit linked back ended subsidy for setting up wholesale market, rural market/ apni-mandis, retails outlets and static/ mobile vending cart/ platform with cool chamber.

Scrutiny of records revealed that the Department in violation of the scheme guidelines utilised the sanctioned amount of ₹ 110 lakh[23] (2015-18) departmentally for marketing infrastructure development instead of providing the assistance to potential beneficiaries as credit linked back ended subsidy method for the very purpose. Due to execution of work departmentally the objective of the scheme *inter alia* to encourage investments from private and cooperative sectors in the development of marketing infrastructure for horticulture commodities did not materialise. Further, audit noted that the mobile Vending Carts distributed to 264[24] beneficiaries in three sample Divisions during 2016-18 were devoid of cooling facilities due to which the intended purpose of the scheme to preserve vegetable and fruits during its transportation and mitigate the post-harvest losses was not served.

Department replied that due to difficulty in getting of loans by the poor farmers, credit linked back-ended subsidy was not feasible. With regard to Mobile Vending Cart, the Department stated that these were procured with sanctioned fund without any beneficiary contribution, the available fund of ₹ 15,000 per beneficiary was not sufficient enough for Mobile Vending Cart with Cooling facilities.

The reply of the Department is not acceptable as there was nothing on record to show that the Department had attempted to implement the component through the credit linked back-ended subsidy channel.

Audit Objective 4-Whether the skills of the local youth have been developed to create employment opportunities in the horticulture sector?

2.2.13 Skill Development and Employment of Youth

One of the main objectives of MIDH is to support Skill Development and create employment generation opportunities for rural youth in horticulture and post-harvest

[23] Rural Market (2015-16: ₹ 25 lakh and 2017-18: ₹ 55 lakh) and Retail Outlet (2017-18: ₹ 30 lakh)
[24] Aizawl: 139 (₹ 19.50 lakh), Lunglei: 84 (₹ 12 lakh) and Serchhip: 41(₹ 6 lakh)

management, especially in the cold chain sector. To achieve this objective, the Mission provided support to capacity-building and HRD by way of giving trainings and exposure visits to the farmers and local youth of the State and trainings and study tour of technical staff/ field functionaries. The component wise target and achievement under HRD component of MIDH in the State during 2015-20 were as shown in **Appendix-2.2.12**.

Out of ₹ 675.60 lakh available under the HRD component, the Department could utilise ₹ 614.91 lakh (91.02 *per cent*) during 2015-20 leaving unspent balance of ₹ 60.69 lakh (₹ 14.33 lakh in 2018-19 and ₹ 46.36 lakh in 2019-20). More than 100 *per cent* of the physical targets were achieved under (1) training/ exposure visit of farmers outside India (2) Gardeners/ Skill Development training and (3) training/ study tour of Technical Staff/ Field Functionaries outside India. However, the physical achievement in Training and Study tour of Technical Staff and Field Functionaries to Progressive States was only 5.74 *per cent* of the target. Further, training programme for Supervisors and Entrepreneurs was not taken up by the Department.

For training of farmers within the State, out of the total financial assistance of ₹ 186.73 lakh @ ₹ 1,000 per farmer received by the Department during 2015-20, ₹ 84.00 lakh was allocated to the Directorate and the three sample Divisions (Directorate - ₹ 38.02 lakh, Aizawl Division - ₹ 17.98 lakh, Serchhip Division – ₹ 15 lakh and Lunglei Division – ₹ 13 lakh) for imparting training to 8,400 farmers @ ₹ 1,000 per farmer. Scrutiny of records of the Directorate of Horticulture and the three sample Divisions revealed that ₹ 74.85 lakh was utilised out of total available fund of ₹ 84.00 lakh leaving unspent balance of ₹ 9.15 lakh (Directorate - ₹ 3.33 lakh, Aizawl Division - ₹ 2.71 lakh, Serchhip Division – ₹ 1.00 lakh and Lunglei Division – ₹ 2.11 lakh) as on 31 March 2020. Further, it was noticed that the Department had not formulated any systematic training plans and Annual Training Calendar for providing/ attending focused training through CoEs, Horticulture Centres, and other Training Centres. This led to lop-sidedness in imparting of pre-harvest and post-harvest trainings as discussed subsequently.

The training of farmers within the State conducted by the Directorate of Horticulture and the DHOs of the three sample Divisions during 2015-20 were as summarised in **Table-2.9.**

Table-2.9: Statement showing trainings conducted during 2015-20

Sl. No.	Topic of training on/ Irregularities observed	No. of training conducted	No. of Train-ees	Expenditure (₹ in lakh)
1.	Pre-Harvest	146	8,403	46.22
2.	Post-Harvest	3	160	1.57
3.	Flower Arrangement	54	3,488	7.84
4.	Improper Records	50	0	19.22
Total		**253**	**12,051**	**74.85**

Source: Departmental Records

It can be seen from the above table that:

(i) Expenditure amounting to ₹ 19.22 lakh (25.68 *per cent* of total expenditure) was incurred for conducting 50 trainings (Aizawl - 9, Serchhip - 40 and Lunglei - 1) in which the name of trainees/ trainer/ training or duration of trainings/ group photo of trainees, *etc*., were not kept on record. Due to non-maintenance of proper records, audit could not ascertain whether trainings were actually conducted in these 50 cases.

(ii) Department gave low priority for imparting training in post-harvest management of crops as the trainings imparted were heavily concentrated towards pre-harvest management (146 trainings incurring 61.75 *per cent* of total expenditure) as compared to post-harvest management (3 trainings incurring 2.10 *per cent* of total expenditure). Audit observed that with the low priority given to training in the post-harvest management of crops, especially in the cold chain sector, the export capacity of the State will continue to be incapacitated.

Department stated all possible steps have been taken to support skill development and training of farmers which is reflected in the success of the State in the production of Anthurium flower, Dragon Fruit, off-season cabbage and tomato. Department further added that all possible steps will be taken to support skill development and employment generation in the field of horticulture.

The reply of the Department is not tenable as it is not maintaining any record pertaining to employment generation to youth as a result of training and skill development in the field of horticulture.

It is recommended that the Department may formulate a systematic training plans and Annual Training Calendar for providing focused training to its personnel/ farmers.

***Audit Objective 5: Whether monitoring and evaluation system including internal controls were adequate and effective*?**

2.2.14 Monitoring, Evaluation and Internal Control

2.2.14.1 Monitoring of schemes

Paragraph 4.6 of the Operational Guidelines of MIDH, 2014 envisaged the SLEC to oversee the implementation of MIDH Scheme in the State. Paragraph 4.8(f) envisaged the State Level Agency to release funds, monitor and review the implementation of the programme. The SLEC in its 7th meeting resolution decided to conduct quarterly monitoring of the implementation of the scheme. Despite these guidelines and meeting resolution, it was seen that:

- There was no dedicated monitoring cell/ team functioning under SLEC or the Department.
- Though DHOs of the three sample districts stated that regular field visits were carried out by the officials of the Divisional Offices to inspect the quality and progress of

on-going works, there was no record to show that monitoring was carried out by technical staff or field level functionaries. As such, there was no monitoring report available to be discussed in SLEC meetings for review or recommendation.

- At the District level, the District Mission Committee (DMC) was responsible for carrying forward the objectives for project formulation, implementation and monitoring of these programmes (Paragraph 4.9). However, DMCs were not constituted in the three sample districts.

- As per Paragraph 8.1 of MIDH Guidelines, for managing various activities of the Mission at State & District Mission offices and the implementing agencies in regard to administrative expenses, project preparation, contingency, *etc*., five *per cent* of total annual expenditure will be provided to State Horticulture Missions/ implementing Agencies as Mission Management Fund.

It was seen in audit that the Director of Horticulture in violation of the guidelines sanctioned ₹ 89.92 lakh for supervision and monitoring charges from the different interventions of MIDH scheme and not from the Mission Management Fund of the scheme as shown in the **Appendix-2.2.13**. Due to diversion of funds from different interventions for meeting supervision and monitoring charges, the financial benefits of interventions could not reach the beneficiaries to the extent of the diverted fund.

The Department stated that steps will be taken for documenting field visit/ site inspection in future and other necessary steps will be taken for improving monitoring system. Further, the Department stated that there are no specific provisions in the guidelines about inclusion or exclusion of supervision. Monitoring and transportation with regard to these components and expenditure incurred for these activities were to oversee and confirm that the activities were actually carried out or not in farmers' field.

The reply of the Department is not tenable because according to MIDH guidelines all the beneficiaries' assistance should be disbursed in DBT mode and at the prescribed rate of 50 *per cent*. As such the scope of transportation cost and supervision & monitoring cost from 50 *per cent* assistance does not arise. Moreover, supervision and monitoring are one of the line functions of the Department by default and as such, charging for the same on the scheme component funds was irregular. If at all necessary, such expenditure could have been met from the Mission Management Fund.

2.2.15 Beneficiary Survey

Audit interacted with 279 farmers out of the 320 farmers sampled for survey. The results of the survey are as summarised below:

- **Quality of Assistance:** 83.51 *per cent* responded that the quality of assistance delivered in kind were good whereas 16.49 *per cent* responded that it was not up to the mark.

- **Timely Assistance:** 60.22 *per cent* responded that the assistances (cash/ kind) were delivered on time whereas 39.78 *per cent* responded that the assistances were not on time.

- **Quantity of Assistance:** 46.95 *per cent* responded that the quantity of assistance (cash/ kind) was not adequate whereas 53.05 *per cent* responded that the quantity was adequate.

- **Income:** The income of the beneficiaries from horticulture produces ranged from ₹ 2,000 to ₹ 4 lakh.

- **Selling Point:** 41.58 *per cent* responded that they sold their products at Government Mandis/ Markets whereas 58.42 *per cent* responded that they sold their products to brokers/ middleman.

- **Accessibility to Local Bazar Shed:** 36.92 *per cent* had access to Local Bazar Shed whereas 63.08 *per cent* had no access to Local Bazar Shed.

- **Accessibility of Cold Storage:** 8.96 *per cent* had access to cold storage whereas 91.04 *per cent* had no access to cold storage.

- **Post-Harvest Damage:** 26.52 *per cent* responded that they faced post-harvest damage due to unavailability of cold storage or market, whereas 73.48 *per cent* responded that they have not faced such problem.

- **Sustainability in Farming:** 50.18 *per cent* responded that engaging in production of horticulture crops was sustainable with the assistance they received, whereas 49.82 *per cent* responded that it was not sustainable.

- **Problems faced:** 65.61 *per cent* responded that they faced water scarcity especially during dry season due to unavailability of water source, water storage structures, pipes, *etc*., whereas 34.39 *per cent* responded that they faced pest/ insects/ plant disease problems.

- **Adequacy of Individual Water Tank (IWT):** 28 farmers out of the 289 farmers surveyed were selected by the Horticulture Department as beneficiaries for receiving IWT under MIDH Scheme. Out of these 28 farmers, 13 farmers responded that the IWT was adequate to supply water during the dry season; 11 farmers responded that it was not adequate; three farmers responded that they did not receive the IWT and one farmer responded that the IWT was damaged/ unusable.

Thus, from the above points, it can be concluded that quality of assistance given to the farmers was mostly good whereas in terms of quantity and timeliness of assistance, it was not up to the mark. Market and cold storage availability in the State was still low. Major problems faced by the farmers were water scarcity during the dry season and pest/ insects/ plant diseases.

2.2.16 Conclusion

Considering the undulating topography, high cost of inputs, exorbitant cost of transportation, and marginal land holdings of the farmers in Mizoram, horticultural sector possessed viable alternative in generating income beyond subsistence level. The technological transfer, skill development, inputs and infrastructure support through interventions such as Green Houses, irrigation facilities, *etc*., had helped the farmers in supplementing their income. However, majority of farmers were unable to come above subsistence level owing to non-receipt of assistance adequately and timely as prescribed under MIDH guidelines. In order to address such shortcomings, Department needs to prepare Perspective Plan and Annual Action Plan with bottom-up approach. State Government has to give priority in release of funds to the Department for timely release of assistance to the farmers as the horticulture crops are season bound. Productivity of vegetables and fruits was low compared to North Eastern States and also to the all India average which needs to be addressed. Further, the Department needs to strengthen the cold chain supply system by developing proper infrastructure such as Low Energy Cool Chamber, Pusa Zero Energy Cool Chamber, Ripening Chamber and Refrigerated Van as per the Annual Action Plan to minimise post-harvest losses. The Post-harvest programmes and Marketing infrastructure needs to be implemented through credit linked back ended subsidy method in place of undertaking the works departmentally so that intended purpose of the Scheme to generate employment opportunities through entrepreneurship could be achieved. Moreover, diversion of grants sanctioned under pre-harvest and post-harvest schemes to unapproved works such as construction of office buildings, waiting sheds, procurement of vehicle for official use, *etc.*, needs to be avoided. There was lop-sidedness in pre harvest and post-harvest training which needs to be addressed by formulating a systematic training plan and Annual Training Calendar to strengthen skill development of youth and farmers. Monitoring, Evaluation and Internal Control System of the Department was weak which needs to be addressed. These will help to realise full potential of horticulture and make it an effective tool for accelerating the upliftment of farmers and development in the State. The Horticulture sector in the State will receive further fillip once the Department initiates corrective actions in the area of concern pointed out in the report.

2.2.17 Recommendation

i. Planning should be done as per the Scheme guidelines, adopting bottom-up approach, availing the technological support like remote sensing, etc., so as to help in formulating realistic plans which would lead to effective scheme implementation; and also, that priorities and potentials at the field level are adequately reflected in the AAP.

ii. Steps should be taken by the State Government to ensure that funds are released to the implementing Department without delay.

iii. The Department should undertake a study to find the reasons for low percentage achievement in creation of the water storage capacity, PZECC units and take appropriate remedial actions.

iv. Scheme funds should be spent only for the purposes for which they are sanctioned, and approval of the competent authority taken for any diversion of fund.

v. The requirements of beneficiary contribution and credit linked back subsidy as stipulated in the Guidelines may be adhered to so that there is sense of identification and ownership in the process of scheme implementation and in the assets created.

vi. The Department may formulate systematic training plans and Annual Training Calendar for providing focused training to its personnel and farmers.

vii. The Department should strengthen supervision and monitoring mechanisms so that timely action could be taken in the implementation stage for improvement in Scheme outcomes.

viii. The Department should ensure that provisions of GFR are strictly adhered to in procurement and works execution.

ix. The Department should investigate cases of diversion of funds, viz., On Farm Pack House (Paragraph 2.2.12.2. I), Evaporative/ Low Energy Cool Chamber (Paragraph 2.2.12.2.II), Horticulture Mechanisation (Paragraph 2.2.12.1) and irregular expenditure on hiring of Excavators (Paragraph 2.2.11.6.b) and FIR lodged against the officials for hiring non-existent machinery (vehicles). Responsibility of the officials needs to be fixed for the lapses.

POWER AND ELECTRICITY DEPARTMENT

2.3 Performance Audit Report on Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana–Saubhagya Schemes

2.3.1 Introduction

(a) Deen Dayal Upadhyaya Gram Jyoti Yojana/ Saubhagya schemes

With a view to address the problem of inadequate and unreliable power supply, strengthening the distribution network in rural areas and to complete the ongoing work of rural electrification under erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) launched in March 2005, GoI launched (December 2014) "Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)" subsuming the targets laid down under XII Five Year Plan (XII FYP 2012-17) for erstwhile RGGVY as a separate rural electrification sub-component by carrying forward the approved outlay for the RGGVY to DDUGJY. Two additional objectives were framed, *viz*., (i) separation of agriculture and non-agriculture feeders, and (ii) strengthening and augmenting the sub-transmission and distribution transformers, and at feeders and consumers' end. As far as implementation of Schemes/ projects sanctioned prior to launch of DDUGJY are concerned; the operational guidelines/ Standard documents/ procedures of RGGVY shall continue to prevail.

As per definition adopted by the Ministry of Power (MoP) (revised in 2004), a village was considered as electrified only if:

- 'Basic infrastructure such as distribution transformer and distribution lines were provided in the inhabited locality as well as the dalit-basti/ hamlet where it exists. (For electrification through non-conventional energy sources, a distribution transformer may not be necessary);

- Electricity was provided to public places like schools, panchayat offices, health centres, dispensaries, community centres, *etc.*; and
- The number of households electrified was at least 10 *per cent* of the total number of the households in the villages.'

Though DDUGJY (New) emphasised on segregation of agricultural and non-agricultural feeders but there was no segregation of agricultural and non-agricultural feeders in the State as there was no large-scale dependence on electricity for agricultural irrigation.

(b) Saubhagya Scheme

Keeping in view the role of electricity in human and socio-economic development, GoI launched (October 2017) "Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) to achieve universal household electrification in the country. The objectives of the Saubhagya Scheme are:

- Providing last mile connectivity and electricity connections to all un-electrified households in rural areas;
- Providing Solar Photovoltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages/ habitations where grid extension is not feasible or cost effective; and
- Providing last mile connectivity and electricity connections to all remaining economically poor un-electrified households in urban areas. Non-poor urban households are excluded from this scheme.

2.3.2 Implementing Agencies

In Mizoram the erstwhile RGGVY and now DDUGJY was implemented by Power & Electricity Department (P & E Department), Government of Mizoram (GoM) in all the eight districts. P & E Department, Mizoram also implemented the Saubhagya scheme.

2.3.3 Funding pattern for the schemes

In DDUGJY and Saubhagya schemes, GoI grant was 85 *per cent* of the total outlay, while State Government contribution and loan components were pegged at five and 10 *per cent* respectively. The P & E Department, Mizoram was eligible to receive an additional grant of 50 *per cent* of loan component (*i.e.,* conversion of five *per cent* of the total outlay from loan to grant) from GoI on achievement of prescribed milestones. The loan component would be provided by Rural Electrification Corporation (REC) or by other Financial Institutions (FIs)/ Banks.

2.3.4 Role of major stakeholders

The roles of various authorities in formulation, approval and implementation of the Scheme are shown in **Table-2.10.**

Table-2.10: Details of various authorities and their roles

Authorities	Roles
Ministry of Power (MoP), GoI	• Formulation and approval of Scheme. • Formulation of Scheme guidelines. • Appointment of REC Limited (February 2013) as Nodal Agency for implementation of the Scheme.
Rural Electrification Corporation (REC)	• Responsible for overall implementation of Scheme. • Scrutinising the Detailed Project Reports (DPRs) received from the Project Implementing Agency (Company) as recommended by the State Level Standing Committee for final approval of the Monitoring Committee of MoP, Government of India. • Monitoring of Scheme implementation. • Release of funds on behalf of GoI.
GoM, Power & Electricity Department (At the Secretariat Level)	• Setting up of State Level Committee to examine DPRs prepared by the implementing agency and to monitor the scheme implementation. • Setting up of District Electricity Committee for consultation during preparation of DPRs and to monitor the implementation of the schemes.
P & E Department, GoM **(At the Engineer-in-Chief Level) – Implementing Agency**	• Preparing DPRs based on detailed survey. • Submission of DPRs for the approval of GoM and also to GoI through REC for final approval. • To execute works of electrification as per the approved DPRs and guidelines. • To appoint Project Management Agency to assist them in project management and ensuring timely implementation of the project.

2.3.5 Audit Objectives

The Performance Audit was undertaken to ascertain whether:

i) electrification of the complete village was carried out as per Scheme Guidelines;

Sub-objectives:

(a) Strengthening and augmentation of sub-transmission and distribution system in rural areas including metering of distribution transformer/ feeders/ consumers was achieved.

ii) electrification of households was achieved as per the Scheme Guidelines; and

Sub-objectives:

(a) Providing last mile connectivity and electricity connections including free connections to all remaining economically poor un-electrified households was achieved;

(b) Providing Solar Photo Voltaic (SPV) based standalone systems for un-electrified households located in remote and inaccessible villages/ habitations where grid extension is not feasible or cost effective, were installed.

iii) households connected with power were in a position to use it and derive the benefits of development.

2.3.6 Audit Scope and methodology

The Performance Audit was carried out covering all eight Districts of the State for the period from 2015-16 to 2019-20 to review the implementation of DDUGJY and Saubhagya schemes in the State. Audit scope covered the examination of records of P & E Department, Mizoram being the Project Implementation Agency (PIA) and Project Divisions.

GoI approved eight DPRs for implementation of DDUGJY Scheme (New and Additional) in eight Districts and another eight DPRs for Saubhagya Scheme. Audit selected three Districts consisting of four blocks having ten villages (four in Mamit District, two in Serchhip, and four in Siaha District) and 10 households/ beneficiaries from each village for the purpose of physical verification of Scheme works and beneficiary survey.

The Entry Conference was conducted (12 January 2021) with the Joint Secretary (Power), where the audit objectives, scope and methodology of audit were explained. Thereafter, field audit was conducted spanning from January 2021 to May 2021. The Audit methodologies included examination of records, issuance of questionnaires, queries, collection of data and analysis thereof, beneficiary surveys and issuance of audit observations. The draft Report was issued to the P & E Department and GoM (11 November 2021) and the audit findings were also discussed with Joint Secretary (Power) in the Exit Conference (21 December 2021).

2.3.7 Audit Criteria

The main sources of audit criteria for the Performance Audit were:

- Scheme guidelines issued by Ministry and additional guidelines issued by Rural Electrification Corporation (REC) regarding solar PV cell, Quality control and Procurement of Goods and services, *etc*.;
- Laid down procedures and policies of REC for preparation of DPRs;
- REC Guidelines;
- General Financial Rules 2017/ Financial Hand Book and CVC guidelines;
- Instructions/ circulars/ orders issued by MoP/ REC/ GoM regarding the scheme;
- Bipartite agreement executed between REC and GoM;

- General Information and Scope of Works (Technical specifications for Rural electrification works) issued by REC for the Scheme;
- Rural Electrification Policy 2006;
- Records of Co-ordination Committee meetings with respect to the rural electrification works; and
- Contract Agreements.

2.3.8 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the officials of the Power and Electricity Department at the Engineer-in-Chief's office as well as at their field offices during the conduct of the Performance Audit.

2.3.9 Audit Findings

The Audit findings are discussed in the succeeding paragraphs:

2.3.9.1 Planning

2.3.9.1.1 Delay in preparation and notification of Rural Electrification Plan by the States

The National Rural Electrification Policy, 2006 required all States to notify rural electrification plan to the Central Government. It was seen in audit that the P & E Department, Mizoram was yet to prepare State Rural Electrification Plan.

It was observed during audit that there were cases of over estimation of works (**Paragraph-2.3.10.4.3**), doubtful expenditure (as discussed in **Paragraph-2.3.11.1.3**) which was a result of absence of robust planning. Thus, formulation of State RE Plan would be beneficial to the Department to achieve and maintain 100 *per cent* electrification of households and villages in the State.

Department in its reply stated that need assessment documents were prepared. The reply, however, was not tenable as the need assessment documents cannot be a substitute to the Rural Electrification Plan which would be useful in plotting the milestones and achievements for 100 *per cent* electrification.

2.3.9.2 Financial Management

As per the fund disbursement guidelines of DDUGJY issued by the REC, the pattern of release of capital subsidy to implementing agencies by REC is given in **Table-2.11.**

Table-2.11: Pattern of release of capital subsidy to implementing agencies by REC

Installment No.	Condition for release	Release of grant component of GoI (in *per cent*)
1	(i) Approval of Projects by the Monitoring Committee (ii) Bipartite/ Tripartite agreement amongst Utilities, State Government & REC (on behalf of MoP)	10
2	Placement of Letter of Award (LoA) by the Utility	20
3	Utilisation of 90 *per cent* of 1st & 2nd installment and 100 *per cent* release of Utility contribution	60
4	After completion of works	10
TOTAL		**100**

The date of completion as mentioned in the Project Completion Certificate shall be within the execution period of 24 months from date of award in case of turn-key execution and 30 months from date of communication of sanction in case of partial turn-key/ departmental execution, or as extended by the Monitoring Committee to become qualified for the release of final tranche of 10 *per cent*. The expenditure as per the Project Completion Certificate or award cost or the cost approved by the Monitoring Committee whichever is lower shall be considered as the final cost of the project for the release of the last installment of 10 *per cent*, after adjusting any excess release made earlier (to limit the subsidy amount to 90 *per cent* of the completed project cost).

In case of timely completion of the project, utilities shall submit all documents and information in the prescribed format for availing additional grant as per the Guidelines.

Summary of fund sanctioned, fund released and expenditure during the years from 2016-17 to 2019-20 under DDUGJY and Saubhagya is detailed in **Table-2.12.**

Table-2.12: Position of fund sanctioned, released and expenditure under DDUGJY and Saubhagya as on 31 March 2020

(₹ in crore)

Year	Amount sanctioned			Amount received							Actual expenditure incurred			Closing Balance
	DDU GJY	Saubh-Agya	Total	DDUGJY			Saubhagya			Total	DDU GJY	Saubh-agya	Total	
				Grant	GoM*	Loan	Grant	GoM	Loan					
2016-17	30.43 +21.93	77.28	129.64	0	1.52	0	0.00	0	0	1.52	0.00	0.00	0.00	1.52
2017-18				6.30	0	0	0.00	0	0	6.30	3.56	0.00	3.56	4.26
2018-19				5.21	1.09	0	30.53	0	0	36.83	9.55	30.09	39.64	1.45
2019-20				7.62	0	1.30	1.49	10.83	3.46	24.7	6.79	14.52	21.31	**4.84**
Total	**52.36**	**77.28**	**129.64**	**23.04**			**46.31**			**69.35**	**19.90**	**44.61**	**64.51**	
Amount not received			**29.32**				**30.97**			**60.29**				

*GoM: Government of Mizoram

Source: Departmental records

It can be seen from the table that as on 31 March 2020, the Department had received a total amount of ₹ 69.35 crores for both DDUGJY and Saubhagya which consisted of GoI subsidy grant, GoM contribution and loan availed from REC. Out of this, Department had incurred a total expenditure of ₹ 64.51 crore[25] on the Scheme works as on 31 March 2020 with unspent Scheme funds of ₹ 4.84 crore (6.98 *per cent*) on that date.

However, due to non-completion of the projects within the targeted schedule, the Department could not convert 50 *per cent* of the loan into GoI subsidy amounting to ₹ 5.38 crore out of the total loan of ₹ 10.77 crore (Saubhagya: ₹ 7.73 crore and DDUGJY New ₹ 3.04 crore) thus worsening the State's financial situation by burdening the State Government with loan repayment along with the interest charged against it.

2.3.9.2.1 Irregular payment to Project Management Agency

As per Rule 11 (Chapter-II) of DDUGJY guidelines, Project Management Agency (PMA) was to be appointed in respect of DDUGJY New for monitoring and ensuring timely implementation of the project at 0.5 *per cent* of the project cost. The Department selected and appointed (9 November 2016) M/s Eternity Partners. Further, the Department appointed (24 October 2018) M/s Eternity Partners as PMA for Saubhagya scheme also at the same rates as for DDUGJY New scheme.

As per the scope of work, the PMA had to, *inter alia*, prepare a Quality Assurance (QA) Plan with the approval of the Utilities and to carry out field quality inspection of ongoing/ completed works. The guidelines also stated that the terms of appointment of the PMA shall be for 33 months *i.e.*, six months for completion of bidding process, 24 months for completion of works under the Scheme and three months for associated activities after completion of works.

Moreover, as per the payment terms of the appointment, (a) 25 *per cent* of the contract price will be released after receipt of acknowledgment and security deposit, (b) balance 50 *per cent* will be released within three months from the date of appointment and (c) the remaining 25 *per cent* will be released within two months from the physical completion of work.

As per the terms of the agreement, full payment was to be done only after completion of the work. However, it was observed that the Department paid full charges for Saubhagya Scheme amounting to ₹ 38.68 lakh in four installments before the completion of work in December 2019 (₹ 9.67 lakh on 20 November 2018, ₹ 19.34 lakh on 25 February 2019, ₹ 4.87 lakh on 28 August 2019 and ₹ 4.80 lakh on 06 December 2019). As on 31 May 2019, the Project Management Agency (PMA) had verified only 48 villages out of 686 villages/ towns. The *percentage* of completion of physical verification of villages was a meagre seven *per cent.*

Apart from undue favour granted to PMA, Audit observed that the payment of full charges to PMA without completion of work posed risk of non-fulfilment of obligations and thus incomplete verification on the part of the PMA.

[25] As per the bills submitted by the Contractors

Department in its reply claimed that payment was made to PMA as per the terms of Letter of Award (LoA). The reply, however, is not tenable since the LoA itself comprises of the terms of payment as per which full payment before completion was not permissible.

Department should ensure that all required Quality inspections are completed by PMA and if necessary, recoveries should be made for proportion of inspection work not carried out.

2.3.9.2.2 Diversion of DDUGJY funds for non-DDUGJY works - ₹ 65.17 lakh

During scrutiny of vouchers of DDUGJY fund, it was seen that P & E Department had paid M/s Satnam Global Infra projects Limited (SGIL) an amount of ₹ 65.17 lakh from DDUGJY fund for works related to dismantling, re-erection and re-routing in Champhai District[26]. All these works were related to 'Extra works in the District of Champhai under XI plan RGGVY Project in Mizoram State and were not in the list of the works approved as per the DDUGJY DPRs.

Thus, there was diversion of DDUGJY fund of ₹ 65.17 lakh as the above mentioned works were not related to DDUGJY.

Department in its reply stated that DDUGJY Guidelines permit inter-utilisation of funds. The reply of the Department is not tenable as inter-project utilisation of funds is not permissible with the projects of other Schemes.

Department should ensure that funds are expended only for approved projects and approval of the competent authority is taken for any diversion of funds.

2.3.9.2.3 Non-deduction of Labour Cess from bills of contractors: ₹ 8.03 lakh

As per Building and Other Construction Workers' Welfare Cess Act, 1996, the executing agency should deduct labour cess at the rate of one *per cent* of total cost of projects and the same should be deposited with the labour cess authority within 30 days of receipt of payment.

It was seen in audit that Department did not deduct labour cess of one *per cent* from the bills of three contractors *viz*., M/s LT Skylite, M/s EL TY Enterprises and M/s Fancy Electronics which were engaged in erection and commissioning works of infrastructure under Saubhagya Scheme as detailed in **Appendix-2.3.1.**

Thus, non-deduction of labour cess amounting to ₹ 8.03 lakh *i.e.,* one *per cent* of the total bill was in violation of the Building and Other Construction Workers' Welfare Cess Act, 1996 and also led to grant of undue benefit to the contractors to the extent of the labour cess not deducted.

[26] (1) Dismantling and Re-Erection of DT Sub-Station at Hliappui 'S' and Zokhawthar (2) Supply of Materials for Re-routing of 11 KV lines within Champhai District, (3) Dismantling and Re-routing of 11 KV lines within Champhai District and (4) Dismantling and Re-routing of 3 ph 5W LT lines within Champhai District

Department accepted the audit finding and stated that steps will be taken to recover the non-deducted amount from the contractors concerned. Further, the Department submitted copies of letters intimating the contractors, to deposit the liable cess amount.

2.3.10 Implementation of DDUGJY

During 2014-15 to 2019-20 numerous works were proposed for electrification in the State under DDUGJY scheme. Summary of item-wise estimated cost approved under different works/ heads is detailed in **Table-2.13.**

Table-2.13: Summary of estimated cost

Sl. No	Items of works proposed	Number of items	Amount (₹ in crore)
	DDUGJY		
1.	33 KV/ 66 KV line (CKM)	14.14	2.69
2.	Sub-station works (33 KV /66 KV) augmentation of existing substation	4	3.88
3.	11 KV line DTRs	75	3.62
4.	11 KV lines (CKM)	267.2	26.61
5.	LT Infrastructure works (CKM)	67.65	6.47
6.	Metering at feeders, Distribution Transformers and consumers end	18,844	8.39
7.	PMA charges	1	0.26
	Sub-Total		**51.92**
8.	Cost of electrifying villages including one habitation	Details not available with Project Implementing Agency	
9.	Cost of electrifying habitations above 100 population		
10.	Cost of providing free connections to BPL house holds	1,468	0.44
	Sub-Total		**0.44**
	Total		**52.36**

2.3.10.1 Time overrun

DDGUJY Guidelines stipulate that in case of turn-key implementation, the project shall be completed within 24 months from the date of issue of Letter of Award (LoA) by the utility. Whereas in case of partial turn-key/ departmental basis, approved by the Monitoring Committee (MC), project shall be completed within 30 months (24 months for implementation and six months for placement of awards for supply and services *i.e.* erection) from date of communication of approval by the MC.

Audit observed that out of 29 projects, only three projects were completed within the stipulated time. In the remaining 26 projects, there was delay in completion ranging from two months to 20 months. Liquidated damages leviable at the rate of half *per cent* worked out to ₹ 2.17 crore which, however, were not levied on the contractors. Details given in **Appendix-2.3.2**.

Department in its reply accepted the observation and issued a notification for recovery of Liquidated damages.

2.3.10.2 Status of Electrification of Villages under DDUGJY

GoI rolled out DDUGJY project for strengthening and augmentation of sub-transmission & distribution (ST&D) infrastructure in rural areas, including metering at distribution transformers, feeders and consumers end.

In Mizoram, total number of villages as per 2011 census were 704 out of which 29 villages were un-electrified (UE) and 675 villages were electrified. GoI sanctioned 41 villages and habitations (12 un-electrified villages and 29 habitations) consisting of 1,468 un-electrified households under DDUGJY scheme. The remaining un-electrified villages were left out due to depopulation of the villages or electrified under other schemes. As on 31 March 2020, all the 687 villages with 29 habitations were electrified in Mizoram.

The status of rural electrification in Mizoram such as number of UE/PE villages as on 31 December 2014, prior to the launch of the DDUGJY scheme and after implementation of the scheme is given in **Table-2.14.**

Table-2.14: Status of rural electrification

Total Villages as per 2011 census	Number of UE villages as on December 2014	Number of PE Village as on December 2014	Number of UE Village sanctioned under DDUGJY	Number of PE Village/ Habitation Sanctioned under DDUGJY for intensive electrification	Total Villages/ Habitation sanctioned under DDUGJY	Balance	Number of UE villages & habitations partially electrified as on 31st March 2020	Total number of PE village as on 31st March 2020
1	2	3	4	5	6=4+5	7=2-4	8=6	9=3+4
704	**29**	**675**	**12**	**29**	**41**	**17**	**41**	**687**[27]

Source: Departmental records

2.3.10.3 Strengthening and augmentation of sub-transmission and distribution system in rural areas including metering of distribution transformers

Strengthening and augmentation of sub-transmission and distribution infrastructure along with adequate metering arrangements are essential components to ensure reliable and quality power supply in rural areas and to complete the process of village electrification. Summary of requirements of the State, sanctions accorded by Ministry of Power (MoP) against the requirements and achievements of the State against each component are detailed in **Table-2.15.**

[27] Out of 29 villages un-electrified as on December 2014, 12 were selected for electrification under DDUGJY Scheme and the remaining 17 villages were left out due to depopulation of the villages. Further, under 12 selected un-electrified villages included 29 habitations/ hamlets

Table-2.15: Summary of requirement, MoP's sanction and achievements against each component

Name of component	Requirement of State as per DPR/ State Plan (DDUGJY)	Sanctioned by MoP under RGGVY	Achievement	Shortfall against target set in DPR (*per cent*)	Shortfall against the sanction (*per cent*)
Laying of 33KV/66KV lines (Ckm)	14.14	14.14	14.14	Nil	Nil
Construction of new sub-stations (Nos.)	0	0	0	0	0
Augmentation of existing sub-stations (Nos.)	4	4	2	2	50
Metering (Nos.)	18,844	18,844	84	18,760	99.55

From the table above, it can be seen that the GoI sanctioned laying of 14.14 Ckm of 33/66 KV lines, augmentation of four sub-stations and installing 18,844 meters under DDUGJY. Audit noticed that the State could carry out augmentation of two existing sub-stations and install 84 meters only. Thus, the State could not achieve the target sanctioned by MoP under DDUGJY and there was shortfall ranging from 50 *per cent* to 99.55 *per cent*. Under-achievement of the planned targets was attributable to various inadequacies in planning, implementation, monitoring.

Contract Management

2.3.10.4 Violation in award of contracts

As per para 8 of chapter II of DDUGJY Guidelines, award of contracts by PIAs was required to be as per Standard Bidding Documents (SBD) and technical specification provided by REC, contract award manual/ policy of PIA, *etc*. Audit observed deficiencies in awarding of contracts *i.e.*, awarding works to bidders who did not fulfil the techno-commercial requirements as discussed in the succeeding paragraph.

2.3.10.4.1 Award of works to bidders who did not fulfil the techno-commercial requirements required as per the tender documents

As per the Manual for Procurement of Works, 2019, techno-commercial bids are to be opened in the first instance on the bid opening date and time, and scrutinised and evaluated by the Tender Committee with reference to the parameters prescribed in the tender documents. Thereafter, in the second instance, the financial bids of only the techno-commercially compliant offers (as decided in the first instance above) are to be opened on a pre-announced date and time for further scrutiny, evaluation, ranking and placement of contract. The financial bids of technically non-compliant bidders should be returned unopened to the respective bidders by registered acknowledgement due/ reliable courier or any other mode with proof of delivery.

P & E Department, GoM was accorded (13 October 2018) in principle sanction for 'Additional DPRs' under DDUGJY by REC Ltd. for an amount of ₹ 21.93 crore. As such, a notice inviting single stage two envelope e-tender was floated (22 February 2019) for the above sanctioned works for an amount of ₹ 20.56 crore. The total works were divided into eight packages district-wise. Accordingly, bids were received from various bidders. However, during the technical evaluation of the bids, it was seen that none of the bidders conformed to the technical specifications required for supply and installation of consumer smart energy meters (1-phase & 3-Phase). Therefore, it was decided to drop consumer metering component from each district-wise package and bid comparison was done for all bidders by excluding the consumer metering components amount from the bid. The tender amount of various bidders without domestic energy meter component can be seen in **Table-2.16.**

Table-2.16: Details of lowest and highest bidders

(Amount in ₹)

Sl. No.	Name of the District	Name of the bidder				
		ABCI	SGIL	T & T	LP Electricals	LT Skylite
1.	Aizawl	4,05,69,332.50	**4,09,41,546.54**	4,88,25,484.86	3,96,40,666.10	-
2.	Champhai	87,51,871.99	**1,28,62,185.87**	1,74,35,368.00	-	-
3.	Kolasib	16,66,132.50	**4,31,397.90**	8,38,545.00	-	-
4.	Lawngtlai	13,32,906.08	-	-	-	**7,44,133.54**
5.	Lunglei	2,40,47,716.85	-	**2,32,06,212.21**	-	-
6.	Mamit	1,97,58,146.68	**2,27,05,130.53**	2,45,18,117.64	-	2,40,60,947.77
7.	Siaha	**1,31,38,848.01**	-	-	-	-
8.	Serchhip	11,10,755.00	-	-	-	**6,20,167.45**

(Agency awarded contract in the respective District has been highlighted in bold)

During scrutiny of records, audit noticed that both the technical and financial bids of all the bidders were opened by the tender committee. The financial bids of the bidders who were not qualified in the techno-commercial bids were opened as well.

For Aizawl District, SGIL was awarded the contract even though the firm was L3 since L1 and L2 firms (L1=lowest bid, L2=lowest second and L3=lowest third) did not furnish the required documents while responding to the call for tender. Similarly, for Champhai District, SGIL was awarded the contract since L1 firm (M/s ABCI) did not furnish the required attachments while submitting the tender documents. While for Lawngtlai and Serchhip Districts, where M/s LT Skylite, the L1 firm was selected despite the firm not having furnished the required documents (Guarantee declaration, Price Adjustment Data, Declaration for tax exemptions, reductions, allowances of benefits, Bank Guarantee verification, *etc.*). The reason for selecting the bidder who did not furnish the required attachments instead of going for retendering was not on record. Hence, selection was not transparent.

Audit observed that undue favour was shown to the selected firm in the case of Lawngtlai and Serchhip Districts as the firm was selected inspite of not furnishing the required documents while other firms quoting lower amounts were not selected in Aizawl and Champhai Districts for non-submission of the required documents.

Department accepted the observation and stated that it was done in order to adhere to the time schedule for scheme completion. The reply was not tenable as rules and provisions were by passed by the Department without giving proper justification for the same. Moreover, the selection of non-qualified bidders may result in the works executed being sub-standard.

It is recommended that the Department should adhere to the rules and provisions of GFR to avoid non-transparent way of selection of contractors and ensure fairness in the process of tendering and award of works.

2.3.10.4.2 Construction of 11 KV Line (11 km) from New Sachan village to Mauzam village under system strengthening, DDUGJY (New) – observation thereof

Out of the ₹ 514 lakh sanctioned for system strengthening works under DDUGJY (New), ₹ 118.68 lakh was sanctioned for 11 KV Line (11 km) from New Sachan village to Mauzam village under Lunglei District

The work was executed departmentally as approved by the Monitoring Committee. The following were noticed in the course of audit:

(A). Excess estimation: ₹ 13.81 lakh

Construction of 11 KV Line was estimated at a cost of ₹ 118.68 lakh. Department prepared the estimates based on the Schedule of Rates, 2015 which was inclusive of all taxes (including Value Added Tax/ VAT), duties, freight, *etc*. Since the estimate was prepared under the Goods and Services Tax (GST) regime, provision for GST was to be made. Thus, VAT should have been deducted from the total value of the work before providing for GST. However, during scrutiny of estimates, it was seen that the Department did not deduct VAT (13.5 *per cent*) before including GST (18 *per cent*) in the estimates. This resulted in over estimation of the cost of the project by ₹ 13.81 lakh (₹ 118.68 lakh - ₹ 104.87 lakh). The details can be seen in **Appendix-2.3.3.** Thus, there was risk of undue benefits being given to the contractors as the payment to the contractors will be inflated due to inclusion of VAT.

Department in its reply claimed that GST (18 *per cent*) was not loaded in the estimate. This reply is not acceptable as it could clearly be seen in the estimate that GST (18 *per cent*) was included.

(B). Violation of General Financial Rules in purchase of materials:

As per Rule 162 of the General Financial Rules, 2017, limited tender enquiry method was required to be adopted for any procurement exceeding ₹ 2.50 lakh and upto ₹ 25 lakh.

However, in violation of the rule above, Supply orders for purchase of materials such as SP poles, insulators, ACSR weasel conductors, *etc*., relating to the work were given to suppliers directly without any tendering. The details of Supply order issued were given in **Table-2.17.**

Table-2.17: Showing details of supply orders issued

(Amount in ₹)

Sl. No.	Supply order No. & Date	Name of the Firm to which supply order was given	Amount
1.	No. T-61015/01/18-EC(P)/RE/Part 1/1 dt.04.05.2018	M/s Zoram Trade Center	19,61,719
2.	No. T-61015/01/18-EC(P)/RE/Part1/2 dt.04.05.2018	Lalchungnunga, Model Veng	19,80,525
3.	No. T-61015/01/18-EC(P)/RE/Part 1/3 dt.04.05.2018	M/s SHM Enterprise	14,14,085

Issuance of Supply orders without observing the provisions of GFR, 2017 has deprived the Department of possibility of availing the benefits of competitive prices.

Department in its reply stated that the Purchase order was given without tendering in order to save time and that approved rates available with the Department were used to place the order with capable local firms.

The reply of the Department is not acceptable as tendering process if done diligently would be completed within a short period of time. Further, the selection of suppliers merely on the basis of approved rates tended towards play of favouritism.

It is recommended that the Department resorts to tendering as per the rules to avail benefits of competitive prices.

(C). Delay in supply of materials by firms and non-levy of penalty of ₹ 0.84 lakh

As per terms and conditions of the Supply order, delivery of materials should be completed within 45 days from date of issue of the Supply order, else a penalty at the rate of 0.25 *per cent per* week of delay upto a maximum of 2.5 *per cent* of the value of the undelivered materials shall be imposed upon the firms by the Department.

It was seen in audit that there were delays in supply of materials by 13 months and 15 months by M/s Zoram Trade Center and M/s SHM Enterprise respectively without any approval for extension of time leading to delay in execution of the project. However, no penalty was levied by the Department against the firms in contravention of the terms and conditions of the Supply order.

Details of delay in supply of materials is given in the **Table-2.18.**

Table–2.18: Showing details of late delivery of materials at site

(Amount in ₹)

Sl. No.	Supply order No.	Name of the Firm to which supply order was given	Amount	Date of Supply order given to the supplier	Date by which delivery should have been completed	Date of delivery of materials at the site	Time delay	Penalty to be imposed
1.	No. T-61015/01/18-EC(P)/ RE/Part 1/1	M/s Zoram Trade Center	19,61,719	04.05.18	19.06.2018	20.08.19	13 months	49,043 (2.5%)
2.	No. T-61015/01/18-EC(P)/ RE/Part 1/3	M/s SHM Enterprise	14,14,085	04.05.18	19.06.2018	01.10.19	15 months	35,352 (2.5%)
							Total	**84,395**

The Department accepted the observation and stated that penalty will be levied and the amount shall be recovered.

2.3.10.4.3 Excess payments to contractors due to overestimation of work in DDUGJY (New) in Serchhip District - ₹ 36.84 lakh

The works under DDUGJY – Package V Serchhip District, Mizoram were awarded (10 April 2017) after tendering to M/s CIRA Enterprise, Aizawl. Two Notifications of Award were issued to M/s CIRA Enterprise, one for Supply Contract of Materials at ₹ 72.82 lakh and the other for Service Contract for transportation of materials and erections at ₹ 34.05 lakh. The works included construction of 11 KV line of 10 km, installation of one 25 KVA Distribution Transformer, one km of LT line 3 ph 4W and service connection to three Households.

M/s CIRA Enterprise completed the work in January 2018, within the stipulated time of 12 months in the work order. Department paid ₹ 106.88 lakh for the work in four separate bills during the period 17 May 2018 to 9 August 2019. One of the sub-items of the work was construction of 11 KV line (10 km) from Keitum to Tuichhang at a cost of ₹ 92.10 lakh (Material: ₹ 63.50 lakh, Freight & Insurance: ₹ 9.51 lakh and Erection/ Services: ₹ 19.09 lakh)

During physical verification and from reports of field survey, it was found that the distance between Keitum and Tuichhang was only six km through the curved main road and the 11 KV lines are connected aerially through the poles erected along the main road, which means that the aerial distance of 11 KV line will be even shorter than six km. However as per estimates of the work and payment made, the distance between Keitum and Tuichhang was taken as 10 km.

Thus, there was overestimation of the distance between Keitum and Tuichang while preparing the DPR which resulted in overpayment to the contractors to the tune of ₹ 36.84 lakh (Cost of construction of the extra four km of the 11 KV line). This showed lack of planning at the time of preparation of the DPR.

Audit observed that measurement of the works executed was not conducted which led to the excess payment to the contractors as discussed above.

Department in its reply stated that distance between Keitum and Tuichhang was only six km and the cost of extra four km was diverted for construction of three km of 11 KV line (24 locations) for electrification of Chawmzau by installing two numbers of 100 kVA transformer at two locations. The Department claimed that work was executed by the same contractor and therefore there was no over payment to the contractor.

The reply is not acceptable as the department did not furnish any supporting documents for the same. Further, there was nothing on records to show that the funds pertaining to the extra measurement of four Km in Keitum-Tuichang 11 KV line was diverted for the purposes claimed to have been expended upon as mentioned in the Department's reply.

It is recommended that proper planning should be done while preparation of DPRs in order to avoid overestimation of works. Department should put in place a stringent Internal Control System to deal with the system and procedural failures like non-measurement of works.

2.3.10.4.4 Award of works without tendering and as against the terms of approval of REC

As per Rule 161 of GFR, 2017, advertised tender enquiry is required to be done for procurement of goods (as per Rule 143, 'goods' includes works and services incidental to the supply of goods) of estimated value of ₹ 25 lakh and above.

Rural Electrification Corporation had given (24 August 2017) its approval for system strengthening works under DDUGJY (New) for an amount of ₹ 5.14 crore in five Districts of the State. As per the approval letter (29 January 2018), works were to be executed departmentally.

As against the terms of approval of REC, it was seen that the works were not taken up departmentally in four out of eight districts and were awarded (07 January 2019) to M/s Satnam Global Infra Projects Ltd. without tendering after a delay of 15 months *i.e.*, from date of approval by REC (24 August 2017) to date of award of works to contractor (07 January 2019). Joint Physical Verification (22 March 2021) of 33 KV Line Augmentation under system strengthening in Serchhip District showed that only 50 *per cent* progress was achieved. Thus, there was delay in completion of works as Department did not take up the works immediately as per REC's instructions and awarded the same to the contractor after lapse of 15 months.

There was no transparency in selection of contractors as no tendering was done by the Department, going against the provisions of General Financial Rules by awarding them to the same contractor as an extension of the previous works under DDUGJY (New), resulting in undue favour to the contractor.

Department in its reply accepted the fact that works were taken up by M/s SGIL, the existing contractor under DDUGJY (New) as against the stipulation of REC for departmental execution. Further, it was stated that the work was awarded to the existing contractor to avoid further delay and price escalation.

The reply of the Department is not acceptable as there would not be a scope of delay due to tendering if the Department had taken up the work departmentally as approved by the Monitoring Committee of the REC.

2.3.10.4.5 Delay in completion of works and Non-levy of liquidated damages against the contractor in DDUGJY New Scheme and Additional

REC had sanctioned the schemes for DDUGJY New (24 August 2017) and DDUGJY-Additional DPR (31 March 2020) to P & E Department for electrification of villages and construction of electrical infrastructure. The projects under the schemes were awarded to turnkey contractors. The time period for completion of projects awarded to the turnkey contractors was 12 months from the date of notification of award. Only in four projects of System strengthening works under DDUGJY New, the time period for completion of the project was six months.

As per paragraph 21.2 of Volume-I, Section-IV (General conditions of contract), "If Contractor fails to comply with the time for completion, the Contractor shall pay to the Employer a sum equivalent to half *per cent* for each week or part thereof of the Contract Price as liquidated damages for such default and not as a penalty, subject to the limit of five *per cent* of Contract Price".

On scrutiny of records, it was seen that out of 29 projects, only three projects were completed within the stipulated time. In the remaining 26 projects, there was delay in completion ranging from two months to 20 months. Liquidated damages leviable at the rate of half *per cent* worked out to ₹ 2.17 crore which, however, were not levied on the contractors. Details of Liquidated damages leviable but not levied by the Department are given in **Appendix-2.3.2**.

The Department in its reply accepted the observation and issued a notification for recovery of Liquidated damages to the contractors.

2.3.11 Providing last mile connectivity and electricity connection to rural households under Saubhagya

As per the information furnished by the State to Ministry of Power (MoP), Government of India (October 2017), total 0.11 lakh rural and 0.02 lakh urban households were un-electrified in the State. However, 25,755 households were proposed to be electrified under Saubhagya Scheme by the State, which included 21,986 rural grid, 2,379 urban grid and 1,390 rural off grid connections.

Details of household electrification in the State under Saubhagya from 11 October 2017 to 31 March 2020 is stipulated in **Table-2.19.**

Table-2.19: Details of household electrification under Saubhagya/ DDUGJY

(in Number)

Total Households as on 31.03.2017 as per details given by the State	Electrified Households as on 10 October 2017	Balance Un-electr-ified Households as on 10 Oct. 2017	Household electrified from 10 October 2017 to 31 January 2019 (a)	Additional Households electrified from 1st February 2019 onwards due to special campaign till 31 March 2019 (b)	Total Progress (a+b)	Balance Un-electrified House-holds	Household not electrified as on 31.03.2020 (in percentage)
2,41,796	2,13,909	27,887	27,887	83	27,970	Nil	Nil

It is evident from the above table that all households were electrified in the State as on 31 March 2020.

2.3.11.1 Irregularities pertaining to Contract Audit under Saubhagya Scheme

Audit observed following irregularities in the implementation of contracts:

2.3.11.1.1 Payment without proof of creation of assets of ₹ 200.33 lakh under Saubhagya Scheme

The Engineer–in-Chief, P & E Department, GoM had awarded two services and supply contracts (5 & 6 February, 2019) under Saubhagya to M/s LT Skylite amounting to ₹ 220.94 lakh. The abstract of works as per the sanction order for both the works can be seen in the **Table-2.20.**

Table-2.20: Showing details of orders given without details

Sl. No.	Name of Work	Unit	Quantity	Amount (₹)
1.	Construction of 3 Phase Overhead 11 KV Line	Km	6.0	62,46,392
2.	Construction of LT Line (3 Ph 4 Wire)	Km	4.2	44,29,866
3.	Construction of LT Line (1 Ph 2 Wire)	Km	1.2	10,31,022
4.	Installation of 63 KVA Distribution Transformer	Nos.	3	21,03,609
	Total (A)			**1,38,10,889**
1.	Construction of 3 Phase Overhead 11 KV Line	Km	6.4	66,71,268
2.	Construction of LT Line (3 Ph 4 Wire)	Km	0.6	6,72,954
3.	Construction of LT Line (1 Ph 2 Wire)	Km	0.2	2,25,685
4.	Installation of 63 KVA Distribution Transformer	Nos.	1	7,12,984
	Total(B)			**82,82,891**
	Grand Total (C) = (A) + (B)			**2,20,93,780**

Department made a total payment of ₹ 200.33 lakh to LT Skylite as on 12 December 2019.

It was seen in audit that Notification of Award (NoA) was awarded to M/s LT Skylite without any details of the work to be executed. Details like locations of work *i.e.*, from one location to another location, villages through which the lines passed through, *etc.,* were not mentioned in the award. Even in the measurement books, the details of location of the works were not recorded. Due to these reasons, audit could not ascertain as to whether any asset was created out of the work executed by the contractors.

Department stated that some villages had been disconnected from power supply for quite some time due to damage of lines, natural calamities, theft. So, in order to restore the lines, Department had undertaken the works outside DPR. However, the Department could not produce any record to show the details of the actual works undertaken by the contractor.

Thus, in the absence of any record to ascertain the veracity of the assets created, the expenditure of ₹ 200.33 lakh incurred on the same was doubtful and the assets claimed to have been created were not substantiated.

Department in its reply stated that at the time of award of contract, no specific work was mentioned in the Letter of Award (LoA). However, the concerned field officers were entrusted to shortlist, based on their priorities among the remaining works to be executed. The works were not initially incorporated in the Projects Proposed for Approval but were essential for electrification of 100 *per cent* household due to rapid development of the residential areas in the urban town especially Lunglei and Aizawl. The field officers directly gave the site information to the contractor and the work was executed as per the work parameters.

The reply is not acceptable as no document supporting their claim was furnished. Moreover, the award of LoA without any details of the work especially locations is highly irregular. Thus, in the absence of any record to ascertain the veracity of the assets created, the assets claimed to have been created were deemed to be fictitious.

Department is recommended to have proper Internal Control Systems where creation of assets can be checked. Department needs to investigate the matter regarding expenditure of ₹ 200.33 lakh made for creation of assets under Saubhagya which has not been supported till date and take immediate corrective action accordingly.

2.3.11.1.2 Suspected creation of Assets: ₹ 29.98 lakh under Saubhagya Scheme

P & E Department issued Notification of Award (NoA) to M/s LT Skylite for execution of LT line between Bungtlang 'S' and Vaseikai on 4 October 2018 and payment for the same was done on 21 December 2018. The work of LT line at Lawngtlai town was sanctioned to the Executive Engineer, Lawngtlai Power Division on 5 October 2018 and MR bill for the same was paid on 28 November 2019.

During scrutiny of records, it was seen that two Notifications of Award (NoA) for the same work stated above were shown to have been awarded again by P & E Department to M/s Fancy Electronics, Aizawl. The details are shown in **Table-2.21.**

Table–2.21: Details of works again awarded to different contractor

(Amount in ₹)

Sl. No.	LoA No. and Date	Scope of work (as per LoA and Voucher)	Work execution Place	LoA Amount (A)	Per Km Cost as per the award (A/1.4)
1.	T-61016/01/18-EC(P)/RE/Part1/64 Dt. 07.01.2019	Erection and commissioning of LT line (3 ph 4wire)-1.4 km	Bungtlang 'S' and Vaseikai	15,29,515	10,92,511
2.	T-61016/01/18-EC(P)/RE/Part1/65 Dt. 07.01.2019	Erection and commissioning of LT line (3 ph 4wire)-1.4 km	Lawngtlai Town	15,29,515	10,92,511
Total				**30,59,030**	

A total net amount of ₹ 29.98 lakh was paid to the contractor, M/s Fancy Electronics on 10 February 2019 after issuance of Completion Certificate by the respective BDOs.

As per estimate based on SOR 2015 of P & E Department, the unit cost for erection and commissioning of LT Line 3 ph 4 wire per km was ₹ 3.82 lakh, while the cost for supply of material, erection and commissioning of the same per km was ₹ 10.63 lakh.

Further, the following inconsistencies were observed during audit in respect of works claimed to be executed by the contractor:

(1) Department gave LoA for Erection and Commissioning of LT Line 3 ph 4 wire to Fancy Electronics at a cost of ₹ 30.59 lakh (2.8*₹ 10,92,511) for 2.8 km. However, as per the detailed estimate, it should have awarded the work at ₹ 10.70 lakh (2.8* ₹ 3,82,069). Excess amount of ₹ 19.89 lakh was awarded to the contractor due to non-adherence to the detailed estimate.

(2) Under Saubhagya infrastructure works, the key material like Steel tubular poles, DTRs, conductors, *etc.*, were to be provided by Rural Electrification Corporation Power Distribution Company Limited (RECPDCL) directly. However, as per the bill submitted by Fancy Electronics, the firm claimed to have supplied Steel tubular poles, channels, insulators, *etc.*, for the work which was highly doubtful. Moreover, as per the Letter of Award, scope of the work was erection and commissioning of LT Line (3 ph 4 wire) and did not include supply of key materials.

(3) The NoA to M/s Fancy Electronics were shown to be issued on 7 January 2019 but work invoice of the bill was dated 03 October 2018 which was also not tenable.

Thus, the execution of work by M/s Fancy Electronics for an amount of ₹ 29.98 lakh was doubtful due to the reasons discussed in above paragraphs.

Department in its reply stated that during actual execution of the said LT lines (as per original DPR) the line required to be constructed was found to be 1.4 km longer in Bungtlang 'S' and Vaseikai, and also 1.4 km longer within Lawngtlai Town to achieve 100 *per cent* household electrification. Since RECPDCL supplied the key material only as per the DPR, the key materials alongwith other material for the above additional works had been arranged from the local firm.

The reply of the Department is not acceptable as the shown claim of additional length of 1.4 km each for Bungtlang 'S'/ Vaseikai and Lawngtlai Town was not supported by necessary documents like Survey Reports and Measurement Books. Department did not furnish any reply on the issue of payment in excess of the estimate and inconsistency in the dates of issuance of NoA and the invoices, pointed out above.

Department may investigate the matter regarding double sanction of same work and payment without substantiating creation of assets worth ₹ 29.98 lakh under Saubhagya scheme in Bungtlang and Vaseikai villages, and Lawngtlai town and take action accordingly.

2.3.11.1.3 Doubtful expenditure on erection and commissioning of 4.98 km LT line (1 ph 2 wire) at Kolasib Town under Saubhagya

The Engineer-in-Chief, P & E Department, GoM issued sanction order for erection & commissioning of various infrastructural works under Saubhagya to Kolasib Power Division, Kolasib on 05 October 2018. Out of the five items of work, the component wise breakup for erection and commissioning of one item *i.e.*, LT 1-Ph 2 Wire Line for one km (the total stretch being 4.98 km) can be seen in the **Table-2.22.**

Table-2.22: Showing component wise breakup of erection and commissioning

(Amount in ₹)

SOR No.	Contingency For 1 km	Supervision for 1 km	15 *per cent* Over-head & Profit for 1 km	Labour/ Km	Transporta-tion/km	Materi-als/km	Grand Total
1.01	7,290.60	11,480.52	68,976.50	76,535.83	59.58*3.34*80	91,508.34	
2.04	423.69	1,557.88	5,033.53	10,382.00			
3.03	191.98	106.14	1,590.65	707.60			
4.01	374.80	1,313.60	4,377.50	8,757.14		8,350	
5.01	572.80	476.40	4,929.20	4,764.00			
5.02	1,030.60	476.40	8,431.20	4,764.00			
6.01	64.50	19.05	515.34	127.00			
	9,948.97	**15,429.99**	**93,853.92**	**1,06,037.57**	**15,919.78**	**99,858.34**	**3,41,048.57**
Estimates for 4.98 km= 4.98* ₹ 3,41,048.57= ₹ 16,98,421.88							

The key materials such as SP poles, ACSR weasel conductors, *etc*., were supplied by RECPDCL, whereas line materials such as bolts, nuts, sand, stone, *etc*., were to be purchased and transported by the executing Department.

The details of Muster Roll submitted by Kolasib Power Sub-division and duly passed by office of the Engineer-in-Chief, P & E Department, GoM regarding infrastructure works under Saubhagya at Kolasib Town can be seen in the **Table-2.23.**

Table–2.23

Sl. No.	Voucher No & Date	Muster Roll Voucher No & date	Period of Work	Details of work	Amount (₹)
1.	53 dt.23.12.2019	3 'K' B	08.11.2018-06.12.2018	Construction of 4.98 LT line 1-Ph 2 wire at Kolasib under Saubhagya Scheme	23,83,840
Total					**23,83,840**

It was seen in audit that Kolasib Power Sub-Division spent ₹ 23.84 lakh on erection and commissioning of 4.98 km LT line (1 ph 2 wire) at Kolasib Town as against the sanctioned amount of ₹ 16.98 lakh. Thus, an excess amount of ₹ 6.86 lakh (₹ 23.84 lakh-₹ 16.98 lakh) was incurred on the work. Interestingly, the entire amount of ₹ 23.84 lakh was for payment of labour charges only. No line materials were purchased nor transported for erection and commissioning of the work of LT line (1 ph 2 wire).

The expenditure of ₹ 23.84 lakh on Muster Roll labour charge is doubtful as the labour charge was disproportionately higher than the admissible amount of ₹ 5,28,069 (₹ 1,06,038 * 4.98 km and erection of LT line was done solely by labour without any purchase and transportation of line materials.

Department in its reply stated that concerned Division/ Sub-Division office unknowingly made a mistake by submitting Muster roll for LT 3-ph 4 wire and LT 1-ph 2 wire lines without considering the work wise provision of fund. The reply of the Department is not tenable as the Muster Roll Bills available were in respect of only LT1-ph 2 wire. Further, it was not explained as to how the work got completed without any line material such as nuts, bolts, paints, *etc.*

Department may inquire as to how the LT line was erected solely with labour in Kolasib sub-division and take action accordingly.

2.3.11.1.4 Undue benefit to contractors in respect of works of Saubhagya in West Phaileng and Zawlnuam Sub-Division under Mamit District amounting to ₹ 177.66 lakh

The work of erection and commissioning under Saubhagya Scheme for West Phaileng and Zawlnuam Sub-Divisions was awarded (4 October 2018) to M/s LT Skylite at a cost of ₹ 93.52 lakh and ₹ 84.18 lakh respectively. As per Work orders, all works should be completed and commissioned on or before 15 December 2018.

As per the weekly Progress Report (15 July 2019) of West Phaileng sub-division, only three out of nine 63 KVA distribution transformers (DT) were installed while not a single out of 7 required 25 KVA DT was installed (April 2021). In respect of Zawlnuam sub-division, again as per the weekly Progress Report (9 September 2019), only three out of 10 required numbers of 63 KVA DT and one number out of three 25 KVA DT were installed.

However, the total cost of erection and commissioning for West Phaileng amounting to ₹ 93.52 lakh was paid on 21 December 2018 and for Zawlnuam amounting to ₹ 84.14 lakh on 21 December 2018.

It can be seen that full payment was made to the contractor before the works were completely executed. Thus, undue favour of ₹ 177.66 lakh was granted to the contractor for work not done.

Department in its reply submitted handing over/ taking over Certificates of the contractors for all works under West Phaileng & Zawlnuam power sub-divisions. As such, the works were completed in West Phaileng sub-division on 6 October 2020 and in Zawlnuam sub-division on 8 June 2021.

The reply of the Department confirmed that payment was done before the completion of the works and hence was irregular.

2.3.11.1.5 Providing of Off-Grid connection to households where grid connections are available in the concerned villages under Saubhagya Scheme had resulted into avoidable expenditure of ₹ 144.34 lakh

As per paragraph 2.1 of Chapter II of Saubhagya Guidelines, to provide last mile connectivity, there was a provision of Solar Photo Voltaic (SPV) based standalone systems for un-electrified households located in remote and inaccessible village/ habitations, where grid extension was not feasible or cost effective.

As per the sanction letter (25 July 2018) for Saubhagya scheme in Mizoram, Solar PV based standalone systems should be provided for un-electrified households located in villages electrified through off-grid mode only. All remaining un-electrified households in grid connected villages should be electrified through grid only. In case, for those households extremely remote and scattered and technically not feasible, the average cost of extending grid to some of the households located in already electrified villages was extremely high and was more than that of providing solar systems, the same may be considered for electrification through solar system on case to case basis with techno-economic justification.

During scrutiny of records, it was seen that a total of 410 solar connections **(**as detailed in **Appendix-2.3.4)** were also provided under this scheme despite the availability of grid infrastructure in these habitations. However, there were no such records of techno-economic justifications for providing the off-grid connections.

The per unit cost of providing service connection through solar was ₹ 40,256 whereas per unit cost of providing service connection through grid was only ₹ 5,050. The Department spent ₹ 165.05 lakh for providing solar connections whereas it would have spent only ₹ 20.71 lakh if grid connectivity had instead been provided. This had resulted in extra expenditure of ₹ 144.34 lakh.

In addition to the upfront extra expenditure due to provision of solar connections through off-grid mode to households in grid connected villages, the step would pose the additional burdens of repair and maintenance, keeping in view the low level of expertise in the solar sector within the state.

Department in its reply stated that such projects were undertaken as they were very far from the grid connectivity and very scattered as well. Department also stated that overall analysis was done and it was decided that it would be more economical to give solar connections than to provide grid connectivity. Department, however, did not furnish any documents relating to the analysis done by them nor were documents relating to techno-economic justifications furnished.

It is recommended that solar PV based standalone systems should be provided only in those locations where grid connection is not available. If off-grid connectivity is to be provided in the grid-connected villages due to it being more economical, techno-economic justifications for the same should be given.

Monitoring and Evaluation

2.3.12 Deficiencies in Quality Control

A. Non-preparation of Quality Assurance (QA) Plan

As per the DDUGJY guidelines, the Project Implementing Agency (PIA) shall be solely responsible and accountable for assuring quality in DDUGJY works. PIA shall formulate a comprehensive QA Plan for the works to be carried out under DDUGJY scheme with the objective of creation of quality infrastructure works. As per Guidelines issued by the GoI, Project Management Agency (PMA) was to be appointed in respect of DDUGJY (New) for monitoring and ensuring timely implementation of the project. Thus, the Department appointed M/s Eternity Partners as the Project Management Agency for both DDUGJY and Saubhagya and the PMA was to prepare the Quality Assurance Plan.

Further, the QA and Inspection Plan shall be an integral part of the contract agreement with turnkey contractors. PIA has to ensure that quality of material/ equipments supplied at site and execution of works carried out at field under DDUGJY Scheme is in accordance with Manufacturing Quality Plan (MQP)/ Guaranteed Technical Particulars and Field Quality Plan (FQP)/ Approved Drawings/ Data Sheets respectively.

In case of DDUGJY Scheme, the works were executed through turnkey contractors. Thus, in the agreements with turnkey contractors, the QA Plan was to form an integral part of the agreement. However, it was seen in audit that the Quality Assurance Plan was neither prepared by the PIA which is the Department, nor by the PMA which was entrusted by the Department for the same. Further, no documentation relating to the MQP and FQP was available in the Department.

In case of Saubhagya Schemes, the key materials were procured by RECPDCL and erection works were done departmentally and through local contractors. No agreement was executed with the local contractors and no Quality Assurance Plan was prepared either by the Department or by the PMA. This resulted in low quality of works as detected by the Project Management Agency and REC Quality Monitors.

Department in its reply accepted that the PIA did not separately prepare Quality Assurance & Inspection Plan and had relied on REC Quality Monitoring (RQM). Thus, the non-preparation of plan had adverse effects on the quality of the works executed as discussed in the subsequent paragraphs.

B. Non-rectification of defects pointed out by the PMA

PMA had pointed out 163 numbers of deficiencies in both the schemes. The details of the defects pointed out by the PMA such as defective foundation for 11 KV line and LT line; LT pole without concrete foundation; oil leakage from DT *etc*. are detailed in **Appendix-2.3.5(1)**.

Department in its reply submitted the copies of letters written between 21 January 2019 to 13 November, 2019 asking the contractors concerned to rectify the defects pointed out by the PMA. However, remedial action taken report is still awaited by the Department.

It is recommended that the Department should pursue the issue more seriously and try to resolve or get the defects pointed out by PMA resolved so as to ensure the durability of the assets created.

C. Poor record of rectification of defects pointed out by the RQM

The defects pointed out by RQM in respect of DDUGJY and Saubhagya schemes can be seen in **Appendix-2.3.5(2)**.

The status of inspections and rectification of the defects pointed out as on 28 February 2021 for the two schemes of DDUGJY New and Saubhagya can be seen in the **Table-2.24.**

Table–2.24: Status of defects observed/ rectified

Description	DDUGJY New	Saubhagya
Defect observed	448	591
Defect rectified	108	28
Percentage of compliance	24.11	4.74

Department in its reply stated that concerned field offices were informed to take necessary steps for rectification at the earliest.

It is recommended that the Department should resolve or get the defects pointed out by RQM resolved so as to ensure the durability of the assets created and the quality of the services provided.

2.3.13 Ineffective State Level Coordination Committee (SLCC) and District Electricity Committee (DEC)

As per REC Guidelines for DDUGJY scheme, all projects shall be recommended by existing State Level Standing Committee (SLCC) constituted for RGGVY projects under the chairmanship of Chief Secretary before submitting the projects to the Nodal agency. Accordingly, GoM had constituted State Level Coordination Committee to recommend the DPRs; ensure that there was no duplication/ overlapping of works and monitor the progress; ensure quality control and resolve issues relating to implementation of the sanctioned project. The GoM had also set up a District Electricity Committee for consultation in preparation of DPRs, monitor implementation of Central Power Sector Schemes, review the quality of power supply, consumer satisfaction, promote energy efficiency and energy conservation in the District. The Committee shall meet at least once in three months.

The details of meeting in respect of State Level Coordination Committee (SLCC) and District Electric Committee (DEC) are as follows:

Table-2.25: State Level Coordination Committee (SLCC)

<table>
<tr><th>Sl. No.</th><th>Name of Scheme</th><th>Number of Projects</th><th>Date of constitution of SLCC</th><th>Number of meeting held since inception of SLCC</th><th>When the SLCC meetings were held</th></tr>
<tr><td rowspan="3">1.</td><td rowspan="3">DDUGJY New & DDUGJY Additional DPR</td><td rowspan="3">2</td><td rowspan="3">12.06.2008</td><td rowspan="3">3</td><td>04.04.2018</td></tr>
<tr><td>28.09.2018</td></tr>
<tr><td>03.06.2019</td></tr>
<tr><td rowspan="2">2.</td><td rowspan="2">Saubhagya Scheme</td><td rowspan="2">1</td><td rowspan="2">12.06.2008</td><td rowspan="2">2</td><td>03.06.2019</td></tr>
<tr><td>18.07.2019</td></tr>
</table>

These meetings were held essentially for approving/ recommending the DPRs only.

Table-2.26: District Electric Committees (DEC)

Sl. No.	Name of Scheme	Number of Projects	Date of constitution of DEC	Number of meeting held since inception by the 8 DECs	When held
1.	DDUGJY New & DDUGJY Additional DPR	2	25.05.2015	8	During August and September 2015
2.	Saubhagya Scheme	1	25.05.2015	0	-

The DEC of the eight Districts had one meeting each for DDUGJY for recommending the DPR. However, no meetings were held for Saubhagya Scheme.

Thus, it was seen that the activities of SLCC and DEC were confined to recommending the DPR and no deliberations relating to monitoring of the progress of work and ensuring the quality of works ever took place which resulted in delay in competition of works.

2.3.14 Beneficiary Field Survey

For beneficiary survey, three Districts were selected out of eight Districts through sampling. Again, four blocks were selected within these three Districts. Based on village-wise average household power consumption during 2019-20, 10 villages were selected from the four blocks based on power consumption partly from the category of high risk and low risk. From each village, maximum 10 households were selected. However, as some villages have less than 10 houses, the total numbers of households actually verified was 73.

The following positive outcomes were observed in the course of beneficiary survey in ten villages:

1. **Usage of consumer durables**: 29 out of the 73 beneficiaries surveyed reported that the use of consumer durables like iron, TV, fridge, washing machine, *etc*., in the house increased after electricity connections were provided under this scheme.

2. **Power supply**: 62 out of 73 beneficiaries reported that 24 hours continuous power supply was provided in all the villages. It can be inferred from the statement of the beneficiaries that there was increase in the continuous supply hours.

3. **Increase in mobility/ security in night**: 62 out of 73 beneficiaries reported that there was increase in mobility during the nights after the electrification of villages/ households.

4. **Reasons for low use of electricity in the houses**: Majority of the households electrified under the scheme were BPL households. They were using electricity only for lighting purpose. As such there was very low use of electricity in the houses.

   On the other hand, certain deficiencies were also observed during the beneficiaries' survey and site inspection:

5. **Providing of Electricity connection without installation of energy meters at the time of connection**: Out of 10 beneficiaries in Old Tuisumpui village, Siaha District, two beneficiaries were given electricity connection without installation of energy meters at the time of connection. They were given energy meters later during the implementation of Saubhagya Scheme.

6. **Identification of Assets:** In Khawlailung Village under Serchhip District, three transformers of 100 KVA were installed in different localities as per SAGY of DDUGJY Scheme. As per guidelines of DDUGJY, assets created under the DDUGJY Scheme should be engraved with the word 'DDUGJY' for assets identification. During physical verification of the three 100 KVA transformers installed, no asset identification marking was seen on the three 100 KVAs transformers installed in Khawlailung Village.

7. **Connection given for commercial shops**: The objective of the scheme was to provide free household connections to the BPL households and not for providing service connections for commercial shops free of cost. However, in Tuichang village of Serchhip District, out of the three household connections sanctioned, two free electricity connections were given to commercial shops free of cost.

The Department in its reply accepted the deficiencies pointed out in points 6 and 7 while remaining silent on point 5.

2.3.15 Conclusion

GoI launched electrification schemes which were Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) (launched in December 2014) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) (launched in October 2017) with the objective to strengthen the electrification infrastructure and achieve universal household electrification. As per 2011 Census data, there were a total of 704 villages in Mizoram, out of which 675 villages were electrified.

Under DDUGJY New Scheme, GoI accorded sanction for 12 un-electrified villages (remaining 17 un-electrified villages were left out due to depopulation of the villages or electrified under other schemes) and 29 habitations for electrification and also for free electric connections to 1,468 un-electrified households. Besides, the GoI also sanctioned creation of electric infrastructure under the scheme *viz.,* 11.14 km of 33 KV line, 283.70 km of 11 KV line, 67.65 km of LT line and 75 numbers of Distribution Transformers. Against these, PIA claimed to have electrified 12 un-electrified villages (100 *per cent)* and 29 habitations (100 *per cent)* while also providing free electric connections to 1,468 un-electrified households (100 *per cent*) under the scheme. Besides, Department claimed to have achieved under the scheme 11.14 km (100 *per cent*) of 33 KV line, 248.20 km (87.49 *per cent*) of 11 KV line, 67.65 km (100 *per cent*) of LT line and also provided 75 Distribution Transformers (100 *per cent*).

In case of Saubhagya Scheme, GoI sanctioned free electric connection to 24,137 un-electrified households through grid and 1,390 un-electrified households through off-grid. Besides, GoI also sanctioned creation of infrastructure *viz.,*120.41 km of 11 KV line, 238.38 km of LT line, 275 numbers of Distribution Transformers (25 KVA/ 63 KVA/ 100 KVA). Against these, Department claimed to have provided free electric connection to 25,036 households (103.7 *per cent*) through grid and 1,466 households (105.4 *per cent*) through off-grid (Solar Photo Voltaic). The Department also claimed to have constructed 148.5 km (123 *per cent*) of 11 KV line, 267.49 km (112 *per cent*) of LT line and installed 286 numbers of Distribution Transformers (104 *per cent*).

GoI, under Additional DPR DDUGJY, also provided sanction for Consumer/ Feeder Metering of 18,844 numbers, 85.50 km of 11 KV line, three km of 33 KV line and four numbers of Sub-Station augmentation works. Department claimed to have achieved Consumer/ Feeder Metering of 84 numbers, three km of 33 KV line and two numbers of Sub-Station and the works were still ongoing (May 2021).

There was, however, delay in submission of closure report to REC of the schemes sanctioned. As per DDUGJY Guidelines, the works under DDUGJY (New), should have been completed by 30 April 2019, but Department was yet to finalise the closure report even after a delay of 25 months (May 2019 to May 2021). The due date for completion of Saubhagya scheme was 31 March 2019. Though Department claimed to have completed the work on 31 March 2019, it was yet to finalise the closure report of the scheme with a delay of 26 months (from April 2019 to May 2021).

Even though the State Government has stated 100 *per cent* (in excess of *100 per cent* in case of Saubhagya Scheme) achievement of the broad objectives in terms of electrification of targeted number of villages, habitations and households, creation of electric infrastructure, *etc.,* Audit observed that the schemes could have been more efficiently and economically implemented had due diligence been exercised in matters related to financial management, measurement of works done, quality control, *etc.* In this regard, the following shortcomings were observed -

Planning & Financial Management

In regard to planning, Department failed to prepare the Rural Electrification Plan, excess payment was made to contractors due to overestimation of work (₹ 36.84 lakh). There were cases of irregular payment to PMA (₹ 38.67 lakh), diversion of scheme funds (₹ 65.17 lakh) and non-deduction of labour cess (₹ 8.03 lakh), in respect of financial management.

Scheme Implementation – DDUGJY Scheme

In DDUGJY Additional Scheme implementation, deficiencies were noticed in respect of works being awarded to bidders who did not fulfill the techno-commercial requirements.

Scheme Implementation – Saubhagya Scheme

Several lapses and deficiencies were noticed in implementation of Saubhagya Scheme *viz*., creation of fictitious assets (₹ 200.33 lakh),variation of works executed with the DPR, provision of off-grid connection in the grid-connected villages resulting in extra expenditure (₹ 144.34 lakh).

Deficiencies in Quality Control

The basic requirement of preparing the Quality Assurance Plan was not fulfilled by the Department. Moreover, the MQP and FQP were also not prepared. Due to this, various defects were observed by both the PMA (163 numbers) and the RQM (1,039 numbers) which again were only partially rectified (136 numbers of the defects observed by RQM) by the Department. The role of the State Level Coordination Committees and the District Electricity Committees, which were to ensure quality and timeliness in Scheme implementation, were also found to be confined only to approval of the DPRs.

2.3.16 Recommendations

1. *Department may prepare Rural Electrification Plan to bring more efficiency in planning and implementing electrification works in the State.*

2. *Department should ensure that funds are expended only for the approved projects and approval of the competent authority taken for any case of diversion of funds.*

3. *Department should adhere to the rules and procedures in the process of tendering and award of works to ensure fairness so that the benefits of competitive prices are availed. Due diligence may be exercised during scrutiny of bids.*

4. *Department may inquire into all cases of doubtful execution of works and creation of fictitious assets as detailed in the Report and act accordingly.*

5. *Department should put in place a stringent Internal Control System to deal with the system and procedural failures like non-measurement of works.*

COMPLIANCE AUDIT PARAGRAPHS

AGRICULTURE, HOME, COMMERCE & INDUSTRIES, LOCAL ADMINISTRATION AND RURAL DEVELOPMENT DEPARTMENTS

2.4 Compliance Audit on "Execution of works by Non-Works Departments"

2.4.1 Introduction

Execution of civil works for infrastructure development is primarily the function of the Central and State Works Organisation/ Departments like, Central Public Works Department (CPWD), State Public Works Department (SPWD), and other Central and State Works Organisation. In the State of Mizoram, non-works Departments under the Government of Mizoram (GoM) are executing civil infrastructural development works.

The non-works Departments execute civil works either by engaging contractors or by departmental means through engagement of muster roll labourers.

2.4.2 Audit Objectives

The objectives of the compliance audit were to verify whether:

- The funds allocated were adequate and utilised in an economically and efficient manner to achieve the desired objectives;
- The relevant rules and regulations were duly complied with in the execution of the works;
- The required human and infrastructure resources including qualified technical personnel were in place and adequate to meet the requirements of works execution; and
- Monitoring and Evaluation mechanism was in place and adequate to oversee the execution of works as per plan and estimates.

2.4.3 Audit Criteria

Audit findings were benchmarked against the following criteria:

- General Financial Rules, 2005 & 2017;
- CPWD Works Manual;
- Relevant circular and orders issued by the Central and State Governments;
- Departmental policies and regulations;
- Central Government Account (Receipts and Payments Rules);
- Procedure prescribed for monitoring and evaluation;
- Scheme Guidelines;
- Specific Guidelines issued by the Government of India (GoI);
- Central Vigilance Commission Guidelines/circulars; and
- Any other relevant Government instructions/orders/acts/ laws, *etc*.

2.4.4 Audit Scope, Sampling and Methodology

2.4.4.1 Audit Scope

The period of Audit was from 2015-16 to 2019-2020 and the audit covered the following five selected Departments:

1. Agriculture Department;
2. Home Department;
3. Commerce & Industries Department (C&I);
4. Local Administration Department (LAD); and
5. Rural Development (RD) Department.

2.4.4.2 Audit Sampling

Out of the 28 non-works Departments under the State Government executing civil works, five Departments (18 *per cent)* were selected by Probability Proportional to Size Sampling without Replacement (PPSWOR) method.

2.4.4.3 Audit Methodology

Audit commenced after Entry Meetings held between 12 October 2020 and 25 March 2021with the concerned heads of office wherein audit objectives, scope and criteria were discussed. Thereafter, field audit was conducted by scrutiny and analysis of the records, documents and information obtained from the Departments through audit requisitions, queries, *etc*. Joint physical verification of the works for gathering of photographic evidence was also done, wherever feasible, in view of the prevailing pandemic. After the end of field audit of each Department, Exit Meetings with the respective Head of Departments were held between 13 November 2020 and 07 October 2021. The replies and comments of the Departments are incorporated as necessary in the report.

2.4.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation rendered by officers and staff of the auditee Departments, *viz*., Commerce & Industries Department,

Local Administration Department (LAD), Rural Development (RD) Department, Agriculture Department and Home Department, GoM in the course of the Audit.

AUDIT FINDINGS

The significant audit observations are discussed in the subsequent paragraphs.

2.4.6 Financial Management

Year-wise details of budget and expenditure of the Departments are given in **Table-2.27.**

Table-2.27: Year-wise Budget and Expenditure

(₹ in crore)

Department	Particulars	Year					
		2015-16	2016-17	2017-18	2018-19	2019-20	Total
Home (Police)	Budget	462.03	516.43	514.04	631.52	749.63	2,873.65
	Expenditure	462.92	511.59	505.35	632.21	647.71	2,759.78
	Works Expenditure	34.3	17.11	6.17	6.61	6.28	70.47
	Percentage of Works Expenditure (WE) to Total Expenditure (TE)	7.41	3.34	1.22	1.05	0.97	2.55
LAD	Budget	32.96	47.16	96.84	139.77	46.11	362.84
	Expenditure	32.48	43.97	96.44	132.74	106.17	411.80
	Works Expenditure	2.08	5.05	9.99	8.45	0.49	26.06
	Percentage of WE to TE	6.40	11.49	10.36	6.37	0.46	6.33
Agriculture	Budget	218.08	183.44	322.06	257.98	207.74	1,189.30
	Expenditure	66.88	132.04	241.63	203.52	167.74	811.81
	Works Expenditure	1.86	25.00	27.36	3.61	4.32	62.15
	Percentage of WE to TE	2.78	18.93	11.32	1.77	2.58	7.66
RD	Budget	399.68	488.77	468.15	449.84	553.22	2,359.66
	Expenditure	329.18	370.76	377.73	224.30	325.75	1, 627.72
	Works Expenditure	0.00	4.72	49.68	48	45.54	147.94
	Percentage of WE to TE	0.00	1.27	13.15	21.40	13.98	9.09
C & I	Budget	74.11	100.14	160.01	133.77	102.89	570.92
	Expenditure	68.54	81.29	99.33	113.12	74.88	437.16
	Works Expenditure	4.62	15.26	69.64	17.54	2.98	110.04
	Percentage of WE to TE	6.74	18.77	70.11	15.51	3.98	25.17

Source: Detailed Appropriation Accounts and Departmental records

In reply to audit query, four of the five test checked Departments (LAD, Agriculture, RD, Commerce & Industries) stated (February 2022) that separate Works budget was not prepared. Home (Police) Department stated (February 2022) that works under Major Works were reflected in the Department's budget in the beginning of the year.

The five selected Departments executed 4,162 works at a total cost of ₹ 41,665 lakh as given in **Table-2.28.**

Table-2.28: Execution of works by Departments during 2015-2020

Sl. No.	Name of Department	Total Number of works	Total Cost (₹ in lakh)	Minimum works value (₹ in lakh)	Maximum works value (₹ in lakh)
1.	Commerce & Industries	322	1,1003.88	0.017	3,641.00
2.	Home	658	7,046.75	0.0020	2,842.28
3.	Local Administration	1,220	2,605.96	0.20	50.00
4.	Agriculture	809	6,214.73	0.25	60.66
5.	Rural Development	1,153	14,794.50	1.00	528.92
Total		**4,162**	**41,665.82**		

Source: Departmental Records

2.4.6.1 Delay in release of funds

Scrutiny of records showed that there were delays in release of GoI funds by the State Government to the selected Departments as given in **Table-2.29**.

Table-2.29: Delay in release of funds during 2015-2020

Sl. No.	Name of the Department	Delay in release of GoI funds by State Govt. (delay in days)
1.	Commerce & Industries	81 to 434 days
2.	Local Administration	20 to 210 days
3.	Rural Development	31 to 326 days
4.	Agriculture	14 to 420 days
5.	Home	37 to 307 days

Source: Departmental Records

Thus, the timely implementation of the projects by the Departments was impacted due to delay in release of funds for as long as more than one year by the Finance Department, GoM. Delay in completion of projects is discussed in **Paragraph-2.4.6.2**.

The matter was reported to the Departments and Government in August 2021; however, no reply was received (November 2021).

It is recommended that the State Government releases the Central and State shares of project funds in time so that the projects could be completed on schedule.

2.4.6.2 Parking of funds in K-Deposit (Civil Deposit)

As per Rule 100 (2) of the Central Government Account (Receipts and Payments) Rules, no money shall be drawn from Government Account unless it is required for immediate disbursement. It is not permissible to draw money from Government Account in anticipation of demands or to prevent the lapse of budget grants.

It was seen in audit that ₹ 280.42 crore of funds for works execution were withdrawn from the Treasury and parked as Civil Deposit under Major Head 8443 during 2015-20 in order to avoid lapse of budgetary grants. Out of this, ₹ 148.07 crore was still lying un-utilised in K-Deposit as of 31 March 2020 as shown in the **Table-2.30.**

Table-2.30: Parking of funds in K-Deposit

(₹ in crore)

Sl. No.	Department	K-Deposit amount (MH-8443)	Withdrawal from K-Deposit	Balance as on 31.03.2020
1.	Commerce & Industries	74.92	15.86	59.06
2.	Local Administration	78.54	72.84	5.70
3.	Rural Development	72.09	14.39	57.70
4.	Agriculture	51.78	28.96	22.82
5.	Home	3.09	0.30	2.79
Total		**280.42**	**132.35**	**148.07**

Source: Departmental Records

It was seen that completion of works[28] in Commerce and Industries and Rural Development Departments were delayed for a period ranging between two years and one month to three years and eight months (as of November 2021) despite funds being readily available and lying un-utilised under K Deposits.

The matter was reported to the Departments and Government in August 2021; however, no reply was received (November 2021).

2.4.7 Non-observance of relevant Rules and Regulation and lack of qualified technical personnel in execution of works

In the course of audit, cases of non-observance of work procedures were noticed in the execution of works. The followings table shows the number of major and minor works executed by each Department and the number of works test checked:

Table-2.31: Major and minor works executed and works test checked

Department	Minor Works	Major Works	Total Works executed	Amount (₹ in crore)	Works Completed	Ongoing Works	No. of Works test checked		
							Minor	Major	Total
Agriculture	809	0	809	62.15	809	0	205	0	205
Home	614	44	658	70.47	654	4	150	30	180

[28] 15 works under Commerce & Industries Department were delayed for completion for a period ranging between two years one month to two years eight months, two works under RD Department ranging between two years six months to three years eight months

Department	Minor Works	Major Works	Total Works executed	Amount (₹ in crore)	Works Completed	Ongoing Works	No. of Works test checked		
							Minor	Major	Total
Industry & Commerce	286	36	322	110.04	304	18	60	36	96
LAD	1,220	0	1,220	26.06	1,220	0	300	0	300
RD	1,148	5	1,153	147.94	1,128	25	300	3	303
Total	**4,077**	**85**	**4,162**	**416.66**			**1,015**	**69**	**1,084**

Source: Departmental Records

Details of the lapses and irregularities noticed during audit are discussed in the succeeding paragraphs.

2.4.7.1 Execution of works beyond Technical Power

As per GoM's Notification No. G 17012/1/2020 F. Est/147 dated 12 July 2017, delegation of powers for execution of works by non-works Departments having technical personnel was as follows:

Table-2.32: Technical sanctioning powers of Departments

Sl. No.	Department having Technical Wing headed by	Work value upto (₹ in lakh)
1.	Superintending Engineer	200.00
2.	Executive Engineer	100.00
3.	AE/ SDO	70.00
4.	Junior Engineer	50.00

Moreover, as per the notification *ibid*, "deviation from the delegation of powers without concurrence of the Finance Department would entail rejection of the bills in the treasuries".

It was seen in audit that three Departments executed works which were beyond their technical competencies as given in the **Table-2.33**.

Table-2.33: Execution of works beyond technical competency of test checked Departments

Sl. No.	Name of Department	Technical wing headed by	No of works executed beyond technical competency	Amount of executed Works (₹ in lakh)	Range of Works (₹ in lakh)
1.	Commerce & Industries	AE	18	10,413.21	90 - 3,641
2.	Rural Development	EE	5	2,044.10	310.33-528.92
3.	Home	EE	2	4,398.07	1,555.79-2,842.28
Total			**25**	**16,855.38**	

Source: Departmental Records

It can be seen from the above that, Commerce & Industries Department executed 18 works beyond their technical sanctioning power, all of which were ongoing. Rural Development Department executed five works beyond their technical sanctioning power out of which two works (construction of mini-Stadium at Saitual and East Lungdar) were completed while three other works (construction of mini-Stadium at Khawbung and Aibawk and Spring Shed Development and Water Supply for Chalfilh Catchment area) were on the verge of completion. Home Department executed two works (construction of Police Headquarters at Aizawl and 3rd IRB Headquarters at Thingkah) both of which were on the verge of completion. The Agriculture Department and Local Administration Department did not execute any work beyond their technical sanctioning power.

The reason for not obtaining technical sanction from the SPWD for the works executed or for not transferring the works to SPWD as 'Deposit Work' was not on record.

Further, it was seen that bills were passed in the Treasuries as against the provision of the notification *ibid*. This indicated that the bills were not properly scrutinised in the treasuries. In reply, the treasuries (Aizawl North Treasury and Aizawl South Treasury) stated that the bills were passed based on the sanction order of the Finance Department. The reply of the treasuries is not acceptable as the sanction order of the Finance Department did not entail waiving of the Delegation of Financial Power.

The matter was reported to the Departments and Government in August 2021 and the RD Department stated (September 2021) that countersignature of the State PWD was obtained while Commerce & Industries Departments accepted (October 2021) the Audit observation. Home Department stated (November 2021) that the charge of monitoring of work was handed over to the Department only after selection of the firm/ contractor by the Administrative Department. The Department was, however, silent on the execution of works beyond their technical power.

The reply of RD is not acceptable since, as per the notification *ibid*, countersignature of the SPWD may not be taken as No Objection for execution beyond the delegation of powers. Hence, it may be concluded that the execution of works beyond their technical power by the three Departments was irregular. Further, this resulted in execution of substandard work (two buildings) as discussed in **Paragraph-2.4.7.9(C)** in the case of Commerce & Industries Department.

It is recommended that only works that are within the technical competency of the head of the Technical Wing of the Department are executed.

The Treasuries need to strictly enforce the GoM instructions on delegation of financial powers. The bills beyond financial limits needs to be disallowed.

2.4.7.2 Blatant violation of GFR/ CPWD Works Manual provisions in award of contracts

During the course of audit, it was observed that the test checked Departments violated the provisions of General Financial Rules (GFR) and CPWD Works Manual in awarding contracts in a number of ways. There were cases of award of works without call of tender, irregular limited tender, and award of works to non-registered contractors as given in the **Table-2.34**.

Table-2.34: Award of contract in violation of GFR/ CPWD Works Manual Provisions

Department	Total Works executed		Works executed without Tendering			Works executed through Limited Tender			Works executed through Non-registered contractors		
	No. of works	Amount (₹ in crores)	No. of works	No. of contractors	Amount (₹ in crores)	No. of works	No. of contractors	Amount (₹ in crores)	No. of works	No. of contractors	Amount (₹ in crores)
C&I	322	110.04	57	57	4.15	12	2	79.04	0	0	0
LAD	1,220	26.06	953	552	24.27	0	0	0	1,213[29]	630	25.75
Home	658	70.47	14	1	0.77	10	8	4.88	0	0	0
Agriculture	809	62.15	0	0	0	0	0	0	173	138	13.75
RD	1,153	147.94	0	0	0	2	2	7.7	0	0	0
Total	**4,162**	**416.66**	**1,024**	**610**	**29.19**	**24**	**12**	**91.62**	**1,386**	**768**	**39.50**

** Source: Departmental Records*

From the table above, it can be seen that there were 1,024 cases of award of works without call of tender in respect of three Departments during the five-year period: 24 cases of irregular award based on limited tender in three Departments; and 1,386 cases of award of work to non-registered contractors in respect of two Departments. The discrepancies are discussed in detail in the succeeding paragraphs.

(a). Award of work without call of tender

As per Rule 132 of GFR 2005, open tenders should be called for all works costing ₹ five lakh to ten lakh and limited tender should be called for works costing less than ₹ five lakh. Rule 139 of GFR 2017, open tenders should be called for all works costing ₹ five lakh to thirty lakh and limited tender should be called for works costing less than ₹ five lakh.

The above GFR 2005 was also endorsed by GoM vide Notification No. G. 17012/1/2010/F. Est/147 dated 12 July 2017.

Also, as per Section 14.1 of CPWD Works Manual, which is adopted by GoM, tenders should normally be called for all works costing more than ₹ 50,000. Also, unless situation warrants otherwise, work orders shall be placed only after competitive call of quotations with publicity through web and notice board. Therefore, when the provisions of GFR and CPWD Works Manual are considered, it implies that for works costing less than ₹ 50,000, limited tender should be called whereas for works costing more than ₹ 50,000, open tenders should be called.

It was seen in audit that, 1,024 works[30] with an estimate of ₹ 2,919 crore were awarded to 610 contractors[31] without call of tender. There was nothing on record indicating the

[29] Of the total 1,220 executed works, 1,213 works executed through non-registered contractors and seven works have been executed through registered contractors

[30] 57 out of 322 works in Commerce & Industries Department, 953 out of 1,220 works in LAD and 14 out of 658 in Home Department

[31] 57 in Commerce & Industries Department, 552 in LAD and one in Home Department

criteria for selection of contractors. The total estimated value of the works amounted to ₹ 2,919.54 lakh[32]. The details are in the following **Table-2.35**:

Table-2.35: Award of works of ₹ 29.19 crore to 610 contractors without call of tender

Department	Total works	Total Amount (₹ in crores)	Works without call of tender			Percentage of works without tender	Percentage of amount involved
			No. of contractors	No. of Works	Amount (₹ in crores)		
Commerce & Industries	322	110.04	57	57	4.15	17.70	3.77
Local Administration	1,220	26.06	552	953	24.27	78.11	93.13
Home (Police)	660	70.47	1	14	0.77	2.12	1.09
Total	**2,202**	**206.57**	**610**	**1,024**	**29.19**	**46.50**	**14.13**

Source: Departmental records

From the table above, it can be seen that about 46.50 *per cent* (1,024) of total number of works (2,202) executed by these three Departments were awarded to the selected contractors without call of tenders. The violation was most pronounced in respect of LAD which had 78.11 *per cent* of the items of works, corresponding to a whopping 93.13 *per cent* of the works in monetary terms that were awarded without tendering.

The matter was reported to the Departments.

In replies, the Departments stated that there is no systematic criteria and the decision made by NEDP High Level Committee (New Economic Development Policy) is followed (LAD); no criteria was framed and contracts were awarded as per approval of Administrative Authority (Industries) and; the contractors were selected for their experiences as well as their attachment to the Department (Home).

The replies of the LAD and the Industries Departments confirmed the fact that no well-defined criteria were followed for selection of the contractors. The basis for selection of contractors in respect of the Home Department, too, while being against the Rules, was fraught with the risk of giving undue favour to the selected contractors.

The replies of the Departments are not tenable as the criteria has been clearly laid down in GFR and CPWD Works manual and duly adopted by the GoM. Further, the Award of works to contractors without call of tender and without any specific criteria but purely on the basis of instruction/ decisions from higher authority while resulting in grant of undue favour to certain contractors, would also restrain the Departments from availing the benefits of competitive prices quoted by different contractors.

It is recommended that works requiring tendering are awarded only after the due procedures of tendering as per the Rules are followed.

[32] ₹ 415.02 lakh in Commerce & Industries Department, ₹ 2,427.39 lakh in LAD and ₹ 77.13 lakh in Home Department

(b) Award of work by inviting Limited Tender

As per Section 15.6 of the CPWD Works Manual, restricted tender should be invited only in the following cases:

(i) The work is required to be executed with very great speed, and not all contractors are in a position to generate.

(ii) The work is of special nature requiring specialised equipment, which is not likely to be available with all contractors.

(iii) Where the work is of secret nature and public announcement is not desirable.

(iv) Where the list of pre-qualified contractors is required to be shortened to a suitable limited number.

(v) Maintenance of VIP residences/ important buildings as decided by Chief Engineer concerned.

(vi) Other exigencies of the work so demand.

Scrutiny of records such as tender documents, work orders, agreement copies, *etc.*, revealed that 24 works[33] involving ₹ 9,161.78 lakh were awarded by inviting restricted tender despite of the fact that value of each work qualified for calling open tender (**Appendix-2.4.1**). In the absence of open tendering, the Departments have closed the possibility of securing most competitive rates and thereby the possibility of the works being awarded at great loss to the Government cannot be ruled out.

On pointing out the matter, Home (Police) Department stated that the works were allotted to the firms through limited tenders as location of the works was a restricted area like Police Headquarters; *etc*., Commerce & Industries stated that the works were allotted to firms through limited tenders as per instruction from Higher Authority while the Rural Development Department stated that the works were allotted as per instruction from the Finance Department stating only Empanelled Consultancy Firm recognized by the Government shall be engaged for execution of the projects.

The justifications were not acceptable due to the following reasons:

(i) All 24 works were not of specialised nature requiring specialised equipment as construction of building could be executed by all consultant firms or Class-I contractors.

(ii) All 24 works were not of secret nature.

(iii) There were no specific exigencies.

Further, the reply of RD Department is not acceptable as the requirement of limiting the tendering to the consultancy firms does not obviate the need for fulfilment of the conditions pointed out above.

In view of the above points, it was seen that the nature of works was not as such to warrant restricted tendering.

[33] Commerce & Industries - 12 works + Home - 10 works + RD - two works

Unless there is a genuine case for call of restricted tender, it is recommended that open tenders should be called in order to ensure transparency and fair competition to attract competitive bids.

2.4.7.3 Irregularity in passing of bills

As envisaged in CPWD Accounts Code (Chapter No. 22.2.7), the Divisional Accountant is responsible for checking the expenditure with the estimated quantity of work to be done, the sanctioned rate, and the sanctioned cost, so that he may bring to notice all deviations from the sanctioned estimate. After performing necessary checking, every voucher should be enfaced with the word 'Checked' over the dated initials of the Divisional Accountant. Also, bills are to be prepared in form No. 24 of CPWD Accounts Code (for First and Final bill) and form No. 26 of CPWD Accounts Code (for Running Account (RA) bill). In the memorandum of payments of this form, all deductions, recoveries, and the actual amount to be paid are to be shown.

It was seen in audit that all the test checked Departments made payments to the contractors as per form No. 24 of CPWA (for First and Final bill) and form No. 26 of CPWD Accounts Code (for RA bill). However, no entries were made in the memorandum of payments of the forms by the test checked Departments, as detailed in the following **Table-2.36**:

Table-2.36: Department-wise irregularities in passing of bills

Department	No. of works test checked	Nature of irregularities in passing of bills
Commerce & Industries	96	No entries in memorandum of payments
LAD	300	No entries in memorandum of payments
Home	180	No entries in memorandum of payments
Agriculture	205	No entries in memorandum of payments
RD	303	Deductions shown in main body only and not in memorandum of payments

Hence, with no entries made by the Departments in the memorandum of payments of this form, deductions, recoveries, and the actual amount to be paid could not be ascertained in audit. Resultantly, necessary deductions like Security Deposit, Goods and Services Tax (GST) deductions, recoveries of advance payments were not shown in the bills except in respect of RD Department where security deductions were shown in the main body of the bill but not in the memorandum of payment.

Further, it was seen that in all the vouchers, there was no enfacement of vouchers with the word 'Checked' to ensure that the bills have been checked by the Accountant or Accounts Officer.

The matter was reported to the Departments and Government in August 2021 and while accepting the fact, Home Department and Commerce & Industries Department stated (November 2021) that entries showing all necessary deductions shall be made in the memorandum of payment of the bills in future.

The other three Departments *i.e.,* Agriculture, Local Administration and Rural Development Departments did not furnish any reason for the lapse or mention about any proposed corrective steps to be taken up in their replies.

It is recommended that all entries are made in the memorandum of payment and enfacement of bills done with the word 'Checked' so as to ensure that bills are properly checked and necessary deductions like taxes, advances are traceable and the exact amount due to or from the contractors are readily ascertainable and necessary corrections, if any, made.

2.4.7.4 Withdrawal of fund by preparing fictitious bills

As per Section 9.1 of CPWD Works Manual on 'Preparation and Passing of Bills' the contractor is required to prepare the bill in one of the forms prescribed, as applicable in each case, for the work done by him and submit the same to the Sub-Divisional Officer/ AE. Before the bill of the contractor/ supplier is passed, the entries in the Measurement Book (MB) relating to the description of the quantities of works/ supplies should be scrutinised by the Assistant Engineer and calculations of "Contents or Area" should be checked arithmetically under his supervision. The bill should then be checked, passed and paid in the office of the Executive Engineer from the MB entries.

Scrutiny of records like vouchers, MBs, treasury transit registers, cash book, bank statements, *etc.*, showed that RD Department drew fund from the treasuries amounting to ₹ 369.89 lakh and ₹ 184.00 lakh for Khawbung and Aibawk Mini Sports Complexes by preparing 17 and nine bills respectively. The works were approved at the cost of ₹ 369.89 lakh and ₹ 400.00 lakh respectively. The bills were drawn through fully vouched contingent bills with supporting vouchers of contractor's bill showing that the works had been executed at the time of drawing the bill.

However, it was seen in audit that bills were prepared only for drawing fund from the Treasury to avoid lapse of budgetary grants at the end of the financial year and the money was kept in the Bank Account of the Department. The actual bills were submitted by the contractors only at a later stage. For example, for construction of Khawbung Mini Sports Complex, Department prepared three fully vouched contingent bills amounting to ₹ 147.96 lakh which were drawn during March 2017. Further scrutiny, however, revealed that the contractor submitted the first RA bill for an amount of ₹ 101.55 lakh during April 2017 and second RA bill for an amount of ₹ 46.41 lakh only during June 2017.

Similarly, for construction of Mini Sports Complex at Aibawk, Department prepared a bill of ₹ 10 lakh during March 2018. Further scrutiny, however, revealed that the contractor submitted the first bill only during July 2018.

Bills were prepared by technical wing of the Department headed by the EE and approved by the Director (Head of the Department).

Thus, this was a clear indication that fictitious bills were prepared before actual completion of the works just for drawing the funds from Treasury.

Audit observed that there was risk of misappropriation of money as the actual financial transaction (payment to the contractor) between the Department and the contractor occurred outside of the Government account.

The matter was reported to the Department and Government in August 2021 and the RD Department stated (September 2021) that the RA Bills submitted by the contractors were not utilised for drawal of funds but solely for the purpose of release of funds from the Department which has already been drawn and parked at the Department's dedicated Current Account. The Department further stated that no entries were made in the MBs against the bills submitted by the contractor.

The reply of the Department is not acceptable as there was no measurement against the bills actually submitted by the contractors and the funds were already drawn by the Department before the actual execution of works by the contractor and thus, contradicts the provision of the CPWD manual.

It is recommended that payment should be made to the contractors only after due execution of works and preparation and submission of proper bills by the contractor and proper measurement should invariably be done and the details of measurement entered in the MB before drawing fund and making payments to the contractor.

2.4.7.5 Deficiencies related to Measurement of works

As per Section 7.2 of CPWD Manual, Measurement Book (MB) is the basis of all accounts of quantities whether of works done by contractors or by labourers employed departmentally, or materials received. The payments to contractors and others for the work done or other services rendered are made on the basis of measurements recorded in the MB. Also, as per Section 32.2 of the same Manual, advances to contractors are, as a Rule, prohibited and payments to contractors should not be made until detailed measurements of the work have been taken and recorded. All items of work in a project irrespective of their cost shall be measured and recorded by the Junior Engineer-in-charge of the work in a MB. It is, however, open to the Assistant Engineer or the Executive Engineer to record measurements for any particular item of work himself.

(a) Non-measurement of works executed:

Scrutiny of records showed that the Commerce & Industries Department (Commerce Wing) executed 36 Major Works during 2015-20 and made payment totalling to ₹ 60.36 crore to the contractors in 12 works without measurement as detailed in **Table-2.37.**

Table-2.37: Payment made to contractors without measurements recorded in MB

Sl. No.	Name of Work	Estimated Amount (₹ in lakh)	Payment as of Oct. 2020 (₹ in lakh)	Name of contractor	Date of award of works	Estimated date of completion
1	Construction of Lunglei Super Market Phase-I	270.00	110.63	Lushai Engineers	01.03.2018	Nov. 2019
2	Re-Construction of Rahsi Veng Market Block-I at Champhai	150.00	70.00	Lushai Engineers	18.09.2018	Nov. 2019
3	Re-Construction of Saitual Market	150.00	60.00	Lushai Engineers	18.09.2018	Nov. 2019
4	Vertical Extension of Venglai Market at Kolasib	120.00	83.00	Lushai Engineers	18.09.2018	Nov. 2019
5	Construction of Siphir Twin Market	110.00	46.05	Lushai Engineers	18.09.2018	Nov. 2019
6	Extension of Serchhip Market	100.00	60.00	Lushai Engineers	18.09.2018	Nov. 2019
7	Construction of Kanhmun Market	70.00	28.00	Thangnghinglova	18.09.2018	Sept. 2018
8	Construction of New Serchhip Market	50.00	35.00	Sapthlengliana	01.03.2018	Aug.2019
9	Construction of Ngopa Market	50.00	35.00	V. Zaivawra	01.03.2018	Sept.2019
10	Construction of N.E. Khawdungsei Market	40.00	31.00	J. Roliana	01.03.2018	Sept.2019
11	Construction of Market at Sihphir Arpu Veng Market-II	30.00	25.00	P. C. Lalmuanpuia	18.09.2018	Nov. 2019
12	Construction of Sihphir Arpu Market-I	20.00	20.00	L. Sawikimi	01.03.2018	Aug 2019

Source: Departmental Records

Payment of bills without measuring the quantity of works executed/ done was a serious lapse on part of the Department and goes against the core principle of works execution. Moreover, it could not be ascertained in audit on what basis the payments were made to the contractors.

The matter was reported to the Department and Government in August 2021 and while accepting the fact, Department stated (November 2021) that payment was made based on the release of funds from K-Deposit. Thus, the Department's reply corroborated the fact that the payments were made without any measurement and without any concrete basis.

(b) Measurement of works by the Contractors themselves:

As per the Manual *ibid*, payment was to be made as per the measurement of works recorded in the MB by the engineers of the Department.

For the construction of Police Headquarters Building at Aizawl (ongoing as of October 2021), RA Bills (seven in numbers) for an amount of ₹ 1,478.33 lakh were prepared and payments were made accordingly. Bill for an amount of ₹ 2,573.72 lakh was also passed for the construction of 3rd Indian Reserve Battalion (IRB) Headquarters at Thingkah (ongoing as of October 2021), after measurement of the works. Details are given in the **Table-2.38.**

Table-2.38: Measurement of works by the contractors

Sl. No	Name of Work	Estimated Amount (₹ in lakh)	Payment as of October 2021 (₹ in lakh)	Name of contractor	Date of award of work	Due date of completion
1.	Construction of Police Headquarters Building at Aizawl	1,555.63	1,478.33	North East Consultancy Services	09.07.2015	09.07.2017
2.	Construction of 3rd IRB Headquarters at Thingkah	2,842.28	2,573.72	North East Consultancy Services	11.11.2014	11.11.2017

During audit it was observed that the entries in all the MBs were done by the technical personnel of the contractor, and not by the Engineers of the Department.

While honouring the measurement of works by the Contractors themselves violates the extant provisions, it also raises question as to whether payment has been made for correct quantity or not. It may lead to excess measurement leading to undue financial advantage to contractors.

The matter was reported to the Department and Government in August 2021 and the Department stated (November 2021) that the payments were made as per the actual works done. The reply of the Department is not acceptable because in absence of any measurement carried out by the Department's Engineers, it was not possible to ascertain the actual quantity of the works done.

It is recommended that measurement of works should invariably be done by the Department to ensure that bills are passed for the correct quantity of works executed.

2.4.7.6 Non-Deduction of Security Deposit

As per the CPWD Manual, Security Deposit at the rate of five *per cent* of the gross amount of the bill shall be deducted from each running bill of the contractor till the sum along with the sum already deposited as earnest money amounts to security deposit at the rate of five *per cent* of the tendered amount of the work. Such deductions shall be made unless the contractor has deposited the amount of security at the rate mentioned in cash or Government securities or Fixed Deposit Receipts. No Security Deposit should be repaid or re-transferred to the depositor, or otherwise disposed of, except in accordance with the terms of his agreement or bond.

Security Deposit is a security for satisfactory completion of the work or supply as per agreement. This is not only a safeguard for performance against agreement but also ensure that the Government property handed over to the contractor is received back on the completion of the work.

In the ongoing work for Establishment of Mizoram Handloom Export Facilitation Hub-at Thenzawl by Commerce & Industries Department at a total project cost of ₹ 722.00 lakh, it was observed that Security Deposit of ₹ 36.10 lakh as per the agreement was not deducted from any of the RA bills. The contractor did not deposit earnest money also. Similar case was seen in the case of the ongoing construction of 3rd IRB Headquarters at Thingkah at a cost of ₹ 2,842.28 lakh wherein Security Deposit of ₹ 142.11 lakh was not deducted. Also, Security Deposit of ₹ 77.79 lakh was not deducted (as of October 2021) for the ongoing construction of Mizoram Police Headquarters building at Aizawl (₹ 1,555.79 lakh estimate). Details are in the following **Table-2.39**:

Table-2.39: Non-deduction of Security Deposit

Sl. No	Name of Work	Estimated Amount (₹ in lakh)	Payment as of October 2021 (₹ in lakh)	Name of contractor	Total amount of Security Deposit deductible (₹ in lakh)	Actual amount deducted as of October 2021 (₹ in lakh)
1.	Construction of Police Headquarters Building at Aizawl	1,555.79	1,478.33	North East Consultancy Services	77.79	0.00
2.	Construction of 3rd Bn. Indian Reserved Battalion Headquarters at Thingkah	2,842.28	2,573.72	North East Consultancy Services	142.11	0.00
3.	Establishment of Mizoram Handloom Export Facilitation Hub-at Thenzawl	722.00	361.05	Lushai Engineers	36.10	0.00

The matter was reported to the Departments and Government in August 2021 and the Home Department stated (November 2021) that at the initial stage of construction, security deposits were not deducted from the RA Bills for construction of 3rd IRB at Thingkah and for construction of PHQ at Khatla. However, a sum of ₹ 142.12 lakh and ₹ 77.79 lakh respectively were withheld as Security Deposit. Commerce & Industries Department stated (November 2021) that Security Deposit shall be deducted from the final bill.

It is recommended that necessary deductions like Security Deposits be invariably made from the bills of the contractors as per the Rules.

2.4.7.7 Procurement of services from un-registered contractors/ suppliers resulting in possible evasion of Tax

As per Section 22 (i) of Mizoram GST Act, 2017, every supplier making a taxable supply of goods or services or both in the State, shall be liable to be registered under this Act if his aggregate turnover in a financial year exceeds 10 lakh rupees.

Scrutiny of records showed that 45 works in RD Department were awarded to 38 contractors/ suppliers who were not registered under GST and whose aggregate turnover exceeded ₹ 10 lakh each for each financial year. The total estimated value of the works amounted to ₹ 701.97 lakh resulting in tax evasion of ₹ 84.24 lakh as detailed in **Table-2.40.**

Table-2.40: Calculation of tax payable by unregistered contractors/ suppliers

Department	No. of works	No. of contrac-tors	Total value of works (₹ in lakh)	Tax payable @12% (₹ in lakh)	Tax paid
RD	45	38	701.97	84.24	0.00

Source: Departmental records

Since the Department had irregularly made transactions with suppliers who were not registered under GST, there was no scope for Tax Deduction at Source, consequently leading to possible evasion of the tax.

The matter was reported to the Department and Government in August 2021 and while accepting the fact, the RD Department stated (September 2021) that construction materials like cement, stone chips, sand, wood planks, *etc.*, were purchased locally on need basis, without considering the GST registration of the shops. However, all future procurement shall be done only from registered suppliers.

However, the fact remained that the procurement of goods was done from unregistered suppliers resulting in evasion of ₹ 84.24 lakh as tax.

It is recommended that registration of contractors/ suppliers under the GST Act whose turnover exceed ₹ 10 lakh should be ensured before entering into any contract to avoid evasion of tax. For this, appropriate tendering method should be strictly adhered to.

It is recommended that the Department may forward the details of work done by un-registered contractors/ suppliers to GST Department for taking necessary action and the contractors/ suppliers concerned also be asked to deposit tax as per Rules.

2.4.7.8 Non-Deduction of TDS

Section 51 of the Mizoram Goods and Services Tax (MGST) Act, 2017 provides for deduction of tax by the Government Agencies of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees. The amount deducted as tax under this section shall be paid to the Government by the deductor within ten days after the end of the month in which such deduction is made along with a return in FORM GSTR-7 giving the details of deductions and deductees. Further, the deductor has to issue a certificate to the deductee mentioning therein the contract value, rate of deduction, amount deducted, *etc.*

Also, as per notification No. J. 21011/1(ii)/2018-TAX/Pt: dt.25.09.2018 issued by the Taxation Department, GoM, the provisions for tax deducted at source (TDS) under GST regime came into effect from 01 October 2018 and the rate of TDS was fixed at 2 *per cent* of the supply value. It was also made mandatory that deductor should file a monthly return.

It was seen in audit that 17 contractors[34] were awarded 17 works[35] after 01 October 2018. As such, the Departments were liable to deduct TDS from the bills of the contractors as the value of their supplies exceeded the threshold of ₹ 2.50 lakh. The combined value of the works of all the contractors amounted to ₹ 312.86 lakh (₹ 199.25 lakh under Commerce & Industries + ₹ 113.61 lakh under LAD). The Departments were thus required to deduct ₹ 6.26 lakh (₹ 3.99 lakh under Commerce & Industries, ₹ 2.27 lakh under LAD) as TDS from the contractors and deposit the amount to Government account as detailed in **Appendix-2.4.2.** However, there was no documentation of deduction and deposit of TDS on record.

The matter was reported to the Departments and Government in August 2021 and while accepting the facts LAD stated (October 2021) that the Department is liable to deduct ₹ 2.27 lakh during 2018 and that all the works were awarded to non-registered contractors having no GST Registration. As a result, deduction of TDS cannot be ensured. Also, Commerce & Industries Department stated (November 2021) that the Department was not clear whether TDS was to be deducted during the initial stage of introduction of TDS under GST.

The replies of the Departments are not acceptable. Even if the Departments were not clear about the requirement of TDS under GST, deductions could have been done at least at the rate of Mizoram Value Added Tax which was in vogue prior to the introduction of GST.

It is recommended that details of TDS not deducted from un-registered contractors/ suppliers may be forwarded to the GST Department for taking necessary action and the contractors/ suppliers also be asked to deposit tax as per Rules.

2.4.7.9 Irregularities in construction of works observed during physical verification

In order to verify whether the works were executed as per specification in terms of quantity and quality and whether the works were actually executed by the test checked Departments, Joint Physical Verification (JPV) of the works were carried out along with the officials of the Departments during the course of audit. During the JPV, the following irregularities were observed:

[34] 11 contractors under Commerce & Industries + six contractors under LAD

[35] 11 works under Commerce & Industries + six under LAD

A. Agriculture Department: - Construction of Link Roads

The Agriculture Department is the principal Department promoting agriculture and looking after the welfare of the farmers by providing assistance in the form of seeds, fertilizers and other inputs like power tillers, *etc*., and construction of **agricultural link roads**. They also disseminate information regarding soil health and the type of crops to be cultivated so that the farmers may profitably cultivate their crops.

The Agriculture Department executed projects of construction of agriculture link roads to provide connectivity to the farmland. It was seen in audit that all the roads were estimated with a standard rate of ₹ 5.00 lakh per kilometer irrespective of the nature of the terrain and the soil and rock composition.

JPV of 24 agriculture link roads were done in the three districts of Serchhip, Aizawl and Kolasib. During the course of physical verification, the following irregularities were observed.

(i) Out of the 24 roads inspected, 09 roads with a combined length of 14 kms costing ₹ 70 lakh were not connected to agricultural land.

Agriculture link road from Pengpui to Pharbawk Kawn

Agriculture link road from Kelsih field to Tlawng kawng

Four roads were found to be constructed with the executed length being less than the estimated length as given in the **Table-2.41.**

Table-2.41: Roads with executed length less than the estimated length

Sl. No	Name of the road	Estimated length (in km)	Actual length (in km)	Shortage (in km)	Date of award of work	Date of completion	Date of inspection
1.	Zawlpui Agri. Link Road (Serchhip)	2.000	0.700	1.300	23.02.2018	25.05.2018	13.02.2021
2.	Damlui to Tuilut (Kolasib)	2.000	1.600	0.400	23.02.2018	18.06.2018	23.02.2021
3.	Leitan Lui to Vawngawn (Aizawl)	3.000	0.500	2.500	04.07.2017	15.01.2018	20.02.2021
4.	Arbai Road to Chawimawia Huan (Aizawl)	1.500	0.600	0.900	04.07.2017	21.11.2017	20.02.2021

Source: Joint physical verification

The payments to the contractors were made on the basis of the length of the roads as per the estimates and not on the basis of the actual work done.

(ii) One road *i.e.,* World Bank Road to Ngawbial/ Zangen Zau (Bethlehem Vengthlang) constructed at a cost of ₹ 10.00 lakh was not accessible by vehicle. The link road was found to be only a foot path.

The matter was reported to the Department and Government in August 2021 and the Department stated (October 2021) that the estimates of the projects were made without considering the volume of earth/ soft/ hard rock to be removed, topography and location of the land through which roads were to be constructed. They simply fixed a flat rate of ₹ 5.00 lakh per km. This led to the shortage in achieving the targeted length of the projects.

The reply of the Department confirmed the fact regarding faulty practice of application of flat rate of ₹ 5.00 lakh per km by the Department for all types of terrain leading to short construction of the agricultural link roads. Further, due to improper planning especially in prioritising the projects on need based; 09 roads out of the 24 roads inspected did not connect to agricultural land and were not utilised by the farmers.

B. Local Administration Department.

LAD is the Nodal Department looking after the administration of the Village Councils. The various development funds for Rural Local Bodies (Village Councils in Mizoram) like the Central Finance Commission grants and State Finance Commission grants are routed through the Department which in turn execute some of the works departmentally or transfer the funds to the accounts of the Village Councils.

Ten works executed by the LAD Department were physically verified during Joint Physical Verification with the Department officials and the findings are as given below:

(i). Out of the ten works physically verified, the following two assets/ works were not found in the place where they were shown to have been constructed as shown in **Table-2.42**.

Table-2.42: Missing works

Sl. No	Name of work	Year of Construction	Location as per estimate	Estimated amount (₹ in lakh)	Date of award of work	Date of completion	Date of inspection
1.	Construction of RCC Bench at Sihphir	2016-17	YMA Park Sihphir	1.00	01.03.2017	28.07.2017	13.10.2021
2.	Construction of Retaining Wall at Sihphir	2018-19	Below Lalnunzira's House at Sihphir	0.60	17.09.2018	15.01.2019	13.10.2021
Total				**1.60**			

(ii). In three of the works, shortages in quantity of work were observed as given in **Table-2.43.**

Table-2.43: Short execution of works

Sl. No	Name of Work	Year of Construction	Estimated amount (₹ in lakh)	Estimated length (M)	Actual length (M)	Shortage (M)
1.	Construction of Side Drain from H. Dinthangi's House to Suidena's House Model Veng, Lengpui	2016-17	0.80	50.00	39.00	11.00
2.	Construction of PCC Flooring Between Vanlalruata's House to Thanzual's House at Venglai Lengpui	2016-17	1.16	65.00	52.70	12.30
3.	Construction of Side Drain Between MHIP Run to Hmangaihzual's House at Lengpui	2017-18	0.80	57.00	49.00	8.00

(iii). One work *i.e.,* Construction of Lengpui Community Hall with estimated cost of ₹ 15.00 lakh was not constructed. During physical verification/ inspection, it was observed that the fund was diverted for construction of local Young Mizo Association office. However, there was no approval on record for such diversion.

C. Commerce & Industries Department.

Commerce & Industries Department is entrusted the task of promoting industries and trades through the setting up of industrial hubs, local markets, road-side markets, *etc*., 19 works executed by the Department were jointly verified at the spot along with the Department officials during the audit. The findings of the JPV are given in the succeeding paragraphs:

(i) Short execution of work

Out of the 19 works physically verified, one work *i.e.,* Construction of Market at Sihphir Arpu veng was executed during 2017-18 at a cost ₹ 50.00 lakh with an estimated length of 49.30 feet and breadth of 14.9 feet. During JPV, it was found that the breadth was found to be as per the estimate (14.9 feet), however, the actual length of the building was only 44.50 feet leading to shortage of 5.00 feet in length.

(ii) Sub-Standard work

During the course of JPV, it was observed that the quality of following two ongoing works was found to be sub-standard with lot of cracks in the walls and roof even before being occupied as detailed in **Table-2.44.**

Table-2.44: Details of sub-standard works

Sl. No.	Name of work	Sanctioned amount (₹ in lakh)	Remarks	Date of award of work	Date of completion	Date of inspection
1.	Construction of New Serchhip Market	50.00	Multiple cracks in the walls and roof of the building	01.03.2018	Ongoing	23.10.2021
2.	Construction of Sairang Market Phase-I & II	232.00	Multiple cracks in the walls, floor and roof of the building	31.03.2017 & 12.03.2018	31.03.2021 & Ongoing	18.10.2021

The Department has a technical personnel upto the level of Assistant Engineer only. The absence of qualified technical personnel in the Department can be attributed as the reason for the substandard quality of works.

Pictorial representation of the sub-standard quality of works is given below:

New Serchhip Market:


Cracks on partition wall


Cracks on ceiling of ground floor


Cracks on outer wall

Sairang Market:


Cracks on ceiling and wall


Cracks on elevated platform


Cracks on the floor

D. Home (Police) Department

The primary function of Home (Police) Department is to provide security to the general public, control crime and criminal activities through their various branches and units. In order to ensure that the Department performs its duty and fulfills its responsibility towards the citizens, it has to be equipped with proper facilities, not only in terms of weapons, arms and ammunitions but in terms of housing and residential facilities.

During the course of audit, it was seen that the Department undertook various types of construction activities. Hence, Joint Physical Verification of the works executed by the Department was done along with the officials of the Department. The following points were observed during the joint verification:

Sub-standard work: During the course of JPV, it was observed that the quality of work in Central Clothing Store, 3rd MAP, Mualpui completed in December 2019 was sub-standard with multiple cracks in the walls and floor of the building.

The test checked Departments did not have any quality control set up to keep watch on the effectiveness and adequacy of quality control measures as discussed in **Paragraph-2.4.8.1**. Thus, due to absence of any quality control set up to provide guidance to the field engineers, the quality of the building was sub-standard.

		
Cracks on the floor	Cracks on the wall	Cracks on the wall

It is recommended that proper survey and investigation be done before taking up construction of agriculture link road so as to establish the reasonableness of the estimated rates and also to ensure that the roads are actually providing connectivity to agricultural land and benefits the farmers.

As the works are ongoing, it is recommended that the repair and rectification of sub-standard works is completed after proper technical inspection prior to taking over the projects.

It is recommended that Departments maintain the Asset Registers of the Assets created.

2.4.8 Quality Monitoring

2.4.8.1 Non-existence of quality control set up

As per Section 53.5 and 53.7 of the CPWD Manual, independent quality assurance set up to keep watch on the effectiveness and adequacy of quality control measures at site and to provide guidance to the field engineers should be set up by the Departments. It is the duty of the construction staff and Engineer-in-Charge to ensure that materials duly approved by competent authority are used in the work. There should also be a testing laboratory at the site of works.

In reply to audit query, the five test checked Departments stated they do not have any quality control set up to provide guidance to the field engineers. There was no approval of material to be utilised for construction of works. Further, none of the test checked Departments had setup any laboratory at the site of the works in order to test the quality of materials.

It is recommended that Departments may set up testing laboratories at site to ensure quality of materials utilised in the construction works.

2.4.8.2 Non-maintenance of Inspection Register

As envisaged in Section 25.2 of CPWD Manual, Inspection Register should be maintained at the site of work in order to record the observations of inspecting engineer.

In reply to audit query, the five test checked Departments stated they do not maintain any Inspection Register. This is an indication that inspections were not carried out by the engineers of the Department in order to ensure that works were carried out as per specification.

Thus, in absence of any quality assurance cell and inspection of the works at site including testing of materials to be used for the works, execution of the works as per specifications could not be ensured by the Departments, the result of which could be seen in poor quality of construction of Bazar Buildings at New Serchhip and Sairang and construction of Central Clothing Store at 3rd MAP, Mualpui.

It is recommended that the Departments may maintain Inspection Register of works at site, to record the observations of the inspecting engineer.

2.4.9 Conclusion

The Audit of 'Execution of Works by Non-works Departments' revealed a number of shortcomings on the part of the test checked Departments in the execution of works. Works were executed without following due procedure. Some works were executed beyond their technical power or without obtaining technical sanction from technically qualified Engineers of the SPWD. Works were also given for execution without signing of any contract agreement. Due processes like open tendering were not followed properly. There was tendency to award works through restricted tender when the works did not call for any urgency or secrecy.

Basic accounting propriety was not followed while passing the bills and funds were withdrawn by passing fictitious bills. There were cases of measurements not done for works or measurements done by the contractors themselves instead of by the Departments, for which payments were made as per the measurements of the contractors. Non-adherence to Rules also resulted in evasion of tax payment by contractors.

The test checked Departments did not have the requisite technical personnel to ensure quality of works done. None of the test checked non-works Departments have any technical wing to monitor the quality of works. Mandatory testing of construction material was also not done to ensure that the materials conform to desired specifications.

POWER AND ELECTRICITY DEPARTMENT

2.5 Uneconomical expenditure

Construction of Tuiching Micro Hydel Project resulted in uneconomical expenditure of ₹ 155.24 lakh

The construction of Tuiching Micro Hydel Project[36] (100 KW) was approved by Ministry of New and Renewable Energy (MNRE), GoI at an estimated cost of ₹ 155.91 lakh (March 2011). As per Detailed Project Report (DPR) prepared (August 2009) by Zoram Energy Development Agency (ZEDA)[37], the plant was to generate power of 100 KW and revenue of ₹ 12.03 lakh per year.

Out of the estimate of ₹ 155.91 lakh, MNRE sanctioned (March 2011) ₹ 100.25 lakh as Grant-in-Aid and released ₹ 90.00 lakh[38] in March 2011 and December 2017 while NEC sanctioned (February 2012) ₹ 55.66 lakh[39] on the basis of 90:10 NEC-State share and released ₹ 50.09 lakh[40] during the period between February 2013 and March 2019. GoM released ₹ 5.91 lakh[41] as State matching share of NEC funded portion during the period between November 2012 and June 2019. Project was sanctioned by GoI/ NEC to be completed within two years *i.e.*, March 2013 from the date of release of 1st installment *i.e.*, March 2011.

Execution of the project was started by ZEDA in February 2012 but due to shortage of staff, was handed over (January 2013) to Power and Electricity Department, GoM and was executed by the Ngopa Hydel Division of the Department with an expenditure of ₹ 155.24 lakh[42].

On scrutiny of records, it was seen that all the equipment was installed, and the project was expected to be tested and commissioned within December 2018. However, as per the report on the status of commissioning (May 2019), the commissioning works could

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[36] Major components of the project are like Power Plan & Electrical systems, communication, buildings, trench weir, power channel, *etc*.

[37] Zoram Energy Development Agency (ZEDA) is an autonomous body established by the GoM to undertake all programmes in the field of Non-Conventional & Renewable Energy Sources

[38] ₹ 25.00 lakh *plus* ₹ 65.00 lakh

[39] Out of total sanction of ₹ 195.57 lakh, ₹ 55.66 lakh was for Tuiching Micro Hydel Project while ₹ 139.91 lakh for Tuiriza Micro Hydel Project

[40] Out of total release of ₹ 176.01 lakh (₹ 60.00 lakh (February 2012) *plus* ₹ 50.00 lakh (February 2017) *plus* ₹ 66.01 lakh (March 2019)) by NEC after deducting 10 *per cent* as State share, ₹ 50.09 lakh was for Tuiching Micro Hydel Project while ₹ 125.91 lakh for Tuiriza Micro Hydel Project

[41] Out of total release of ₹ 19.56 lakh (₹ 6.67 lakh (November 2012) *plus* ₹ 5.56 lakh (December 2017) *plus* ₹ *7.33* lakh (June 2019)) by GoM, ₹ 5.91 lakh was for Tuiching Micro Hydel Project while ₹ 13.65 lakh was for Tuiriza Micro Hydel Project

[42] MNRE ₹ 65.77 lakh *plus NEC* ₹ 83.56 lakh *plus* State share ₹ 5.91 lakh

not be completed due to insufficient discharge of water. Thereafter, the project was reported to be completed and trial run conducted successfully on 05 June 2019.

Scrutiny of the operation statistics of the commissioning report (July 2019) showed a generation of 35 KW only *i.e.,* around one-third of the targeted generation capacity of 100 KW. A total of 69,958 KWH power was generated since date of commissioning from July 2019 till August 2021. Further, the project could generate a revenue of only ₹ 3.53 lakh (unit cost ₹ 5.05 x 69,958 KWH) for 26 months which was far lesser than the estimated annual revenue of ₹ 12.03 lakh, thus failing to meet the Operation and Maintenance cost of ₹ 32.76 lakh (₹ 1.26 lakh x 26 months).

One of the purposes of the project as per DPR was to reduce the expenditure on power import. However, it was observed that the Department was incurring expenditure on operation and maintenance of the plant which was more than the monetary value of the power generated, thus making the plant economically unviable. This is in addition to the capital cost of ₹ 155.24 lakh which was already incurred for setting up of the plant.

Further, it was seen that the under-achievement of the hydel plant was partly due to the fact that the DPR of Tuiching Micro Hydel project was based on the survey and investigation that was carried out during the period between September 1999 and August 2001. Thus, the hydro-meteorological data in the DPR was more than 10 years old at the start of the project execution in 2012.

The matter was brought to the notice of the Department and Government in July 2021 and the Government, while attributing the low generation to the decrease in rainfall, stated (August 2021) that as per the climate change profile of Mizoram prepared by the Climate Change Cell of Science and Technology Department, GoM, rainfall decreases at the rate of 14.05 mm per year in Mizoram. It also attributed the low discharge of water to the construction of solar water pumping system by Public Health Engineering Department, GoM at upstream of the Tuiching project for Hriangmun and Mimbung villages. The Government further stated that the operation and maintenance cost of the project was (₹ 0.228 lakh) per month for two Muster roll employees.

The reply of the Government attributing the low power generation to the decrease in rainfall was not found to be tenable as the cumulative decrease in rainfall over the period of twelve years (from the survey year *i.e.*, 2000 to the year of project execution *i.e.*, 2012) would still be only nine *per cent* [43] of the average annual rainfall of 1,866.50 mm (as per DPR) and was not commensurate with the under achievement of around 65[44] *per cent* in power generation capacity.

Further, the reply of the Government attributing the low power generation to the solar water pumping system for Hrianghmun and Mimbung villages was also found to be not tenable as the low power generation of Tuiching plant was witnessed even before

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[43] Cumulative decrease in rainfall from survey year to project execution year = 14.05 mm * 12 years = 168.60 mm. Thus, percentage decrease = 168.60 mm * 100/1,866.50 mm (average annual rainfall as per the DPR)

[44] only 35 KW attained out of the targeted 100 KW

the commissioning of the solar pumping system in March 2020. Also, even if the contention of the Government that expenditure was incurred only on two muster roll employees was to be accepted, the plant would still not be economically viable as the operation and maintenance cost would be ₹ 5.93 lakh for 26 months *vis-à-vis* the revenue of ₹ 3.53 lakh generated within the 26 months. Moreover, the contention that the hydel project was being looked after by officials without technical qualifications was found to be not tenable.

Recommendation:

The Department/ Government should select/ take up new projects only after proper investigation, reliable data and co-ordination with other line Departments.

TOURISM DEPARTMENT

2.6 Wasteful expenditure

Wasteful expenditure of ₹ 15.09 crore on installation and operation of Cable-Car between Durtlang to Chaltlang under Eco Circuit theme of Swadesh Darshan

As per Section 2.1(2) of the CPWD Manual, 2014 followed by the Mizoram Government, no work should normally be commenced or any liability thereon incurred until an administrative approval has been obtained, a properly prepared detailed estimate has been technically sanctioned and, where necessary, expenditure sanction has been accorded and allotment of funds made.

The Director, Tourism Department, GoM submitted (2 March 2017) Detailed Project Report (DPR) for development of Eco-Adventure Circuit for Mamit - Aizawl, Mizoram under Swadesh Darshan to be completed within 18 months.

GoI, Ministry of Tourism (MoT) accorded (27 March 2017) expenditure sanction of ₹ 99.07 crore[45] as Central Financial Assistance for the "Development of Eco-Adventure Circuit: Aizawl – Rawpuichhip – Khawhpawp – Lengpui – Durtlang – Chaltlang –

45

Sl. No.	Components	Sanctioned Amount (₹ in crore)
1.	Rawpuichhip	5.08
2.	Tuirial Airfield	21.39
3.	Khawhpawp	3.58
4.	Hmuifang	9.43
5.	Berawtlang	2.55
6.	Sakawrhmuituaitlang	9.40
7.	Muthee	9.06
8.	**Durtlang**	**31.14**
9.	**Chaltlang**	**1.90**
10.	Aizawl City	0.82
Total	**Total**	**94.35**
	Add: Contingencies Charges @ 3%	2.83
	Add: Architecture Fee @2%	1.89
	Grand Total	**99.07**

Sakawrhmuituaitlang - Muthee – Berawtlang - Tuirial Airfield - Hmuifang" under Eco - circuit theme of Swadesh Darshan Scheme to be completed and commissioned within 30 months. The project *inter alia* included 16 items[46] of work components at Durtlang worth ₹ 31.14 crore including a component on construction of cable car from Durtlang to Chaltlang worth ₹ 24.83 crore. Out of ₹ 99.07 crore sanctioned, the Ministry without specifying the area-wise/ component-wise amount released ₹ 49.53 crore[47] under the project Swadesh Darshan.

In terms of the GoI sanction order (27 March 2017), the State Government would take all necessary clearances which are required as per prevailing rules and regulations before undertaking the project and shall set up a Monitoring Committee headed by Secretary (Tourism) Mizoram to monitor the physical and financial progress of the project and submit the progress report to the Ministry of Tourism on a quarterly basis.

GoM appointed a consultant[48] for the development of Eco-Adventure project (19 May 2017) and paid an amount of ₹ 2.97[49] crore as consultancy charges. The scope of work for the consultant besides other things included site survey, site clearance, *etc*.

Test check (November-December 2020) of records of the Member Secretary, Mizoram Tourism Development Agency (MTDA) under Tourism Department, GoM revealed that the project components including cable car at Durtlang was executed through two contractors[50] selected through restricted tenders in August/ September 2017 and the works were to be completed by December 2018.

The MTDA incurred expenditure of ₹ 15.09 crore during the period September 2017 to November 2018 towards payment to the contractors for the installation and operation of Cable Car from Durtlang to Chaltlang as detailed in **Appendix-2.6.1.**

Scrutiny of records further revealed that the proposed rope-way cable car between Durtlang and Chaltlang would cross through three high power transmission lines of 132 KV and a number of 11 KV and LT (Low Tension) lines belonging to the State Power and Electricity Department and Power Grid Corporation. In the meeting (12 September 2018) between the Tourism Department and representatives from Power and Electricity Department and Power Grid Corporation, it was decided that the proposed ropeway (cable car) may not be feasible and may be shifted to other location from the planned location.

It was observed that the consultant did not mention the presence of high power transmission lines of 132 KV, 11 KV and LT lines in the path of the cable car route from Durtlang to Chaltlang in the DPR and also did not submit any feasibility report of the project.

[46] (1). Rain Shelter, (2). Equipment Store & Workshop, (3). Public Convenience, (4). Cafeteria, (5). Visitors Centre, (6). Signages, (7). Solid Waste Management System, (8). Cable car (to Chaltlang), (9). Zip Line, (10). Parking, (11). Landscaping, (12). Campus Solar Illumination, (13). Benches, (14). CCTV, (15). Bottle Flaking Machine, and (16). Compound Wall

[47] ₹ 19.81 crore in March 2017 + ₹ 24.82 crore in September 2017 + ₹ 4.90 crore in September 2018

[48] M/s Leading Edge Adventure & Airparks Pvt. Ltd.

[49] ₹ 1.70 crore on 19.6.2017 and ₹ 1.27 crore on 20.6.2017

[50] Joint venture of M/s NEIP Projects Pvt. Ltd. and M/s Ropeway & Resort Pvt. Ltd. on the adventure components and the civil components by M/s Lushai Engineers

The MoT, GoI further observed (December 2019) that the work on component of the ropeway (cable car) was undertaken without obtaining the necessary approvals and without assessing the feasibility of the project component. It was further stated that to avoid any further delay to the project, the component of this cable car amounting to ₹ 24.83 crore was dropped from the project cost and the expenditure incurred on this component shall be borne by the State Government. The Ministry also dropped (April 2021) all other components of the project worth ₹ 31.14 crore of Durtlang area with the result that the expenditure incurred (₹ 15.09 crore) by MTDA for cable car installation project was totally wasted.

The matter was brought to the notice of the Government who admitted (October 2021) that no feasibility studies were conducted. It was also stated that MTDA had instructed (February 2020) the contractor to return ₹ 12.22 crore[51] relating to cable car component and a show cause notice has been issued in September 2020 charging the contractor for the delay in completion of the project and invoking liquidated damage of 0.05 *per cent* of the delayed portion of work per day. It was further stated that the State Government would not be in a position to take up the cable car project from the State fund and legal course of action was being initiated by the Department as the contractor did not return ₹ 12.22 crore to the Department.

Thus, due to the Department's acceptance of the DPR prepared by the Consultant which did not contain site survey and site clearance of the project, resulted in wasteful expenditure of ₹ 15.09 crore. Moreover, the Department took up the work without even checking up the presence of otherwise visible high power transmission lines and LT line.

Recommendation:

Responsibility of the officials needs to be fixed for taking up of the projects/ works without obtaining necessary approvals and without assessing the feasibility of the project component resulting in wasteful expenditure.

[51] Total amount payable ₹ 14.70 crore *minus* ₹ 2.48 crore mobilisation advance paid in respect of cable car component only at serial one to five of **Appendix-2.6.1.**

CHAPTER – III

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

CHAPTER-III

ECONOMIC SECTOR
(PUBLIC SECTOR UNDERTAKINGS)

3.1 Functioning of Public Sector Undertakings

3.1.1 Introduction

The State Public Sector Undertakings (PSUs) consist of the State Government Companies and Statutory Corporations. The PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and the State economy. As of 31 March 2020, there were five PSUs (all Government companies) in Mizoram as detailed in **Table-3.1**:

Table-3.1: Total number of PSUs as of 31 March 2020

Type of PSU	Working PSUs	Non-working PSUs	Total
Government Companies[52]	4	1[53]	5
Total	**4**	**1**	**5**

None of these companies were listed on the stock exchange which means that the shares of the PSUs cannot be traded in the stock exchange. During the year 2019-20, no new PSU was incorporated.

3.1.2 Investment in PSUs

3.1.2.1 State Government's investment in PSUs

The State's investment in its PSUs was by way of share capital/ loans and special financial support by way of grants.

As of 31 March 2020, the investment by the Government of Mizoram (GoM) (capital and long-term loans) in five PSUs was ₹ 62.27 crore[54] as detailed in **Table-3.2**:

Table-3.2: Details of State's investment in PSUs

(₹ in crore)

Year	Equity Capital	Long term Loans	Total
2019-20	52.82	9.45	**62.27**
2015-16	54.04	10.44	**64.48**

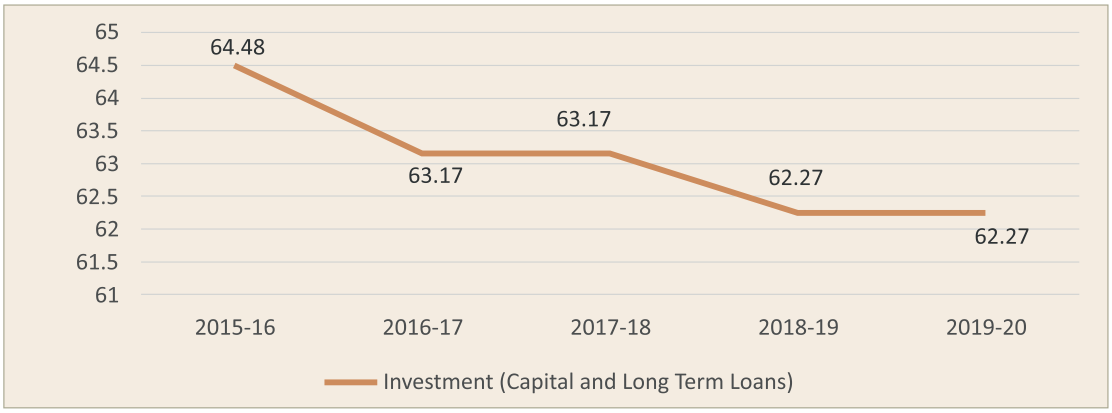
[52] Government Companies includes other companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013

[53] Pursuant to the decision taken by the Government of Mizoram to close the Company viz., Zoram Electronics Development Corporation Limited (ZENICS), all the assets of the Company had been transferred to Mizoram e-Governance Society (MSeGS) during 2015-16. However, the process of liquidation has not been initiated till date, therefore, necessary action needs to be taken by the Government

[54] The figures of investment are provisional and as provided by the PSUs as none of the five PSUs had finalised their accounts for 2019-20 as of September 2020

The State Government's investment as on 31 March 2020 consisted of ₹ 52.82 crore (84.82 *per cent)* towards equity capital and ₹ 9.45 crore (15.18 *per cent*) in long-term loans as against ₹ 54.04 crore (83.81 *per cent*) towards equity capital and ₹ 10.44 crore (16.19 *per cent*) in long-term loans as on 31 March 2016. A graphical presentation of State Government's investment in PSUs during last five years (2015-16 to 2019-20) has been given in **Chart-3.1.1**:

Chart-3.1.1: State's total investment in PSUs



As can be noticed from the **Chart-3.1.1** above, the State Government's investment in PSUs during last five years has declined by 3.43 *per cent* from ₹ 64.48 crore in 2015-16 to ₹ 62.27 crore as of 31 March 2020 mainly due to reduction (₹ 0.99 crore) in the loans of Mizoram Handloom and Handicrafts Development Corporation Limited, reduction (₹ 1.00 crore) in the equity of Mizoram Agriculture Marketing Development Corporation and reduction (₹ 0.22 crore) in the equity of Zoram Electronics Development Corporation Limited.

During 2019-20, out of five PSUs where State Government had made direct investment, four PSUs incurred losses and only one PSU (Zoram Industrial Development Corporation Limited) earned profit (₹ 0.82 crore) as per their latest finalised accounts **(Appendix-3.1.1)**. However, this profit making PSU had not declared any dividend. There was no recorded information about the existence of any specific policy of the State Government regarding payment of minimum dividend by the PSUs.

The State Government's investment (historical value) in the five PSUs mentioned above had eroded by 1.46 *per cent* in 2019-20 and the losses of two[55] out of these five PSUs (accumulated losses of ₹ 27.34 crore) had completely eroded the State's investment in their paid-up capital (₹ 25.72 crore) as per their latest finalised accounts.

3.1.2.2 Total Sector-wise investment in PSUs

Total investment of State Government and Other Stakeholders (Central Government, Holding companies, Banks, Financial Institutions, *etc.*) in PSUs in various important sectors of economy at the end of 31 March 2016 and 31 March 2020 has been given in **Table-3.3**.

[55] Serial no. one and four of **Appendix-3.1.1**

Table-3.3: Sector-wise details of total investments in PSUs

(₹ in crore)

Sector	Number of PSUs	Total Investment	
		2015-16	2019-20[56]
Agricultural Marketing	1	6.45	7.54
Financing	1	39.24	45.46
Manufacturing	2	27.45	27.23
Miscellaneous	1	11.24	10.10
Total	**5**	**84.38**	**90.33**

It can be seen from the **Table-3.3** above that as compared to 2015-16, the combined investment of State Government and Other Stakeholders during 2019-20 increased in Financing sector by ₹ 6.22 crore (15.85 *per cent*) on account of increase (₹ 6.22 crore) in long term loans of Zoram Industrial Development Corporation Limited and decrease in Miscellaneous Sector ₹ 1.14 crore (10.14 *per cent*) on account of decrease (₹ 0.99 crore) in long term loans of Mizoram Handloom and Handicrafts Development Corporation Limited.

3.1.3 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the Finance Department and the PSUs concerned should carry out reconciliation of differences. The position in this regard as on 31 March 2020 is given in **Table-3.4**.

Table-3.4: Equity, loans, guarantees outstanding[57] as per the Finance Accounts *vis-à-vis* records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	6.99	52.82	45.83
Loans[58]	33.02	9.45	23.57
Guarantee	31.09	30.60	0.49

Source: Finance Accounts 2019-20 and PSUs' records

As on 31 March 2020, there were unreconciled differences in the figures of equity (₹ 45.83 crore), loans (₹ 23.57 crore) and guarantees (₹ 0.49 crore) as per two sets of records. The differences occurred in respect of all five PSUs where State Government had made direct investment and reconciliation of these two sets of figures has been pending for more than ten years.

[56] The figures of investment are provisional and as provided by the PSUs as none of the five PSUs had finalised their accounts for 2019-20 as of September 2020

[57] Figures of investment (equity and loans) as per PSU records are provisional and as provided by the PSUs as none of the six PSUs had finalised their up-to-date accounts during any of the last three years

[58] Loans as per Finance Accounts represent the aggregate of 'Loans to Public Sector and Other Undertakings' as depicted under Statement 18 to the State Finance Accounts for the respective year

Regarding the Loan figures as per State Finance Accounts, the Finance Department disbursed the loans to various Departments of the State Government for different sectoral activities and booked the amount sector-wise in the Finance Accounts. In turn, the Departments disbursed these loans to respective PSUs functioning under their administrative control. Hence, the details of the State Government loans provided to various PSUs are not available in the State Finance Accounts.

Though the Principal Secretary, Finance Department, GoM as well as the Management of the PSUs concerned were apprised regularly about the differences impressing upon the need for early reconciliation, no significant progress was noticed in this regard.

State Government and the PSUs concerned may take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of financing the PSUs and the Finance Accounts be updated.

3.1.4 Special support and guarantees to PSUs during the year

State Government provides financial support to PSUs in various forms through annual budgetary allocations. The details of budgetary outgo towards equity, loans and grants/ subsidies in respect of PSUs for five years ended 2019-20 are given in **Table-3.5**:

Table-3.5: Details of budgetary support to PSUs

(₹ in crore)

Particulars	2015-16		2016-17		2017-18		2018-19		2019-20	
	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
Equity Capital outgo from budget	-	-	-	-	-	-	-	-	-	-
Loans given from budget	-	-	-	-	-	-	-	-	-	-
Grants provided	3	9.92	4	6.88	2	5.17	2	4.54	2	5.53
Total Outgo (1+2+3)	**3**	**9.92**	**4**	**6.88**	**2**	**5.17**	**2**	**4.54**	**2**	**5.53**
Guarantees issued during the year	-	-	-	-	-	-	-	-	-	-
Guarantee Commitment (Cumulative)	1	22.68	1	24.93	1	27.34	1	28.49	1	30.60

Source: As furnished by the state PSUs

As can be seen from the **Table-3.5** above, the budgetary support provided by the State Government to PSUs decreased from ₹ 9.92 crore in 2015-16 to ₹ 5.53 crore in 2019-20. During last five years (2015-20), the State Government has not provided any budgetary support in the form of equity capital and long term loans. During 2019-20, the budgetary assistance of ₹ 5.53 crore in the form of grants/ subsidy was provided mainly to meet the salaries and other establishment expenditure of two PSUs[59]. The State Government did not provide equity assistance to any PSUs during 2019-20.

[59] Zoram Industrial Development Corporation Limited (₹ 3.42 crore) and Mizoram Food and Allied Industries Corporation Limited (₹ 2.11 crore)

Government of Mizoram provides guarantee under Mizoram Guarantee Act, 2011 for PSUs to avail long-term borrowings from Banks and other financial institutions. During 2019-20, Guarantee commitments of ₹ 30.60 crore were outstanding pertaining to one PSU (Zoram Industrial Development Corporation Limited).

3.1.5 Accountability framework

The audit of the financial statements of a Company in respect of financial years commencing on or after 01 April 2014 is governed by the provisions of the Companies Act, 2013 (Act) and audit of the financial statements in respect of financial years that commenced earlier than 01 April 2014 continued to be governed by the Companies Act, 1956. The new Act has brought about increased Regulatory Framework, wider Management responsibility and higher Professional Accountability.

3.1.5.1 Statutory Audit/ Supplementary Audit

Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG) audit the financial statements of a Government Company. In addition, CAG conducts the supplementary audit of these financial statements under the provisions of Section143 (6) of the Act.

3.1.5.2 Role of Government and Legislature

State Government exercises control over the affairs of these PSUs through its administrative departments. The Government appoints the Directors of the Board of these PSUs.

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

3.1.6 Arrears in finalisation of accounts

The financial statements of the companies are required to be finalised within six months after the end of the financial year *i.e.,* by September end to comply with the provisions of Section 96(1) of the Act. Failure to do so may attract penal provisions under Section 99 of the Act. Timely finalisation of accounts is important for the State Government to assess the financial health of the PSUs and to avoid financial misrepresentation and mismanagement. Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money going undetected apart from violation of the provision of the Companies Act, 2013.

Table-3.6 provides the details of progress made by the working PSUs in finalisation of their annual accounts as on 30 September 2020.

Table-3.6: Position relating to finalisation of accounts of working PSUs

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Number of PSUs	6	6	6	6	5[60]
Number of accounts finalised during current year	15	15	2	2	2
Number of PSUs with arrears in accounts	6	6	6	6	5
Number of accounts in arrears	29	20	24	28	27
Extent of arrears in years	2 to 10	1 to 7	2 to 8	1 to 9	1 to 10

As could be noticed from the **Table-3.6** above, the number of PSU accounts in arrears had reduced from 29 Accounts (2015-16) to 20 Accounts (2016-17) due to finalisation of 30 Accounts by the PSUs during 2015-16 and 2016-17. During the subsequent three years (2017-20), two PSUs finalised only six Accounts and consequently, the backlog of PSU accounts increased to 27 Accounts as on 31 March 2020.

During 2019-20, out of the four working PSUs, only one PSU[61] had finalised two Annual Accounts. Final Comment was issued on the accounts for the year 2017-18 and Non-Review Certificate was issued on the accounts for the year 2018-19. None of the PSUs had prepared up-to-date accounts (2019-20) as of 30 September 2020. The earliest accounts in arrears were since 2009-10 (nine Accounts) related to Zoram Electronics Development Corporation Limited as detailed in **Appendix-3.1.1**.

The administrative departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by the PSUs within the stipulated period.

The Principal Accountant General, Mizoram had been regularly pursuing with the Chief Secretary of Mizoram and the administrative departments concerned for liquidating the arrears of accounts of PSUs. However, the State Government and the PSUs concerned could not address the issue to clear pendency of accounts of the PSUs in a time bound manner.

Recommendations

1. *State Government may ensure clearance of arrears and set the targets for individual PSUs, which may be monitored.*
2. *The PSUs may get the figures of equity and loans reconciled with the State Government Departments and clear their arrear of accounts.*

3.1.7 Investment by State Government in PSUs whose accounts are in arrears

The State Government invested ₹ 27.70 crore in four PSUs (equity: ₹ 0.25 crore and grants: ₹ 27.45 crore) during the years for which the accounts of these PSUs had not been finalised as detailed in **Table-3.7**.

[60] One PSU *viz.* MMDCL has been dissolved.
[61] Zoram Industrial Development Corporation Limited (2017-18 & 2018-19)

Table-3.7: Investment by State Government in PSUs having accounts in arrears

(₹ in crore)

Sl. No	Name of PSU	Accounts finalised up to	Details of Accounts in arrears		Investment made by State Government during the period for which accounts are in arrears		
			Period	Number	Equity	Grants	Total
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	2011-12 to 2019-20	09	0.25	1.12	1.37
2.	Zoram Industrial Development Corporation Limited	2018-19	2019-20	01	-	3.42	3.42
3.	Zoram Electronics Development Corporation Limited	2009-10	2010-11 to 2019-20	10	-	8.41	8.41
4.	Mizoram Food and Allied Industries Corporation Limited	2014-15	2015-16 to 2019-20	05	-	14.50	14.50
Total					**0.25**	**27.45**	**27.70**

Source: Information as furnished by the PSUs

In the absence of finalised accounts and their subsequent audit, it cannot be verified if the investments made and the expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not.

Government may take special steps for expeditious clearance of arrears of accounts of PSUs. Until the accounts are made current, Government may consider not giving further financial assistance to such companies.

3.1.8 Performance of PSUs as per their latest finalised accounts

The financial position and working results of the PSUs are detailed in **Appendix-3.1.1**. **Table-3.8** provides the comparative details of the PSUs' turnover and State GDP for a period of five years ending 2019-20.

Table-3.8: Details of working PSUs turnover *vis-a-vis* State GDP

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover[62]	5.86	3.77	17.58	13.87	10.78
State GDP[63]	13,373.83	17,191.91	19,475.69	22,192.07	25,148.57
Percentage of Turnover to State GDP	0.04	0.02	0.09	0.06	0.04

Source: Latest finalised accounts, Economics and Statistics Department

From the **Table-3.8** above, it can be seen that contribution of the PSU turnover to the State GDP has reduced from 0.04 *per cent* (2015-16) to 0.02 *per cent* (2016-17). This was mainly due to the overall decline of ₹ 2.09 crore (35.67 *per cent*) in PSU turnover from

[62] Turnover of working PSUs as per their latest finalised accounts
[63] Information furnished by the Directorate of Economics and Statistics, GoM

₹ 5.86 crore (2015-16) to ₹ 3.77 crore (2016-17). However, it increased to 0.09 *per cent* (2017-18) due to overall increase in turnover to ₹ 17.58 crore (2017-18). Again, the contribution of PSU turnover to the State GDP declined to 0.04 *per cent* in 2019-20 due to the overall decline in turnover to ₹ 10.78 crore (2019-20). This was mainly due to the turnover decrease in the Financing sector by ₹ 3.09 crore (24.12 *per cent*) from ₹ 12.81 crore (2018-19) to ₹ 9.72 crore (2019-20).

3.1.8.1 Key parameters

Some other key parameters of PSUs performance as per their latest finalised accounts as on 30 September of the respective year are given in **Table-3.9** below:

Table-3.9: Key Parameters of PSUs

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Debt	24.55	30.68	30.68	31.87	31.87
Turnover[64]	5.86	3.77	17.58	13.87	10.78
Debt/ Turnover Ratio (DTR)	4.19:1	8.14:1	1.75:1	2.30:1	2.96:1
Interest Payments	0.06	0.02	0.02	0.02	0.02
Accumulated losses	57.89	62.09	59.14	57.10	54.89

Source: Latest finalised accounts

Debt-Turnover Ratio

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can be a signal of having too much of debt against the income of PSUs from core activities. Thus, the PSUs having lower DTR are more likely to comfortably manage their debt servicing and repayments.

PSU Debt

As could be seen from the **Table-3.9** above, the PSU debt during the period of five years, has increased by ₹ 7.32 crore (29.82 *per cent*) from ₹ 24.55 crore (2015-16) to ₹ 31.87 crore (2019-20). The PSU turnover during the five years had also increased by ₹ 4.92 crore (83.96 *per cent*) from ₹ 5.86 crore (2015-16) to ₹ 10.78 crore (2019-20). Consequently, the DTR decreased from 4.19:1 (2015-16) to 2.96:1 (2019-20). Further, the accumulated losses of the PSUs during the five years (2015-20) have recorded marginal decrease of ₹ 3.00 crore (5.18 *per cent*) from ₹ 57.89 crore (2015-16) to ₹ 54.89 crore (2019-20).

3.1.8.2 Erosion of capital due to losses

The paid-up capital and accumulated losses of five PSUs as per their latest finalised accounts as on 30 September 2020 were ₹ 58.73 crore and ₹ 54.89 crore respectively **(Appendix-3.1.1)**.

[64] Turnover of working PSUs as per the latest finalised accounts as on 30 September of the respective year

The Return on Equity[65] (RoE) in respect of three working PSUs[66] was 10.44 *per cent* as per their latest finalised accounts. The accumulated losses (₹ 27.34 crore) of remaining two PSUs has completely eroded their paid-up capital (₹ 25.72 crore) as detailed in the **Table-3.10**.

Table-3.10: PSUs with primary erosion of paid-up capital

(₹ in crore)

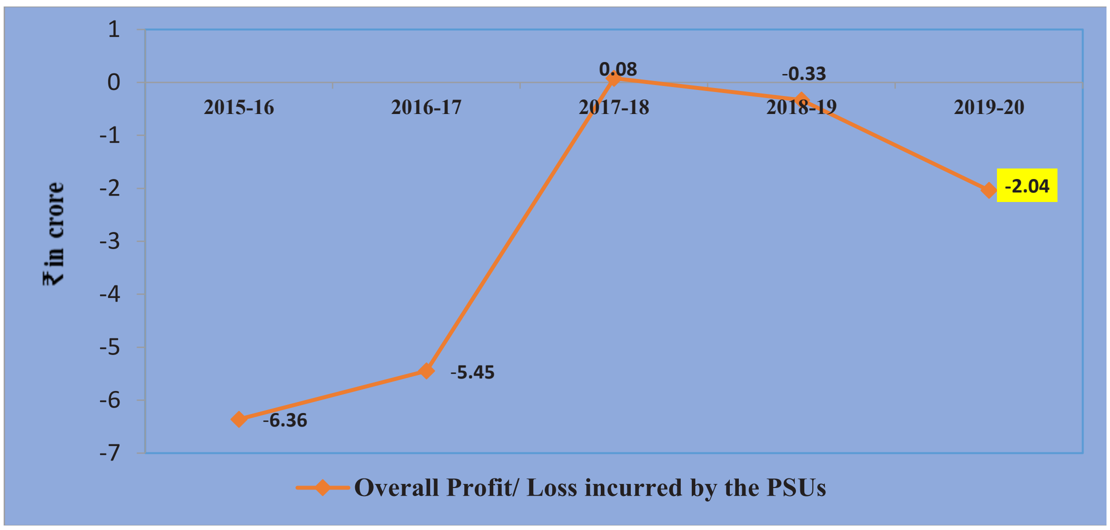
Sl. No.	Name of PSU	Latest finalised accounts	Paid up capital	Accumulated loss
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	5.72	6.43
2.	Mizoram Food and Allied Industries Corporation Limited	2014-15	20.00	20.91
Total			**25.72**	**27.34**

Source: Latest finalised accounts of PSUs

The accumulated losses of PSUs had eroded public wealth, which is a cause of serious concern and the State Government needs to review the working of these PSUs to either improve their profitability or close their operations.

The overall position of profit/ losses incurred by the PSUs during 2015-16 to 2019-20 as per their latest finalised accounts as on 30 September of the respective years has been depicted in **Chart-3.1.2:**

Chart-3.1.2: Overall profit (+)/ losses (-) of the PSUs[67]



From the **Chart-3.1.2** above, it can be seen that during the last five years, PSUs earned profits (₹ 0.08 crore) during one year (2017-18) only and incurred losses during the remaining four years ranging between ₹ 6.36 crore (2015-16) and ₹ 2.04 crore (2019-20).

[65] Return on Equity = Net Profit after taxes *less* preference dividend ÷ Shareholders' Fund/ Equity; Where, Shareholders' Fund/ Equity represents 'Paid up Share Capital *plus* Free Reserves and Surplus *minus* Accumulated Loss *minus* Deferred Revenue Expenditure

[66] Serial no. two, three and five of **Appendix-3.1.1**

[67] As per the latest finalised accounts as on 30 September of the respective years

The profits (₹ 0.08 crore) earned by the PSUs during 2017-18 were mainly due to profits aggregating ₹ 2.94 crore earned by Zoram Industrial Development Corporation Limited (₹ 1.66 crore) and Mizoram Handloom and Handicrafts Development Corporation Limited (₹ 1.28 crore).

During the year 2019-20, out of five PSUs, one PSU (Zoram Industrial Development Corporation Limited) earned profit of ₹ 0.82 crore while remaining four PSUs incurred aggregate losses of ₹ 2.87 crore. The details of major contributors to profits and losses of working PSUs are given in **Table-3.11**:

Table-3.11: Major Contributors to profits and losses of working PSUs

(₹ in crore)

Name of PSU	Latest finalised accounts	Profit (+)/ loss (-)
Contributors to profit		
Zoram Industrial Development Corporation Limited	2018-19	(+) 0.82
Contributors to losses		
Mizoram Food and Allied Industries Corporation Limited	2014-15	(-) 1.59
Mizoram Agricultural Marketing Corporation Limited	2010-11	(-) 1.02

3.1.8.3 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures the long term profitability and efficiency of the total capital employed by a company. Companies create value when they generate returns on the capital employed. ROCE is an important decision metric for long term lenders. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed[68].

During 2019-20, the overall Capital Employed in the five PSUs as per their latest accounts was ₹ 35.71 crore. The ROCE of the PSUs ranged from (-) 111.11 *per cent* (Mizoram Agricultural Marketing Corporation Limited) to (+) 2.68 *per cent* (Zoram Industrial Development Corporation Limited[69]). Further, out of five PSUs, one PSU[70] had negative Capital employed as well as negative ROCE **(Appendix-3.1.1).**

3.1.9 Return on Investment on the basis of Present Value of Investment

The Rate of Real Return (RORR) measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for their time value. To determine the RORR on Government Investment in the State PSUs, the investment of State Government in the form of equity, interest free loans and grants/subsidies given by the State Government for operational and management expenses less the disinvestments (if any), has been considered and indexed to their Present Value (PV) and summated. The RORR is then calculated by dividing the 'profit after tax' (PAT) of the PSUs by the sum of the PV of Government investment.

[68] Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure
[69] The only PSU with positive ROCE
[70] Serial no. four of **Appendix-3.1.1**

During 2019-20, out of the five[71] PSUs where State Government had made direct investment, four PSUs incurred loss and only one PSU[72] earned profit **(Appendix-3.1.1)**. On the basis of return on historical value, the State Government's investment eroded by 1.46 *per cent* during 2019-20. On the other hand, as per the RORR where the PV of investment is considered, the State Government's investment eroded by 1.08 *per cent* as shown in **Appendix-3.1.2**. This difference in the percentage of investment erosion was on account of the adjustment made in the investment amount for time value of money.

3.1.10 Impact of Audit Comments on Annual Accounts of PSUs

During October 2019 to September 2020, three[73] companies had forwarded nine audited accounts to the Principal Accountant General (Audit), Mizoram. Of these, two accounts[74] of two Companies were audited while one account of one Company[75] was issued 'non-review certificate'. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of the comments of statutory auditors and CAG are given in **Table-3.12** below:

Table 3.12: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2017-18		2018-19		2019-20	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	-	-
2.	Increase in loss	-	-	-	-	1	10.01
3.	Non-disclosure of material facts	-	-	-	-	1	4.59
4.	Errors of classification	-	-	-	-	-	-

Source: As per latest finalised annual accounts of PSUs

During the year, the statutory auditors had given qualified opinion for all three accounts of two companies. In addition, CAG had also issued qualified opinion on two accounts to Zoram Industrial Development Corporation for the year 2017-18 and 2018-19. Issue of final comment for Mizoram Handloom and Handicrafts Corporation Limited (2018-19) is under process. No adverse certificates or disclaimers were issued by the CAG or statutory auditors on any of the accounts during the year. The compliance of companies with the Accounting Standards (AS) remained inadequate as there were 15 instances (one instance in CAG audit and 14 instances in statutory audit) of non-compliance with AS relating to two accounts of one company.

[71] Excluding one PSU (at serial no. six of **Appendix-3.1.1**), which is subsidiary of another Government Company (serial no. two of **Appendix-3.1.1**) and had no direct investment from the State Government

[72] Zoram Industrial Development Corporation Limited

[73] Zoram Industrial Development Corporation Limited (2017-18 & 2018-19), Mizoram Handloom and Handicrafts Development Corporation Limited (2018-19) & Zoram Electronics Development Corporation Limited (2010-11 to 2015-16 received on May 2020)

[74] Zoram Industrial Development Corporation Limited (2017-18) & Mizoram Handloom and Handicrafts Development Corporation Limited (2018-19)

[75] Zoram Industrial Development Corporation (2018-19)

3.1.10.1 Gist of some of the important comments of the statutory auditors and CAG in respect of accounts of the PSUs are as under:

Zoram Industrial Development Corporation Limited (2017-18)

- The Company has defaulted in repayment of interest accrued and due to NMDFC and HUDCO amounting to ₹ 30.29 crore as on 31 March 2018.
- The closing balance of inventories (₹ 0.44 crore) as depicted under Note-13 (Changes in Inventories) to the 'financial statements' could not be authenticated in the absence of complete supporting records. Further, missing/ shortage of 26,151 liquor bottles of different brands pertaining to the period 2015-16 as reported (18 March 2018) during internal audit/ physical verification of inventories (15 March 2018) was not suitably disclosed in the accounts.
- The current liability was understated by ₹ 0.05 crore due to non-accounting of 'travelling and medical expenses' pertaining to the current year but paid during 2018-19 and ROC filing fees relating to prior periods (2009-10 to 2015-16) paid (November 2018) during 2018-19.
- Due to absence of appropriate and sufficient evidence, fairness of the following balances amounting to ₹ 31.10 crore could not be commented upon:

    1) Borrowings from NMDFC, HUDCO re-financing and Directorate of Industries: ₹ 29.68 crore (Credit Balance)
    2) Security Deposits (Bamboo Development): ₹ 0.01 crore (Cr. Balance)
    3) Sundry Creditors (Mr. Ravi Gulgulia): ₹ 0.40 crore (Cr. Balance)
    4) Fixed Deposits with Financial Institution (KVP): ₹ 0.01 crore (Dr. Balance)
    5) Investment in Call Centre: ₹ 1.00 crore (Dr. Balance).

CHAPTER – IV

REVENUE SECTOR

CHAPTER-IV

REVENUE SECTOR

4.1 Trend of revenue receipts

4.1.1 The tax and non-tax revenue raised by the Government of Mizoram during the year 2019-20, State's share of net proceeds of divisible Union taxes and duties and Grants-in-Aid from the Government of India (GoI) during the year and corresponding figures for the preceding four years are given in the following **Table-4.1**.

Table-4.1: Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	**Revenue raised by State Government**					
	Tax revenue	358.41	441.81	545.91	726.69	730.98
	Non-tax revenue	297.63	365.22	390.65	449.95	522.35
	Total	**656.04**	**807.03**	**936.56**	**1,176.64**	**1,253.33**
2.	**Receipts from GoI**					
	State's share of net proceeds of divisible Union taxes and duties	2,348.11	2,800.63	3,097.05	3,502.96	3,017.80
	Grants-in-aid	3,672.25	3,790.64	4,546.59	4,359.88	5,387.13
	Total	**6,020.36**	**6,591.27**	**7,643.64**	**7,862.84**	**8,404.93**
3.	**Total Revenue Receipts of State Government (1 + 2)**	**6,676.40**	**7,398.30**	**8,580.20**	**9,039.48**	**9,658.26**
4.	**Percentage of 1 to 3**	**9.83**	**10.91**	**10.92**	**13.02**	**12.98**

Source: Finance Accounts, Vol-I of respective years

The above table indicates that during the year 2019-20, revenue raised by the State Government (₹ 1,253.33 crore) was 12.98 *per cent* of its total revenue receipts. The balance receipts (₹ 8,404.93 crore) constituting 87.02 *per cent* of total receipts during 2019-20 were from GoI.

4.1.2 Details of Budget Estimates (BEs) and tax revenue raised during the period from 2015-16 to 2019-20 are given in the following **Table-4.2:**

Table-4.2: Details of tax revenue

(₹ in crore)

Head of Accounts	Year										Percentage of increase (+)/ decrease (-) in 2019-20 over 2018-19
	2015-16		2016-17		2017-18		2018-19		2019-20		
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
Taxes on Sales, Trade, *etc.*	232.66	247.04	225.00	307.81	285.00	242.85	307.80	135.93	150.06	117.61	(-) 13.48

Head of Accounts	Year										Percentage of increase (+)/ decrease (-) in 2019-20 over 2018-19
	2015-16		2016-17		2017-18		2018-19		2019-20		
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
State Goods and Services Tax	---	---	---	---	---	169.76	50.00	454.73	355.03	532.22	(+) 17.04
State Excise	35.68	60.60	43.08	72.26	51.50	65.83	59.40	65.34	5.00	2.73	(-) 95.82
Taxes on Vehicles	23.57	19.44	23.61	25.75	23.84	31.58	25.74	38.36	27.06	40.66	(+) 6.00
Land Revenue	11.90	8.88	11.90	8.58	10.01	8.29	10.81	8.64	11.00	9.05	(+) 4.75
Stamps and Registration fees	0.12	3.57	8.72	3.26	9.16	3.20	9.89	4.43	5.92	5.85	(+) 32.05
Taxes on Goods and Passengers	4.24	2.71	3.18	7.90	3.20	7.83	3.50	4.71	2.75	7.44	(+) 57.96
Other Taxes	18.95	16.17	15.70	16.25	15.00	16.57	16.20	14.55	16.87	15.42	(+) 5.98
Total	**327.12**	**358.41**	**331.19**	**441.81**	**397.71**	**545.91**	**483.34**	**726.69**	**573.69**	**730.98**	**(+) 0.59**

Source: Finance Accounts, Vol-II and Annual Financial Statement of respective years

State's own tax revenue increased by 0.59 *per cent* in 2019-20 over 2018-19. Continuing its downward trend since 2017-18, revenue receipts on account of Taxes on sales, trades, *etc.,* decreased by ₹ 18.32 crore (13.48 *per cent*) in 2019-20 over 2018-19 due to introduction of Goods and Services Tax (GST) since 01 July 2017 which was accounted for separately. Receipts on account of GST were ₹ 532.22 crore which registered an increase of ₹ 77.49 crore (17.04 *per cent*) over the previous year.

The tax revenue on Vehicles registered an increase of six *per cent* in 2019-20 over the previous year due to increase in number of vehicles registered during the year. Receipts from Taxes on Goods and Passengers witnessed an increase of ₹ 2.73 crore (57.96 *per cent*) over the previous year. Receipts from State Excise witnessed a decrease of ₹ 62.61 crore (95.82 *per cent*) over the previous year due to less receipts under 'Foreign Liquors and Spirits' and 'Fines and confiscations'.

4.1.2.1 State Goods and Services Tax

Goods and Services Tax (GST) was implemented with effect from 01 July 2017 on supply of goods or services or both. GST is concurrently administered by the Union (Central GST) and the States (State GST) on supply within the State while Integrated Goods and Services Tax (IGST) is levied on inter-state supply of goods or services or both.

The Central Goods and Services Tax (CGST) Act, 2017, the Mizoram State Goods and Services Tax Act, 2017 and the Integrated Goods and Service Tax Act, 2017 and allied Rules of all the three Acts are applicable in the State of Mizoram.

Goods and Services Tax Network (GSTN), a Non-Government Company set up by Government of India provides both front-end and back-end services to Mizoram being a Model-II State. Front-end services provided to taxpayers include registration, return filing, payment of tax, *etc*., while back-end services include approval of registration, taxpayer detail viewer, refund processing, MIS reports, *etc.*

Implementation of GST necessitated smooth transitional provisions which enable migration of all existing businesses to the new regime. The transitional provisions have been specifically incorporated in all the three GST Acts/ Rules.

4.1.2.1.1 Registrations under GST

As per the GST Act, every taxpayer with turnover of above ₹ 10 lakh (enhanced to ₹ 20 lakh with effect from 01 April 2019 in respect of dealers dealing with sale of goods only) has to be registered under GST. During transition period, the Department had to deal with migration of existing dealers as well as approval of new registrations. The due date for migration of existing dealers was February 2020.

The category wise registrations under GST as on March 2020 have been given in **Table-4.3.**

Table-4.3: Registered taxpayers under GST

Types of Taxpayers	Number of dealers	Percentage of total
Normal Taxpayers[76]	10,272	69.55
Tax Deductors at source (TDS)	4,185	28.33
Tax Collectors at source (TCS)	76	0.52
Composition Taxpayers	232	1.57
Input Service Distributors (ISD)	5	0.03
Total Registrants	**14,770**	**100**

Source: Information as provided by State Taxation Department and CGST, Aizawl

The total registrations under GST in Mizoram as on March 2020 were 14,770 of which, normal taxpayers accounted for 69.55 *per cent*, tax deductors at source accounted for 28.33 *per cent* and others[77] (including TCS, Composition taxpayers and ISD) accounted for 2.12 *per cent*.

4.1.2.1.2 Division of Dealers between Central and State Government

As per the recommendation[78] of GST Council, administrative control of over 90 *per cent* of the dealers with turnover less than ₹ 1.50 crore shall vest with the State tax administration and 10 *per cent* with the Central tax administration. In respect of dealers with turnover of ₹ 1.50 crore and above, the administrative control shall be divided in the ratio of 50 *per cent* each for the Central and State tax administration. The division of taxpayers as notified in Mizoram up to March 2020 are shown in **Table-4.4**.

[76] Including casual taxpayers
[77] As on March 2020, there were no registrations under Corporation Taxpayers, Casual Taxpayers, Non-Resident Taxable Person (NRTP) and Online Information Database Access and Retrieval services (OIDAR)
[78] Circular dated 20 September 2017

Table-4.4: Division of dealers between Centre and State Government

Jurisdiction	Number of dealers		Total
	Turnover above ₹ 1.5 crore	Turnover below ₹ 1.5 crore	
Centre	Not Available*	Not Available	Not Available
State	749	5,641	6,390
Total	**749**	**5,641**	**6,390**

Source: Information as provided by State Taxation Department and CGST, Aizawl

* *Could not be provided by CGST, Aizawl as the figures could not appear in their system dashboard*

4.1.2.1.3 Filing of Returns under GST

As per Mizoram Goods and Services Tax Rules[79], 2017 (MGST Rules, 2017) regular taxpayers were required to file monthly returns[80] in GSTR-1, GSTR-2 and GSTR-3, whereas composition taxpayers were required to file quarterly returns in GSTR-4. However, the provisions of the rules could not be implemented due to issues relating to information technology infrastructure. Accordingly, filing of GSTR-2 and GSTR-3 were postponed and regular taxpayers are required to file GSTR-1 and GSTR-3B and composition dealers were to file GSTR-4 quarterly.

The trends of filing of GSTR-1 and GSTR-3B for the period from April 2019 to March 2020 in Mizoram have been depicted in **Table-4.5.**

Table-4.5: Filing pattern of GSTR-1 and GSTR-3B

Month	GSTR-1	GSTR-3B
April, 2019	2,563	5,768
May, 2019	2,561	5,859
June, 2019	3,897	5,926
July, 2019	2,639	6,066
August, 2019	2,643	6,129
September, 2019	4,039	6,233
October, 2019	2,655	6,330
November, 2019	2,705	6,411
December, 2019	4,147	6,514
January, 2020	2,768	6,540
February, 2020	2,771	6,621
March, 2020	4,242	6,683
Total	**37,630**	**75,080**

Source: Information as provided by State Taxation Department and CGST, Aizawl

4.1.3 The details of non-tax revenue receipts during the period 2015-16 to 2019-20 are given in the following **Table-4.6:**

[79] Rule 59, 60 and 61

[80] GSTR-1: containing outward supply, GSTR-2: Auto populated from GSTR-1 showing inward supply of the dealer and GSTR-3: Summarised details of outward and inward supplies of a dealer during the month along with amount of GST liability

Table-4.6: Details of non-tax revenue

(₹ in crore)

Head of account	2015-16		2016-17		2017-18		2018-19		2019-20		Percentage of increase (+)/ decrease (-) in 2019-20 over 2018-19
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
Interest receipts	20.00	30.73	21.20	48.34	22.26	51.14	24.04	57.68	25.96	32.84	(-) 43.07
Power	162.00	166.35	172.00	200.11	181.00	213.10	198.70	270.23	300.00	373.61	(+) 38.26
Others	87.83	100.55	85.86	116.77	93.67	126.41	101.11	122.04	132.06	115.90	(-) 5.03
Total	**269.83**	**297.63**	**279.06**	**365.22**	**296.93**	**390.65**	**323.85**	**449.95**	**458.02**	**522.35**	**(+) 16.09**

Source: Finance Accounts, Vol-II and Annual Financial Statement of respective years

Non-tax revenue constituted between 4.46 and 5.41 *per cent* of the total revenue receipts during the last five years. During 2019-20, non-tax revenue recorded a growth of 16.09 *per cent* over the previous year. There was a steady increase in non-tax revenue from ₹ 297.63 crore in 2015-16 to ₹ 522.35 crore in 2019-20 with the major contributors being Power (₹ 373.61 crore) and Interest Receipts (₹ 32.84 crore).

4.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2020 on some principal heads of revenue amounted to ₹ 3.75 crore, out of which ₹ 0.83 crore was outstanding for more than five years, as detailed in **Table-4.7.**

Table-4.7: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020
1.	Taxes/ VAT on Sales, Trades, *etc.*	2.96	0.72
2.	Taxes on Professions, Trades, Callings and Employment, *etc.*	0.41	0.11
3.	Taxes on Entertainment	0.38	0.00
Total		**3.75**	**0.83**

Source: Information furnished by the Taxation Department

4.3 Arrears in assessment

The details of cases pending at the beginning of the year, cases due for assessment, cases disposed off during the year and number of cases pending finalisation at the end of the year as furnished by the Taxation Department in respect of Sales Tax, Motor Spirit Tax, Luxury Tax, Tax on Works Contracts and Professional Tax are shown in **Table-4.8.**

Table-4.8: Arrears in assessments

Head of account	Opening balance as on 01 April 2019	New cases due for assessment during 2019-20	Total assessments due	Cases disposed off during 2019-20	Closing balance as on 31 March 2020	Percentage of disposal
0040-Taxes on Sales, Trades, *etc.*	2,561	105	2,666	178	2,488	6.68
Taxes on Professions, Trades, Callings and Employment, *etc.*	-	91	91	91	-	100.00
Total	**2,561**	**196**	**2,757**	**269**	**2,488**	**9.76**

Source: Information furnished by the Taxation Department

It can be seen from the above table that out of 2,757 assessments due, the disposal was 269 (9.76 *per cent*) during the year 2019-20.

The Department should take necessary action to complete the assessment in a time bound manner.

4.4 Evasion of tax detected by the Department

The details of cases of tax evasion detected by the Taxation Department, cases finalised and demands for additional tax raised as reported by the Department are given in **Table-4.9.**

Table-4.9: Evasion of tax

Name of tax/ duty	Opening balance as on 01 April 2019	Cases detected during the year 2019-20	Total	Cases in which assignments/ investigation completed and additional demand including penalty, *etc.* raised during 2019-20		Number of pending cases as on 31 March 2020
				No. of cases	₹ in crore	
Sales Tax/ VAT	409	105	514	123	5.90	391
Taxes on Entertainment	-	2	2	-	-	2
Total	**409**	**107**	**516**	**123**	**5.90**	**393**

Source: Departmental figures

4.5 Pendency of refund cases

The details relating to the number of refund cases pending at the beginning of 2019-20, claims received during the year, refunds allowed during the year and the cases pending at the close of 2019-20 as reported by the Taxation Department are given in **Table-4.10.**

Table-4.10: Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Sales Tax/ VAT	
		No. of Cases	Amount
1.	Claims outstanding at the beginning of the year	20	0.034
2.	Claims received during the year	13	0.49
3.	Refunds made during the year	13	0.49
4.	Balance outstanding at the end of year	20	0.034

Source: Information furnished by the Taxation Department

Thus, the number of cases pending at the close of the year remained the same.

4.6 Audit planning

The unit offices are categorised into high, medium and low risk units according to their revenue position, 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, *etc*.

During the year 2019-20, there were 144 auditable units, of which 22 units were planned and 24 units had been audited, which was 16.67 *per cent* of the total auditable units.

4.7 Results of audit

Position of local audit conducted during the year

Records of 24 units of Taxation; Land Revenue and Settlement and Geology and Mineral Resources Departments were test-checked during 2019-20. Test check revealed short levy of penalty/ short levy of mutation fee/ MVAT/ license fee aggregating ₹ 118.05 crore in 159 out of 193 cases. Of these, the Departments concerned recovered ₹ 0.53 crore for the year 2019-20 and previous years in 29 cases.

4.8 Coverage of this Report

This Chapter contains two Subject Specific Compliance Audits on Processing of Refund claims under GST in the State of Mizoram and GST Transitional Credits and three Paragraphs involving a money value of ₹ 2.45 crore against the Paragraphs. The Departments/ Government have accepted audit observations involving ₹ 2.45 crore. However, no recovery was made (April 2022).

COMPLIANCE AUDIT PARAGRAPHS

TAXATION DEPARTMENT

4.9 Subject Specific Compliance Audit on Processing of Refund claims under GST in the State of Mizoram

4.9.1 Introduction

Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernization of existing business. The provisions pertaining to refund contained in the GST laws aim to streamline and standardise the refund procedures under GST regime. Processing of the refund applications, *i.e.,* issuance of acknowledgement, issuance of deficiency memo, passing of provisional/ final refund orders, payment advice, *etc.,* was being done manually before 26 September 2019 (pre-automated) and fully electronically after that date wherein all the steps from submission of applications to processing thereof could be undertaken electronically.

The subject specific compliance audit on processing of refund claims under GST in Mizoram was conducted in respect of 10 Zonal offices[81] out of 11 Zonal offices (excluding Siaha Zone) under the Department of Taxation, Government of Mizoram.

4.9.2 Audit objectives

Audit of refund cases under GST regime was conducted to assess:

- The adequacy of Act, Rules, notifications, circulars, *etc.,* issued in relation to grant of refund;
- The compliance of extant provisions by the tax authorities and the efficacy of the systems in place to ensure compliance by taxpayers; and
- Whether effective internal control mechanism exists to monitor the performance of the departmental officials in disposing off the refund applications.

4.9.3 Scope of audit and sample selection

During field audit, the refund cases processed in the selected zonal offices, from July 2017 to July 2020, were examined. Pan-India refund data was obtained from GSTN and a risk based sample of refund cases was extracted for detailed examination.

GSTN had provided pan-India refund data for the period July 2017 till July 2020. Considering that the refund data available varied substantially on either side of 26 September 2019, refund risk parameters for these two stages were also different[82].

[81] (1) Aizawl South Zone, (2). Aizawl North Zone, (3). Aizawl East Zone, (4). Aizawl West Zone, (5). Kolasib Zone, (6). Champhai Zone, (7). Serchhip Zone, (8). Lunglei Zone, (9). Lawngtlai Zone, and (10). Mamit Zone.

[82] For the period prior to 26 September 2019, the refund applications under each category were sorted in descending order of refund amount claimed by taxpayers and sample drawn. For selecting refund applications filed after 26 September 2019, a composite risk score was devised using risk parameters such as refund amount claimed, delay in sanctioning refund, Refund sanctioned/ refund claimed ratio and deficiency memo issued; based on the above arrived risk score, refund applications were selected for the period after 26 September 2019.

Forty six[83] sample refund cases involving ₹ 2.53 crore were examined in Audit out of 95[84] refund cases involving ₹ 3.63 crore processed under the Commissionerate of Mizoram Taxation Department.

4.9.4 Audit observations

Table-4.11 brings out the extent of deficiencies noted during the audit of refund cases, selected for detailed audit.

Table-4.11: Details of sample and deficiencies noticed

Nature of Audit Findings	Audit Sample	Number of deficiencies noticed	Deficiencies as percentage of Sample
Application not processed	40	1[85]	2.5
Rejection of application without issue of notice	40	4	10.0
Acknowledgment not issued within time	40	18	45.0
Refund orders not sanctioned in time	40	10	25.0
Abnormal delay in communicating refund orders to counterpart tax authority	31	3	9.7
Non-maintenance of registers	31	28	90.3
Credit of the amount of rejected refund claim	40	4	10.0
Adjustment of outstanding liabilities	40	1	2.5
Non-conducting of post audit of refund claims	40	35	87.5

Audit findings noticed and the lapses identified based on these cases are included in the subsequent paragraphs.

4.9.4.1 Rejection of application without issue of notice

Rule 92(3) of the Mizoram GST Rules, 2017 stipulates that where the proper officer is satisfied, for reasons to be recorded in writing that the whole or any part of the amount claimed as refund is not admissible or is not payable to the applicant, he shall issue a notice in Form GST RFD-08 to the applicant requiring him to furnish a reply in Form GST RFD-09 within a period of 15 days of receipt of such note. The proper officer, after considering the reply, shall make an order in Form GST RFD-06, as necessary.

[83] Taxpayers in respect of six refund cases *viz.* (1). Joseph Ralte Ventures, (2). As Xpress, (3). Hlunbuang Store, (4). H.S. Store, (5). Biakchhunga Hardware Store, and (6). N.K. Laxmi Family did not submit their applications manually; these were not covered.

[84] Pre-automation period – 66 cases: Post automation period - 29 cases.

[85] Application for a refund amount of ₹ 3000 by M/s Bidya Boutique, GST TIN 15BFYPC5195L1ZQ and ARN No. AA150119000223Y & Date 23-01-2019 was not acknowledged and processed by the Lawngtlai Zone.

Out of 46 refund cases examined in audit, it was noticed that in four cases relating to the pre-automation period, the refund applications were rejected without issuing notice to the tax payers. The main reason for non-issuance of notice was attributed by the Department to system problems, but this could not be wholly accepted in audit as the refund cases related to the pre-automation period as detailed in **Appendix-4.9.1.** This has resulted in non-observance of the provisions of Rule 92 of the Mizoram GST Rules, 2017.

The matter was brought to the notice of the Department/ Government in July 2021. The reply is awaited (January 2022).

4.9.4.2 Acknowledgment not issued within time

Rule 90 (1) and (2) of Mizoram GST Rules, 2017 stipulates that where the application relates to claim for refund from the electronic cash ledger (ECL), an acknowledgement in Form GST RFD-02 shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period *i.e.,* 60 days specified for processing of refund application. For the application related to refund other than ECL, the application shall be forwarded to the proper officer who shall, within a period of 15 days of filing of the said application, scrutinize the application for its completeness. An acknowledgment in Form GST RFD-02 shall be made available to the applicant within 15 days through the common portal. The acknowledgement shall clearly indicate the date of filing of the claim and the time period *i.e.,* 60 days specified for processing of refund.

Out of 46 refund cases examined in audit, it was noticed that in 11 refund cases (including four rejected cases) acknowledgement was not issued while in four refund cases it was acknowledged with a delay ranging from three to 140 days relating to the pre-automation period. Further, in three refund cases relating to post-automation period, no acknowledgement was issued in two cases while in one case it was acknowledged with a delay of 167 days. The reasons for delay/ non-acknowledgement, as per the Department, were system problems, oversight, case transferred between zonal offices, *etc.,* as detailed in **Appendix-4.9.2**. Audit observed that a simple step of issuance of acknowledgement should not warrant a delay of upto 140/ 167 days.

The matter was brought to the notice of the Department/ Government in July 2021. The reply is awaited (January 2022).

4.9.4.3 Refund orders not sanctioned in time

Section 54(1) read with Section 54(7) of the Mizoram GST Act, 2017 provides that any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of two years from the relevant date and the proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.

Section 56 of the Act *ibid* provides for payment of interest at the rate not exceeding six *per cent* from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund on delayed payment.

Out of 46 refund cases examined in audit, it was noticed that in 10 refund cases relating to the pre-automation period there was delay in sanction of refunds ranging from 17 to 340 days[86] as detailed in **Appendix-4.9.3**. This has resulted in non-observance of the provisions of Section 54(7) of the Mizoram GST Act, 2017 read with Rule 92 of the Mizoram GST Rules, 2017. However, the Department has not paid interest[87] u/s 56 to the claimants.

The matter was brought to the notice of the Department/ Government in July 2021 and the Department while agreeing to the observation stated (September 2021) the reasons for the delay in sanctioning of refund were irregularities and incomplete refund modules in the system in respect of five cases under Aizawl West Zone and Aizawl East Zone.

The reply is not acceptable as the refund cases were related to the pre-automation period which could have been processed manually.

4.9.4.4 Abnormal delay in communicating refund orders to counterpart tax authority

As per CBIC Circular No. 24/24/2017 GST dated 21 December 2017 (on an enquiry regarding endorsement/ issue of such circular Commissioner of State Taxes, Mizoram informed that additional/ separate circulars or instructions in the State, in this regard have not been issued. However, all zonal officers are well informed regarding all the circulars, notifications, *etc.*, through the website of CBIC during the training. All officers are supposed to be following the instructions given in the circular by their own), refund order issued either by central tax authority or state tax/ UT tax authority shall be communicated to the concerned counterpart tax authority within seven working days for the purpose of payment of relevant sanctioned amount of tax or cess as the case may be. It was also reiterated therein to ensure adherence to the time line specified under Section 54(7) and Rule 91(2) of Mizoram GST Act and Rules respectively for sanction of refund orders.

While verifying the records of transmission of refund sanction orders under the Commissionerate of State Tax, Mizoram to counterpart CGST Central tax authority pertaining to FY 2017-18 till July 2020, it was observed that out of 35 refund orders issued upto July 2020, three refund orders involving ₹ 26.41 lakh were forwarded to Central tax authority with a delay between 65 days and 410 days without any recorded reason as detailed in **Appendix-4.9.4**.

Thus, the Department did not adhere to the timeline prescribed in the Board circular. Further, despite delay in refund of sanctioned amount, interest of ₹ 0.48 lakh as admissible under section 56 of Mizoram GST Act was not paid to the claimants.

The matter was brought to the notice of the Department/ Government in July 2021. The reply is awaited (January 2022).

[86] Number of days delayed is counted after deducting 60 days allowed for processing the application from the date of acknowledgement in cases where it was acknowledged and after deducting 75 days (15 days allowed for acknowledgement and 60 days) from the date of receipt of application or ARN date where application submission date was not available

[87] ₹ 0.09 lakh

4.9.4.5 Non-maintenance of registers

As per Board Circular No. 17/17/2017-GST dated 15th November 2017 as endorsed vide circular No. G 28042/142/2018-COMTAX/6, dated 28 September 2018 by Commissioner of State Taxes, Mizoram regarding manual filing and processing of refund claims, three refund registers containing details such as applicant's name, GSTIN, date of receipt of application, period to which the claim pertains, nature of refund, amount of refund claimed, date of issue of acknowledgement and date of receipt of complete application are required to be maintained by the proper officer of the Zones.

During audit of 10 Zonal offices, it was noticed that eight zones did not maintain any of the three registers. Aizawl North Zone where the registers were stated to have been maintained, did not produce the same for audit. As such, the zonal offices could not provide the accurate figure on the number of refund cases received and processed especially in the pre-automation period. The reasons for non-maintenance of the registers given by the zonal offices were oversight, lack of awareness, *etc*[88].

The matter was brought to the notice of the Department/ Government in July 2021. The reply is awaited (January 2022).

4.9.4.6 Credit of the amount of rejected refund claim

Rule 93 of the Mizoram GST Rules, 2017 provides that where any deficiencies have been communicated under Rule 90 (3), the amount debited under Rule 89 (3) shall be re-credited to the electronic credit ledger. Where any amount claimed as refund is rejected under Rule 92, either fully or partly, the amount debited, to the extent of rejection, shall be re-credited to the electronic credit ledger by an order made in FORM GST PMT-03.

Out of 46 refund cases examined in audit, it was noticed that four[89] refund cases relating to the pre-automation period were rejected by the proper officer. However, Audit could not verify whether the amount debited from the electronic credit ledger at the time of application of refund was re-credited on rejection of the refund application as system access was not provided to Audit. Department may ensure that the amount debited from the cash ledger are re-credited in all rejected refund cases.

The matter was brought to the notice of the Department/ Government in July 2021. The reply is awaited (January 2022).

4.9.4.7 Adjustment of outstanding liabilities

As per Section 54(10)(b) of the Mizoram GST Act, 2017 where any refund is due to a registered person, the proper officer may deduct from the refund due, any tax, interest,

[88] East Zone, Serchhip Zone: it relates to zero rated supplies; West Zone: oversight; South Zone: not aware; North Zone: could not produce the registers; Champhai: State circular not issued

[89] (i). Hauva Filling Station under Aizawl North Zone, (ii). Global Citizen Commerce under Kolasib Zone, (iii). Sangtei Mart under Kolasib Zone, and (iv). Executive Engineer Lawngtlai Power Division under Serchhip Zone

penalty, fee or any other amount which the taxable person is liable to pay but which remains unpaid under this Act or under the existing law.

Out of the 46 refund cases examined in audit, 35 refunds were sanctioned. However, in one case[90] the outstanding Valued Added Tax liability of ₹ 36 lakh was not adjusted and the full amount of the refund claimed of ₹ 0.65 lakh was sanctioned. This has resulted in non-adherence to the provisions of Section 54 of the Mizoram GST Act, 2017 and may also lead to possible loss of revenue to exchequer.

The matter was brought to the notice of the Department/ Government in July 2021. The reply is awaited (January 2022).

4.9.4.8 Non-conducting of post audit of refund claims

The CBIC circular No. 17/17/2017-GST dated 15/11/2017 as endorsed vide circular No. G 28042/142/2018-COMTAX/6, dated 28 September 2018 by Commissioner of State Taxes, Mizoram, elaborately laid down the procedure for manual processing of refunds of zero rated supplies. The circular, *inter alia*, stipulated that the pre-audit of manually processed refund applications is not required till separate detailed guidelines are issued by Board, irrespective of amount involved. However, it was clarified that the post audit of refund order shall be continued as per the extant guidelines.

It was noticed during audit that none of the 35[91] refund sanctioned cases was sent for post-audit as of June 2021 as detailed in **Appendix-4.9.5**. This, apart from resulting in non-adherence to extant instructions, may also lead to possible loss of revenue to exchequer.

The matter was brought to the notice of the Department/ Government in July 2021 and the Government while agreeing to the observation noted (September 2021) the suggestion made by Audit for further action.

Recommendation No.1: *The Department may take steps for timely conduct of post-audit of the refund cases, both current and future cases.*

4.9.4.9 Evaluation of Internal Control

The Department of Taxation did not prescribe any periodic returns- monthly or quarterly for effective monitoring of the refund sanction process. Checklists to be performed before sanctioning of the refund cases were also not made available to the tax officers. As a result, significant cases of delay in acknowledgement or non-acknowledgement of the refund applications and delay in settlement of the refund claims were observed in audit. Though the Commissioner of State Tax stated (August 2021) that monitoring of refund cases was performed by the office of the Commissioner, the findings or corrective action taken consequent to such monitoring could not be furnished and the monitoring was found to be ineffective.

[90] M/s Tlau Agencies under Aizawl North Zone
[91] M/s Tlau Sofa under Champhai Zone was not issued payment advice.

The matter was brought to the notice of the Department/ Government in July 2021 and the Government while agreeing to the observation stated (September 2021) that more effective control and monitoring in refund processes will be carried out.

Recommendation No.2: *The Department/ Government may put in place a system of effective internal control and monitoring for effective refund sanction process.*

4.9.5 Conclusion

Audit noticed significant cases where the Department did not adhere to the prescribed timelines leading to instances of delay in issuing of acknowledgement, sanction of refund orders and communicating refund orders to counterpart tax authority. In addition, system issues such as non-conducting of post-audit of refund claims and non-maintenance of refund registers were also noticed.

4.10 Subject Specific Compliance Audit on GST Transitional credits

4.10.1 Non-production of record/ data in regard to audit of Transitional Credits

Subject Specific Compliance Audit (SSCA) on transitional credit under Goods and Service Tax (GST) Act, 2017 involving seven sample transitional credit claims relating to the period from the date of GST implementation (1 July 2017) to 31 March 2020 was conducted in four[92] Zonal offices out of 11 Zonal offices of Taxation Department, Government of Mizoram. The audit was conducted with the following audit objectives to seek assurance as to:

- Whether the mechanism envisaged by the Department for selection and verification of transitional credit claims was adequate and effective (System issues); and
- Whether the transitional credits carried over by the taxpayers into GST regime were valid and admissible (Compliance issues).

Audit requisitions on records/ data relating to Tran-1, Tran-2 filed by the taxpayers, were issued in April 2021[93] to the four zonal offices and to the Commissioner of State Tax, Mizoram to review the Department's compliance on the transitional arrangements provided under Section 140 of the GST Act. However, the Department did not provide the requisite record/ data. As a result, it could not be ascertained as to whether transitional credit claims were verified by the Department. Audit also could not examine admissibility of these claims.

The Commissioner of State Tax stated (July 2021) that none of the transitional credit claims of the assessees were either allowed or rejected as the applications were not received in the back-office.

[92] Aizawl North Zone: three cases; Aizawl East Zone: two cases; Aizawl West Zone: one case; and Kolasib Zone: one case

[93] Kolasib Zone on 12 April 2021; Commissioner of State Tax on 16 April, 2021; Aizawl North Zone, Aizawl East Zone and Aizawl West Zone on 19 April 2021

The reply of the Department could not be accepted in Audit, as the Department being the taxation authority in the State, should have got hold of the data relating to the transitional credit claims, so that it can ascertain the admissibility and verify correctness of the claims by taxpayers.

4.11 Non-realisation of entertainment tax

18 cable operators failed to furnish returns and evaded entertainment tax of ₹ 38.41 lakh

As per Section 6(1) of the Mizoram Entertainment Tax Act, 2013, the proprietor of cable television network providing cable service and direct to home (DTH) service shall be liable to pay entertainment tax at the rate of ₹ 20 per subscriber per month. Rule 12 of the Mizoram Entertainment Tax Rules, 2013 further provides that the proprietor liable to pay entertainment tax shall file monthly return before the Commissioner or any other officer authorised by him in this behalf, within fifteen days from the end of the month along with the copy of the tax paid challan.

Test check (July-August 2019) of records of the Deputy Commissioner of State Tax (DCST), Lunglei Zone, Lunglei revealed that 18 cable operators did not file their monthly returns ranging from four months to 133 months till June 2017 as thereafter the Act was subsumed in Goods and Service Tax, 2017. As the returns were not furnished, entertainment tax amounting to ₹ 38.41 lakh was not paid and thus evaded as shown in **Appendix-4.11.1.** The reason for non-payment/ non-furnishing of the return was not found on record. Record of notices issued or any action taken against the defaulting cable operators to realise the evaded tax were also not available.

The Àssessing Officer was requested (October 2019) to assess the proprietors on the tax leviable and realise the evaded tax of ₹ 38.41 lakh. However, action taken in this behalf was not intimated.

The matter was brought to the notice of the Department and Government in July 2021 and the Government while agreeing to the Audit observation stated (September 2021) that notice was issued to all the cable operators but no reply was received from them. It was also stated that out of the 18 cable operators, twelve of them were referred to the Bakijai[94] officer (without stating the time of reference) for recovery of their dues but no action was taken by the certificate officer.

Thus, there was non-realisation of tax of ₹ 38.41 lakh, due to non-filing of returns by Cable TV/ DTH Operators.

Recommendation: *The Department needs to put in place an institutionalised mechanism to ensure that the non-filing of returns are tracked and taxes to the Government are recovered on priority.*

[94] Bakijai/ Certificate Officer is an officer appointed for recovery of public demands in the State of Mizoram as per Mizoram Public Demands Recovery Act, 2001

4.12 Short levy of tax

4.12.1 Short levy of tax of ₹ 20.82 lakh by the Assessing Officer due to incorrect determination of tax rates

As per Section 34(1) of the Mizoram Value Added Tax (MVAT) Act, 2005 where, after a dealer is assessed under section 31 or section 32 for any year or part thereof, the Commissioner has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment, been under assessed and assessed at a lower rate, he may serve a notice on the dealer and, after giving a reasonable opportunity of being heard, proceed to assess to the best of his judgement and the provisions of this act will apply accordingly.

Test check (July-August 2019) of records of the DCST, Lunglei Zone, Lunglei revealed that a dealer[95] was assessed (July 2016 and July 2018) by the assessing officer (AO) for the years 2011-15 and 2015-18 (upto June 2017). The AO did not provide the detailed calculation and amount of dealer's purchase for the year 2014-15 but worked out the tax payable due on the dealer for the years 2014-15 to 2017-18 (upto June 2017) at ₹ 1,043.94 lakh[96] out of which the dealer paid ₹ 865.44 lakh[97] in his returns leaving a balance of ₹ 178.90 lakh including penalty of ₹ 0.40 lakh. From this assessed tax balance of ₹ 178.90 lakh, the dealer paid ₹ 32.50 lakh after assessment leaving a balance of ₹ 146.40 lakh as of July 2019.

Scrutiny of waybills, revealed that the dealer purchased taxable goods worth ₹ 5,564.80 lakh[98] during the years 2014-18 (upto June 2017) and the dealer was liable to pay a total tax of ₹ 1,064.76 lakh[99]. However, while assessing the dealer the AO decreased the taxable turnover of goods with higher tax rate (20 *per cent and 30 per cent)* and increased the turnover of goods with lower tax rate (5 *per cent* and *13.5 per cent)* resulting in short levy of tax amounting to ₹ 20.82 lakh (₹ 1,064.76 lakh *minus* ₹ 1,043.94 lakh) as detailed in **Appendix-4.12.1**.

The matter was brought to the notice of the Department and Government in July 2021 and the Government while agreeing to the Audit observation stated (September 2021) that the dealer was re-assessed with a tax of ₹ 21.12 lakh. Further report is awaited from the Department (September 2021).

Recommendation: *The Department may initiate appropriate action for early recovery of the re-assessed tax and may fix responsibility of the officials for incorrect assessment.*

95 M/s LZ Traders TIN 15160502034

96 ₹ 201.94 lakh during 2014-15 + ₹ 325.76 lakh during 2015-16 + ₹ 357.01 lakh during 2016-17 + ₹ 159.23 lakh during 2017-18

97 ₹ 195.63 lakh during 2014-15 + ₹ 314.01 lakh during 2015-16 + ₹ 275.80 lakh during 2016-17 + ₹ 80.00 lakh during 2017-18

98 ₹ 781.61 lakh taxable at five *per cent*, ₹ 1,592.65 lakh taxable at 13.5 *per cent,* ₹ 2,048.58 lakh taxable at 20 *per cent* and ₹ 1,141.96 lakh taxable at 30 *per cent*

99 ₹ 39.63 lakh at five *per cent* + ₹ 259.92 lakh taxable at 13.5 *per cent,* ₹ 409.90 lakh taxable at 20 *per cent* and ₹ 355.31 lakh taxable at 30 *per cent*

4.12.2 Under assessment by Assessing Officer resulted in short levy of tax of ₹ 11.14 lakh

Test check (July-August 2019) of records of the DCST, Lunglei Zone, Lunglei, revealed that a dealer[100] was assessed (September 2017) by the assessing officer (AO) relating to the year 2014-15 wherein the dealer's purchase was determined at ₹ 38.17 lakh[101] and opening stock at ₹ 82.46 lakh[102] and worked out the taxable turnover with a profit of five *per cent* at ₹ 88.66 lakh[103] after deducting the closing stock at ₹ 36.19 lakh[104]. As per the assessment order, the tax payable was assessed at ₹ 11.85 lakh[105] and out of this, the dealer paid ₹ 2.25 lakh leaving a balance tax due of ₹ 9.61 lakh including penalty of ₹ 0.01 lakh.

Scrutiny of records, however, revealed that the dealer actually purchased goods worth ₹ 117.26 lakh[106] as per manual waybill and e-waybill records during 2014-15 resulting in under-assessment of purchase by ₹ 79.09 lakh[107] taxable at 13.5 *per cent*. The dealer was liable to pay a tax of ₹ 11.14 lakh from the unreported purchase as worked out in **Table-4.12.**

Table-4.12: Detail calculation of tax due

(₹ in lakh)

Sl. No.	Particulars	5 *per cent* taxable goods	13.5 *per cent* taxable goods	Total
1.	Opening stock	1.66	80.80	82.46
2.	Purchase as per manual waybill and e-way-bill	0.30	116.96	117.26
3.	Total stock (1+2)	1.96	197.76	199.72
4.	Less: Closing stock	0.59	35.60	36.19
5.	Taxable turnover at purchase value (3-4)	1.37	162.16	163.53
6.	Add: Five *per cent* profit	0.07	8.11	8.18
7.	Taxable turnover of sale (5+6)	1.44	170.27	171.71
8.	Tax payable (Sl. no.7 x tax rate)	0.07	22.99	23.06
9.	Tax paid as per return	0.07	2.25	2.32
10.	Balance tax payable (9-10)	0.00	20.74	20.74
11.	Tax balance payable assessed by AO	0.07	9.53	9.60
12.	Tax under-assessed by AO (10-11)	(-) 0.07	11.21	11.14

The Assistant Commissioner of State Tax, Lunglei Zone, Lunglei while agreeing to the fact stated (January 2021) that re-assessment of the dealer has been completed and the dealer was issued (7 September 2020) notice of demand to pay a tax ₹ 11.21 lakh.

[100] M/s Zohills Store TIN 15160002078
[101] ₹ 0.30 lakh at five *per cent plus* ₹ 37.87 lakh at 13.5 *per cent*
[102] ₹ 1.66 lakh at five *per cent plus* ₹ 80.80 lakh at 13.5 *per cent*
[103] ₹ 1.44 lakh at five *per cent plus* ₹ 87.22 lakh at 13.5 *per cent*
[104] ₹ 0.59 lakh at five *per cent plus* ₹ 35.60 lakh at 13.5 *per cent*
[105] ₹ 0.07 lakh at five *per cent plus* ₹ 11.78 lakh at 13.5 *per cent*
[106] ₹ 0.30 lakh at five *per cent plus* ₹ 116.96 lakh at 13.5 *per cent*
[107] Purchase as per waybills ₹ 117.26 lakh - ₹ 38.17 lakh purchase as per AO

The matter was brought to the notice of the Department and Government in July 2021 and the Government while agreeing to the Audit observation stated (September 2021) that though notice was served to the dealer, payment was not received. Further report is awaited from the Department.

Recommendation: *The Department may fix responsibility of the officials for under assessment of tax.*

4.12.3 Incorrect assessment by Assessing Officer resulted in short levy of tax of ₹ 10.59 lakh

As per Section 33 of the Mizoram Value Added Tax (MVAT) Act, 2005, no assessment of the dealer shall be made after expiry of five years from the end of the tax period to which the assessment relates. The Commissioner of State Tax, Government of Mizoram (GoM) vide notification in March 2017 directed all assessing authorities to complete all pending Audit Assessment cases under MVAT Act before 08 September, 2017.

Test check (July-August 2019) of records of the DCST, Lunglei Zone, Lunglei revealed that a dealer[108] was assessed (May 2018) for the assessment period 2015-17. In the assessment order, the following irregularities were noticed:

i) In the assessment order for the year 2016-17, the assessing officer (AO) wrongly worked out the taxable turnover with a profit of five *per cent* at ₹ 263.05 lakh instead of the correct amount of ₹ 271.37 lakh resulting in under-assessment of ₹ 8.32 lakh taxable at five *per cent* having tax effect of ₹ 0.42 lakh as worked out in **Table-4.13.**

Table-4.13: Detailed calculation of tax due

(₹ in lakh)

Sl. No.	Particulars	Amount
1.	Opening Stock	80.91
2.	Purchase	288.30
3.	Total stock (sl. no. 1+2)	369.21
4.	Less: Closing stock	110.76
5.	Taxable turnover at purchase value (sl. no. 3-4)	258.45
6.	Add: profit of five *per cent*	12.92
7.	Taxable turnover (sl. no. 5+6)	271.37
8.	Taxable turnover determined by AO	263.05
9.	Difference (sl. no. 7-8)	8.32
10.	Tax under-assessed by AO (five *per cent* of sl. no. 9)	0.42

ii) For the year 2016-17, as per assessment order tax payable was ₹ 13.15 lakh whereas the dealer paid tax as per tax returns filed was ₹ 7.49 lakh, leaving a balance tax amount of ₹ 5.66 lakh. However, in the assessment order itself the AO wrongly mentioned the tax paid by the dealer as ₹ 12.68 lakh and the balance tax payable

[108] M/s EL&TY Autocare TIN 15160025017

was ₹ 0.47 lakh. Thus, the dealer was given tax credit of ₹ 5.19 lakh erroneously resulting in undue favour to the dealer and short levy of tax to this extent.

iii) Further, the AO in the notice of demand for the assessed years 2015-17 wrongly included the period upto June 2017 which, however, is not correct. Sales turnover for the period April 2017 to June 2017 was not considered in the assessment order. The tax payable for this period is worked out at ₹ 6.98 lakh, of which a sum of ₹ 2.00 lakh only was paid by the assessee. Thus, non-assessing of turnover for this quarter resulted in further short levy of tax of ₹ 4.98 lakh as shown in **Table-4.14.**

Table-4.14: Detailed calculation of tax due

(₹ in lakh)

Sl. No.	Particulars	Amount
1.	Opening stock as per AO	110.76
2.	Purchase as per form-5 in the return	79.04
3.	Total (sl. no.1+2)	189.80
4.	Taxable stock (70 *per cent* of total stock *i.e.* opening stock *plus* purchase as was adopted by the AO in the previous years assessment)	132.86
5.	Taxable turnover with 5 *per cent* profit margin as was adopted by AO in the previous years	139.50
6.	Tax payable at five *per cent*	6.98
7.	Tax already paid in the return	2.00
8.	Tax balance payable	4.98
9.	Closing stock (30 *per cent)*	56.94

In all, the short levy of tax works out to ₹ 10.59 lakh[109].

While agreeing to the Audit observation (September 2021), the Department rectified the mistakes and confirmed tax demand of ₹ 12.86 lakh including penalty of ₹ 0.01 lakh. Further, report on recovery is awaited from the Department.

Recommendation: *The Department may fix responsibility of the officials for incorrect assessment of tax.*

TRANSPORT DEPARTMENT

4.13 Non-realisation of Mizoram Passengers and Goods Tax

Mizoram Passengers and Goods Tax of ₹ 1.64 crore from 3,004 vehicle owners was not levied and realised

Section 4 of the Mizoram Passengers and Goods (Taxation) Act, 2005 provides that the Mizoram Passengers and Goods Tax (MPGT) shall be paid by the owner (of the taxable vehicle) to the Government in the prescribed manner provided that in case of any taxable vehicle the Government may accept a lump sum in lieu of the tax chargeable on fare in the manner prescribed. No vehicle shall ply in the State without payment of tax or

[109] ₹ 0.42 lakh + ₹ 5.19 lakh during 2016-17 and ₹ 4.98 lakh during 2017-18 (April-June quarter)

penalty as per Section 10, however, the Government may by general or special order and subject to specific conditions, if any, exempt any owner or class of owners from the operation of all or any provisions of the Act as per section 18. For failure to pay the tax in respect of any period, penalty not exceeding ₹ 1,000 is leviable in addition to the tax due as per Section 9 of the Act *ibid*. Government of Mizoram fixed the rate[110] of MPGT in March 2005 and revised[111] the annual tax rate in November 2015.

Test check (March 2020) of the records of the District Transport Officer (DTO), Champhai showed that the DTO collected MPGT in cash at the office's cash counters through Vahan Software system and later deposited the amount into the treasury by challans. Further scrutiny and analysis of Vahan data revealed that 3,004 vehicles[112] had defaulted in payment of MPGT of ₹ 1.34 crore against which penalty of ₹ 0.30 crore was leviable additionally as of February 2020. This resulted in non-realisation of revenue to the tune of ₹ 1.64 crore as detailed in the following **Table-4.15.**

Table-4.15: Number of vehicles and amount of MPGT not paid by the vehicle owners

(₹ in lakh)

Sl. No.	Types of vehicles	No. of defaulting vehicles	MPG Tax due	Penalty leviable at the rate of ₹ 1,000 per vehicle	Total tax and penalty due for collection
(1)	(2)	(3)	(4)	(5)	(6) = (4) + (5)
Passenger Vehicle					
1.	Three-Wheeler	606	10.91	6.06	16.97
2.	Maxi Cab	401	8.78	4.01	12.79
3.	Motor Cab	371	5.23	3.71	8.94
4.	Bus	44	4.32	0.44	4.76
	Sub-total (A)	**1,422**	**29.24**	**14.22**	**43.46**
Goods Vehicle					
5.	Three-wheeler	10	0.89	0.10	0.99

[110] **Annual rate of MPG Tax**:
(1). HMV (Goods) above 9 MT payload (₹ 2,900) and HMV 8 years completed (₹ 2,600)
(2). HMV (Goods) above 5-9 MT payload (₹ 2,500) and HMV 8 years completed (₹ 2,200)
(3). LMV (Goods) above 1-5 MT payload (₹ 1,300) and LMV 8 years completed (₹ 1,200)
(4). Bazar Bus/ Night Bus (₹ 1,800)
(5). Town/ City Bus (₹ 1,400)
(6). Maxi Cab (Inter State) (₹ 900)
(7). Maxi Cab (All Mizoram) (₹ 800)
(8). Taxi (₹ 600)
(9). Auto Rickshaw (₹ 400)
(10). Jeep/ Gypsy/ Pickup/ 207/ below 1MT payload (₹ 700) and 8 years completed (₹ 500)

[111] **Annual Tax for Goods Carrier**:
(1). 1 MT or less (₹ 1,400) (2). More than 1 MT but less than 4 MT (₹ 2,500) (3). More than 4 MT but less than 9 MT (₹ 3,000) (4). More than 9 MT (₹ 3,000 *plus* ₹ 300 for every additional 1 MT
Annual Tax for Passenger carrying vehicle:
(1). Carrying capacity of 3 persons or less (₹ 450) (2). Carrying capacity of more than 3 but less than 6 (₹ 650) (3). Carrying capacity of more than 6 but less than 12 (₹ 950) (4). Carrying capacity of more than 12 but less than 20 (₹ 1,500) (5). Carrying capacity of more than 20 but less than 30 (₹ 2,000) (6). Carrying capacity more than 30 (₹ 2,000 *plus* ₹ 50 for every additional one seat)

[112] 1,422 Passenger vehicles and 1,550 Goods carriage vehicles and 32 unclassified vehicles

Sl. No.	Types of vehicles	No. of defaulting vehicles	MPG Tax due	Penalty leviable at the rate of ₹ 1,000 per vehicle	Total tax and penalty due for collection
(1)	(2)	(3)	(4)	(5)	(6) = (4) + (5)
6.	Goods Carrier with pay load below one MT	143	4.81	1.43	6.24
7.	Goods Carrier with pay load 1-5 MT	1,081	70.13	10.81	80.94
8.	Goods Carrier with pay load 5-9 MT	155	15.32	1.55	16.87
9.	Goods Carrier with pay load above 9 MT	147	12.07	1.47	13.54
10.	Tractor (Commercial)	14	1.10	0.14	1.24
Sub-total (B)		**1,550**	**104.32**	**15.50**	**119.82**
11.	Other vehicles[113] **(C)**	32	NA	0.32	0.32
Grand Total(A)+(B)+(C)		**3,004**	**133.56**	**30.04**	**163.60**

From the table above, it was seen that 3,004 vehicles were plying for a period ranging from one month to 171 months without payment of MPGT to the tune of ₹ 1.34 crore and penalty of ₹ 0.30 crore totalling ₹ 1.64 crore, without exemption from the Government and in violation of the provisions of the Act.

Scrutiny of the Vahan data also revealed that of these 3,004 vehicles, MPGT was not paid by 56 vehicles for more than 10 years, 656 vehicles for more than five years to 10 years and 2,292 vehicles for less than or upto five years as shown in the **Table-4.16.**

Table-4.16: Number of vehicles not paying MPGT group by years

Sl. No	Type of vehicle	Number of vehicles not paying MPG Tax			
		≤ 5 years	> 5 years & ≤ 10 years	> 10 years	Total
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)=(3)+(4)+(5)*
Passenger vehicle					
1	Three-Wheeler (Passenger)	394	198	14	606
2	Maxi Cab	334	62	5	401
3	Motor Cab	325	44	2	371
4	Bus	21	21	2	44
Total Passenger vehicles(A)		**1,074**	**325**	**23**	**1,422**
Goods vehicles					
1	Three-wheeler Goods	1	5	4	10
2	Goods Carrier with pay load below one MT	116	25	2	143
3	Goods Carrier with pay load 1-5 MT	834	224	23	1,081

113 32 vehicles category/ class was not specified and thus the tax leviable was also not calculated

Sl. No	Type of vehicle	Number of vehicles not paying MPG Tax			
		≤ 5 years	> 5 years & ≤ 10 years	> 10 years	Total
4	Goods Carrier with pay load 5-9 MT	112	42	1	155
5	Goods Carrier with pay load above 9 MT	116	28	3	147
6	Tractor (Commercial)	7	7	0	14
7	Other Goods vehicles	32	0	0	32
Total Goods vehicles (B)		**1,218**	**331**	**33**	**1,582**
Grand Total (A) +(B)		**2,292**	**656**	**56**	**3,004**

Audit observed that there was laxity in the enforcement of the provisions of the Act as can be seen from the fact that there are no record of any demand notice issued to the defaulting vehicle owners and also from the fact that some of the defaulting taxable vehicles were plying for more than 14 years without being pulled up by the enforcement staff. It was also observed that there could be little motivation or deterrence on the part of the vehicle owners to pay up MPGT on time as the late fee was limited to ₹ 1,000 for any period of delays, in this case, more than 14 years.

Thus, failure to enforce the provisions of the Act led to non-realisation of MPGT of ₹ 1.64 crore which was also susceptible to loss of revenue as duration of non-payment in respect of 56 cases was more than 10 years.

On this being pointed out, the DTO, Champhai while agreeing to the audit observation stated (March 2020) at the Exit Meeting that enforcement staff strength was not sufficient and demand notices were directly issued from the Directorate level. He further stated that due to problems like change of ownership, non-existence of vehicle, only a few vehicle owners responded to their notices. It was also stated that vehicles were sold and disposed off in other States without obtaining NOC and without being off Road. The contention of the DTO, Champhai could not be accepted by Audit as the Directorate of Transport, Mizoram clarified (September 2021) that it does not issue demand notices and stated that the DTO, being the registering authority was to issue demand notice for payment of taxes/ fees of motor vehicles. Further, there was poor enforcement of the provisions of Act as discussed above.

The matter was brought to the notice of the Department and Government in July 2021 and the Government stated (September 2021) that as soon as loss of revenue was detected list of all defaulters were worked out and circulated to all DTOs in March 2020 and demand notices were served to all defaulters and 40 defaulters cleared the taxes. It was further stated that while the Department was still working diligently, due to shortage of enforcement staff, covid-19 pandemic, change of ownership and non-existence of the vehicles, *etc*., only few defaulters responded to the notices.

The reply of the Government was not tenable as the stated departmental circular (31.12.2019) was regarding expiry of vehicle registration and the demand notices issued were also related to payment of road tax and none of the stated 40 defaulters clearing their taxes pertained to payment of MPGT. Action taken by the Department for realisation of the MPGT was not stated to Audit.

Recommendations:

1. *Department may strictly implement the provisions of the Act and Rules in force to prevent loss of revenue to the Government.*
2. *It is recommended to increase the penalty amount from the existing ceiling for cases involving non-payment of tax to ensure better compliance.*

CHAPTER – V

FOLLOW UP OF AUDIT OBSERVATIONS

CHAPTER-V

FOLLOW UP OF AUDIT OBSERVATIONS

5.1 Non-submission of 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) of Mizoram issued (May 2000) instructions for submission of *suo moto* Action Taken Notes (ATNs) on all paragraphs and reviews featured in the Audit Report within three months of its presentation to the Legislature. For submission of the ATNs on its recommendations, the PAC has provided six months' time.

A review of follow up action on submission of ATNs disclosed that there was pendency in respect of the Audit Reports for the years 2013-14 to 2017-18. The Audit Report for the year 2018-19 was laid on the table of the State Legislature on 01 March 2022.

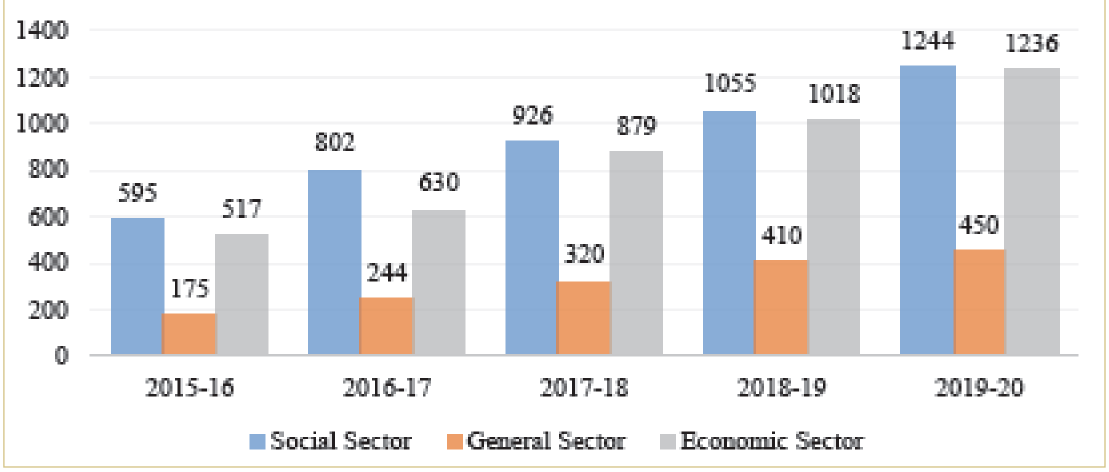
5.2 Response to audit observations and compliance thereof by the Executive

Principal Accountant General, conducts periodical inspection of Government Departments to verify, on a test-check basis, if proper books of accounts and records are maintained as per the prescribed rules and procedures. These inspections are followed by the issuance of Inspection Reports (IRs) 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 promptly as per the Audit observations and recommendations and report their compliance to the Principal Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Principal Accountant General.

5.2.1 Outstanding Inspection Reports and Paragraphs

Details of outstanding paragraphs pertaining to Social, General and Economic Sectors during the last five years are as follows:

Chart-5.1.1: Number of outstanding Paragraphs



5.2.2 Revenue Sector

At the end of June 2020, 159 IRs issued up to December 2019 containing 611 paragraphs with a money value of ₹ 75.87 crore were outstanding. The position in this respect for the preceding two years is given in the **Table-5.1** below:

Table-5.1: Details of outstanding IRs under Revenue Sector

Particulars	June 2018	June 2019	June 2020
Number of outstanding IRs	133	123	159
Number of outstanding audit observations	368	378	611
Amount involved (₹ in crore)	74.38	90.55	75.87

5.2.2.1 Recovery of accepted cases

The details of revenue paragraphs included in the Audit Reports of the last five years and those accepted by the Departments and amount recovered are given in the following **Table-5.2**:

Table-5.2: Details of Revenue 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 2020	Cumulative position of recovery of accepted cases
2014-15	4	4.15	4	4.15	0.15	**0.15**
2015-16	5	3.63	4	1.61	0.02	**0.17**
2016-17	6	3.16	4	2.14	--	**0.17**
2017-18	3	2.06	3	2.05	0.15	**0.32**
2018-19	5	10.54	4	4.07	0.37	**0.69**
Total	**23**	**23.54**	**19**	**14.02**	**0.69**	

It could be seen from the above table that during the last five years, the Departments under Revenue Sector had accepted 19 paragraphs having a money value of ₹ 14.02 crore, out of which, only ₹ 0.69 crore had been recovered as on 31 March 2020.

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

5.3 Response of departments concerned 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 Principal Accountant General to the Principal Secretaries/ Secretaries of the departments concerned, drawing their attention to audit findings with a request to send their response within six weeks. Non-receipt of replies from departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Eight draft paragraphs proposed to be included in the Audit Report 2019-20, were sent to Commissioner/ Secretary of the respective departments for their responses.

Government response was received in respect of all eight draft paragraphs which have been incorporated at appropriate places.

5.4 Audit Committee Meetings

State Government had constituted (04 September 2013) Audit Committees to consider and take measures for timely response and speedy settlement of outstanding IRs/ paragraphs pending in various Departments.

During 2019-20, an Audit Committee meeting was held in December 2019 with the Public Health Engineering Department wherein 38 Inspection Reports relating to 2011-12 to 2018-19 containing 174 paragraphs were discussed and 89 paragraphs and eight Inspection Reports were settled.

Government may ensure that Audit Committees meet regularly to review, discuss, settle and take action on audit observations.

Aizawl **(LHUNKHOTHANG HANGSING)**
The 13 September 2022 **Principal Accountant General, Mizoram**

Countersigned

New Delhi **(GIRISH CHANDRA MURMU)**
The 30 September 2022 **Comptroller and Auditor General of India**

APPENDICES

Appendix-2.2.1

Detailed Scheme wise statement showing fund received, expenditure and closing balance during 2015-20

(Reference: Paragraph-2.2.9.1)

(₹ in lakh)

Year	Name of Scheme	Opening Balance	Fund Received	Interest Earned	Total Fund Available	Expenditure	Closing Balance
2015-16	MIDH	1,290.85	3,642.00	0	4,932.85	1,567.09	3,365.76
2016-17		3,365.76	3,474.66	0	6,840.42	3,941.23	2,899.19
2017-18		2,899.19	4,016.67	14.82	6,930.68	5,687.97	1,242.71
2018-19		1,242.71	2,012.22	40.13	3,295.06	2,744.55	550.51
2019-20		550.51	2,508.89	22.79	3,082.19	2,795.01	287.18
Total			**15,654.44**	**77.74**		**16,735.85**	
Year	**Name of Scheme**	**Opening Balance**	**Fund Received**	**Interest Earned**	**Total Fund Available**	**Expenditure**	**Closing Balance**
2015-16	PMKSY	451.11	0	0.47	451.58	451.58	0.00
2016-17		0.00	252.00	4.98	256.98	58.40	198.58
2017-18		198.58	963.44	18.44	1,180.46	647.16	533.30
2018-19		533.30	493.33	6.55	1,033.18	527.47	505.71
2019-20		505.71	634.33	9.23	1,149.27	868.46	280.81
Total			**2,343.10**	**39.67**		**2,553.07**	
Year	**Name of Scheme**	**Opening Balance**	**Fund Received**	**Interest Earned**	**Total Fund Available**	**Expenditure**	**Closing Balance**
2015-16	RKVY	0.00	235.50	2.68	238.18	235.50	2.68
2016-17		2.68	239.00	2.80	244.48	239.00	5.48
2017-18		5.48	108.81	3.18	117.47	108.81	8.66
2018-19		8.66	120.33	1.71	130.70	108.33	22.37
2019-20		22.37	60.04	1.45	83.86	15.04	68.82
Total			**763.68**	**11.82**		**706.68**	
Year	**Name of Scheme**	**Opening Balance**	**Fund Received**	**Interest Earned**	**Total Fund Available**	**Expenditure**	**Closing Balance**
2015-16	NBM	0	0	0	0	0	0
2016-17		0	0	0	0	0	0
2017-18		0	0	0	0	0	0
2018-19		0	0	0	0	0	0
2019-20		0	350.00	0	350.00	0	350.00
Total		-	**350.00**	0	-	0	**350.00**
Year	**Name of Scheme**	**Opening Balance**	**Fund Received**	**Interest Earned**	**Total Fund Available**	**Expenditure**	**Closing Balance**
2015-16	NEC	0	108.77	0	108.77	108.77	0
2016-17		0	193.94	0	193.94	193.94	0
2017-18		0	188.56	0	188.56	188.56	0
2018-19		0	60.40	0	60.40	60.40	0
2019-20		0	201.56	0	201.56	62.94	138.62
Total		-	**753.23**	0	**-**	**614.61**	

Year	Name of Scheme	Opening Balance	Fund Received	Interest Earned	Total Fund Available	Expenditure	Closing Balance
2015-16	NABARD	0	0	0	0	0	0
2016-17		0	0	0	0	0	0
2017-18		0	0	0	0	0	0
2018-19		0	750.00	0	750.00	-	750.00
2019-20		750.00	1,910.00	0	2,660.00	1,328.48	1,331.52
Total		-	**2,660.00**	**-**	**-**	**1,328.48**	
Year	**Name of Scheme**	**Opening Balance**	**Fund Received**	**Interest Earned**	**Total Fund Available**	**Expenditure**	**Closing Balance**
2015-16	Article 275	0	0	0	0	0	0
2016-17		0	0	0	0	0	0
2017-18		0	5.73	0	5.73	5.73	0
2018-19		0	0	0	0	0	0
2019-20		0	66.13	0	66.13	0	66.13
Total		**-**	**71.86**	**-**	**-**	**5.73**	**66.13**
Year	**Name of Scheme**	**Opening Balance**	**Fund Received**	**Interest Earned**	**Total Fund Available**	**Expenditure**	**Closing Balance**
2015-16	NLUP	4,456.03	1,242.20	88.64	5,786.87	3,546.22	2,240.65
2016-17		2,240.65	1,800.02	112.11	4,152.78	3,306.58	846.20
2017-18		846.20	3,690.55	27.41	4,564.16	4,387.08	177.08
2018-19		177.08	-	3.14	180.22	167.93	12.29
2019-20		12.29	209.38	55.36	277.03	211.51	65.52
Total		**-**	**6,942.15**	**286.66**	**-**	**11,619.32**	
Year	**Name of Scheme**	**Opening Balance**	**Fund Received**	**Interest Earned**	**Total Fund Available**	**Expenditure**	**Closing Balance**
2015-16	NNCS	0	0	0	0	0	0
2016-17		-	78.00	0	78.00	78.00	0
2017-18		-	436.50	0	436.50	409.50	27.00
2018-19		27.00	494.50	0	521.50	310.50	211.00
2019-20		211.00	-	0	211.00	211.00	-
Total		0	**1,009.00**	**-**	**-**	**1,009.00**	
Year	**Name of Scheme**	**Opening Balance**	**Fund Received**	**Interest Earned**	**Total Fund Available**	**Expenditure**	**Closing Balance**
2015-16	NEDP	0	0	0	0	0	0
2016-17		0	200.00	0	200.00	200.00	0
2017-18		0	300.00	0	300.00	300.00	0
2018-19		0	553.19	0	553.19	438.19	115.00[114]
2019-20		0	0	0	0	0	0
Total		**-**	**1,053.19**	**-**	**-**	**938.19**	

[114] ₹ 115 lakh (Revolving fund for Ginger Marketing) under NEDP Scheme was credited into the Public Account during 2019-20 by the Department. As such, audit did not book ₹ 115 lakh as opening balance of 2019-20 under NEDP

Year	Name of Scheme	Opening Balance	Fund Received	Interest Earned	Total Fund Available	Expenditure	Closing Balance
2015-16	SEDP	0	0	0	0	0	0
2016-17		0	0	0	0	0	0
2017-18		0	0	0	0	0	0
2018-19		0	0	0	0	0	0
2019-20		0	516.39	0	516.39	505.10	11.29
Total		**-**	**516.39**	**-**	**-**	**505.10**	

Source: Directorate of Horticulture Department, GoM

Appendix-2.2.2

Statement showing delay in release of GoI and SMS fund by the GoM to the Horticulture Department under the MIDH scheme during 2015-2020

(Reference: paragraph-2.2.9.3)

Year	GoI Release			GoM Release to implementing agency		SMS release to implementing agency		Delay in release of SMS (in days)	Delay in release of GoI fund by State Government (in days)
	Date	Installment	Amount (in crore)	Date	Amount (in crore)	Date	Amount (in crore)		
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9 = 7 - 2*	*10 = 5 - 2*
2015-16	02-07-2015	1st	16.22	21-01-2016	17.25	21-01-2016	1.92	203	203
2015-16	02-07-2015	1st	1.04						
2015-16	19-02-2016	2nd	17.25	15-03-2016	17.25	11-11-2016	1.91	266	25
Total (2015-16)			**34.50**		**34.50**		**3.83**		
2016-17	11-07-2016	1st	11.28	30-11-2016	12.00	08-03-2017	1.33	240	142
2016-17	11-07-2016	1st	0.72						
2016-17	20-01-2017	2nd	18.33	17-03-2017	19.50	19-01-2018	2.17	364	56
2016-17	20-01-2017	2nd	1.17						
Total (2016-17)			**31.50**		**31.50**		**3.50**		
2017-18	29-05-2017	1st	0.95	18-08-2017	15.75	25-08-2017	1.75	88	81
2017-18	29-05-2017	1st	1.22						
2017-18	29-05-2017	1st	13.58						
2017-18	20-12-2017	2nd	0.95	15-02-2018	15.75	26-02-2018	1.75	68	57
2017-18	20-12-2017	2nd	14.80						
2017-18	19-03-2018	3rd	0.60	27-03-2018	3.00	20-06-2018	1.11	93	8
2017-18	19-03-2018	3rd	9.40	30-05-2018	7.00				72

Year	GoI Release			GoM Release to implementing agency		SMS release to implementing agency		Delay in release of SMS (in days)	Delay in release of GoI fund by State Government (in days)
	Date	Installment	Amount (in crore)	Date	Amount (in crore)	Date	Amount (in crore)		
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9 = 7 - 2*	*10 = 5 - 2*
Total (2017-18)			**41.50**		**41.50**		**4.61**		
2018-19	20-07-2018	1st	9.40	16-10-2018	8.06	19-02-2019	1.11	214	88
2018-19	20-07-2018	1st	0.60	13-12-2018	1.94				146
2018-19	14-03-2019	2nd	14.10	29-03-2019	14.10	10-06-2019	1.67	77	15
2018-19	25-03-2019	2nd	0.90	30-03-2019	0.90				5
Total (2018-19)			**25.00**		**25.00**		**2.78**		
2019-20	09-09-2019	1st	13.71	02-12-2019	14.46	13-01-2020	1.61	126	84
2019-20	09-09-2019	1st	0.87	25-03-2020	0.12	25-03-2020	0.01	198	
2019-20	04-03-2020	2nd	7.52	25-03-2020	8.00	27-07-2020	0.89	145	21
2019-20	04-03-2020	2nd	0.48						
Total (2019-20)			**22.58**		**22.58**		**2.51**		

Appendix: 2.2.3

Statement showing the comparison of area, production and productivity of fruit, vegetable, and species of Mizoram with other North Eastern States during 2015-18

(Reference: Paragraph-2.2.10.1)

Area, production and productivity of fruits										
Year	Particulars	Mizoram	States							All India total
			Arunachal Pradesh	Assam	Manipur	Meghalaya	Nagaland	Sikkim	Tripura	
2015-16	Area	55.01	66.21	145.71	51.12	36.59	37.05	17.53	75.74	6,300.67
	Production	330.28	306.27	2077.77	467.76	395.40	374.13	23.48	854.05	90,183.04
	Productivity	6.00	4.63	14.26	9.15	10.81	10.10	1.34	11.28	14.31
2016-17	Area	62.56	48.71	142.89	50.58	37.37	39.19	18.55	57.84	6,373.39
	Production	339.05	124.38	2024.84	478.77	426.86	388.49	25.56	559.92	92,918.04
	Productivity	5.42	2.55	14.17	9.47	11.42	9.91	1.38	9.68	14.58
2017-18	Area	63.19	48.13	147.26	47.61	32.81	39.50	19.36	53.75	6,506.23
	Production	340.51	125.70	2123.62	455.59	316.51	380.52	54.90	547.52	97,357.51
	Productivity	5.39	2.61	14.42	9.57	9.65	9.63	2.84	10.19	14.96
Area, production and productivity of Vegetable										
Years	Particulars	Mizoram	States							All India total
			Arunachal Pradesh	Assam	Manipur	Meghalaya	Nagaland	Sikkim	Tripura	
2015-16	Area	45.21	4.00	317.59	34.36	47.50	43.53	20.25	46.48	10,106.29
	Production	179.02	33.01	3821.71	316.51	494.88	494.61	106.94	793.24	16,963.93
	Productivity	3.96	8.25	12.03	9.21	10.42	11.36	5.28	17.07	16.73
2016-17	Area	37.02	1.75	300.75	59.40	49.50	47.17	25.54	46.68	10,237.93
	Production	179.88	14.42	3329.58	369.86	523.42	564.62	190.72	817.94	1,78,172.41
	Productivity	4.86	8.24	11.07	6.23	10.57	11.97	7.47	17.52	17.40
2017-18	Area	36.25	2.58	300.17	45.30	49.11	46.21	38.42	45.94	10,259.12
	Production	171.01	16.58	3292.88	342.11	519.67	561.61	229.10	795.68	1,84,394.28
	Productivity	4.72	6.43	10.97	7.55	10.58	12.15	5.96	17.32	17.97

Area, production and productivity of Spices										
Years	Particulars	Mizoram	States							All India total
			Arunachal Pradesh	Assam	Manipur	Meghalaya	Nagaland	Sikkim	Tripura	
2015-16	Area	24.57	11.44	100.53	10.47	18.37	15.00	29.46	5.69	3,473.53
	Production	68.89	68.72	333.69	24.14	90.26	119.25	64.78	18.04	6,988.47
	Productivity	2.80	6.01	3.32	2.31	4.91	7.95	2.20	3.17	2.01
2016-17	Area	24.81	11.44	119.99	10.47	18.61	15.69	32.25	5.69	3,671.09
	Production	97.2	68.72	291.30	23.14	92.16	105.00	66.58	18.04	8,122.06
	Productivity	3.92	6.01	2.43	2.21	4.95	6.69	2.06	3.17	2.21
2017-18	Area	27.7	11.40	101.60	10.50	18.70	9.90	32.30	6.60	3,877.90
	Production	100.9	68.70	302.00	23.10	92.00	64.80	66.60	32.40	8,123.90
	Productivity	3.64	6.03	2.97	2.20	4.92	6.55	2.06	4.91	2.09

Area in ‘000 hectares; and production in ‘000 MT

Source: Horticulture Statistics at a Glance 2018 published by Ministry of Agriculture & Farmers Welfare

Appendix-2.2.4

Statement showing the details of total water storage capacity of 6.23 crore litres created by the Department under the component Water Harvesting System for Individuals of MIDH scheme during 2015-20

(Reference: Paragraph-2.2.10.2(A))

Year	Fund Sanction (₹ in lakh)	Details of disbursement of fund to Divisions who subsequently released to beneficiary through DBT						Rate of assistance/ Beneficiary	No of water tank constructed	Volume of one water tank (in cum)	Total volume of water tank constructed	Capacity of one water tank constructed (in litres)	Total capacity of water tank (in litres)	Install-ment
		Date of fund released by the Directorate	Amount	Cheque No	Date	Type of Water Tank	Recipient of money							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)=(10) x (11)	(13)=(11) x 1000	(14)= (10x(13)	(15)
2015-16	509.40	25-07-2016	1,87,65,000	1491-1498	15-07-2016	Cemented	8 Divisions	45,000	417	18.90	7,881.30	18,900	78,81,300	First and final
		02-09-2016	92,25,000	2019-2026	02-09-2016	Cemented	8 Divisions	45,000	205	18.90	3,874.50	18,900	38,74,500	First and final
		27-10-2016	1,35,000	2172	26-10-2016	Cemented	Horticulture Centre Chite	45,000	3	18.90	56.70	18,900	56,700	First and final
		10-11-2016	90,00,000	2205-2212	09-11-2016	Cemented	8 DHOs	45,000	200	18.90	3,780.00	18,900	37,80,000	First and final
		19-12-2016	3,60,000	2439-2445	16-12-2016	Cemented	8 Beneficiaries	45,000	7	18.90	132.30	18,900	1,32,300	First and final
		29-11-2016	94,95,000	2266-2273	28-11-2016	Zinc Alume pre Fabricated water tank	8 Divisions	In kind	91	10	910.00	10,000	9,10,000	First and final
									69	5	345.00	5,000	345,000	First and final
		28-12-2016	39,60,000	2836-2845	28-12-2016	Cemented	8 Divisions	45,000	88	18.90	1,663.20	18,900	16,63,200	First and final
		Sub-total	**5,09,40,000**						**1,080**	**128.40**	**18,643.00**		**1,86,43,000**	
2016-17	141.30	10-01-2017	41,40,000	2848-2855	09-01-2017	Cemented	8 Divisions	45,000	92	10.80	993.60	10,800	9,93,600	First and final
		27-02-2017	3,15,000	2883-2887	27-02-2017	Cemented	5 Beneficiaries	45,000	5	10.80	54.00	10,800	54,000	First and final
		10-07-2017	48,15,000	3221-3228	05-07-2017	Cemented	8 Divisions	45,000	107	10.80	1,155.60	10,800	11,55,600	First and final
		26-09-2017	48,60,000	3429-3536	12-10-2017	Geomembrane 750 Microrne (650 GSM) of (15x6 sqm) each	8 Divisions	45,000	114	33	3,762.00	33,000	37,62,000	First and final
		Sub-total	**1,41,30,000**						**318**	**65.40**	**5,965.20**		**59,65,200**	

Year	Fund Sanction (₹ in lakh)	Details of disbursement of fund to Divisions who subsequently released to beneficiary through DBT						Rate of assistance/ Beneficiary	No of water tank constructed	Volume of one water tank (in cum)	Total volume of water tank constructed	Capacity of one water tank constructed (in litres)	Total capacity of water tank (in litres)	Install-ment
		Date of fund released by the Directorate	Amount	Cheque No	Date	Type of Water Tank	Recipient of money							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)=(10) x (11)	(13)=(11) x 1000	(14)= (10x(13)	(15)
2017-18	612	06-08-2018	2,43,00,000	PFMS	06-08-2018	Cemented	8 Divisions	45,000	540	18	9,720.00	18,000	97,20,000	First and final
		07-08-2018	4,50,000	PFMS	07-08-2018	Cemented	DHO Khazawl	45,000	10	18	180.00	18,000	1,80,000	First and final
		12-12-2018	22,50,000	PFMS	12-12-2018	Cemented	4 Divisions	45,000	50	18	900.00	18,000	9,00,000	First and final
		20-03-2018	3,42,00,000	PFMS	20-03-2018	Cemented	8 Divisions	45,000	760	18	13,680.00	18,000	1,36,80,000	First and final
		Sub-total	**6,12,00,000**						**1,360**	**72**	**24,480**		**2,44,80,000**	
2018-19	225	05-07-2019	2,16,00,000	PFMS	05-07-2019	Cemented	8 Divisions	45,000	480	18	8,640.00	18,000	86,40,000	First and final
		11-09-2019	45,000	PFMS	11-09-2019	Cemented	one Beneficiary	45,000	1	18	18.00	18,000	18,000	First and final
		15-10-2019	45,000	PFMS	15-10-2019	Cemented	one Beneficiary	45,000	1	18	18.00	18,000	18,000	First and final
		18-10-2019	1,80,000	PFMS	18-10-2019	Cemented	Aizawl Division	45000	4	18	72.00	18,000	72,000	First and final
		18-10-2019	1,35,000	PFMS	18-10-2019	Cemented	3 Beneficiaries	45000	3	18	54.00	18,000	54,000	First and final
		02-12-2019	1,35,000	PFMS	02-12-2019	Cemented	DHO Aizawl and SDHO Rawpuichhip	45000	3	18	54.00	18,000	54,000	First and final
		16-12-2019	45,000	PFMS	16-12-2019	Cemented	one Beneficiary	45,000	1	18	18.00	18,000	18,000	First and final
		13-01-2019	90,000	PFMS	13-01-2020	Cemented	DHO Aizawl	45,000	2	18	36.00	18,000	36,000	First and final
		14-01-2020	45,000	PFMS	14-01-2020	Cemented	DHO Aizawl	45,000	1	18	18.00	18,000	18,000	First and final
		27-01-2020	45,000	PFMS	27-01-2020	Cemented	DHO Aizawl	45,000	1	18	18.00	18,000	18,000	First and final
		30-01-2020	1,35,000	PFMS	30-01-2020	Cemented	DHO Aizawl	45,000	3	18	54.00	18,000	54,000	First and final
		Sub-total	**2,25,00,000**						**500**	**198**	**9,000**		**90,00,000**	
2019-20	315	28-01-2020	36,45,000	PFMS	28-01-2020	Cemented	DHO Aizawl	90,000	45	22.80	1,026.00	22,800	10,26,000	1st Install-ment
		28-01-2020	17,82,000	PFMS	28-01-2020	Cemented	DHO Lunglei	90,000	22	22.80	501.60	22,800	5,01,600	1st Install-ment

Year	Fund Sanction (₹ in lakh)	Details of disbursement of fund to Divisions who subsequently released to beneficiary through DBT						Rate of assistance/ Beneficiary	No of water tank constructed	Volume of one water tank (in cum)	Total volume of water tank constructed	Capacity of one water tank constructed (in litres)	Total capacity of water tank (in litres)	Install-ment
		Date of fund released by the Directorate	Amount	Cheque No	Date	Type of Water Tank	Recipient of money							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)=(10) x (11)	(13)=(11) x 1000	(14)= (10x(13)	(15)
		28-01-2020	17,82,000	PFMS	28-01-2020	Cemented	DHO Kolasib	90,000	22	22.80	501.60	22,800	5,01,600	1st Install-ment
		28-01-2020	17,82,000	PFMS	28-01-2020	Cemented	DHO Khaw-zawl	90,000	22	22.80	501.60	22,800	5,01,600	1st Install-ment
		28-01-2020	17,82,000	PFMS	28-01-2020	Cemented	DHO Serchhip	90,000	22	22.80	501.60	22,800	5,01,600	1st Install-ment
		28-01-2020	16,20,000	PFMS	28-01-2020	Cemented	DHO Tuidam	90,000	20	22.80	456.00	22,800	4,56,000	1st Install-ment
		28-01-2020	12,15,000	PFMS	28-01-2020	Cemented	DHO Lawngt-lai	90,000	15	22.80	342.00	22,800	3,42,000	1st Install-ment
		28-01-2020	12,15,000	PFMS	28-01-2020	Cemented	DHO Saiha	90,000	15	22.80	342.00	22,800	3,42,000	1st Install-ment
		14-02-2020	4,05,000	PFMS	14-02-2020	Cemented	DHO Aizawl	90,000	NA			0	0	2nd Install-ment
		14-02-2020	1,98,000	PFMS	14-02-2020	Cemented	DHO Lunglei	90,000	NA			0	0	2nd Install-ment
		14-02-2020	1,98,000	PFMS	14-02-2020	Cemented	DHO Kolasib	90,000	NA			0	0	2nd Install-ment
		14-02-2020	1,98,000	PFMS	14-02-2020	Cemented	DHO Khaw-zawl	90,000	NA			0	0	2nd Install-ment
		14-02-2020	1,98,000	PFMS	14-02-2020	Cemented	DHO Serchhip	90,000	NA			0	0	2nd Install-ment
		14-02-2020	1,80,000	PFMS	14-02-2020	Cemented	DHO Tuidam	90,000	NA			0	0	2nd Install-ment
		14-02-2020	1,35,000	PFMS	14-02-2020	Cemented	DHO Lawngt-lai	90,000	NA			0	0	2nd Install-ment
		14-02-2020	1,35,000	PFMS	14-02-2020	Cemented	DHO Saiha	90,000	NA			0	0	2nd Install-ment
		Sub-total	**1,64,70,000**						**183**	**182.40**	**4,172.40**		**41,72,400**	
GT	**1,802.70**	**Grand Total (GT)**	**16,52,40,000**						**3,441**		**62,261**	**0**	**6,22,60,600**	

Appendix-2.2.5

Statement showing the details of total water storage capacity of Community Water Tank (CWT) under MIDH Scheme in three sampled Divisions during 2015-2020

(Reference: Paragraph-2.2.10.2(B))

Sl. No	Location of CWT constructed	Volume of Community water tank (in cum)	Water capacity of tank @1000 litre/cum	Cost of construction (in lakh)	Funding year
	Aizawl Division				
1	Sairang	59.66	59,660	12.5	2015-16
2	Horticulture Centre, Chite	320.00	3,20,000	12.5	2015-16
3	Hlingsihtalng North Lungleng	59.66	59,660	12.5	2016-17
4	Sesih Mual, Thingsul (Tlangnuam)	320.00	3,20,000	12.5	2016-17
5	Bank Puk Zan, Ramthar North (Chite Kam)	59.66	59,660	12.5	2017-18
6	Samak Bual (Thingsulthliah)	59.66	59,660	12.5	2017-18
7	Vaihzau, Sihphir	59.66	59,660	12.5	2018-19
8	Zau, Lungleng	320.00	3,20,000	12.5	2018-19
	Total	**1,258.30**	**12,58,300.00**	**100.00**	
	Lunglei Division				
1	CoE, Lunglei	18.29	18,288	12.5	2015-16
2	Mellimual	6.10	6,096	12.5	2015-16
3	Vanhne	21.34	21,336	12.5	2016-17
4	Zawlpui	4.88	4,876.80	12.5	2016-17
5	CoE, Lunglei	4.18	4,175.76	25	2017-18
6	CoE, Lunglei	3.93	3,931.92		2017-18
7	CoE, Lunglei	3.96	3,962.40	9	2018-19
8	Darzo	1.68	1,676.40	8	2018-19
9	Thaizawl	1.68	1,676.40	8	2018-19
	Total	**66.04**	**66,019.68**	**100**	
	Serchhip Division				
1	Mandarh Zau, Chhingchhip	244.66	2,44,658	10	2015-16
2	Lailen Zau, East Lungdar	67.96	67,960	10	2015-16
3	Thinglubul Zau, Serchhip	693.76	6,93,763	5	2015-16
4	Hmunpui Kawn, Hmuntha	34.14	34,143	25	2017-18
5	Greenhouse Cluster, North Vanlaiphai	19.33	19,328	15	2017-18
6	Greenhouse Cluster, Leng	27.05	27,054	10	2017-18
7	Dilphai Zawl Zau, Hualtu	26.30	26,297	13	2018-19
8	Ramtang Zau, Leng	2.69	2,690	12	2018-19
	Total	**1,115.89**	**11,15,893**	**100**	
	Grand Total	**2,440.23**	**24,40,212.68**	**300.00**	

Appendix-2.2.6

The components of work consisted of construction of culvert, widening, Fresh cutting, boulder soling, *etc.*

(Reference: Paragraph-2.2.11.6)

(₹ in lakh)

Sl. No.	Name of Division	No. of Link Road	Culvert		Widening		Fresh Cutting		Boulder soling		Others[115]	Total Amount
			No.	Amount	Km	Amount	Km	Amount	Km	Amount	Amount	
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*	*M = E+G+I+K+L*
1	Aizawl	48	11	11.00	2.00	3.00	57.49	292.50	14.00	206.00	10.00	522.50
2	Lunglei	54	51	51.50	9.00	13.50	70.50	352.50	5.20	78.00	4.95	500.45
3	Khawzawl	37	4	4.00	-	-	41.71	208.55	10.50	157.50	14.23	384.28
4	Tuidam	18	33	39.00	2.50	3.75	37.00	185.00	4.00	60.00	-	287.75
5	Serchhip	32	13	13.00	17.26	27.00	29.50	147.50	9.83	147.50	11.50	346.50
6	Lawngtlai	17	17	17.00	12.60	18.90	14.50	72.50	8.10	121.50	6.00	235.90
7	Kolasib	15	25	25.00	-	-	26.00	130.00	7.50	112.50	18.12	285.62
8	Siaha	6	5	5.00	-	-	15.00	75.00	2.00	30.00	-	110.00
Total		**227**	**159**	**165.5**	**43.36**	**66.15**	**291.70**	**1463.55**	**61.13**	**913.00**	**64.80**	**2,673.00**

[115] Others include 12 nos. of bridges constructed at a cost of ₹ 57.24 lakh, maintenance of link road at a cost of ₹ 4.95 lakh and three nos. of retaining wall constructed at a cost of ₹ 2.61 lakh.

Appendix-2.2.7

Statement showing excess expenditure of ₹ 72.15 lakhs incurred in hiring of Excavators

(Reference: Paragraph-2.2.11.6(a))

Sl. No.	Name of Link Road	Work	Length (in Km)	Sanction Amount (in ₹)	Excavator Regd. No.	Date of commencement	Date of completion	MB No.	MB Page No.	No. of Hour of JCB hired (in Hour)	Rate/ Hour (in ₹)	Excavator Hiring Charge (in ₹)	Total days of work (in days)	Total Hour of work (in Hour)	Hour Excess (in Hour)	Amount Excess in Hiring of Excavators (in ₹)
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*	*M*	*N = H - G*	*O = N x 24 hrs.*	*P = K - O*	*Q = P x L*
1	Thehlep Kawng-De Lui	Fresh Cutting	3	15.00	MZ 01P 3320	21-07-2018	28-07-2018	VI/2018-DHO (LLI-ENG)	18-20	695.5	2,000	13,91,040	8	192	503.5	10,07,040
2	Mausen-Ngawpui Road	Fresh Cutting	2	10.00	MZ 01G 1444	11-06-2018	15-06-2018	IV/2018-DHO (LLI-ENG)	16-18	496.7	2,000	9,93,300	5	120	376.7	7,53,300
3	Khuanghlum-Tuichang	Fresh Cutting	3	15.00	No vehicle no.	21-05-2018	29-05-2018	VI/2018-DHO (LLI-ENG)	12-13	750	2,000	15,00,000	9	216	534	10,68,000
4	Mualthuam N-Buhsang Ram panna	Fresh Cutting	1.5	7.50	MZ 01G 1088	26-06-2018	29-06-2018	IV/2018-DHO (LLI-ENG)	19-21	225	3,311	7,44,975	4	96	129	4,27,119
5	Ramlaitui -Thingva Link Road	Fresh Cutting	1	5.00	MZ 06 4989	19-06-2018	22-06-2018	IV/2018-DHO (LLI-ENG)	22-24	150	3,311	4,96,650	4	96	54	1,78,794
6	Rawpui-Buhkang Link Road	Fresh Cutting	2	10.00	MZ 01C 2891	21-05-2018	29-05-2018	VI/2018-DHO (LLI-ENG)	15-16	500	2,000	10,00,000	9	216	284	5,68,000
7	Rotlang E-Nghafuan Ram	Fresh Cutting	1	5.00	MZ 02 9004	04-06-2018	08-06-2018	VI/2018-DHO (LLI-ENG)	10-11	250	2,000	5,00,000	5	120	130	2,60,000
8	Leite to Vaihmun	Fresh Cutting	1	5.00	MZ 01P 5135	12-06-2018	16-06-2018	VI/2018-DHO (LLI-ENG)	7-8	250	2,000	5,00,000	5	120	130	2,60,000
9	S.Vanlaiphai-Hnahchanglui	Fresh Cutting	3	15.00	MZ 02 9004	04-06-2018	12-06-2018	VI/2018-DHO (LLI-ENG)	4-5	750	2,000	15,00,000	9	216	534	10,68,000
10	Ramlaitui-Daiduk diversion	Fresh Cutting	1.5	7.50	MZ 06 4989	22-05-2018	25-05-2018	IV/2018-DHO (LLI-ENG)	25-27	225	3,311	7,44,975	4	96	129	4,27,119

Sl. No.	Name of Link Road	Work	Length (in Km)	Sanction Amount (in ₹)	Excavator Regd. No.	Date of commencement	Date of completion	MB No.	MB Page No.	No. of Hour of JCB hired (in Hour)	Rate/ Hour (in ₹)	Excavator Hiring Charge (in ₹)	Total days of work (in days)	Total Hour of work (in Hour)	Hour Excess (in Hour)	Amount Excess in Hiring of Excavators (in ₹)
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*	*M*	*N = H - G*	*O = N x 24 hrs.*	*P = K - O*	*Q = P x L*
11	Zotuitlang-Kaikuang Lui	Fresh Cutting	1.5	7.50	MZ 02 9366	10-04-2018	13-04-2018	IV/2018-DHO (LLI-ENG)	28-30	225	3,311	7,44,975	4	96	129	4,27,119
12	Bualpui-Vaiphei	Fresh Cutting	2	10.00	MZ 01G 1444	09-07-2018	13-07-2018	IV/2018-DHO(LLI-ENG)	34-36	300	3,311	9,93,300	5	120	180	5,95,980
13	Mualthuam 'N'-Bellei Kawng	Maintenance		4.95	MZ 01G 1088	07-05-2018	10-05-2018	IV/2018-DHO(LLI-ENG)	37-39	148	3,311	4,90,028	4	96	52	1,72,172
14	BRTF Road-Nakuksora	Fresh Cutting	1	5.00	MZ 01F 9749	02-07-2018	11-07-2018	V/2018-DHO(LLI-ENG)	10-12	241	2,000	4,82,000	10	240	1	2,000
Total			**23.50**	**122.45**	-	-	-	-	-	**5,206**		**1,20,81,243**	**85**	**2,040**	**3,166**	**72,14,643**

Appendix-2.2.8

Statement showing details of other vehicles hired as excavator involving hiring cost of ₹ 1.10 crore

(Reference: Paragraph-2.2.11.6(b))

Sl. No.	Name of Link Road	Division	Date of commence	Date of completion	MB No./ Name	Page	Excavator Hiring Charge (in ₹)	Vehicle Regd. No.	Vehicle Type
1	AMC Road-Chite Lui (Pt. I & II)	Aizawl	01-06-2018	29-06-2018	Aibawk Circle Link Road MB 2017-18 NEDP	21-26	7,00,000	MZ 01C 8175	LML Scooter
2	Kiliamkawn-Hawihtheih Link Road	Aizawl	01-05-2018	29-05-2018		12-14	3,60,000	MZ 02A 3215	Karizma Motorcycle
3	HrangteaLungdawhKawn-SuangpuilawnBualram	Aizawl	01-05-2018	29-05-2018	SPL. Circle Link Road MB 2017-18 NEDP	1-3	3,60,000	MZ 01J 0123	Maruti Gypsy
4	R.Lalvuana-Kangmual	Aizawl	01-05-2018	29-05-2018		3-6	3,60,000	MZ 01J 0123	Maruti Gypsy
5	RinuLungkawn-Mauhar	Aizawl	01-05-2018	29-06-2018		12-15	5,40,000	MZ 01F 2475	Mahindra Flyte Scooter
6	Lalhuliana Peng-HruidukZawl	Aizawl	01-05-2018	29-05-2018		9-11	3,60,000	MZ 01 1026	LML Scooter
7	Sunhluchhip-Tuirial	Aizawl	01-05-2018	29-05-2018	Darlawn Circle Link Road MB 2017-18 NEDP	36-39	3,60,000	MZ 01B 4368	TVS Scooty
8	Mauchar-Zote Ram	Aizawl	01-05-2018	29-05-2018		31-33	3,60,000	MZ 01D 6023	Karizma Motorcycle
9	Khawpuar-Tuivai	Aizawl	01-05-2018	29-05-2018		3-6	3,60,000	MZ 01L 1355	Honda DioScooty
10	Sawleng-Ngawzawl	Aizawl	01-05-2018	29-05-2018		22-25	3,60,000	MZ 01B 6916	Bajaj Scooter
11	Agri Link Road-Daiduk	Serchhip	15-08-2018	12-09-2018	2/NLUP-DHO(S)	80-82	4,95,000	MZ 06 5209	Pulsar 220 Motorcycle
12	Sailulak-Bawitlungzau	Serchhip	28-05-2018	28-06-2018	2/NLUP-DHO(S)	50-52	4,95,000	MZ 01N 2151	Yamaha Fascino Scooter
13	Pi Suakimual link road	Serchhip	03-05-2018	04-06-2018	2/NLUP-DHO(S)	10-12	4,95,000	MZ 01N 2151	Yamaha Fascino Scooter
14	Kawnpui-Haikhan	Serchhip	20-04-2018	16-06-2018	2/NLUP-DHO(S)	62-64	9,90,000	MZ 01C 6023	LML Scooter

Sl. No.	Name of Link Road	Division	Date of commence	Date of completion	MB No./ Name	Page	Excavator Hiring Charge (in ₹)	Vehicle Regd. No.	Vehicle Type
15	Hmawngawnlui-Satiallui panna kawng	Serchhip	20-08-2018	16-10-2018	2/NLUP-DHO(S)	86-88	9,90,000	MZ 06 2279	Yamaha FZ Motorcycle
16	SelukhanRoad (Kawnpui-Dumkawn)	Serchhip	09-01-2018	02-02-2018	2/NLUP-DHO(S)	77-79	2,97,000	MZ 01 3778	LML Scooter
17	NghasihKawng	Lunglei	03-09-2018	29-09-2018	V/2018-DHO (LLI-ENG)	50-53	8,50,000	MZ 01Q 6609	Access Scooty
18	Bungmual-Melpui	Lunglei	01-08-2018	21-08-2018	V/2018-DHO (LLI-ENG)	61-63	4,82,000	MZ 02 8385	Hero Motorcycle
19	Thinglubulzau Link Road	Lunglei	02-07-2018	28-07-2018	V/2018-DHO (LLI-ENG)	78-80	8,91,040	MZ 01B 0741	LML Scooter
20	Fencing Road-Agri Link Road Connecting	Lunglei	02-07-2018	28-07-2018	V/2018-DHO (LLI-ENG)	16-18	8,91,040	MZ 05 0885	Kinetic Scooty
	Total						**1,09,96,080**		

Appendix-2.2.9

Statement showing hiring of Excavators at two or more locations during the same period

(Reference: Paragraph-2.2.11.6(b))

Sl. No.	Division	Name of Link Road	Excavator Regd. No.	MB No./Name	MB Page No.	Period of engagement	Excavator Hiring charge (in ₹)
1	Lunglei	Chaltuilui to Pauvir	MZ 01F 9749	V/2018-DHO (LLI-ENG)	7-9	2 to 28 July 2018	8,91,040
2		New Balukiasuri-Kalpani		V/2018-DHO (LLI-ENG)	4-6	2 to 28 July 2018	8,91,040
3		PMGSY Road-Agri Link Road Connecting		V/2018-DHO (LLI-ENG)	13-15	2 to 21 July 2018	4,82,000
4		Changpui to De Lui	MZ 01P 3320	V/2018-DHO (LLI-ENG)	43-45	1 to 21 May 2018	4,82,000
5		Mp. Road-Samak Ram		V/2018-DHO (LLI-ENG)	40-42	1 to 28 May 2018	8,91,040
6		Marpara-Sazek Valley	MZ 01P 8101	V/2018-DHO (LLI-ENG)	37-39	1 to 28 May 2018	8,91,040
7		Sesawm-Daiche Project		V/2018-DHO (LLI-ENG)	34-36	1 to 28 May 2018	7,26,000
8		Lungsen-Saiva	MZ 02 7568	V/2018-DHO (LLI-ENG)	31-33	1 to 21 May 2018	4,82,000
9		Lungsen-Zawngngalram		V/2018-DHO (LLI-ENG)	25-27	1 to 21 May 2018	4,82,000
10		Sihphirtlang-Tlangkhamphei		V/2018-DHO (LLI-ENG)	19-21	1 to 21 May 2018	4,82,000
11	Serchhip	Buhkangkawnchung-Hmunzawl road	MZ 01P 4960	2/NLUP-DHO(S)	68-70	28 May to 25 June 2018	4,95,000
12		Lengte ram link road		2/NLUP-DHO(S)	23-25	11 May to 12 June 2018	4,95,000
13		Dinthar-Changbawk	MZ 06 4082	2/NLUP-DHO(S)	29-31	11 May to 22 May 2018	2,47,500
14		Lunglei Zau-Dawngzawl (CoE Road)		2/NLUP-DHO(S)	13-15	27 April to 8 June 2018	7,42,500
15		Lathei Link Road	MZ 06 7269	2/NLUP-DHO(S)	71-73	7 July to 21 Aug 2018	7,42,500
16		Golf course kawng-Buarpui road (Darnam Link Road)		2/NLUP-DHO(S)	74-76	5 July to 20 Aug 2018	7,42,500
17	Aizawl	Khuailui-Khawkawi (Silaikawn-Belleimual)	MZ 09 0705	Khanpui Link Road 2017-18 NEDP MB	1-7	1 to 29 May 2018	7,20,000
18		Palsang-Zawngsil		Darlawn Circle Link Road MB 2017-18 NEDP	1-3	1 to 29 May 2018	3,60,000
Total							**1,12,45,160**

Appendix-2.2.10

Statement showing the details of ₹ 86 lakh incurred on unapproved construction work instead of "on-farm pack house"

(Reference: Paragraph-2.2.12.2(I))

Sl. No	Location	Year	Amount (in lakh)	Actual construction	Division
1	Thingsulthliah	2015-16	6	Circle Horticulture office	Aizawl
2	Samakbual, Thingsulthliah	2015-16	2	Waiting shade	Aizawl
3	Dampui Khuaihnuai ram (Hmuifang), COE Thiak	2015-16	2	Waiting shade	Aizawl
4	Chamte, Aibawk	2015-16	4	Waiting shade	Aizawl
5	Edenthar, Aizawl South	2015-16	2	Waiting shade	Aizawl
6	Neihbawih, Aizawl south	2015-16	1	view point	Aizawl
7	Aibawk	2016-17	12	Staff lodge/Guest house	Aizawl
8	Centre of Excellence, Thiak	2015-16	2	Godown (Assam Type)	Aizawl
9	Centre of Excellence, Thiak	2016-17	6	Training Hall	Aizawl
10	N. Vanlaiphai	2015-16	5	CHO office	Serchhip
11	Chhingchhip	2016-17	6	Pack house cum Godown	Serchhip
12	N. Vanlaiphai	2016-17	4	Godown	Serchhip
13	Hauruang (Mellimual)	2015-16	2	Waiting shade	Lunglei
14	Zobawk (Sawnngaizawl)	2015-16	2	Waiting shade	Lunglei
15	COE, Lunglei unit I	2015-16	2	View gallery and bathroom	Lunglei
16	COE, Lunglei unit II	2015-16	2	Godown	Lunglei
17	S. Vanlaiphai	2016-17	10	Office cum Quarters	Lunglei
18	Lungsen	2016-17	10	Circle Horticulture Office cum pack house	Lunglei
19	Hnahthial	2016-17	6	Office cum Quarters	Lunglei
	Total		**86**		

Appendix-2.2.11

Details of construction of Evaporative/ Low Energy Cool Chamber (8 MT) under MIDH Scheme and Expenditure thereof

(Reference: Paragraph-2.2.12.2(II))

Sl. No.	Location of construction	Cost of construction (₹ in lakh)	Division	Year	Type of construction
Details of ₹ 25 lakhs diverted for construction of unapproved work.					
1	COE, Thiak	5	Aizawl	2016-17	Training Hall
2	Sesawng	5	Aizawl	2016-17	Mushroom production unit
3	Divisional Horticulture office, Lunglei	10	Lunglei	2015-16	Circle Horticulture Office
4	Thinglubual Zau	5	Serchhip	2016-17	Waiting shed.
	Total	**25**			
Details of ₹ 20 lakhs for which there is no photographic evidence to sustain the construction of Low Energy Cool Chamber					
5	Zawlpui	2.5	Serchhip	2016-17	No construction
6	North Vanlaiphai	7.5	Serchhip	2016-17	No construction
7	Leng	5	Serchhip	2016-17	No construction
8	Aibawk	5	Aizawl	2016-17	No construction
	Total	**20**			

Appendix-2.2.12

Statement showing Target and Achievement under HRD component of MIDH during 2015-20

(Reference: Paragraph-2.2.13)

(Financial: ₹ in lakh; Physical.: Man-days)

Sl. No.	Component	Targets as per AAP		Achievements		*Percentage* of Achievements	
		Financial	Physical	Financial	Physical	Financial	Physical
1.	Training/ Exposure visit of Farmers within the State	186.73	41,572	165.95	34,072	88.87	81.96
2.	Training/ Exposure visit of Farmers outside the State	87.00	Not fixed in AAP	87.00	315	100.00	NA
3.	Training/ Exposure visit of Farmers outside India	44.00	11	44.00	30	100.00	272.73
4.	Gardeners/ Skill Development	66.12	420	66.12	770	100.00	183.33
5.	Supervisor & Entrepreneur	0	0	0	0	NA	NA
6.	Training/ Study tour of Technical Staff/ Field Functionaries within the State	22.26	7,420	22.26	7,420	100.00	100.00
7.	Training/ Study tour of Technical Staff/ Field Functionaries to Progressive States	125.49	15,687	99.91	900	79.62	5.74
8.	Training/ Study tour of Technical Staff/ Field Functionaries outside India	144.00	24	129.67	55	90.05	229.17
Grand Total		**675.60**	**65,134**	**614.91**	**43,562**		

Appendix-2.2.13

Statement showing the details of ₹ 89.92 lakh incurred on Supervision and Monitoring from different interventions of MIDH Scheme

(Reference: Paragraph-2.2.14.1)

Sl. No.	Component of MIDH Scheme	Amount (in ₹)
1.	Rejuvenation of senile plantation	54,10,866
2.	Protected Cultivation (Green House/ Poly house)	10,53,903
3.	Individual Water Harvesting System	5,03,000
4.	High Value Vegetables grown in Poly house	4,80,345
5.	Area Expansion Scheme (AES) of M. Orange	2,01,495
6.	Integrated Pest Management (IPM)	1,76,505
7.	AES of Kiwi	1,71,500
8.	Integrated Nutrient Management (INM)	1,69,200
9.	AES of Banana	1,65,000
10.	Cultivation of Anthurium under Poly house/ shed net house	1,43,620
11.	AES of Dragon Fruit	1,32,300
12.	1st Year maintenance of Papaya	1,10,000
13.	AES Mango	1,02,242
14.	AES of Aromatic Plant	60,000
15.	AES of Bird's eye chilli	59,940
16.	AES of Other Fruit Crop (OFC)	52,550
Total		**89,92,466**

Appendix-2.3.1

Statement showing payment to contractors without deduction of labour cess

(Reference: Paragraph-2.3.9.2.3)

(Amount in ₹)

Sl. No.	Voucher No. & Date	Contractors	Billed Amount before deduction of GST	Amount of Labour Cess deductible but not deducted
1	No.8 dt.12.12.2018	M/s LT Skylite	32,23,463	32,234.63
2	No.28(1)-(3) dt.21.12.2018	M/s LT Skylite	423,56,203	4,23,562.03
3	No.27(1)- (10) dt.20.12.2018	M/s EL TY Enterprises	49,48,537	49,485.37
4	No.9(1)-(9) dt.7.11.2019	M/s EL TY Enterprises	72,51,499	72,514.99
5	No.24(1)-(5) dt.13.12.2019	M/s EL TY Enterprises	31,03,114	31,031.14
6	No.26(1)-(2) dt.20.12.2018	M/s Fancy Electronics	95,80,970	95,809.70
7	No.9(1) – (20) dt.10.02.2019	M/s EL TY Enterprises	98,24,700	98,247.00
Total			**8,02,88,486**	**8,02,884.86**

Appendix-2.3.2

Statement showing liquidated damage (LD) not recovered from the contractors

*(Reference: Paragraph-*2.3.10.1)

Sl. No.	Name State	Projects	Date of award of Project	Target date of completion	Actual Date of Completion (mentioned in the Project completion Certificate)	Delay in completion of work (in months)	Applicable LD not levied (Amount in ₹)
	DDUGJY New – Village Electrification						
1	Mizoram	Aizawl District	10.04.2017	10.04.2018	25.02.2019	10	11,13,268
2	-do-	Champhai District	10.04.2017	10.04.2018	13.12.2018	8	5,29,012
3	-do-	Kolasib District	10.04.2017	10.04.2018	29.06.2018	2	14,06,926
4	-do-	Lawngtlai District	10.04.2017	10.04.2018	20.04.2019	12	28,40,098
5	-do-	Lunglei District	10.04.2017	10.04.2018	10.01.2019	9	6,56,550
6	-do-	Mamit District	10.04.2017	10.04.2018	05.08.2018	3	43,77,752
7	-do-	Siaha District	10.04.2017	10.04.2018	10.09.2018	5	7,56,507
8	-do-	Serchhip District	10.04.2017	10.04.2018	13.02.2018	0	
9	-do-	SAGY Projects	10.04.2017	10.04.2018	3.02.2018	0	
	DDUGJY New – System strengthening						
10	Mizoram	Champhai District	07.01.2019	07.07.2019	16.07.2020	12	5,54,923
11	-do-	Serchhip District	07.01.2019	07.07.2019	Not yet completed	20	6,37,400
12	-do-	Lawngtlai District	07.01.2019	07.07.2019	04.07.2020	12	3,16,336
13	-do-	Lunglei District	Departmental	24.02.2020	31.05.2018	0	0
14	-do-	Kolasib District	07.01.2019	07.07.2019	10.12.2019	5	2,28,261
	Addl. DPR – DDUGJY Infrastructure						
15	Mizoram	Aizawl District	30.05.2019	29.05.2020	Ongoing	10	20,47,077
16	-do-	Champhai District	30.05.2019	29.05.2020	Ongoing	10	6,43,109
17	-do-	Kolasib District	30.05.2019	29.05.2020	Ongoing	10	21,570
18	-do-	Lawngtlai District	30.05.2019	29.05.2020	Ongoing	10	37,206
19	-do-	Lunglei District	30.05.2019	29.05.2020	Ongoing	10	11,60,311
20	-do-	Mamit District	30.05.2019	29.05.2020	Ongoing	10	11,35,256
21	-do-	Serchhip District	30.05.2019	29.05.2020	Ongoing	10	31,008
	Addl. DPR Metering						
22	Mizoram	Aizawl District	25.09.2019	24.09.2020	Ongoing	6	3,43,610
23	-do-	Champhai District	25.09.2019	24.09.2020	Ongoing	6	3,18,745
24	-do-	Kolasib District	25.09.2019	24.09.2020	Ongoing	6	3,73,421
25	-do-	Lawngtlai District	25.09.2019	24.09.2020	Ongoing	6	2,47,834
26	-do-	Lunglei District	25.09.2019	24.09.2020	Ongoing	6	2,54,358
27	-do-	Mamit District	25.09.2019	24.09.2020	Ongoing	6	2,82,954
28	-do-	Serchhip District	25.09.2019	24.09.2020	Ongoing	6	2,44,848
29	-do-	Siaha District	25.09.2019	24.09.2020	Ongoing	6	11,41,770
Total							**2,17,00,110**

Appendix-2.3.3

Statement showing details of excess estimation of non-deduction of VAT with addition of GST

*(Reference: Paragraph-*2.3.10.4.2(A)*)*

(Amount in ₹)

ESTIMATE FOR CONSTRUCTION OF 3 PHASE 1km OVERHEAD 11kV LINE							
SOR No	**Items**	**Unit**	**Rate for 1 km**	**Qnty.**	**Amount**	**Qnty. Required for 11km**	**Amount required for 11 km**
1.02	Providing and erection of steel tubular pole (SP-29) strut in cement concrete 1:3:6 (1 cement: 3 coarse sand: 6 graded stone aggregate 40 mm nominal size) foundation (0.342Cum inclusive of muffling) with planting depth of 1.5m including pole painting; excavation and back filling of pole pit; carriage of Materials at site as directed by the engineer in charge.	Nos	23,037	17	3,91,629	187	43,07,919
2.34	Providing and erection of 4 nos. of MS Channel Iron 75 mm X 40 mm X 6 mm (7.14 Kg per metre) double pole cross arm for three wire 11 KV overhead line conductors (triangular formation) complete with through bolts and nuts for clamping to the poles including drilling of holes for insulator pins/ fitting bolts, nuts and washers *etc.,* and painting with primer and finished paint as required (for SP-35) as directed by the engineer in charge.	Location	9,824	7	68,768	77	7,56,448
2.31	Providing and erection of 12 nos. of MS Channel Iron 75 mm X 40 mm X 6 mm (7.14Kg per metre) triple pole cross arm for three wire 11 KV overhead line conductors complete with through bolts and nuts for clamping to the poles including drilling of holes for insulator pins/ fitting bolts, nuts and washers *etc*., and painting with primer and finished paint as required (for SP-29) as directed by the engineer in charge.	Location	30,786	1	30,786	11	3,38,646
3.07	Providing and erection of pin insulator for 11 KV overhead lines with galvanised pin, nuts, washers *etc*., as directed by the engineer in charge.	Set	1,298	8	10,384	88	1,14,224
3.08	Providing and erection of disc insulator, 45 kN (2 nos. as a set) for 11 KV overhead lines with insulator fittings, ball and socket type and complete with aluminium alloy tension clamps, bolts, nuts, washers *etc.,* as directed by the engineer in charge.	Set	2,109	48	1,01,232	528	11,13,552

ESTIMATE FOR CONSTRUCTION OF 3 PHASE 1km OVERHEAD 11kV LINE							
SOR No	**Items**	**Unit**	**Rate for 1 km**	**Qnty.**	**Amount**	**Qnty. Required for 11km**	**Amount required for 11 km**
4.05	Providing and erection of galvanised stay set for 11 KV overhead lines complete with 19 mm rod dia. with plate 30x30x0.8 cm, 7/ 12 SWG G.I. stay wire, 11 KV guy insulator (140x85mm) and stay bow in cement concrete 1:3:6 (1 cement: 3 coarse sand: 6 graded stone aggregate) foundation including excavation and refilling *etc*., (for SP-29) as directed by the engineer in charge.	Set	4,240	25	1,06,000	275	11,66,000
5.04	Providing, laying and stringing of conductor, jumpering of 11KV line per circuit meter using Weasel conductors with jungle clearance, as directed by the engineer in charge.	Circuit meter	143	1,050	1,50,150	11,550	16,51,650
6.02	Providing and fitting of 2.5 m long, 40 mm diameter, 8 mm thick G.I. Earth Pipe fabricated for 11 KV and 33 KV Pole Earthing, with accessories such as terminal connector, bentonite powder, 8 SWG G.I. wire *etc*., as directed by the engineer in charge.	Location	3,051	8	24,408	88	2,68,488
7.01	Providing and fitting of Lightning Spike made of iron rod,10 mm diameter, 1.5 m length, 1 kg welded with MS Flat iron 40x5mm, 0.5kg and 8 SWG GI wire 2.5kg, as directed by the engineer in charge.	Each	1,014	2	2028	22	22,308
	Total 'A'				**8,85,385**		**97,39,235**
	Survey on 'A'	**0.25%**			**2,213.46**		**24,348.09**
	Labour Cess on 'A'	**1%**			**8,853.85**		**97,392.35**
	Transportation	**(as per SOR)**			**22,625.41**		**2,48,879.51**
	Inspection Fee (as per norms of the Govt)				**500**		**5,500**
	Goods and Services Tax on 'A'	**18%**			**1,59,369.30**		**17,53,062.30**
	Grand Total 'B'				**10,78,947**		**1,18,68,417.25**
	Total value after deducting VAT (13.5 *per cent*) 'C'				**7,80,074.88**		**85,80,823.79**
	Survey on 'C'	**0.25%**			**1,950.19**		**21,452.06**
	Labour Cess on 'C'	**1%**			**7,800.75**		**85,808.24**
	Transportation	**(as per SOR)**			**22,625.41**		**2,48,879.51**
	Inspection Fee (as per norms of the Government)				**500**		**5500**
	Goods and Services Tax on 'C'	**18%**			**1,40,413.48**		**15,44,548.28**
	Grand Total 'D'				**9,53,364.71**		**1,04,87,011.88**
	Excess estimation due to non-deduction of VAT (13.5 *per cent*) (B-D)				**1,25,582.29**		**13,81,405.37**

Appendix-2.3.4

Statement showing details of habitations where grid connections are available but off-grid connection given to households

(Reference: Paragraph-2.3.11.1.5)

Block	Habitation Name	Habitation Code	Service Connect-ion through-Grid	25 KVA (Three Phase)	63 KVA (Three Phase)	11 KV (km)	1-ph LT AB Cable	3-ph LT AB Cable	Total Off-Grid	Remark
Chawngte	Rengkashya	271662-001	50	1	0	0.10	0.35	0.30	2	Solar connection to households provided in Grid Connected habitations.
Chawngte	Parva I	271687-001	35	1	0	0.00	0.18	0.12	26	
S. Bungtlang	Saibawh	271745-001	67	0	0	0.00	0.12	0.08	21	
Sangau	Siachangkawn	271770-001	57	0	1	0.20	0.18	0.12	5	
Sangau	Bualpui ng	271771-001	116	0	1	0.20	0.54	0.36	9	
Sangau	Lungzarhtum	271773-001	50	0	1	0.30	0.42	0.28	3	
Sangau	Vawmbuk	271775-001	79	0	1	0.20	0.30	0.20	6	
Sangau	Archhuang	271776-001	21	1	0	0.20	0.12	0.08	5	
Sangau	Rawlbuk	271767-001	8	0	0	0.00	0.19	0.12	3	
Sangau	Pangkhua	271781-001	18	0	0	0.00	0.43	0.29	3	
Chawngte	Borapansury I	271616-001	39	1	0	0.70	0.36	0.24	5	
Chawngte	Borapansuri II	271617-001	80	1	1	1.00	0.90	0.60	3	
Chawngte	Ugulsury	271618-001	164	1	1	0.50	0.60	0.40	2	
Chawngte	Chhotapansury	271626-001	95	2	0	0.40	0.90	0.50	5	
Chawngte	Kamlanagar I	271633-001	115	0	1	0.20	0.18	0.12	4	
Chawngte	Udalthana II	271639-001	127	1	1	1.90	1.20	0.80	2	
Chawngte	Mandirasora	271649-001	99	2	0	1.30	0.70	0.85	3	
Chawngte	Kamalanagar IV	271695-001	39	1	0	0.70	0.24	0.16	3	
Lungsen	Khawmawi	271528-001	21	1	0	0.00	0.00	0.20	27	
Hnahthial	New Thingtlang (H. Thiltlang)	271592-001	16	0	0	0.00	0.00	0.50	3	
Lungsen	Serhuan	271486-001	50	1	0	0.20	0.06	0.04	4	
Lungsen	Nunsuri	271487-001	129	2	0	0.30	0.60	0.40	4	
Lungsen	Khojoysuri (Old)	271502-001	74	1	0	0.20	0.35	0.25	4	
Lungsen	Tiperaghat I	271505-001	36	1	0	0.20	0.40	0.25	3	
Lungsen	Teperaghat II	271506-001	16	0	0	0.00	0.25	0.00	4	
Lungsen	Khojaisori	271510-001	60	1	0	0.25	0.25	0.30	3	
Lungsen	TuisenBolia	271535-001	54	0	0	0.00	0.06	0.04	2	
Lungsen	Belpei	271537-001	9	0	0	0.00	0.54	0.36	99	
W Bunghmun	Devasura	271446-001	137	1	0	0.25	0.36	0.24	4	
W Bunghmun	Malsuri	271448-001	155	1	0	0.30	0.54	0.36	5	
W Bunghmun	Puankhai	271449-001	168	1	0	0.35	0.72	0.48	19	
Siaha	Siata	271835-001	64	0	1	0.30	0.30	0.20	5	
Tuipang	Chakhang	271797-001	107	0	1	0.30	0.48	0.32	3	
Tuipang	Serkawr	271787-001	40	1	0	1.50	0.30	0.20	4	
W Bunghmun	Bandiasora	271444-001	136	0	1	0.24	0.30	0.20	4	
Chawngte	Lokhisuri	271667-001	0	0	0	0.00	0.30	0.20	70	
S. Bungtlang	Damlui	271742-001	57	0	1	0.00	0.00	0.00	19	
Lawngtlai	Hmunlai	271700-001	4	0	0	0.00	0.00	0.00	2	
Lawngtlai	Sumsilui	271702-001	101	0	0	0.00	0.00	0.00	4	
Lungsen	Putlungasih	271473-001	34	0	0	0.00	0.00	0.00	3	
Lungsen	Kalapani	271529-001	9	0	0	0.00	0.00	0.00	5	
Total									**410**	

Appendix-2.3.5

*(Reference: Paragraph-*2.3.12(B) & (C))

1. Details of non-rectification of defects pointed out by the PMA

The Department had engaged M/s Eternity Partners as its Project Management Agency (PMA). During inspection of villages, the PMA observed some major deficiencies for DDUGJY and Saubhagya works. Reports of PMA on DDUGJY New scheme revealed serious cases such as defective foundation for 11 KV line and LT line; LT pole without concrete foundation; oil leakage from DT; LT poles without being galvanised; rusted nut and bolts, and poor painting quality.

In case of Saubhagya works, the PMA report pointed out many cases of foundation work not concretised properly due to insufficiency of cement supply for DT substation; pole foundation not concretised for LT line; pole not painted, *etc*.

The PMA had pointed out 163 deficiencies on both the Schemes. However, the Department did not take any action to rectify the defects pointed out by the PMA.

2. Poor record of rectification of defects pointed out by the RQM

The REC Quality Monitors (RQM) pointed out the following common critical and major defects in the works in respect of the two schemes:

DDUGJY Scheme

i. Critical defects: The critical defects were listed as follows: proper tensioning of overhead conductor was not there; earthing was not done in the HT Poles; cradle guard was not provided; steel overhead structure is earthed using ant conductor instead of eight SWG wire/ GI flat, cement grouting on poles not done properly, proper binding on insulators not proper.

ii. Major defects: The major defects were as follows: cross bracing not found in every double pole; tilted poles; proper painting was not done on LT pole; bearer wire not provided against meter; meter box not provided; lightning arresters were not connected with GI wire in the earthing pipe; pit to pit distance was not as per specification in the substation; painting was not done on steel structure; colour of silica gel was not blue; and depth of poles was not done properly.

In case of Saubhagya Scheme, REC Quality Monitors (RQM) had pointed out the following common critical and major defects in the quality of the works:

Saubhagya Scheme

i. Critical defects: The critical defects were: proper binding of insulator not done; pole earthing not done; cradle guard not provided on road crossing near DTR; no separate earthing for equipment body; oil leakage was found on the body of transformer; Steel overhead structure is earthed using ant conductor instead of eight SWG wire/ GI flat; proper tensioning of overhead conductor was not there; lightning arrester not installed on DTR.

ii. Major defects: The major defects were: tilting of LT poles; cross bracing not found in every double pole; proper painting was not done on poles; barrier wire between pole and house not provided; ISI mark of five-amp socket not provided; colour of silica gel turned pink and not blue; substation signboard not found; PVC pipe support not provided against Meter; LA are not connected with GI wire in the earthing pipe; earthing not provided in service connection.

Appendix-2.4.1

Statement showing execution of works by restricted tender

(Reference: Paragraph-2.4.7.2(b))

COMMERCE & INDUSTRIES DEPARTMENT							
Year	**SI. No.**	**Name of works**	**Location of works**	**Sanction amount (₹ in lakh)**	**Type of works (Contractual/ departmental)**	**In case of contractual works, type of tender**	**Name of contractor**
2017-18	1	Construction of Aizawl City Centre (ACC) at New Market	New Market	1,500	Contract	Restricted Tender	Lushai Engineers
2017-18	2	Construction of Aizawl City Centre 'Annexe' at New Market, Aizawl	Dawrpui Veng	3,641	Contract	Restricted Tender	Lushai Engineers
2017-18	3	Re-Construction of Rahsi Veng Market Block-I at Champhai	Champhai	150	Contract	Restricted Tender	Lushai Engineers
2017-18	4	Re-Construction of Saitual Market	Saitual	150	Contract	Restricted Tender	Lushai Engineers
2017-18	5	Construction of Thenzawl East Market	Thenzawl	150	Contract	Restricted Tender	Lushai Engineers
2017-18	6	Vertical Extension of Venglai Market at Kolasib	Kolasib Venglai	120	Contract	Restricted Tender	Lushai Engineers
2017-18	7	Vertical Extension of Lunglei Super Market Phase-II	Lunglei	120	Contract	Restricted Tender	Lushai Engineers
2017-18	8	Vertical Extension of Sihphir Twin Market (Wholesale Market)	Sihphir	110	Contract	Restricted Tender	Lushai Engineer
2017-18	9	Extension of Serchhip Market	Serchhip	100	Contract	Restricted Tender	Lushai Engineers
2018-19	10	Construction of New Market Building at Dawrpui Veng, Aizawl (NEC)	DawrpuiVeng	587.07	Contract	Restricted Tender	Lushai Engineers
2018-19	11	Construction of Agri Marketing & Training Infrastructure	Lunglei	1,082.93	Contract	Restricted Tender	A.I.E.
2019-20	12	Construction of New Market Building at Dawrpui Veng, Aizawl (NEC)	Aizawl	192.93	Contract	Restricted Tender	Lushai Engineers
Total				**7,903.93**			

HOME (POLICE) DEPARTMENT									
Year	**Sl. No**	**Name of Works**	**Location of Work**	**Name of Contractor**	**Date of sanction**	**Sanction Amount (₹ in lakh)**	**Name of Scheme**	**Type of works (Contractual/ Departmental)**	**Type of tender**
2015-16	1	Construction of 40 men barrack	NE Khawdungsei	K Lalfakzuala	23-03-2016	45.32	State	Contractual	Restricted tender
2015-16	2	Construction of 40 men barrack	Vanbawng	Lalfelkima	23-03-2016	45.32	State	Contractual	Restricted tender
2015-16	3	Construction of 40 men barrack	Khawlian	Lalfelkima	23-03-2016	45.32	State	Contractual	Restricted tender
2015-16	4	Construction of 40 men barrack	Suangpuilawn	Lalfelkima	23-03-2016	45.32	State	Contractual	Restricted tender
2015-16	5	Construction of 40 men barrack	Sakawrdai	Lalhluna	23-03-2016	45.32	State	Contractual	Restricted tender
2017-18	6	Vertical Extension of Police Station at Serchhip	Serchhip	PC Vanlalsawna	24-10-2017	83.82	NEDP	Contractual	Restricted tender
2017-18	7	Vertical Extension of Central Armoury	1st Bn MAP	Lalbiakhlua Renthlei	24-10-2017	44.5	NEDP	Contractual	Restricted tender
2017-18	8	Improvement and upgradation of approach road to border outpost	Vanbawng	VF Lalzarliana	13-12-2017	33.9	State	Contractual	Restricted tender
2019-20	9	Construction of 15 men barrack at Rengdil	Rengdil	Vaninmawia	29-10-2019	30.67	SEDP	Contractual	Restricted tender
2019-20	10	Construction of 30 men barrack	Rengdil	Laldinthara	29-10-2019	68.47	SEDP	Contractual	Restricted tender
Total						**487.96**			

RURAL DEVELOPMENT DEPARTMENT

Year	Sl. No	Name of Works	Location of Work	Name of Contractor	Date of sanction	Sanction Amount (₹ in lakh)	Name of Scheme	Type of works (Contractual/ Departmental)	Type of tender
2016-17	1	Construction of Mini Sport Complex at Khawbung	Khawbung	Advance Consulting, Aizawl	16-08-2016	369.89	NLCPR	Contractual	Restricted
2017-18	2	Construction of Mini Sport Complex at Aibawk	Aibawk	NECS, Aizawl	05-05-2017	400	NLCPR	Contractual	Restricted
Total						**769.89**			

Appendix-2.4.2

Details of Non-Deduction of TDS

(Reference: Paragraph-2.4.7.8)

INDUSTRIES AND COMMERCE DEPARTMENT					
Sl. No.	**Name of work**	**Location**	**Sanctioned amount (₹ in lakh)**	**TDS (₹ in lakh)**	**Date of sanction**
1	Construction of Common Facilitation Centre	Hortoki	20	0.4	28.02.2019
2	Construction of Common Facilitation Centre	Ramthar	20	0.4	04.03.2019
3	Construction of Common Facilitation Centre	Khawzawl	20	0.4	04.03.2019
4	Construction of Common Facilitation Centre	North Vanlaiphai	20	0.4	06.03.2019
5	Construction of Common Facilitation Centre	Kawlkulh	20	0.4	04.03.2019
6	Construction of Common Facilitation Centre	Rulpuihlim	20	0.4	28.02.2019
7	Construction of Common Facilitation Centre	Samlukhai	20	0.4	04.03.2019
8	Construction of Common Facilitation Centre	Sawleng	20	0.4	28.02.2019
9	Construction of Common Facilitation Centre	Thenzawl	20	0.4	05.03.2019
10	Construction of Common Facilitation Centre	Kanghmun	15	0.3	07.03.2019
11	Construction of Common Facilitation Centre	Mualthuam	4.25	0.085	07.03.2019
Total			**199.25**	**3.99**	

LOCAL ADMINISTRATION DEPARTMENT					
Sl. No.	**Name of Works**	**Location**	**Sanctioned Amount (₹ in lakh)**	**TDS (₹ in lakh)**	**Date of sanction**
1	Const. of Panchayat Bhawan at Sakawrdai	Sakawrdai	20.00	0.40	04.07.2019
2	Const. of Panchayat Bhawan at Khuangleng	Khuangleng	20.00	0.40	04.07.2019
3	Const. of Panchayat Bhawan at W. Lungdar	W. Lungdar	20.00	0.40	04.07.2019
4	Const. of Panchayat Bhawan at Hmunpui	Hmunpui	20.00	0.40	04.07.2019
5	Const. of Panchayat Bhawan at Darlung	Darlung	20.00	0.40	04.07.2019
6	Formation cutting & Consnt. of R/Wall for widening of Public Play Ground at Tlangpui	Tlangpui	13.61	0.27	09.08.2019
Total			**113.61**	**2.27**	

Appendix-2.6.1
Details of payments made to the contractor on Cable Car components

(Reference: Paragraph-2.6)

(₹ in lakh)

Sl. No.	Area/ location	Name of the Component	Date	Running Account Bill	Amount billed/ payable	Mobilisation Advance recovered	Amount paid to contractor[116] (₹ in lakh)
(1)	(2)	(3)	(3)	(4)	(5)	(6)	(5) - (6) = (7)
1.	Durtlang	Mobilisation Advance for cable car (to Chaltlang)	01-09-2017	--	248.26	--	248.26
2.	Durtlang	cable car (to Chaltlang)	17.01.2018	1st	367.85	36.79	331.06
3.	Durtlang	- do -	25.04.2018	2nd	625.73	62.57	563.16
4.	Durtlang	- do -	22.05.2018	3rd	123.51	12.35	111.16
5.	Durtlang	- do -	23.11.2018	4th	105.03	0.00	105.03
		Sub-Total			**1,470.38**	**111.71**	**1,358.67**
6.	Durtlang	Mobilisation Advance for Equipment store & workshop	01-09-2017	--	9.32	--	9.32
7.	Durtlang	Equipment store & workshop	17.01.2018	1st	13.81	1.38	12.43
8.	Durtlang	- do -	25.04.2018	2nd	23.49	2.35	21.14
9.	Durtlang	- do -	22.05.2018	3rd	4.64	0.46	4.18
10.	Durtlang	- do -	23.11.2018	4th	3.94	0.00	3.94
		Sub-Total			**55.20**	**4.19**	**51.01**
11.	Durtlang	Mobilisation Advance for Zip Line	01-09-2017	--	15.00	--	15.00
12.	Durtlang	Zip Line	17.01.2018	1st	22.23	2.22	20.01
13.	Durtlang	- do -	25.04.2018	2nd	37.81	3.78	34.03
14.	Durtlang	- do -	22.05.2018	3rd	7.46	0.75	6.71
15.	Durtlang	- do -	23.11.2018	4th	6.35	0.00	6.35
		Sub-Total			**88.85**	**6.75**	**82.10**
16.	Chaltlang	Mobilisation Advance for Radio Communication	01-09-2017	--	1.25	--	1.25
17.	Chaltlang	Radio Communication	25.04.2018	2nd	3.15	0.32	2.83
18.	Chaltlang	- do -	22.05.2018	3rd	0.62	0.06	0.56
19.	Chaltlang	- do -	23.11.2018	4th	0.53	0.00	0.53
		Sub-Total			**5.55**	**0.38**	**5.17**
20.	Chaltlang	Mobilisation Advance for Weather station	01-09-2017	--	3.00	--	3.00
21.	Chaltlang	Weather station	25.04.2018	2nd	7.56	0.75	6.81
22.	Chaltlang	- do -	22.05.2018	3rd	1.49	0.15	1.34
23.	Chaltlang	- do -	23.11.2018	4th	1.27	0.00	1.27
		Sub-Total			**13.32**	**0.90**	**12.42**
		Grant-Total			**1,633.30**	**123.93**	**1,509.37**

Source: Departmental records

[116] Amount paid to contractor in the running account bill 1st to 4th is after adjustment/ recovery of a portion of the mobilisation advance paid to the contractor.

Appendix-3.1.1

Summarised financial position and working results of Government Companies as per their latest finalised accounts as on 30 September 2020

(Reference: Paragraphs-3.1.2.1, 3.1.6, 3.1.8, 3.1.8.2, 3.1.8.3 and 3.1.9)

(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[117]	Loans out-standing at the end of year	Accu-mulated profit (+)/ loss (-)	Turn-over	Net profit (+)/ loss (-)	Net impact of Audit com-ments	Capital em-ployed[118]	Return on capital em-ployed[119]	Percentage of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Working Government Companies													
SECTOR: AGRICULTURAL MARKETING													
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	2015-16	5.72	2.09	(-) 6.43	0.28	(-) 1.02	-	1.38	(-) 1.00	(-) 72.46	9
Sector Wise Total				**5.72**	**2.09**	**(-) 6.43**	**0.28**	**(-) 1.02**	**-**	**1.38**	**(-) 1.00**	**(-) 72.46**	**9**
SECTOR: FINANCING													
2.	Zoram Industrial Development Corporation Limited	2018-19	2019-20	15.78	29.68	(-) 14.91	9.72	0.82	-	30.55	0.82	2.68	39
Sector Wise Total				**15.78**	**29.68**	**(-) 14.91**	**9.72**	**0.82**	**-**	**30.55**	**0.82**	**2.68**	**39**
SECTOR: MANUFACTURING													
3.	Zoram Electronics Development Corporation Limited	2009-10	2016-17	7.23	-	(-) 6.59	0.00	(-) 0.24	-	0.64	(-) 0.24	(-) 37.50	0
4.	Mizoram Food and Allied Industries Corporation Limited	2014-15	2016-17	20.00	-	(-) 20.91	0.78	(-) 1.59	-	(-) 0.91	(-) 1.59	Not workable	22
Sector Wise Total				**27.23**	**-**	**(-) 27.50**	**0.78**	**(-) 1.83**	**-**	**(-) 0.27**	**(-) 1.83**	**	**22**
SECTOR: MISCELLANEOUS													
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2017-18	2018-19	10.00	0.10	(-) 6.05	0.00	(-) 0.01	-	4.05	(-) 0.01	(-) 0.25	3
Sector Wise Total				**10.00**	**0.10**	**(-) 6.05**	**0.00**	**(-) 0.01**	**-**	**4.05**	**(-) 0.01**	**(-) 0.25**	**3**
Grand Total				**58.73**	**31.87**	**(-) 54.89**	**10.78**	**(-) 2.04**	**-**	**35.71**	**(-) 2.02**	**(-) 5.66**	**73**

Source: Records furnished by PSUs

[117] Paid up capital includes 'Share application money pending allotment' (₹ 2.73 crore) in respect of Mizoram Agricultural Marketing Corporation Limited (₹ 0.27 crore) and Zoram Electronics Development Corporation Limited (₹ 2.46 crore)

[118] Capital employed represents Shareholders' fund *plus* long term borrowings

[119] Return on capital has been worked out by adding back the 'interest' charged to profit and loss account to the 'net profit' or 'net loss' for the year

Appendix-3.1.2

Statement showing Rate of Real Return on Government Investment

(*Reference: Paragraph-3.1.9*)

(₹ in crore)

Financial Year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net interest free loan given by the State Government during the year	Interest free loan converted into equity during the year	Grants/ subsidies given by the State Government for operational and administrative expenditure	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings/ profit after tax (PAT) for the year*
A	**B**	**C**	**D**	**E**	**F**	**G**	**H = C+D+E+F+G**	**I = B+H**	**J**	**K = I x (1+J/100)**	**L = I x J/100**	**M**
Upto 2014-15**	-	54.04	0.00	0.00	53.23	0.00	107.27	107.27	5.30	112.96	5.69	-
2015-16	117.94	0.00	0.00	0.00	9.92	0.00	9.92	127.86	5.70	135.15	7.29	-6.36
2016-17	135.15	0.00	0.00	0.00	6.88	0.00	6.88	142.03	5.20	149.42	7.39	-5.45
2017-18	149.42	0.00	0.00	0.00	5.17	0.00	5.17	154.59	4.84	162.07	7.48	0.08
2018-19	162.07	0.00	0.00	0.00	4.54	0.00	4.54	166.61	5.04	175.01	8.40	-0.32
2019-20	175.01	0.00	0.00	0.00	5.53	0.00	5.53	180.54	4.29	188.29	7.75	-2.04
		54.04			**85.27**		**139.31**					

* *worked out in respect of five PSUs where State Government made direct investment on the basis of profit/ loss as per their latest finalised accounts*

** *These are cumulative figures upto 2014-15 for Columns C, D, E, F, G and H*

(₹ in crore)

Year	Total earnings/ loss in 2018-19	Investment by the State Government as per total of the column H above	Return on State Government investment on the basis of historical value	Present value of State Government investment at the end of 2018-19	Real return on State Government investment considering the present value of investments
	A	**B**	**C**	**D**	**E**
	Value of column M of above table	**Total of the column H of above table**	**A*100/B**	**Value of column K of above table**	**A*100/D**
2019-20	-2.04	139.31	-1.46	188.29	-1.08

Source: Records furnished by PSUs

Appendix-4.9.1

List of Refund applications rejected without issuing notice to the tax payers

(Reference: Paragraph-4.9.4.1)

(Amount in ₹)

Sl. No.	Name of Zone	Name of the assessee	GSTIN No	ARN No. & Date	Date of filing Refund Application	Date of issue of acknowledgment in For GST RFD-02	Refund amount claimed	Date of rejection order	Reason
1	Aizawl North Zone	Hauva Filling Station	15CLKPK0058B1ZJ	AA150318006090T & 23-10-2018	No record	Not acknowledged	1,13,748	Rejected on 23-01-2020	Due to non operation of the system
2	Kolasib Zone	Global Citizen Commerce	15EOQPS2138M1Z9	AA150519000536D & 27-05-2019	No record	Not acknowledged	1,790	Rejected on 24-3-2021	Problem with the computer system
3	Kolasib Zone	Sangtei Mart	15AVOPR9382B1Z5	AA150719000381I & 19-07-2019	No record	Not acknowledged	30,621	Rejected on 24-3-2021	
4	Lawngtlai Zone	Executive Engineer Lawngtlai Power Division	15BZAPR2740G1ZK	AA150519000382K & 20-05-2019	No record	Not acknowledged	11,028	Rejected on 13-2-2020	Reason not stated

Appendix-4.9.2

List of Refund applications with delay in acknowledgement

(Reference: Paragraph-4.9.4.2)

(Amount in ₹)

Sl. No.	Name of Zone	Name of the assessee	GSTIN No	ARN No. & Date	Date of filing Refund Application	Date of issue of acknowledgment in For GST RFD-02	Refund amount claimed	No. of days delayed	Reasons for delay
Pre-automation									
1	Aizawl West Zone	Vinco Enterprise	15ASAPR7449C1ZR	AA150619000186E & 14-06-2019	14-06-2019	02-07-2019	11,45,566	3	Delay was due to problem in internet connectivity and VPN portal.
2	Aizawl West Zone	K. Zohmangaiha	15DHYPK0249B1ZC	AA150519000455F & 22-05-2019	22-05-2019	02-07-2019	1,17,660	26	
3	Aizawl East Zone	Home Plus	15ADCPL0264A1ZB	AA150819000283E & 20-08-2019	No record found on date of filling application	Not acknowledged	60,013	Not acknowledged	Unintentional oversight
4	Aizawl South Zone	Jamajot Enterprise	15ADDPL1752E1ZZ	AA1502190000032 & 01-02-2019	01-02-2019	06-07-2019	18,789	140	Reason not stated
5	Aizawl North Zone	Hauva Filling Station	15CLKPK0058B1ZJ	AA150318006090T & 23-10-2018	No record found on date of filling application	Not acknowledged	1,13,748	Not acknowledged	Due to none operation of the system
6	Aizawl North Zone	Thuampui Pharmacy	15AWLPC5165F1ZO	AA150119000324U & 28-01-2019	28-01-2019	Not acknowledged	3,100	Not acknowledged	
7	Aizawl North Zone	Khiangte Cable Network	15CHUPR6745N1Z8	AA150519000521O & 25-05-2019	25-05-2019	Not acknowledged	7,440	Not acknowledged	
8	Aizawl North Zone	Khawlhring Lalbiakveli	15AOIPL2434D1ZC	AA150719000426C & 22-07-2019	No record found on date of filling application	Not acknowledged	11,728	Not acknowledged	
9	Aizawl North Zone	Ricky Enterprise	15ABYPF6347A1ZN	AA150817000148E & 11-04-2019	11-04-2019	Not acknowledged	91,586	Not acknowledged	

Sl. No.	Name of Zone	Name of the assessee	GSTIN No	ARN No. & Date	Date of filing Refund Application	Date of issue of acknowledgment in For GST RFD-02	Refund amount claimed	No. of days delayed	Reasons for delay
10	Champhai Zone	Tlau Sofa	15AVKPL1478Q1ZV	AA150519000541M & 27-05-2019	No record found on date of filling application	Not acknowledged	9,212	Not acknowledged	System could not generate the acknowledgement
11	Champhai Zone	David And Sons Enterprise	15ABIPZ8834G1Z3	AA1507190003868 & 19-07-2019	No record found on date of filling application	Not acknowledged	28,41,380	Not acknowledged	
12	Kolasib Zone	Partha Sarathi Paul	15AJRPP6216D1Z5	AA150119000198J & 21-01-2019	No record found on date of filling application	11-03-2019	98,600	34	Due to transfer of the case between the Zones and Commissioner
13	Kolasib Zone	Global Citizen Commerce	15EOQPS2138M1Z9	AA150519000536D & 27-05-2019	No record	Not acknowledged	1,790	Not acknowledged	Problem with the computer system
14	Kolasib Zone	Sangtei Mart	15AVOPR9382B1Z5	AA150719000381I & 19-07-2019	No record	Not acknowledged	30,621	Not acknowledged	
15	Lawngtlai Zone	Executive Engineer Lawngtlai Power Division	15BZAPR2740G1ZK	AA150519000382K & 20-05-2019	Application, date of submission not found on record	Not acknowledged	11,028	Not acknowledged	Reason not stated
Post-automation									
16	Kolasib Zone	RSV-SSNR JV	15AAEAR2384P1Z0	AA150220000439W & 25-02-2020		Not acknowledged	34,97,701	Not acknowledged	Were in physical contact and not issued
17	Kolasib Zone	Sew SSNR Joint Venture	15AANAS9235P2ZL	AA150220000441B & 25-02-2020		Not acknowledged	37,27,658	Not acknowledged	
18	Champhai Zone	CS Store	15AFYPT7121G1ZZ	AA150320000401D & 24-03-2020		22-09-2020	3,62,000	167 days	Reason not stated

Appendix-4.9.3

List of Refund applications in which Interest due was not paid

(Reference: Paragraph-4.9.4.3)

(Amount in ₹)

Sl. No.	Name of Zone	Name of the assessee	GSTIN No	ARN No. & Date	Date of filing Refund Application in case of manual filing	Date of issue of acknowledge-ment in For GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed	Refund amount sanctioned	No. of days delayed	Reasons for delay	Interest due paid	Interest due not paid (Refund amount x actual days delayed x 6 *per cent* / 365 days)
1	Aizawl West Zone	K. Zohmangaiha	15DHYPK0249B1ZC	AA150519000455F& 22-05-2019	22-5-2019	02-07-2019	02-03-2020	1,17,660	1,17,660	184	Reasons for delay was not stated	0	3,559
2	Aizawl East Zone	AS Express	15AXRPK7577Q2Z8	AA150119000139N & 17-01-2019	No record found on date of filling application	17-01-2019	04-04-2019	5,800	5,800	17	Irregularities and incomplete refund modules in the systems and lack of knowledge.	0	16
3	Aizawl East Zone	AS Express	15AXRPK7577Q2Z8	AA1509180050099 & 02-11-2018	02-11-2018	02-11-2018	09-04-2019	5,881	5,881	98		0	95
4	Aizawl East Zone	Mahfed (Mizoram State Agriculture/ Horticulture and Marketing)	15AACAM1665N1ZD	AA1509180054538 & 20-11-2018	20-11-2018	20-11-2018	09-04-2019	17,682	17,682	80		0	233
5	Aizawl East Zone	Euphoria Engineering Solutions Private Limited	15AABCE6560F1ZV	AA151218000281V & 22-12-2018	No record found on date of filling application	22-12-2018	04-04-2019	6,000	6,000	43		0	42

Sl. No.	Name of Zone	Name of the assessee	GSTIN No	ARN No. & Date	Date of filing Refund Application in case of manual filing	Date of issue of acknowledge-ment in For GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed	Refund amount sanctioned	No. of days delayed	Reasons for delay	Interest due paid	Interest due not paid (Refund amount x actual days delayed x 6 *per cent* / 365 days)
6	Aizawl North Zone	Thuampui Pharmacy	15AWLPC5165F1ZO	AA150119000324U & 28-01-2019	28-01-2019	Not Acknowledged	18-03-2020	3,100	3,100	340	Delay in sanctioning by the Finance Department	0	173
7	Aizawl North Zone	Khiangte Cable Network	15CHUPR6745N1Z8	AA150519000521O & 25-05-2019	25-05-2019	Not Acknowledged	27-11-2019	7,440	7,440	111		0	136
8	Aizawl North Zone	Lalbiakveli Khawlhring	15AOIPL2434D1ZC	AA150719000426C & 22-07-2019	No record found on date of filling application	Not Acknowledged	18-03-2020	11,728	11,728	165		0	318
9	Aizawl North Zone	Ricky Enterprise	15ABYPF6347A1ZN	AA150817000148E & 11-04-2019	11-04-2019	Not Acknowledged	13-03-2020	91,942	91,942[120]	262		0	3,960
10	Mamit Zone	Peter Variety Store	15AJNPL3504E1ZI	AA150119000248M & 24-01-2019	24-01-2019	24-01-2019	06-06-2019	5,600	5,600	73	Internet connectivity problem	0	67
												Total	**8,599**

[120] Though ₹ 45,971 was sanctioned, payment advice as per RFD-05 was ₹ 91,942/-

Appendix-4.9.4

List of Refund order with abnormal delay in communicating to counterpart tax authority

(Reference: Paragraph-4.9.4.4)

(Amount in ₹)

Sl. No.	Name of the Zone	Name of the assessees	GSTIN No.	ARN NO. & Date	Date of issue of Provisional refund order in Form GST - RFD-04	Date of issue of Refund Sanction Order in Form GST - RFD-06	Total Amount of Refund sanctioned			Date of sending of refund order from the State nodal officer to the Central nodal officer	Date of receipt of refund order by the Central nodal officer	Date of payment to the assessee	Delay in forwarding by the State authority to the central nodal officer after 7 working days	Interest due not paid (Refund amount x actual days delayed x 6 *per cent*/ 365)
							IGST	CGST	Cess					
1	Champhai Zone	David And Sons Enterprise	15ABIP-Z8834G1Z3	AA1507190003868 & 19-07-2019	NA	07-08-2019	22,06,920	3,17,230	0	22-11-2019	NA	NA	99	41,078
2	Kolasib Zone	Partha Sarathi Paul	15AJRPP6216-D1Z5	AA150119000198J & 21-01-2019	NA	11-03-2019	98,600	0	0	04-05-2020	06-05-2020	NA	410	6,645
3	Aizawl South Zone	J.J Associates	15AJYPH0552-P1ZM	AA150419000387C & 24-04-2019	NA	24-04-2019		18,552		06-07-2019	NA	NA	65	198
						TOTAL								47,921

Appendix-4.9.5

List of Refund cases with delay/ non-conducting of post audit of refund claims

(Reference: Paragraph-4.9.4.8)

(Amount in ₹)

Sl. No.	Name of Division	Name of the assessee	GSTIN No	Date of order in Form GST RFD-06	Refund amount sanctioned	Date of forwarding the case for post audit	Period of delay exceeding one week from the issue of refund order	Date of conduct of post-audit	Delay in conduct of post audit excluding period of 3 months	Reasons for delay
Pre-automation										
1	Aizawl West Zone	K. Zohmangaiha	15DHYPK0249B1ZC	02-03-2020	1,17,660	Nil	NA	Nil	NA	It would be done at the time of GST Audit
2	Aizawl West Zone	Vinco Enterprise	15ASAPR7449C1ZR	22-07-2019	11,45,566	Nil	NA	Nil	NA	
3	Aizawl East Zone	Mahfed (Mizoram State Agriculture/Horticulture and Marketing)	15AACAM1665N1ZD	09-04-2019	17,682	Nil	NA	Nil	NA	Not aware of the requirement of post audit
4	Aizawl East Zone	Nidhi Creative Infrastructure Pvt. Ltd.	15AAMCS1784N1ZP	24-04-2019	17,46,947	Nil	NA	Nil	NA	
5	Aizawl East Zone	Euphoria Engineering Solutions Private Limited	15AABCE6560F1ZV	04-04-2019	6,000	Nil	NA	Nil	NA	
6	Aizawl East Zone	Home Plus Agencies	15ADCPL0264A1ZB	20-09-2019	60,013	Nil	NA	Nil	NA	
7	Aizawl East Zone	AS Xpress	15AXRPK7577Q2Z8	09-04-2019	5,881	Nil	NA	Nil	NA	
8	Aizawl East Zone	AS Xpress	15AXRPK7577Q2Z8	04-04-2019	5,800	Nil	NA	Nil	NA	
9	Aizawl South Zone	JJ Associates	15AJYPH0552P1ZM	24-04-2019	18,552	Nil	NA	Nil	NA	Reason not stated
10	Aizawl South Zone	Jamajot Enterprise	15ADDPL1752E1ZZ	06-07-2019	18,789	Nil	NA	Nil	NA	

Sl. No.	Name of Division	Name of the assessee	GSTIN No	Date of order in Form GST RFD-06	Refund amount sanctioned	Date of forwarding the case for post audit	Period of delay exceeding one week from the issue of refund order	Date of conduct of post-audit	Delay in conduct of post audit excluding period of 3 months	Reasons for delay
11	Aizawl North Zone	Thuampui Pharmacy	15AWLPC5165F1ZO	18-03-2020	3,100	Nil	NA	Nil	NA	The refunds were made due to excess cash balance in cash ledger due to transferred in wrong head.
12	Aizawl North Zone	Khiangte Cable Network	15CHUPR6745N1Z8	27-11-2019	7,440	Nil	NA	Nil	NA	
13	Aizawl North Zone	Khawlhring Lalbiakveli	15AOIPL2434D1ZC	18-03-2020	11,728	Nil	NA	Nil	NA	
14	Aizawl North Zone	Ricky Enterprise	15ABYPF6347A1ZN	13-03-2019	45,971	Nil	NA	Nil	NA	
15	Champhai Zone	Tlau Sofa	15AVKPL1478Q1ZV	07-08-2019	9,212	Nil	NA	Nil	NA	The zone is not aware of the requirement of post Audit
16	Champhai Zone	David And Sons Enterprise	15ABIPZ8834G1Z3	07-08-2019	28,41,380	Nil	NA	Nil	NA	
17	Kolasib Zone	Partha Sarathi Paul	15AJRPP6216D1Z5	11-03-2019	98,600	Nil	NA	Nil	NA	Contested as there was no delay
18	Mamit Zone	Peter Variety Store	15AJNPL3504E1ZI	06-06-2019	5,600	Nil	NA	Nil	NA	Post audit module is not functional in the web portal
19	Mamit Zone	Hriata Enterprise	15APQPN0201D1ZF	06-06-2019	2,420	Nil	NA	Nil	NA	
20	Mamit Zone	Ratna Infrastructure Projects Private Limited	15AADCR5836P1ZU	19-06-2019	59,39,636	Nil	NA	Nil	NA	
Post automation										
21	Aizawl West Zone	VTP Construction	15AGDPV5102F3ZN	13-02-2020	9,16,102	Nil	NA	Nil	NA	It would be done at the time of GST Audit
22	Aizawl West Zone	VINCO ENTERPRISE	15ASAPR7449C1ZR	05-06-2020	13,53,248	Nil	NA	Nil	NA	
23	Aizawl West Zone	VINCO ENTERPRISE	15ASAPR7449C1ZR	05-06-2020	10,56,248	Nil	NA	Nil	NA	
24	Aizawl West Zone	VINCO ENTERPRISE	15ASAPR7449C1ZR	05-06-2020	8,81,714	Nil	NA	Nil	NA	

Sl. No.	Name of Division	Name of the assessee	GSTIN No	Date of order in Form GST RFD-06	Refund amount sanctioned	Date of forwarding the case for post audit	Period of delay exceeding one week from the issue of refund order	Date of conduct of post-audit	Delay in conduct of post audit excluding period of 3 months	Reasons for delay
25	Aizawl South Zone	ZORINI ENTERPRISE	15AKOPT0372N1ZK	16-12-2019	5,600	Nil	NA	Nil	NA	Reason not stated
26	Aizawl North Zone	LZ OXYGEN	15AMPPL2700F2ZB	31-01-2020	66,178	Nil	NA	Nil	NA	The refunds were made due to excess cash balance in cash ledger due to transferred in wrong head.
27	Aizawl North Zone	TLAU AGENCIES	15ARFPT4918C1ZU	29-05-2020	65,806	Nil	NA	Nil	NA	
28	Aizawl North Zone	THE FEDERAL BANK LTD	15AABCT0020H1Z1	11-03-2020	2,703	Nil	NA	Nil	NA	
29	Aizawl North Zone	LABTECH INSTRUMENTS	15AKXPL7542H2ZL	03-07-2020	3,04,664	Nil	NA	Nil	NA	
30	Champhai Zone	ZORINI ENTERPRISE	15ABNPZ1174C2ZI	11-02-2020	12,220	Nil	NA	Nil	NA	The zone is not aware of the requirement of post Audit
31	Champhai Zone	AD Store	15AMUPL4821A3Z5	11-02-2020	42,466	Nil	NA	Nil	NA	
32	Champhai Zone	LTM Filling Station(KSK)	15AGDPL0182D1ZX	23-03-2020	18,200	Nil	NA	Nil	NA	
33	Champhai Zone	CS STORE	15AFYPT7121G1ZZ	30-03-2020	3,62,000	Nil	NA	Nil	NA	
34	Kolasib Zone	RSV-SSNR JV	15AAEAR2384P1Z0	03-03-2020	34,97,701	Nil	NA	Nil	NA	Contested as there was no delay
35	Kolasib Zone	SEW SSNR JOINT VENTURE	15AANAS9235P2ZL	03-03-2020	37,27,658	Nil	NA	Nil	NA	

Appendix-4.11.1

Statement showing non-realisation of entertainment tax

(Reference: Paragraph-4.11)

(Amount in ₹)

Sl. No.	Name of cable operator	Area of operation	Registration No.	Months where evasion take place	No. of months Tax not paid	No. of sub-scribers	Tax evaded @ ₹ 20 (Col.5*Col.6*₹ 20)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	JB Cable Network J Laldinpuii Zadeng	Chanmari	CTV 26/AZL 96	April 2014 - June 2017	39	1,618	12,62,040
2	RL Digital Sub operator of LDF Cable R Lalngaizuala	Zotlang	CTV 128/AZL 08	April 2014 - June 2017	39	173	1,34,940
3	CC Cable C Lalrosiami	Tlabung	CTV 124/AZL 08	January 2013 - June 2017	54	50	54,000
4	TZ Cable Network T Lalnunnema	Lungsen		May 2016 - June 2017	14	40	11,200
5	MT Cable Network Sub operator of LDF Cable Network Biakchunga	Hrangchalkawn		May 2015 - June 2017	26	120	62,400
6	Zuali Cable Sub operator of JB Cable Network Lianzuali	Tawipui		January 2017 - June 2017	6	454	54,480
7	MS Vision T Lalthantluanga	Pukpui		March 2008 - June 2017	112	50	1,12,000
8	LDF Cable Network H Vanlallawma	Bazar Veng		January 2017 - June 2017	6	400	48,000
9	RK Vision Rokima	Electric Veng		June 2006 - June 2017	133	165	4,38,900

Sl. No.	Name of cable operator	Area of operation	Registration No.	Months where evasion take place	No. of months Tax not paid	No. of sub-scribers	Tax evaded @ ₹ 20 (Col.5*Col.6*₹ 20)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
10	DASAC Network C Lalzarzova	Hnahthial	CTV 113/AZL 07	October 2014 - June 2017	33	165	1,08,900
11	LDF Cable Network Lalduhthlanga	Sethlun	CTV 89/AZL 85	October 2013 - June 2017	45	1,000	9,00,000
12	LDF Cable Network Lalropuia	Haulawng		March 2017 - June 2017	4	350	28,000
13	Pulse Network Lalrintluanga Pautu	Bazar Veng		October 2013 - June 2017	45	156	1,40,400
14	Malsawm Cable Network Lal-remkunga Pautu	College Veng	CTV 166/AZL 12	October 2013 - June 2017	45	30	27,000
15	4 Brothers Cable Network Chawngrolura Chawngthu	Rahsi Veng & Venghlun	CTV 153/AZL 10	October 2013 - June 2017	45	300	2,70,000
16	LM Vision R Lalramhluna	Mualthuam 'N'	CTV 156/AZL 10	January 2014 - June 2017	42	170	1,42,800
17	TS Cable Network C Lalmuankima	Pukpui		June 2014 - June 2017	37	35	25,900
18	LDF Sub operator Lalthathanga	Electric Veng		March 2017 - June 2017	4	250	20,000
Total							**38,40,960**

Appendix-4.12.1

Statement showing short levy of tax by the Assessing Officer due to incorrect determination of the tax rates

(*Reference: paragraph-4.12.1*)

(₹ in lakh)

Sl. No.	Particulars	2014-15			2015-16			2016-17			2017-18 (upto June 2017)			Total		
		5%	13.50%	20%	5%	13.50%	20%	5%	13.50%	30%	5%	13.50%	30%	5%	13.50%	20%/30%
1	Opening stock as per AO	0.00	392.18	0.00	6.90	260.15	248.24	73.68	173.52	28.36	88.13	0.00	272.78	168.71	825.85	549.38
2	Purchase as per waybill	22.99	301.47	966.62	236.88	390.71	1,081.96	363.33	713.39	924.00	158.47	187.08	217.96	781.67	1,592.65	3,190.54
3	Total stock (sl. no.1+2)	22.99	693.65	966.62	243.78	650.86	1,330.20	437.01	886.91	952.36	246.60	187.08	490.74	950.38	2,418.50	3,739.92
4	Less: Good damaged	0.00	0.00	0.00	1.49	0.06	0.01	3.25	2.85	1.44	0.03	0.58	1.44	4.77	3.49	2.89
5	Less: Trade discount	0.00	0.00	0.00	0.00	52.76	0.00	0.00	17.13	0.00	0.00	23.91	0.00	0.00	93.80	0.00
6	Less: Closing stock as per AO	6.90	260.15	248.24	73.68	173.52	28.36	88.13	0.00	272.78	0.00	0.00	0.00	168.71	433.67	549.38
7	Taxable turnover (sl. no. 3-4-5-6)	16.09	433.50	718.38	168.61	424.52	1,301.83	345.63	866.93	678.14	246.57	162.59	489.30	776.90	1,887.54	3,187.65
8	Add: 1.45 *per cent* profit on cigarettes and 2 *per cent* for rest of other items (1.45 or 2 *per cent of sl. no. 7)*	0.32	8.67	10.42	3.37	8.49	18.88	6.91	17.34	9.83	4.93	3.25	7.09	15.53	37.75	46.22
9	Taxable turnover (sl. no. 7+8)	16.41	442.17	728.80	171.98	433.01	1,320.71	352.54	884.27	687.97	251.50	165.84	496.39	792.44	1,925.29	3,233.86
10	Tax payable (sl. no. 9 * tax rate)	0.82	59.69	145.76	8.60	58.46	264.14	17.63	119.38	206.39	12.58	22.39	148.92	39.63	259.92	765.21
11	Tax payable determined by AO	0.82	83.59	117.53	8.79	55.75	261.23	25.30	138.00	193.71	10.00	13.03	136.19	44.91	290.37	708.66
12	Tax escaped assessment (sl. no. 10-11)	0.00	(-) 23.90	28.23	(-) 0.19	2.71	2.91	(-) 7.67	(-)18.62	12.68	2.58	9.36	12.73	(-) 5.28	(-) 30.45	56.55
13	**Total evaded**														**20.82**	

AUDIT REPORT NO. 2 OF 2022 — GOVERNMENT OF MIZORAM