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## CHAPTER – II

### AUDIT OF TRANSACTIONS

#### Wasteful/Temporary Misappropriation/Avoidable/Diversion/Idle Expenditure

#### PUBLIC WORKS DEPARTMENT

#### 2.1 Wasteful expenditure

**Unauthorised and wasteful expenditure of ₹ 71.09 lakh was incurred even before the site allocation was finalised without administrative approval and expenditure sanction of the project.**

As per CPWD works manual, there are four main stages in execution of a work namely:

(i) Administrative approval; (ii) Expenditure sanction; (iii) Technical sanction; and (iv) Availability of funds.

No work should normally be commenced or any liability incurred thereon until all these stages are completed.

Under Non-Lapsable Central Pool of Resources (NLCPR), the Government of India, Ministry of Development of North East Region (DoNER) accorded (June 2007) administrative approval of ₹ 13.05 crore for construction of Indoor Stadium, Aizawl, of which ₹ 11.75 crore (90 *per cent*) was central assistance and balance ₹ 1.30 crore (10 *per cent*) loan component to be raised by State Government. The first installment of ₹ 4.11 crore was released by the DoNER in September 2007.

The Hon'ble Minister of State, Sports and Youth Service laid (September 2008) the foundation stone for the construction of the Indoor Stadium which was to be located between Secretariat building and the proposed Governor's Secretariat at New Capital Complex, Khatla. The Directorate of Sports and Youth Services, Mizoram, formally moved (December 2008) the Government, General Administration Department (GAD) for allotment of a plot of land on this site to construct the Indoor Stadium. However, since the State Government was not in favour of constructing a stadium within the Capital Complex, it was decided (March 2009) to shift the site for construction of Indoor Stadium at Pitarte Tlang, Veterinary Complex, Republic Veng, Aizawl. Accordingly, on final selection of the site, the Sports and Youth Services Department accorded (July 2009) administrative approval of the project at an estimated cost of ₹ 13.05 crore. On receipt (July 2009) of allocation of fund of ₹ 4.57 crore from the Finance Department, the Public Works Department (PWD)

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also accorded expenditure sanction of ₹.4.57 crore (₹ 4.11 crore in August 2009 and ₹ 0.46 crore in March 2010).

Scrutiny (August 2010) of the records of the Executive Engineer, PWD Project Division-I, Aizawl revealed that in violation of all the prescribed procedures, the PWD Division, as the implementing agency of the project incurred a liability of a wasteful expenditure of ₹ 0.71 crore towards the construction of the Indoor Stadium, at Capital Complex, Khatla, as spelt out below in details:

(A) Prior to the finalization of allocation of land and as a matter of fact at a time when the decision for selection of site was still pending with the Government, the PWD issued (June 2008) a work order to a Guwahati based Contractor<sup>1</sup> for execution of construction of Indoor Stadium, at capital complex, Khatla at tendered value of ₹ 9.18 crore.

(B) Though the clearance of tender drawing was pending (27 October 2008) with the client Department (Sports and Youth Services), the Division fictitiously prepared Running Account (RA) Bill for ₹ 71.09 lakh against execution of works, involving earthwork (2,671.24 cum for ₹ 42.74 lakh) and piling, i.e. boring (₹ 28.35 lakh) during 8 July 2008 to 19 January 2009, despite the fact that foundation stone was laid on 19 September 2008 on the site.

(C) Although there was no provision in the State Budget during 2008-09 for implementation of the project with DoNER's assistance, the Chief Engineer, PWD (Building) Mizoram unauthorisedly allocated (December 2008) ₹ 102.50 lakh, facilitating the Executive Engineer, to make payment. Accordingly, the Executive Engineer released an amount of ₹ 11.87 lakh (out of RA Bill of ₹ 71.09 lakh) in December 2008 to the Contractor. The balance amount of ₹ 59.22 lakh (₹ 71.09 lakh – ₹ 11.87 lakh) was released in August 2009, out of budgetary allocation during 2009-10.

Thus, before the allocation of site for the project and before the project was administratively approved with budgetary allocation and expenditure sanction, the Department prepared a fictitious bill for ₹ 71.09 lakh and disbursed the same to the contractor. Further, shifting of project site after incurring expenditure of ₹ 71.09 lakh rendered the entire expenditure wasteful.

In their reply the Government *inter alia* mentioned (October 2010) that there were no irregularities in incurring expenditure of ₹ 71.09 lakh as the same was authorised and released to the contractor in anticipation of the Administrative approval and Expenditure sanction by the State Government. The contention of the Government is not acceptable as the entire fund of ₹ 71.09 lakh was drawn and disbursed in violation of the prescribed codal procedures and

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<sup>1</sup> M/s Suvidha Infrastructure, Guwahati

before finalisation of site for the project, which was eventually relocated to another locality in March 2009.

## INDUSTRIES DEPARTMENT

### 2.2 Temporary misappropriation/non-accountal of Government money

**Failure to comply with the basic principles of financial discipline on the part of DDO facilitated temporary misappropriation/non-accountal of funds of ₹ 16.91 lakh.**

Central Government Accounts (Receipts and Payment Rules), 1983 which is followed by the State Government, *inter-alia* provides that:

(a) No money is to be drawn from Government Treasury, unless it is required for immediate disbursement; (b) a Government officer supplied with the funds for expenditure shall be responsible for seeing that payments are made to persons entitled to receive them; and (c) all monetary transactions should be entered in the cash book as soon as they occur and attested by the Head of the office as a token of check.

Scrutiny (May 2010) of the records of Geology and Mining Wing under the Directorate of Industries, Mizoram, Aizawl revealed that failure to comply with the basic principles of financial discipline on the part of Drawing Disbursing Officer (DDO) facilitated temporary misappropriation and misuse of funds, as discussed below:

Between March 1999 and March 2010, the DDO drew a total amount of ₹ 43.83 lakh from the Government treasury against 28 Regular Contingent Charges (RCC) bills for immediate disbursement towards various specified purposes *viz.* compensation for Shell Limestone Project, purchase of spares & accessories, training fees and miscellaneous expenditure for monitoring and survey etc. However, without disbursing this amount to recipients of 28 RCC bills, the DDO retained the entire amount of ₹ 43.83<sup>2</sup> lakh for a period of more than 11 years and unauthorisedly disbursed an advance of ₹ 16.91 lakh to various staff in 97 different occasions<sup>3</sup> during March 1999 to April 2010 out of the retained funds. Such unauthorised disbursement of advance for various purposes was also not routed through Cash Book of the Department and the money remains unrecovered (May 2010).

In the exit conference held (May 2010) with the Director of Industries and Accountant General, the Departmental officials agreed to the audit findings.

<sup>2</sup> ₹ 19.52 lakh in DCR + ₹ 24.31 lakh in cash = ₹ 43.83 lakh.

<sup>3</sup> Different occasions, *viz.* Quarter Repair, Jungle clearance, Miscellaneous expenditure and tour TA etc.

While accepting the facts the State Government intimated (September 2010) that out ₹ 16.91 lakh an amount of ₹ 8.88 lakh was already been adjusted and the balance was under process of regularisation. The Government's letter was however, silent about fixing of accountability for unauthorised appropriation of Government money.

Thus, disbursing unauthorised advances to staff, its non-recovery and keeping the same out of Government Account for a period of over 11 years had resulted in temporary misappropriation of public money.

## **PUBLIC WORKS DEPARTMENT**

### **2.3 Loss due to undue financial aid to contractors**

**Grant of interest free mobilisation advance of ₹ 443.84 lakh to three contractors resulting in loss of ₹ 59.50 lakh towards interest.**

As per Para 31.5 of CPWD Works Manual (which is followed in the State of Mizoram) in respect of certain Specialized and Capital intensive works with estimate cost put to tender for rupees two crore and above, mobilisation advance limited to 10 *per cent* of tendered amount at 10 *per cent* simple interest can be sanctioned to the contractors on specific request as per term of the contract.

The Public Works Department (PWD) entered into contractual agreement with three different contractors for execution of the following projects for which administrative approval were accorded:-

- (i) Re-construction of Mizoram House, at Chanakyapuri, New Delhi with approved cost of ₹ 14.32 crore;
- (ii) Construction of Indoor Stadium, at Aizawl with approved project cost of ₹ 13.05 crore; and
- (iii) Construction of Rajiv Gandhi Sports Stadium, at Aizawl (Phase-I) with administratively approved project cost of ₹ 24.02 crore.

Scrutiny (August 2010) of the records of the Executive Engineer (EE), PWD, Project Division-I Aizawl revealed that in violation of the above codal provisions, the EE unauthorisedly sanctioned and released (between October 2008 and December 2008) interest free mobilisation advance of ₹ 443.84 lakh<sup>4</sup> to all the three contractors for above mentioned projects. Out of

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<sup>4</sup> (i) ₹ 279.77 lakh for Rajiv Gandhi Sports Stadium  
(ii) ₹ 74.07 lakh for reconstruction of Mizoram House, New Delhi and  
(iii) ₹ 90.00 lakh for construction of Indoor Stadium, Aizawl  
Total ₹ 443.84 lakh

₹ 443.84 lakh, the Division had already recovered an amount of ₹ 307.24 lakh during December 2008 to June 2010 from the three contractors, through running accounts bills.

The interest due to be levied against mobilisation advance of ₹ 443.84 lakh in respect of three contractors from the date(s) of release of advance to July 2010, at prescribed rate of 10 *per cent* per annum was ₹ 59.50 lakh, as per details shown in **Appendix - 2.1**, which remain unadjusted.

Thus, grant of interest free mobilisation advance, in violation of codal provisions led to undue financial advantage to the contractors resulting in corresponding loss of ₹ 59.50 lakh to the Department towards interest.

The Government stated (October 2010) that the interest free mobilisation advance was granted to the contractor as per terms of contract agreement. But, the reply is not acceptable, as the interest free mobilisation advance was not permissible as per codal provisions.

## DISTRICT COUNCILS AFFAIRS DEPARTMENT

### 2.4 Undue financial benefit to contractor

#### Violating prescribed procedures of CPWD Works Manual and financial rules, the Chakma Autonomous District Council paid Advance of ₹ 3.61 crore to a contractor.

As per Para 31.5 of CPWD Works Manual in respect of certain specialized and capital intensive works with an estimated cost of tendered value of Rupees two crore and above, mobilisation advance limited to 10 *per cent* of tendered amount at 10 *per cent* simple interest can be sanctioned to the contractors on specific request as per term of the contract. The mobilisation advance shall be against a bank guarantee of a scheduled bank for the full amount of advance and interest on the advance shall be calculated from the date of payment to the date of recovery. Further, as per Para 31.6 of the Manual, an advance for Plant and Machinery that are required for the work and brought to site by the contractor may be given if requested by contractor in writing within one month of bringing them to site. In this case the amount of advance should be restricted to five *per cent* of the tendered value or 90 *per cent* of the price of such new Plant and Machinery purchased by the contractor, whichever is lower.

Scrutiny (April 2010) of the records of the Executive Secretary, Chakma Autonomous District Council (CADC), Kamalanagar revealed that out of the available funds of the Non Lapsable Central Pool of Resources (NLCPR) the Council commenced (January 2008) implementation of a project “Upgradation of Parva-I to Simensora Road in Mizoram” funded by Ministry of Development of North Eastern Region (DoNER) at projected cost of ₹ 12.26 crore.

The first and second installments (@ ₹ 3.78 crore per installment) of the Central assistance were released to the Council by the State Government in September 2007 and May 2009 respectively along with loan component of ₹ 41.99 lakh in February 2008.

Based on the lowest tendered rates, the selection committee selected (29 January 2008) an Aizawl based contractor to whom work order was issued (30 January 2008) for execution of the work at the tendered amount of ₹ 12.02 crore specifying 18 months as the scheduled time for completion. The CADC, based on applications received from the contractor, unauthorisedly released advances of ₹ 3.61 crore (mobilisation advance of ₹ 2.40 crore and advance of ₹ 1.21 crore for purchase of Plant and Machinery) to the contractor as per following details:

**Table - 2.1**

Tendered amount (₹ in crore)	Nature of advances	Permissible amount of advance (₹ in crore)	Details of advance paid		Excess payment of advance (₹ in crore)
			Date of payment	Amount (₹ in crore)	
12.02	(1) Mobilisation Advance	1.20	30 January 2008	2.16	1.20
			28 March 2008	0.24	
	<b>Sub Total</b>	<b>1.20</b>	----	<b>2.40</b>	<b>1.20</b>
	(2) Advance for purchase of Plant and Machineries	0.60	30 January 2008	1.21	
	<b>Grand total</b>	<b>1.80</b>	----	<b>3.61</b>	<b>1.81</b>

*Source: Council's records.*

As can be seen from the above table, against the permissible advance of ₹ 1.80 crore (mobilisation advance ₹ 1.20 crore and advance for purchase of plant and machineries ₹ 0.60 crore) as prescribed in the Manual, the CADC unauthorisedly sanctioned and disbursed a total advance of ₹ 3.61 crore, which resulted in excess payment of advance of ₹ 1.81 crore with undue benefit to the contractor.

Further scrutiny of the documents disclosed that the mobilisation advance of ₹ 2.40 crore was released to the contractor without obtaining any Bank Guarantee and without incorporating any provision for realisation of 10 *per cent* simple interest in its sanction orders. Further, no documents in support of purchase of new Plant and Machinery was obtained before releasing

advance of ₹ 1.21 crore. The Council also failed (April 2010) to produce details of deductions, if any, effected towards recovery of both the advances.

Thus, by violating the prescribed procedures of works manual/financial rules and without ensuring safeguard of the Council's interest the CADC unauthorisedly disbursed an advance of ₹ 3.61 crore from the public exchequer, resulting in undue financial benefit to the contractor together with loss of interest. The Council has not initiated any action to fix responsibility against the erring officials (January 2011).

The matter was reported to the Government in July 2010 and the Government in their reply (August 2010) intimated that action is being taken in the matter with the concerned District Council. Further reply from the Government is awaited (January 2011).

## SOCIAL WELFARE DEPARTMENT

### 2.5 Grant of old age pension to ineligible beneficiaries

**The Department unauthorisedly granted old age pension of ₹ 40.47 lakh to ineligible beneficiaries during 2007-10.**

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

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

- Age of applicant shall be 65 years or higher,
- The applicant must belong to a household Below the Poverty Line (BPL) according to the criteria prescribed by the GoI,
- Amount of Old Age Pension will be ₹ 200 per month per beneficiary for the purpose of claiming central assistance,
- For all pension schemes of NASP, the State was urged to contribute at least an equal amount so that a pensioner receives at least ₹ 400 per month, and
- The pension is to be credited, where feasible, into a post office or public sector bank account of the beneficiary.

Test check (July – August 2010) of the records of the District Social Welfare Officer, Aizawl West revealed that without preparing fresh list of eligible beneficiaries belonging to the BPL households after considering revised Guidelines, 2007, the Department (based on Selection Board's approval) irregularly sanctioned and disbursed Old Age Pension of ₹ 40.47 lakh (₹ 32.37 lakh out of central assistance and ₹ 8.10 lakh out of State Plan fund) to 443, 446 and 460 beneficiaries of Non-BPL households under Tlangnuam Rural Development (RD) Block during 2007-08, 2008-09 and 2009-10 respectively as shown in the following table:

**Table - 2.2**

(₹ in lakh)

Year	No. of Non-BPL Pensioner	Amount of pension disbursed		Total (₹ in lakh)
		Central assistance @ ₹ 200 per month	State assistance @ ₹ 50 per month	
2007-08	443	10.63	2.66	13.29
2008-09	446	10.70	2.68	13.38
2009-10	460	11.04	2.76	13.80
<b>Total</b>		<b>32.37</b>	<b>8.10</b>	<b>40.47</b>

*Source: Departmental records.*

As can be seen from the above table, the State Government also contributed an amount of ₹ 50 to each beneficiary from the State fund. Besides, the entire Old Age Pensions as mentioned above, was irregularly disbursed to the beneficiaries in cash which contradicted the provisions of the Guidelines.

While accepting the facts the Government stated (October 2010) that it was difficult for the Department to identify the eligible beneficiaries and to reconstruct the fresh list of eligible beneficiaries as it would involve a huge time taking process. The Government is also in a dilemma to decide as to whether the Department should proceed with excluding existing beneficiaries, who are rendered ineligible on account of application of Guidelines (2007). The facts, however, remains that the Department unauthorisedly sanctioned the Old Age Pension to ineligible beneficiaries of non-BPL households and thus, the Department needs to take action for discontinuance of grants of pension to ineligible beneficiaries.



## LAND REVENUE AND SETTLEMENT DEPARTMENT

### 2.6 Avoidable expenditure

**Issue of overlapping House Passes resulted in the Department incurring an avoidable expenditure of ₹ 12.65 lakh towards payment of compensation.**

While allotting any plot of land to any resident by way of issuing Land Settlement Certificate (LSC) or House Pass under Mizo District (Land and Revenue) Act, 1956, it is the duty of the Government, Land Revenue Department to verify that the plot of land is free from all encumbrances, so that no pass is issued overlapping the existing one.

Scrutiny (June 2010) of the records of the Director, Land Revenue and Settlement Department (LR&SD) Mizoram revealed that due to issue of a House Pass to one resident which overlapped with another LSC already held by another House Pass holder on the same plot of land in Aizawl, the Department had to incur a compensation payment of ₹ 12.65 lakh, as spelt out below.

The Assistant Settlement Officer – I of LR&SD, Aizawl issued (July 1990) a House Pass to one individual over a plot of land in Aizawl under House Pass No. 1260 of 1990. Accordingly, the House Pass holder constructed two Assam Type buildings on the plot and started residing with her family. The House Pass holder expired leaving the property to her son. The same plot of land was held by another individual with a valid ownership certificate LSC (No. 557 of 1977) issued by the same Department. When the aggrieved second owner approached Hon'ble Gauhati High Court, the Court in their order (June 2003) decreed the suit for declaration of title of the land in favour of the second owner and directed the son of the first owner to vacate the land. In compliance of the Hon'ble Court's orders the son of the first owner vacated the plot demolishing two Assam Type building and thereafter filed a money suit before the Court of Senior Civil Judge, Aizawl. The said suit was disposed off (October 2008) by the Court with directions to State Government for payment of compensation of ₹ 8.85 lakh, being cost of demolished buildings with nine *per cent* interest. Accordingly, State Government accorded (November 2009) expenditure sanction of ₹ 12.65 lakh (₹ 8.85 lakh + interest ₹ 3.80 lakh) and the LR&SD disbursed (November 2009) the same to the plaintiff. The State Government, however, did not fix (January 2011) any responsibility on the avoidable lapse that occurred.

The lapse on the part of the Department and the consequential requirement of making the compensation payment of ₹ 12.65 lakh from the Government exchequer could have been averted had the Department issued the House Pass after careful verification and reconciliation of land settlement records.

While accepting the lapses the Government stated (January 2011) that the land record in Mizoram were previously done/maintained on a piece-meal basis which resulted into the unfortunate court dispute and avoidable expenditure.

## **RURAL DEVELOPMENT DEPARTMENT**

### **2.7 Unauthorised diversion of Central assistance**

**Contrary to the decision of Departmental Screening Committee, the State Institute of Rural Development proceeded with construction of a Computer Laboratory Building by diverting Central assistance of ₹ 15 lakh meant for construction of Extension Training Centre.**

The State Institute of Rural Development (SIRD), Kolasib, Mizoram was established (August 2000) by the Government of Mizoram to serve as State Level Apex Training Institute in Rural Development. The SIRD was declared as an Autonomous Body by the Government of Mizoram in October 2000. The recurring expenditure of the Institute is being shared between Central and State Government on 50:50 basis, while non-recurring expenditure is provided by the Government of India, Ministry of Rural Development (MoRD) as *cent per cent* assistance.

In June 2009, the SIRD submitted a proposal to the National Institute of Rural Development (NIRD) seeking their recommendation to the MoRD for a Central assistance of ₹ 2.21 crore during 2009-10, under non-recurring grant. The proposals *inter-alia* included the estimate of ₹ 21 lakh for construction of a Computer Centre. In response to this proposal, the NIRD, conveyed (December 2009) to SIRD that they had recommended to MoRD for deferment of all construction proposals including Construction of Computer Centre following the Departmental Screening Committee's (DSC) decision to press the Government of Mizoram to take a policy decision on shifting of SIRD from Kolasib to the vicinity of Aizawl.

Scrutiny (January 2010) of the records of the Director, SIRD, Kolasib, however, revealed that the Director without obtaining any Administrative Approval from the Government of India, (MoRD) unauthorisedly accorded (December 2008 and March 2009) expenditure sanction of ₹ 15 lakh for construction of a Computer Laboratory Building. Since no fund was provided by the MoRD, the Director appropriated and drew an amount of ₹ 15 lakh (₹ ten lakh in December 2008 and ₹ five lakh in March 2009) diverting the same from the available fund received separately from the MoRD for departmental construction of an Extension Training Centre (ETC) at Thingsultliah without having any technical person to supervise construction works. No records/vouchers etc. including actual date of commencement/completion of the work could be produced (January 2010) to audit in

support of financial and physical progress of the building. Subsequently the amount of ₹ 15 lakh was recouped (May 2009) to ETC's accounts diverting it out of a separate grant of ₹ 28.38 lakh received (March 2009) from the MoRD as Non-Recurring maintenance cost.

Thus, contrary to the decision of the Departmental Screening Committee and without obtaining Administrative Approval of the MoRD, the Director, SIRD unauthorisedly proceeded with the construction of Computer Laboratory Building by diverting grants under Central assistance of ₹ 15 lakh.

The Director, SIRD, while accepting the fact stated (January 2010) that seemingly unaware of the DSC's policy and anticipating approval of the proposals by NIRD/MoRD construction of Computer Laboratory Building was undertaken departmentally with a hope that it would be recouped.

While accepting the facts, the Government also stated (October 2010) that the efforts are being made to avoid such kind of irregularity in utilisation of fund by the SIRD, Kolasib in future.

## DISTRICT COUNCIL AFFAIRS DEPARTMENT

### 2.8 Unauthorised diversion of recurring grants

**Without the surrender of unspent recurring grants of ₹ 1.53 crore the Council unauthorisedly diverted and utilised the same for non-recurring expenditure.**

Rule 56 of General Financial Rules (GFR), 2005 provides that the funds provided during the financial year and not utilised before the close of that financial year shall stand lapsed at the close of the financial year and the savings that cannot be utilised should be surrendered to Government immediately without waiting till the end of the year.

The State Government (District Council Affairs Department) released during 2007-08 a non-recurring grant-in-aid of ₹ 24.52 crore under Non-Plan Sector for meeting the salary component of General Secretariat (₹ 9.72 crore) and Education Department (₹ 14.80 crore) for Lai Autonomous District Council (LADC), Lawngtlai. The grant was released with the clear stipulation that it should not be diverted for any other purpose other than for which it was allocated.

Scrutiny (March 2010) of the records of the Chief Executive Secretary, LADC revealed that out of allocated Non-Plan grants of ₹ 24.52 crore towards salary component, the Council incurred an expenditure of ₹ 22.99 crore during 2007-08 towards meeting the salary of General Secretariat (₹ 8.19 crore) and Education Department (₹ 14.80 crore) resulting in savings of

₹ 1.53 crore (₹ 24.52 crore – ₹ 22.99 crore). However, contrary to prescribed procedures of GFR and in violation of the Government's terms and conditions contained in grants release orders, the Council authority unauthorisedly utilized the unspent balance of ₹ 1.53 crore towards expenditure other than salary during 2007-08.

Thus, instead of complying with the prescribed norms of surrendering the unspent Non-Plan grants of ₹ 1.53 crore to the Government, the Council had unauthorisedly diverted it for utilising the same towards expenditure other than salary, which was irregular and in contravention of the terms of release of the grant.

The Council in their reply (September 2010) insisted that they have utilised the entire fund of ₹ 22.99 crore for the purpose for which it was sanctioned. The contention of the Council was not acceptable as the Annual Accounts approved by the Council and submitted for the year 2007-08 clearly reflected non-plan expenditure of ₹ 22.99 crore (General Administration: ₹ 8.19 crore and Education: ₹ 14.80 crore)

The matter was reported (September 2010) to the Government and in their reply Government stated (September 2010) that they are seeking explanation on this point from the concerned Council. Further communication from the Government is awaited (January 2011).

## **LAND REVENUE AND SETTLEMENT DEPARTMENT**

### **2.9 Drawal of funds before actual execution of project**

**The Department, by preparing false bills, drew and disbursed an amount of ₹ 79.97 lakh, before the actual commencement of the execution of survey work.**

Mizoram with a total area of 21,081 sq. kms consists of vast areas of Notified reserved forests, waste land, residential areas, roads, rivers and streams. With the objective of obtaining data on different land status, economic and meaningful land reform programmes, a composite scheme of survey for Regulation of Land Holdings for implementation of National Land Use Policy (NLUP) under Land Revenue was prepared by the Land Revenue and Settlement Department (LR&SD).

To implement the above scheme, the State Government (LR&SD) accorded (March 2010) an expenditure sanction of ₹ 80 lakh for carrying out survey under following components of the scheme:

Table - 2.3

Sl. No.	Name of component of survey	Length of survey to be covered	Cost of survey (₹ in lakh)
(i)	Serlui Reserved Forest	21,982 metres	3.30
(ii)	Teirei Reserved Forest	44,721 metres	6.70
(iii)	Watershed Command Area in Kolasib	2,191 metres	10.00
(iv)	Wasteland in Kolasib	2,191 metres	10.00
(v)	Boundary survey in Kolasib	680 kms.	30.00
(vi)	Family Land Record Survey (Aizawl, Mamit and Kolasib Districts)	91,059 families	20.00
<b>Total</b>			<b>80.00</b>

Source: Departmental records.

The Land Revenue and Settlement Department, decided to implement the scheme and carry out survey during the year 2010-11. Accordingly, the Department organised (April 2010) meeting-cum-Training programme with the concerned functionaries/NGOs, etc. as under:-

- (i) With Central YMA, an Aizawl based NGO (9 April 2010) for carrying out Family Land Record Survey in three districts for which ₹ 20 lakh was allocated; and
- (ii) With different officers and survey staff of the Department (22 – 23 April 2010) for carrying out survey of Reserved Forest, Wasteland Command Areas, Wasteland and Boundary Survey for which an amount of ₹ 60 lakh was allocated.

Scrutiny (June 2010) of the records of the Director, LR&SD, Mizoram revealed that the Assistant Director of Survey (Technical) of the Department prepared and submitted (March 2010) 16 Muster Rolls Bills as proof of completion of survey in the Reserved Forest, Wasteland Command Areas, Wasteland and Boundary Survey during October 2009 to February 2010 with financial implication of ₹ 59.97 lakh. In the Muster Rolls bills, a number of labourer were shown to have been engaged for 45,432 mandays at the rate of ₹ 132 per manday. The labourers signature were also recorded in the bills (as a token of attendance) along with certificate of endorsement by the Surveyors to the effect that the labourers were engaged by them. Besides, the Department obtained a bill (March 2010) from the Secretary, Central YMA, Aizawl showing conduct of Family Land Record Survey, covering 91,059 families in three districts at a cost of ₹ 20 lakh.

The concerned Drawing and Disbursing Officer (DDO) of the Department encashed all the bills amounting to ₹ 79.97 lakh from the Government Treasury and disbursed the same as under:

Table - 2.4

Sl. No.	Details of encashment:		Details of disbursement:		
	Date	Amount (₹ in lakh)	Date	Amount (₹ in lakh)	Disbursed to
1.	25.03.2010	59.97	30.03.2010	59.97	Muster Roll Labourers
2.	25.03.2010	20.00	30.03.2010	20.00	Finance Secretary, Central YMA
<b>Total</b>	----	<b>79.97</b>	----	<b>79.97</b>	----

Source: Departmental records.

Thus, though the Department contemplated to start the survey works during 2010-11, the sanctioned fund of ₹ 79.97 lakh was drawn and disbursed (March 2010) from the public exchequers by presenting false bills to the Government Treasury to avoid the lapse of budget grant. This resulted in temporary misappropriation of public money. The Joint Director of the Department has also confirmed (June 2010) that the works were in progress. The State Government needs to look seriously into this practice of drawal of funds through fictitious bills and initiate appropriate action against the defaulters.

The Government while accepting the facts of irregular procedures adopted in drawal of funds stated (January 2011) that in view of the constraints of time before the end of the financial year the Department prepared the muster rolls for the people being engaged to carry out the proposed works. The facts, however, remain that before execution of actual works the entire funds of ₹ 79.97 lakh was unauthorisedly drawn and disbursed to the muster roll labourers (who were not at all engaged) and the Central YMA, rendering temporary misappropriation of public money.

## ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

### 2.10 Idle expenditure

**Non-utilisation of Modern Slaughter House rendered the expenditure of ₹ 348.69 lakh infructuous for over two years.**

Under the scheme “Integrated Animal Husbandry Projects in North Eastern Region”, the North Eastern Council (NEC), Shillong accorded (November 2003) administrative approval of ₹ 3.21 crore (being 90 per cent grant and 10 per cent loan) for establishment of a Modern Slaughter House in Mizoram. The approved fund of ₹ 321<sup>5</sup> lakh was released by the NEC and Government of Mizoram during 2003-04 to 2005-06 for site preparation, security fencing construction of slaughter house and cost of slaughter equipments.

<sup>5</sup> ₹ 308.90 lakh by the NEC + ₹ 12.10 lakh by the State Government = ₹ 321 lakh.

The Animal Husbandry and Veterinary Department utilised (during 2003-04 to 2007-08) the entire fund for establishment of the Modern Slaughter House at Bung Bangla, Aizawl (300 meters away from Aizawl - Lunglei road). Details of component wise expenditure incurred were as under:

Table - 2.5

Sl. No.	Name of component	Amount (₹ in lakh)
1.	Land Development and Area Fencing	25.72
2.	Slaughter House Building	47.00
3.	Electrification, Water Supply and ETP etc.	28.56
4.	Machinery and Equipment	212.00
5.	Retaining Wall/Side Drain	4.56
6.	Improvement of approach Road to Slaughter House (dressing and metalling of road surface)	3.16
<b>Total</b>		<b>321.00</b>

Source: Departmental records.

Besides, the Department incurred an expenditure of ₹ 27.69 lakh during 2007-09 out of State Plan fund for the following components of the project:

Table - 2.6

Sl. No.	Name of components	Amount (₹ in lakh)
1.	Formation cutting/project road	9.85
2.	Construction of lairage at Slaughter House with capacity of 81 sq. meter	8.00
3.	Cold Room Equipment for Slaughter House	9.84
<b>Total</b>		<b>27.69</b>

Source: Departmental records.

Scrutiny (May 2009) of the records of the Director, Animal Husbandry and Veterinary (AH&Vety) revealed that the Modern Slaughter House, which was completed with a capacity of 60 cattle and 100 pigs per day in May 2008 at a total cost of ₹ 348.69 lakh (₹ 321 lakh + ₹ 27.69 lakh) remained non-functional (April 2010) mainly due to the lack of key components like rendering plant, lairage with required capacity of 328 sq. meter, animal shed and due to the reluctance of butchers and animal traders to bring their animals for slaughter in the absence of provisions for Government subsidy for transportation costs as the Slaughter House was not easily accessible due to its remote location.

On this being pointed out in audit the Director, AH&Vety attributed April 2010) the reasons for non-function of the Slaughter House as insufficient release of fund by the NEC for the

key component like rendering plant, approach road and lairage and also due to ineffective social benefits awareness campaign. The contention of the Department is, however, not acceptable as the NEC administratively approved the project as per requirement of the State Government, on the site selected by the Department and had sanctioned the grants accordingly.

Thus, though the Modern Slaughter House was completed and commissioned in May 2008, the facility remained unutilised for the purpose for which it was sanctioned, rendering the entire expenditure of ₹ 348.69 lakh idle for over two years.

The matter was reported to the Government in September 2010 and the Government in their reply (October 2010) while accepting the facts of non-functioning of the slaughter house due to lack of key component stated that they have operationalised the plant from July 2010. The Government further intimated (October 2010) that during July and August 2010, the Department had slaughtered only 24 cattles and 96 pigs against the capacity of slaughtering 3,600 cattles and 6,000 pigs in two months. The fact, however, remains that though the slaughter house was operationalised after delay of over two years at the instance of audit, the Department failed to utilise the slaughter house as per approved capacity of slaughtering of 60 cattle and 100 pigs per day.

## **Regularity issues and other points**

### **GENERAL**

#### **2.11 Follow up of Audit Reports**

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

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

Review of follow up action on submission of *suo moto* replies and of ATNs as of 30 September 2010 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed that the Departments of the State Government had not submitted *suo moto* replies to 14 paragraphs/reviews featured in the Audit Reports for the years 2007-08 and 2008-09, as mentioned below:



Table - 2.7

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of paragraphs/reviews included in the Audit Report (excluding standard paragraphs)	Total number of paragraphs and reviews for which <i>suo moto</i> explanatory notes are awaited	Number of Departments
2007-08	21-07-2009	13	01	01
2008-09	05-04-2010	13	13	09
<b>Total</b>		<b>26</b>	<b>14</b>	<b>10</b>

Source: Legislative Assembly secretariat.

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

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

Accountant General (Audit) conducts periodical inspection of Government Departments to test check the transactions and verify the maintenance of significant accounting and other records as per the prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) issued to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/orders of the Government provide for prompt response by the Executive to the IRs issued by the Accountant General to ensure corrective action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc., noticed during his inspection. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Accountant General.

A review of IRs issued during 1995-2010 revealed that 417 paragraphs relating to 97 IRs remained outstanding as of March 2010. No audit committee meeting was held during 2009-10.