

CHAPTER-I

SOCIAL SECTOR

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1.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2015 deals with the findings on audit of the State Government under Social Sector.

The names of the State Government Departments and the total budget allocation *vis-a-vis* expenditure incurred under Social Sector during the year 2014-15 are given in the following Table:

Table-1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	School Education	936.70	901.50
2.	Higher and Technical Education	280.26	201.52
3.	Sports and Youth Services	41.14	31.90
4.	Art and Culture	17.00	14.10
5.	Medical and Public Health Services	444.90	331.52
6.	Water Supply and Sanitation	245.03	230.00
7.	Information and Public Relations	13.06	11.02
8.	Labour and Employment	20.61	11.02
9.	Social Welfare	152.63	116.21
10.	Disaster Management and Rehabilitation	27.42	28.00
11.	Local Administration Department	77.00	34.50
12.	Personnel & Administrative Reforms	2.32	2.15
13.	Urban Development and Poverty Alleviation	291.00	218.00
Total		2549.07	2131.44

Source: Appropriation Accounts, Government of Mizoram, 2014-15

1.2 Planning and conduct of Audit

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

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

The audits were conducted during 2014-15 involving expenditure of ₹ 67.07 crore out of the total expenditure of ₹ 2,131.44 crore of the State Government under the Social Sector. This chapter contains one Performance Audit viz. on 'Functioning of Industrial Training Institute' and five Compliance Audit paragraphs.

The major observations made in audit during 2014-15 are discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

LABOUR, EMPLOYMENT AND INDUSTRIAL TRAINING DEPARTMENT

1.3 Performance Audit on "Functioning of Industrial Training Institutes"

The Craftsmen Training Scheme (CTS) provides structured institutional training while the Apprenticeship Training Scheme (ATS) is a combination of institutional and on-the-job training in which the trainees are exposed to industrial environment. Under CTS, Industrial Training Institutes (ITIs) were established in various States/UTs to upgrade the skills of craftsmen. Skill Development Initiative (SDI) scheme is a 100 *per cent* centrally sponsored scheme wherein demand driven short term training courses based on Modular Employable Skills in consultation with the Industry are provided by registered Vocational Training Providers (VTPs) under the Government, Private Sector and Industrial establishments.

Major flaws were observed in the planning process and in the financial management. The fund available for implementation of various CSS scheme and infrastructure projects were not efficiently and effectively utilised. There were delays in implementation of the various CSS projects. Infrastructure created under CSS scheme like hostel buildings lacked planning. Apprenticeship Training Scheme was not implemented by department since 1990s and proper implementation of Skill Development Initiative scheme started only from 2012.

A performance audit on implementation of various vocational training programme in the State revealed the following significant findings:

Highlights

The department neither conducted any need based survey to ascertain the requirement of ITIs nor was timeline fixed for setting up of new ITIs in uncovered districts in the State.

(Paragraph 1.3.7.1)

Incentive fund of ₹ 100 lakh for implementation of VTIP in the State was not availed due to non-submission of proposal by the department within the stipulated time fixed by GoI.

(Paragraph 1.3.8.5.1)

Boys' hostels constructed at ITI Aizawl and ITI Lunglei at an estimated cost of ₹ 123.84 lakh, and ₹ 89.60 lakh to accommodate 32 and 10 trainees respectively have not yet been allotted to the trainees. Similarly, girls' hostel at ITI Lunglei by Social Welfare Department, GoM that could accommodate 10 girl trainees is yet to be allotted to trainees. Further, no recruitment of hostel staff was made by the Department to make hostel functional.

(Paragraph 1.3.10.3.3)

Encroachment of land by various establishment and bodies has reduced the original land area of ITI Aizawl from 79,932 Sq.mt. to only 26,315.61 Sq.mt. (32.92 per cent) at present.

(Paragraph 1.3.10.3.5)

There was misappropriation of ₹ 66.93 lakh under ESDI scheme on fabricated MBs and running account bills in the construction of new ITI buildings at Serchhip district.

(Paragraph 1.3.11.3.6)

Diversion of ₹ 10 lakh approved for transformer and diesel generator to construction works led to fluctuation of voltage and frequent breakdown of power supply at ITI Saiha and consequent disruption of classes and damage to computers and accessories.

(Paragraph 1.3.11.4.1)

1.3.1 Introduction

The Government of India (GoI) introduced Craftsmen Training Scheme (CTS) in 1950 to ensure a steady flow of skilled workers in different trades for the domestic industry, to raise quantitatively and qualitatively the industrial production by systematic training, to reduce unemployment among the educated youth by providing them employable training, to cultivate and nurture a technical and industrial attitude in the minds of the younger generation.

Under CTS, Industrial Training Institutes (ITIs) were established in various States/UTs to upgrade the skills of craftsmen. The main objectives of the scheme are:

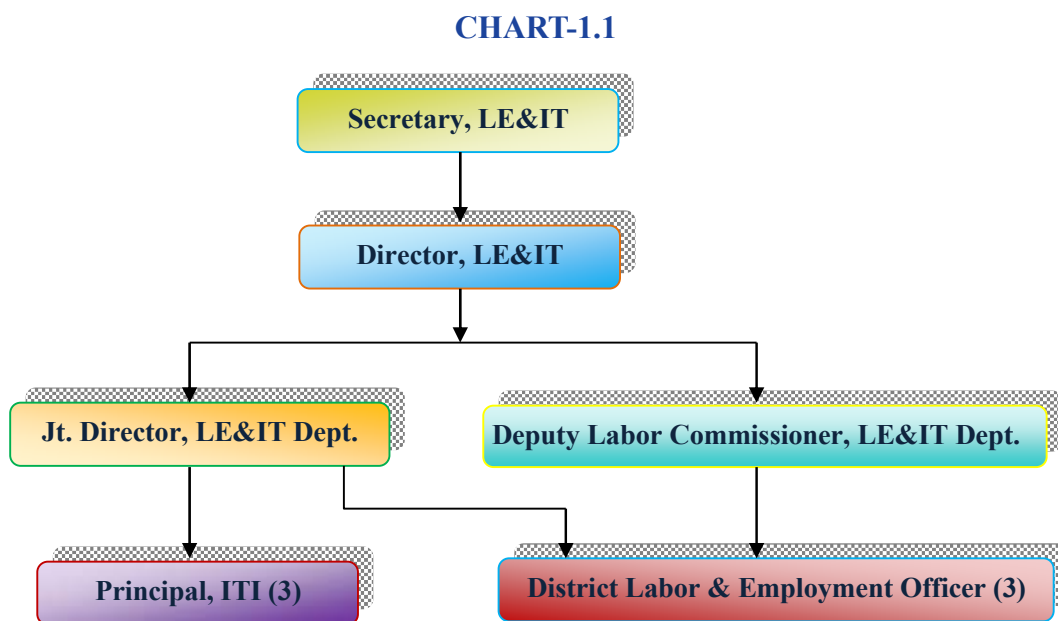
1. To equip the human resource with appropriate skills required in the labour market.
2. To make the youth more productive by providing them employable skills to achieve wage benefits as well as self-employment.
3. To produce highly skilled craftsman for the industry.
4. To ensure steady flow of skilled workers for industrial/service sectors.
5. To raise the quality and quantity of industrial production by systematic training of potential workers.

The GoI transferred the day to day administration of ITIs under the CTS to the State Government/UT administrations in 1956, while retaining the functions of coordinating craftsman training and laying down the training policy through the Director General of Employment and Training, Ministry of Labour & Employment, GoI. Further, in order to assist the GoI in discharging responsibilities of craftsman training, the GoI set up the National Council for Vocational Training (NCVT) in 1956, an advisory body to ensure and maintain uniformity in the standards of training all over the country. The Government of Mizoram (GoM) is implementing the vocational training scheme as per the guidelines of Ministry of Labour and Employment, GoI.

1.3.2 Organisational Set-up

The Secretary to the GoM, Department of Labour, Employment & Industrial Training (LE&IT) is the administrative head responsible for policy framing of the Department. The Department of Labour, Employment & Industrial Training headed by the Director who is also the ex-officio Labour Commissioner is responsible for implementation and monitoring of National Employment Services Programs, Enforcement of Labour Legislations and Vocational Training Schemes in the State. He is assisted by Joint Director and Deputy Labour Commissioner. The Joint Director, LE&IT Department deals with the affairs of Employment Assistance and Industrial Training Institutes. There are three ITIs in the State located at Aizawl, Lunglei and Saiha districts which are headed by Principal. The District Labour and Employment Officer is responsible for both Labour Enforcement and Employment affairs at the district level.

The Organogram of the Department of Labour, Employment and Industrial Training Department, GoM is shown in the Chart below:



1.3.3 Scope of Performance Audit

The performance audit of 'Functioning of Industrial Training Institutes' was conducted covering the period from 2010 to 2015. The performance audit involved scrutiny of the basic records and other documentary evidences of the Directorate at the State level and three ITIs at district level *viz.* Aizawl ITI, Lunglei ITI and Saiha ITI.

1.3.4 Audit Objectives

The Performance Audit was conducted with the objective to:

- i. Examine the adequacy and effectiveness of various skill development training programmes and sponsored activities as per latest industrial/market requirement and technology and the system in place for ensuring placement of trainees.
- ii. Examine the adequacy and effectiveness of the financial management and utilisation of financial resources in conformity with the applicable rules and regulations.
- iii. Assess the adequacy of human resources and efficiency in their utilisation, performance evaluation and skill up-gradation.
- iv. Assess the effective utilisation and adequacy of infrastructure such as class room, work shop, hostel and tools and equipments.
- v. Examine the efficiency and effectiveness of implementation of programmes for improving the standards of training and to assess whether the requirement of the industry was met through a steady flow of skilled manpower in different trades.

1.3.5 Audit Criteria

Audit objectives have been benchmarked against following criteria:

- a. Training Manual for Industrial Training Institutes prescribed by the Director General of Employment and Training (DGET).
- b. GoI/GoM orders on imparting industrial training to trainees.
- c. The Apprentices Act, 1961.
- d. Skill Development Initiative manual.
- e. Guidelines on Upgradation of 1,396 Government ITIs through Public Private Partnership.

1.3.6 Audit Methodology

Audit was commenced after an entry conference held (7 May 2015) with the Secretary and the Director of Labour, Employment and Industrial Training Department, wherein audit objectives, scope, methodology and criteria were explained. An exit conference was held (11 December 2015) at the level of the Additional Secretary of the Administrative Department, Director and other officers of the Department wherein important audit findings were discussed.

The replies received during the course of audit and subsequently from the Department have been suitably incorporated in the report at relevant paragraphs.

AUDIT FINDINGS

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

1.3.7 Industrial requirements and modernization

1.3.7.1 Planning

The Directorate of Labour and Employment Department exercises full control over the planning and operation of the ITIs in the State. For this, Annual Plans for the years 2010-15 were prepared by the department depicting the financial requirement of ITIs for submission to the Planning Department. During the year 2010-11, the department proposed for setting up of two new ITIs and an ITI for women in the State in the Annual Plans of the Department. Further, the department proposed to set up new ITIs in five uncovered districts of Champhai, Serchhip, Kolasib, Mamit and Lawngtlai during 2011-12.

The proposal for setting up of new ITIs in the State was included in the Annual Plans of the Department, without need based survey on the requirement of ITIs in different districts and plans to meet the financial requirements in the Annual Plans. Further, no timeline was planned by the Department for setting up of new ITIs in other uncovered districts. It may be pointed out that the two new ITI are being constructed in Champhai and Serchhip districts, were under the GoI's Enhanced Skill Development Infrastructure (ESDI) Scheme being implemented by the State Government.

The department also did not assess the industry needs of the State for incorporation of new trades or discontinuation of irrelevant trades. Thus, courses were continued to be conducted as per the old system without restructuring and revision. Thus, the ITIs were not geared up to address the latest technological needs of industries.

While accepting the audit findings, the department replied (February 2016) that the requirement of new ITI was assessed from the number of applicants seeking admission into the existing ITI. It further stated that opening of new ITIs in the uncovered districts were proposed.

1.3.7.2 Apprenticeship training scheme

The ITIs produce semi-skilled workers. In order to improve their skills and expose them to industrial environment, the trainees who successfully completed their training are sponsored for apprenticeship training in industrial establishments under the Apprentices Act, 1961.

Scrutiny of the records revealed that the Apprenticeship Training Scheme (ATS) was not implemented by the department since 1990s. The department also did not constitute the State Apprenticeship Council for implementation of the ATS. Further, no effort was made by the department for coordination with the Industries to provide Apprenticeship training to ITI

passed-out trainees. Non-implementation of ATS affected the employability of ITI trained personnel due to want of hands-on experience.

While admitting the audit observation, the department stated (February 2016) that the ATS was not implemented due to non-availability of fund with the State Government. Action would be taken to implement ATS under new scheme pattern wherein Central Government would share the expenditure.

1.3.8 Financial management

1.3.8.1 Fund Allocation and Expenditure

The year wise budgetary allocation, actual expenditure and savings/excess were as indicated in the following table:

Table-1.2

(₹ in lakh)

Year	Budget Allocation	Actual Expenditure	(+) Excess/(-) Saving
2010-11	277.27	291.63	(+) 14.36
2011-12	290.12	287.46	(-) 2.66
2012-13	332.32	338.41	(+) 6.09
2013-14	348.15	357.67	(+) 9.52
2014-15	342.01	338.28	(-) 3.73

Source: Appropriation Accounts

It could be seen from the above table that during the audit period, the department incurred excess expenditure of ₹ 6.09 lakh (2012-13) to ₹ 14.36 lakh (2010-11) except during 2011-12 where there was a saving of ₹ 2.66 lakh.

1.3.8.2 Improper accounting of receipts by ITIs

As per Training Manual for ITIs, fees for Application form and Registration was to be collected from the applicants by the ITIs at the rate of ₹ 25 and ₹ 50 per student respectively under Craftsmen Training Scheme (CTS). Further, tuition fee of ₹ 100 per month per trainee should be collected. However, no fee should be charged from SC/ST and physically handicapped trainees. Again, each candidate was required to deposit a sum of ₹ 250 as Caution Money at the time of joining to safeguard against the loss or damage to equipment, tools and other articles. However, Caution money was to be refunded as soon as they complete the training and hand over the tools and other articles.

Scrutiny of the records revealed various irregularities in management of receipts by the ITIs during 2010-15 as spelled out below:

- None of the ITIs maintained proper records on collection of fees and refund of caution money and the same were not accounted for in the Cash book.
- There was no uniformity in fees being collected by different ITIs. The cost of application form and registration fees being charged ranged from ₹ 10 to ₹ 20 and ₹ 20 to ₹ 250 respectively.

- Examination fees which was not envisaged in the ITI training manual was charged from the trainees at the rate of ₹ 100 to ₹ 150 per trainee by the ITIs.
- As per the available records, ITI Aizawl, Lunglei and Saiha (2013-15) received ₹ 72,100, ₹ 17,700 and ₹ 31,720 respectively on sale of Application form and Registration fees. Out of the three ITIs, only ITI Lunglei deposited ₹ 17,700 to the Government account while ITI Aizawl irregularly utilised the amount for office expenditure like paying telephone bills, electricity and water bills *etc.* ITI Saiha neither maintained any records on amount collected for the period 2010-13 nor was the amount collected between 2013-15 taken into account in the Cashbook and deposited into Government Account. Further, mode of utilisation of the Examination fee and refund of Caution money could not be ascertained in audit owing to non-maintenance of proper records.

Thus, in absence of proper accounting of receipts collected by the ITIs, the risk of financial mismanagement cannot be ruled out.

While accepting the audit observations, the department stated (February 2016) that necessary instruction issued to all the ITIs to maintain proper records on collection of uniform registration/admission fees and to deposit all the regular fees collected with the Government.

1.3.8.3 Award of stipends

The DGE&T's training manual stipulated payment of stipend at the rate of ₹ 100 per month per trainee to all trainees. The State Government had the liberty to increase the rate of stipend. In addition to this, merit scholarship at the rate of ₹ 125 per month per trainee was also to be awarded to 4 *per cent* out of the total number of trainees on the rolls on the basis of internal examination conducted by the ITIs to motivate meritorious trainees.

It was observed that during the period 2010-12, stipend was paid by the department at the rate of ₹ 500 per trainee per month. The responsibility of payment of stipend to the ITI trainees was however taken over by Mizoram Scholarship Board vide State Government notification¹ during 2012-15 and stipend was paid at the rate of ₹ 14,300 per trainees per year for matriculate trainees and ₹ 7,000 per trainee per year for non-matriculate trainees. However, the system of payment of merit scholarship to the deserving trainees was not implemented. This defeated the scheme of motivation of meritorious trainees.

1.3.8.4 Provision of Training Grant to ITIs

DGE&T training manual envisages provision of training grant in each institute at ₹ 400 per month per trainee for engineering trades and ₹ 300 per month per trainee for non-engineering trades to cover the cost of raw materials, consumable stores, replacement of hand tools, repairs of equipment on account of wear and tear, cost of stationery for training purpose and cost of light, water and power.

¹ The Mizoram Centralisation of Scholarship/Stipends/Book Grant Rules, 2010

No specific allocation of fund for training grant was made to the ITIs in the State budget. In the absence of specific allocation of fund, the ITIs utilised the fund available under various heads of account *viz.* Office expenses, other charges, Machinery and Equipment *etc.* for meeting such expenses. Thus, non-provision of training grant to the ITIs would affect the quality of training provided in the ITIs.

The department accepted (December 2015) the audit observations.

1.3.8.5 Fund allocation and expenditure under Vocational Training Improvement Project (VTIP)

The fund under Vocational Training Improvement Project (VTIP) was shared by the Centre and State in the ratio of 90:10 (except for establishment of State Project Implementation Unit under VTIP where the sharing pattern was 75:25). The position of fund released and expenditure incurred under VTIP is as tabulated below:

Table-1.3

(₹ in lakh)

Year	Fund Released by GoI to State	Fund received by Department from State			Expenditure	(+ Excess/ (-) Saving
		Central Share	State Share	Total		
2010-11	26.25	59.00	-	59.00	55.00	(-) 4.00
2011-12	2.17	28.42	5.74	34.16	38.16	(+) 4.00
2012-13	-	9.00	4.00	13.00	13.00	-
2013-14	143.50	35.50	-	35.50	20.73	(-) 14.77
2014-15	-	122.77 ²	-	122.77	122.77	-
Total	171.92	254.69	9.74	264.43	249.66	-

Source: Departmental records

The State Government was to contribute 10 *per cent* (25 *per cent* for SPIU) as a State Matching Share for the project. It was noticed that the state matching share was not sanctioned by it during 2010-15. However, the department re-appropriated ₹ 9.74 lakh from office contingent expenditure but the approval of the GoM was not obtained for re-appropriating the fund.

1.3.8.5.1 Non-availing of Incentive fund

Provision for Incentive fund of up to ₹ 100 lakh was available to well performing States with one to three ITIs under VTIP. The GoI after considering the performance of VTIP in the State decided (29 August 2013) to sanction incentive fund of up to ₹ 100 lakh for the State of Mizoram. The department was required to send a proposal listing out activities to be undertaken from the fund by 10 September 2013. The department however failed to send any proposal for implementation of VTIP in the State. The GoI did not release any fund.

While admitting the fact, the department stated (February 2016) that the information on Incentive fund was received by them only during October 2013 and they prepared the proposal

² ₹ 108 lakh pertains to 2013-14 but released by GoM during 2014-15 and ₹ 14.77 lakh was unspent balance of 2013-14 revalidated during 2014-15

containing activities to be under taken from the funds on 24 October 2013. However, the same was not submitted to GoI.

1.3.9 Human resource management

1.3.9.1 Sanctioned strength *vis-à-vis* man-in-position

The administrative set-up of an ITI for staff is specified in the ITI training manual and the State Government was required to recruit technical staff accordingly.

The following table shows the overall position of sanctioned strength *vis-à-vis* the actual man-in-position of technical staff in the ITIs.

Table-1.4

Name of Posts	Sanctioned Strength			Men-in-position			Vacancy
	Permanent	Temporary	Total	Permanent	Temporary	Total	
Principal	3	--	3	2	1	3	Nil
Vice Principal	1	--	1	--	--	--	1
Group Instructor	1	1	2	--	2	2	Nil
Instructor	26	19	45	24	19	43	2

Source: Departmental records

It could be seen from the above table that there are vacant posts of only three technical staffs in the ITIs. However, further scrutiny revealed the following discrepancies.

- DGE&T training manual envisages posts of technical staff at State headquarters in the rank of Deputy Director of Training and Assistant Director of Training/Inspector of Training with requisite qualification. However, no post of technical staff at the Directorate was created.
- No regular Principal was appointed for ITI Saiha and was temporarily manned by the District Employment Officer, Saiha.
- The post of Vice Principal at ITI Aizawl remained vacant since October 2014 after superannuation of the previous incumbent.
- Out of 33 instructors post at ITI Aizawl, 19 instructors were appointed on temporary basis.
- The instructor for wireman trade for ITI Lunglei was not sanctioned by the Government since the introduction of trade in 2014 and was manned by a Storekeeper. Similarly, instructor post for three trades at ITI Aizawl *viz.* Mechanical Auto Electrical & Electronic, Sheet Metal Worker and Mechanic Computer Hardware were not sanctioned but manned by Mechanic (Radio &TV), Fitter and IT&ESM instructors respectively.

In reply to audit observation, the department stated (February 2016) that the post of Principal of ITI Saiha was not filled up due to court case and proposal for filling the vacant post of Vice Principal and Instructors are under the consideration of the Government.

The deficiencies however, would negatively impact the quality of training.

1.3.9.2 Staff training

The training of technical staffs of the ITIs were conducted at the Central Staff Training and Research Institute (CSTRI), Kolkata.

Further scrutiny, however, revealed that all the Instructors of the ITIs had undergone training at CSTRI only once (mostly during September 2012) during 2010-15. The department did not have any institutionalized arrangement for trainings of the instructors on a regular basis due to which technical staffs of the ITIs missed opportunity to upgrade their technical knowledge in a changing industrial and technological environment.

The department accepted (December 2015) the audit observations.

1.3.10 Infrastructure availability such as class room, work shop, hostel and tools and equipment

1.3.10.1 Trends in seating capacity and enrolment

Candidates of 14 years of age as on the date of commencement of an academic session are eligible for admission in ITIs. There is no upper age limit for trainees seeking admission in courses.

The following table shows the trends of seats availability and enrolment of trainees during 2010-15.

Table-1.5

Year	Seating capacity	Enrolment
2010-11	408	301
2011-12	488	350
2012-13	352	226
2013-14	400	377
2014-15	416	433

Source: Departmental records

It could be seen from the above table that overall capacity utilisation suffered except 2014-15. Excess enrolment during 2014-15 was due to excess admission of trainees by ITI Aizawl and ITI Lunglei where the respective seating capacities were only 288 and 72 but 304 and 74 trainees were admitted by ITIs. The reason of excess admission by the ITIs was not on records. Intake of trainees in excess of the available seating capacity would have negative impact on the quality of the training imparted.

1.3.10.2 Dropouts and successful completion of training

The duration of training of Engineering trades varies from one to two years whereas non-engineering trades is of one year. At the end of the course, the trainees in affiliated trades have to appear in the All India Trade Test (AITT) conducted by the National Council for Vocational Training (NCVT) for award of National Trade Certificate (NTCs) and for unaffiliated trades, they have to appear in the test conducted by the State Council of Vocational Training.

The following table shows the trend of dropout and passes percentage at the ITIs during 2010-13.

Table-1.6

Year	Enrolment	Appeared for exam	Drop out	Per cent dropout	Passed trainees	Per cent passed
2010-11	301	197	104	35	179	91
2011-12	350	248	102	29	232	94
2012-13	226	154	72	32	145	94
2013-14	377	180 ³	71 ⁴	28	136	75
2014-15	433	Exam results was awaited				

Source: Departmental records

It could be seen from the above table that overall dropout percentage has declined over the years but was consistently above 28 *per cent*. The dropout was more than 40 *per cent* in trades of Wireman, Electronic mechanic, Mechanic Motor Vehicle, Carpenter, Plumber and Baker and Confectioner. Reduction in overall pass percentage of trainees to 75 *per cent* in 2013-14 is a cause of concern.

1.3.10.3 Physical Infrastructure availability

The NCVT prescribed norms on Infrastructure such as space requirement for classroom and workshop. Scrutiny of the records and physical verification revealed certain shortcomings as discussed in the succeeding paragraphs.

1.3.10.3.1 Workshop and Classroom space

According to the NCVT norms, the workshop space required depends upon the number of trades for which training is imparted and number of units operated in the ITI. Scrutiny of the records revealed that as on 31 March 2015, training was imparted in 23, 6 and 5 trades in ITI Aizawl, Lunglei and Saiha respectively. Accordingly, total space required for Workshop and Classroom *vis-à-vis* space actually available at each ITI is shown in the table below:

³ Number of trainees enrolled in one year course

⁴ Drop out is calculated only in relation to the number of student enrolled in one year course since exam of two year course has not yet conducted

Table-1.7

Sl. No.	Name of ITI	Workshop Space (Sq.mt.)			Classroom Space (Sq.mt.)		
		Requirement	Available	Shortage (-) Excess (+)	Requirement	Available	(-) Shortage (+) Excess
1.	Aizawl	2034.00	2573.23	(+) 539.23	250.00	164.80	(-) 85.20
2.	Lunglei	528.00	345.40	(-) 182.60	120.00	23.10	(-) 96.90
3.	Saiha	518.00	260.24	(-) 257.76	30.00	26.28	(-) 3.72

Source: Departmental records

It could be seen from the above table that –

- Shortage of workshop space by 182.60 Sq.mt. and 257.76 Sq.mt. was observed at ITI Lunglei and Saiha respectively.
- Classroom space shortage ranges from 3.72 Sq.mt. to 96.90 Sq.mt. in the ITIs. However, during physical verification of ITIs, it was observed that inadequacy of classroom space did not have much impact on the theory classes as most of the classes were conducted in the workshops themselves.

In reply to the audit observation, the department stated (February 2016) that training class can run smoothly as trades with only one unit need not have separate theory classroom and can be run in the workshop itself. The reply is however silent on shortage of classroom and workshop in ITIs with respect to NCVT norms.

1.3.10.3.2 Adequacy of power supply

NCVT prescribed power supply requirements based on each trade. Further, ITI training manual envisaged a diesel generator set of capacity sufficient to keep training activities continuing at the time of load shedding at the ITIs. The following table shows the power supply requirement and the contracted power supply.

Table-1.8

Sl. No.	Name of ITI	Total requirement of power supply (KW)	Power supply actually available (KW)	Shortage	Percentage of shortage
1.	Aizawl	132.56	76.18	56.38	43
2.	Lunglei	29.29	17.76	11.53	39
3.	Saiha	22.90	20.60	2.30	10

Source: Departmental records

It could be seen from the above table that all the three ITIs have shortages of power supply.

It was noticed that available standby diesel generators of 25 KW, 7.5 KW and 2.5 KW capacity at ITI Aizawl, ITI Lunglei and ITI Saiha respectively were far less than the actual power requirement of the trades. Further, during physical inspection it was observed that the generator set of ITI Aizawl was not in working condition. Thus, provision of inadequate power supply

and lower capacity generator sets would affect the smooth functioning of trades especially engineering trades like COPA, Welder, IT&ESM *etc.* mainly in ITI Saiha and ITI Lunglei where classes were regularly disrupted due to erratic power supply. The photographs below showing classes affected due to interrupted power supply at ITI Saiha.



Students of COPA trade waiting for resumption of power supply at ITI Saiha

While accepting the audit observations, the department replied (December 2015) that the matter will be rectified.

1.3.10.3.3 Hostel facilities

The DGE&T Training Manual envisages provision of hostel accommodation for 50 *per cent* of trainees in each ITI. Further, Hostel Superintendent-cum-Physical Training Instructor, Hostel Clerk, Class IV staff *viz.* Safaiwala, Chowkidars and Water Carriers were to be recruited for hostel attached to each Institute.

Out of the three ITIs in Mizoram, hostel facilities for boys and girls were provided only in ITI Aizawl. However, boys hostel in ITI Aizawl was actually a Staff quarter converted into a boys' hostel. The following observations were made during audit.

- In order to provide hostel accommodation for boys in three ITIs, proposal of construction of hostels was included under Enhanced Skill Development Infrastructure scheme at a cost of ₹ 306.69 lakh (ITI Aizawl: ₹ 123.84 lakh, ITI Lunglei: ₹ 89.60 lakh and ITI Saiha ₹ 93.25 lakh). As on date of audit (June 2015), ₹ 251.45 lakh was incurred on construction of hostels. The construction of boys' hostel at ITI Aizawl and ITI Lunglei has been completed, which could accommodate 32 and 10 trainees respectively. However, the newly constructed boys' hostels were yet to be allotted to the trainees.
- Hostel facilities for girls were available at ITI Aizawl and ITI Lunglei only. The girls' hostel at ITI Lunglei was constructed by Social Welfare Department, GoM but not yet allotted to trainees (June 2015). 10 girl trainees each could be accommodated in these hostels.

- The total number of trainees that can be accommodated in the hostels was only 62 (42 and 20 in ITI Aizawl and ITI Lunglei respectively), which was far less than the total requirement⁵ for 326 trainees in the ITIs.
- Though hostel buildings were available and were ready for accommodation, no recruitment of hostel staff was made by the Department till the time of audit (July 2015), due to which the Department has not been able to make them functional.
- As per the agreement (May 2013) for the work “Construction, Electrification, Sanitary and Water Supply of boys hostel at ITI Saiha”, the contractor⁶ was to complete the work within six month (November 2013), failing which the contractor would be liable to pay ₹ 3,665 (0.05 *per cent* of contract value) per day as liquidated damage. There was also provision for cancellation of the contract if the total amount of liquidated damages exceeds 2 *per cent* of the contract amount.

Scrutiny of the records revealed that the contractor abandoned the work after receiving the payment of ₹ 56.59 lakh (February 2014). The department did not impose any liquidated damage on the contractor nor terminated the contract for delay in completion of the work. Thus, failure of the department to take appropriate action resulted in idle expenditure of ₹ 56.59 lakh defeating the purpose of providing boarding facilities to the trainees from far flung areas.

While admitting to audit observation, the department stated (February 2016) that all the ITIs have minimum hostel facilities and the contractor of Boys’ hostel at ITI Saiha had been notified to complete the construction.

Following is the photograph of abandoned boys’ hostel at ITI Saiha.



Site of abandoned boys hostel construction at ITI, Saiha

⁵ Computed on 50 *per cent* of the seating capacity in ITIs (Seating capacity in ITI Aizawl and ITI Lunglei = 548 and 104 respectively)

⁶ R. Renghnuna, Dinthar, Aizawl

1.3.10.3.4 Staff Quarters

The DGE&T training manual envisages provision of staff quarters for 80 *per cent* of the staff. Out of three ITIs in the State, only ITI Aizawl has 20 designated staff quarters. However, ITI Lunglei did not have designated staff quarters and the staff irregularly occupied the classroom buildings for residential purpose after shifting of the classroom to the new building constructed under CSS fund⁷. Similarly, 6 staff members in ITI Saiha resided in the Classroom/workshop buildings of four trades after shifting of the classes to the new building.

No plans for construction of staff quarters at ITI Lunglei and ITI Saiha was drawn up by the department. The occupation of classroom/workshop by the staff for residential purposes has to be viewed in light of the fact there was shortage of space for classroom/workshop (as discussed in Paragraph-1.3.10.3.1).

In reply, the department stated (February 2016) that staff of ITIs required accommodation because the ITIs in those places are located in the outskirts of the town. New ITI buildings were constructed at ITI Lunglei and Saiha to enhance deficient infrastructure. Old buildings are therefore temporarily utilised for staff quarter.

The reply is however, not acceptable since accommodation of classroom/workshop buildings for staff quarter has aggravated the shortage of classroom/workshop space in the ITIs.

1.3.10.3.5 Encroachment of ITI Aizawl land

ITI Aizawl is functioning since April 1975 at the present location. As *per* the site plan of ITI Aizawl, the area of ITI Aizawl in July 1978 was 79,932 Sq.mt.

Joint physical verification of ITI Aizawl compound by the Audit Party revealed that many Government Offices/Establishment, Private houses, Religious establishments *etc.* have occupied ITI land in and around the ITI Aizawl main buildings. Scrutiny of the records revealed that the present area of ITI Aizawl has been reduced to 26,315.61 Sq.mt. (approx.) due to encroachment of land as shown below:

Table-1.9

Sl. No.	Type of Establishment	Area (Sq.mt.)	Percentage of total land occupied
1.	Department of Health (UPHC)	9,828.00	12.30
2.	Social Welfare Department	2,052.00	2.57
3.	Fire & Emergency Department	1,132.30	1.42
4.	Private / Community	40,604.09	50.80
Total		53,616.39	67.08
5.	Land available with ITI Aizawl	26,315.61	32.92
Grand Total		79,932.00	100.00

Source: Departmental records

⁷ Upgradation of 1,396 Government ITIs through PPP

It could be seen from the above table that the area of about 53,616.39 Sq.mt. valued at ₹ 32.18 crore⁸ constituting 67.08 *per cent* of land was encroached by various establishment as on June 2015. The following photograph shows the land encroachment by various establishments.



Fire and Emergency Building at ITI Aizawl Land



Private buildings at ITI Aizawl Land

Further scrutiny revealed that there was no Government notification or Departmental Orders for transfer of ITI Aizawl land to different establishment mentioned above. No action has been taken up by the department for eviction of illegal construction or to prevent illegal land encroachment.

While accepting the fact that ITI Aizawl land was encroached upon the department stated (February 2016) that documentation indicating agreement between the two Ministers (LE&IT Department and Fire & Emergency Department) was on record. Also, stated that in other cases, most of the parties have in their possession Land Lease Certificate and Land Settlement Certificate from the State Revenue Department.

1.3.10.3.6 Shortage of tools and equipment

A Standard list of tools and equipments for both engineering and non-engineering trades are prescribed by the NCVT. These tools and equipment prescribed in the standard list are the basic minimum requirement for the trade.

Physical verification of tools and equipments in the three ITIs revealed shortage ranged from 5.06 to 76.47 *per cent* as detailed in **Appendix-1.1**. The shortage was highest in ITI Saiha (26.19 to 76.47 *per cent*). Imparting training in trades without required tools and equipment in ITIs would have impact on the quality of training imparted.

While admitting the audit observation, the department stated (February 2016) that the shortage would be made up through procurement under VTIP and ESDI schemes.

⁸ ₹ 6,000/Sq.mt.

1.3.10.3.7 Library facilities

As per the DGE&T training manual, ₹ 25 per month per trainee was to be allotted for purchase of technical books, technical magazines and other books related to trades for reference.

An amount of ₹ 12.70 lakh, ₹ 5.50 lakh and ₹ 6.00 lakh was received by ITI Aizawl⁹, ITI Lunglei and ITI Saiha¹⁰ respectively for procurement of books, learning resources and software during 2010-11. While no expenditure was incurred by ITI Aizawl; ITI Lunglei and ITI Saiha incurred ₹ 0.52 lakh (9.45 per cent) and ₹ 0.19 lakh (3.17 per cent) respectively for procurement. Thus, non-procurement has deprived facilities for the trainees and the instructors of the ITIs to update their knowledge.

While accepting the audit observation, the department replied (February 2016) that action would be initiated to utilise the fund.

1.3.10.4 Affiliation of trades

As per the DGE&T Training Manual, an ITI seeking affiliation of a trade in NCVT is required to have necessary infrastructure and instructors. Only trainees of those trades affiliated to NCVT were permitted to appear in the All India Trade Test conducted by the NCVT.

Scrutiny of the records revealed that training in different trades were being imparted at ITI Aizawl: 23 trades, ITI Lunglei: 6 trades and ITI Saiha: 5 trades, out of which training on 3, 2 and 2 trades¹¹ respectively were imparted without affiliation to NCVT. Further scrutiny revealed the following irregularities.

- No surveys were conducted by the department to ascertain the needs of the market before introduction of new trades in the ITIs.
- ₹ 39.41 lakh was incurred on procurement of Tools and Equipment for introduction of three new trades at ITI Aizawl under ESDI during 2013-14. Further, ₹ 25.78 lakh and ₹ 16.37 lakh was incurred (2011-12) by ITI Lunglei and ITI Saiha respectively on procurement of tools and equipment for the unaffiliated trades under the CSS scheme 'Upgradation of ITI through PPP'. However, ITI Lunglei did not seek affiliation from the NCVT. Though ITI Aizawl and ITI Saiha attempted to do so once during 2014 and 2010 respectively, they could not succeed. Thus, the seven trades remained unaffiliated till the date of audit (July 2015).
- Though the department submitted a proposal for payment of salaries of new trades of three instructors in the DPR under the ESDI scheme, the State Government declined the proposal citing shortage of fund and suggested for running the new trades by the existing

⁹ Under the scheme Vocational Training Improvement Project' (VTIP)

¹⁰ Upgradation of 1,396 Government ITIs through Public Private Partnership

¹¹ Unaffiliated trades (Year of commencement): ITI Aizawl - Mechanic (Auto Electrical & Electronics) (2014), Sheet Metal Worker (2014) and Mechanic (Computer Hardware) (2014); ITI Lunglei - Electronic Mechanic (2012) and Wireman (2014); and ITI Saiha - COPA (2011) and IT&ESM (2005)

instructors. Thus, no regular instructors were appointed for the three new trades at ITI Aizawl but were manned by instructors of other trades¹². Similarly, training of Wireman trade was imparted at ITI Lunglei by the Storekeeper of the institute.

During 2010-15, 47 trainees who had completed the course in these unaffiliated trades were deprived of the National Trade Certificate (NTC) of the NCVT but were issued only the State Trade Certificate (STC) which would lessen their prospects of employability in organized sectors.

The department while accepting the audit observations stated (February 2016) that the trades are unaffiliated as the procedure for affiliation of trades had been changed since 2014 and the new procedure is being scrutinized and affiliation for the unaffiliated trade will be proposed soon.

Any attempt to get NCVT affiliation for the unaffiliated trades would be successful only if State Government appoints qualified instructors for the relevant trade and provide infrastructural facilities as per NCVT norms.

1.3.10.5 Medical examination of trainees

As per Training Manual for ITI, trainees should be medically examined soon after their admission by the Medical Officer attached to the ITI. They should also be examined, thereafter once in a year. In case of trainees with doubtful health, the medical examination may be held every three months. At training institutes, where no medical officer was appointed, arrangement for medical examination may be made through a local doctor. The head of training institute should discharge trainees found medically unfit for admission.

It was noticed that neither any medical examination of trainees was conducted nor arrangement was made to conduct by local doctors during the time of admission or thereafter in any of the ITIs.

While admitting to the audit observation, the department stated (February 2016) that the arrangement will be made to admit medically fit person.

1.3.11 Implementation of programmes for improving the standards of training

1.3.11.1 Establishment of State Project Implementation Unit (SPIU) under Vocational Training Improvement Project (VTIP)

As per norms, the department was to establish a State Project Implementation Unit (SPIU) under VTIP to manage the project implemented through ITIs. This unit would be responsible and accountable for timely release of funds to ITIs, submission of reimbursement claims, and preparation of timely progress and expenditure reports.

¹² Steel Metal Workers trade by Fitter Instructor, Mechanical Auto Electrical & Electronics trade by Mechanic (Radio & TV) instructor and Mechanic Computer Hardware by IT&ESM instructor

GoI released (June 2008) ₹ nine lakh towards central share for establishment of SPIU to meet the expenditure on salaries of short-term consultants on contract basis, office equipment for SPIU and cost of training of trainers including TA/DA in respect of the ITIs. The department re-appropriated ₹ four lakh from the fund available in the state budget as State's matching share. Thus, the total fund available for establishment of SPIU was ₹ 13 lakh.

Scrutiny of the records revealed that the department did not establish a SPIU but implementation of the ITI projects was looked after by officers in addition to their regular charges and no consultants were appointed for the management of the SPIU. Hence, the goal of providing full time management through SPIU was not fulfilled. Further, it was noticed that the available fund was diverted as shown below:

- ₹ three lakh was diverted to the Principal, ITI Aizawl and the amount was incurred (December 2012) on procurement of office equipment.
- ₹ 47,600 was spent on regular TA bills of the permanent staff of the department and ₹ 50,000 was spent on TA/DA of training of trainers.
- ₹ 9.02 lakh was spent on procurement of office consumables by the Directorate, Department of Labour, Employment & Industrial Training.

In reply, the department stated (February 2016) that as per the implementation manual of VTIP, the States having less than three ITIs are exempted from establishing separate SPIU and the VTIP scheme in such states are to be looked after by existing officers of the Directorate. The reply has to be viewed in light of the fact that the Mizoram has three functioning ITIs and two more ITIs are being established and hence establishment of separate SPIU was a must as per VTIP guidelines. Further, the reply was silent on diversion of funds for procurement of office equipment by ITI Aizawl and TA bills on permanent staff.

1.3.11.2 Enhancing Skill Development Infrastructure (ESDI) in NE States and Sikkim

The CSS "Enhancing Skill Development Infrastructure (ESDI)" introduced in February 2011 was primarily for skill development infrastructure in the seven NE States including Sikkim in the existing ITIs. The scheme was funded 100 *per cent* by the Central Government and the fund was disbursed directly to the Mizoram Council of Vocational Training (MCVT) by the Central Government for implementation of the project. The scheme is aimed at Upgradation of ITIs, supplementing infrastructure deficiencies by constructing new hostel, boundary wall and supplementing old and obsolete tools and equipment.

As a part of extension of the scheme, the GoI decided (August 2013) to add a new component "Establishment of 14 new ITIs in seven NE States" with the cost sharing pattern of 90:10 between the Central and the State Government.

The following is the fund position and expenditure incurred thereof on the sub-project under ESDI.

Table-1.10

(₹ in lakh)

Year	Opening Balance	Fund released	Misc. Receipt ¹³	Total	Expenditure	Closing Balance
2012-13	0.01	368.23	3.89	372.13	0	372.13
2013-14	372.13	106.18	10.52	488.83	357.97	130.86
2014-15	130.86	32.01	3.22	166.09	114.05	52.12
Total	-	506.42	17.63	-	472.02	-

Source: Departmental records

The department incurred ₹ 472.02 lakh on upgradation of three trades at ITI Aizawl, procurement of tools and equipments for ITI Aizawl, construction of boys hostel at ITI Aizawl, Lunglei and Saiha. Paragraph-1.3.10.3.3 supra highlighted the irregularities in construction of boys' hostel:

1.3.11.3 Establishment of two new ITI at Champhai and Serchhip

Under the new component “Establishment of 14 new ITIs in seven North Eastern States”, two new ITIs at Champhai and Serchhip were proposed to set up in the State at cost of ₹ 622.39 lakh per ITI. Out of the total fund required, ₹ 1,120.30 lakh (90 per cent) was to be borne by GoI and ₹ 124.49 lakh (10 per cent) by the State Government. As on March 2015, the GoI released ₹ 839.30 lakh but the State Government in turn released only ₹ 482.10 lakh to the MCVT. The State Government has not released its share till March 2015.

Table-1.11

(₹ in lakh)

Year	Availability of Fund					Expenditure	Closing Balance
	Opening Balance	Central ¹⁴	State	Misc. Receipt	Total		
2013-14	0	482.10	-	-	482.10	0	482.10
2014-15	482.10	-	-	8.65	490.75	487.50	3.25
Total	-	482.10	-	8.65	-	487.50	-

Source: Departmental records

Out of available fund of ₹ 490.75 lakh (which include ₹ 8.65 lakh as interest), an amount of ₹ 487.50 lakh was incurred by the MCVT in connection with setting up of two ITI at Champhai and Serchhip till March 2015¹⁵. Further scrutiny, however, revealed gross irregularities as spelt out below.

1.3.11.3.1 Appointment of consultancy firm

As per GFR, in respect of enquiry for seeking ‘Expression of Interest’ from consultants for high quality services, advertisement should be published in at least one national daily and the Ministry’s web site where the estimated cost of the work or service is above ₹ 25 lakh in

¹³ Interest accrued in MCVT account No. SBI 32475339091

¹⁴ Indicates GoI’s fund released to the Department by GoM

¹⁵ Construction works = ₹ 4.41 crore, Consultancy charges = ₹ 34.88 lakh and Technical Supervisor salary etc. = ₹ 11.62 lakh

‘Two-bid’ system with technical and financial bids sealed separately. However, in violation of the rules, the advertisement was published (22, 23 and 24 April 2014) in three local newspapers inviting quotation from approved registered consultancy firm for preparation of architectural and structural drawing, detailed estimates and supervision of the work for construction of ITI Building at Champhai and Serchhip. Three tenderers (two individual¹⁶ and M/s Nextcomm Consultancy, Luangmual) submitted their rate quotation on plain sheet of paper without incorporating any technical and financial bids. The quotation of the two individuals neither bore name of any firm nor registration number of the firm. They also did not furnish work experience certificate, registration number, list of technical staff etc. Close scrutiny of submitted tenders also revealed that each of the tenders was signed by the same individual. M/s Nextcomm Consultancy, Luangmual quoted rate was the lowest amongst the three submitted tenders. Thus, it appeared that selection of consultancy firm for the project was not done in a transparent and competitive manner but so manipulated to select M/s Nextcomm Consultancy.

The work order was awarded to M/s Nextcomm Consultancy on 16 May 2014 and the firm submitted the bills of quantity, detailed estimates *etc.* on 19 May 2014. It was doubtful whether actual survey of the sites at Champhai and Serchhip was undertaken by the firm given the time taken by the firm (within two days) in submission of detailed estimates, *etc.*

₹ 34.88 lakh was paid (June 2014) to M/s Nextcomm Consultancy towards consultancy charges. However, M/s Nextcomm Consultancy, empanelled by the GoM, was not a qualified firm for preparation of architectural drawing and structural drawing. The architectural and structural drawings submitted by the firm were only preliminary drawings and description of the items of works and quantity were drawn without any scale.

The estimates and drawings submitted by the firm were accepted by the Secretary, MCVT without any technical sanction and ensuring that the estimate was accurate and was based on adequate data.

The department while accepting the audit observations stated (February 2016) that the fund of the project was entrusted to MCVT and the functionaries of the MCVT were not familiar with the codal formalities while making appointment of consultancy firm.

1.3.11.3.2 Selection of contractor

The department neither floated any notice inviting tender for prospective bidders nor were the works for construction of the new two ITIs entrusted to the State PWD but the same Consultancy firm *viz.* M/s Nextcomm Consultancy, Luangmual, Aizawl was awarded (June 2014) the work for ₹ 662.78 lakh for construction of Administrative Buildings and Classrooms for ITI Champhai and Serchhip. The selection of M/s Nextcomm Consultancy as contractor was irregular for construction of ITI building at Serchhip and Champhai as the same firm was consultant for the project and was also responsible for supervision of

¹⁶ Mr. Nikhil Kumar, Kolkata and Mr. Dines Kumar, Secunderabad

the work. Selection of contractor also violated Central Vigilance Commission guidelines (December 2004), which stipulates that a firm hired to provide consultancy services for the preparation or implementation of a project, will be disqualified from subsequently providing goods or works or services related to the initial assignment for the same project.

1.3.11.3.3 Payment of mobilization advance without interest

Mobilization advance (10 *per cent* of the tendered value) was admissible to the contractor as per CPWD Works Manual, provided it was part of the agreement. However, the agreement signed on 18 June 2014 did not have any such clause for payment of mobilization advance to the contractor. The department irregularly paid ₹ 178.70 lakh as mobilization advance to the contractor on the day of signing of the agreement. Further, neither the mobilization advance amount nor the interest due thereof amounting to ₹ 17.94 lakh¹⁷ were recovered by the department (June 2015).

While accepting the audit observations, the department stated (February 2016) that corrective measures will be taken up to avoid such mistakes in future.

1.3.11.3.4 Payment for monitoring and preparation of RA bill

There were no clauses in the agreement for payment against monitoring and preparation of running account bill. However, the contractor submitted (August 2014) a separate bill of ₹ two lakh for monitoring and preparation of running account bill. The MCVT paid (August 2014) ₹ two lakh to the contractor. This was inadmissible since the department had engaged a technical supervisor for monitoring and supervision of civil works executed by the department.

While accepting the audit observations, the department stated (December 2015) that steps would be taken up to recover the irregular amount paid on account of monitoring and RA bill preparation.

1.3.11.3.5 VAT not deducted from the RA bills

Under Mizoram Value Added Tax (MVAT), 2005 rules, VAT should be deducted from contractor's bill at a rate of two *per cent* of the amount of bill. Scrutiny of records however revealed that an amount of ₹ 254.59 lakh was paid to the contractor without deducting VAT from the bills of the contractor.

While accepting the audit observations, the department stated (February 2016) that the contractor will be notified to pay VAT and deduction of the same will be made from the pending bills.

1.3.11.3.6 Embezzlement of Government Money

The payment to the contractor was to be made according to the item rate measurement made by the Engineer-in-Charge. 1st RA bill amounting to ₹ 83.13 lakh was paid (June 2015) to the

¹⁷ Interest on mobilization advance calculated on 10 *per cent* simple interest from date of advance to date of audit (20 June 2015)

contractor on account of construction of ITI Serchhip building (**Appendix-1.2**). As per the bill, payment pertaining to RCC works (Foundation, Columns Beam & Slab) was made to the contractor. The Measurement Book also corroborated that the work was done as per the RA bill submitted by the contractor and was countersigned by the Director, LE&IT Department. The RA bill submitted by the contractor were passed for payment by the Director, LE&IT Department without actual verification of the work by the technical supervisor, appointed for supervision of the civil works.

Joint physical verification of the ITI Serchhip building construction site (at Chhiahtlang) on 11 June 2015, however, revealed that only earthwork (site preparation) of the site was completed by the contractor. No engineers, tools and equipment and other machinery were available at the construction site. The site was abandoned by the contractor after earthwork (site preparation) and there was no sign of any RCC building construction. Thus, only an amount of ₹ 16.21 lakh for site preparation was admissible and the remaining amount ₹ 66.93 lakh¹⁸ paid to M/s Nextcomm Consultancy tantamount to embezzlement of Government Money on fabricated bills.

The actual work completed by the contractor at Serchhip is shown in the following photograph.



Site preparation for approach road to ITI Serchhip at Chhiahtlang village, Serchhip



Site preparation for Administrative and Workshop Building at ITI Serchhip at Chhiahtlang Village

While accepting the audit observations, the department stated (December 2015) that necessary steps would be taken up.

1.3.11.4 Upgradation of Government ITI through PPP

Under the scheme, an interest free loan of ₹ 250 lakh would be provided by the Central Government directly to the Institute Management Committee (IMC) formed at the ITIs for

¹⁸ ₹ 16,20,504 is amount incurred on Earthwork (Site Preparation). Thus, Total payment (₹ 83,13,284) – Payment on Earthwork (₹ 16,20,504) = ₹ 66,92,780 is amount treated as embezzlement

upgradation of the ITI into a Centre of Excellence. For Mizoram, ITI Saiha and ITI Lunglei were selected for implementation of the scheme and accordingly, ₹ 500 lakh (₹ 250 lakh for each ITI) was released (March 2009) to the IMC of the ITIs. The loan had a moratorium of ten years and thereafter the loan was repayable by the IMCs in equal annual instalments over a period of 20 years.

As per the guidelines of the scheme, Institute Management Committee (IMC) registered as a society was constituted by ITI Lunglei and ITI Saiha for implementation of the scheme. A Memorandum of Agreement (MoA) was signed between the Central Government, State Government and the Industry Partner (Mizoram Chamber of Industry). Thereafter, an interest free loan was released (₹ 250 lakh per ITI) to the IMCs on the basis of Institute Development Plan (IDP) developed for overall upgradation of the ITI. Further scrutiny revealed the following irregularities:

1.3.11.4.1 Diversion of funds by ITI Saiha

As per the approved IDP, ₹ 60 lakh was approved for Civil works at ITI Saiha. Out this, ₹ 45 lakh was for construction of RCC building with electrification and internal water connection and remaining ₹ 15 lakh on various upgradation works viz. installation of separate transformer for ITI campus for uninterrupted power supply (₹ eight lakh), procurement of diesel Generator (5 KVA) to feed the whole campus (₹ two lakh) and renovation of existing building (₹ five lakh).

Scrutiny of the records revealed that ITI Saiha incurred ₹ 60.99 lakh on civil works till June 2015. It was also noticed that neither a transformer for ITI campus was installed nor a diesel generator was procured but the fund (₹ 10 lakh) was diverted for construction of the ITI main building including payment of consultancy fees and electrification. Similarly, out of ₹ 5.00 lakh earmarked for renovation of existing buildings, only an amount of ₹ 2.23 lakh was incurred for renovation and the remaining fund of ₹ 2.77 lakh was diverted for construction of ITI main building.

Physical verification at ITI Saiha revealed that non-installation of a separate transformer for ITI campus and diesel generator affected smooth functioning of classes (particularly COPA trade) due to fluctuating voltage and frequent breakdown of power supply. Further, computers and accessories installed at classroom of COPA trade were damaged.

While accepting the audit observations, the department assured (December 2015) that necessary steps would be taken up.

1.3.11.5 Skill Development Initiative Scheme

The Skill Development Initiative Scheme (SDIS) on modular employable skill allows skills upgradation, multi entry and exits, vertical and horizontal mobility and lifelong learning opportunities in a flexible manner. The skills acquired are assessed by the assessing body from the industry organisations and NCVT certificates are then issued upon successful completion of the course. The objectives of the scheme are:

1. To provide vocational training to school leavers, existing workers, ITI graduates, *etc.* to improve their employability by optimally utilising the infrastructure available in the government, private institutions and the industry. Existing skills of the persons can also be tested and certified under this scheme.
2. To build capacity in the area of development of competency standards, course curricula, learning material and assessment standards in the country.

1.3.11.5.1 Fund allocation and expenditure

The training under SDIS was to be provided at various Vocational Training Providers (VTPs) registered under Central Government, State Government, Public and Private Sector and Industrial Establishments/Institutes *etc.* The scheme was 100 *per cent* funded by the Central Government.

During the year 2008-09, one time advance of ₹ 30 lakh to three ITIs (@ ₹ 10 lakh per ITI) was provided to start course under SDIS. However, as per the instructions (February 2012) of the Director, LE&IT Department, ₹ 17.65 lakh being the unspent amounts from the three ITIs were transferred to MCVT account¹⁹.

The funding position *vis-à-vis* expenditure on the scheme during the year 2011-12 to 2014-15 is shown below:

Table-1.12

(₹ in lakh)

Year	Opening Balance	Fund provided by GoI	Fund released to the Department	Misc. Receipt ²⁰	Total	Expenditure	Closing Balance
2011-12	17.65	3.90	3.90	0	21.55	0	21.55
2012-13	21.55	45.79	45.79	0	67.34	0	67.34
2013-14	67.34	0	0	0.11	67.45	0	67.45
2014-15	67.45	264.00	0	2.08	69.53	69.25	0.28
Total		313.69	49.69	2.19		69.25	

Source: Departmental records

It could be seen from the above table that during 2010-15, the GoI released ₹ 313.69 lakh for implementation of the scheme, whereas the fund received by the MCVT from GoM for the scheme was only ₹ 49.69 lakh. Out of available fund of ₹ 69.53 lakh (₹ 17.65 lakh unspent amount transferred by three ITIs *plus* ₹ 49.69 lakh received from GoM *plus* ₹ 2.19 lakh Misc. receipts), ₹ 69.25 lakh was spent on implementation of the scheme during the period. Further scrutiny revealed the following facts:

- As on September 2012, total fund available for implementation of the SDIS scheme was ₹ 67.34 lakh. However, the available fund was parked for nearly two years and utilised on the scheme only during August 2014.

¹⁹ ITI Aizawl : ₹ 8,96,535.00 (vide DD No. 261419 date 12 April 2012)

ITI Lunglei : ₹ 6,00,090.00 (vide DD No. 117679 date 15 February 2012)

ITI Saiha : ₹ 2,68,492.00 (vide DD No. 187273109 date 29 February 2012)

²⁰ Misc. Receipt during 2010-11 to 2013-14 on Bank interest accrued on saving bank account of MCVT (HDFC A/c No. 31991450000030)

- The Director General of Employment and Training (DGE&T), intimated (September 2010) that ₹ 22.34 lakh was allocated by GoI for implementation of SDIS for the year 2010-11 but the fund could be released only on receipt of revised training action plan for the year 2010-11. However, the department failed to submit the requisite revised Action Plan for the year 2010-11 of SDIS to GoI, due to which the allocated fund of ₹ 22.34 lakh was not released.
- GoI released ₹ 100 lakh and ₹ 164 lakh during December 2014 and March 2015 respectively for the year 2014-15. GoM released ₹ 100 lakh in February 2015. However, ₹ 164 lakh was not released by GoM to the department till the time of audit (July 2015) and was parked in civil deposit. The delay in further release of fund released by GoI was due to the fact that the department failed to submit Utilisation Certificates (UC) for ₹ 79.69 lakh during 2008-13 except UC for ₹ 1.50 lakh only resulting in non-approval of the Action Plan submitted by the department for the period 2014-17 for skill development of 15,000 youth under SDIS in the state with the estimated project cost of ₹ 1,209.41 lakh.

1.3.11.5.2 Physical and financial target and achievement under SDIS

The annual action plan indicating the physical targets and financial requirements for training youth, empanelment of VTPs, testing, certification and placement was required to be prepared annually by the department for implementation of the SDIS. Accordingly, upon submission of the annual action plan, the GoI allocated physical targets and financial resources to the States.

The physical target *vis-à-vis* actual achievement during 2010-15 in the state is shown below:

Table-1.13

Year	2010-11	2011-12	2012-13	2013-14	2014-15	TOTAL
Parameters						
Physical Target	940	448	3701	666	500 ²¹	6255
Physical Achievement (<i>per cent</i>)	0	0	40 (1)	139 (21)	1656 (331)	1835 (29)

Source: Departmental records

It could be seen from the above table that –

- The overall physical target during 2010-15 was 6,255 but the actual achievement was 1,835 which was only 29 *per cent* of the target. During this period ₹ 69.25 lakh was spent on the implementation of the scheme.
- During the year 2010-11 and 2011-12, the physical achievement under the scheme was nil, though ₹ 21.55 lakh was available.
- Though three Government ITIs are registered as VTPs, they did not impart any training under SDIS during 2010-15.

²¹ Average of annual action plan submitted for 2014-17

The department in the exit conference stated (December 2015) that the GoI has not provided sufficient funds. The reply of the department is however not acceptable, as even the available fund was not spent and requisite UCs, a prerequisite for further release of funds were not submitted, to enable GoI to release funds.

1.3.11.6 Follow up of ex-trainees

As per the ITI training manual, ITIs were to maintain ‘Records Cards’ of passed-out trainees as a follow up measure to ensure that the ITI trainees on successful completion of the training are able to secure employment. Further, Placement Cells were also to be set up in every ITI to help the graduates in getting placement in different industries by maintaining details of trainees graduating from the ITIs to keep track until they are suitably employed or for at least for three years after completing the training from the institute, to organize campus selections for recruitment of trained graduates, to function in close coordination with the industries for their requirement of skilled workforce, to provide counselling and guidance to the trainees *etc.*

However it was observed that none of the ITIs maintained any Records Cards nor were placement cells established, due to which the employment status of the passed out trainees was not watched as mandated.

While accepting the audit observation, the department stated (February 2016) that Placement Cell will be set up utilising the existing senior instructional staff and records of passed out trainees will be maintained.

1.3.11.7 Employability of ITI trainees

The State has produced 1,013²² ITI graduates in various engineering and non-engineering trades during the period 2010-15. A survey²³ conducted by audit to ascertain the employability of the ex-ITI trainees²⁴ revealed the following:

Table-1.14

Sl. No.	Details	Number of Trainees
1.	Number of passed-out ITI graduates surveyed	301
2.	Number responded out of Sl. No. 1	187 (62 per cent of 301)
3.	Number of ITI graduates employed out of Sl. No. 2	70 (37 per cent of 187)
4.	Number of ITI graduates employed in line with their training at ITI out of Sl. No. 3	55 (79 per cent of 70)
5.	Number of Self-employed ITI graduates out of Sl. No. 4	40 (73 per cent of 55)
6.	Number of institutional employed ITI graduates out of Sl. No. 4	15 (27 per cent of 55)

Source: Departmental records

²² Number of pass out ITI graduates during 2010-15 (ITI Aizawl = 834, ITI Lunglei = 104 and ITI Saiha = 75)

²³ Physical surveys of ITI passed graduates were done by deploying AG Mizoram staff at different locations during August 2015

²⁴ Survey result of ITI passed graduates during 2010-15 of ITI Aizawl and ITI Lunglei. Details of pass out ITI graduates of ITI Saiha during 2010-15 was not available

Survey revealed that only 37 per cent of the ITI graduates, who responded to survey were employed, of which 79 per cent were employed in line with their training. Among the employed, self employment contributed 73 per cent against the institutional employment of 27 per cent.

1.3.11.8 Monitoring of ITIs

1.3.11.8.1 Internal inspection of ITIs

As per the DGE&T training manual, regular internal inspections of the ITIs were to be carried out by the Group Instructor and the Principal to ensure smooth working of the training programme and to increase efficiency of the administration. The inspections should be done preferably for four days per week by the Principal or the Group Instructor and proper record on the inspections, deficiencies observed and remedies suggested should be maintained.

Scrutiny of the records revealed that no internal inspections were conducted by the Principal or the Group Instructor in all the ITIs during 2010-15. In the absence of internal inspection of ITIs, the functioning of the classes and administration of the ITIs were never assessed.

Joint field inspection of ITI by audit at ITI Saiha (June 2015) revealed that many electronic items like Washing machine, DVD players, Inverter, Iron, B/W TV *etc.* for IT&ESM trade received during 2006 were stacked inside the store room and were never issued for training. Similarly, 26 nos. of DC and AC motors supplied during 2005 for Electrician trade were kept idle. Further, the Stock register of ITI Saiha was not updated since November 2005. Due to improper maintenance of stock register, audit could not ascertain the actual cost of the items lying unused at ITI Saiha. This is indicative of absence of effective internal control mechanism.



Electrical and Electronic items lying unused at ITI Saiha since 2005

The department replied (February 2016) that internal inspection was usually done by the Vice Principal and the inspection findings were put up to the Principal and discussed. The reply has to be viewed in light of the fact that there was no regular Principal at ITI Saiha and also that no post of Vice Principal is sanctioned for ITI Saiha and ITI Lunglei.

1.3.11.8.2 Inspection of ITI by departmental authorities

DGE&T training manual envisages that the Officer of the State Directorate of Training should inspect the training institutes at least once in a quarter. Besides this, at least one ITI in the State should be inspected once in a year by a tripartite team consisting of the State Director-in-charge of Training, representative of industries and a representative of the labour organisation. Further, a few selected centres of each state should be inspected once a year by the officers of the Training Directorate of the DGE&T.

It was noticed in the Audit that none of the ITIs were inspected by any officials from the State Directorate during 2010-15. However, ITI Saiha and ITI Lunglei were inspected once (June 2013) by a team of DGE&T and State Directorate during 2010-15. Due to lack of monitoring of the ITIs by the State level authorities, timely corrective action was not taken, leading to several instances of lapses as pointed out in earlier paragraphs.

While accepting the audit observation, the department replied (February 2016) that frequent inspection of ITIs were not done by the Directorate due to shortage of manpower.

1.3.12 Conclusion

The performance audit on functioning of Industrial Training Institute revealed positive trend of decrease in dropout rates of trainees from the ITIs during the audit period. However, the dropout rate was consistently above 28 *per cent*. Major flaws were observed in the planning process and in the financial management aspects. The fund available for implementation of various CSS scheme and infrastructure projects were not efficiently and effectively utilised by the department. In many instances, they were not utilised for the purpose for which they were sanctioned. The department did not establish any monitoring and Implementation units required under various CSS scheme and delays in implementation of the various CSS projects and embezzlement of fund were noticed. Infrastructure created under CSS scheme like hostel buildings lacked planning due to which capacity intake in the newly constructed hostels would be grossly insufficient. The encroachment of ITI Aizawl land by various establishments remains a major area of concern. Conducting of courses in unaffiliated trades, improper accounting of the receipts, diversion of fund, non-maintenance of records cards of the ex-trainees *etc.* were some of the other irregularities observed in the ITIs. Other vocational training schemes *viz.* Apprenticeship training scheme was not implemented by department since 1990s and proper implementation of Skill development initiative scheme started only from 2012. The internal inspection and monitoring of ITIs by State level authorities was absent.

1.3.13 Recommendations

- The department should develop long term plan with realistic timelines for implementation of various vocational training programmes in the State.
- Funds available under various CSS projects should be efficiently utilised to achieve the intended target.
- Proper accounting and reconciliation of receipts should be done by the ITIs.
- Urgent steps need to be taken by the department to obtain affiliation of the trades at the ITIs.
- Apprenticeship training scheme should be implemented by the department at the earliest to enhance the skills of the ITI passed-out graduates in the industrial environment.
- Proper monitoring and supervision should be taken up at both ITI level and State levels to ensure effective implementation of various vocational training programme in the State.

COMPLIANCE AUDIT PARAGRAPHS

LABOUR, EMPLOYMENT AND INDUSTRIAL TRAINING DEPARTMENT (Mizoram Building and Other Construction Workers Welfare Board)

1.4 Irregular expenditure from Workers' Welfare Cess/Labour Cess

The Secretary, Mizoram Building and Other Construction Workers' Welfare Board irregularly diverted Workers' Welfare Cess amounting to ₹ 4.62 crore and ₹ 52.38 lakh for expenditure on training and loan respectively which had no relation with building and other construction workers' welfare.

The Mizoram Building and Other Construction Workers' Welfare Board was constituted by the GoM as mandated under the Building and Other Construction Workers' (Regulation and Employment and Conditions of Service) Act. The functions of the Board were to provide immediate assistance to a beneficiary (registered worker) in case of accident, make payment of pension to the beneficiaries who have completed the age of 65 years, give such financial assistance for the education of children of the beneficiaries as may be prescribed, meet such medical expenses for treatment of major ailments of the beneficiary or such dependent as may be prescribed *etc.*

Scrutiny (July 2015) of the records of the Secretary, Mizoram Building and Other Construction Workers' Welfare Board (MB&OCWWB) disclosed that ₹ 5.14²⁵ crore out of cess fund was utilised for the purposes other than the welfare of workers as detailed below.

1.4.1 Diversion of cess fund on training

The Secretary, MB&OCWWB spent ₹ 4.62 crore on training programme of 191 trainees (80 trainees were selected by the Mizoram Youth Commission (MYC) and remaining 111 trainees were selected by the Directorate of Labour, Employment and Industrial Training Department (DLE&ITD), Mizoram who were trained in professional courses in three selected Kolkata based Institutions during 2013-15 as per following details:

(₹ in lakh)

Sl. No.	Name of Institutions	Name of Course	No. of candidates	Expenditure
1.	Emporium Training and Consultancy Private Ltd., Kolkata	6 months Certificate Course in Aviation, Tourism and Hospitality	118	259.57
2.	Best First Step Education Private Ltd. at Institute of Quality Skill Training, Guwahati Training Centre	6 months Certificate Course in Advance Customer Excellence (ACE)	41	73.98
3.	Nalanda Institute of Advance Studies, Kolkata	Bachelor of Hotel Management (3 years degree course)	32	128.20
Total			191	461.75

Source: Departmental records

²⁵ ₹ 5.14 crore (₹ 461.75 lakh + ₹ 52.38 lakh = ₹ 514.13 lakh)

It was noticed that the beneficiaries were neither registered construction workers nor the dependents of the registered construction workers.

Thus, the entire expenditure of ₹ 4.62 crore was irregular as it was not incurred for the welfare of the registered workers and their dependents.

In their reply, the Government had stated (November 2015) that the *ex-post-facto* approval of the Board has been obtained to cover the expenditure incurred on the training. Such *ex-post-facto* approval of the Board is not valid as the entire expenditure incurred was not spent on the purpose stipulated in the Building and Other Construction Workers' (Regulation and Employment and Conditions of Service) Act. Government of Mizoram has to reimburse the amount involved.

1.4.2 Diversion of Workers' Welfare Cess for loan

The Secretary, MB&OCWWB had irregularly disbursed ₹ 52.38 lakh out of the Cess fund during March 2014 to January 2015 as interest free loan amount to four Government officials for the purposes not related to the welfare of the registered workers or their dependents. Out of this ₹ 32.86 lakh had been recovered from the loanee leaving a balance of ₹ 19.52 lakh as of 31 July 2015 as shown below in the following table:

Table-1.15

(₹ in lakh)

Sl. No.	To whom paid	Loan Amount	Date of Payment	Purpose of loan	Amount recovered	Outstanding loan as of 31 July 2015
1.	PA to Director, LE&IT	15.00	19.03.2014	Soft Loan	15.00	--
2.	Principal, ITI	20.39	04.07.2014	Construction of ITI, Aizawl Building	15.87	4.52
3.	Secretary, MYC	15.00	05.11.2014	Short-Term Loan	--	15.00
4.	Director, LE&IT	1.99	19.01.2015	POL & other bills	1.99	--
Total	--	52.38	--	--	32.86	19.52

Source: Departmental records

Thus, the main objective of the scheme to provide for the welfare of the building and other construction workers was defeated. If the funds of ₹ 5.14 crore were had been diverted, it would have been available for activities envisaged in the Act.

In their reply, the Government had accepted (November 2015) the facts.

PUBLIC HEALTH ENGINEERING DEPARTMENT

1.5 Wasteful expenditure on Water Supply Scheme

The expenditure of ₹ 74.88 lakh incurred by the Executive Engineer, PHED, Rural WATSAN Division, Aizawl towards implementation of Mauchar Water Supply Scheme remained idle due to non-installation of Pumping Wind Mill.

The work for implementation of Mauchar (Augmentation) Water Supply Scheme under Accelerated Rural Water Supply Programme (ARWSP), a Centrally Sponsored Scheme, was administratively approved (August 2006) by the State Government at an estimated cost of ₹ 74.88 lakh to cover the population of 758 souls (as per the Census 2001).

The items of work under the scheme as per detailed estimate were as under:

Sl. No.	Description	Amount (₹ in lakh)
1.	Intake works	0.53
2.	Pumping Wind Mill	10.11
3.	Clear Water Sump	4.12
4.	Conveyance Main	16.66
5.	Pumping Main	2.16
6.	Distribution	8.45
7.	Reservoir	20.60
8.	Fencing	0.95
10.	Approach Road	6.77
11.	Carriage of Materials	2.00
Total		72.35
Add:	1.5 per cent for Running Maintenance and Operation	1.08
Add:	2 per cent for Work-Charged establishment and contingencies	1.45
Grand Total		74.88

The works under the scheme were taken up departmentally except supply and installation of Pumping Wind Mill which was to be done by Aizawl based contractor at a contracted cost of ₹ 9.65 lakh. As per scope of the work, the contractor was responsible for supply, erection, testing and commissioning of water pumping windmill and maintenance of the equipment for a period of one year after commissioning. However, as per the terms and conditions of the supply order, the payment was to be made to the contractor after supply of the equipment in full and in good condition.

Scrutiny (April 2015) of the records of the Executive Engineer, PHED, Rural Water and Sanitation (WATSAN) Division, Aizawl showed that entire amount of ₹ 74.88 lakh was booked as expenditure including ₹ 3.09 lakh as running maintenance and operation.

However, it was noticed that the work was physically incomplete as a crucial components of the scheme – installation of water pumping wind mill was yet to be completed.

The Department made full payment of ₹ 9.61 lakh to the contractor in advance as early as 25 June 2008, whereas the equipment arrived only in May 2009 at Mauchar Village. Thus, the contractor was extended undue financial benefit. Moreover, the terms & conditions of the supply order were faulty and did not completely safeguard the interest of the State as the payment was not linked to erection, testing, commissioning and maintenance of the equipment for a period of one year from the date of commissioning. Further, the department failed to deduct security deposit @ 5 per cent of the contract value of the work, which was to be released after satisfactory running of the equipment for one year.

The contractor claimed (June 2009) that the sump built by the Department was not as per their requirement for installing the wind mill. The contractor demanded additional amount of ₹ four lakh (June 2009) for construction of a new sump as per their requirement for installation of the wind mill.

The Department neither contested the claim of the contractor nor agreed to his proposal for additional fund for construction of a new sump for last six years. As a result, the Mauchar Water Supply Scheme could not be commissioned and villagers are deprived of the benefits of the scheme even after incurring an expenditure of ₹ 74.88 lakh.

While accepting the facts, the Executive Engineer (EE) stated (April 2015) that the contractor had not installed the windmill even after issuance of several reminders. The reply of the EE was, however, silent about the action of the Department on the contractor's demand for additional fund for construction of a new sump.

While accepting the facts, the Engineer-in-chief stated (November 2015) that the department did not feel obliged to necessitate the construction of a new sump proposed by the contractor as the sump constructed was not tried to prove that sump constructed did not meet the requirements. Further, it was stated that since the materials supplied and other components have remained idle for almost a decade, the realisation of the scheme was doubtful due to loss and damage of the material and components. It was also stated that ₹ 3.09 lakh as running maintenance & operation was mistakenly incurred to avoid the lapse of fund.

However, the fact remains that the benefit of the scheme did not accrue to the intended beneficiaries even after incurring an expenditure of ₹ 74.88 lakh.

The matter was reported (September 2015) to the Government of Mizoram and their reply was awaited (February 2016).

HEALTH & FAMILY WELFARE DEPARTMENT

1.6 Irregularities in procurement and allotment of vehicles

The Director of Health Services, Mizoram utilised an Incentive Grant of ₹ Three crore for procurement of 38 vehicles without observing due procedure. The Department did not receive the delivery of five vehicles even after the payment of 100 per cent advance of ₹ 55 lakh for more than one year. 15 of the vehicles received were allocated to non-entitled officers.

Under the recommendations of the Thirteenth Finance Commission (ThFC) an incentive grant of ₹ three crore was approved (21 August 2013) by the High Level Monitoring Committee (HLMC) constituted by the Government for purchase of two trucks, two mini trucks and 26 light vehicles for the existing 12 Community Health Centre (CHCs), 57 Primary Health Centre (PHCs), 370 Sub-Centre and 109 Sub-Centre Clinics in the State for reduction of infant mortality rate.

Scrutiny (August 2015) of records of the Director of Health Services (DHS) Mizoram, pertaining to the procurement and allocation of the vehicles out of grant of ₹ three crore for reduction of IMR in the State revealed the following irregularities:

(i) Procurement of vehicles without observing the codal provisions

As per the Delegation of Financial Powers (DFP) Rules, 1978 as amended in 29 August 2011 by the GoM, the purchase of motor vehicles are to be made at the rate approved by the Director General, Supplies and Disposal (DGS&D) and in absence of which, at the rate approved by the Departmental Purchase Advisory Board (DPAB)/State Purchase Advisory Board (SPAB).

It was, however, noticed that without ascertaining DGS&D's approved rates or without obtaining recommendations from the DPAB/SPAB, the DHS on the basis of instructions (2 April 2014) issued by the Principal Secretary, H&FW Department, issued (9 April 2014) supply orders to the following three Aizawl based dealers for supply of the following vehicles:

Sl. No	Name of dealers	Type of vehicles	No.	Cost (₹ in lakh)	Date of payment
1.	Mana Motors	Bolero	26	189.87	09.09.14
2.	HB Motors	Gypsy (HT)	7	55.13	25.07.14
3.	Pachhunga & Sons	Trucks	2	27.63	31.07.14
		Mini-Trucks	3	27.37	09.09.14
Total			38	300.00	

It was also noticed that without ascertaining or confirming the delivery period and entering into any formal agreement, the DHS released the 100 per cent advance payment to the dealers. Thus, undue financial benefit was extended to the dealers.

While accepting the facts, the Government stated (November 2015) that the department is not adopting the rate approved by the Director General, Supplies and Disposal (DGS&G). Supply orders were issued to local authorised dealers after following the formality of obtaining formal permission from GAD and expenditure sanction by Finance Department. Further, as insisted by different local dealers, the department had released the 100 *per cent* advance payment as the Department had no other alternative due to limited dealers in the State.

(ii) Delay in delivery of vehicles

Out of three dealers, only M/s Mana Motors delivered 26 Boleros within one month from the date of receipt of advance payment. Against the supply order of seven hard top Gypsy, M/s HB Motors delivered seven Gypsy (one hard top and six soft top) in the month of February 2015 after a delay of more than six months. Though the rate for soft top Gypsy was lower than that of hard top Gypsy the DHS has so far not taken any action for recovery of the difference of rates for supply of six soft top Gypsy in lieu of six hard top Gypsy.

M/s Pachhunga & Sons had failed to deliver the vehicles (as of September 2015) even after a lapse of more than one year from the date of receipt of advance payment (₹ 55 lakh) on the ground that it was facing a financial crisis. Thus, the payment of advance was infructuous.

While accepting the facts, the Government stated (November 2015) as under:

- (i) The excess amount paid to the dealer due to the difference in rates for supply of Soft-top Gypsy in lieu of hard-top Gypsy had been recovered and is being kept in the Department for utilisation of the same for other vehicular purposes.

The reply is however, silent about the exact amount recovered along with the date of recovery from the suppliers.

- (ii) The financial crisis said to have been faced by M/s Pachhunga & Sons, local dealer of TATA Motors was not initially known by the Department. Release of 100 *per cent* advance payment to the firm was made as per the terms conditions insisted by the company. The Department is still pressurising the local dealer for early delivery of ordered vehicles notwithstanding their financial crisis failing which the Department would initiate other alternative by approaching an appropriate Law Court.

(iii) Allocation of vehicles to the non-entitled officers

The Principal Secretary, H&FW Department instructed (02 April 2014) that the vehicles were to be deployed in the areas where they were needed most, like PHC and CHC in the remote high IMR areas. If possible, three vehicles may be earmarked for the state level management purpose at the Directorate level and one vehicle should be for Paediatrics and Gynaecology at Civil Hospital, Aizawl. No exchange of vehicles should be done, in other words, the new vehicles have to be earmarked exclusively to address IMR areas.

It was, however, noticed that out of 33 delivered vehicles (26 Bolero and seven Gypsy), only 18 vehicles (twelve Bolero and six Gypsy) were allocated to the Medical Officers of various Districts. The remaining 15 vehicles (fourteen Bolero and one Gypsy) were allocated by the DHS to various officials attached to the Directorate, Mizoram Medical College and Chief Medical Officers of the Districts who had little role in supervision and monitoring of the IMR cases at the field level in the remote areas. It may be pointed out that the medical officers posted in the PHCs and CHCs in the remote areas are the ones directly involved in the supervision and monitoring process because of their posting at the field level.

Thus, the main purpose for purchase of vehicles like supervision and monitoring of IMR related activities with the goal of reduction of IMR was not served.

The Government stated (November 2015) that the purpose for purchase of vehicles is proper and effective supervisions and monitoring of the Infant Mortality Rate (IMR) cases at the field level in the remote places of high focused Districts. Accordingly, the vehicles purchased were allotted to Medical Officers and District Headquarters to do the above tasks. Supervision and monitoring of the cases by the grassroots Medical Officers of the area and by the concerned Officers from the Directorate is considered equally important and hence, some vehicles are given to officers of the Directorate.

The reply, however, contradicts the earlier instructions (02 April 2014) communicated by the Principal Secretary.

SCHOOL EDUCATION DEPARTMENT (Sarva Shiksha Abhiyan)

1.7 Excess expenditure

The State Project Director, Sarva Shiksha Abhiyan (SSA) Mizoram incurred excess expenditure of ₹ 2.82 crore towards procurement of Free Textbooks.

Under the SSA Mizoram, free textbooks are distributed to the students of Primary and Upper Primary schools which are managed by the Department of School Education, SSA Schools, *Adhoc* Aided Schools, Council Aided Schools, Council Deficit Schools, Deficit Schools and Local Body Schools. Manual on Financial Management and Procurement envisages that free textbooks will be provided to all children of Government schools, Local Body Schools and Government aided schools. The upper ceilings are fixed at ₹ 150 per child at primary level and ₹ 250 per child at upper primary level. The charges on textbook development, printing, transportation *etc.* will also be included with the cost of textbooks, provided the upper ceiling shall not be exceeded.

Test check (September 2015) of records of the State Project Director, Sarva Shiksha Abhiyan (SSA) Mizoram, revealed that an expenditure of ₹ 16.07 crore was incurred towards procurement of 'free textbooks' during 2010-15 for 4,92,547 Primary School students and 3,47,281 Upper Primary School students.

As per the Unified District Information System for Education (UDISE) data provided to audit, the actual number of students enrolled in Primary and Upper Primary Schools in eight districts of the State during 2010-15 were 5,38,932 students and 2,34,311 students respectively. While projecting the requirement for distribution of free textbook, the Department had decreased the number of Primary School students from 5,38,932 to 4,92,547 students and inflated the number of Upper Primary School students from 2,34,311 to 3,47,281.

Expenditure incurred by the Department during 2010-15 towards purchase of free textbooks *vis-a-vis* amount that should have been incurred based on actual enrolment of students are tabulated below:

Table-1.16

(₹ in crore)

Year	Category of school	No. of student enrolled	Expenditure incurred for purchase of text books			Financial implication required against actual enrolment of students			Difference	
			No. of student	Rate per student (in ₹)	Amount	No. of student	Rate per student (in ₹)	Amount	Less	Excess
2010-11	Primary	1,20,875	1,11,878	150	1.68	1,20,875	150	1.81	0.13	0.00
	U/Primary	43,969	89,428	250	2.24	43,969	250	1.10	0.00	1.14
2011-12	Primary	1,16,934	96,093	150	1.44	1,16,934	150	1.75	0.31	0.00
	U/Primary	51,922	70,526	250	1.76	51,922	250	1.30	0.00	0.47
2012-13	Primary	1,20,444	96,070	150	1.44	1,20,444	150	1.81	0.37	0.00
	U/Primary	48,951	70,248	250	1.76	48,951	250	1.22	0.00	0.53
2013-14	Primary	1,02,009	98,563	150	1.48	1,02,009	150	1.53	0.05	0.00
	U/Primary	46,835	72,512	250	1.81	46,835	250	1.17	0.00	0.64
2014-15	Primary	78,670	89,943	150	1.35	78,670	150	1.18	0.00	0.17
	U/Primary	42,634	44,567	250	1.11	42,634	250	1.07	0.00	0.05
Total	Primary	5,38,932	4,92,547	150	7.39	5,38,932	150	8.08	0.86	0.17
	U/Primary	2,34,311	3,47,281	250	8.68	2,34,311	250	5.86	0.00	2.82

Source: UDISE data and departmental records

As could be seen from table, 48.21 per cent Upper Primary School students were projected in excess during 2010-15 and was as high as 103.39 per cent in the year 2010-11 and varied between 35.83 per cent and 54.82 per cent during 2011-14. During 2010-15 (except during 2014-15), the number of primary school students projected was always less than actual enrolment.

Thus, against 2,34,311 Upper Primary School students enrolled during 2010-15, ₹ 8.68 crore was spent towards purchase of books that could cater to the requirement of 3,47,281 students, resulting in excess expenditure of ₹ 2.82 crore on procurement of text books (for 1,12,970 students) in excess of the requirement. The reasons for projection of students in excess of the actual number were not on record.

Further, against the requirement of ₹ 8.08 crore for 5,38,932 Primary School students enrolled, ₹ 7.39 crore was spent towards purchase of books for 4,92,547 students only. This resulted in depriving 46,385 students from getting their free textbooks.

While accepting the facts, the State Project Director (SPD), Mizoram SSA Mission stated (January 2016) that in the preparation of Annual Works Plan and Budget, students' entitlement for textbooks were based on the projected figures as per UDISE data on the previous years' student enrolment. It was not possible to procure the exact requirement of textbooks for an academic year as it was not possible to know how many students will be enrolled. Further, the SPD also stated that the excess of textbook procured were used for teachers copy, training materials, resource material *etc.*

Even if the contention of the SPD, SSA Mizoram that the exact number for procurement was not possible to know is accepted the use of textbooks procured as teachers copy *etc.* was not contemplated under SSA guidelines; the excess procurement to the extent of 48.21 *per cent* was unwarranted and accountability was required to be fixed. Further, the reply was silent about the deprivation of 46,285 primary school students from getting their free textbooks during 2010-15.

The matter was reported (September 2015) to the Government of Mizoram and their reply is awaited (February 2016).

SCHOOL EDUCATION DEPARTMENT (State Council of Educational Research and Training)

1.8 Excess payment in procurement of computer tables and chairs

The Director, State Council of Educational Research and Training (SCERT), Mizoram made an excess payment of ₹ 30.80 lakh towards purchase of 1,540 sets of computer table with chair.

The scheme of Information and Communication Technology (ICT) in Schools is implemented by the Ministry of Human Resource Development Department of School Education and Literacy, Government of India (GoI) in partnership with the States/UTs to provide computer aided education to Secondary and Higher Secondary Government and Government aided schools. The scheme *inter alia* consists of establishment of smart schools, capacity enhancement of teachers, development of e-content *etc.* The scheme is funded by the GoI and the State Government in the ratio of 90 and 10 *per cent* respectively. The scheme has been implemented in Mizoram since 2005-06.

As per the revised Guidelines of ICT in Schools Scheme, 2011, the assistance to States for ICT infrastructure in each school was permissible for Capital Expenditure, which *inter-alia* included ₹ 0.25 lakh for furniture.

Scrutiny (September 2015) of the records of the Office of the Director, State Council of Educational Research and Training (SCERT), Mizoram under School Education Department revealed following lapses in the procurement of furniture item during 2012-14.

In response to the Notice Inviting Tender (NIT) issued on 22 October 2012, Aizawl based supplier (M/s G. I. Infotech, Zarkawt) had offered (9 November 2012) to supply a set of Computer Table with Chair at the rate of ₹ 3,000 as under.

Sl. No.	Items	Specification	Qty.	Brand	Rate (in ₹)
1.	Furniture: Table & Chair	Computer Table 23" width x 17" depth x 29" Height (Model code: Leo), Computer Plastic Chair with armrest (Model code: CHR2041)	1	Neelkamal	3000

As per rate quoted by the supplier, the cost of purchase of 1,540 sets of computer table with chair would be ₹ 46.20 lakh. However, it was noticed that the Department paid ₹ 77 lakh to the supplier (M/s G. I. Infotech, Zarkawt) for the supply of 1,540 sets of computer table with chair, by allowing ₹ 3,000 and ₹ 2,000 separately for each table and chair respectively, which resulted in an excess payment of ₹ 30.80 lakh. Thus, the excess payment of ₹ 30.80 lakh made to the supplier needs to be recovered.

While accepting the facts, the Government stated (November 2015) that the excess payment of ₹ 30.80 lakh has been intimated to M/s G. I. Infotech, Zarkawt for immediate reimbursement. However, the reimbursement of ₹ 30.80 lakh was not received as of February 2016.

FOLLOW UP OF AUDIT OBSERVATIONS

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

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

A review of follow up action on submission of *suo moto* ATNs disclosed that various departments of the State Government had submitted *suo moto* ATNs in respect of all paragraphs/performance audits that had featured in the Audit Reports up to the year 2012-13 with certain delays. The Audit Report for the year 2013-14 was laid on the table of the State legislative assembly on 08 July 2015. The *suo moto* ATNs in respect of two Performance Audits (under Social Sector) that had appeared in the Audit Report were due by the end of October 2015. However, no *suo moto* ATNs in respect of the performance audits that have been included in the Reports of the Comptroller and Auditor General of India were received as of February 2016, even after a delay of about four months.

The departments involved were Public Health Engineering Department and Disaster Management and Rehabilitation Department.

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

1.10 Response to audit observations and compliance thereof by the Executive

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

As of March 2015, 518 paragraphs relating to 118 IRs remained outstanding as shown in the following Table:

Table-1.17

Name of the Sector	Opening Balance		Addition during the year 2014-15		Disposal during the year 2014-15		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Social	82	373	53	210	17	65	118	518

1.11 Audit Committee Meetings

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

During 2014-15, no audit committee meeting was held in respect of Social sector.