

CHAPTER-IV
ECONOMIC SECTOR
(Public Sector Undertakings)

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ECONOMIC SECTOR (STATE PUBLIC SECTOR UNITS)

4.1 Introduction

The State Public Sector Undertakings (SPSUs) comprise of State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature keeping in view the welfare of people and also occupy an important place in the State economy. As on 31 March 2016, in Mizoram there were six (6) SPSUs. The details of the SPSUs in Mizoram as on 31 March 2016 are as given below.

Table 4.1.1 - Total number of PSUs as on 31 March 2015

Type of SPSUs	Working SPSUs	Non-working SPSUs	Total
Government Companies ¹	6	-	6
Total	6	-	6

As *per* the latest finalised accounts (September 2016) and provisional figures furnished by the Companies the working SPSUs registered a turnover of ₹ 5.86 crore which was equal to 0.04 *per cent* of the State Gross Domestic Product (GDP) for 2015-16. The working SPSUs incurred loss of ₹ 6.36 crore as *per* their latest finalised accounts as of September 2016 and provisional figures furnished by the Companies. They had employed 131² employees as at the end of March 2016.

4.2 Accountability framework

The audit of the financial statements of a company in respect of financial years commencing on or after 1 April 2015 is governed by the provisions of the Companies Act, 2013. However, the audit of a company in respect of financial years that commenced earlier than 1 April 2015 continue to be governed by the Companies Act, 1956.

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

¹ Government companies include Other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013.

² Affairs of one Company viz. Mizoram Mineral Development Corporation Limited are being managed by Zoram Industrial Development Corporation Limited. 131 employees are regular employees of two Companies (ZIDCO & MIFCO). All employees of remaining PSUs viz MAMCO, ZENICS & ZOHANDCO have been given Early Retirement as per Govt. Restructuring plan. Affairs of these PSUs are managed by casual employees.

4.3 Statutory Audit

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

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

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

4.4 Role of Government and Legislature

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

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

4.5 Stake of Government of Mizoram

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

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

4.6 Investment in State SPSUs

As on 31 March 2016, the investment (capital and long-term loans) in six (6) SPSUs was ₹ 72.37 crore as per details given in the following table.

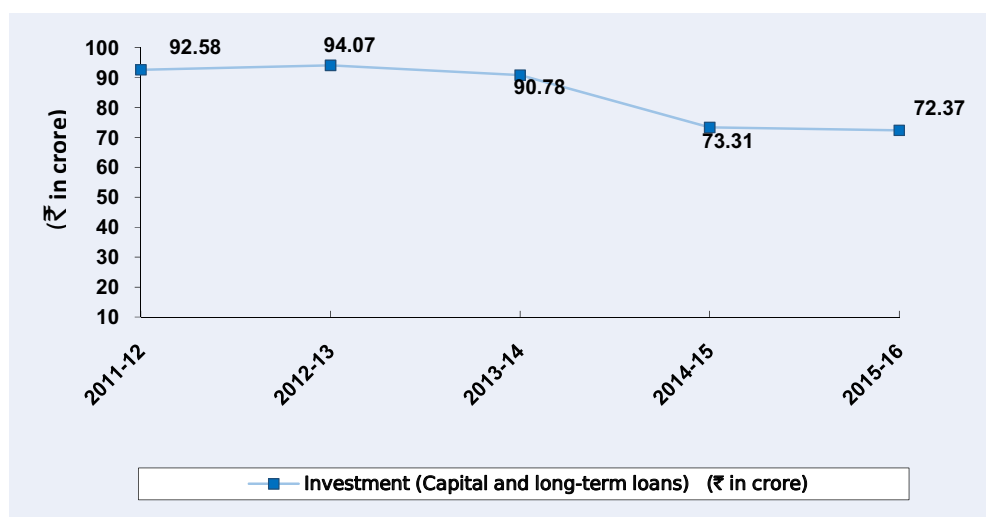
Table 4.6.1 - Total investment in PSUs

Type of SPSUs	Government Companies			Grand Total
	Capital	Long Term Loans	Total	
Working SPSUs	49.69	22.68	72.37	72.37
Total	49.69	22.68	72.37	72.37

(₹ in crore)

This total investment consisted of 68.66 per cent towards capital and 31.34 per cent in long-term loans. The investment has declined by 21.83 per cent from ₹ 92.58 crore in 2011-12 to ₹ 72.37 crore in 2015-16 as shown in the following graph.

Chart 4.6.1 - Total investment in SPSUs



4.7 The sector wise summary of investments in the State PSUs as on 31 March 2016 is given in the following table:

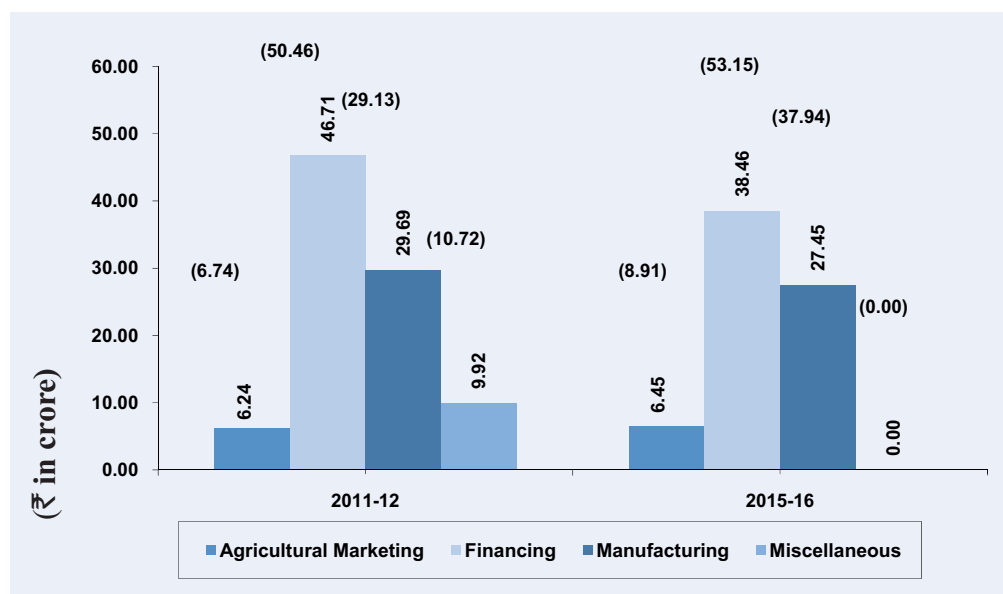
Table 4.7.1 - Sector-wise investment in SPSUs

Name of Sector	Government Companies	Investment (₹ in crore)
Agricultural Marketing	1	6.45
Financing	1	38.46
Manufacturing	2	27.46
Miscellaneous	2	0.00
Total	6	72.37

As per information furnished by the Finance Department, Government of Mizoram

The investment in four significant sectors and percentage thereof at the end of 31 March 2012 and 31 March 2016 are as indicated in the following bar chart.

Chart 4.7.1 - Sector wise investment in SPSUs



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

From the bar chart above, it may be noticed that compared to 2011-12, investment in Agricultural Marketing Sector increased from ₹ 6.24 crore in 2011-12 to ₹ 6.45 crore (3.37 per cent) during 2015-16. The investment in Financing Sector, Manufacturing Sector and Miscellaneous Sectors decreased by ₹ 8.25 crore, ₹ 2.24 crore and ₹ 9.92 crore respectively.

4.8 Special support and returns during the year

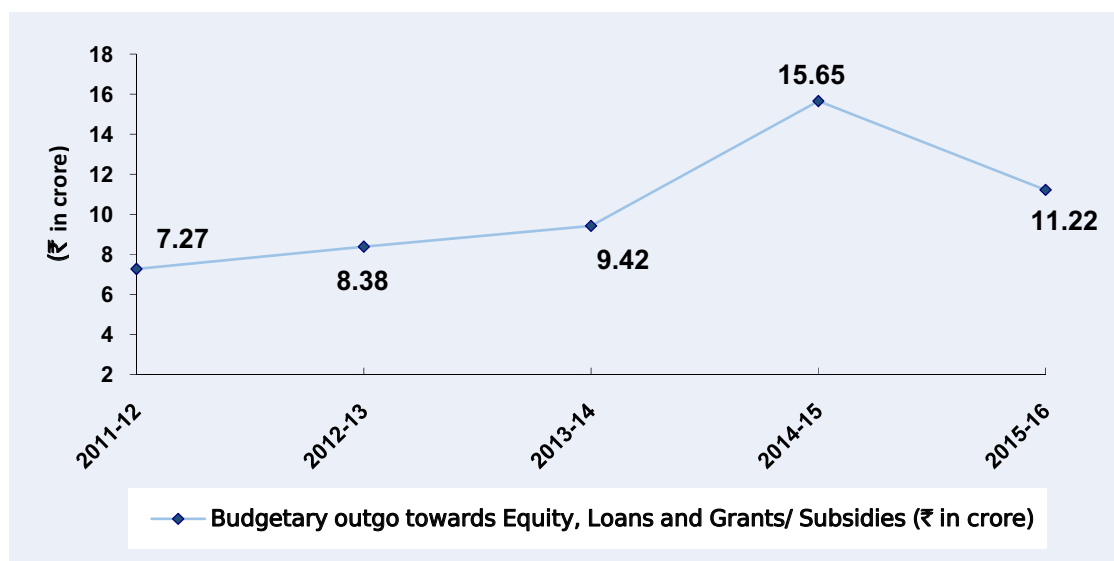
The State Government provides financial support to SPSUs in various forms through the annual budget. The summarized details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of State PSUs are given in the following table for five years ended 2015-16.

Table 4.8.1 - Details regarding budgetary support to SPSUs

Sl. No.	Particulars	2011-12		2012-13		2013-14		2014-15		2015-16	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	2	1.40	1	1.27	1	1.22	1	1.69	1	1.30
2.	Loans given from budget	-	-	-	-	-	-	-	-	-	-
3.	Grants/Subsidy received	3	5.87	2	7.11	3	8.20	4	13.96	3	9.92
4.	Total Outgo	5	7.27	3	8.38	4	9.42	5	15.65	4	11.22
6.	Waiver of loan and interest	-	-	-	-	-	-	-	-	-	-
7.	Guarantee issued	-	-	-	-	-	-	-	-	-	-
6.	Guarantee Commitment	1	19.40	1	23.07	1	18.61	2	23.63	1	22.68

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past five years are given in the following graph.

Chart 4.8.1 - Budgetary outgo towards Equity, Loans and Grants/Subsidies



As on 31 March 2016, Guarantees amounting to ₹ 22.68 crore were outstanding against Zoram Industrial Development Corporation Limited (ZIDCO). No Guarantee Commission was payable by ZIDCO to the Government of Mizoram as guarantees were given by the Government prior to enactment of Mizoram Ceiling of Government Guarantees Act 2011. There was no case of conversion of Government Loan into Equity, moratorium in repayment of Loan and waiver of interest during the year.

In order to enable SPSUs to obtain financial assistance from Banks and Financial Institutions, State Government gives guarantee under the Mizoram Guarantee Act, 2011 subject to the limits prescribed by the Constitution of India, for which a guarantee fee is being charged. The Government charges a minimum of 0.75 *per cent* of the guarantee amount as guarantee commission vide Mizoram Ceiling of Government Guarantees Act 2011 which is effective from 15.07.2011. The guarantee commitment increased to ₹ 22.68 crore during 2015-16 from ₹ 19.40 crore in 2011-12.

4.9 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as *per* records of the State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as of 31 March 2016 is stated in the following table.

Table 4.9.1 - Equity, loans, guarantees outstanding as per finance accounts vis-a-vis records of SPSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	6.04	15.78	9.74
Loans	-	26.23	26.23
Guarantees	22.84	22.68	0.16

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

4.10 Finalisation of accounts

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

The following table provides the details of progress made by working PSUs in finalisation of accounts as of 30 September 2016.

Table 4.10.1 - Position relating to finalisation of accounts of working SPSUs

Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Number of Working PSUs	6	6	6	6	6
2	Number of accounts finalized during the year	1	3	1	1	15
2.	Number of Accounts in arrears	25	28	33	38	29
5.	Number of Working PSUs with arrears in Accounts	6	6	6	6	6
6.	Extent of arrears in years	1 to 12	1 to 11	1 to 8	1 to 13	2 to 10

It can be observed that the number of accounts in arrears decreased from 38 (2014-15) to 29 (2015-16). The major arrears of accounts pertained to the Zoram Electronics Development Corporation Limited (ZENICS) which had arrears of accounts for 10 years as of September 2016.

The reasons for delay in finalisation of Accounts are attributable to (i) lack of required control over the Companies by Government and (ii) abnormal delay in compilation/ approval of the accounts and delayed submission of the same to the Statutory Auditors by the management.

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

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

4.11 The State Government had invested ₹ 51.39 crore (Equity: ₹ 10.21 crore, and Grants: ₹ 41.18 crore in six PSUs) during the years for which Accounts had not been finalised as detailed in **Appendix – 4.1**. In the absence of Accounts and their subsequent audit, it could not be ascertained whether the income and expenditure had been properly accounted for and the purpose for which the investment was made by the State Government had been achieved. Thus, the State Government Investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delayed finalisation of Accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956 and 2013.

4.12 Impact of non-finalisation of accounts

As pointed out earlier (paragraph 4.10), the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of the above state of arrears of accounts, the actual contribution of SPSUs to the State GDP for the year 2015-16 could not be ascertained in audit and their contribution to State exchequer could not be reported to the State Legislature.

It is recommended that Government may set up a system to oversee the clearance of arrears set the targets for individual companies and monitor it strictly.

4.13 Performance of SPSUs

The financial position and working results of working Government companies and Statutory Corporations are detailed in **Appendix - 4.2**. A ratio of SPSU-turnover to State GDP shows the extent of SPSU-activities in the State economy. Table below provides the details of working SPSU turnover and State GDP for a period of five years ending 2015-16.

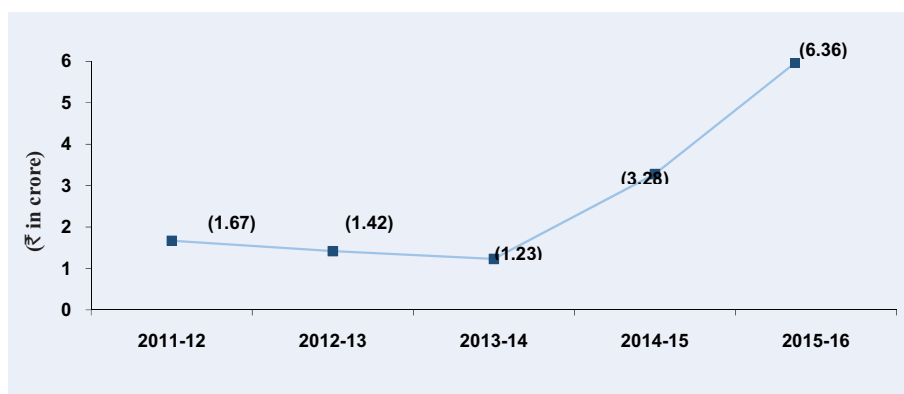
Table 4.13.1 - Details of working SPSUs turnover vis-a-vis State GDP

(₹ in crore)					
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Turnover ³	1.57	5.00	16.32	17.43	5.86
State GDP ⁴	6,991.40	8,053.09	10,296.98	12,498.69	13,373.83
Percentage of Turnover to State GDP	0.02	0.06	0.16	0.14	0.04

It can be seen from the above Table that the percentage of turnover to State GDP increased from 0.02 per cent in 2011-12 to 0.04 per cent in 2015-16.

4.14 Overall losses incurred by working SPSUs during 2011-12 to 2015-16 are given in the following chart.

Chart 4.14.1 - Overall loss incurred by working SPSUs



As per the information provided by SPSUs, during the year 2015-16, five SPSUs incurred an overall loss of ₹ 6.36 crore. Information regarding Mizoram Mineral Development Corporation Limited (MMDCL) was not furnished. Mizoram Handloom and Handicrafts Development Corporation Limited (ZOHANDCO) (₹ 2.06 crore) ranked first among the SPSUs in incurring losses followed by Mizoram Food and Allied Industries Corporation Limited (MIFCO) (₹ 1.94 crore) and Mizoram Agricultural Marketing Corporation Limited (MAMCO) (₹ 1.63 crore).

The losses of SPSUs are mainly attributable to deficiencies in financial management, planning, running their operations and monitoring.

Though there was an overall loss during last five years, however, four companies earned profits during a particular year during this period (*Mizoram Agricultural Marketing Corporation Limited (MAMCO): ₹ 1.62 crore in 2011-12; Zoram Industrial Development Corporation Limited (ZIDCO): ₹ 1.36 crore in 2012-13; Mizoram Food and Allied Industries Corporation Limited (MIFCO): ₹ 56.19 lakh and ₹ 55.31 lakh in 2012-13 and 2013-14 respectively; and Mizoram Handloom and*

³ Turnover as per the latest finalised accounts as of 30 September 2016.

⁴ The final figures of State GDP, provided by the Economic and Statistics Department of State Government has been adopted.

Handicrafts Development Corporation Limited (ZOHANCO): ₹ 55.77 lakh and ₹ 62.14 lakh in 2012-13 and 2014-15 respectively). None of these SPSUs, however, declared any dividend. The State Government had not formulated any dividend policy for payment of any minimum return by the SPSUs on the paid up share capital contributed by the State Government.

4.15 Some other key parameters of the SPSUs are given in the following table.

Table 4.15.1 - Key Parameters of State PSUs

Particulars	(₹ in crore)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Capital Employed (<i>per cent</i>)	-	-	-	-	-	-
Debt	30.93	30.93	30.93	30.93	39.67	22.68
Turnover ⁵	1.72	1.57	5.00	15.26	17.43	5.86
Debt/ Turnover Ratio	17.98:1	19.70:1	6.19:1	2.03:1	2.28:1	3.87:1
Interest Payments	0.30	0.30	0.30	0.06	0.07	0.06
Accumulated losses	49.20	50.58	51.34	58.04	57.89	57.89

4.16 Accounts Comments

Two working companies forwarded their five audited accounts to Accountant General, Mizoram during the year 2015-16. Of these, two accounts of Mizoram Food and Allied Industries (MIFCO) - one account (2012-13) was selected for issue of Non review Certificate (NRC) and one account (2013-14) was selected for supplementary audit. The NRC as well as the final comments were under process for finalisation (September 2016). Three accounts (2011-12 to 2013-14) of the Mizoram Handloom and Handicrafts Development Corporation Limited (ZOHANDCO) were selected for issue of non-review certificate (NRC) for all three years which were under finalisation (September 2016).

4.17 Follow up action on Audit Reports

Replies outstanding

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

⁵ Turnover of working PSUs as per the latest finalised accounts as of 30 September 2016 and provisional figures furnished by the Companies.

**Table 4.17.1 - Explanatory notes not received from COPU
(as on 30 September 2016)**

Year of the Audit Report	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and Paragraphs in the Audit Report		Number of PAs/Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2012-13	09.07.2014	-	1	-	1
2013-14	08.07.2015	2	-	2	-
2014-15	31.08.2016	-	1	-	1
Total		2	2	2	2

From the above, it can be seen that explanatory notes on two Performance Audit and two Paragraphs which were commented upon, were awaited (February 2017).

4.18 Discussion of Audit Reports by COPU

The status as on 30 September 2016 of Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) was as follows.

Table 4.18.1 -Performance Audits/Paragraphs appeared in Audit Reports *vis-a-vis* discussed as on 30 September 2016

Period of Audit Report	Number of Performance Audits/ paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2008-09	1	4	-	1
2009-10	-	2	-	No recommendation made.
2010-11	1	1	-	1
2011-12	1	3	1	3
2012-13	-	1	-	-
2013-14	2	-	-	-
2014-15	-	1	-	-
Total	5	12	1	7

From the table above, it can be seen that out of 5 performance audits and 12 paragraphs that appeared in Audit Reports between 2008-09 and 2014-15, one performance audit and 7 paragraphs were discussed by COPU as on September 2016.

4.19 Compliance to Reports of Committee of Public Undertakings (COPU)

Action Taken Notes (ATN) to paragraphs pertaining to one Report of the COPU presented to the State Legislature had not been received (December 2016) as indicated below:

Table 4.19.1 - Compliance to COPU Reports

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

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

It is recommended that the Government may ensure sending of replies to IRs/ explanatory Notes and ATNs on the recommendations of COPU as *per* the prescribed time schedule and recovery of loss/ outstanding advances/ overpayments within the prescribed period.

4.20 Coverage of this Report

This Report contains one paragraph involving financial effect of ₹ 158.70 lakh.

4.21 Response of the Government to Audit

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2016, one audit paragraph was issued to the Secretary to the Government of Mizoram, Food & Civil Supplies and Consumer Affairs Department, Aizawl on the first week of October with request to furnish replies within six weeks. However, the reply was awaited (February 2017) from the State Government.

COMPLIANCE AUDIT PARAGRAPHS

FOOD, CIVIL SUPPLIES & CONSUMER AFFAIRS DEPARTMENT

4.22 Loss due to shortage of stores

Deficiency in stock management of stores under DCSO, Champhai led to non-recovery of shortages of stores of ₹ 158.70 lakh.

Paragraph 4.1 of the revised Supply Manual (2008) of Food, Civil Supplies and Consumer Affairs Department provides that the physical verification of stock held at various godowns should be conducted by the concerned area inspector or any other responsible officer of the Department at least once in a year preferably during the month of December or January to ascertain actual physical position of stock at the Centres. Further, Paragraph 8.6 of the Manual, *ibid*, provides that the custodian of the godown is responsible for any shortage of commodities and stock at the godown, detected as a result of physical verification of stock or handing-over of charge, and responsibility shall be fixed accordingly. When shortage of stock is detected, the same shall be reported to the District Civil Supply Officer (DCSO) concerned with a copy to the

Director, Food, Civil Supplies & Consumers Affairs (DFCS&CA) who will take appropriate necessary punitive action according to quantity of the shortage.

Scrutiny of the records of the DCSO, Champhai revealed that the physical verification of stock was not conducted at various godowns under DCSO, Champhai. Audit observed that during February 2000 to December 2012 the custodians of the godowns, viz. in-charge of 11 stores/ supply godowns, handed over lesser quantity of Grade 'A' rice valued at ₹ 326.83 lakh (35,143.01 quintals) to their relieving officers, than accounted for in the books as given in table below.

Table - 4.22.1

Sl. No.	Name of Relieved Officer (in-charge of the store)	Name of Centre (Godown)	Date of Handing and Taking over	Shortage of 'A' rice (in Qtl.)	Rate per Qtl. (in ₹)	Amount (₹ in lakh)
1.	FC Zohmingliana	Mimbung	03.02.2012	4,821.51	930 ⁶	44.84
		NE Khawdungsei	10.10.2012			
2.	F Lalhungleiana	Khuangleng	06.12.2012	1,924.73	930	17.90
3.	R Remmawia	Tuipubari	10.02.2000	3,767.74	930	35.04
4.	F Zirliana	Vaphai	16.04.2001	3,233.33	930	30.07
5.	Lahrinzuala Pachuau	NE Khawdungsei	10.04.2000	4,112.90	930	38.25
6.	John Zoramawia	Kawlben	01.09.2007	7,093.55	930	65.97
7.	Hauthanchhuma	Ngopa	01.10.2000	1,227.96	930	11.42
8.	T. Hrolliana	Farkawn	01.10.2001	6,378.49	930	59.32
9.	R. Lalmachhuana	Vaphai	20.11.2011	480.65	930	4.47
10.	Zohrangzuala	Biata	2007	906.45	930	8.43
11.	Khatlianthuama	Kawlben/Teikhang	23.3.2010	1,195.70	930	11.12
Total				35,143.01		326.83

Source: Departmental records

The DCSO, Champhai stated (October 2016) that the Department had taken initial steps by fixing responsibility and recovered ₹ 124.24 lakh from the defaulting officials leaving a balance of ₹ 202.59 lakh as of September 2016.

Audit, however, observed (October 2016) that the Department had completed disciplinary proceedings against the 11 defaulting officials and fixed the monthly instalment for recovery ranging between ₹ 4,000 and ₹ 15,000. However, out of 11 defaulting officials, nine officials would superannuate between 01.03.2020 and 28.01.2035, while two officials from whom ₹ 37.36 lakh was recoverable (Sl. No. 1 and 9 of the table) had already passed away. Further, the Department would be able to recover only ₹ 43.89 lakh from the remaining nine defaulting officials till their respective date of superannuation i.e. upto February 2035. Thus, an amount of ₹ 158.70 lakh would not be recovered from the defaulting officials which amounted to loss to the Government exchequer as detailed in the following table:

⁶ Rate for fixing liabilities is ₹ 930/- per Quintal for Grade 'A' rice.

Table – 4.22.2

(₹ in lakh)

Sl. No.	Name of the official	Penalty awarded	Recovered upto August 2016	Balance to be recovered	Rate of instalment (₹ per month)	Date of superannuation	Maximum recovery till superannuation / Death	Balance after retirement/ Death
1.	FC Zohmingliana	44.84	10.50	34.34	11,130	Expired on 26.06.2015	-	34.34
2.	F Lalhungleiana	17.90	11.57	6.33	7,000	30.05.2024	6.33	-
3.	R Remmawi	35.04	6.36	28.68	12,000	31.03.2024	10.90	17.76
4.	F Zirliana	30.07	13.35	16.72	12,000	1.03.2020	5.16	11.56
5.	Lalrinzuala Pachuau	38.25	32.83	5.42	4,000	31.03.2020	0.65	4.77
6.	John Zoramawia	65.97	21.95	44.02	15,000	28.02.2035	4.84	39.18
7.	Huathanchhuma	11.42	10.73	0.69	8,000	30.04.2028	0.69	-
8.	T. Hriilliana	59.32	4.51	54.81	11,573	31.03.2025	6.74	48.07
9.	R. Lalmachhuana	4.47	1.40	3.07	5,000	Expired on 02.11.2016	0.05	3.02
10.	Zohrangzuala	8.43	3.90	4.53	5,000	31.01.2026	4.53	-
11.	Khatlianthuama	11.12	7.14	3.98	3,000	30.08.2027	3.98	-
Total		326.83	124.24	202.59			43.89	158.70⁷

While the Mizoram Public Demand Recovery Act, 2001 requires the recovery of revenue lost from the defaulting officials, non-recovery of the balance amount even after superannuation of defaulting officials is tantamount to extension of incentives for the shortage of stock. The deficiency in stock management *i.e.*, non-conducting of physical verification and non-recovery of shortages at the time of handing-over charge of the stores by the officials (custodians in-charge of stores) led to a foreseeable non-recovery of shortages of stores amounting to ₹ 158.70 lakh.

While accepting the audit observation, the Department stated (November 2016) that: (a) the proposal for write-off of the balance outstanding liability of ₹ 34.34 lakh (Sl. No. 1) is being submitted to the Government, (b) monthly recovery rate had been enhanced from ₹ 7,000 to ₹ 10,000 with effect from June/July 2016 (Sl. No. 2/Sl. No. 10), (c) the Government had been approached (September 2016) to withdraw ₹ 5.00 lakh/₹ 3.00 lakh for lump sum recovery from GPF accounts (Sl. No. 2/Sl. No. 11), (d) action is being contemplated for attachment of property (Sl. No. 3,4,6,8 & 10). Further progress on recovery was awaited (February 2017). However, the reply did not communicate the corrective action taken to ensure improvement in stock management.

⁷ Includes ₹ 37.36 lakh un-recoverable due to death of officials at Sl. No. 1 and 9

