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Report of the Comptroller and Auditor General of India on Social, Economic, General and Economic (PSUs) Sectors

for the year ended 31 March 2016

GOVERNMENT OF MEGHALAYA

Report No. 3 of 2017

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Comptroller and Auditor General of India
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PREFACE

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

The Report contains significant results of the performance and compliance audit of the departments of the Government of Meghalaya under the Social, Economic (including Public Sector Undertakings) and General Sectors including Education, Health and Family Welfare, Urban Affairs, Fisheries, Public Works, District Council Affairs, Power, Commerce & Industries departments and Public Sector Undertakings. However, audit observations on Revenue Sector of the Government of Meghalaya are excluded and covered in the Report on Revenue Sector.

The cases mentioned in this Report are those which came to notice in the course of test audit of accounts for the year 2015-16 as well as those, which came to notice in earlier years, but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2015-16 have also been included, wherever necessary.

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

Executive Summary

EXECUTIVE SUMMARY

This Report contains chapters on Social, Economic, General and Economic (PSUs) Sectors comprising three performance audits and nine compliance audit paragraphs which includes compliance audit of the financing activities of Meghalaya Industrial Development Corporation Limited. The findings are based on the audit of certain selected programmes and activities and the financial transactions of the Government and Public Sector Undertakings.

According to the existing arrangements, copies of the compliance audit paragraphs and performance audits were sent to the concerned Secretaries of the State Government by the Accountant General (Audit) with a request to furnish replies within six weeks. However, out of three performance audits and nine compliance audit paragraphs in this Report, no replies were received against six compliance audit paragraphs from the State Government till the finalisation of the Report (January 2017).

A synopsis of the important findings contained in this Report is presented below:

SOCIAL SECTOR

Performance Audits

Right of Children to Free and Compulsory Education Act, 2009

The Right of Children to Free and Compulsory Education (RTE) Act, 2009 envisages to achieve elementary education for all children between ages 6-14 years by March 2013. The State had, till the end of March 2016, not fully achieved the desired objective. Considering that the State already had a high enrolment of 96 *per cent* during 2011-12 itself, failure to universalise the elementary education indicated lacklustre performance of the Department in implementing the RTE Act 2009. In the State, Annual Plans were being prepared without having perspective plan and without adopting participatory approach at the village/habitation level. Education for Out of School Children and Children With Special Needs did not receive special care and attention. The State failed to contain the existing dropout rates. Alarming proportion of untrained and unqualified teachers, shortage of teachers in primary schools, lack of basic infrastructure, shortages in uniform grant, non-availability of free textbooks, shortages in grant of transport allowance were the factors which hindered the State in achieving the objective of universalisation of elementary education. The fund allocated to the State was not being utilised efficiently as ₹ 908.46 crore was not released by the GoI/GoM due to under-utilisation of funds. Expenditure of ₹ 483.88 crore on incomplete civil works were lying unfruitful for a period of three to six years. Provision of reserving 25 *per cent* of the strength of the class in unaided schools for children belonging to weaker sections and disadvantaged groups was not being implemented. Monitoring and supervision of the scheme in terms of constitution, composition and meetings of the State Advisory Committee, constitution and functioning of the State Commission for Protection of Child Rights, inspections and internal audit was not very satisfactory.

(Paragraph 1.2)

National Rural Health Mission

National Rural Health Mission (NRHM) seeks to provide accessible, affordable and quality health care to the rural population. The performance audit was conducted *inter alia* with the objective of assessing the impact of NRHM on improving reproductive and child health in the State.

Performance audit disclosed shortages in availability of required healthcare facilities such as Public Health Centres and Sub Centres, unavailability of essential drugs, lack of infrastructure in the health facilities, equipment lying unutilised *etc*. Required infrastructural facilities *viz.* operation theatres, blood bank facility, water supply, telephone connections, *etc.* were not found available in selected healthcare facilities. In other cases, infrastructure was created but were lying unutilised for want of required personnel to operate them. Shortages in availability of required manpower, especially medical specialists was a serious impediment in the proper delivery of healthcare services. A large number of pregnant women did not show up for antenatal care while a number of them did not receive the full dose of Iron Folic Acid tablets. 47 *per cent* to 51 *per cent* of registered pregnant women preferred delivery at home rather than at health facilities. There was shortfall in achievement of immunisation as well as sterilisations. There was shortfall in payment of Janani Suraksha Yojana incentive despite availability of funds. All these indicated that the State Government had failed to connect the scheme with the people who are the stakeholders. The Quality Assurance Committees at various levels did not meet at the prescribed intervals to assess the quality of the services being delivered. Mismatch of data as per Health Management Information System and data as per original records maintained at the healthcare facilities was noticed. Monitoring of the Mission by State Health Mission headed by the Chief Minister was absent while monitoring by State Health Society headed by the Chief Secretary was minimal thus indicating that adequate priority was not being accorded to the health sector in the State. Considering that there is a strong correlation between facilities created and health outcomes (infant mortality rate, maternal mortality ratio and total fertility rate), the deficiencies were responsible in preventing the State from achieving the targets set by GoI.

(Paragraph 1.3)

Compliance Audit Paragraphs

Failure of the Health Engineering Wing to make provision for transformer in its estimate and delay in requesting Meghalaya Power Distribution Corporation Limited for installing transformer for the Mawryngkneng Public Health Centre had not only rendered the expenditure of ₹ 1.00 crore incurred on the construction unfruitful but the objective to operate from the renovated and extended PHC remained unfulfilled even after three years of the building being completed.

(Paragraph 1.4)

Urban Affairs Department failed to provide housing to 240 urban slum dwellers of Nongpoh even after a lapse of more than five and half years from the targeted date of completion, rendering the expenditure of ₹ 3.73 crore unfruitful. Besides with the project being executed on a land belonging to the contractor, the expenditure is fraught with the risk of becoming wasteful if the department fails to acquire the land from the contractor.

(Paragraph 1.5)

ECONOMIC SECTOR

Compliance Audit Paragraphs

Injudicious decision of the Fisheries Department to allot the civil work of Umsning Fish Seed Farm to Meghalaya Energy Corporation Ltd. (MeECL) and failure to monitor the progress and quality of work during execution, resulted in the project being poorly executed and not functioning even after incurring expenditure of ₹ 2.05 crore. Besides, the objective of the project to produce 50 lakh fish fingerlings per year by 2012-13 also remained unachieved.

(Paragraph 2.2)

Failure to identify the landslide prone areas during preliminary survey itself and decision to construct the Mawsahew-Nongsteng-Umblai-Mawphu road through terrain having unstable soil strata led to the Department incurring wasteful expenditure of ₹ 3.68 crore besides defeating the objective of providing the road link to the five villages with the rest of the State.

(Paragraph 2.3)

GENERAL SECTOR

Compliance Audit Paragraph

Failure of the District Council Affairs Department in ensuring timely release of the 13th Finance Commission grants to the three Autonomous District Councils resulted in avoidable interest payment of ₹ 1.64 crore.

(Paragraph 3.2)

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKING)

Performance Audit

Power Generation activities of Meghalaya Power Generation Corporation Limited

The State of Meghalaya has a hydro potential of 3,000 Mega Watt (MW) which is about three *per cent* of the total hydro potential of the country. As of March 2016, the State had total seven hydro power stations (PSs) in operation (total installed capacity: 314.70 MW) which were owned and operated by Meghalaya Power Generation Corporation Limited (Company). Thus, the State could harness only 10.49 *per cent* of its hydro potential so far. As a result, Meghalaya had been a power deficient State since 1990-91 and it had to depend heavily on import of power from outside the State to meet its demand.

The present Performance Audit (PA) covered the power generation activities of the Company for the five years from 2011-12 to 2015-16. The findings of the PA revealed that the implementation of the projects taken up by the Company was beset with lack of planning and deficiencies in survey and investigation, feasibility studies, DPRs, etc. leading to changes in scope and design of the projects after commencement of works thereby causing significant time and cost overrun;

The Company's financial management was plagued by poor liquidity, excessive dependence on borrowings from financial institutions, poor servicing of debts and lack of prudence in releasing payments to contractors which further worsened the financial position of the Company;

Internal control and monitoring of the Company was weak. Delay in finalisation of up-to-date accounts and absence of an effective system to monitor the progress of implementation of projects at the top management level had adversely affected execution of projects and recovery of project costs through tariffs.

(Paragraph 4.2)

Compliance Audit Paragraph

Financing activities of Meghalaya Industrial Development Corporation Limited

The present audit covered the financing activities of Meghalaya Industrial Development Corporation Limited (Company) for the years 2011-12 to 2015-16. The findings of the audit revealed that there was absence of an effective system to verify the creditworthiness of loan applicants before sanction of loans. The Company had been re-scheduling and sanctioning further loans to habitual loan defaulters without justification. Thus, the financing activities of the Company lacked focus and direction leading to poor recovery performance and high incidence of non-performing assets.

(Paragraph 4.3)

Absence of an effective system for periodic physical verification of cash in hand on regular basis led to misappropriation of cash of ₹ 19.98 lakh in Meghalaya Electronics Development Corporation Limited.

(Paragraph 4.4)

There was unauthorised retention of forest royalty amounting ₹ 9.85 crore by the Meghalaya Power Generation Corporation Limited.

(Paragraph 4.5)

Heavy retention of revenue collected by Axis Bank resulted in blockade of fund and consequent loss of interest of ₹ 58.35 lakh to Meghalaya Energy Corporation Limited.

(Paragraph 4.6)

CHAPTER-I

SOCIAL SECTOR

CHAPTER I: SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 deals with the findings on audit of the State Government units under Social Sector.

The names of the major State Government departments and the net budget provision and expenditure of the State Government under Social Sector during the year 2015-16 are given in the table below:

Table 1.1.1 - Net budget provision and expenditure of major departments

(₹ in crore)

Sl. No.	Name of Department	Budget Provisions (Original and Supplementary)	Expenditure
1.	Education, Sports & Youth Affairs & Arts and Culture	1519.55	1282.89
2.	Health & Family Welfare	589.11	604.87
3.	Public Health Engineering	505.51	323.12
4.	Urban Development	189.55	49.01
5.	District Council Affairs and Social Welfare	195.58	189.99
6.	Labour	48.04	27.84
7.	Housing	77.57	68.63
8.	Revenue	58.58	56.84
	Total	**3183.49**	**2603.19**

Source: Budget Estimates and Appropriation Accounts

1.1.1 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 and concerns. The audits were conducted during 2015-16 covering the expenditure of ₹ 1,054.85 crore incurred by various departments (including expenditure pertaining to previous years audited during the year) of the State Government under Social Sector. The chapter contains Performance Audits on 'Right of Children to Free and Compulsory Education Act, 2009' and 'National Rural Health Mission' and two Compliance Audit paragraphs.

The major observations under Social Sector detected in audit during the year 2015-16 are given below:

PERFORMANCE AUDIT PARAGRAPHS

EDUCATION DEPARTMENT

1.2 Right of Children to Free and Compulsory Education Act, 2009

Highlights

Education is one of the most important indicators of social progress of a nation. The Government of India had formulated the National Education Policy in the year 1986 and Right to Education Act in 2009 which inter alia provided universal elementary education of good quality for children of the age group 6-14 years through provision of schools with appropriate infrastructure and within an approachable distance. The policy was implemented under the flagship programme Sarva Shiksha Abhiyan (SSA) financed by the Government of India and the State Government in the ratio of 90:10. In exercise of the powers conferred by the RTE Act, Meghalaya Right of Children to Free and Compulsory Education (MRCFCE) Rules was notified in August 2011 by the Government of Meghalaya (GoM). Though the State had achieved enrolment level of 95 to 98 per cent during 2010-16, the performance audit revealed deficiencies in preparation of perspective plan, attainment of universal elementary education, coverage of Out of School Children (OOSC) and Children with Special Needs (CWSN), alarming proportion of untrained teachers, inadequate infrastructural facilities, funds lying unfruitful in incomplete civil works, shortages in distribution of free textbooks and uniforms, short release of funds by the GoI and GoM and lack of adequate supervision and monitoring.

Annual Plan was being prepared without having a perspective plan and without interacting with the community at village/habitation level.

(Paragraphs 1.2.7.1 & 1.2.7.2)

There was lack of basic amenities and facilities such as safe drinking water, library, electricity and playground and shortages in uniform grant, availability of free textbooks and shortages in grant of transport allowance.

(Paragraphs 1.2.8.6 (i), 1.2.8.7 & 1.2.8.8)

Expenditure of ₹ 483.88 crore incurred on incomplete civil works were lying unfruitful for periods of three to six years.

(Paragraph 1.2.8.10)

Seventy seven *per cent* of Primary School Teachers and eighty five *per cent* of Upper Primary School Teachers were untrained. There was a shortage of 1,748 teachers in Primary School with 224 Primary Schools having only one teacher with 7,769 children enrolled therein.

(Paragraphs 1.2.8.11 (i) and (ii))

Provision of reserving 25 *per cent* of the strength of the class in unaided schools for children belonging to weaker sections and disadvantaged groups was not being implemented.

(Paragraph 1.2.8.12 (ii))

Funds amounting to ₹ 908.46 crore were short released by the Government of India (₹ 830.16 crore) and State Government (₹ 78.30 crore) due to inadequate spending of funds.

(Paragraph 1.2.9)

Monitoring and supervision of the scheme in terms of constitution, composition and meetings of the State Advisory Committee, constitution and functioning of the Meghalaya State Commission for Protection of Child Rights, inspections and internal audit was not satisfactory.

(Paragraph 1.2.10)

1.2.1 Introduction

Elementary education is one of the most important sectors of socio-economic development with tremendous potential to enhance all aspects of quality of human life. Government of India (GoI) included education in the Concurrent list in the year 1976 and also brought out a National Policy of Education in 1986 which was updated in 1992. Article 21A[1] of the Constitution of India states that the State shall provide free and compulsory education to all children of the age of six to fourteen years in such manner as the State may, by law, determine.

GoI also formulated the Right of Children to Free and Compulsory Education (RTE) Act in 2009 which *inter alia* provides universal elementary education of good quality for children of the age group 6-14 years through provision of schools with appropriate infrastructure and within an approachable distance. The policy is implemented under the flagship programme Sarva Shiksha Abhiyan (SSA) financed by the GoI and the State Government in the ratio of 90:10. The SSA Framework of Implementation and Norms for Intervention has been revised to correspond to the provision of RTE Act.

In exercise of the powers conferred by Sec 38 of the RTE Act 2009, 'The Meghalaya Right of Children to Free and Compulsory Education (MRCFCE) Rules' was notified in August 2011 and amended in May 2014 by the Government of Meghalaya (GoM).

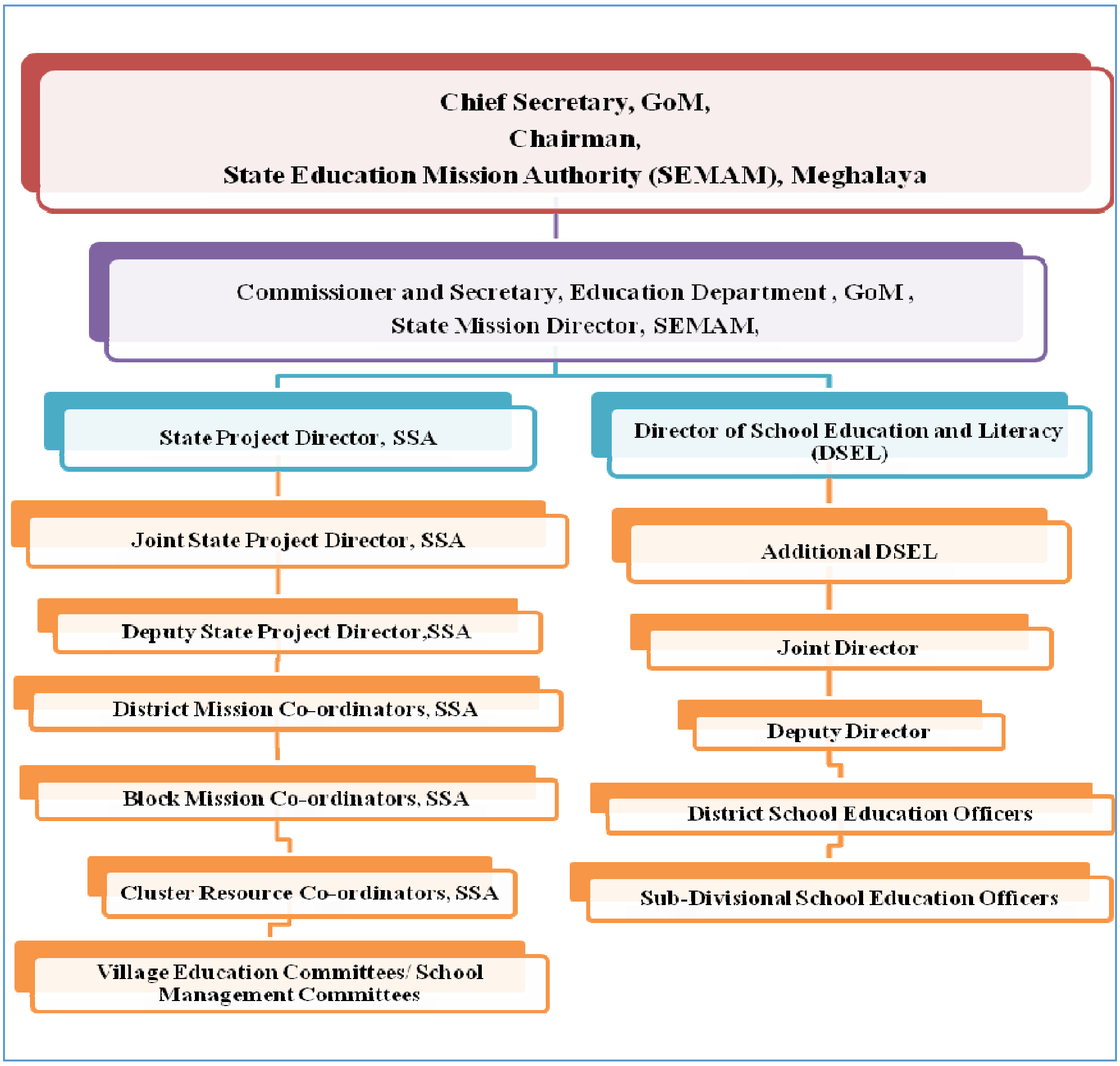
Organisational set up

The RTE Act is being implemented by the State Education Mission Authority, Meghalaya (SEMAM) constituted in July 2002 and registered under the Meghalaya Societies Registration Act, 1983. The SEMAM is headed by the Chief Secretary,

[1] The Constitution (Eighty-sixth Amendment) inserted Article 21 A in 2002.

Government of Meghalaya as its Chairman and he is assisted by the Commissioner & Secretary, Education Department as Mission Director, State Project Director (SPD) and Director of School Education and Literacy (DSEL) at State level. At field level, the scheme is implemented through District Mission Co-ordinators (DMCs)/District School Education Officers, Block Mission Co-ordinators (BMCs)/Sub-Divisional School Education Officers (SDSEOs), Cluster Resource Co-ordinators (CRCs) and Village Education Committees (VECs)/School Management Committees. The organisational chart is shown below:

Chart -1.2.1 – Organisational chart



1.2.2 Scope and methodology of Audit

The Performance audit covered the period from 2010-11 to 2015-16. The Performance audit commenced with an Entry Conference held on 15 April 2016 wherein the audit objectives, criteria, scope and methodology were discussed. It was attended by the Commissioner & Secretary, Education Department, GoM, State Project Director, SSA, Special Officer, SSA and Officials from the Finance Wing of SEMAM. The draft

Report was issued to the SPD, SEMAM and Principal Secretary, Finance Department, Government of Meghalaya in November 2016.

After completion of audit, the audit findings were discussed with the Commissioner & Secretary, Education Department, Government of Meghalaya and State Project Director, SEMAM in an exit conference held on 25 November 2016. The replies and views of the Department have been incorporated at appropriate places.

1.2.3 Audit Sampling

As per the Sampling methodology, three districts (out of seven) were selected using Probability Proportionate to Size (PPS) with number of schools in the district determining the size. Four Blocks in each selected districts were selected using Simple Random Sampling Without Replacement (SRSWOR) method. From the three selected districts, 90 schools (30 schools in each district) were selected using SRSWOR. The number of schools selected included 70 *per cent* having both Primary and Upper Primary schools and 30 *per cent* schools having Primary and/or Upper Primary classes as detailed below:

Table-1.2.1 – Districts/Blocks/Schools selected

Sl. No.	Name of the selected district	Name of the selected blocks	No. of schools selected from the Block		
			Govt.	Aided	Total
1	West Garo Hills	i. Betasing	10	3	13
		ii. Dalu	4	1	5
		iii. Dadenggiri	4	2	6
		iv. Tikrikilla	3	3	6
		Sub-Total	**21**	**9**	**30**
2	East Khasi Hills	i. Mawphlang	5	2	7
		ii. Mawsynram	10	3	13
		iii. Pynursla	5	3	8
		iv. Shella Bholaganj	1	1	2
		Sub-Total	**21**	**9**	**30**
3	Jaintia Hills	i. Amlarem	5	2	7
		ii. Laskein	6	3	9
		iii. Khliehriat	4	2	6
		iv. Thadlaskein	6	2	8
		Sub-Total	**21**	**9**	**30**
		Grand Total	**63**	**27**	**90**

1.2.4 Audit Objective

Performance audit of the RTE Act was carried out to ascertain whether:-

- the RTE Act achieved its objective to make elementary education as fundamental right for all children between ages of 6-14 years within 3 years,
- the funds allocated were being utilised in an economic and efficient manner,
- the RTE Act was being implemented and monitored in a planned manner.

1.2.5 Audit Criteria

The findings were benchmarked against the following sources of criteria:

- Right of Children to Free and Compulsory Education Act, 2009
- Rules laid down for Right of Children to Free and Compulsory Education Act, 2009
- Scheme guidelines based on Right of Children to Free and Compulsory Education Act, 2009
- Meghalaya Right of Children to Free and Compulsory Education Rules, 2011
- Various orders, notifications, circulars, instructions issued by MHRD/State Governments
- Annual Work Plan and Budget prepared by MHRD/ State Government
- District Information System for Education
- Other Guidelines under RTE Act, 2009.

1.2.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the cooperation of the Education Department of the State Government and the State Education Mission Authority, Meghalaya (SEMAM) in providing necessary information and records for audit.

Audit Findings

1.2.7 Planning

Proper planning is the key factor for any department to achieve the targeted goal as per vision of the Government. Planning is a process for identifying the needs that exist in a particular area for achieving specific goals, evolving strategies to address them and proposing suitable activity as per the strategy. Deficiencies noticed in planning process are discussed in the following paragraphs:

1.2.7.1 Perspective plan not prepared

As per Financial Management and Procurement (FMP) Manual of SSA, the State and districts were required to prepare Perspective plan to achieve universalisation of elementary education by March 2013. Keeping the Perspective Plan in view, the Annual Plan was required to be prepared every year.

Scrutiny revealed that Annual plans for 2010-16 were prepared at the Blocks, Districts and State level after holding workshops. These Annual Plans were however, framed without preparing the Perspective Plan. In the absence of Perspective Plan which defines the overall goals and targets, the programmes of SSA were implemented on the basis of Annual targets alone without proper consideration of long term goals. As a consequence, the enrolment of children under elementary education which was supposed to be universalised by March 2013 had not been achieved even upto 2015-16 (as discussed in ***paragraph 1.2.8.2***).

The Special & Nodal Officer, RTE, DSEL-SSA while accepting the audit observation stated (August 2016) that the State Education Department was implementing the National Programme on School Standards and Evaluation (Shala Siddhi) from 2016-17 in all schools incorporating the Meghalaya School Improvement Plan (MSIP) to understand the need based aspects of schools at the ground level. A Perspective plan will be developed from the outcome of MSIP.

1.2.7.2 Bottom up approach of planning not adhered

The Planning process was required to follow a bottom up approach by constituting planning teams at village/habitation, block and district level. These planning teams were required to visit each habitation, interact with community and hold consultative meetings ensuring participatory planning. The planning teams at village/habitation level were however, not constituted during 2010-16. School Development Plan, which is the fundamental requirement for planning was not prepared by many schools (discussed in ***paragraph 1.2.8.12 (v)***). The Annual plans were being prepared at the Block, District and State level after holding workshops alone.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) that SSA is following a bottom up approach as Block level Officers collect plan proposals from the School Management Committees and collate it into the District Plan. He however, admitted that documentation of school development plans had not been rigorously followed. He also mentioned that with implementation of MSIP, the planning process would improve in the near future.

1.2.7.3 Household surveys not done

The main source of data required for planning and plan formulation were household surveys (HHS), yearly updation of HHS data, District Information System for Education (DISE) data and research studies. HHSs were however, not conducted by the SEMAM and yearly planning was based on the projections of Census and District Information System for Education (DISE) data alone.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that paucity of funds limited the HHS activities.

1.2.8 Programme Implementation

Programme implementation deals with access of children to school, enrolment, out of school children, Pupil Teacher Ratio, creation of school infrastructure, release of various grants to schools, distribution of free textbooks and uniforms, interventions for special focus groups and quality of education, access to computers, availability of classrooms, availability of qualified teachers and teacher's training. Irregularities noticed by audit in the programme implementation are discussed below:

1.2.8.1 Access of children to school

As per Rule 4 of the Meghalaya Right of Children to Free and Compulsory Education Rules 2011, a primary and an upper primary school shall be established within a walking distance of one kilometre and three kilometres of the neighbourhood respectively.

As of March 2011, there were 356 habitations having 1,856 children which did not have access to primary schools. By March 2016, while the number of eligible habitations decreased to 50, number of children without primary schools increased to 1,999. The position was however, better in respect of children having access to upper primary schools since only 165 children in 3 habitations did not have upper primary schools as of March 2016 compared to 2,320 children in 453 habitations in March 2011.

On being pointed out, the Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) that the State had continuously sent proposals to the GoI for new schools in habitations without school under Annual Working Plan and Budget (AWP&B) which had however, not been sanctioned due to absence of neighbourhood norms based on population as brought out in ***paragraph 1.2.8.12 (i).***

1.2.8.2 Enrolment

The RTE Act 2009 stipulates that every child of the age of six to fourteen years shall have the right to free and compulsory education in a neighbourhood school till the completion of his or her elementary education. The status of eligible children (6-14 years) and their enrolment[2] during 2010-16 in the State is given in the table below:

Table-1.2.2 - Status of enrolment in the State

(Units in number)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Child population (6-14 years age)	N/A*	618740	627856	630729	633431	627781
Enrolled (6-14 years)	563314	591528	596212	605767	611230	614283
Percentage of enrolled	-	96	95	96	96	98

***Data not available**
Source: DSEL, Shillong

It would be seen from the above that the status of enrolment in the State ranged between 95 *per cent* and 98 *per cent* during 2010-16. Enrolment at the end of 2015-16 stood at 98 *per cent* while 13,498 children were not enrolled in schools. As such, the State which already had an enrolment level of 96 *per cent* in 2011-12 could register an increase to 98 *per cent* at the end of 2015-16 thereby failing to achieve universalisation of the elementary education by March 2013 as envisaged under the Act.

The State Project Director, SEMAM stated (January 2017) in his reply that SEMAM used the Census data (2011) regarding number of children between age group 6-14 years up to 2012-13. However, all out efforts have been made to improve enrolment after completion of household survey taken up recently.

Further, details of enrolment (6-14 years only) in Government schools[3] and other schools during the period covered by audit are detailed in the table below:

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2 In Government, Government Aided, SSA and all other schools
3 Government, Government Aided, and SSA schools

Table-1.2.3-Status of enrolment in Government *vis-a-vis* other schools

(Units in number)

Year	Enrolment in				Enrolment in other schools	Grand total of enrolment
	Government	Government Aided	Schools opened under SSA Scheme	Total		
2010-11	117986	201509	164442	483937	79377	563314
2011-12	123639	202535	173279	499453	92075	591528
2012-13	123709	185728	170542	479979	116233	596212
2013-14	124698	181075	173649	479422	126345	605767
2014-15	121450	183086	172927	477463	133767	611230
2015-16	120245	184860	173803	478908	135375	614283

Source: DSEL, Shillong

As is evident from the table above, enrolment in Government schools had reduced by 1 *per cent* (4,83,937 in 2010-11 to 4,78,908 in 2015-16) in comparison to a significant 71 *per cent* increase in enrolment of other schools (79,377 in 2010-11 to 1,35,375 in 2015-16) signifying that Government schools need to improve their quality of education and infrastructural facilities so as compete with other schools.

1.2.8.3 Gender Parity Index

Gender parity index (GPI) is the ratio of the female-to-male/male-to-female values of the gross enrolment. A GPI of 1 indicates parity between male and female.

Audit analysis revealed that the State fared well in terms of GPI and provided equal opportunities to the girls as that of the boys in elementary education as detailed in the table below:

Table-1.2.4 - Gender Parity

(Units in number)

Year	No. of Children enrolled[4]	No. of boys enrolled	No. of girls enrolled	Ratio of girls to boys
2010-11	483937	236906	247031	1.04
2011-12	499453	244899	254554	1.04
2012-13	479979	236035	243944	1.03
2013-14	479422	235623	243799	1.03
2014-15	477463	237135	240328	1.01
2015-16	478908	238187	240721	1.01

Source: DSEL, Shillong

As is evident from the above table, the State was successful in providing equitable access to elementary education to girls.

1.2.8.4 Drop out rate

As per the SSA Framework, the thrust is on bridging of gender and social gaps and a total retention of all children in schools.

Dropout details of the primary and upper primary schools[5] in the State of Meghalaya and in three selected districts during 2010-11 to 2015-16 are detailed below:

[4] In Government, Government Aided and SSA schools
[5] Government, Government Aided and SSA schools

Table-1.2.5 - Details of dropouts

(Units in number)

Year	State		East Khasi Hills		West Garo Hills		Jaintia Hills	
	Enrol-ment*	Dropouts during the year (%)	Enrol-ment	Dropouts during the year (%)	Enrol-ment	Dropouts during the year (%)	Enrol-ment	Dropouts during the year (%)
2010-11	569148	56786 (10)	130082	4343 (3)	130570	12320 (9)	63769	6941 (11)
2011-12	600612	53808 (9)	133513	6076 (5)	136561	13910 (10)	71678	4500 (6)
2012-13	577591	94540 (16)	116484	24607 (21)	135186	18222 (13)	71515	10243 (14)
2013-14	589005	58164 (10)	118399	5212 (4)	132427	18211 (14)	76908	4146 (5)
2014-15	597846	37859 (6)	120376	1468 (1)	129497	14016 (11)	79650	3400 (4)
2015-16	613324	35599 (6)	126607	983 (1)	128931	11309 (9)	82369	4093 (5)

Enrolment includes children studying in classes I to VIII irrespective of age
Source: DSEL, Shillong

It can be seen from the table above that the percentage of dropouts in the State has come down from 10 *per cent* in 2010-11 to 6 *per cent* in 2015-16. Similarly, in two selected districts i.e. East Khasi Hills and Jaintia Hills district, percentage of dropouts had reduced from 3 *per cent* to 1 *per cent* and 11 *per cent* to 5 *per cent* respectively during the period covered by audit. However, there was no improvement to curtail the dropout rates in West Garo Hills district. Rather, it was higher than State average (6 *per cent*) at 9 *per cent.* Not only drop outs, even number of enrolment was going down.

As of March 2016, the total dropout rate in the State still stood at 6 *per cent* which defeats one of the objectives of the RTE Act to contain the dropouts. Thus, Government has failed to contain dropouts through the implementation of the scheme.

The State Project Director, SEMAM stated (January 2017) in his reply that data of dropped out children by age group was not maintained as number of repeaters by age-group was not captured under Unified District Information System for Education (U-DISE).

1.2.8.5 Out of school children

The SSA Manual envisages that the State should adopt specific strategies for bringing Out Of School Children (OOSC) into the education system. OOSC could belong to remote school-less habitation, could be working children, street children, deprived children in urban slums, bonded child labourers, *etc.* Accordingly, Project Approval Board (PAB) approves funds for coverage[6] of these OOSC to bring them into the education system. The year wise number of OOSC approved by PAB, coverage, amount approved by PAB, actual release and expenditure incurred during 2010-16 is depicted in the table below:

[6] Coverage implies mainstreaming of OOSC children by providing them special training or directly enrolling them in school in an age appropriate class

Table-1.2.6 – Details of OOSC

(₹ in lakh)

Year	No. of OOSC appro-ved by the PAB[7]	OOSC covered during the year (%)	Amount approved by PAB	Actual release (%)	Funds available including unspent balance of previous year	Expendi-ture (%)	Unutilised funds (%)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8=6-7**
2010-11	10177	8820 (87)	271.16	188.43 (69)	-	84.22 (45)	104.21 (55)
2011-12	11645	1031 (9)	1451.9	40.60 (3)	144.81	29.12 (20)	115.69 (80)
2012-13	29715	8759 (29)	1337.18	400.88 (30)	516.57	134.90 (26)	381.67 (74)
2013-14	39205	15126 (39)	921.32	367.91 (40)	749.58	257.99 (34)	491.59 (66)
2014-15	25426	17593 (69)	419.53	154.67 (37)	646.26	144.94 (22)	501.32 (78)
2015-16	21624	12813 (59)	708.19	8.32 (1)	509.64	79.51 (16)	430.13 (84)
Total			**5109.28**	**1160.81**		**730.68**	

Source: DSEL, Shillong

As is evident from the above table, coverage of OOSC identified declined drastically from 87 *per cent* in 2010-11 to 59 *per cent* in 2015-16. There was still a backlog of 8,811[8] OOSC at the end of 2015-16 exhibiting lack of efforts for speedy mainstreaming of OOSC so as to achieve the objective of universalisation of elementary education.

Further, as against the funds approved for mainstreaming of OOSC in the PAB, actual release was maximum at 69 *per cent* in 2010-11 and thereafter was much lower and absolutely meagre in 2011-12 and 2015-16 at 3 *per cent* and 1 *per cent* respectively. The shortfall in release of funds by the GoI was primarily due to failure to utilise the funds during the previous year. Furthermore, as against the available funds, utilisation of funds was also extremely poor and ranged between 55 *per cent* and 84 *per cent*. As of March 2016, unutilised funds stood at ₹ 430.13 lakh (₹ 1,160.81 lakh *minus* ₹ 730.68 lakh). However, in comparison to budget allocation, utilisation was only 14.30[9] *per cent*. Failure to utilise the funds reflects poor implementation and monitoring of the scheme.

The State Project Director, SEMAM stated (January 2017) in his reply that unwillingness of the child to attend regular school even after completion of special training programme is the main reason for not being able to mainstream the identified OOSC. Further, a larger population of OOSC were from migrant families coming from different parts of the country as labourers. He also stated that funds received at the end of the year led to adjustments/cuts by GoI thereby resulting in non-utilisation of entire released amounts.

The reply was not tenable as GoI does not release funds component wise and as such it depends upon the SEMAM to prioritise released funds accordingly and the Department had huge unspent balance at the end of each financial year (2010-16).

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[7] Including backlog of previous year

[8] 21624-12813=8811 during 2015-16

[9] ₹ 730.68 lakh out of ₹ 5109.28 lakh

1.2.8.6 Inclusive Education of Children with special needs

The term 'Children With Special Needs' (CWSN) refers to children who are challenged with various problems such as that of vision, hearing, speech, orthopaedically impaired, learning disability, cerebral palsy, mental retardation, autism and multiple disability. Inclusive Education (IE) is intended to enable CWSN to attend regular schools like other children.

The SSA Manual for CWSN stipulates that expenditure up to ₹ 3,000 per year (except in the year 2012-13 for which the rate was fixed at ₹ 2,600 per year) could be incurred on a child with minimum of 40 *per cent* disability in line with the Persons With Disabilities (Equal Opportunities, Protection of Rights & Full Participation) Act 1995 (PWD Act, 1995). The total number of CWSN approved by the PAB, approved amount, number of CWSN covered, expenditure incurred and expenditure per CWSN covered during 2010-16 is detailed in Table 1.2.7 below:

Table-1.2.7- Coverage of CWSNs

Year	No. of CWSN approved by PAB	Approved amount (₹ in lakh)	No. of CWSN covered	% of CWSN covered	Expenditure incurred (₹ in lakh)	% of expenditure against PAB approval	Expenditure per covered CWSN (₹)
2010-11	10246	307.38	8080	78.86	47.739	15.53	590.83
2011-12	10990	329.7	8134	74.01	221.822	67.28	2727.1
2012-13	12861	334.39	10067	78.28	170.035	50.85	1689.03
2013-14	9797	293.91	7308	74.59	247.977	84.37	3393.23
2014-15	11944	358.32	8177	68.46	260.33	72.65	3183.69
2015-16	10298	308.94	6863	66.64	168.163	54.43	2450.28
Total	**66136**	**1932.64**	**48629**		**1116.07**		

Source: DSEL, Shillong

As is evident from the table above, the percentage of coverage of identified CWSNs declined from 78.86 *per cent* in 2010-11 to 66.64 *per cent* in 2015-16. Against the total PAB approval of ₹ 1,932.64 lakh for 66,136 CWSN, SEMAM could cover only 48,629 CWSN (74 *per cent*) incurring an expenditure of ₹ 1,116.07 lakh during 2010-16. Further, there was no uniformity in expenditure incurred per covered CWSN during 2010-16 as it varied drastically between ₹ 591 and ₹ 3,393. This indicates that apportioning of funds for covered CWSN was ad hoc thereby depriving the CWSN the benefits envisaged under the scheme as discussed in the subsequent paragraphs:

i. Payment of transport allowance

As per Meghalaya Right of Children to Free and Compulsory Education Rules 2011, in respect of children with disabilities which prevent them from accessing the school the State Government/Local Authority will endeavor to make appropriate and safe transportation arrangements for them to attend school and complete elementary education.The State Education Department provides transport allowance to the eligible distant children to facilitate them in attending school.

Audit observed that during 2015-16, PAB had approved and released ₹ 8.13 lakh as transport allowance to 271 eligible children of East Khasi Hills district at the rate of ₹ 3,000 per child. Contrary to the PAB's approval, the eligible children were paid transport allowance at the rate of ₹ 2,400 only resulting in short payment of ₹ 1.63 lakh[10] thus providing reduced benefits than originally approved.

The State Project Director, SEMAM stated (January 2017) in his reply that due to late receipt of funds by the SEMAM, fund was released as 1st instalment for the period of 8 months to the beneficiaries with a view that the remaining amount would be released on receipt of 2nd instalment from GoI and GoM. He also stated that the 2nd instalment was released to the SEMAM at the end of the year.

The reply was not tenable as GoI does not release funds component wise and as such it depends upon the SEMAM to prioritise released funds accordingly and the Department had unspent balance at the end of each financial year (2010-16).

ii. Preparation of Individualised Education Plan

The SSA Manual requires that Individualised Education Plan (IEP) should be prepared for every CWSN stating the needs, special services required and the possible achievement of a child within a specified time frame. The IEP is to be constantly reviewed by the District/Block level functionaries to monitor the individual performance of each child.

Contrary to the above provision, IEP was not prepared as envisaged in the SSA Manual as detailed in the table below:

Table-1.2.8- Preparation of IEP for CWSNs

Year	No. of CWSNs covered	No. of IEP prepared (%)
2010-11	8080	95 (1)
2011-12	8134	140 (2)
2012-13	10067	645 (6)
2013-14	7308	1296 (18)
2014-15	8177	1907 (23)
2015-16	6863	1505 (22)

Source: State Inclusive Education Co-ordinator, SPD, Shillong

As is evident from the above table, preparation of IEP for covered CWSNs was dismal (1 *per cent* to 23 *per cent*) during 2010-16. This indicated that the progress and individual performance of large number of CWSNs was not monitored.

The State Project Director, SEMAM stated (December 2016) in his reply that due to shortage of manpower under Inclusive Education (IE), it was difficult to prepare IEP for each individual enrolled as CWSN.

10 271 x ₹ 600

iii. Assistance to visually /hearing impaired children

The SSA Framework stipulates that all CWSNs requiring assistive devices should be provided with aids and appliances such as hearing aids and Braille textbooks either through convergence with the Ministry of Social Justice and Empowerment, State Welfare Departments, National Institutions, voluntary organisations or NGOs or through SSA funds.

Scrutiny of records however, revealed that the distribution of Braille textbooks and hearing aids to the identified and enrolled CWSNs during 2010-16 was deficient as shown in the table below:

Table-1.2.9-Assistance to blind and hearing impaired children

Year	Total No. of blind children identified during the year	No. of blind children enrolled	No. of enrolled blind children provided Braille textbooks (%)	Total No. of Hearing impaired children identified during the year	No. of hearing impaired children enrolled	No. of hearing aids distributed (%)
2010-11	459	459	320 (70)	2147	1978	743 (38)
2011-12	757	444	0 (0)	2518	1984	641 (32)
2012-13	656	391	199 (51)	2593	1660	954 (58)
2013-14	727	618	436 (71)	1906	1441	1093 (76)
2014-15	534	309	258 (83)	2205	1473	181 (12)
2015-16	504	244	178 (73)	1711	1142	433 (38)

Source: State Inclusive Education Co-ordinator, SPD, Shillong

As is evident from the above table, the percentage of enrolled blind children provided with Braille textbooks was poor and ranged between nil and 83 *per cent* during 2010-16. The percentage of enrolled hearing impaired children provided with hearing aids and appliances improved from 38 *per cent* in 2010-11 to 76 *per cent* in 2013-14. But again fell sharply to 12 *per cent* and 38 *per cent* in 2014-15 and 2015-16 respectively. As such, there was no improvement during the period under audit. Thus, the SEMAM had failed to provide the requisite aids and appliances to the CWSNs thereby increasing the probability of their dropping out.

1.2.8.7 Infrastructure

Availability of basic facilities in schools is an important determiner for motivating children to enrol in and attend school regularly. SSA Framework stipulates provision for drinking water, toilets for boys and girls, boundary wall, playground, library, *etc.,* in the schools.

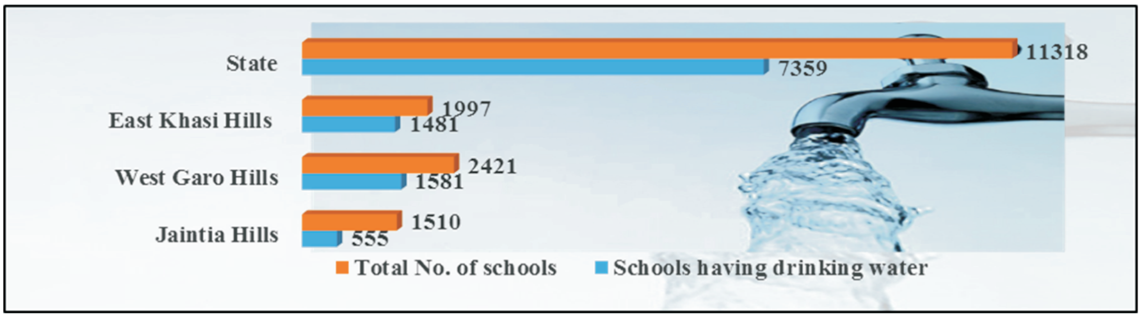
Scrutiny of the availability of basic amenities in Government schools[11] in the State as well as in three selected districts as of March 2016 is detailed below:

i. Drinking water

Safe drinking water is the most important human need in present times. The status of availability of drinking water (primary and upper primary schools) is detailed in the chart below:

[11] Government + Government Aided + SSA Schools excluding Central Government schools

Chart -1.2.2- Availability of drinking water



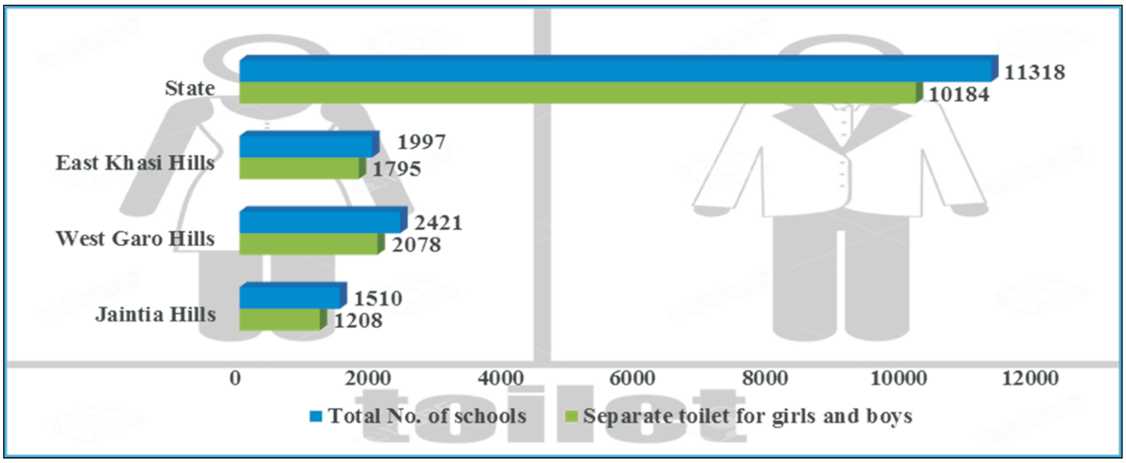
Source: SPD, SEMAM, Shillong

As is evident from the above table, 35 *per cent* schools in the State did not have drinking water facilities. The situation in three selected districts (West Garo, East Khasi and Jaintia Hills district) was that 35 *per cent*, 26 *per cent* and 63 *per cent* of the schools respectively were not having drinking water facilities.

ii. Separate toilet for girls and boys

Availability of separate toilets for girls and boys is an essential basic facility required for motivating children to attend school. The availability of separate toilet for girls and boys (primary and upper primary schools) is detailed below:

Chart -1.2.3- Separate toilet for girls and boys



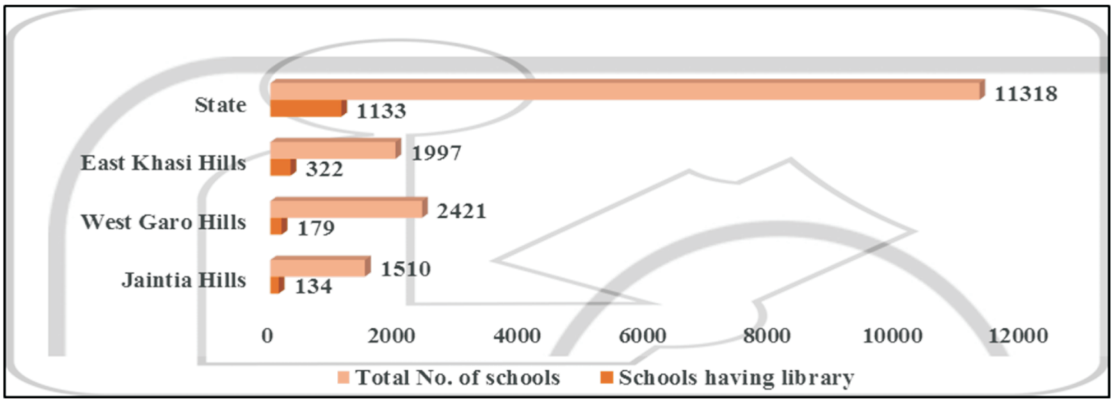
Source: SPD, SEMAM, Shillong

As can be seen from above, while 90 *per cent* of the schools in the State and East Khasi Hills district had separate toilet for girls and boys, in two selected districts of West Garo Hills and Jaintia Hills, the availability of separate toilets was comparatively low at 86 *per cent* and 80 *per cent* respectively.

iii. Library facilities

The importance of library in schools in the present day cannot be overemphasised. A well-stocked library is not only a source of information but also a means to keep abreast of latest topics. The status of library facilities in schools (primary and upper primary) is detailed below:

Chart -1.2.4- Library facilities



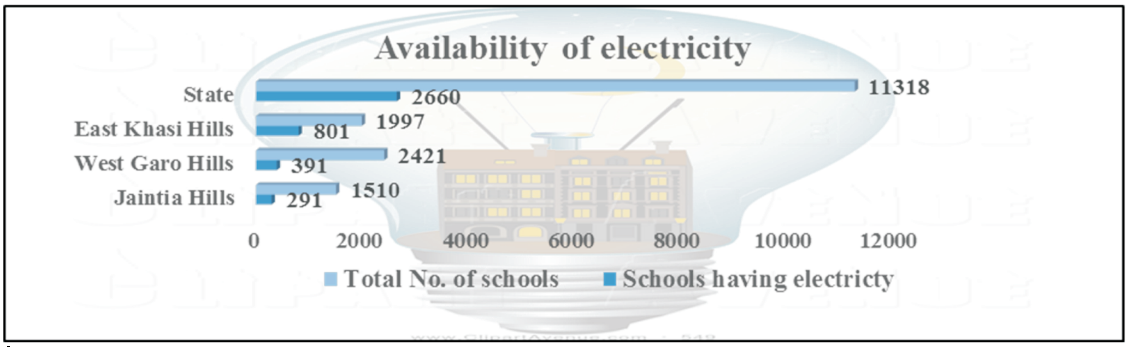
Source: SPD, SEMAM, Shillong

As is evident from the above chart, the availability of library in schools in the State as well as in selected three districts is in a deplorable condition. In the State, only 10 *per cent* of the schools had library facilities while in the selected districts of East Khasi Hills, West Garo Hills and Jaintia Hills districts, only 16 *per cent*, 7 *per cent* and 9 *per cent* respectively of the schools have library facilities.

iv. Availability of electricity

Electricity in schools is needed for providing lively classroom atmosphere as well as for running computers and electrical equipment. The status of availability of electricity in schools (primary and upper primary) is detailed below:

Chart -1.2.5-Availability of electricity



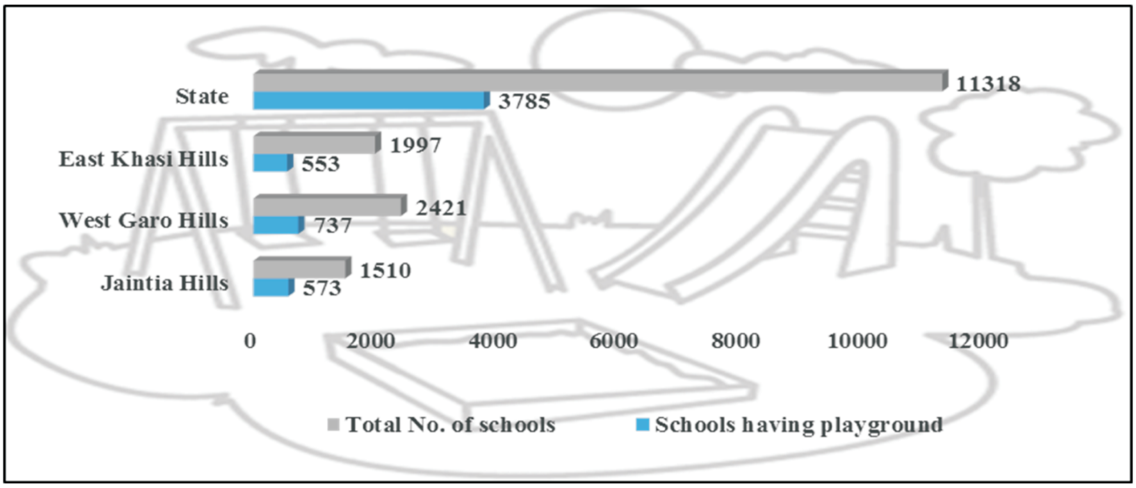
Source: SPD, SEMAM, Shillong

As is evident from the above chart, only 24 *per cent* of the schools in the State had electricity facilities. In the three selected districts, the position of schools having electricity was also low at 40 *per cent*, 16 *per cent* and 19 *per cent* in East Khasi Hills, West Garo Hills and Jaintia Hills districts respectively.

v. Availability of playground

Availability of playground in schools is essential for all round development of the children. The status of availability of playground in schools (primary and upper primary) is detailed in the Chart below:

Chart -1.2.6-Availability of playground



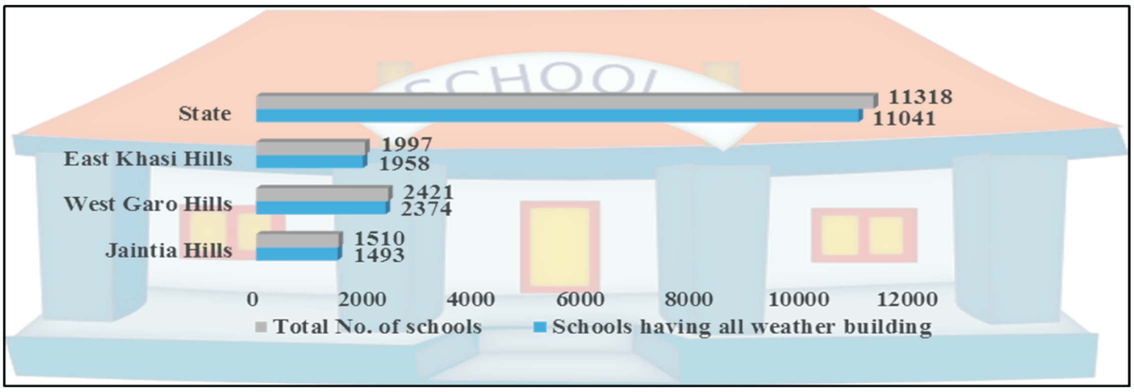
Source: SPD, SEMAM, Shillong

As is evident from the above chart, 33 *per cent* of the schools in the State had playground facilities. While in the three selected districts, the position of schools having playground stood at 28 *per cent*, 38 *per cent* and 30 *per cent* in East Khasi Hills, Jaintia Hills and West Garo Hills district respectively.

vi. All weather school building

An all-weather school building is a pre-requisite for providing conducive learning environment to the students. The status of availability of all-weather school buildings (primary and upper primary) is detailed in the Chart below:

Chart -1.2.7-Availability of all-weather school building



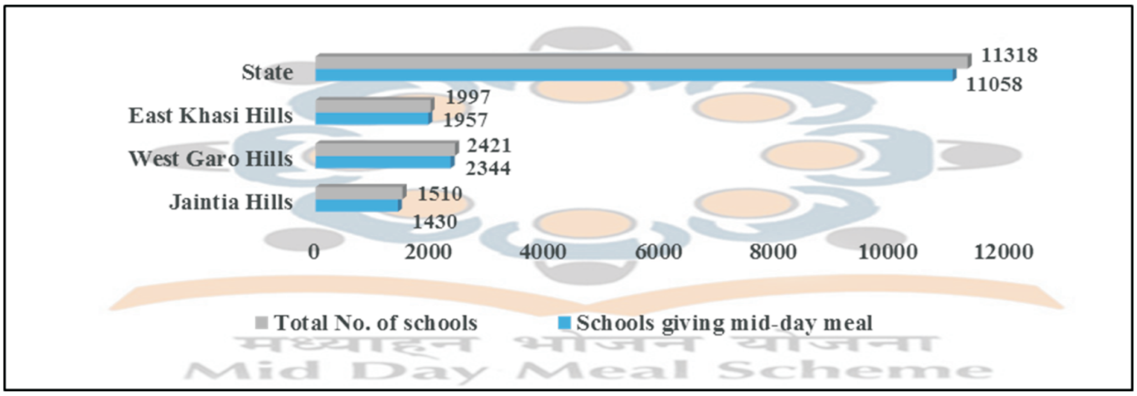
Source: SPD, SEMAM, Shillong

As is evident from the above chart, 98 *per cent* of the schools in the State had all weather school building. As of March 2016 however, 277 schools in the State were without all-weather school building which needs the attention of the Department.

vii. Availability of mid-day meal

Mid-day meal was launched by GoI in September 2004 to provide cooked meal to children so as to enhance enrolment, retention and attendance of the children. The status of availability of mid-day meal in schools (primary and upper primary) is detailed in the Chart below:

Chart -1.2.8-Availability of Mid-day meal



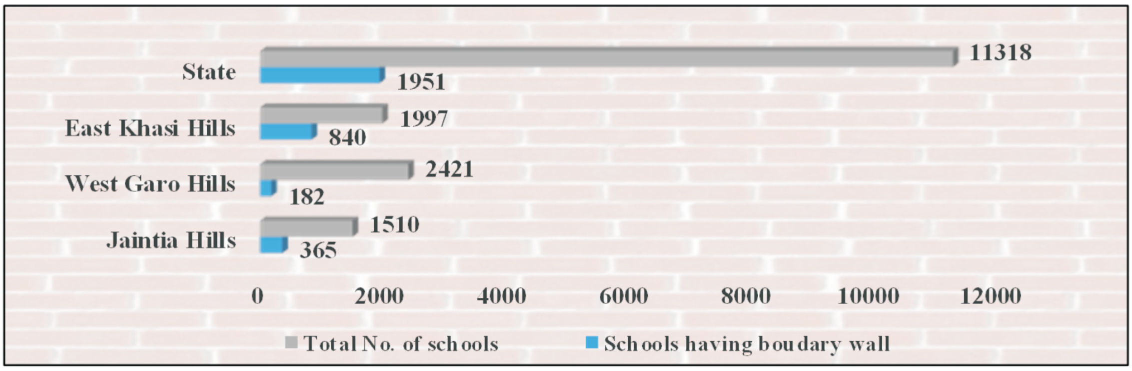
Source: SPD, SEMAM, Shillong

As is evident from the above chart, 98 *per cent* of the schools in the State were providing mid-day meal to the enrolled children while in the three selected districts, the position of schools providing mid-day meal stood at 98 *per cent*, 97 *per cent* and 95 *per cent* in East Khasi Hills, Jaintia Hills and West Garo Hills district respectively.

viii. Availability of boundary wall

Availability of boundary wall in the school ensures protection of the children from external threats and ensures their safety during school hours. The status of availability of boundary wall in schools (primary and upper primary) is detailed in the Chart below:

Chart -1.2.9-Availability of boundary wall



Source: SPD, SEMAM, Shillong

As is evident from the above chart, only 17 *per cent* of the schools in the State had boundary wall facilities while in the three selected districts, the position of schools having boundary wall stood at East Khasi Hills district-42 *per cent*, Jaintia Hills district-8 *per cent* and West Garo Hills district-24 *per cent*.

Infrastructural facilities in the State were not satisfactory especially in terms of availability of drinking water, library, electricity, playground and boundary wall in primary and upper primary schools. Poor infrastructure facilities in the schools adversely impact the enrolment, retention, motivation to attend class and quality of education.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that despite fund constraints, the Department was putting lot of efforts to meet the gaps in infrastructure and the Government with its meager fund allocation finds it difficult to improve all areas of the school.

The reply was untenable as the available balance of funds with SEMAM had been increasing over the years (***paragraph 1.2.9***). Further, GoI had been short releasing funds due to Department's inability to utilise the available funds effectively.

1.2.8.8 Release of grants

(i) Payment of School Maintenance Grant to ineligible schools

As per Financial Management and Procurement (FMP) Manual of SSA, schools having up to three classrooms were eligible for maintenance grant subject to a maximum of ₹ 5,000 per school per year. Government aided schools or other private schools were however, not eligible for the school maintenance grant.

In contravention of the above provision, school maintenance grant of ₹ 2.40 lakh ***(Appendix 1.2.1)*** was paid to 48 ineligible schools in Jaintia Hills district during 2010-16 while denying the maintenance grant to 393 eligible schools during the same period.

The State Project Director, SEMAM stated (December 2016) in his reply that the matter was being examined for taking corrective measures.

(ii) Uniform grant

School uniforms constitute an expense which poor families were often unable to afford, and thus becomes a barrier for many children to pursue and complete elementary education. SSA norms provides for supply of two sets of uniforms for all girls and ST/SC/BPL boys in Government/Aided schools within a ceiling of ₹ 400 per child per annum.

Scrutiny of records regarding disbursement of uniform grant to all girls and ST/SC/BPL boys studying in Government[12] schools revealed that 16 *per cent* to 97 *per cent* of the eligible children were deprived of uniform grant during 2010-16. Figures for the period 2012-15 were alarmingly high as 82 *per cent* to 97 *per cent* of the eligible children were deprived of uniform grant. Out of ₹ 56.32 crore approved by the Project Approval Board (PAB), only ₹ 42.44 crore was released for uniform grant during 2010-16. Further, out of ₹ 42.44 crore released, only ₹ 17.33 crore i.e. 41 *per cent* of the funds were utilised. Failure to utilise the available funds reflect inefficiency in implementation of the scheme by SEMAM thereby depriving the eligible children of the intended benefits. The details of eligible children, approval of the PAB, actual fund released, actual utilisation, the number of children deprived of the uniform grant and amount short released is detailed in the table below:

[12] Government, Government Aided and SSA schools

Table-1.2.10-Details of uniform grant in State

(₹ in lakh)

Year	No. of eligible children	PAB Approval		Actual release		Actual Utilisation		No. of children deprived (%)	Amount short released
		No. of children	Amount	No. of children	Amount	No. of children	Amount		
2010-11	Proposal was not sent by the SEMAM.								
2011-12	Proposal was not approved by the PAB.								
2012-13	347525	347525	1390.1	347525	1390.10	61317	245.27	286208 (82)	0
2013-14	347104	347104	1388.42	0	0	61728	246.91	285376 (82)	1388.42
2014-15	354921	354921	1419.68	354921	1419.68	9054	36.22	345867 (97)	0
2015-16	358536	358536	1434.14	358536	1434.14	301125	1204.50	57411 (16)	0
Total			**5632.34**	**1060982**	**4243.92**	**433224**	**1732.90**		**1388.42**

Source: SPD, SEMAM, Shillong

Further, scrutiny of records relating to disbursement of uniform grant in three selected districts during 2012-16 revealed the following picture:

Table-1.2.11- Uniform grant in three selected districts

(₹ in lakh)

Year	East Khasi Hills				West Garo Hills				Jaintia Hills			
	No. of children sanctioned as per PAB	Amount released by SEMAM	Amount of expendi-ture incurred	No. of children provided uniform (%)	No. of children sanction-ed as per PAB	Amount released by SEMAM	Amount of expendi-ture incurred	No. of children provided uniform (%)	No. of children sanction-ed as per PAB	Amount released by SEMAM	Amount of expenditure incurred	No. of children provided uniform (%)
2012-13	45870	0	0	0	89316	0	0	0	49045	0	0	0
2013-14	46473	183.48	142.27	35567 (77)	87456	0	0	0	52208	0	0	0
2014-15	48180	0	0	0	85880	0	0	0	54776	0	0	0
2015-16	50200	200.80	176.50	44126 (88)	82742	330.97	330.97	82742 (100)	55983	223.932	127.97	31992 (57)

Source: DMCs of East Khasi Hills, West Garo Hills and Jaintia Hills

In the three selected districts, no children were provided uniform grant during 2012-13 and 2014-15. Even during 2013-14, East Khasi Hills district gave uniform grants to 77 *per cent* of the eligible children. West Garo Hills and Jaintia Hills district could not provide any uniform grant. During 2015-16, East Khasi Hills and Jaintia Hills district could disburse uniform grant to only 88 *per cent* and 57 *per cent* of the eligible children.

The State Project Director, SEMAM stated (January 2017) that funds were released to School Managing Committees through the district offices for providing uniforms to children and that during 2012-13, though the entire fund on uniform was released to School Management Committees, they failed to utilise the funds during that year. He also stated that due to the above fact funds on uniforms were not released during 2013-14 and 2014-15 and expenditure during 2013-14 and 2014-15 was actually the amount adjusted against the release during 2012-13. The State Project Director also stated that during 2015-16 the entire amount was again released to the School Management Committees as approved by the PAB.

The reply confirms the audit observation that the targets of disbursement of uniform grants were not achieved as SEMAM failed to monitor timely utilisation of the uniform grant by the School Management Committees.

1.2.8.9 Distribution/transportation of free textbooks

As per the FMP Manual, free textbooks are to be provided to all children within an upper ceiling of ₹ 150 per child at Primary level and ₹ 250 per child at Upper Primary level in Government/Aided schools. The charges on textbook development, printing, transportation *etc.* will also be included in the cost of textbooks, provided cost does not exceed the upper ceiling.

According to the information furnished (January 2017) by the State Project Director, SEMAM, the achievement of target for supply of free textbooks to the enrolled children in the State during 2010-16 was as detailed below:

Table-1.2.12- Distribution of free textbooks in the State

Year	PAB Approval		Actual Release		Actual utilisation	
	Primary (No.)	Upper Primary (No.)	Primary (No.)	Upper Primary (No.)	Primary (No.)	Upper Primary (No.)
2010-11	472653	150568	472653	150568	472653	150568
2011-12	434482	134666	434482	134666	434482	134666
2012-13	348046	169776	348046	169776	348046	169776
2013-14	416775	163022	416775	163022	416775	163022
2014-15	416978	172027	416978	172027	416978	172027
2015-16	218740	180945	218740	180945	218740	180945

Source: SPD, SEMAM, Shillong

As can be seen from above, the Department had fully achieved the targets set for supply of free textbooks during 2010-16.

Crosscheck of data regarding the position of distribution of free textbooks to the enrolled children in three selected districts during 2010-16 was however, as under:

Table-1.2.13- Distribution of free textbooks in three selected districts

Name of the District	No. of children enrolled	No. of children given textbooks	Shortfall (-)/ Excess (+)
East Khasi Hills	745564	733183	(-) 12381
Jaintia Hills	452925	452925	-
West Garo Hills	692723	643668	(-) 49055
Total	**1891212**	**1829776**	(-) **61436**

Source: DMCs of three selected districts

As can be seen from Tables 1.2.12 and 1.2.13 above, even though as per SPD, SEMAM the State had fully achieved the targets set for supply of free textbooks, East Khasi Hills district and West Garo Hills district could not provide free textbooks to 61,436 children during 2010-16.

Further, scrutiny of records of District Mission Co-ordinator, West Garo Hills district regarding transportation of textbooks from the district to the blocks revealed that the district incurred an expenditure of ₹ 19.34 lakh during 2010-16. As per the vouchers supporting the payments, these textbooks were transported from the district to the blocks through 15 vehicles[13]. Crosscheck of registration number of nine vehicles with

[13] 13 and 2 vehicles were Meghalaya and Assam registered vehicles respectively

the data of the District Transport Officer, Tura revealed that while five vehicles[14] were registered as 'Goods Carrier', three other vehicles were registered as private vehicles. Of these, two vehicles were two-wheelers[15] and one was Maruti Alto[16]. One of the vehicles[17] was a bus registered in the name of the Secretary, Meghalaya Board of School Education (MBOSE). Thus, the cost of transportation of books from the district to the blocks appears to be inflated by showing two-wheelers, Maruti Alto and bus belonging to MBOSE as transport vehicles. As such, the entire amount of ₹ 19.34 lakh incurred on transportation could not be vouchsafed in audit. However, the amount of transportation incurred on two wheelers, Maruti Alto and bus registered in the name of MBOSE amounting to ₹ 2.38 lakh was fictitious and needs further investigation.

The State Project Director, SEMAM stated (December 2016) that the matter was under investigation.

1.2.8.10 Status of Civil works

Construction of school buildings/additional classrooms is one of the major interventions under RTE Act/SSA so that adequate accommodation is provided to children.

At the State level, the overall position relating to civil works as on 31 March 2016 was as under:-

Table-1.2.14- Details of Civil Works in the State

Type of buildings	Target	Completed	Incomplete works		Expenditure incurred on incomplete works (₹ in crore)
			In-progress	Not taken up	
Lower Primary	2934	2730	157	47	483.88
Upper Primary	2219	2032	163	24	
Additional Classrooms	7235	6724	185	326	
Office-Cum-Store-Cum-Head Teacher's Room (Primary)	12	7	3	2	
Office-Cum-Store-Cum-Head Teacher's Room (Upper Primary)	10	6	2	2	
Ramps	2576	2269	274	33	
Total	**14986**	**13768**	**784**	**434**	**483.88**

Source: State Civil Works Co-ordinator, SEMAM, Shillong

As is evident from the above table, out of 14,986 civil works, 1,218 civil works were lying incomplete. Most of the works were sanctioned by the PAB during 2010-13 but were lying incomplete even after a lapse of 3 to 6 years of their approval. Out of 1,218 civil works, 434 civil works had not been taken up. As such, funds to the tune of ₹ 483.88 crore incurred on 1,218 incomplete works were lying infructuous till the date of audit (July 2016).

14 ML08 B 5389, ML08 B 5972, ML08 A 8877, ML08 B 4199 and ML08 B 5247
15 ML08 5893 and ML08 8877
16 ML08 B 0826
17 ML08 9795

Cut imposed by the GoI due to failure to utilise funds as per the FMP Manual was the main reason for delay in completion of civil works. The cut imposed by the GoI has been discussed in ***paragraph 1.2.9.***

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that the main reasons for delay in completion of civil works was State border dispute, monsoon, law and order problem, delay in receipt of funds from GoI/GoM and the present system of routing GoI funds to SEMAM through GoM.

The reply was not tenable as SEMAM had failed to adequately spend the funds resulting in GoI imposing cuts on further releases. Further, Department/SEMAM had failed to streamline the administrative mechanism for transfer of funds from GoI to SEMAM after enactment of the RTE Act 2009.

➢ *Status of civil works in selected districts*

Scrutiny of records relating to civil works undertaken under SSA in three selected districts during 2010-16 revealed the following deficiencies:

i. East Khasi Hills District

a. Incomplete works

Scrutiny of records revealed that 47 civil works[18] valuing ₹ 6.30 crore approved in the PAB of 2010-11 and 2011-12 were lying incomplete till the date of audit (July 2016) resulting in expenditure of ₹ 4.78 crore incurred on those works lying unfruitful.

b. Works not taken up

Audit further observed that civil works in 30 schools valuing ₹ 3.51 crore which were approved in the PAB of 2010-13, were not taken up due to land not being available. Equal number of works were to be carried out in 30 new schools by replacing the earlier approved schools with a list of new schools. Even till the date of audit (July 2016), the list of new schools had not been finalised and work not taken up. Further, records were also not available to show that PAB had permitted the replacement of the original list of schools with the new list.

ii. Jaintia Hills District

a. Incomplete works

Scrutiny of records revealed that 95 civil works approved in the PAB of 2010-11 and 2011-12 were lying incomplete till the date of audit (July 2016) resulting in expenditure of ₹ 5.09 crore incurred on those works still lying unfruitful.

iii. West Garo Hills District

The details of the civil works (school wise) undertaken in the West Garo Hills district during 2010-16 were not furnished to Audit despite repeated requests.

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[18] Construction of additional classrooms and school building

1.2.8.11 Quality of education

Quality education is contingent upon the teachers' professional qualification, attendance of teachers as well as children, training of the teachers, computer assisted learning, *etc.* The deficiencies observed in the parameters which determine the quality of education are discussed in the succeeding paragraphs.

i. High proportion of untrained teachers

Rule 17 of the Meghalaya Right of Children to Free and Compulsory Education Rules, 2011, stipulates that the State Government shall provide adequate teacher education facilities to ensure that all teachers, who do not possess the minimum qualifications[19] as per the RTE Act, are to acquire such minimum qualifications within a period of five years from the commencement of the Act.

Despite having seven District Institute for Education and Training (DIETs) under Director of Education, Research and Training (DERT) and National Institute of Open Schooling (NIOS) centres, majority of the teachers[20] in the State were untrained (not having specified minimum qualification) even after lapse of six years of enactment of the RTE Act as detailed below:

Table-1.2.15- Position of trained and untrained teachers in the State

Year	Primary			Upper Primary			Total			Teachers trained
	Trained teachers (%)	Untrained teachers (%)	Total	Trained teachers (%)	Untrained teachers (%)	Total	Trained teachers (%)	Untrained teachers (%)	Total	
2010-11	4584 (23)	15627 (77)	20211	2100 (15)	11866 (85)	13966	6684 (20)	27493 (80)	34177	Nil
2011-12	4048 (20)	15926 (80)	19974	2196 (15)	12542 (85)	14738	6244 (18)	28468 (82)	34712	Nil
2012-13	3926 (21)	15100 (79)	19026	1910 (14)	11846 (86)	13756	5836 (18)	26946 (82)	32782	Nil
2013-14	4031 (21)	14952 (79)	18983	1983 (14)	12022 (86)	14005	6014 (18)	26974 (82)	32988	4385
2014-15	4210 (22)	14688 (78)	18898	2096 (15)	12038 (85)	14134	6306 (19)	26726 (81)	33032	3437
2015-16	4311 (23)	14833 (77)	19144	2186 (15)	12032 (85)	14218	6497 (19)	26865 (81)	33362	Nil

Source: DSEL, Shillong

As is evident from the above table, 77 *per cent* and 85 *per cent* of the primary and upper primary teachers respectively were untrained in the State (March 2016). There was no improvement in the position of untrained teachers both in the primary as well as upper primary schools during the period covered by audit.

Further, during the period covered by Audit, only 4,385 and 3,437 untrained teachers were trained during 2013-14 and 2014-15 respectively. No teachers were trained during 2010-11 to 2012-13 and during 2015-16.

Failure to reduce the percentage of untrained teachers indicates that no sincere efforts were made by the SEMAM for training the teachers for attaining the minimum qualification as per the NCTE norms. The percentage of untrained teachers remained the same even after lapse of 5 years thereby signifying that the quality of education imparted to the children under the Act was being compromised.

[19] For primary: Class XII + Diploma in Elementary Education. For Upper Primary: Graduate + Bachelor in Education (B.Ed)

[20] Government +Aided+ SSA

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that in-service training for Diploma in Elementary Education was underway. During the Exit Conference (November 2016), the Commissioner & Secretary, Education Department stated that new recruitments would be made as per NCTE norms only.

ii. Shortage of teachers in primary schools

Framework for implementation of SSA and RTE Act provides that there should be at least two teachers in primary section and at least one teacher for every class in Upper Primary Schools with pupil teacher ratio (PTR) of 40:1 and 35:1 respectively. Besides, one teacher each for science and mathematics, social studies, languages and a full time head-teacher was required to be posted in every Upper Primary School. No school should be with a single teacher. These parameters were to be achieved by March 2013.

While the placement of teachers in upper primary schools satisfied the norms specified under the RTE Act, there was a shortage of 1,748 teachers in primary schools[21]. The position of teachers in the upper primary and primary schools as of March 2016 is shown in the table below:

Table-1.2.16- Shortage of teachers in Primary schools

Year	Upper Primary (Government, Government Aided and SSA schools)			Primary (Government, Government Aided and SSA schools)			
	No. of children enrolled	No. of teachers required as per RTE Act	Teachers in position	No. of children enrolled	No. of teachers required as per RTE Act	Teachers in position	Shortfall (+)
2010-11	134666	10089	13891	434482	24796	20197	4599
2011-12	169766	11259	14661	430846	23035	19961	3074
2012-13	162352	10795	13636	415239	21066	19016	2050
2013-14	172027	11051	13867	416978	20879	18961	1918
2014-15	179756	11211	13980	418090	20728	18832	1896
2015-16	190480	11425	14062	422844	20827	19079	1748

Source: DSEL, Shillong

As is evident from the above table, there was consistent shortage of teachers in the primary schools. Though the shortages have been decreasing during 2010-16, State had failed to achieve the PTR even after lapse of three years of the targeted date of compliance.

Further, contrary to the provisions of the Act, the State till March 2016 had 224[22] single teacher primary schools with 7,769 enrolled children therein.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that rationalisation of teachers was under process.

iii. Implementation of Computer Aided Learning (CAL)

Computer Aided Learning (CAL) is an important component under SSA and its real purpose is to make teaching learning process practical and simple. CAL not only makes learning interesting and joyful, but also induces novelty in thinking approach of the

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21 Government, Government Aided and SSA

22 East Khasi Hills:13, West Khasi Hills:7, Jaintia Hills:44, Ri-Bhoi:3, West Garo Hills:111, East Garo Hills:17, and South Garo Hills:29

children thereby enhancing their imaginative power. In Meghalaya, Government and SSA upper primary schools having electrical connection and enrolment of more than 30 students were eligible to be provided with CAL.

The position of implementation of CAL in eligible schools in three selected districts during 2010-16 is detailed below:

Table-1.2.17- Implementation of CAL in three selected districts

Year	East Khasi Hills			West Garo Hills			Jaintia Hills		
	Total No. of eligible Schools	No. of Schools covered under CAL during the year	No. of schools where CAL actually functioning	Total No. of eligible Schools	No. of Schools covered under CAL during the year	No. of schools where CAL actually functioning	Total No. of eligible Schools	No. of Schools covered under CAL during the year	No. of schools where CAL actually functioning
2010-11	362	-	-	309	-	-	342	39	25
2011-12	442	41	41	309	25	25	360	39	33
2012-13	446	-	-	309	-	-	364	-	-
2013-14	439	-	-	309	-	-	366	-	-
2014-15	448	6	6	309	9	9	369	2	2
2015-16	448	-	-	309	21	-	369	5	5
Total	**448**	**47**	**47**	**309**	**55**	**34**	**369**	**85**	**65**

Source: DMCs of East Khasi Hills, West Garo Hills and Jaintia Hills

From the above table, it can be seen that during the period under audit:

i. Implementation of CAL in the East Khasi Hills district was not satisfactory as only 41 Upper Primary Schools in 2011-12 and six Upper Primary Schools in 2014-15 could be covered under CAL. At the end of 2015-16, out of 448 Upper Primary Schools, CAL was implemented in only 47 Upper Primary Schools (10 *per cent*) leaving 441 Upper Primary Schools without CAL facilities.

ii. In the West Garo Hills district, CAL was implemented only in 25 Upper Primary Schools in 2011-12 and 9 Upper Primary Schools in 2014-15. Though 21 Upper Primary Schools were covered during 2015-16, they had not been made functional (July 2016). At the end of 2015-16, out of 309 Upper Primary Schools, CAL was implemented in only 55 Upper Primary Schools (18 *per cent*) leaving 254 Upper Primary Schools without CAL facilities. Even out of 55 Upper Primary Schools covered under the CAL, only 34 (62 *per cent*) were functioning.

iii. In the Jaintia Hills district, CAL was implemented only in 85 Upper Primary Schools during 2010-16. At the end of 2015-16, out of 369 Upper Primary Schools, CAL was implemented in only 85 Upper Primary Schools (23 *per cent*) leaving 284 Upper Primary Schools without CAL facilities. Even out of 85 Upper Primary Schools covered under the CAL, only 65 (76 *per cent*) were functioning.

Implementation of CAL in 10 *per cent* to 23 *per cent* of the Upper Primary Schools of the three selected districts was far from satisfactory. The slow progress of the CAL had resulted in depriving 77 *per cent* to 90 *per cent* of children of the eligible schools from the benefits of computer aided learning.

The State Project Director, SEMAM stated (December 2016) in his reply that fund constraint was one of the reason for which schools proposed were not fully approved by the PAB.

1.2.8.12 Implementation and compliance of the RTE Act, 2009

The deficiencies observed in implementing and complying with the various mandatory provisions of the RTE Act, 2009 are detailed in the succeeding paragraphs:

i. Neighbourhood norm based on population not notified

Under Sec 6 of the RTE Act, the local authority is to establish a school within three years of the commencement of the Act in such area or limits of the neighbourhood as may be prescribed.

The State Government had notified (August 2013) the neighbourhood norms in terms of distance only under the Meghalaya Right of Children to Free and Compulsory Education (MRCFCE) Rules, 2011. Though GoI had asked the State to notify the definition of neighbourhood incorporating population norms, this had not been done. Due to absence of notification of neighbourhood norms in terms of habitations based on the population, the PAB did not approve setting up of new schools during 2013-14. Even during 2014-15 and 2015-16, only five and 19 new primary schools respectively were approved with the directive to assess future requirements through GIS mapping of schools based on population.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that the State norms for Neighbourhood definition had been tabled in the Cabinet.

ii. Enrolment, Identification of poor children belonging to disadvantaged sections, plans to increase enrolment, increase in enrolment

Sec 8 of the RTE Act 2009 stipulates that the government should ensure that the child belonging to weaker section and disadvantaged group are not discriminated against and prevented from pursuing and completing elementary education on any grounds.

The Education Department had issued notification regarding reservation[23] for children belonging to weaker section and disadvantaged group in the neighbourhood school in August 2013 i.e. after a lapse of 4 years of enactment of the Act. Apart from the notification, the Department had not even fixed the rates for reimbursement for children enrolled from the weaker sections of the society by the un-aided schools. As such, rights of the poor children belonging to the weaker and disadvantaged sections were not protected and they were deprived of their intended benefits as envisaged under the RTE Act.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) that Local Authorities are oriented about the need to identify children eligible for reservation. However, till date, application for reimbursement or claims for reservation had not been received.

[23] As per provisions of RTE Act, 2009, at least 25 *per cent* of the strength of each class should be reserved for children belonging to weaker sections and disadvantaged group in the unaided neighbourhood schools.

Reply was not tenable as the Department, apart from issue of notification regarding children belonging to weaker sections and disadvantaged groups in the neighbourhood schools in August 2013, had not taken any further steps. It had even till January 2017 not finalised the rate for re-imbursement.

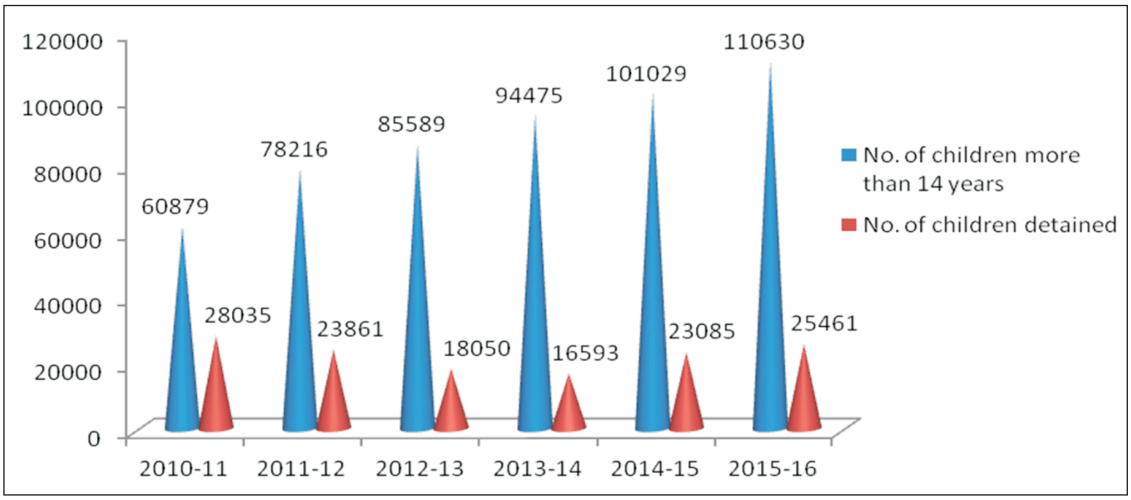
iii. Identification of children of more than 14 years but still in elementary education

As per the provisions of the RTE Act, every child of 6-14 years of age has a right to free and compulsory education till completion of the elementary school. The Act also provided that every child be admitted in a class appropriate to his/her age and that no child be held back in any class or expelled from school till the completion of elementary education.

The position of children aged more than 14 years but still in elementary school and children who were detained during 2010-16 is shown in the Chart below:

Chart -1.2.10

Position of children aged more than 14 years but still in elementary education



Source: SPD, SEMAM

In the three selected districts, the position of children aged more than 14 years but in elementary school and children who were detained during 2010-16 was as follows:

Table-1.2.18- Position in selected districts

Year	East Khasi Hills		West Garo Hills		Jaintia Hills	
	No. of children more than 14 years	Percentage of increase as compared to 2010-11	No. of children more than 14 years	Percentage of increase as compared to 2010-11	No. of children more than 14 years	Percentage of increase as compared to 2010-11
2010-11	14973	-	12352	-	6860	-
2011-12	17575	17	19063	54	8546	25
2012-13	17620	18	17224	39	10721	56
2013-14	19753	32	20963	70	10519	53
2014-15	21478	43	23823	93	8986	31
2015-16	21304	42	26909	118	11091	62

Source: SPD, SEMAM

As is evident from the above table, the number of children aged more than 14 years but in elementary education had increased by 42 *per cent,* 118 *per cent and* 62 *per cent* in East Khasi Hills, West Garo Hills and Jaintia Hills districts respectively during 2010-16. The Department however, could not furnish the year-wise data regarding number of children detained in the same class.

Thus, the Department did not implement the provisions of the RTE Act of not detaining any enrolled child till the completion of elementary education. Further, the number of children aged more than 14 years but still in elementary education showing an upward trend indicated that the Department had also failed to admit every child in a class appropriate to his/her age.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that as the system of Continuous and Comprehensive Evaluation (CCE) had not been fully implemented, 'no-detention' policy was difficult to implement. He also stated that the State Academic Authority was working to put the system in place.

iv. Providing of pre-school education facilities to children

As per the RTE Act, the Central/State Government has to provide for pre-school education to prepare children above the age of three years for elementary education and to provide early childhood care and education for all children until they complete the age of six years. In order to provide pre-school education, SSA emphasises convergence with the Integrated Child Development Services by providing specific support to existing ICDS centres from funds available under the head 'Innovative Activities'.

Though the convergence was to be carried out with the ICDS by holding regular inter departmental meetings at State, district, and block level between SSA officials and the ICDS programme officials, joint training of Anganwadi workers, primary school teachers and health workers for a convergent understanding of benefits of pre-school for primary school enrolments, this was not done.

The Special & Nodal Officer, RTE, DSEL-SSA in his reply admitted (August 2016) that the ICDS and the Education Department had not converged in the manner that it was mandated. He also stated that the pre-primary structure was more of private sector initiative, nevertheless, the Education Department was seriously studying the possibilities to extend its wings to incorporate pre-primary on a large scale.

v. Formulation of School Development Plan

As per the RTE Act and MRCFCE Rules, every School Management Committee shall prepare a three year School Development Plan (SDP) comprising three annual sub-plans. The SDP so prepared shall be the basis for the plans and grants to be made by the appropriate Government or local authority, as the case may be.

In three selected districts of East Khasi Hills, Jaintia Hills and West Garo Hills districts, the formulation of SDPs is detailed below:

Table-1.2.19-Position of SDPs in selected districts

Particulars	2010-11			2011-12			2012-13			2013-14			2014-15			2015-16		
	EKH	WGH	JH	EKH	WGH	JH	EKH	WGH	JH	EKH	WGH	JH	EKH	WGH	JH	EKH	WGH	JH
1. Total No. of schools	1929	1846	3622	2002	1852	1289	1972	1855	1635	1931	1853	1615	1969	1861	1624	1990	1858	1681
2. No. of schools where School Develop-ment Plan (SDP) have not been prepared	1266 (66)	1846 (100)	0	1266 (63)	1852 (100)	0	1072 (54)	1855 (100)	0	1026 (53)	1853 (100)	797 (49)	1004 (51)	1861 (100)	796 (49)	999 (50)	1858 (100)	795 (47)

Source: DMCs, East Khasi Hills and West Garo Hills district

As is evident from the above table, while in the selected districts, no school in West Garo Hills district had prepared the SDPs during 2010-16. In East Khasi Hills and Jaintia Hills district, 50 *per cent* to 66 *per cent* and 47 *per cent* to 49 *per cent* of the schools respectively had not prepared SDPs. Failure of such large number of schools to prepare SDPs indicated that the district plans which had to source its data from the SDPs were not framed on actual data.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that the Meghalaya School Improvement Plan (MSIP) in line with the NPSSE/Shaala Sidhdhi was under process for improvement of education through school standards and evaluation. Once the programme was implemented the School Development Plan will be replaced by MSIP.

vi. De-recognition of schools due to non-compliance to standards; schools running without certificate of recognition

Under the RTE Act, no school, other than those owned/controlled by the Government/Local Authority, is to be established without obtaining certificate of recognition. Any person who establishes or runs a school without obtaining certificate of recognition becomes liable to fine which may extend to one lakh rupees.

Scrutiny of records of the SPD, SEMAM revealed that 115 unrecognised schools have been functioning in the State without obtaining the certificate of recognition till the date of audit (July 2016). Similarly, in three selected districts, 109 un-recognised schools[24] were running as of March 2016 without obtaining the certificate of recognition.

The Director of School Education and Literacy, Meghalaya functioning under the SEMAM is the authority for monitoring and regulating the functioning of schools in the State. Despite penal provisions provided under the RTE Act, neither any punitive action has been taken nor any fines imposed by the SEMAM.

The State Project Director, SEMAM stated (January 2017) in his reply that steps would be undertaken for closure of those schools which do not comply with the RTE Act.

[24] East Khasi Hills district: 63, West Garo Hills district: 1 and Jaintia Hills district:45

1.2.9 Financial Management

As per the SSA Manual, the GoI would release funds directly to the bank account of the State Implementing Society in two instalments in a year. Further instalments would be released to the Society only after the State Government has transferred its matching funds to the Society and expenditure of at least 50 *per cent* of the funds transferred (Centre and States) has been incurred. The objective is to allow States to fully utilise the allocation for elementary education. The second instalment shall be released based on the progress in expenditure and the quality of implementation.

The year wise details of funds approved and released by GoI and GoM to SEMAM and by SEMAM to DMCs during 2010-16 is shown below:

Table No.1.2.20- Available funds and release by SEMAM

(₹ in crore)

Year	Opening balance	PAB approvals		Actual releases		Shortfall in release		13th Finance Commission	Other receipt	Total funds available	Release by SEMAM to DMCs	Expenditure
		GoI Share	GoM Share	GoI	GoM	GoI	GoM					
2010-11	45.78	249.07	27.67	185.41	4.91	63.66 (26)	22.76 (82)	0.00	3.66	239.76	171.25 (71)	174.61
2011-12	65.15	403.16	44.80	144.11	18.30	259.05 (64)	26.50 (59)	19.00	23.52	270.08	181.50 (67)	197.35
2012-13	72.74	427.69	47.52	186.71	29.40	240.98 (56)	18.12 (38)	10.00	15.01	313.86	219.73 (70)	249.07
2013-14	65.01	350.36	38.93	283.41	29.60	66.95 (19)	9.33 (24)	11.00	36.42	425.44	271.79 (64)	280.39
2014-15	145.05	312.69	34.74	204.05	30.31	108.64 (35)	4.43 (13)	0.00	36.17	415.58	174.51 (42)	314.59
2015-16	100.98	257.15	28.57	166.27	31.41	90.88 (35)	-2.84	0.00	3.03	301.69	166.84 (55)	210.04
Total		**2000.12**	**222.23**	**1169.96**	**143.93**	**830.16**	**78.30**	**40.00**	**117.81**	**1966.41**	**1185.62**	**1426.05**

Source: SPD, SEMAM, Shillong

As is evident from the above table, though GoI and GoM had to release ₹ 2,000.12 crore and ₹ 222.23 crore respectively during 2010-16, there was a short release of ₹ 830.16 crore and ₹ 78.30 crore by GoI and GoM respectively. The shortfall in the release of share by GoI and GoM ranged from 19 *per cent* to 64 *per cent* and 13 *per cent* to 82 *per cent* respectively. The shortfall in release of funds was mainly on account of inability of the Department to fully utilise the funds released during the year. As a result, unutilised funds were adjusted against the budget provision of the next year. Thus, due to inability to spend the available funds, the programme was deprived of Central and State assistance to the tune of ₹ 908.46 crore[25]. Out of the short released funds received by the SEMAM, it further released only 55 *per cent* to 71 *per cent* of available funds to DMCs. Curtailment of funds by the GoI and GoM and by SEMAM to District Mission Co-ordinators (DMCs) affected the efficient implementation of the RTE Act as due to paucity of fund household surveys were not conducted, there was ad hoc apportioning of funds for enrolled CWSNs, lack of infrastructure[26] in Government, Government aided and SSA schools, *etc.* as pointed out in the earlier paragraphs.

The deficiencies noticed in financial management of the scheme are discussed in succeeding paragraphs.

25 Central share: ₹ 830.16 crore + State share: ₹ 78.30 crore

26 Drinking water, separate toilet for girls and boys, library facilities, availability of electricity/ playground/all weather school building /boundary wall , etc

1.2.9.1 Diversion of funds

i. Uniform grant utilised for payment of staff salary

During 2015-16, PAB approved an amount of ₹ 2.24 crore to DMC, Jaintia Hills district for uniform grant to the eligible children. Due to paucity of funds, the SPD, SEMAM however, instructed (December 2015) the DMC, Jaintia Hills district to pay the teachers' salary for the months of October, November and December 2015 from the balance available under Civil works/Uniform grant/or any other fund available which will be replenished in the next release on receipt of GoI share of 2nd instalment. The DMC, Jaintia Hills district accordingly diverted funds to the tune of ₹ 50.48 lakh from the uniform grant to pay the salary of teachers as shown in the table below:

Table No. 1.2.21-Diversion of uniform grant

₹ in lakh

Sl. No.	Name of the Block	Amount approved by PAB for Uniform	Amount utilised for salary of teachers
1	Thadlaskein	66.85	14.18
2	Laskein	44.49	14.15
3	Khleihriat	59.62	-
4	Saipung	29.18	9.62
5	Amlarem	23.8	12.53
	Total	**223.94**	**50.48**

Source: DMC, Jaintia Hills District, Jowai

This diversion consequently resulted in 23,991 out of 55,983 eligible children being deprived of the uniform grant during 2015-16 (Refer ***paragraph 1.2.8.8***). Again, contrary to the SPD's assurance, funds diverted from uniform grant for payment of salary to teachers had not been replenished till the date of audit (August 2016).

1.2.9.2 Audit by the Chartered Accountant Firm

As per the SSA norms, a Chartered Accountant should audit the accounts of the State Implementation Society annually and submit an annual audit report. The deficiencies observed in this regard are detailed below:

i. Selection of same Chartered Accountant Firms

As per Financial Management and Procurement (FMP) Manual of SSA, the Chartered Accountant selected for audit of the State Implementation Society shall be engaged initially for a period of one year. If found suitable, services of the Chartered Accountant firm may be extended on an annual basis for a maximum of further two years. However, in no case should a Chartered Accountant firm be entrusted with the external audit responsibility for a period exceeding three years.

Contrary to the FMP Manual of SSA, same Chartered Accountant firm was selected for periods exceeding three years as detailed below:

Table-1.2.22-Selection of Chartered Accountant Firm

<table>
<tr><th rowspan="2">Year</th><th colspan="4">Name of the Chartered Accountant Firm</th></tr>
<tr><th>SEMAM</th><th>East Khasi Hills</th><th>West Garo Hills</th><th>Jaintia Hills</th></tr>
<tr><td>2010-11</td><td rowspan="4">R. Pal & Co.</td><td rowspan="4">R. Pal & Co.</td><td>Sanjay Hazarika</td><td>Randal & Co.</td></tr>
<tr><td>2011-12</td><td rowspan="2">D. Das & Associates</td><td>Kiron Joshi & Associates</td></tr>
<tr><td>2012-13</td><td>D. Das & Co.</td></tr>
<tr><td>2013-14</td><td>Ajit Paul & Co.</td><td>D. Das & Co.</td></tr>
<tr><td>2014-15</td><td>A. Paul & Co.</td><td>Randal & Co.</td><td>Kiron Joshi & Associates</td><td>A. Paul & Co.</td></tr>
</table>

Source: Audit Reports

As is evident from the above table, same Chartered Accountant firm was selected for audit of the SEMAM as well as District Mission Co-ordinator (DMC), East Khasi Hills district consecutively for 4 years in a row. However, in case of West Garo Hills and Jaintia Hills district, rotation of Chartered Accountant firm was done in line with the SSA norms.

ii. Delay in completion of audit by the Chartered Accountant Firms and in submission of Audit Report to GoI

As per FMP Manual of SSA, the Chartered Accountant firm should complete the audit by 31st August every year. Thereafter, the State Government would comment on the audit report received from the implementing society and forward it to Government of India for acceptance by 1st November every year.

Contrary to the above provisions, there were delays ranging between 2 and 4 months in completion of audit by the Chartered Accountant and resultant delay ranging between 1 month and 3 months in submission of Audit Reports to GoI as detailed below:

Table-1.2.23-Delay in completion and submission of Audit Reports

Year of accounts	Scheduled date of completion of audit	Actual date of completion of audit	Delay (months)	Scheduled date of submission of Audit Report to GoI	Actual date of submission	Delay (months)
2010-11	August 2011	09-01-2012	4	1st November 2011	25-01-2012	3
2011-12	August 2012	10-01-2013	4	1st November 2012	28-01-2013	3
2012-13	August 2013	20-12-2013	4	1st November 2013	26-12-2013	2
2013-14	August 2014	20-11-2014	3	1st November 2014	24-11-2014	1
2014-15	August 2015	02-11-2015	2	1st November 2015	12-11-2015	Nil

Source: SPD, SEMAM, Shillong

As can be seen from above table, due to delay in completion of audit, there was also resultant delay in submission of Audit Report to the GoI. Audit also noticed that these Audit Reports were forwarded to GoI without any comments of the State Government.

The State Project Director, SEMAM while accepting the audit observations stated (January 2017) in his reply that corrective measures would be taken for future implementation in selection of Chartered Accountants Firms and to adhere to the timelines set by GoI.

1.2.9.3 Improper accounting of RTE Fund

i. Discrepancy in the Fund Account

There were discrepancies in the balance of 'Fund Account' in the Balance Sheets of SEMAM and three selected districts (East Khasi Hills, Jaintia Hills and West Garo Hills districts) as on 31 March 2013 and 31 March 2014, as detailed below:

Table-1.2.24 - Discrepancy in Fund Account

(₹ in lakh)

Balance Sheet of	Accounting Year	Closing balance of Fund A/c as on 31 March	Opening balance of Fund A/c as on 01 April	Overstatement (+)/ Understatement (-)
SEMAM	2012-13 and 2013-14	9733.77	9790.56	(+) 56.79
DMC, EKH		615.58	634.57	(+) 18.99
DMC, WGH		3042.58	2963.85	(-) 78.73
Jaintia Hills	2010-11 and 2011-12	1086.09	1030.46	(-) 55.63

Source: Audit Reports of SEMAM & DMCs for 2012-13 & 2013-14

The reasons for the discrepancies were neither on record nor stated though called for (June 2016).

Audit cannot draw any assurance regarding the accuracy of the financial statements due to discrepancy in the opening and closing balances of the 'Fund Account'.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that the discrepancy was being rectified.

ii. Charging of depreciation

FMP Manual of SSA does not provide for charging of depreciation on fixed assets created under the SSA/RTE Act. The GoI also reiterated that depreciation should not be charged.

Scrutiny of the financial statements of SEMAM, DMC, East Khasi Hills, DMC, West Garo Hills and DMC, Jaintia Hills district however, revealed that depreciation were charged on the fixed assets as detailed below:

Table-1.2.25 - Charging of depreciation

(₹ in lakh)

Year	Depreciation Charged			
	SEMAM	DMC, EKH	DMC, WGH	DMC, Jaintia Hills
2010-11	37.53	6.68	5.46	2.82
2011-12	46.18	11.89	2.95	10.37
2012-13	56.78	18.99	2.41	6.27
2013-14	Nil	Nil	Nil	7.47
Total	**140.49**	**37.56**	**10.82**	**26.93**

Source: Audit Reports of SEMAM & DMCs

Charging of depreciation not only contravened the provision of the FMP Manual but also resulted in understatement of income in 'Income and Expenditure account' and 'Capital Fund account' of SEMAM in the Balance Sheet during the respective years.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that depreciation charged on fixed assets under SEMAM was done as per the universal accounting rule and on submission of the balance sheet to the GoI, the same was accepted.

The reply was not tenable as the action was in violation of the FMP Manual.

1.2.10 Monitoring and supervision

Regular monitoring and evaluation is a key factor for effective and efficient implementation of any programme. Monitoring has to be a continuous process with both programme implementation and outcome indicators required to be monitored on a regular basis. The deficiencies in the monitoring and supervision aspects are detailed in the succeeding paragraphs.

1.2.10.1 State Advisory Committee

In exercise of the powers conferred by Section 34 of the RTE Act 2009 read with Rule 26 of the MRCFCE Rules 2011, the GoM constituted the State Advisory Council (March 2012) to advise the State Government on implementation of the provisions of the Act in an effective manner. The deficiencies in formation and functioning of the SAC are detailed below:

i. As per the RTE Act, the number of members of SAC should not exceed 15. Contrary to the norm, the SAC was re-constituted in March 2015 with 26 members.

ii. As per the provisions of the MRCFCE Rules 2011, 50 *per cent* of the SAC members should be females. Contrary to the provision of the Rules, the SAC constituted in March 2012 had only 4 female members (27 *per cent*) and re-constituted SAC of March 2015 had only 5 female members (19 *per cent*).

iii. The MRCFCE Rules provides that three months should not intervene between the last and the next meeting of the SAC. The SAC however, met only once (27 November 2012) since its constitution in March 2012 till the date of audit (July 2016).

Thus, the composition of the SAC was not in conformity with the norms laid down under the RTE Act/MRCFCE Rules. Further, holding of only one meeting between March 2012 and March 2016 indicated that the effectiveness of the SAC in advising the State Government on implementation of the provisions of the Act was virtually non-existent.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that the matter was under process.

1.2.10.2 Shortfall in inspections

Under the RTE Act, inspections of the schools are basically done by the Community Resource Personnel (CRPs), Block Resource Personnel (BRPs) and District Co-ordinators. Further, every district was to submit Quarterly Quality Monitoring Format which served as a tool for inspection.

Scrutiny of the records however, revealed that four out of seven districts were not submitting these reports. Out of the three selected districts, only East Khasi Hills district was submitting these reports regularly.

The position of inspections carried out by the CRPs, BRPs and the District Co-ordinators in three selected districts observed during the physical verification of selected schools is shown below:

Table-1.2.26 - Inspection in selected schools

Name of the District	Period	No. of schools visited	No. of times schools were inspected by the CRPs, BRPs and District Co-ordinators					No. of schools not yet inspected (%)
			1-5 times	5-10 times	10-15 times	15-22 times	>22 times	
East Khasi Hills	2010-16	51	34	10	2	3	Nil	2 (4)
West Garo Hills		50	21	6	2	Nil	Nil	21 (42)
Jaintia Hills		51	3	13	15	8	11	1 (2)
Total		**152**[27]						

Source: Questionnaire filled by the selected schools

As is evident from the above table, the inspection of schools in West Garo Hills was low as compared to the East Khasi and Jaintia Hills district since 42 *per cent* of the schools were not inspected even once during 2010-16.

SEMAM had not prescribed any standard for inspection of schools by the CRPs, Block Resource Personnel (BRPs) and District Co-ordinators. Hence, majority of the schools (68 *per cent* in EKH and 42 *per cent* in WGH) were inspected 1-5 times during 2010-16 while 67 *per cent* of the schools of Jaintia Hills district were inspected more than 10 times during the same period. This showed that inspections were carried out in haphazard and *ad hoc* manner.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that corrective measures would be undertaken.

1.2.10.3 Monitoring by the MSCPCR

In exercise of the powers conferred by Section 36 of the Commission for Protection of Child Rights Act, 2005, the State Government notified the Meghalaya State Commission for Protection of Child Rights Rules, 2013 (MSCPCR) on 10 July 2013. The Chairperson was appointed in February 2014 and the Commission commenced functioning from May 2014. The different aspects of functioning of the MSCPCR with respect to the RTE Act are detailed below:

i. Shortfall in holding meetings

As per MSCPCR Rules 2013, the Commission shall meet regularly, but three months shall not intervene between its last meeting and the next meeting. Contrary to the above provisions, the MSCPCR met only twice (06 February 2015 and 30 September 2016) during 2014-16.

[27] Actual number of schools physically verified was 90. But schools having both primary and upper primary classes were counted as separate schools (totalling 152) in order to align it with the method of counting of schools adopted by SEMAM.

ii. Fund not released by SEMAM

PAB approved ₹ 5.00 lakh and ₹ 5.60 lakh for MSCPCR during 2014-15 and 2015-16 respectively. These funds had however, not been released to the MSCPCR till the date of audit (July 2016).

iii. Absence of Child helpline

As per the Meghalaya Right of Children to Free and Compulsory Education Rules 2011, the SCPCR shall set up a child helpline accessible by SMS, telephone and letter, which would act as a forum for aggrieved child/guardian to register complaint regarding violation of rights under the Act.

Contrary to the above provisions, the MSCPCR had not set up a child helpline number to provide accessibility through SMS and telephone. The Education Department however, accepted written and verbal complaints under the RTE Act.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) in his reply that audit observations were noted for future compliance.

1.2.10.4 Internal Audit

Internal Audit is a control that functions by examining and evaluating the adequacy and effectiveness of other controls throughout the organisation. The responsibilities of the internal auditor should include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with SSA financial norms and State Government procedures.

Deficiencies observed in the internal audit of the SEMAM are detailed below:

i) The post of Senior Audit Officer (SAO) and Financial Consultant (FC) of the SPD, SEMAM was being held by the same person on dual charge basis. This is against the propriety of independence of audit from the finance wing.

ii) Two sanctioned posts of Senior Auditor had been lying vacant during 2010-14. One Senior Auditor was only appointed during 2014-15. As such, one post of Senior Auditor was lying vacant till the date of audit (July 2016).

iii) Though the office of the SEMAM was having Senior Audit Officer, Internal Audit Officer and Senior Auditor, SEMAM hired Chartered Accountant Firms every year for conducting internal audit. Reasons though called for (October 2016) were not furnished.

The Special & Nodal Officer, RTE, DSEL-SSA stated (August 2016) that:

i. The Financial Consultant in position recently resigned from his post and Sr. Audit Officer was given charge till the competent person fit for the post was appointed.

ii. Audit observation noted for future compliance.

iii. The GoI allows the State to hire Chartered Accountants till the time In-house Audit is strengthened.

1.2.11 Joint physical verification of schools

Physical verification of 152 schools[28] was undertaken by the officers of SEMAM (BMCs) and the audit team to assess the actual implementation of RTE Act at the school level. The deficiencies observed during the verification are detailed below:

1.2.11.1 Qualification of teachers

The qualification of teachers in selected schools of three districts is detailed below:

Table-1.2.27-Qualification of teachers in selected schools

Name of the District	No. of schools	Total No. of teachers	Qualification of teachers (%)				
			XII Pass	Graduate	Masters	Diploma in Elementary Education	Bachelor of Education
East Khasi Hills	51	176	54 (31)	82 (47)	10 (6)	15 (8)	15 (8)
West Garo Hills	50	148	92 (62)	38 (26)	01 (1)	05 (3)	12 (8)
Jaintia Hills	51	168	56 (33)	87 (52)	07 (4)	08 (5)	10 (6)
Total		**492**	**202 (41)**	**207 (42)**	**18 (4)**	**28 (6)**	**37 (7)**

As is evident from above table, only 13 *per cent* (D.EL.ED: 6 *per cent* and B.ED: 7 *per cent*) of the teachers in selected schools were having qualifications as prescribed by the NCTE while 83 *per cent* had not acquired the requisite qualification. This situation was alarming and needs immediate attention of the Education Department.

1.2.11.2 Untrained teachers

In three selected districts, the proportion of untrained teachers was as detailed below:

Table-1.2.28-Untrained teachers

Name of the District	Total No. of schools visited[29]	Total No. of teachers	No. of untrained teachers (%)
East Khasi Hills	51	176	114 (65)
West Garo Hills	50	148	111 (75)
Jaintia Hills	51	168	102 (61)

As is evident from table above, the position of untrained teachers in the three selected districts was alarming with 60 *per cent* to 77 *per cent* of the teachers being untrained till the date of audit (July 2016).

1.2.11.3 Absence of science and maths teacher

Contrary to the provisions of the FMP Manual, there was absence of science and maths teachers in upper primary schools in three selected districts as detailed below:

28 Actual number of schools physically verified was 90. But schools having both primary and upper primary classes were counted as separate schools in order to align it with the method of counting of schools adopted by SEMAM.

29 Schools having both Primary and Upper Primary sections are treated as separate schools having different school codes

Table-1.2.29 - Availability of science and maths teacher

Name of the District	No. of Upper Primary Schools visited	Schools having no science and maths teacher (%)
East Khasi Hills	25	6 (24)
West Garo Hills	21	10 (45)
Jaintia Hills	22	5 (23)

As is evident from the table above, 23 *per cent* to 45 *per cent* of the selected upper primary schools in three selected districts were not having science and maths teacher.

1.2.11.4 Infrastructure in schools

The position of infrastructure in selected schools of three districts was as detailed below:

Table-1.2.30 - Infrastructure facilities in selected schools

Name of the District	No. of schools visited	No. of schools not having (% in brackets)						
		One classroom for every teacher and Office cum-Head teacher's room	Barrier Free Access	Separate toilet for Girls and boys	Safe and adequate drinking water	Kitchen for MDM	Play-ground	Boun-dary wall
East Khasi Hills	51	29 (57)	24 (47)	16(31)	25 (49)	12 (24)	35 (69)	38 (75)
West Garo Hills	50	38 (76)	27 (54)	19 (38)	31 (62)	05(10)	28 (56)	47 (94)
Jaintia Hills	51	26 (51)	26 (51)	24 (47)	38 (74)	6 (12)	30 (59)	35 (69)

As is evident from above table, infrastructure facilities in all the three selected districts were deficient especially in terms of one classroom for every teacher and Office-cum-Head Teacher's room, barrier free access, availability of safe drinking water, playground and boundary wall facilities.

1.2.11.5 School Management Committee meetings

As per the provisions of the MRCFCE Rules 2011, the School Management Committees were to meet at least once in a month.

The position of School Management Committee meetings in the selected schools of three districts during 2011-16 is detailed below:

Table-1.2.31-School Management Committee (SMC) meetings in selected schools

Name of the District	No. of schools visited	Number of SMC meetings held during last 5 years				
		1-5 times	5-10 times	10-15 times	15-20 times	>20 times
East Khasi Hills	51	6	13	4	4	3
West Garo Hills	50	20	10	4	3	0
Jaintia Hills	51	3	12	9	8	2

As is evident from above table, there was severe shortfall in number of School Management Committee meetings as against the requirement of holding 60 School Management Committee meetings during 2011-16.

1.2.12 Impact analysis of the Scheme

With a view to analysing the impact on implementation of the RTE Act, the retention trend of the students in government schools[30] was assessed during the performance audit. The class wise enrolment in primary and upper primary schools in the State and their retention trend during 2010-16 are analysed in the table below:

Table-1.2.32-Retention of enrolled children in the State

Year	Class								Total
	I	II	III	IV	V	VI	VII	VIII	
2010-11	97076	89646	80275	63489	64334	48709	31244	9164	483937
2011-12	101377	89907	80079	65451	53993	56833	35767	16046	499453
2012-13	96569	87263	78723	65366	51553	50508	34802	15195	479979
2013-14	89324	84513	79434	66883	55128	52923	34924	16293	479422
2014-15	80617	84716	80306	70363	57125	53678	34294	16364	477463
2015-16	77404	82624	81134	71997	60094	54978	35209	15468	478908

Source: DSEL, Shillong

From the table, it would be clear that only 54,978 out of 97,076 children (highlighted in table) enrolled in class I could be retained in Class VI after six years. Drop out of 42,098 (43 *per cent*) children during 2010-16 indicated decline in retention rate in spite of implementation on the RTE Act over six years.

On enquiring about the reason for the decline in the retention rate, the State Project Director, SEMAM stated (January 2017) in his reply that the reasons for decline in the retention rate was under investigation.

1.2.13 Conclusion

Though the RTE Act envisages to achieve elementary education for all children between ages 6-14 years by March 2013, the State had not fully achieved the desired objective. Considering that the State already had a high enrolment of 96 *per cent* during 2011-12 itself, failure to universalise the elementary education indicated lacklustre performance of the Department in implementing the RTE Act 2009. In the State, Annual Plans were being prepared without having perspective plan and without adopting participatory approach at the village/habitation level. Education for OOSC and CWSN did not receive special care and attention. The State failed to contain the existing dropout rates. High proportion of untrained and unqualified teachers, shortage of teachers in primary schools, lack of basic infrastructure, shortages in uniform grant, non-availability of free textbooks, shortages in grant of transport allowance were the factors which hindered the State in achieving the objective of universalisation of elementary education. The fund allocated to the State was not being utilised efficiently as ₹ 908.46 crore was not released by the GoI/GoM due to under-utilisation of funds. Expenditure of ₹ 483.88 crore on incomplete civil works were lying unfruitful for a period of three to six years. Provision of reserving 25 *per cent* of the strength of the class in unaided schools for children belonging to weaker sections and disadvantaged

[30] Government, Government Aided and SSA schools

groups was not being implemented. Monitoring and supervision of the scheme in terms of constitution, composition and meetings of the State Advisory Committee, constitution and functioning of the State Commission for Protection of Child Rights, inspections and internal audit was not very satisfactory.

1.2.14 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for improving the effectiveness of the working of the SEMAM for implementation of the RTE Act, 2009:

- *perspective plan should be prepared and annual plans should adopt a participatory approach and draw its targets from the perspective plan;*
- *enrolment of children and universalisation of elementary education by covering all the eligible children should be ensured and the dropout rates be contained;*
- *focus should be laid on training the untrained teachers and reducing the shortage of teachers in primary schools;*
- *infrastructure and basic facilities should be provided in schools;*
- *funds should be effectively utilised in time;*
- *functioning of the SAC, MSCPCR and internal audit should be improved. Inspections should be carried out in a planned manner and vigorously followed up.*

HEALTH AND FAMILY WELFARE DEPARTMENT

1.3 National Rural Health Mission

National Rural Health Mission (NRHM) was launched in April 2005 by the Government of India (GoI) throughout the country to bring about significant improvements in health systems and health status of the people, especially those in rural areas. The Mission seeks to provide accessible, affordable and quality health care which is accountable and responsive to the needs of the people.

The Mission was to be funded by the Governments of India and Meghalaya in the ratio of 90:10 and its goals were to be achieved under the aegis of State Health Mission headed by the Chief Minister. The State Health Society was to implement the Mission throughout the State. The major observations noticed during the Performance Audit on NRHM are given below:

Highlights:

There was a shortfall of 43 *per cent* in the number of Sub Centres in the State. Out of eleven districts, only seven districts had a district hospital. Also, out of eight First Referral Units (FRU), four were categorised as FRUs even though they did not have the critical facility of blood storage.

(Paragraphs 1.3.9.1 & 1.3.9.2)

Excess procurement without proper assessment led to expiry of drugs. There was shortage of essential drugs in the test checked health facilities and drugs were procured at higher rate.

{Paragraphs 1.3.9.10 (i), 1.3.9.10 (ii) & 1.3.9.10 (iii)}

Some of the test checked district hospitals and Community Health Centres were not equipped with essential equipment while others had equipment which were lying idle.

{Paragraphs 1.3.9.10 (v) & 1.3.9.10 (vi)}

Mobile Medical Units were discontinued in three districts due to under performance. There were 118 ambulances which were not fitted with essential medical equipment.

(Paragraphs 1.3.9.11 & 1.3.9.12)

There was shortage of doctors and nurses in the test checked district hospitals and Community Health Centres.

(Paragraphs 1.3.10.1 & 1.3.10.2)

A large number of pregnant women did not show up for antenatal care. Many pregnant preferred to deliver at home rather than at health facilities. There was shortfall in achievement of immunisation as well as sterilisation targets. There was shortfall in payment of Janani Suraksha Yojana incentives inspite of availability of funds.

(Paragraphs 1.3.11.1, 1.3.11.2, 1.3.11.5, 1.3.11.6 & 1.3.11.4)

There was variation between the data in Health Management Information System (HMIS) and the actual figures in the test checked health facilities. Monitoring of the Mission in terms of methods adopted for planning, quality of data being uploaded, number of meetings to be held by SHM and SHS were not satisfactory.

{Paragraphs 1.3.12.2, 1.3.12.4 (iii), 1.3.12.1 & 1.3.12.4 (i)}

1.3.1 Introduction

Background

The National Rural Health Mission (NRHM) was launched by the Honourable Prime Minister on 12 April 2005 throughout the country. The NRHM seeks to provide accessible, affordable and quality health care to the rural population, especially the vulnerable sections.

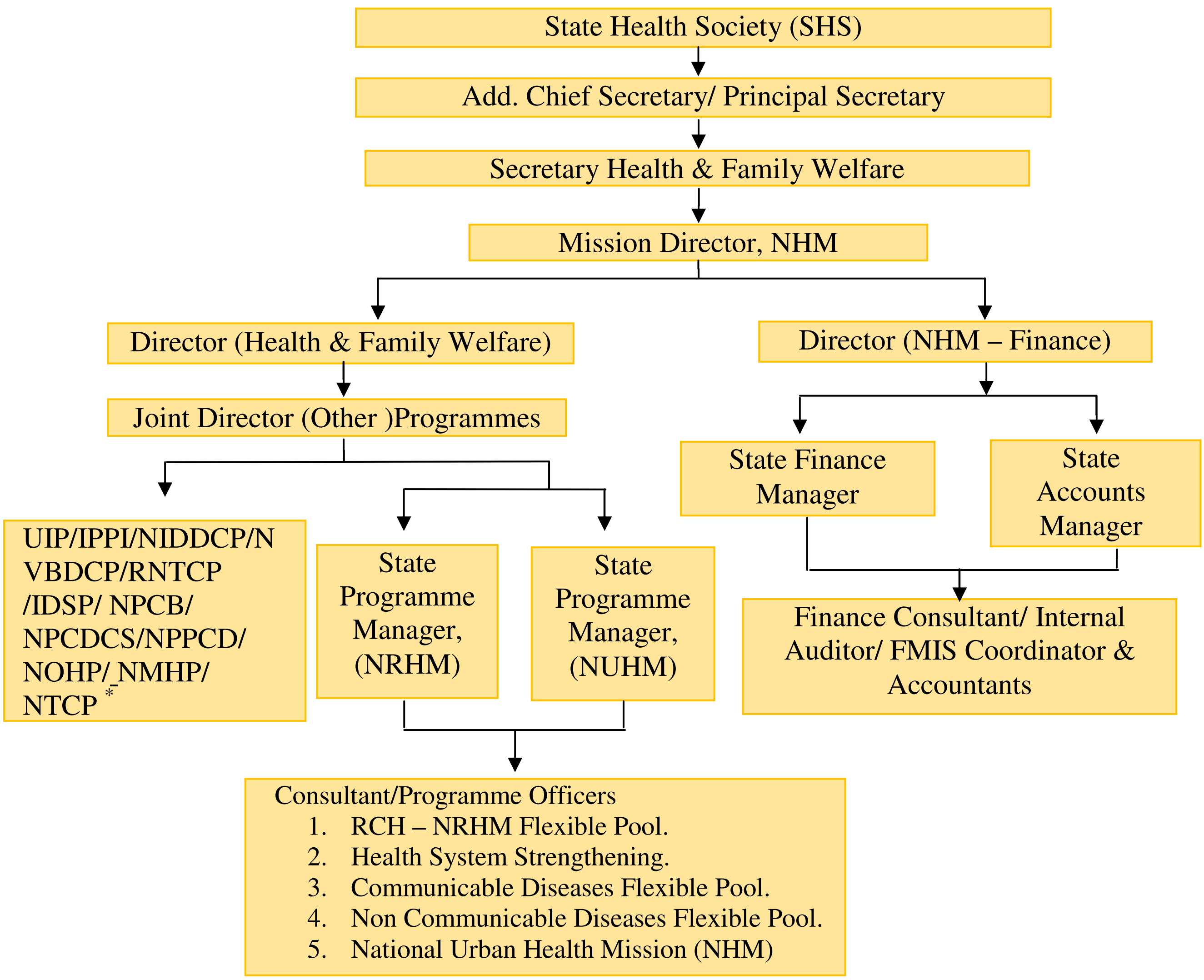
On 15 May 2013, the NRHM was subsumed as a sub mission of an over arching National Health Mission (NHM). The objectives of NRHM were to reduce child and maternal mortality; provide universal access to public services for food and nutrition, sanitation and hygiene and universal access to public health care services with emphasis on services addressing women's and children's health and universal immunisation; prevent and control communicable and non-communicable diseases, including locally endemic diseases; provide access to integrated comprehensive primary health care ; ensure population stabilisation, gender and demographic balance; revitalise local health traditions and mainstream AYUSH[31] and promote healthy life styles.

[31] Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy

Organisational Structure

The organisational structure of NHM in Meghalaya is as shown below:

Organisational Structure of NHM



* UIP – Universal Immunisation Programme; IPPI – Intensified Pulse Polio Immunisation; NIDDCP – National Iodine Deficiency Disease Control Programme; NVBDCP – National Vector Borne Disease Control Programme; RNTCP – Revised National Tuberculosis Control Programme; IDSP – Integrated Disease Surveillance Programme; NPCB – National Programme for Control of Blindness; NPCDCS – National Programme for Prevention & Control of Cancer, Diabetes, Cardio Vascular Disease & Stroke; NPPCD – National Programme for Prevention & Control of Deafness; NOHP – National Oral Health Programme; NMHP – National Mental Health Programme; NTCP – National Tobacco Control Programme.

1.3.2 Financial inputs and fund flow arrangements

The funds given to State Health Societies mainly consist of the following components:

a) Grants-in-aid through the Ministry of Health & Family Welfare, Government of India (GoI)

b) Contribution by the State Government

As per the NRHM framework, the funding pattern between the GoI and State Government was 90:10. The funding to States was based on the approved Programme Implementation Plans (PIPs)[32].

The details of funds released to SHS and expenditure incurred there-against during the period covered by Audit is shown below:

Table 1.3.1: Financial position

(₹ in crore)

Year	Opening balance	Funds received from				Total funds available	Expenditure incurred	Closing balance (percentage)
		GoI	State	Other Sources	Total received			
2011-12	63.72	45.37	42.30	0.05	87.72	151.44	103.42	48.02 (32)
2012-13	48.02	107.08	11.56	0.00	118.64	166.66	103.74	62.92 (38)
2013-14	62.92	80.91	34.11	0.02	115.04	177.96	94.06	83.90 (47)
2014-15	83.90	110.97	26.70	0.06	137.73	221.63	97.70	123.93 (56)
2015-16	123.93	91.69	12.67	0.00	104.36	228.29	54.57	173.72 (76)
Total		**436.02**	**127.34**	**0.13**	**563.49**		**453.49**	

(Source: SHS)

It can be seen from the above table that there were huge closing balances at the close of each year ranging between ₹ 48.02 crore (32 *per cent*) and ₹ 173.72 crore (76 *per cent*). This indicated that the implementation of the scheme was slow due to which there was shortfall in availability of health facilities (district hospitals, first referral units, sub centres), equipment, drugs, manpower, *etc.* which led to poor performance of the State in terms of antenatal care, post natal care, immunisation, family planning, *etc.* as discussed in the succeeding paragraphs.

1.3.3 Audit Objectives

NRHM is a comprehensive healthcare scheme which encompasses several programmes of Ministry of Health and Family Welfare. Out of the many outcome indicators, we have selected only three health care indicators {infant mortality rate (IMR), maternal mortality ratio (MMR) and total fertility rate (TFR)} for analysis in this report under Reproductive and Child Health (RCH). The audit objectives were developed to:

a) assess the impact of NRHM on improving Reproductive and Child Health in the State by the:

   i. extent of availability of physical infrastructure

[32] After receipt of PIPs from the State, GoI finalises the PIP and suggestions made are recorded in the form of Record of Proceedings (RoPs). These finalised PIPs are also termed as RoPs.

ii. extent of availability of health care professionals

iii. quality of health care provided

b) assess the mechanism of data collection, management and reporting which serve as indicators of performance.

1.3.4 Audit criteria

The following are the sources of audit criteria for the Performance Audit of NRHM:

a) NRHM Framework for Implementation (2005-12)

b) NHM Framework for Implementation (2012-17)

c) Indian Public Health Standards (IPHS)[33] – Guidelines (2007 & 2012) for Sub-Centres, Primary Health Centres, Community Health Centres, Sub-Divisional Hospital and District Hospital.

d) Operational guidelines for Quality Assurance in public health facilities 2013.

1.3.5 Audit Sampling

In Meghalaya, three districts (*viz* West Khasi Hills, Ri Bhoi and West Garo Hills) and two blocks from these three districts were selected using Simple Random Sampling Without Replacement (SRSWOR). Within each selected block, two Public Health Centres (PHCs) and six Sub Centres (SCs) were also selected using SRSWOR. In addition, all the district hospitals (DHs) within the selected district and all the Community Health Centres (CHCs) within the selected blocks were also covered under the Performance Audit. The list of selected districts and health facilities are shown in ***Appendix 1.3.1***. From each selected SC, 10 beneficiaries were selected using SRSWOR for the purpose of beneficiary survey.

1.3.6 Scope and coverage of audit

The Performance Audit covered the period from 2011-12 to 2015-16 and examined the records of the State Health Society (SHS), three District Health Societies (DHS), five DHs, three CHCs, 12 PHCs and 36 SCs during April 2016 to August 2016. Audit also surveyed 108 ASHAs and 354 beneficiaries from the selected 36 SCs.

1.3.7 Audit methodology

The Performance Audit commenced with an entry conference held on 15 April 2016 wherein the audit objectives, criteria, scope and methodology were discussed. It was attended by the Secretary, Health Department cum Mission Director, NHM, Meghalaya and officers of the Health Department.

The audit evidence was collected through issue of questionnaires, examination of records, joint physical verification, photographic evidence and beneficiary survey. An exit conference was held on 28 November 2016 with the Secretary to the Government

[33] Though the State had not implemented IPHS norms, this criteria was used as a benchmark by Audit since the State did not have its own norms.

of Meghalaya-cum-Mission Director, National Health Mission, Meghalaya and replies of the Department have been incorporated at appropriate places.

1.3.8 Acknowledgement

The Indian Audit and Accounts Department acknowledges the cooperation of the Health Department of the State Government and the National Health Mission, Meghalaya in providing necessary information and records for audit.

Audit Findings

1.3.9 Availability of physical infrastructure

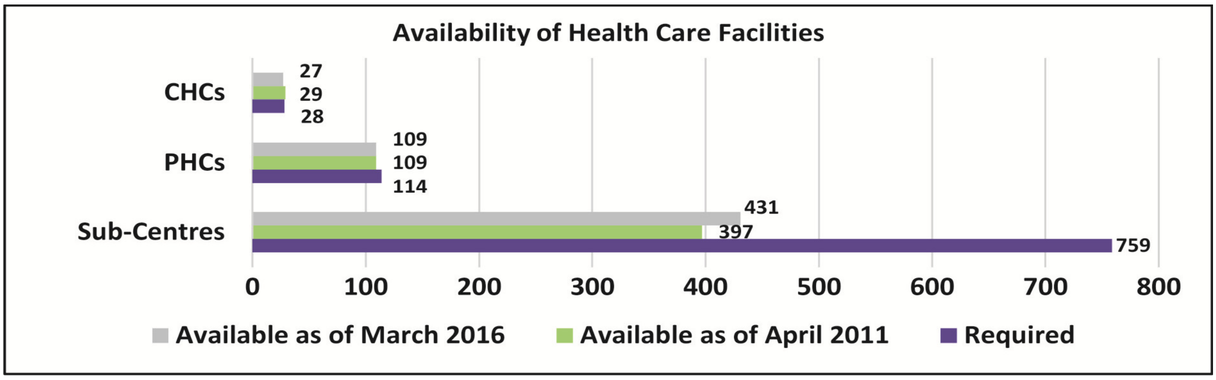
NRHM aims to bridge gaps in existing capacity of rural health infrastructure by establishing functional health facilities such as DHs, CHCs, PHCs and SCs through revitalisation of existing physical infrastructure and fresh construction or renovation wherever required.

1.3.9.1 Availability of Health Centres against the requirement

As per Indian Public Health Standard (IPHS) norms, every district is expected to have a DH. In the seven erstwhile districts of Meghalaya, there are 10[34] hospitals categorised as district hospitals. Even though four new districts *viz* East Jaintia Hills, South West Khasi Hills, North Garo Hills and South West Garo Hills were created between July and August 2012, none of the new districts had a DH till March 2016.

A comparison of the requirement of CHCs, PHCs and SCs *vis-a-vis* the actual availability during the beginning and at the end of the audit period (April 2011 and March 2016 respectively) is shown in the chart below:

Chart 1.3.9.1 – Availability of CHCs/PHCs and SCs



(Source: Information furnished by SHS)

It can be seen from the above chart that despite the shortfall of 392 SCs as of March 2011, the State had added only 34 new SCs (four *per cent*) during the period from April 2011 to March 2016. At the end of March 2016, the State was short of one CHC

34 As per information furnished by SHS, there are 10 district hospitals in the State of which 7 are district hospitals and the remaining are Ganesh Das Hospital, Tura MCH Hospital and Mairang hospital. However, as per the RHS, there are 12 district hospitals which includes TB hospital and Meghalaya Institute of Mental Health & Neuro Science (MIMH&NS) These two hospitals were not included in the calculation since they are specialist hospitals for TB and mental health respectively.

(four *per cent*) and five PHCs (four *per cent*). There was however, a shortfall of 328 SCs (43 *per cent*) as of March 2016.

The shortage of DHs and SCs was one of the factors responsible for shortfall in achievement of targets such as institutional deliveries, antenatal care, *etc.* as discussed in the succeeding paragraphs. The necessity to have more SCs in the State was also observed in the beneficiary survey as 74 *per cent* of the 354 women surveyed stated that they visited SCs/Anganwadi centres *etc.* for their ANC services (as discussed in ***paragraph 1.3.12.5***).

In reply (December 2016), the Secretary, Health Department stated that the plan to set up district hospitals in the new districts had been initiated and the State would be able to operationalise them only after necessary approval for land and funds are accorded. With regards to shortfall of SCs, the Secretary, Health Department accepted the fact and stated that shortage of human resources were responsible for non-operationalisation of SCs.

1.3.9.2 Shortage of First Referral Units

As per the NRHM Framework for Implementation (2005-12), the Mission aims to operationalise CHCs as First Referral Unit (FRU). An existing facility (DH, CHC) can be declared as fully operational FRU only if it is equipped to provide round-the-clock services for emergency obstetric and new born care, in addition to all emergencies that any hospital is required to provide. There are three critical determinants of a facility being declared as a FRU: i) emergency obstetric care including surgical interventions like caesarean sections; ii) new born care; and iii) blood storage facility on a 24-hour basis.

In Meghalaya, there are eight functional FRUs in seven out of 11 districts till the date of audit (August 2016). Moreover, out of the eight FRUs, as of September 2015, four[35] were categorised as FRUs even though they did not have the critical facility of blood storage. Further, the State had also failed to upgrade and categorise the rest of the DHs and CHCs as FRUs.

The Secretary, Health Department stated that though the process of operationalisation of DHs and CHCs to FRU in accordance with NRHM framework is ongoing but shortage of specialist doctors (Gynaecologists & Anaesthetists) hinders the State from achieving the target. The reply is however, silent regarding why four existing health facilities were categorised as FRUs even though they did not have the critical facility of blood storage.

1.3.9.3 Health facility not operationalised.

In order to create awareness in the AYUSH system of medicines and to provide quality services to people, Government of India (GoI) sanctioned (March 2012) an amount of ₹ 2.54 crore for construction of a '10 bedded AYUSH hospital at Bhoirymbong CHC'. Out of the sanctioned fund, ₹ 2.02 crore was earmarked for construction purposes and the remaining ₹ 0.54 crore was for procuring equipment

[35] Ampati CHC, Nongpoh DH, Nongstoin DH & Williamnager DH

and furniture. The construction work of the hospital building was completed in January 2014 at a cost of ₹ 2.02 crore and handed over to the Medical Officer in charge of Bhoirymbong in October 2014.

Till the date of audit (July 2016), only AYUSH OPD services were available and the hospital was not fully functional. Equipment and furniture had not been procured and rooms in the AYUSH buildings were lying unutilised, thus depriving the populace of quality AYUSH services. On being pointed out, the Jt. Mission Director, NHM stated that the hospital had not become functional due to lack of manpower. The reply was not tenable since manpower requirements should have been considered from the time when the building was sanctioned/considered.

In reply (December 2016), the Secretary, Health Department stated that the there was only one AYUSH physician and one AYUSH helper sanctioned under Mainstreaming of AYUSH programme under NHM but there was no sanctioned post approved by the State Government.

The reply confirms the audit finding as manpower requirements should have been considered by the Department/State Government from the time the building was considered/sanctioned.

1.3.9.4 Non upgradation of infrastructure

IPHS fixes benchmarks for infrastructure, manpower, equipment, drugs, quality assurance in public health facilities. Most importantly, they also define the level of services, both essential (minimum assured services) and desirable which should be aspired to be achieved by the SC, PHC and CHC.

Even though as of March 2016 there were 431 SCs, 109 PHCs and 27 CHCs in the State, none of them were targeted or upgraded to IPHS standard during the period covered by audit (2011-16).

The Secretary, Health Department while accepting (December 2016) the audit finding stated that the State had not rolled out the standard operating protocols for SCs, PHCs, CHCs and DHs which would ensure that minimum assured services could be provided in accordance with the IPHS norms.

1.3.9.5 Poor infrastructure in the selected five district hospitals

One of the main objectives of the DH is to provide comprehensive secondary health care services to the people in the district at an acceptable level of quality and being responsive and sensitive to the needs of people and referring centres. In order to provide quality healthcare, basic infrastructural requirements such as functional Operation Theatres (OTs), proper physical infrastructure, generators, functional toilets, proper waste management, citizen charter, *etc.* were supposed to be available.

The main issues noticed in the five selected DHs were:

- Though OT was available in all the five DHs, it was not functional in three[37] DHs because of lack of anaesthetists and surgeons.
- Neonatal room was not available in Mairang and Nongstoin DHs. In reply (December 2016), the Secretary, Health Department stated that the Medical Superintendent, Mairang DH had been instructed to identify the space and make the neonatal rooms functional.
- In Nongpoh DH, it was noticed that there were leaking pipes and overflowing septic tanks next to the kitchen. The Secretary, Health Department stated (December 2016) that the leakage had since been repaired.
- Generator was not available in Nongstoin district hospital. In reply (December 2016), the Secretary, Health Department stated that the Hospital Management Society had been directed to install the generator at the earliest.

Leaking pipes and overflowing septic tank located next to kitchen area of Nongpoh DH

- There was no prescribed system for disposal of human anatomical waste in Nongpoh DH due to which human anatomical waste such as placenta was handed over to the relatives. The Secretary, Health Department stated (December 2016) that the Hospital Management Society had been instructed to identify a site within the hospital premises for construction of Deep Burial Pit.
- Nongstoin and Nongpoh DHs were not equipped with fire protection measures. The Secretary, Health Department (December 2016) stated that the fire protection/ safety measures were included in the State Disaster Management Plan. The reply was not tenable since fire protection equipment should have been available in the hospitals.
- Telephone was not available in four DHs[38].

1.3.9.6 Poor infrastructure in the three selected CHCs

As per IPHS norms, CHCs should serve as a referral centre for four PHCs and also provide facilities for obstetric care and specialist consultations. It should have 30 indoor beds with one OT, X-Ray, labour room and laboratory facilities. NRHM seeks to bring CHCs at par with the IPHS to provide round the clock hospital-like services.

The issues noticed in the three selected CHCs were:

- OT was not available in Umsning and Bhoirymbong CHCs. The Secretary, Health Department replied (December 2016) that OTs were not available due to space constraints. The reply was not tenable since absence of OT services would hamper the CHCs from handling surgical emergencies and deprive the patients from proper surgical care. In Riangdo CHC, though OT was available it was not utilised due to absence of specialist manpower.

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[37] Nongstoin DH, Mairang DH and Nongpoh DH.
[38] Nongstoin DH, Mairang DH, Nongpoh DH and Tura MCH hospital.

Rusted labour table in Riangdo CHC

Toilet outside female ward in Riangdo CHC used for storage

Flooding in Bhoirymbong CHC during rain due to faulty system

- In Riangdo CHC, the toilet outside the female ward was used as a store room due to which there were no separate toilets for males and females. In reply (December 2016), the Secretary, Health Department admitted the fact and had directed (December 2016) the Executive Engineer, Health Engineering Wing to take care of the problem.
- In Bhoirymbong CHC, due to faulty drainage system, water would overflow from the drains and flood almost all the rooms in the CHC during heavy rainfall. The Secretary, Health Department stated (December 2016) that the drainage system had since been repaired and rectified.
- Generator was not available in Umsning CHC.
- Riangdo and Umsning CHCs were not equipped with fire protection measures. The Secretary, Health Department (December 2016) stated that the fire protection/ safety measures were included in the State Disaster Management Plan. The reply was not tenable since fire protection equipment should have been available in the CHCs.
- Telephone was not available in any of the three CHCs.
- New born care stabilisation unit (NBSU) was not available in Umsning and Riangdo CHCs. In the NBSU of Bhoirymbong CHC, a radiant warmer, though available was not functioning**.** In reply (December 2016), it was stated that the NBSUs were not functional due to space constraints and that the Health Engineering Wing had been directed to take necessary action.
- There was no reception room in Umsning CHC due to shortage of space. There was leakage in many rooms and staff quarters of Umsning CHC. In reply (December 2016), the Secretary, Health Department informed that the Executive Engineer, Health Engineering Wing had been directed to take necessary action.

Hole in ceiling of immunisation room Umsning CHC from where rain water leaks

Cracks in a beam of Umsning CHC from where water seeps through.

Seepage of water in staff quarter of Umsning CHC

1.3.9.7 Poor infrastructure in the 12 selected PHCs

PHC is the first contact point between village community and the medical officer. PHCs are envisaged to provide an integrated curative and preventive health care to the rural population with emphasis on preventive and promotive aspects of health care. It acts as a referral unit for Sub Centres and refer out cases to CHCs and DHs.

The issues noticed in the 12 selected PHCs were:

- Rambrai, Nonglang and Marngar PHCs did not have newborn corner, which serves as resuscitation space and outlets for newborns. The Secretary, Health Department (December 2016) admitted the fact and stated that newborn corner in Marngar PHC was under construction while proposal for newborn corner in Rambrai and Nonglang PHC would be placed in the Annual Action Plan of 2017-18.
- Maweit, Rambrai, Kyrdem and Mellim PHCs did not have emergency rooms. The Secretary, Health Department stated (December 2016) that the emergency rooms were not available due to space constraints.
- Six[39] PHCs did not have a generator while the generators in two[40] PHCs were not functioning. In response, the Secretary, Health Department assured (December 2016) that the proposal for new generators in the six PHCs would be placed during 2017-18. He also stated that the Hospital Management Society of the other two PHCs had been instructed to repair the generators.
- Nonglang PHC did not have separate toilets for male/ female. In response, it was stated that the Health Engineering Wing had been directed (December 2016) to take necessary action.
- Shallang PHC did not have water supply. The Secretary, Health Department stated (December 2016) that the PHC needed to obtain a No Objection Certificate (NOC) from the village durbar to avail a fresh water connection from Public Health Engineering Department but the same was not accorded by the durbar.

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[39] Shallang PHC, Rambrai PHC, Nonglang PHC, Byrnihat PHC, Kyrdem PHC & Mellim PHC
[40] Marngar PHC and Asanang PHC

		
Toilet near general ward in Shallang PHC is in dirty condition because of water supply not being available	***A toilet in the premises of Shallang PHC drains into an open septic tank***	***Screen and bed used for patient examination are in rusted condition in Shallang PHC***

- One of the toilet in the premises of Shallang PHC drains directly into an open septic tank. In reply (December 2016), the Secretary, Health Department stated that the Septic tank was under repair.
- Shallang, Rambrai, Kyrdem and Mellim PHCs did not have functional overhead tanks. The Secretary, Health Department stated that the Health Engineering Wing had been directed (December 2016) to take necessary action.
- Maweit PHC did not have a citizen charter. In response (December 2016), the Secretary, Health Department stated that the District Medical & Health Officer (DMHO) had since been directed to take necessary action.
- None of the 12 selected PHCs had telephone connections. In reply (December 2016), it was stated that the covered areas do not have network connectivity and the State was exploring other avenues of gaining access through other networks (like mobile services *etc.*).
- Six[41] PHCs did not have boundary walls while four[42] PHCs had partial boundary wall. The Secretary, Health Department stated that the Health Engineering Wing had been directed (December 2016) to take necessary action.
- Shallang PHC was functioning from an old building. The rooms were small and there was leakage of water in all the rooms. Many of the walls of the PHC as well as staff quarters were cracked. In response, the Secretary, Health Department stated (December 2016) that the DMHO had been directed to inspect the facility and submit proposals for major repairs.
- The labour table in Nonglang PHC was rusted. In reply, it was stated that the Medical Officer of the facility had been instructed to get the labour table painted till a new labour table was procured.

[41] Shallang PHC, Rambrai PHC, Nonglang PHC, Mawlasnai PHC, Kyrdem PHC and Babadam PHC
[42] Maweit PHC, Byrnihat PHC, Asanang PHC and Dadenggre PHC

		
Rusted labour table in Nonglang PHC	***Part of ceiling has collapsed in MO's Quarter of Nonglang PHC due to seepage of water***	***Walls inside the MO's quarters of Nonglang PHC is damp and partially damaged due to leakage of water***

1.3.9.8 Poor infrastructure in the 36 selected SCs

The SC is the most peripheral and first contact point between the primary health care system and the community. SCs are assigned tasks relating to interpersonal communication in order to bring about behavioural change and provide services in relation to maternal and child health, family welfare, nutrition, immunisation, diarrhoea control and control of communicable disease programmes.

The issues noticed in the 36 selected SCs were:

- Labour tables were not available in 19[43] SCs. In reply (December 2016), it was stated that most of the SC buildings were very old and lacked proper space due to which, having a labour table would make the working area too congested. The reply was not tenable since the Department should have renovated the existing SCs in a phase manner and ensured that proper space was available.
- 17[44] SCs did not have water supply.
- There were no overhead tanks in 31[45] SCs.
- Riangdim SC, Kyrshai SC, Narang SC and Boldakgre SC did not have toilets.
- 22[46] SCs did not have boundary walls while four SCs had partial boundary walls.

[43] Kyrdum, Nongmisei, Nongdaju, Riangdim, Kyrshai, Mawdumdum, Mawrynniaw, Langja, Mawdoh, Baridua, Mawlein, Umsawnongbri, Narang, Pillangkata, Amjong, Kyrdemkulai, Mawlyndep, Waribokgre, Boldakgre.

[44] Kyrdum, Porkhadoh, Nongdaju, Seinduli, Kyrshai, Miangshang, Mawdumdum, Mawrynniaw, Langja, Umsawnongbri, Narang, Amjong, Gambeggre, Chisakgre, Mellim, Okkapara & Boldagre.

[45] Kyrdum, Porkhadoh, Nongmisei, Nongdaju, Seinduli, Riangdim, Kyrshai, Miangshang, Mawdumdum, Mawrynniaw, Langja, Mawdoh, Mawlein, Umsawnongbri, Narang, Tyrso, Amjong, Kyrdemkulai, Mawlyndep, Dakopgre, Gambegre, Chisakgre, Mellim, Okkapara, Rambagre, Waribokgre, Damalgre, Baljek, Galwangre, Boldakgre & Chisakgre.

[46] Kyrdum, Porkhadoh, Seinduli, Riangdim, Mawrynniaw, Mawdoh, Baridua, Mawlein, Narang, Pillangkata, Amjong, Kyrdemkulai, Mawlyndep, Mawtari Mawdoh, Dakopgre, Chisakgre, Mellim, Rambagre, Damalgre, Baljek, Galwangre, Boldakgre & Chisakgre.

1.3.9.9 Shortfall in availability of staff quarters

As per IPHS, all the essential medical and para-medical staff should be provided with residential accommodation so that essential staff are available 24 x 7.

The availability of staff quarters was test checked in the selected DHs, CHCs and PHCs. It was seen that there was a shortfall in the availability of staff quarters as shown below:

Table 1.3.2 - Availability of staff quarters

No. and Type of facility checked	Quarters for	Requirement as per availability of Staff	Actual Staff Quarters available	Shortfall (-) / Excess (+) with respect to staff available
5 district hospitals	Doctors	77	42	-35 (45)
	Staff Nurse	168	53	-115 (68)
	Paramedical staff & Others	84	61	-23 (27)
3 CHCs	Doctors	16	13	-3 (19)
	Staff Nurse	32	23	-9 (28)
	Paramedical staff & Others	34	31	-3 (9)
12 PHCs	Doctors	14	17	3 (21)
	Staff Nurse	39	41	2 (5)
	Paramedical staff & Others	130	34	-96 (74)

(Source: information furnished by the health centres)

It can be seen from the above that there was a shortfall of 45 *per cent* and 19 *per cent* in doctors' quarters in the selected DHs and CHCs respectively. Similarly, there was also a shortfall of 68 *per cent* and 28 *per cent* in nurse's quarters in the selected DHs and CHCs. The shortfall of quarters for paramedical and other staff in the selected DHs, CHCs and PHCs ranged between 9 *per cent* and 74 *per cent*.

Availability of residential quarters for essential medical /paramedical staff, especially in the rural areas is an important factor to help improve the service delivery of health facilities since it would help in providing round the clock services. The Secretary, Health Department while admitting the shortfall in quarters stated (December 2016) that all health facilities that are designated delivery points and requires residential provision would be jointly assessed by the Health Engineering Wing and DMHOs and proposals would be submitted to the State Government or GoI in 2017-18.

1.3.9.10 Medicines and equipment

Medicines are an integral part of the health care services. Timely procurement of drugs, smooth distribution to the health facilities, uninterrupted availability to patients, minimisation of out of pocket expenses and availability of essential drug were some of the core issues that were required to be attended to.

In case of equipment, availability of essential functional equipment in all health facilities; regular needs assessment, timely indenting and procurement, identification of unused/faulty equipment, regular maintenance, competitive and transparent bidding processes were some of the issues that were to be addressed.

The audit findings relating to procurement, distribution and availability of medicines and equipment are as brought out in the succeeding paragraphs.

(i) Improper assessment and procurement of medicines

Mention was made in Paragraph 1.5 of the Report of the Comptroller & Auditor General of India for the year ended 31 March 2014 stating that during 2010-11 to 2012-13, the Jt. Mission Director, NRHM, Meghalaya had procured medicines for distribution to various medical institutions, (DHs, CHCs and PHCs) in the State. These medicines were procured without properly ascertaining the requirement from the medical institutions and also without coordinating with the Directorate of Health Services (Medical Institutions), Meghalaya to avoid overstocking and procurement of similar medicines already in stock. As a result, the Mission Director, NRHM, Meghalaya did not receive any indent from the medical institutions and consequently medicines valuing ₹ 4.03 crore lost their shelf life due to overstocking. Inspite of the lapses pointed out by audit, the Department did not put in place any systemic procedure to analyse the requirement of drugs in the various health centres till 2015-16.

The procurement of drugs *vis-a-vis* the amount approved by GoI in the Record of Proceedings (RoP) and actual utilisation of fund for procurement of drugs during 2011-16 is shown below:

Table 1.3.3 – Excess procurement of drugs

(₹ in crore)

Year	Amount approved		Total	Drugs procured		Total	Excess (+) / Less (-)
	Essential Drugs	Speciality Drugs		Essential Drugs	Speciality Drugs		
2011-12	4.25	4.45	8.70	9.38	24.20	33.58	+24.88
2012-13	6.77	1.46	8.23	3.62	0.59	4.21	-4.02
2013-14	0	1.08	1.08	0	0	0	-1.08
2014-15	4.00	2.04	6.04	0.63	0	0.63	-5.41
2015-16	2.00	1.44	3.44	7.99	0	7.99	+ 4.55
Total			**27.49**			**46.41**	**+18.92**

(Source: Replies furnished by SHS)

SHS procured excess drugs valuing ₹ 24.88 crore and ₹ 4.55 crore in 2011-12 and 2015-16 respectively than that approved in the RoP while during 2012-13 to 2014-15, it procured lesser drugs (₹ 10.51 crore) than the amount approved by GoI. Thus during 2011-16, SHS procured excess drugs valuing ₹ 18.92 crore than that approved by GoI. The payment for the excess procurement was made through RCH Flexipool with the approval of the Mission Director.

As a result of lack of systematic procedure to analyse requirement of drugs, improper assessment and procurement, it was noticed that many of the essential drugs (mandated as per the State list) which were required at various health facilities were not available during the period covered by audit as discussed in the subsequent paragraph.

In reply (December 2016), the Department while accepting the audit finding stated that these lapses would be rectified once DVDMS (Drugs and Vaccines Distribution

Management System) is implemented. The implementation was in process as of date of audit (May 2016).

(ii) Availability of drugs in DHs, CHCs & PHCs

Medicines and equipment are an integral part of health system. The State of Meghalaya had formulated a State Essential Drug List (SEDL)[46]. The availability of medicines as listed was test checked in the selected five DHs, three CHCs and 12 PHCs and it was seen that most of the drugs were not available as shown below (Details shown in **Appendix 1.3.2).**

Table -1.3.4 – Non-availability of drugs in DHs, CHCs & PHCs

Type of facility	No. of drugs required as per SEDL	2011-12	2012-13	2013-14	2014-15	2015-16
5 DHs	355	63 and 86 *per cent*	74 and 87 *per cent*	77 and 87 *per cent*	75 and 85 *per cent*	68 and 85 *per cent*
3 CHCs	228	64 and 78 *per cent*	66 and 82 *per cent*	65 and 85 *per cent*	65 and 83 *per cent*	66 and 76 *per cent*
12 PHCs	180	47 and 83 *per cent*	43 and 81 *per cent*	54 and 79 *per cent*	58 and 81 *per cent*	62 and 84 *per cent*

Source: Records maintained at health facilities

It can be seen from the above that during 2011-16, 13 *per cent* to 37 *per cent* of drugs were available while 63 *per cent* to 87 *per cent* of drugs were not available in the DHs. Similarly, in CHCs, 15 *per cent* to 36 *per cent* of drugs were available while 64 *per cent* to 85 *per cent* of drugs were not available. In the PHCs, 16 *per cent* to 57 *per cent* of drugs were available while 43 *per cent* to 84 *per cent* of drugs were not available during 2011-16. Hence, while there was excess procurement leading to expiry of drugs, there was extra expenditure on purchase of drugs and at the same time, drugs which were listed in the SEDL were not available at the health facilities.

In response, the Secretary, Health Department stated (December 2016) that the logistics and supply of drugs in the State had been overlooked in the previous years and hence, the State had taken a conscious decision to form a Joint Procurement Committee (JPC) in March 2015 which would henceforth look into the matters relating to procurement and supply of drugs. Accordingly, the JPC had requested for proposal of DVDMS and had also advised the State to use the same to ensure that such lapses do not happen in future.

(iii) Extra expenditure of ₹ 0.26 crore due to payment of higher rates

During 2011-13, the Jt. Mission Director, NRHM, Shillong procured medicines[47] valuing ₹ 1.10 crore at rates which were higher than the rates approved by Director of Health Services (Medical Institutions) during the same period. This expenditure could

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[46] The date on which the list was formulated was not furnished to audit, though called for.

[47] Amoxycillin 250 mg cap, Amoxycillin 500 mg cap, Ampicillin 250 mg cap, Ampicilin 500 mg cap, Cephalexin 250 mg cap, Cephalexin 500 mg cap, Ciprofloxacin 250 mg cap and Ciprofloxacin 500 mg cap.

have been limited to ₹ 0.84 crore had it been purchased as per the approved rate of DHS (MI). Thus, an extra expenditure of ₹ 0.26 crore was incurred under NRHM due to purchase of medicines at higher rates (***Appendix 1.3.3***).

In reply (December 2016), the Secretary, Health Department stated that the State had decided to update the SEDL to finalise a single rate contract for all drugs so as to avoid duplication of rates between all branches of the Health Department.

(iv) Procurement of equipment

During 2011-16, an amount of ₹ 17.55 crore was approved for procurement of equipment. The details of the amount utilised by SHS for procuring equipment is shown in the table below:

Table 1.3.5 – Funds utilised for procurement of equipment

(₹ in crore)

Year	Amount approved	Amount utilised	Excess (+) / Less (-)
2011-12	7.76	0.64	- 7.12
2012-13	0.43	3.07	+ 2.64
2013-14	4.80	0.00	- 4.80
2014-15	1.52	0.00	- 1.52
2015-16	3.04	2.79	- 0.25
Total	**17.55**	**6.50 (37 *per cent*)**	**- 11.05**

(Source: Information furnished by SHS)

Even though many health facilities were lacking in equipment (as discussed in succeeding paragraph), it can be seen from the table above that the SHS utilised only an amount of ₹ 6.50 crore (37 *per cent*) for procuring hospital equipment during 2011-16. Even out of this short procurement of equipment, audit noticed the following:

OT in Riangdo CHC lying unutilised

- In the selected CHC (Riangdo), OT and surgical equipment valuing ₹ 16.62 lakh procured during December 2014 was lying unutilised till date of audit (July 2016) due to lack of skilled manpower. Thus, the expenditure of ₹ 16.62 lakh remained unfruitful. In reply, the Secretary, Health Department admitted (December 2016) the fact that the OT equipment were lying idle and stated that it was because the trained Medical Officer was transferred from the facility before the OT equipment were installed. The fact is that the equipment were not utilised.

Table top incinerator lying idle in Nongstoin DH

- In two selected DHs (Nongpoh and Nongstoin), table top incinerators for management of bio-medical waste costing ₹ 3.72 lakh (₹1.86 lakh per unit) procured during December 2014 was lying unutilised till date of audit (July 2016) as no training was imparted to the staff on how to utilise the equipment.

- For Mairang DH and Tura MCH hospital, three table top incinerators costing ₹ 5.58 lakh, for which supply order was issued during December 2014 were never delivered. The details of the payment made to the supplier was not furnished though called for. The DHs had failed to follow up and ensure that the equipment gets delivered as per the supply order.

Hence, the expenditure of ₹ 9.30 lakh (₹ 1.86 lakh X 5 units) incurred on procurement of the table top incinerators for Nongpoh, Nongstoin, Mairang and Tura MCH hospitals was wasteful.

This indicated that due attention was not paid to properly assess the actual requirements of equipment, their receipt and utilisation.

(v) Non-availability of equipment in District Hospitals, CHCs &PHCs

As per IPHS, equipment for blood storage, X-Ray, Ultra Sound, *etc.*, were required to be provided in the DHs and CHCs. Test check in the five selected DHs and three CHCs however, revealed that many types of equipment were not available or not functioning as shown below:

Table 1.3.6 Availability of equipment in five DHs and three CHCs

Name of equipment	Number and type of facilities test checked	Available	Available but not functioning	Not available
Echo	5 DHs	-	-	5
Blood Storage equipment	5 DHs	2	1	2
	3 CHCs	-	-	3
Ultra Sound	5 DHs	3	1	1
	3 CHCs	-	-	3
ECG	5 DHs	3	1	1
	3 CHCs	1	1	1
X-Ray	5 DHs	5	-	-
	3 CHCs	1	1	1

(Source: Replies furnished by facilities)

From the above, it can be seen that:

- Echo was not available in any of the five DHs (100 *per cent*)
- Blood Storage equipment were not available/not functioning in three DHs (60 *per cent*) and not available in any of the three CHCs (100 *per cent).*
- Ultra Sound was not available/not functioning in two DHs (40 *per cent)* and not available in any of the three CHCs (100 *per cent).*
- ECG was not available /not functioning in two DHs (40 *per cent)* and not available/not functioning in two CHCs (66 *per cent).*
- X-Ray facility was available in all five DHs and in one CHC. It was not available /not functioning in two CHCs.

(vi) Equipment lying idle/ non functional

As a measure to ascertain the utilisation of equipment by the Health facilities, a Joint Physical verification by the officers of the health facilities and members of the audit team was conducted during July 2016. The findings of the Joint Physical Verifications were as follows:

- OT in Nongstoin and Nongpoh DHs were lying idle and were not utilised because of lack of specialist doctors. In reply (December 2016), the Secretary, Health Department stated that the OT in Nongpoh was used for sterilisation cases. But the fact remained that the OT was not used for cases other than sterilisation due to absence of an anaesthetist.

OT in Nongstoin DH lying unutilised

- In Nongpoh DH, an ultrasound machine though available was not registered (as mandated under PCPNDT[49] Act) and hence could not be used. In reply, the Secretary, Health Department stated (December 2016) that the registration of the Ultra Sound machine was under process. Similarly, an X-Ray machine available in Bhoirymbong CHC was not used as it was not registered.

		
Anaesthetist machine lying idle in Nongpoh DH	***Non functional 500 MA X-Ray Nongpoh DH***	***Functional X-Ray machine lying unutilised in Bhoirymbong CHC***

- In Nongpoh district hospital, the main X-Ray machine (500 MA) was not functional due to which a portable X-Ray machine (60 MA) meant for Trauma Centre was used by the hospital.
- Though blood storage facility was not available in Nongstoin and Nongpoh District Hospitals, blood storage equipment were procured and were lying idle. The Secretary, Health Department while accepting the observation (December 2016) stated that a blood bank was under construction.
- Radiant warmers in Riangdo and Umsning CHC were not functioning. In reply, the Secretary, Health Department stated (December 2016) that the radiant warmers were not functioning because the cost of repairs was too high and there was no financial resource for repairs. The reply was not tenable since it can be seen from Table 1.3.5 above that the Department had utilised only 37 *per cent* of funds during 2011-16 for equipment.

[49] PCPNDT Act – Pre-Conception and Pre-Natal Diagnostic Techniques Act, 1994

		
Non-functional Digital X-Ray machine in Tura DH	***Blood storage equipment lying idle in Nongstoin DH***	***Radiant warmers in Umsning CHC were not functional***

- The digital X-Ray machine installed in March 2013 in Tura DH was not functioning since September 2015.
- A Computerised Tomography (CT) Scan machine costing ₹ 1.12 crore was installed in Tura DH in April 2006 but it had not functioned since its installation[50].

CT Scan machine in Tura DH is non-functional since April 2006

- An automatic voltage input stabilizer installed in March 2007 in Tura DH stopped functioning after 2 (two) months of its installation due to which the blood bank refrigerators had no power supply backup.
- X-Ray machine in Umsning CHC which was not functioning since September 2012 was repaired during January 2016. It however, broke down just after 3(three) months of repair and was lying without repair till the date of audit (July 2016). The Secretary, Health Department stated (December 2016) that proposal for new X-Ray machine would be proposed in the Annual Action Plan of 2017-18.

1.3.9.11 Mobile Medical Units

Taking health care to the door steps of the public in the rural areas, especially in underserved areas through Mobile Medical Units (MMU) is a key intervention towards achieving goals of the NRHM. In Meghalaya, out of 11 districts, MMU service was available only in seven districts.

As per GoI's direction[51], the performance of MMUs in a district should not be less than 500 patients or less than 20 camps in a month. According to the report submitted by NRHM, Meghalaya, seven units of MMUs had collectively held 276 camps from April to July 2015. This translates to an average of 9.86 camps per district per month instead of the target of 20 camps per month. Out of seven districts, only four[52] could achieve the target of 20 camps per month. Since the performance of the rest of the

[50] The matter regarding the non-functional CT Scan was reported in Paragraph 5.1.14 of the Report of the C&AG for the year ended 31 March 2011

[51] Recorded in the RoP of 2015-16

[52] West Khasi Hills, East Khasi Hills, Ri-Bhoi and South Garo Hills districts

three districts[53] was below par in terms of number of camps per month and number of patients seen, GoI ordered the State to discontinue the MMUs of the three districts.

Thus, due to under performance, the State had lost MMU services in three out of 11 districts besides not having this facility in four[54] other districts in the State.

On being pointed out, the Secretary, Health Department, in his reply (December 2016) stated that the MMUs were discontinued as GoI had not given their approval for the same.

1.3.9.12 Ambulance Service

Ambulance with equipment are essential for referral transport system during the medical emergency and disaster. Life-saving emergency medicines including oxygen should be made available in the ambulances. One of the services launched under NRHM was the National Ambulance Service (NAS) whereby people can call an ambulance by dialling 108 to attend to patients of critical care, trauma and accident victims *etc.* or 102 to attend to the needs of pregnant women and children though other categories are not excluded.

The findings in respect of the Ambulance service are as follows:

- In Meghalaya only '108' ambulance services was available while '102' ambulance service had not been operationalised. The Secretary, Health Department informed (December 2016) that the proposal for '102' ambulance service was proposed to GoI during 2015-16 and 2016-17 but it was not approved.
- As of March 2016, there were 47 ambulances in the State operating under '108' service. Out of these, six were not equipped with essential medical equipment. The Secretary, Health Department replied (December 2016) that the six ambulances had since been equipped with essential medical equipment.
- The State also had 118 ambulances of which 64 were procured during 2011-12 and 2012-13. None of the 118 ambulances were however, fitted with essential medical equipment and as such were used mostly for referral[55] purposes. The Secretary, Health Department informed (December 2016) that the 118 ambulances were not equipped with essential medical equipment since GoI had approved the budget only for purchase of the ambulances and even their maintenance and operational expenditure were being borne by the health facilities themselves. The State Government should however, ensure that ambulances being used as patient transport vehicle should have basic professional equipment for first aid and nursing care.

Adequate physical infrastructure viz buildings, equipment, drugs, ambulance etc. would be the basic necessity for effective delivery of health care services. It was however, noticed that there were shortage of DHs, FRUs, SCs, AYUSH building,

[53] East Garo Hills, West Garo Hills and Jaintia Hills
[54] South West Khasi Hills, East Jaintia Hills, South West Garo Hills & North Garo Hills.
[55] Assured free transport for pregnant woman and new born/infants.

blood storage facility in the State. It was also noticed that CT Scan, Ultra Sound, X-Ray etc. were lying idle and most of the health care units were deprived of telephone connections. There were shortages of essential drugs in the DHs/CHCs/PHCs. The survey also revealed that 16 per cent to 90 per cent of the surveyed ASHAs were not provided with necessary equipment/drugs such as thermometer, pregnancy kit, disposable delivery kit, blood pressure monitor, weighing scale, paracetamol, iron pills and deworming pills (as discussed in ***paragraph 1.3.12.5***). *The above hindered the efforts of the State in improving the health status of expectant and new mothers as well as children.*

1.3.10 Availability of health care professionals

The Framework for Implementation (2012-17) strategises increasing the number of key staff in consonance with IPHS and assured services for strengthening the health facilities. The IPHS lays down minimum essential manpower required for a functional DH, CHC, PHC and SC. The audit findings in respect of the manpower position are discussed in the succeeding paragraphs.

1.3.10.1 Shortfall in availability of manpower at District Hospital

The shortfall of manpower in the 10[56] district level hospitals located in seven districts *vis-a-vis* IPHS norms (2012) as of March 2016 is shown in the table below:

Table 1.3.7 – Manpower position of DHs

(In numbers)

Type of post	Minimum Essential number of staff as per IPHS	Sanctioned strength of the facility	Person in position	Shortage as against IPHS norm (percentage)
Specialist Doctors	160	NA	71	-89 (56)
General Doctors	130	NA	NA	-
Staff Nurse	450	NA	371	-79 (18)
Paramedical staff	310	NA	87[57]	-

(Source: Information furnished by SHS)

From the table above, it can be seen that in the DHs there were shortages of 56 *per cent* and 18 *per cent* in the post of specialist doctors and staff nurses respectively. The shortage/excess in respect of paramedical staff could not be ascertained since the Department failed to furnish information on number of persons in position in respect of Storekeeper, CSSD Assistant, Dental Technician, Rehabilitation Therapist & Bio Medical Engineer.

The position of manpower in the five selected DHs is as shown below:

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[56] As per information furnished by SHS, there are 10 district hospitals in the State of which 7 are district hospitals and the remaining are Ganesh Das Hospital, Tura MCH Hospital and Mairang hospital. However, as per the Rural Health Statistics (RHS), there are 12 district hospitals which includes TB hospital and Meghalaya Institute of Mental Health & Neuro Science (MIMH&NS) These two hospitals were not included in the calculation since they are specialist hospitals for TB and mental health respectively.

[57] Only partial information was furnished by NHM, Meghalaya.

Table 1.3.8 – Manpower position of selected DHs

Type of post	Minimum Essential number of staff as per IPHS	Sanctioned strength of the facility	Person in position	Shortage (-) /Excess (+) against IPHS norms	Shortage (-) / Excess (+) against sanctioned strength norms
Specialist Doctors	80	63	29	-51	-34
General Doctors	65	31	48	-17	+17
Staff Nurse	225	169	168	-57	-1
Paramedical staff	155	48	60	-95	+12

(Source: Information furnished by the five selected DHs)

From the above, Audit observed as follows:

- In comparison with IPHS norms, there was a shortfall of 51 specialist doctors, 17 general doctors, 57 staff nurses and 95 paramedical staff.
- In comparison with sanctioned strength, there was a shortfall of 34 specialist doctors and one staff nurse while there was an excess of 17 general doctors and 12 paramedical staff.

Audit noticed that shortage in availability of doctors (both specialist and general) had an adverse impact on the service delivery of the facilities since C-section was not performed in three[58] out of five test checked DHs. Further, OTs of Nongstoin and Nongpoh DHs were also lying unutilised due to absence of manpower as discussed in ***paragraph 1.3.9.10 (vi).***

1.3.10.2 Shortfall in availability of manpower at CHCs

The shortfall of manpower in the 27 CHCs *vis-a-vis* IPHS norms (2012) as of March 2016 is shown in the table below:

Table 1.3.9 – Manpower position of CHCs

Type of post	Minimum Essential number of staff as per IPHS	Sanctioned strength of the facility	Person in position	Shortage (-) / Excess (+) against IPHS norms (*percentage*)
Specialist Doctors	135	NA	78	-57 (42)
General Doctors	135	NA	70	-65 (48)
Staff Nurse	297	NA	230	-67 (23)
Paramedical staff	351	NA	101[59]	-

(Source: Information furnished by SHS)

From the table above, it can be seen that in the CHCs there were shortages of 42 *per cent,* 48 *per cent* and 23 *per cent* in the posts of specialist doctors, general doctors and staff nurses respectively. The shortage/excess in respect of paramedical staff could not be ascertained since the Department failed to furnish information on number of persons in position in respect of Pharmacist (Ayush), Ophthalmic Assistant, Dental Assistant, Cold Chain & Vaccine Logistic Assistant, OT Technician, Rehabilitation Worker, Counsellor and Dresser.

[58] Nongpoh DH, Nongstoin DH & Tura DH
[59] Only partial information was furnished by NHM, Meghalaya

The manpower position in the three selected CHCs is shown below:

Table 1.3.10 – Manpower position of selected CHCs

Type of post	Minimum Essential number of staff as per IPHS	Sanctioned strength of the facility	Person in position	Shortage (-) / Excess (+) against IPHS norms	Shortage (-) / Excess (+) against sanctioned strength norms
Specialist Doctors	15	0	1	-14	+1
General Doctors	15	16	15	-	-1
Staff Nurse	33	21	32	-1	+11
Paramedical staff	39	13	22	-17	+9

(Source: Information furnished by three selected CHCs)

From the above, Audit observed as follows:

- The selected CHCs do not have any sanctioned post for specialist doctors. One specialist doctor was however, posted in Bhoirymbong CHC.
- In comparison with IPHS norms, there was a shortfall of 14 specialist doctors, one staff nurse and 17 paramedical staff.
- In comparison with sanctioned strength, there was a shortfall of one general doctor while there was an excess of 11 staff nurses and nine paramedical staff.

Audit noticed that the service delivery of the facilities was impacted on account of shortage in availability of doctors (both specialist and general) with the consequence that surgery and C-section were not performed in any of the test checked CHCs. Further, OT and surgical equipment were also lying unutilised in the Riangdo CHC due to absence of skilled manpower as discussed in ***paragraph 1.3.9.10 (iv).***

1.3.10.3 Shortfall in availability of manpower at PHCs

The shortfall of manpower in the 109 PHCs *vis-a-vis* IPHS norms (2012) as of March 2016 is shown in the table below:

Table 1.3.11 – Manpower position of PHCs

Type of post	Minimum Essential number of staff as per IPHS	Sanctioned strength of the facility	Person in position	Shortage (-) / Excess (+) against IPHS norms *(percentage)*
General Doctors	109	NA	99	-10 (9)
Staff Nurse	327	NA	176	-151 (46)
Paramedical staff	545	NA	544	-1

(Source: Information furnished by SHS)

From the table above, it can be seen that in the PHCs there were shortages of nine *per cent* and 46 *per cent* in the posts of general doctors and staff nurses respectively.

The manpower position in the twelve selected PHCs is shown below:

Table 1.3.12 – Manpower position of selected PHCs

Type of post	Minimum Essential number of staff as per IPHS	Sanctioned strength of the facility	Person in position	Shortage (-) / Excess (+) against IPHS norms	Shortage (-) / Excess (+) against sanctioned strength norms
General Doctors	12	17	14	+2	-3
Staff Nurse	36	27	39	+3	+12
Paramedical staff	60	43	74	+14	+31

(Source: Information furnished by 12 selected PHCs)

From the above, Audit observed as follows:

- In comparison with IPHS norms, there was an excess of two general doctors, three staff nurses and 14 paramedical staff.
- In comparison with sanctioned strength, there was a shortfall of three general doctors while there was an excess of 12 staff nurses and 31 paramedical staff.

Even though there was no shortfall in the number of doctors in the selected PHCs, Audit observed that there was irrational deployment of doctors since four[60] of the selected PHCs had two doctors each while two[61] PHCs did not have any doctor. As a result, the average number of deliveries during 2015-16 in the four PHCs with two doctors each was 102 while the average number of deliveries in the two PHCs without a doctor was only 33.

1.3.10.4 Human resources at Sub Centres

The manpower position in the 36 selected SCs is shown below:

Table 1.3.13 – Manpower position of selected SCs

Type of post	Minimum Essential number of staff as per IPHS	Sanctioned strength of the facility	Person in position	Shortage (-) / Excess (+) against IPHS norms	Shortage (-) / Excess (+) against sanctioned strength norms
ANM	36	72 (36 regular + 36 contractual)	66	+30	-6
Health Worker (Male)	36	0	0	-36	-36

(Source: Information furnished by 36 selected SCs)

From the above, Audit observed that:

- There was an excess of 30 ANMs (83 *per cent)* with respect to IPHS while the shortfall against sanctioned strength was six (eight *per cent).*
- No male health worker was posted in any of the 36 selected SCs.

There was not only shortage of doctors and nurses across DHs and CHCs in the State as against IPHS norms, there was also irrational deployment of doctors in the PHCs.

[60] Asanang PHC, Darenggre PHC, Maweit PHC & Mellim PHC
[61] Mawlasnai PHC & Nonglang PHC

Shortage of necessary medical and paramedical staff at the health centres affected the goal of reliable and quality health services in the rural area. The effect of shortage of manpower was also observed during beneficiary survey as 24 per cent of the women surveyed stated that they received ANC services from doctors/nurses while the remaining received it only from ANMs/ASHAs (as discussed in ***paragraph 1.3.12.5***).

Shortage of key staff resulted in non-availability of services like surgery and C-Section in DHs and CHCs. Also, OTs was lying idle in two DHs and one CHC due to want of manpower.

1.3.11 Quality of health care provided

The Mission objectives included reduction in child and maternal mortality, population stabilisation, universal access to public health care services with emphasis on services addressing women's and children's health and universal immunisation. This was sought to be achieved by laying down targets for achieving certain indicators. Targets in respect of institutional deliveries, immunisation, and family planning were fixed by GoI. The performance of the State on improving Reproductive and Child Health (RCH) with respect to the target fixed are discussed below:

1.3.11.1 Antenatal care

Early detection of complications during pregnancy through antenatal (ANC) check-up is important for preventing maternal mortality and morbidity. Quality ANC includes minimum of at least four ANCs including early registration, first ANC in first trimester along with physical and abdominal examinations, two doses of tetanus toxoid (TT) immunisation and consumption of Iron Folic Acid (IFA) tablets. Mobilising the pregnant women for ANCs is one of the activities to be performed by Accredited Social Health Activist (ASHA). As of March 2016, against the requirement of 6519, there were 6429 ASHAs available (99 *per cent*). For these kind of services, the SC is the most peripheral and first contact point between the primary health care system and the community.

The number of registered pregnant women who registered within the first trimester, who received three ANC services, who were given two TT immunisation doses and who were given 100 IFA tablets during the period 2011-16 are shown below:

Table 1.3.14 - Pregnant women registered and receiving ANC services

Year	Total No. of pregnant women registered	No. registered within first trimester (percentage)	No. of pregnant women who received 3 check-ups during pregnancy (percentage)	No. of pregnant women given 1st and 2nd Tetanus Toxoid (TT) immunisation (percentage)	No. of pregnant women given100 IFA tablets (percentage)
2011-12	119912	31316 (26)	54807 (46)	63573 (53)	50293 (42)
2012-13	123528	32646 (26)	62003 (50)	66183 (54)	66170 (54)
2013-14	132393	44097 (33)	67818 (51)	70665 (53)	42796 (32)
2014-15	129575	41777 (32)	71430 (55)	71631 (55)	53231 (41)

Year	Total No. of pregnant women registered	No. registered within first trimester (percentage)	No. of pregnant women who received 3 check-ups during pregnancy (percentage)	No. of pregnant women given 1st and 2nd Tetanus Toxoid (TT) immunisation (percentage)	No. of pregnant women given100 IFA tablets (percentage)
2015-16	131943	42274 (32)	75356 (57)	74207 (56)	46707 (35)
Total	**637351**	**192110**	**331414**	**346259**	**259197**

(Source: information furnished by SHS)

From the above table, Audit observed that, as against the total number of pregnant women who registered themselves:

- the number of pregnant women who registered within the first trimester (within 12 weeks) was low and ranged between 26 *per cent* and 33 *per cent*;
- the number of registered pregnant women who received 3 ANC check-up ranged between 46 *per cent* and 57 *per cent*;
- the percentage of pregnant women who were given tetanus toxoid immunisation dosage was between 53 *per cent* and 56 *per cent*; and,
- the number of pregnant women who were given 100 IFA tablets ranged between 32 *per cent* and 54 *per cent.*

Hence, it is clear from the above that the State had failed to motivate the pregnant women to obtain ANC services even though it had 99 *per cent* of the required ASHAs. This was also attributable to the fact that there was less number of SCs in the State as pointed out in ***paragraph 1.3.9.1***. The results of the beneficiary survey conducted in 36 SCs revealed that 52 *per cent* of the women surveyed registered their pregnancy within the first trimester (as discussed in ***paragraph 1.3.12.5***) whereas the percentage of pregnant women who registered within the first trimester in the State as a whole ranged only between 26 *per cent* and 33 *per cent*. This indicated that early registration of pregnancy was better in areas where SCs were available compared to those where there were no SCs.

In reply (December 2016), the Secretary, Health Department agreed that the number of registered pregnant women who received ANC was low and stated that schemes like Janani Suraksha Yojana (JSY), Janani Shishu Suraksha Karyakaram (JSSK) and Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA) were being rolled out to improve the situation.

1.3.11.2 Shortfall in institutional deliveries

The target and achievement of institutional deliveries (ID) in the State and in the three selected districts were as under:

Table 1.3.15 - Target and achievement of institutional deliveries

Year	State level		West Khasi Hills		Ri Bhoi		West Garo Hills	
	T[61]	A	T	A	T	A	T	A
2011-12	NA	38511	10431	2800 (27)	2441	1308 (54)	8328	5138 (62)
2012-13	NA	41266	6770	2826 (42)	2247	1526 (68)	9378	5631 (60)

[61] Targets for ID was furnished only for JSY

Year	State level		West Khasi Hills		Ri Bhoi		West Garo Hills	
	T[62]	A	T	A	T	A	T	A
2013-14	NA	43541	7265	3382 (47)	2522	1418 (56)	7348	6305 (86)
2014-15	NA	44369	7743	3800 (49)	2463	1656 (67)	8452	5886 (70)
2015-16	NA	46014	7788	3752 (48)	2941	1853 (63)	9207	5679 (62)

Note: T – Target, A - Achievement.
(Source: Information furnished by SHS and districts)

During the period from 2011-16, the achievement of ID in West Khasi Hills and Ri Bhoi districts were low and ranged between 27 *per cent* and 49 *per cent* and 54 *per cent* and 68 *per cent* respectively. In West Garo Hills district, the achievement in ID ranged between 60 *per cent* and 86 *per cent*.

The achievement of ID was also low when compared against home deliveries (HD) as shown in the table below:

Table 1.3.16 - Achievement of institutional deliveries

Year	State level		West Khasi Hills		Ri Bhoi		West Garo Hills	
	ID	HD	ID	HD	ID	HD	ID	HD
2011-12	38511 (49)	39652 (51)	2800 (31)	6336 (69)	1308 (23)	4481 (77)	5138 (43)	6830 (57)
2012-13	41266 (51)	39435 (49)	2826 (30)	6734 (70)	1526 (26)	4312 (74)	5631 (44)	7176 (56)
2013-14	43541 (52)	40563 (48)	3382 (31)	7414 (69)	1418 (25)	4258 (75)	6305 (48)	6770 (52)
2014-15	44369 (51)	41951 (49)	3800 (33)	7700 (67)	1656 (27)	4566 (73)	5886 (45)	7096 (55)
2015-16	46014 (53)	41080 (47)	3752 (39)	5951 (61)	1853 (31)	4135 (69)	5679 (44)	7098 (56)
Total	**213701**	**202681**	**16560**	**34135**	**7761**	**21752**	**28639**	**34970**

(Source: information furnished by SHS and districts)
ID: Institutional deliveries. HD: Home deliveries.

It is evident from the above table that during 2011-16:

- ID was poor in the State and ranged only between 49 *per cent* and 53 *per cent* while HD ranged between 47 *per cent* and 51 *per cent.* During the five year period test checked by Audit, ID increased marginally by 4 *per cent*.
- In the three selected districts, the number of HD was always higher than the IDs. In West Khasi Hills district, while the ID ranged between 31 *per cent* and 39 *per cent*, the HD ranged between 61 *per cent* and 70 *per cent*. In Ri Bhoi district, while the ID ranged between 23 *per cent* and 31 *per cent*, the HD ranged between 69 *per cent* and 77 *per cent*. In West Garo Hills district, while the ID ranged between 43 *per cent* and 48 *per cent*, the HD ranged between 52 *per cent* and 57 *per cent*.

One of the reason for low ID in the State was due to lack of infrastructure in SCs as pointed out in ***paragraph 1.3.9.8***. Moreover, out of 431 SCs in the State, only 62 (14 *per cent*) had the facilities for conducting deliveries.

The beneficiary survey also revealed that pregnant women found it convenient to deliver at home rather than at health institutions offering delivery services as these facilities were too far away. Had the SCs been equipped with facilities for conducting deliveries, the beneficiaries would have been encouraged towards ID rather than resorting to HD.

The Secretary, Health Department accepted (December 2016) the fact that HD was more than ID and also attributed the reasons to social traditional customs and beliefs, especially in the rural areas. He further stated that the number of ID would be increased through the PMSMA initiative.

1.3.11.3 Post natal care

Maternal mortality is a key indicator for maternal and child health. Maternal mortality can result from multiple reasons, such as medical, socio-economic and health system-related factors. Ensuring 48 hours stay in hospital during childbirth is an important component for identification and management of emergencies occurring during post natal period and reducing MMR.

The position of women who were discharged after 48 hours in the three selected districts is shown below:

Table 1.3.17 - Position of women discharged after 48 hours in the selected districts

Year	West Khasi Hills			Ri Bhoi			West Garo Hills		
	No of ID	No discharged after 48 hours	Percen-tage	No of ID	No discharged after 48 hours	Percen-tage	No of ID	No discharged after 48 hours	Percen-tage
2011-12	2800	2487	89	1308	916	70	5138	3299	64
2012-13	2826	2055	73	1526	789	52	5631	3466	62
2013-14	3382	951	28	1418	961	68	6305	4642	74
2014-15	3800	1085	29	1656	1546	93	5886	4567	78
2015-16	3752	818	22	1853	478	26	5679	4325	76

(Source: information furnished by districts)

It is seen from the table above that:

- In West Khasi Hills District, the percentage of women who were discharged within 48 hours came down drastically from 89 *per cent* in 2011-12 to 22 *per cent* in 2015-16. The DM&HO, West Khasi Hills attributed the main reason for high number of discharges taking place before 48 hours to most of the women being farmers/ workers and not preferring to stay more than one day, especially when they are healthy. He further stated that since the implementation of JSSK, there had been a lot of improvement as the women got benefit from the scheme.
- In Ri Bhoi District also, barring 2014-15, the percentage of women who were discharged within 48 hours fell from 70 *per cent* in 2011-12 to 26 *per cent* in 2015-16.
- In West Garo Hills however, the percentage of women who were discharged within 48 hours rose from 64 *per cent* in 2011-12 to 76 *per cent* in 2015-16. The DM&HO, West Garo Hills attributed the reason for discharge before 48 hours to inadequate number of beds.

The findings of the beneficiary survey (as discussed in ***paragraph 1.3.12.5***) corroborated the above findings as 72 *per cent* of the women surveyed who delivered in an institution stated that they were discharged within 48 hours of delivery.

While agreeing with the above findings, the Secretary, Health Department stated (December 2016) that the post natal mother prefers to go home if there was no complication whereas in some cases, it was due to heavy turnover of pregnant women and there was shortage of beds in the facilities.

1.3.11.4 Payment of JSY incentive

Janani Suraksha Yojana (JSY) launched during 2005 aims at reducing maternal and neonatal mortality by encouraging and increasing institutional deliveries. A financial incentive of ₹ 600 in urban and ₹ 700 in rural areas for institutional deliveries were to be provided while the incentive of ₹ 500 was to be provided for home deliveries both in urban and rural areas. Only those pregnant women who had received three ANC check ups were however, eligible for payment.

As per the JSY guidelines, the amount of incentive to be given to JSY beneficiaries was to be paid in one instalment at the time of delivery irrespective of the place of delivery.

The targets fixed in the Record of Proceedings (RoP) of 2012-16 and actual payment made for JSY in Meghalaya is shown below:

Table 1.3.18 – Target and actual payment made for JSY

(₹ in lakh)

Year[63]	Physical Target as per ROP		Amount approved in ROP		Actual number of beneficiaries		Payment made		Excess (+)/ savings (-)	
	HD	ID	HD	ID	HD	ID	HD	ID	HD	ID
2012-13	500	1300	25.00	119.50	5000	NA	25.00	98.00	0	-21.50
2013-14	5000	21500	25.00	144.50	5000	17074	25.00	117.86	0	-26.64
2014-15	5000	31000	25.00	208.00	5768	24474	28.34	290.92	3.34	82.92
2015-16	5000	34200	25.00	256.00	6308	23399	31.54	148.65	6.54	-107.35
Total			**100.00**	**728.00**			**109.88**	**655.43**	**9.88**	**-72.57**

(Source: Information furnished by SHS)

For the period from 2012-13 to 2015-16, it can be seen that the State incurred an excess expenditure of ₹ 9.88 lakh towards payment of JSY incentives for HD. In case of utilisation of JSY fund for ID, the State failed to achieve the target and had savings of ₹ 72.57 lakh at the end of 2015-16.

Despite JSY funds being available, several JSY beneficiaries did not receive their financial incentive during 2011-16. The position of JSY beneficiaries in the State and in the three selected districts who did not receive financial incentives during 2011-16 is shown in the table below:

63 Information relating to 2011-12 was not furnished by the Department.

Table 1.3.19 - JSY beneficiaries who did not receive financial incentives

Year	Total No. of pregnant women registered under JSY				Total no. of women registered with JSY but did not receive JSY incentive money (percentage)			
	State	West Khasi Hills district	Ri Bhoi district	West Garo Hills district	State	West Khasi Hills district	Ri Bhoi district	West Garo Hills district
2011-12	36715	3832	2737	8380	NA	1538 (40)	1575 (58)	4180 (50)
2012-13	39235	4613	3200	8414	NA	2611 (57)	2035 (64)	5245 (50)
2013-14	53715	7415	4687	12714	34641 (64)	4642 (63)	3412 (73)	7607 (60)
2014-15	65740	9267	6855	13551	35498 (54)	5618 (61)	4035 (59)	6659 (49)
2015-16	79592	9123	8404	14549	49885 (63)	4858 (53)	4168 (50)	7653 (53)

(Source: Information furnished by SHS & districts)

It can be seen from the above table that during 2013-16, 54 *per cent* to 64 *per cent* of pregnant women registered in the State under JSY were not given their due incentive. In the selected districts, 40 *per cent* to 63 *per cent*, 50 *per cent* to 73 *per cent* and 49 *per cent* to 60 *per cent* of pregnant women registered under JSY in West Khasi Hills, Ri Bhoi and West Garo Hills districts respectively were not given their due incentive during 2011-16.

In reply, the Secretary, Health Department stated (December 2016) that the reasons for shortfall in payment of JSY were because the beneficiaries did not produce necessary documents and failed to collect their benefits. It was also stated that not all registered pregnant women were eligible for payment unless they received the mandatory three ANC check-ups.

The reply was not tenable because it was the duty of the ASHAs to identify pregnant woman from BPL families as a beneficiary of the scheme, bring the women to the sub-centre / PHC for registration, assist the woman to obtain BPL certification if BPL card was not available, provide and / or help the women to receive at least three ANC, and counsel her for institutional delivery. Shortfall in payment of JSY incentives throughout the period covered by Audit indicated that the ASHAs did not fulfil their role allotted to them in aiding the registered pregnant women. Moreover, it was also seen from the survey conducted by Audit that 65 *per cent* of the ASHAs surveyed worked three or less days in a week (as discussed in ***paragraph 1.3.12.5*****).**

1.3.11.5 Immunisation of infants and children

Immunisation of infants and children against the six preventable diseases namely Tuberculosis, Pertusis, Diptheria, Tetanus, Poliomyelitis and Measles is the major thrust of the child health care delivery system in the country. A child who receives one dose each of Bacillus Chalmette Guerin (BCG), Measles vaccines and three doses of Diphtheria, Pertussis and Tetanus (DPT) and Polio vaccines is considered to be a fully immunised child. One of the objectives of Universal Immunisation Programme (UIP) is to reduce IMR by fully immunising above 80 *per cent* of the children and sustain routine immunisation after.

The shortfall in achievement of targets relating to routine immunisation is given in ***Appendix 1.3.4*** and summarised in the table below:

Table 1.3.20 - Shortfall in immunising children

Sl.	Particulars	Range of shortfall
1	Children in the age group of 0 to two years	47 *per cent* to 52 *per cent*
2	Children below the age of five years	68 *per cent* to 72 *per cent*
3	Children below the age of ten years	39 *per cent* to 73 *per cent*
4	Children who were to be administered Vitamin A solution.	69 *per cent* to 93 *per cent*

The shortfall in administration of vaccines would make a child more susceptible to diseases compared to those who had been immunised. Also, giving Vitamin A supplements to children increases their resistance to disease and improves their chances for survival, growth and development. The State should take necessary steps to increase the number of fully immunised children.

It was also seen that there was an increasing trend of whooping cough and large number of cases of measles as seen in the Table below:

Table No 1.3.21 - Trend of Infant Diseases

Year	Number of cases	
	Whooping cough	Measles
2011-12	15	1173
2012-13	2	535
2013-14	5	591
2014-15	7	474
2015-16	43	603

Immunisation is one of the factors for reducing IMR. Shortfall in immunisation hinders the effort of the State towards this direction. Even though the IMR of the State had come down during 2015-16 (30) as compared to 2011-12 (52), it had still not met the target set for IMR (26) by GoI.

1.3.11.6 Family Planning

India was the first country that launched a National Family Planning Programme in 1952, emphasising fertility regulation for reducing birth rates to the extent necessary to stabilise the population at a level consistent with the socio-economic development and environment protection. The NRHM provides a policy framework for advancing goals and prioritising strategies to meet the reproductive and child health needs of the people of India, and to achieve replacement level of total fertility rate (TFR) of 2.1 by 2017. The programme envisages encouraging family planning by adopting terminal /spacing method of sterilisation.

(i) Target and achievement of sterilisation – terminal method

The target and achievement of terminal methods of sterilisation (Vasectomy /Non Scalpel Vasectomy, Tubectomy and Laparoscopic tubectomy) for the period covered by Audit are shown below:

Table 1.3.22 - Target and achievement of terminal methods of sterilisation

(Figures in numbers)

Year	Vasectomy/NSV		Tubectomy		Laparoscopic Tubectomy	
	Target	Achievement (percentage)	Target	Achievement (percentage)	Target	Achievement
2011-12	500	56 (11)	5000	2941 (59)	NA	16
2012-13	200	18 (9)	3000	2765 (92)	NA	9
2013-14	200	14 (7)	3500	2493 (71)	NA	55
2014-15	200	22 (11)	3000	2116 (71)	NA	67
2015-16	50	11 (22)	3000	2517 (84)	NA	73
Total	**1150**	**121 (11)**	**17500**	**12832 (73)**	**-**	**220**

(Source: Information furnished by SHS)

It can be seen from the above that though the State reduced its target for Vasectomy from 500 in 2011-12 to 200 in 2012-13 and further down to 50 in 2015-16, it still failed to achieve the target. During 2011-16, only 121 cases (11 *per cent*) of vasectomy were performed in the State. No vasectomy was performed in West Khasi Hills and Ri Bhoi districts during 2011-16. In case of tubectomy, 12832 cases (73 *per cent*) were performed in the State. For laparoscopic tubectomy, the State did not specify any target but it can be seen that only 220 cases were performed. Regarding the low performance on vasectomy, the Secretary, Health Department stated (December 2016) that it was very difficult to motivate men to accept family planning methods.

(ii) Target and achievement of sterilisation – spacing method

One of the most common spacing method is through insertion of intrauterine device (IUD). The other methods are through distribution of oral pills and condom pieces. During the period covered by Audit, no targets were set for distribution of oral pills or condom pieces. The Department however, distributed 3.39 lakh of oral pills and 18.89 lakh of condom pieces under NRHM during 2011-16.

The target and achievement of IUD insertion in the State and in the three selected districts during 2011-16 is shown below:

Table 1.3.23 - Target and achievement of IUD insertion

Year	IUD insertion							
	State		West Khasi Hills district		Ri Bhoi district		West Garo Hills district	
	T[64]	A	T	A	T	A	T	A
2011-12	10000	4678 (47)	250	62 (25)	500	490 (98)	1671	1454 (87)
2012-13	10000	4795 (48)	424	169 (40)	500	511 (102)	1731	1274 (74)
2013-14	10000	4440 (44)	576	117 (20)	500	276 (55)	1735	1317 (76)
2014-15	10000	4723 (47)	480	168 (35)	500	431 (86)	1821	1238 (68)
2015-16	7000	4414 (63)	1002	163 (16)	500	535 (107)	1821	1279 (70)

(Source: Information furnished by SHS & districts)

The achievement in IUD insertions in the State for the period from 2011-16 ranged between 44 *per cent* and 63 *per cent* while the achievement in West Khasi Hills and

[64] T – Target , A - Achievement

West Garo Hills during the same period ranged between 16 *per cent* and 40 *per cent* and 68 *per cent* to 87 *per cent* respectively. Even though Ri Bhoi exceeded the targets during 2012-13 and 2015-16, it fell short of the targets set during 2011-12, 2013-14 and 2014-15 by 2 *per cent*, 45 *per cent* and 14 *per cent* respectively. While agreeing to the audit observation on IUD, the Secretary, Health Department stated (December 2016) that the Medical and paramedical staff were asked to provide counselling to the clients.

Thus, it can be seen from the above paragraphs, that there was shortfall in achievement of targets in various components of family planning methods, due to which the TFR in the State increased from 2.9 in 2011-12 to 3.0 in 2015-16 as against the target of 2.1 fixed by GoI.

The Secretary, Health Department stated (December 2016) that the State would be conducting an assessment in family planning to understand and ascertain the reasons for low acceptance of family planning methods and strategies would be planned on the basis of this assessment.

1.3.11.7 Quality Assurance

In 2013, the GoI launched the Quality Assurance Programme which aims at improving the quality of health services provided to the people. The main aim of the Quality Assurance Programme was to enhance satisfaction level among users of the Government Health facilities and also to improve patient /client level outcomes at the facility level.

As per the operational guidelines for Quality Assurance (QA), a State level Quality Assurance Committee (SQAC) headed by a Secretary level officer along with the State Quality Assurance Unit (SQAU) was to be formed in every State. Similarly, in the districts, a District level Quality Assurance Committee (DQAC) along with District Quality Assurance Unit (DQAU) was to be formed. In the district hospital level, a District Quality Team (DQT) was to be formed to supervise and monitor QA activities.

In Meghalaya, the SQAC and DQAC were formed in February 2014. As per the guidelines, the SQAC was required to conduct review meetings at six monthly intervals. It was however, noticed that till March 2016, only one meeting as against the requirement of four was held in the State. Though the SQAU had been set up, it was noticed that there were no QA activities performed by the SQAU upto March 2016.

At the district and district hospital level, the DQAU and DQT had not been set up as a result of which, no facility had been assessed and there was virtually no monitoring for quality assurance in the State.

On being pointed out (November 2016) the Secretary, Health Department stated (December 2016) that the SQAC and DQAC were reconstituted in August 2016 and few health facilities had also been assessed for quality assurance.

Even though the Mission objectives included reduction in child and maternal mortality, population stabilisation, universal access to public health care services with emphasis on services addressing women's and children's health and universal immunisation, Audit noticed deficiencies in providing antenatal and postnatal care, shortfall in institutional deliveries, shortfall in immunisation leading to increasing incidents of whooping cough and measles and shortfall in achieving family planning targets. There was also absence of quality assurance activities in the State. All these deficiencies translate into higher Infant Mortality, Maternal Mortality and Total Fertility Rate.

1.3.12 Indicators of performance

1.3.12.1 Data collection and reporting system

As per Health Management Information System (HMIS) Service Provider Manual, all SCs, PHCs and CHCs were to send their data to the concerned blocks in the format prescribed for their facility. At the Block level, after data entry is complete, the aggregated reports were to be generated, scrutinised, verified and uploaded on HMIS portal wherever such facility for uploading existed. Following this, paper report duly signed by the designated authority was to be retained by the block and another copy along with the electronic copy of the data was to be sent to the district office. Similarly, at the District level, reports should be generated based on the verified data received from the Blocks. A paper copy of the generated report must be retained at the District Office and a copy (alongwith electronic copy) is to be sent to the State Office.

During audit scrutiny, it was seen that all the selected SCs, PHCs, CHCs were submitting the report to the block office every month and this data was then uploaded to the State portal from the block level.

At the block level, though the SCs, PHCs and CHCs were submitting their reports regularly, the signed copies (hard copies) of the aggregated reports which were generated at the block level were not available. In the district level also, signed copies of the aggregated reports were not available.

Similarly, at the State level, the signed copies of the State aggregated reports which were a combination of all the district reports were not available. In the absence of the signed copies of the aggregated reports at the block, district and State level, Audit could not verify whether the data was accurate and correctly verified prior to its being uploaded and also whether any alteration in data had taken place after consolidation.

Availability of the aggregated reports at the block, district and State level would have helped the Department to later verify the uploaded data and also put a system in place to discourage alterations to data, if at all it takes place after consolidation. It was however, noticed that there were variations in the HMIS data *viz-a-viz* figures as per the registers maintained at all the selected health facilities as detailed in the paragraph below. In the absence of aggregated hard copies, it was not possible to detect where the error occurred.

In reply, the Secretary, Health Department stated that the hard copies of the aggregated reports were not kept at the block, district and State level but only an electronic form was generated. The data in the HMIS formats were checked and verified by the Medical Officer in charge of the facility. The reply was not acceptable since the guidelines clearly stipulated that paper report duly signed by the designated authority should be generated and retained at all levels.

1.3.12.2 Data quality and reliability

> *A data element is an indicator (such as total number of pregnant women registered for ANC, number of women registered under JSY, number of pregnant women who received Tetanus Toxoid-1 etc.) which becomes information and can be acted upon and used for programme monitoring and management*

In order to verify the accuracy of HMIS data, data elements for the year 2015-16 were cross verified with the figures as per the registers maintained at all the selected health facilities. It was seen that there was discrepancy between the figures reported in the HMIS with the actual figures as per the registers (details are shown in ***Appendix 1.3.5***).

In the five selected DHs, it was seen that against 15 data elements, the variation between the HMIS figures and the registers ranged between 6 *per cent* and 26 *per cent*. In the three selected CHCs, the variation between the HMIS figures and the resisters against five data elements ranged between 8 *per cent* and 82 *per cent*. In the 12 selected PHCs, the variation between the HMIS figures and registers against 10 data elements ranged between 8 *per cent* and 81 *per cent.* In the 36 selected SCs, the variation between the HMIS figures and registers against ten data elements ranged between 5 *per cent* and 162 *per cent.*

This indicated that data were being captured without proper verification at various levels. Data discrepancy is fraught with the risk of providing inaccurate indicators for the management to plan, implement and monitor health programmes effectively.

In reply, the Secretary, Health Department stated that the data for the five selected DHs in ***Appendix 1.3.5*** was a summation of the data collected from the facility and their respective notional facilities (SCs). The reply was not acceptable since there were no indication of any notional facilities being taken into account in any of the records seen by Audit in the test checked districts and DHs.

1.3.12.3 Information, Education & Communication

The Information Education Communication (IEC) strategy under NRHM aimed to spread awareness on the preventive aspects of health care and ensuring behavioural changes that relate to better child survival and women's health.

The implementation of IEC in the State was done through television/radio/street plays/ dancing competition/dramas/hoardings/advertisements in the print media and printed material in regional languages as well as by organising health melas and health camps. The amount of funds approved in RoPs and expenditure incurred during the period from 2011-16 is shown below:

Table 1.3.24 – Funds allocation and expenditure on IEC

(₹ in lakh)

Year	IEC	
	Amount approved in RoP	Expenditure incurred *(percentage)*
2011-12	212.86	175.07 (82)
2012-13	343.18	254.13 (74)
2013-14	66.98	105.55 (100)
2014-15	240.23	84.39 (35)
2015-16	235.91	184.31 (78)
Total	**1099.16**	**803.45 (73)**

(Source: Information furnished by SHS)

From the above, it could be seen that the Department spent ₹ 8.03 crore (73 *per cent*) out of funds allotted during 2011-12 to 2015-16 on IEC related activities. Despite the expenditure of ₹ 8.03 crore, the Department had not been able to create awareness amongst the intended beneficiaries to the extent required. Audit had noticed issues such as:

- A large number of pregnant women were not availing the free ANC services even after registration.
- Many pregnant women still preferred to deliver at home rather than at health institutions.
- Though the State had an IMR of 30 there were still a large number of cases where children were not fully immunised.
- Even though a financial incentive of ₹ 600/- and ₹ 700/- was provided for in the rules to be paid in urban and rural areas respectively for institutional deliveries, the percentage of institutional deliveries in the State was only 49 *per cent* to 53 *per cent* during the period from 2011-12 to 2015-16. This was due to the fact that either the scheme was not adequately publicised or the incentive was not paid properly which discouraged the pregnant women from opting for institutional deliveries.
- Even though health is a matter of primary importance there were issues such as Shallang PHC not being issued a 'No Objection Certificate' by the village durbar to avail a fresh water connection from the community source.

The Department therefore, needs to focus on creating awareness and popularise the scheme among the rural beneficiaries.

1.3.12.4 Monitoring and evaluation

(i) Shortfall of meetings at State level

At the State level, the Mission functions under the overall guidance of the State Health Mission (SHM) headed by the State Chief Minister. The SHM was required to provide health system oversight, consider policy matters related with health sector, review progress in implementation of NRHM, inter-sectoral coordination, *etc.*

The State Health Society (SHS) was to carry out the functions of the Mission and would be headed by the Chief Secretary. The SHS further consisted of the Governing Body headed by the Chief Secretary and an Executive Committee headed by the Principal Secretary. The functions of the SHS – Governing Body were to approve / endorse the State Action Plan, consider proposals for institutional reforms in the H&FW sector, review implementation of the Annual Action Plan, check status of follow up action on decisions of the State Health Mission, *etc.* whereas the functions of the SHS - Executive Committee were to execute the approved State Action Plan.

As per the framework for implementation 2005-12, the State Health Mission and SHS - Governing Body were to meet at least twice a year while the SHS- Executive Committee was required to meet every month. From May 2013, the framework for implementation 2012-17 came into effect and it stipulated that the Governing Body should meet annually while the Executive Committee should meet at least thrice a year. The actual numbers of meetings held by the SHM, the SHS - Governing Body and the SHS- Executive Committee during the period covered by Audit is shown below:

Table 1.3.25 – Details of Meeting held at State level

Name of Committee	No. of meetings required to be held during 2011-13	No. of meetings required to be held during 2013-16	Total meetings to be held	No. of meetings actually held during 2011-16	Shortfall
State Health Mission	4	3	7	0	7
SHS- Governing Body	4	3	7	5	2
SHS- Executive Committee	24	9	33	NA	-

Source: Information furnished by SHS

- It can be seen from the above that during 2011-16, the SHM did not meet even once though seven meetings were to be held.
- The SHS – Governing Body met only five times out of the required seven meetings but minutes of the meetings were not produced to Audit, though called for (August 2016). Thus, implementation of NRHM in Meghalaya was bereft of any guidance at the SHM level during 2011-16.
- No records were available to indicate the number of meetings held by SHS - Executive Committee. The Department replied (September 2016) that Executive Meetings were held on a regular basis chaired by the Mission Director. The Department however, could not furnish the exact number of meetings held and

only furnished one sample copy of minutes of meetings held in support of their reply.

The Secretary, Health Department accepted (December 2016) the fact that SHM meetings were not held since 2011 and also that SHS meetings were held once in a year but not as per the framework for implementation on the number of meetings to be conducted.

(ii) Shortfall in formation of VHSNC

One of the key elements of the NRHM is formation of the Village Health, Sanitation and Nutrition Committees (VHSNCs). Among other things, the VHSNCs were to provide an institutional mechanism for the community to be informed of health programmes and government initiatives and to participate in the planning and implementation of these programmes, leading to better outcomes.

The position of formation of VHSNCs in the State was not furnished though called for (August 2016). The position of formation of VHSNCs in the three selected districts during 2011-16 is as shown below:

Table 1.3.26 - Position of formation of VHSNCs in three districts

Year	WEST KHASI HILLS			RI BHOI			WEST GARO HILLS		
	No. of VHSNCs required			No. of VHSNCs required			No. of VHSNCs required		
	To be formed	Actually formed	Shortfall	To be formed	Actually formed	Shortfall	To be formed	Actually formed	Shortfall
2011-12	1136	1028	108	596	490	106	1617	1617	-
2012-13	1136	1028	108	596	490	106	1617	1617	-
2013-14	1170	1081	89	596	494	102	1617	1617	-
2014-15	1170	1081	89	596	495	101	1627	1627	-
2015-16	878	807	71	596	521	75	1161	1161	-

Source: Information furnished by districts

It can be seen from the above that West Khasi Hills and Ri Bhoi districts consistently failed to form the required number of VHSNCs during 2011-16 while West Garo Hills had no shortage during the same period. There was a shortfall of 71 and 75 numbers of VHSNCs in West Khasi Hills and Ri Bhoi districts respectively as of March 2016. Thus, 146 villages in two districts were deprived of an institutional mechanism for the community to be informed of health programmes and government initiatives. In reply (December 2016), the Secretary, Health Department stated that the VHSNCs were required to be formed at revenue villages and the reason for shortfall in the two districts were because the villages had not been verified by the office of the Block Development Officer. The Department should take up the matter with the respective Block Development Officers for early completion of the verification process.

(iii) Approval of Plans by SHS

As per guidelines, NRHM should follow a bottom-up approach for planning and budgeting. This planning process requires setting up of planning teams and committees at various levels *i.e.* at Habitation/ Village, SC (Gram Panchayat), PHC (Cluster level), CHC/Block level and District level. The process begins at the block where the Block Health Action Plan (BHAP) should be prepared based on inputs/discussions with the implementing units. These BHAPs are then aggregated at the district to form an Integrated District Health Action Plan (IDHAP) which is further sent to the State level. The DHAPs of all districts are compiled and aggregated at the State level for framing the State Program Implementation Plan (SPIP). All SPIPs are reviewed and approved by the SHS-GB.

Audit scrutiny revealed that though VHSNCs were formed at the village level, there were no records of any plans prepared at the village or the block level. The District Plans were prepared at the district level without any record of participation from the village level to block level.

Further, as per NRHM guidelines, baseline facility survey and annual facility surveys were required to be conducted. The baseline facility survey of any health facility, say CHC, would indicate the interventions which were available at the beginning of the Mission. This survey when repeated after a gap would provide the details of improvement which came about due to the investments made under the NRHM and would provide valuable inputs for monitoring the progress. In Meghalaya, baseline facility survey and annual facility surveys were not conducted during 2011-16. Despite these shortcomings, all SPIPs were approved by the SHS-GB.

In reply, the Secretary, Health Department stated (December 2016) that the SPIP was reviewed and approved by SHS before submission to GoI. The reply was however, silent on the other issues pointed out in the paragraph.

Successful implementation of the Mission greatly depends on proper monitoring and evaluation. Audit however, noticed that there was no system in place to cross verify the accuracy of uploaded data and there was irregularity in data quality and reliability. There was also shortfall in number of meetings at the Mission level (SHM) and governing body (SHS-GB). Therefore the purpose of forming these bodies were not achieved as envisaged. The district plans were prepared without any record of participation from the village / block level.

1.3.12.5 Beneficiary and ASHA survey

A survey of 354 beneficiaries and 108 ASHAs from the 36 selected SCs was carried out during audit. The findings of the survey are discussed below:

- Out of 354 beneficiaries who responded, 99 *per cent* stated that they knew who an ASHA and ANM worker was.
- Out of 350 beneficiaries who registered their pregnancies, only 181 (52 *per cent)* said they registered within the first trimester, 149 (42 *per cent)* said they registered within the second trimester and 20 (6 *per cent)* said they registered in the third trimester. This indicated that registration of pregnant women in the first trimester was low. ASHAs should be instructed to motivate pregnant women to register within the first trimester.

- Out of 353 respondents, only 86 (24 *per cent)* stated that they received ANC services from the doctor/nurse while 267 (76 *per cent)* of the respondents stated that they received ANC services only from the ANM/ASHA.
- Out of 354 respondents, only 91 (26 *per cent)* stated that they visited DHs/ private hospitals/ CHCs/ PHCs for their ANC services while the remaining 263 (74 *per cent)* stated that they visited SCs, Anganwadi centres, *etc.*, for their ANC services. This indicated that the State needs to reduce its shortage of SCs since many pregnant women preferred visiting the SCs for their ANC services.
- 213 respondents stated that they delivered at home. Some of the reasons for delivering at home rather than at the health facilities as stated by the beneficiaries were because the health facilities were too far/ lack of transportation (77 responses), they did not feel it necessary (39 responses), child was born before reaching the facility (65 responses), and other reasons such as no attendants, prefer to deliver at home, did not feel the requirement, delivery before due date, previous deliveries also being at home, *etc.* This indicated the State had not managed to motivate pregnant women to adopt ID.
- Out of 138 respondents who delivered at an institution, 99 (72 *per cent)* were discharged within 48 hours of their delivery. This indicated that adequate emphasis was not given to manage post natal emergencies by ensuring that the pregnant women stayed at the hospital for at least 48 hours after delivery.

The results of the survey of 108 ASHAs are discussed below:

- Out of 108 ASHAs who responded, only 24 (22 *per cent*) of the ASHAs stated that they were trained and had the necessary equipment to conduct a normal delivery.
- Out of 107 ASHAs who responded, 69 (65 *per cent)* stated that they worked only three or less days.
- ASHAs were expected to be equipped with certain equipment and drugs so as to enable them to perform their duties. The result of the survey showing the availability of basic equipment with ASHA is shown in the table below:

Table – 1.3.27 - Availability of basic equipment with ASHA

Type of equipment/ drug (Number of ASHAs who responded)	No. of ASHAs having it in possession and knowing how to use		No. of ASHAs having it in possession but not knowing how to use		No. of ASHAs not having the equipment/ drug	
Thermometer (108)	72	66 *per cent*	5	5 *per cent*	31	29 *per cent*
Disposable delivery kit (108)	8	7 *per cent*	3	3 *per cent*	97	90 *per cent*
Pregnancy kit -Nischay kit (108)	58	54 *per cent*	0	0	50	46 *per cent*
Blood Pressure Monitor (107)	3	3 *per cent*	17	16 *per cent*	87	81 *per cent*
Weighing Sale for newborns (108)	89	82 *per cent*	2	2 *per cent*	17	16 *per cent*
Paracetamol Tablets (108)	90	83 *per cent*	0	0	18	17 *per cent*
Iron Pills (107)	66	62 *per cent*	1	1 *per cent*	40	37 *per cent*
Deworming Pills (108)	66	61 *per cent*	5	5 *per cent*	37	34 *per cent*

1.3.12.6 Assessment of performance

The main aim of NRHM was to achieve the goals set under the National Health Policy and the Millenium Development Goals which were reduction of infant mortality rate (IMR), maternal mortality ratio (MMR) and total fertility rate (TFR).

The achievement of these key health indicators at the start of 2011-12 and the end of 2015-16 are shown below:

Table 1.3.28 - Achievement of key health indicators

Name of health indicator	GoI target for the year		State position for the year	
	2005-12	2012-16	2011-12	2015-16
IMR (per 1000 live births)	30	26	52	30
MMR (per one lakh live births)	100	100	229	211
TFR	2.1	2.1	2.9	3.0

(Source: Information furnished by SHS)

It can be seen from the above table that although there was an improvement in IMR and MMR from 2011-12 to 2015-16, the TFR increased from 2.9 during 2011-12 to 3.0 in 2015-16. Also, the achievement of the State fell short of the target set by GoI.

It was further seen that during the period from 2011-16, the number of cases of maternal deaths in the State was always above 200 per one lakh live births which was way above the target of 100 per one lakh live births set by GoI as can be seen from the table below:

Table 1.3.29 – Cases of maternal deaths

Year	Out of total no. of deliveries, no. of cases of maternal deaths	Total no. of live births (male / female)		Total live birth	Rate of maternal deaths per lakh as calculated by Audit
		Male	Female		
2011-12	229	39265	37407	76672	299
2012-13	232	40326	38717	79043	294
2013-14	241	42401	40392	82793	291
2014-15	187	43781	41076	84857	220
2015-16	211	43930	41834	85764	246
Total	**1100**	**209703**	**199426**	**409129**	**269**

(Source: Information furnished by SHS)

Further, the average number of deaths calculated per one lakh live births during the period 2011-16 was 269 which was higher than the figures projected by the Department. Hence, the various deficiencies pointed out in the preceding paragraphs such as lack of health infrastructure, drugs and manpower not only resulted in depriving the populace of health benefits but the State had failed even to reduce maternal deaths.

1.3.13 Conclusion

Performance audit disclosed shortages in availability of required healthcare facilities such as PHCs and SCs, unavailability of essential drugs, lack of infrastructure in the health facilities, equipment lying unutilised *etc.* Required infrastructural facilities *viz.* operation theatres, blood bank facility, water supply, telephone connections, *etc* were not found available in selected healthcare facilities. In other cases, infrastructure was created but were lying unutilised for want of required personnel to operate them. Shortages in availability of required manpower, especially medical specialists was a serious impediment in the proper delivery of healthcare services. A large number of pregnant women did not show up for antenatal care while a number of them did not receive the full dose of IFA tablets. 47 *per cent* to 51 *per cent* of registered pregnant women preferred to deliver at home rather than at health facilities. There was shortfall in achievement of immunisation as well as sterilisations. There was shortfall in payment of JSY incentive despite of availability of funds. All these indicated that the State Government had failed to connect the scheme with the people who are the stakeholders. The Quality Assurance Committees at various levels did not meet at the prescribed intervals to assess the quality of the services being delivered. Mismatch of data as per HMIS and data as per original records maintained at the healthcare facilities was noticed. Monitoring of the Mission by SHM headed by the Chief Minister was absent while monitoring by SHS headed by the Chief Secretary was minimal thus indicating that adequate priority was not being accorded to the health sector in the State. Considering that there is a strong correlation between facilities created and health outcomes (IMR, MMR and TFR), the deficiencies were responsible in preventing the State from achieving the targets set by GoI.

1.3.14 Recommendations

The recommendations of Audit are:

- *Establishment of new PHCs and SCs should be as per norms, functional FRUs should be established in all the districts and efforts should be made to upgrade the existing health infrastructure to IPHS standard.*
- *SHS should strengthen its procurement system of equipment and drugs and ensure availability of essential drugs at the health facilities.*
- *Provision of essential medical and paramedical staff should be ensured in the Health facilities.*
- *Effort should be made to motivate institutional deliveries, provide ANC services, ensure universal immunisation and encourage family planning.*
- *Quality Assurance activities should be taken up as per the guidelines so as to ensure quality service at all health facilities.*
- *Regular monitoring by SHM, SHS and by Quality assurance units should be carried out regularly and their recommendations vigorously followed.*

COMPLIANCE AUDIT PARAGRAPHS

HEALTH AND FAMILY WELFARE DEPARTMENT

1.4 Unfruitful expenditure

Failure of the Health Engineering Wing to make provision for transformer in its estimate and delay in requesting Meghalaya Power Distribution Corporation Limited for installing transformer for the Mawryngkneng PHC had not only rendered the expenditure of ₹ 1.00 crore incurred on the construction unfruitful but the objective to operate from the renovated and extended PHC remained unfulfilled even after three years of the building being completed.

Ministry of Health and Family Welfare, Government of India (GoI) approved the work 'Renovation and extension of Mawryngkneng Primary Health Centre (PHC)' for ₹ 1.00 crore with initial installment of ₹ 0.50 crore for 2012-13 and another ₹ 0.50 crore for 2013-14 under the National Rural Health Mission State Programme Implementation Plans 2012-13 and 2013-14. The estimate for the work was prepared by the Executive Engineer, Health Engineering Wing (EE-HEW), Directorate of Health Services (DHS), Meghalaya on plinth area basis, based on Public Works Department Schedule of Rate (Building) for the year 2010-11. The reason stated for taking up the work was because the existing PHC at Mawryngkneng had become old and some portion of the land in front of the PHC including a portion of the main building would fall on the proposed National Highway.

Notice Inviting Tender for the work was invited (August 2012) by the Department and the work order was issued (October 2012) to the lowest bidder. The work was completed in November 2013 at an expenditure of ₹ 1.00 crore.

Scrutiny (October-November 2016) of records of the Executive Engineer, Health Engineering Wing (EE-HEW), Meghalaya revealed that even though the building was completed in November 2013, the newly constructed PHC building had not been made functional as the load capacity of electricity presently supplied was not capable of catering to the load requirement of the new building and a separate transformer was needed for the whole complex.

Further scrutiny revealed that the estimate for the work did not have the provision for providing transformer to meet the electrical load of the newly renovated PHC and its complex. It was only 16 months after the construction was completed that the EE-HEW (DHS), Meghalaya requested (April 2015) the Meghalaya Power Distribution Corporation Limited (MePDCL) for installation of transformer for the PHC. Even upto September 2015, the HEW (DHS), Meghalaya was meeting the query raised by MePDCL on the status of the existing electrical connections within the PHC complex. During the joint physical verification of the Mawryngkneng PHC conducted on 25 November 2016 by the officers of the HEW and the Audit team, it was seen that the transformers were not installed and electrical supply line had not been provided, resulting in the completed PHC building lying idle even after three years of its completion.

Thus, failure of the HEW(DHS), Meghalaya to provide for transformer in its estimates, coupled with delay in requesting MePDCL for installing transformer for the PHC had not only rendered the expenditure of ₹ 1.00 crore incurred on the construction unfruitful but the objective to operate from the renovated and extended PHC remained unfulfilled even after three years of the building being completed.

The matter was reported to Government/Department in December 2016; reply was awaited (January 2017).

URBAN AFFAIRS DEPARTMENT

1.5 Unfruitful expenditure

Urban Affairs Department failed to provide shelter to 240 urban slum dwellers of Nongpoh even after a lapse of more than five and half years of the targeted date of completion, rendering the expenditure of ₹ 3.73 crore unfruitful. Besides with the project being executed on a land belonging to the contractor, the expenditure is fraught with the risk of becoming wasteful if the Department fails to acquire the land from the contractor.

The Meghalaya Urban Development Agency (MUDA), the nodal agency under the Urban Affairs Department (UAD) for implementation of schemes under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) entered into an agreement (March 2007) with Hindustan Prefab Limited (HPL), a Government of India Enterprise, for formulating and executing projects under the sub-missions of JNNURM programme. Accordingly, HPL prepared (February 2009) a detailed project report (DPR) to relocate 240 Economically Weaker Section (EWS) households from slums at Nongpoh under the Integrated Housing and Slum Development Programme (IHSDP), a sub-mission under the JNNURM. The project estimated to cost ₹ 9.18 crore also included ₹19.30 lakh for acquiring 40,173.14 sqm of private land at Pahamsyiem, Nongpoh.

The Ministry of Housing and Urban Poverty Alleviation, Government of India (GoI) approved (February 2009) the project at a cost of ₹ 9.18 crore with the Central share of the project cost being ₹ 7.10 crore and the State share ₹ 2.08 crore. The project was approved with a condition that the State must furnish confirmation regarding possession of land. The status whether MUDA had submitted the confirmation of possession of land to GoI could not be verified since relevant records were not produced to Audit despite reminder (June and July 2016). For the project, GoI released (July 2009) ₹ 3.55 crore and Government of Meghalaya (GoM) released (February 2011) ₹ 1.04 crore as their matching share.

Scrutiny of records of MUDA (April 2016) regarding implementing the project revealed the following irregularities:

- Prior to preparation of the DPR, Urban Affairs Department (UAD) received an offer (July 2008) from Nongpoh-Pahamsyiem IHSDP Project Committee for sale of 10 acres of *Ri Raid* (Community land), free from all encumbrances, at Pahamsyiem, Nongpoh (site-I) including giving advance possession of the land pending payment of the land compensation. The UAD however, took another 11 months to ascertain the suitability and ownership of the land and only in June 2009, the Director, UAD requested the Deputy Commissioner (DC), Ri Bhoi to initiate the land acquisition proceeding. HPL however, without even ascertaining whether DC, Ri-Bhoi had initiated the land acquisition proceeding, tendered the work (May 2010) and awarded (July 2010) it to M/s Leborlang Lyngdoh, a local contractor, at a tendered value of ₹ 7.79 crore with a stipulation to complete the work within 15 months (October 2011).

  During December 2010, when the contractor went to commence the work, some local people stopped the construction on the ground that the site was a cultivable land. During June 2011, the Nongpoh Town Committee (NTC) submitted an unregistered gift deed to the UAD showing that the '*Dorbar Shnong of Umbada, Mylliem Syiemship*[65]' had donated 3,54,300 sqft of land at Umbada, Nongpoh (site–II) for the project, on the condition that the Government compensate for the loss of cultivated crops. UAD however, failed to direct NTC to register the land and subsequently, the project was shifted (July 2011) to site – II. During July 2015, the chairman of the NTC however, wrote to the Director, UAD that based on the verbal request of the UAD, the contractor with the help of NTC had identified the land at site II and purchased it at a cost ₹ 0.36 crore. The chairman also stated that the purchase was duly registered with Sub-Registrar Office at Nongpoh and as on the date of the letter the project stands on the land belonging to the contractor. The chairman then requested the Director, UAD to pay the cost of land to the contractor with little amount of interest so that the contractor transfers the land to the UAD. Despite the different claim to the ownership of the land being reported to UAD, it failed to take any steps to ensure that the Department had a clear title to the ownership of the land at Umbada. Consequently the project being undertaken is fraught with risk of turning wasteful in case the contractor fails to hand over the land to the UAD at a later date. Further despite the delay in ascertaining the suitability and ownership of the land at site-I the Department failed to ascertain the opposition of the public towards the project thus delaying the project with resulted in escalation in the cost of the project.

[65] 'Dorbar Shnong' means the traditional village institution of the village of the Khasis where the prevailing age-old customary and traditional governance and adjudication are carried -out

- The work at site-II commenced during August 2011 and out of a total 240 dwelling units sanctioned, construction of only 128 dwelling units were taken up due to lesser area and topography of the plot at site-II. Subsequently after incurring an expenditure of ₹ 3.73 crore on completion of only 90 *per cent* of 112 dwelling units and 40 *per cent* of 16 dwelling units, HPL expressed (October 2013) its inability to complete the project at the old rates and requested either for a cost escalation or takeover of the project by the State Government on 'as is where is basis'. UAD framed (February 2015) a revised estimate of ₹ 5.15 crore to complete the remaining works of the 128 dwelling units and other basic infrastructure[66]. The estimates had however, not been approved by the Government (August 2016). The incomplete project was taken over from HPL (May 2015) by MUDA on 'as is where is basis' without acquiring the land at site-II. The documents of handing over of the project also recorded the fact that the land was in the name of the contractor and ₹ 0.36 crore was to be paid to the contractor for the land. Till the time of taking over the incomplete project, MUDA had released ₹ 3.55 crore to HPL and had outstanding liability of ₹ 0.18 crore to be paid to HPL and ₹ 0.36 crore to be paid to the contractor for the land at Umbada, Nongpoh.

Thus, failure of the Department to provide shelter to 240 urban slum dwellers even after a lapse of more than five and half years of the stipulated date of completion had not only rendered the expenditure of ₹ 3.73 crore incurred on the project unfruitful, but because of the project being executed on the land purchased by the contractor (site-II), the expenditure is fraught with risk of turning wasteful in case the contractor failed to hand over the land to the UAD at a later date. Besides, delay in ascertaining the suitability and ownership of the land at site-I and failure to ascertain the opposition of the public towards the project also contributed to delaying the project with risk of escalation in cost of the project.

The matter was reported to Government (August 2016); reply had not been received (January 2017).

[66] A community centre, footpath, drains, internal road, external electrification and water supply.

CHAPTER-II

ECONOMIC SECTOR

CHAPTER II : ECONOMIC SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 deals with the findings on audit of the State Government units under Economic Sector.

The names of the major State Government departments and the net budget provision and expenditure of the State Government under Economic Sector during the year 2015-16 are given in the table below:

Table 2.1.1 - Net budget provision and expenditure of major departments

(₹ in crore)

Sl. No.	Name of Department	Budget provisions (Original and Supplementary)	Expenditure
1.	Public Works	828.48	775.68
2.	Agriculture	686.59	330.59
3.	Planning	553.55	45.69
4.	Community & Rural Development	753.41	455.31
5.	Power	185.98	116.42
6.	Forest	187.38	122.80
7.	Industries	189.38	132.09
8.	Mining & Geology	89.31	69.71
9.	Fisheries	34.95	14.94
10.	Co-operation	30.08	22.31
11.	Soil Conservation	335.06	82.58
12.	Animal Husbandry and Veterinary	144.69	122.89
13.	Tourism	113.91	19.91
	Total	**4,132.77**	**2,310.92**

Source: Budget Estimates and Appropriation Accounts

2.1.1 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 and concerns. The audits were conducted during 2015-16 covering the expenditure of ₹ 1,422.70 crore incurred by various departments (including expenditure pertaining to previous years audited during the year) of the State Government under Economic Sector. The chapter contains two Compliance Audit paragraphs.

The major observations under Economic Sector detected in audit during the year 2015-16 are discussed in the succeeding paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

FISHERIES DEPARTMENT

2.2 Unfruitful expenditure

Injudicious decision of the Fisheries Department to allot the work to MeECL and failure to monitor the progress and quality of work during execution, resulted in the project being poorly executed and not functioning even after incurring expenditure of ₹ 2.05 crore. Besides, the objective of the project to increase the production to 50 lakh fish fingerlings per year by 2012-13 also remained unachieved

The project for 'Upgradation and modernisation of Umsning fish seed farm Phase I and II', under the *Rashtriya Krishi Vikas Yojana* (RKVY) was approved (September 2008, September 2009 and June 2011) by the State Level Sanctioning Committee (SLSC) at a cost of ₹ 2.32 crore. The objective of the project was to upgrade the Umsning Fish Seed Farm so as to enable it to produce 50 lakh fingerlings per year by 2012-13, up from production of 30 lakh fingerlings during 2011-12[1].

Scrutiny of records of the Directorate of Fisheries (July-August 2015) revealed that the Fisheries Department decided that the civil work of the project which included construction of check-dam, renovation of rearing ponds, nursery ponds, hatchery, *etc.* be entrusted to the Meghalaya State Electricity Board (now renamed as Meghalaya Energy Corporation Limited MeECL) as deposit work for speedy completion and quality of work. Accordingly funds of ₹ 2.04 crore was released to MeECL[2] between July 2009 and November 2011 for undertaking the civil work (₹ 1.99 crore) and installation of transformer (₹ 4.57 lakh). No records were available to indicate that MeECL had the necessary expertise in constructing the civil works for a fish hatchery farm. Records were also not available to indicate that the Department was monitoring the progress and quality of work during execution. By June 2012, MeECL completed the civil works at an expenditure of ₹ 2.05 crore which included agency charges of ₹ 18.67 lakh. No record was also available to show that the completed work was handed over by MeECL to the Fisheries Department.

During February 2013, the Department conducted an inspection of the work and found that all the nine constructed nursery ponds were leaking as MeECL had not sealed the nursery beds since the item was not included in the scope of work. No record was available to indicate the reason for not including the item in the scope of work or of action taken by the Department to rectify the defects. The work was again inspected by the departmental officers (July and August 2014) and the team found

[1] The Meghalaya State Agriculture Mission document (2012-17), published during 2011-12 mentions the production of fingerlings as 30 lakh during the 'present year'. Hence the present year is reckoned as 2011-12.

[2] ₹ 1.99 crore was paid out of RKVY funds while ₹ 4.57 lakh was paid out of interest earned by Fish Farmers' Development Agency, an autonomous body of the State notified on 08 February 2012 for the implementation of the Meghalaya State Aquaculture Mission .

that the nine nursery ponds, the circular breeding pool, the hatchery, the spawn collection chamber, the rearing ponds and stocking ponds were all leaking. Further some of the cemented tanks had crumbled due to high percentage of sand in the concrete mix. The inspection team concluded that the Umsning Fish Farm was not functional even five years after sanction and that the whole construction appeared to be of a very poor quality and needs to be reconstructed. Thus, even the existing production of fingerlings that the Umsning fish seed farm was achieving (30 lakh during 2011-12) had all come to a halt.

During the inspection conducted during July 2014, the Assistant Director of Fisheries, who led the inspection team, also suggested that the officers visit the neighbouring State of Assam to get an idea of how to construct a hatchery, indicating that the Fisheries Department, Meghalaya lacked experience in constructing hatchery.

Photographs of the non-functional Umsning fish seed farm taken during a joint physical verification conducted by Audit and the departmental officers (18 May 2016) showing no production of fish fingerlings since 2012-13, as the hatchery and nursery ponds were leaking

Thus, by allotting the work to MeECL which was not an agency specialising in construction of hatcheries and failure of the Fisheries Department to monitor the progress and quality of work during execution, resulted in the project being poorly executed and not functioning even after incurring expenditure of ₹ 2.05 crore[3]. Besides, the above unfruitful expenditure, not only the objective of the project to increase the production to 50 lakh fish fingerlings per year by 2012-13 remained unachieved but the existing production of fingerlings of the Umsning fish seed farm had come to a halt.

The matter was reported to Government (June 2016); reply was awaited (January 2017).

[3] Includes outstanding liability of ₹ 1.79 lakh (Cost of civil works completed by MeECL ₹ 205.36 lakh *minus* payment released ₹ 203.57 lakh).

PUBLIC WORKS DEPARTMENT

2.3 Wasteful expenditure

Failure to identify the landslide prone areas during preliminary survey itself and decision to construct the Mawsahew-Nongsteng-Umblai-Mawphu road through terrain having unstable soil strata led to the Department incurring wasteful expenditure of ₹ 3.68 crore besides defeating the objective of providing the road link to the five villages with the rest of the State.

According to the 'Manual for survey, investigation and preparation of road projects' published by the Indian Roads Congress, while constructing new roads, landslide prone areas would normally be identified during preliminary survey itself and every effort would have to be made to avoid these. Where the same is not feasible, further investigations would be required to study the extent of the problem and plan appropriate remedial measures. For this purpose, services of geologist or soil specialist may often be needed.

The work 'Construction of remaining portion of the Mawsahew-Nongsteng-Umblai-Mawphu Road from 6th to 13th km under NLCPR' was sanctioned by Ministry of Development of North Eastern Region (MDONER) in September 2008 by Government of India (GoI). Administrative approval was accorded by the Public Works Department (PWD), Government of Meghalaya in February 2009 for ₹ 9.54 crore (₹ 8.59 crore as Central share and ₹ 0.95 crore as State share). While preparing the draft project report (DPR) for the work, the topographical survey was carried out based on the data available with the Executive Engineer (EE), PWD (Roads), Sohra Division and no services of geologist or soil specialist was used. The road to be constructed was to link the road connecting the villages Mawkma, Laitduh, Wahkalair, Mawsahew and Mawmihthied to the rest of the State.

Notice inviting tender was issued in November 2008 and work orders were issued to five contractors[4] between April and September 2009 with a stipulation to complete the works within two to 24 months. The work commenced in May 2009 and upto July 2012, the contractors had completed earth work in formation, retaining walls, hume pipe culverts, side drain and granular sub-base up to 9th km and incurred expenditure of ₹ 2.50 crore.

Scrutiny of records of the EE, PWD (Roads), Sohra Division revealed that due to heavy rainfall during June-July 2012, landslides occurred at many stretches of the road and portions of the road at 6th km (30m long) and 7th km (70m long) along with hume pipe culverts were completely washed away. Although the topography of the

[4] Shri R.D. Ramsiej for construction of road from 6th to 9$^{th\ km}$ and 10th to 13th km
Shri Hapbok Lyngkhoi for constructing the bridge No.8/3 at chainage 7545 m
Shri Moses Lyngdoh for constructing the bridge No.13/7 at chainage 12922 m
Smti Rita Mawiong for supply of 'Retro-reflectorise Road Sign Boards'
Shri Binal Kr. Agarwal for supply of 'Electromeric bearing, Providing seismic arrestor pins, Strip seal expansion joints'.

land including its vulnerability to landslides should have been identified during preliminary survey, the Chief Engineer (CE), PWD, Roads, only while reporting the damage (December 2012) to Government stated that a team[5] had inspected the road on 22 November 2012 and it observed that *"on their visual investigation it was seen that restoration of the above road by means of further earthwork in cutting or by constructing retaining wall or bridge through the same alignment seems to be not possible as the soil strata was very loose thus not stable and the height was very deep"*. The CE, PWD (Roads) also stated that the only alternative to restore the road formation is by realigning the route. The EE, PWD (Roads), Sohra Division again conducted a survey (December 2012) and reported that the portion of the road that was washed away cannot be reconnected as the soil condition is *"highly unstable"* but proposed realignment of 1,663 m of road length starting from chainage 5,526 m to meet at chainage 7,189 m of the existing road. Even though the Department was aware that the terrain was not stable, it approved the estimate (March 2013) for realigning the road at a cost of ₹ 1.05 crore. The work was allotted to the same contractor who was earlier awarded the work for construction of road from 6th to 9th km. From August 2012 onwards upto March 2015, the Division incurred further expenditure of ₹ 1.02 crore and had further outstanding amount of ₹ 16.19 lakh raising the total expenditure on the project to ₹ 3.68 crore[6] on the work. No further progress of work was noticed thereafter.

Further scrutiny of records (June 2016) revealed that during October 2015, the EE, PWD (Roads), Sohra Division again inspected the road and reported to the SE, PWD (Roads), Eastern Circle, Shillong that during the years 2012, 2014 and 2015, due to incessant rain, landslides had occurred on many stretches of the road and road formation along with the retaining walls lying between the 3rd and 7th km had slipped away, including damage to 120 m of road length in the new alignment between chainages 5,556 – 5,676m. He also submitted an estimate of ₹ 18.12 crore for restoring the road but pointed out that in view of the huge cost and since on visual inspection the entire terrain was composed of unstable soil strata and loosely embedded rock/boulders resulting in damages occurring all along the entire stretch of the road, it was necessary to arrange for a reputable firm/consultant for a thorough soil investigation and for searching a suitable alternate new alignment. The CE, PWD (Roads) also reported the matter to the Government (September 2016). Upto October 2016, no decision had been taken by the Government/PWD to hire a reputable firm/consultant for a thorough soil investigation and for searching a suitable alternate new alignment.

Thus, failure to identify the landslide prone areas during preliminary survey itself and decision to construct the road through terrain having unstable soil strata and loosely embedded rock/boulders, though the same was foreseeable through visual inspection,

[5] Team consisting of the Superintending Engineer (SE), PWD (Roads), Eastern Circle, Shillong, the EE, PWD (Roads), Sohra Division, the Sub-Divisional Officer, PWD (Roads), Cherra II Sub-Division, Sohra, the concern Junior Engineer and the contractor.

[6] ₹ 2.50 crore + ₹ 1.02 crore + ₹ 16.19 lakh = ₹ 3.68 crore.

led to the Department incurring wasteful expenditure of ₹ 3.68 crore besides defeating the objective of providing the only road link to the five villages to the rest of the State. Further, had the Department hired a reputable firm/consultant for a thorough soil investigation and searched for a suitable alternate new alignment after the landslide of June-July 2012, it could have avoided ₹ 1.18 crore from becoming wasteful.

The matter was reported to Government in November 2016; reply was awaited (January 2017).

CHAPTER-III

GENERAL SECTOR

CHAPTER III : GENERAL SECTOR

3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 deals with the findings on audit of the State Government units under General Sector.

The names of the major State Government departments and the net budget provision and expenditure of the State Government under General Sector during the year 2015-16 are given in the table below:

Table 3.1.1 - Net budget provision and expenditure of major departments

(₹ in crore)

Sl. No.	Name of Department	Budget provision (Original and Supplementary)	Expenditure
1.	Finance	983.59	1,114.63
2.	Home/Police/Jail	676.95	633.54
3.	Election	28.18	21.76
4.	Transport	36.47	28.81
5.	Printing & Stationery	25.24	21.21
6.	Law	39.38	27.96
7.	Assembly Secretariat	73.40	57.82
8.	Chief Minister's Secretariat, Secretariat Administrative Department, Personnel, including Passport	121.10	108.78
	Total	**1984.31**	**2,014.51**

Source: Budget Estimates and Appropriation Accounts

3.1.1 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 and concerns. The audits were conducted during 2015-16 covering the expenditure of ₹ 159.74 crore incurred by various departments (including expenditure pertaining to previous years audited during the year) of the State Government under General Sector. The chapter contains one Compliance Audit paragraph.

The major observations under General Sector detected in audit during the year 2015-16 are given below:

COMPLIANCE AUDIT PARAGRAPH

DISTRICT COUNCIL AFFAIRS DEPARTMENT

3.2 Avoidable Interest Payment

Failure of the District Council Affairs Department in ensuring timely release of the Thirteenth Finance Commission grants to the three Autonomous District Councils (ADCs) resulted in avoidable interest payment of ₹ 1.64 crore.

As per the guidelines issued (September 2010) by the Ministry of Finance, Government of India (GoI) for release and utilisation of local bodies grants recommended by the Thirteenth Finance Commission (FC-XIII), the fund were to be transferred to the Autonomous District Councils (ADCs) and the Urban Local Bodies (ULBs) by the State Government within five days of receipt from GoI in case of States with easy accessible banking infrastructure and ten days in case of State with inaccessible banking infrastructure. Any delay required the State Government to release the instalment with interest, at the bank rate of RBI, for the number of days of delay. This was applicable from the second instalment of 2010-11 onwards.

Scrutiny (February 2016) of records of the District Council Affairs Department (DCAD), for the period from November 2010 to September 2015, revealed that GoI released (31 March 2012) the second installment of ₹ 21.62 crore under the FC-XIII for 2011-12 for the ADCs. The DCAD however, between March and August 2013, released the balance amount of ₹ 21.62 crore to the three ADCs after a delay of 345 days beyond the stipulated period.

Audit scrutiny further showed that though DCAD released the second installment of ₹ 21.62 crore to the three ADCs[1] even before the ADCs had submitted the UCs for the first installment, the Finance Department, GoM incorrectly informed (April 2013) GoI that the amount of ₹ 21.62 crore was withheld since the three ADCs did not submit the UCs. The details of the second installment released and the UCs submitted by the ADCs is shown in the table below:

Table 3.2.1 Release of grants and submission of the UCs by the ADCs

District Councils	Detail of release of the 2nd installment			Details of UCs submitted for the 1st installment	
	Date of release		Amount released (₹ in lakh)	Date of submission	Amount (₹ in lakh)
	By GoI	By GoM			
KHADC	31/03/2012	25/03/2013	890.55	31/07/2013	890.55
		28/08/2013	82.24		
GHADC		25/03/2013	864.70	22/01/2014	791.60
JHADC		25/03/2013	324.26	21/05/2013	296.85
Total			**2161.75**		**1979.00**

[1] Khasi Hills Autonomous District Council (KHADC); Garo Hills Autonomous District Council (GHADC); and, Jaintia Hills Autonomous District Council (JHADC).

The DCAD thus, neither released the funds to the ADCs within the stipulated time nor did it enforce submission of UCs for the first installment prior to releasing the second installment.

GoI however, advised (April 2013) that the State had held back release of funds to the ADCs for 345 days and hence was to pay ₹ 1.64 crore as interest to the ADCs. It also advised that a copy of the sanction order for ₹ 1.64 crore be sent to the GoI for release of next installment. Accordingly the Finance Department, GoM sanctioned (July 2013) and released ₹ 1.64 crore as payment of interest to the three ADCs.

Thus, failure on the part of the DCAD to ensure timely release of the FC-XIII grants to the three ADCs, resulted in avoidable interest payment of ₹ 1.64 crore.

On being pointed out (May 2016), the DCAD in its reply (July and August 2016) while confirming the facts referred to the portion of guidelines issued by GoI which states "*Release of any instalment will be subject to a utilization certificate for the previous instalment drawn*". The reply was however, not tenable as DCAD had released the second installment to the three ADCs even before they had submitted the UCs for the first installment.

CHAPTER-IV

ECONOMIC SECTOR
(PUBLIC SECTOR UNDERTAKINGS)

CHAPTER IV: ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

4.1 Functioning of State Public Sector Undertakings

4.1.1 Introduction

The State Public Sector Undertakings (SPSUs) consist 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 Meghalaya, there were 17 SPSUs. None of these companies was, however, listed on the stock exchange. During the year 2015-16, one SPSU[1] was incorporated while no SPSU was closed down during the year. The details of the SPSUs in Meghalaya as on 31 March 2016 are given below:

Table 4.1.1: Total number of SPSUs as on 31 March 2016

Type of SPSUs	Working SPSUs	Non-working SPSUs[2]	Total
Government Companies[3]	14	1	15
Statutory Corporations	2	--	2
Total	**16**	**1**	**17**

The working SPSUs registered an aggregate turnover of ₹ 935.69 crore as per their latest finalised accounts as of September 2016. This turnover was equal to 3.43 *per cent* of Gross State Domestic Product (GSDP) of ₹ 27,305.00 crore[4] for 2015-16. The working SPSUs incurred an overall loss of ₹ 389.50 crore as per their latest finalised accounts as of September 2016 as compared to the aggregate loss of ₹ 220.92 crore incurred by the working SPSUs as of September 2015. The increase in the aggregate loss of working SPSUs, was mainly on account of net overall losses of ₹ 365.30 crore incurred by power sector companies in 2015-16. They had employed 4,237 employees as at the end of March 2016.

As on 31 March 2016, there was one non-working SPSU[5] which was defunct since 2006 and involved investment of ₹ 4.72 crore. This is a critical area as the investments in non-working SPSUs do not contribute to the economic growth of the State.

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[1] Meghalaya Infrastructure Development & Finance Corporation Limited incorporated on 28 August 2014.

[2] Non-working SPSUs are those which have ceased to carry on their operations.

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

[4] Source: Official website of Ministry of Statistics & Programme Implementation, Government of India.

[5] Meghalaya Electronics Development Corporation Limited.

4.1.2 Accountability framework

The audit of the financial statements of a company in respect of financial years commencing on or after 1 April 2014 is governed by the provisions of the Companies Act, 2013. However, the audit of the financial statement of a company in respect of financial years that commenced earlier than 1 April 2014 continued to be governed by the Companies Act, 1956.

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

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 CAG under the provisions of Section 143(6) of the Act.

Further, the Statutory Auditors of any other company *(Other Company)* owned or controlled, directly or indirectly, by the Central and/or State Government(s) are also appointed by 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, in case of any company (Government Company or *Other Company*) covered under sub-section (5) or sub-section (7) of Section 139 of the Act*,* if considers necessary, by an order, cause test audit to be conducted of the accounts of such Company (Government Company and *Other Company)* and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test audit.

Audit of Statutory Corporations is governed by their respective legislations. Out of two Statutory Corporations, CAG is the sole auditor for Meghalaya Transport Corporation. In respect of the other Corporation (viz. Meghalaya State Warehousing Corporation), the audit is conducted by Chartered Accountants and supplementary audit by CAG.

Role of Government and Legislature

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

Companies and Separate Audit Reports in case of Statutory Corporations are placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

4.1.3 Stake of Government of Meghalaya

The State Government has huge financial stake in these SPSUs. This stake is of mainly three types:

- **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 Financial Institutions.

4.1.4 Investment in State SPSUs

As on 31 March 2016, the investment (capital and long-term loans) in 17 SPSUs was ₹ 4795.63 crore as per details given in **Table 4.1.2** below:

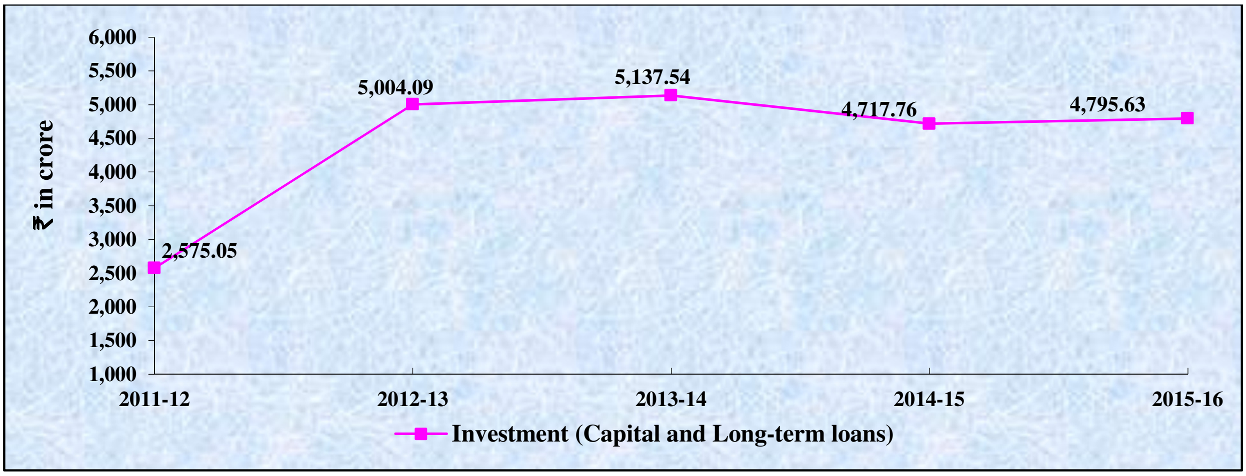
Table 4.1.2: Total investment in SPSUs

(₹in crore)

Type of SPSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working SPSUs	4188.98	505.42	4694.40	96.51	Nil	96.51	**4790.91**
Non-working SPSU	4.72	Nil	4.72	Nil	Nil	Nil	**4.72**
Total	**4193.70**	**505.42**	**4699.12**	**96.51**	**Nil**	**96.51**	**4795.63**

Out of the total investment of ₹ 4,795.63 crore in SPSUs as on 31 March 2016, 99.90 *per cent* was in working SPSUs and the remaining 0.10 *per cent* in non-working SPSUs. This total investment consisted of 89.46 *per cent* towards capital and 10.54 *per cent* in long-term loans. The investment has grown by 86.23 *per cent* from ₹ 2,575.05 crore in 2011-12 to ₹ 4,795.63 crore in 2015-16 as shown in **Chart 4.1.1** below:

Chart 4.1.1: Total investment in SPSUs



As part of the power sector reforms, the erstwhile Meghalaya State Electricity Board (MeSEB) was unbundled and four[6] new companies were formed. The State Government notified (April 2015) the transfer value of the assets and liabilities of erstwhile MeSEB as on 1 April 2012 to be transferred to these four companies, which led to corresponding increase in the value of the equity capital of four power sector companies to the extent of ₹ 2,141.25 crore. The transfer of the assets and liabilities of erstwhile MeSEB to four power sector companies and corresponding increase in their equity capital was made effective from 1 April 2012 by way of book adjustment without involving any transfer of funds. Significant increase in the investments of the SPSUs during the year 2012-13, as depicted in the ***Chart*** above, was caused mainly on this account.

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

Table 4.1.3: Sector-wise investment in SPSUs

(₹ in crore)

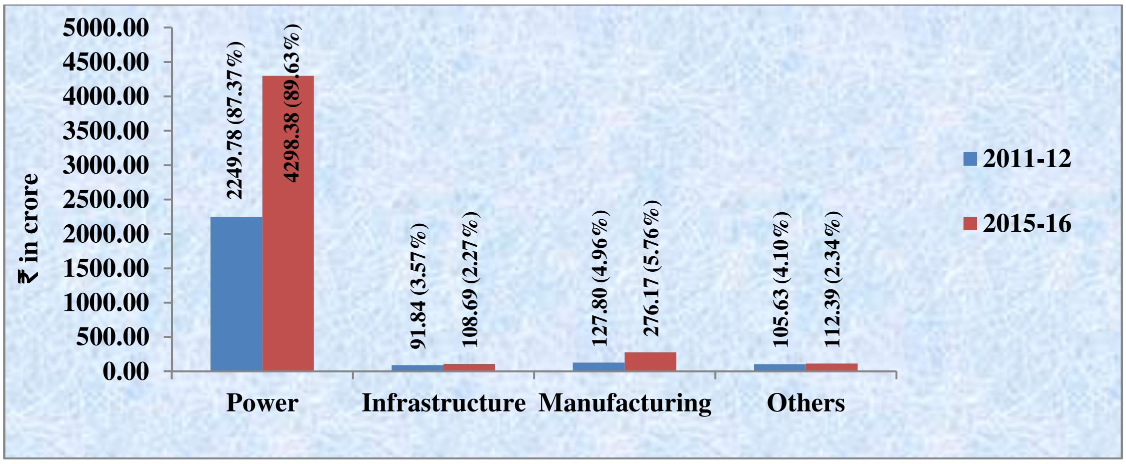
Name of Sector	Government/Other[7] Companies		Statutory Corporations	Total Investment
	Working	Non-Working	Working	
Power	4298.38	-	-	4298.38
Manufacturing	271.45	4.72	-	276.17
Finance	-	-	-	-
Miscellaneous	4.31	-	3.37	7.68
Service	7.96	-	93.14	101.10
Infrastructure	108.69	-	-	108.69
Agriculture & Allied	3.61	-	-	3.61
Total	**4694.40**	**4.72**	**96.51**	**4795.63**

The investment in various important sectors and percentage thereof at the end of 31 March 2012 and 31 March 2016 are indicated in ***Chart 4.1.2***.

6 Meghalaya Energy Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Transmission Corporation Limited and Meghalaya Power Distribution Corporation Limited.

7 'Other Companies' as referred to under Section 139 (5) and 139 (7) of the Companies Act, 2013.

Chart 4.1.2: Sector wise investment in SPSUs



It could be observed from the above ***Chart 4.1.2*** that during 2011-16, the thrust of SPSU investment was mainly in power sector, which has increased by 91.06 *per cent* from ₹ 2,249.78 crore (2011-12) to ₹ 4,298.38 crore (2015-16). Besides, the investment in manufacturing sector has also increased by 116.10 *per cent* from ₹ 127.80 crore (2011-12) to ₹ 276.17 crore (2015-16) mainly due to increase in the equity (₹ 80.06 crore) and long term borrowings (₹ 63.59 crore) of Mawmluh Cherra Cements Limited during 2012-16.

4.1.5 Special support and returns during the year

The State Government provides financial support to SPSUs in various forms through annual State budget allocations. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and interest waived in respect of SPSUs for three years ended 2015-16 are given in ***Table 4.1.4*** below:

Table 4.1.4: Details regarding budgetary support to SPSUs

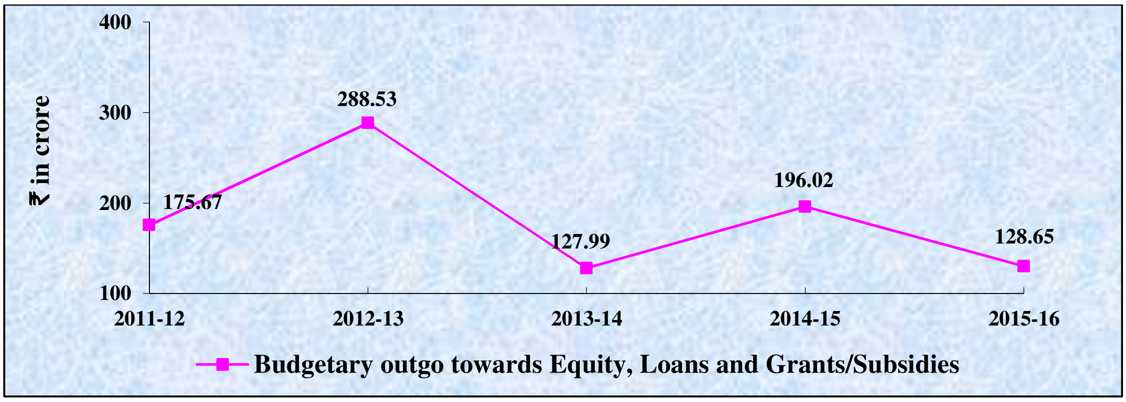
(₹ in crore)

Sl. No.	Particulars	2013-14		2014-15		2015-16	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	4	11.75	4	40.30	1	3.31
2.	Loans given from budget	-	-	2	2.46	1	100.31
3.	Grants/Subsidy from budget	4 3	97.50(G) 18.74(S)	5 2	128.53(G) 24.73(S)	6 1	18.82(G) 6.21(S)
4.	**Total Outgo (1+2+3)**	**9**	**127.99**	**10**	**196.02**	**9**	**128.65**
5.	Waiver of loans and interest	-	-	1	3.00	-	-
6.	Guarantees issued	1	85.63	-	-	-	-
7.	Guarantee Commitment	2	985.00	3	758.18	6	993.85

Source: As furnished by SPSUs. (G): Grants; (S): Subsidies

The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years from 2011-12 to 2015-16 are depicted in ***Chart 4.1.3***.

Chart 4.1.3: Budgetary outgo towards Equity, Loans and Grants/Subsidies



The budgetary outgo during 2013-14 was at all time low in five years at ₹ 127.99 crore which increased in 2014-15 to ₹ 196.02 crore mainly due to extension of grants/subsidy of ₹ 142.84 crore to one power sector SPSU (*viz*. Meghalaya Energy Corporation Limited). The budgetary support decreased from ₹ 196.02 crore in 2014-15 to ₹ 128.65 crore in 2015-16.

In order to enable SPSUs to obtain financial assistance from Banks and Financial Institutions, State Government provides guarantee subject to the limits prescribed by the Constitution of India, for which the guarantee fee is being charged. This fee varies from 0.25 *per cent* to one *per cent* as decided by the State Government depending upon the borrowing entity. As can be noticed from ***Table 4.1.4*** above, the guarantee commitment decreased from ₹ 985.00 crore during 2013-14 to ₹ 758.18 crore in 2014-15 but again increased to ₹ 993.85 crore in 2015-16. There was one SPSU (*viz.* Meghalaya Energy Corporation Limited), which had accumulated outstanding guarantee fees of ₹ 21.27 crore as on 31 March 2016. The said SPSU, however, had not paid any guarantee fee during the year 2015-16.

4.1.6 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of SPSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the Finance Department and the SPSUs concerned should carry out reconciliation of differences. The position in this regard as at 31 March 2016 is summarised in ***Table 4.1.5*** below:

Table 4.1.5: Equity, loans and 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[8]	Difference
Equity	365.14	2,343.00	(-) 1,977.86
Loans	Not available[9]	149.90	--
Guarantees	992.38[10]	993.85[11]	(-) 1.47

8 Information as provided by SPSUs and includes only the investment made by State Government.

9 State Government's loans to SPSUs are extended through the Government Departments. These Government Departments reallocate the loan funds to different PSUs. Hence, the SPSU-wise figures of State Government loans are not available in the Finance Accounts.

Audit observed that the difference in equity occurred in respect of 6 SPSUs[12] and some of differences were pending reconciliation since 2012-13. Though the Principal Secretary, Finance Department, Government of Meghalaya as well as the management of the SPSUs concerned were apprised after every three months about the differences from time to time and stressed upon the need for early reconciliation, no significant progress was noticed in this regard. The matter was also regularly taken up with the Chief Secretary, Government of Meghalaya after every three months to take necessary steps. The Government and the SPSUs concerned should take concrete steps to reconcile the differences in a time-bound manner.

4.1.7 Arrears in finalisation of accounts

The financial statements of the companies for each financial year are required to be finalised within six months after the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96(1) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of the Companies Act, 2013. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Table 4.1.6 below provides the details of progress made by working SPSUs in finalisation of their annual accounts including arrears as on 30 September 2016.

Table 4.1.6: 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 SPSUs	14	15	15	15	16
2.	Number of accounts finalised during the year	18	15	9	13	35
3.	**Number of accounts in arrears**	**52**	**52**	**58**	**60**	**43**[13]
4.	Number of Working SPSUs with arrears in accounts	13	14	14	15	16
5.	Extent of arrears (numbers in years)	1 to 16	1 to 15	1 to 16	1 to 14	1 to 11

As could be noticed from the ***Table*** above, the number of accounts in arrears increased from 52 in 2012-13 to 60 in 2014-15 but decreased thereafter to 43 in 2015-16 mainly on account of finalisation of maximum number of accounts (35 accounts) during 2015-16 in last five years. As of September 2016, total 43 accounts relating to 16 SPSUs were in arrears, which was lowest in last five years. However, more than 50 *per cent* of total SPSUs arrears (*viz.* 22 out of 43 arrear accounts) pertained to 3 working SPSUs namely Meghalaya Handloom & Handicrafts

[10] Guarantee commitment given by the State Government against loans were ₹ 992.38 crore for MeECL.

[11] Information as provided by SPSUs (MeECL-₹ 992.38 crore, MCCL-₹ 0.47 crore and MGCC-₹ 1 crore).

[12] Meghalaya Industrial Development Corporation, Meghalaya Energy Corporation Limited, Meghalaya Tourism Development Corporation Limited, Meghalaya Handloom & Handicrafts Development Corporation Limited, Meghalaya Basin Management Agency and Meghalaya Transport Corporation.

[13] Including two years accounts of a newly added company at serial no.A-5 of ***Appendix 4.1.2*** which were pending for finalisation.

Development Corporation Limited (11 years), Forest Development Corporation Limited (6 years) and Meghalaya Tourism Corporation Limited (5 years).

The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSUs within stipulated period. The meetings were held by the Chief Secretary with all SPSUs having arrear of accounts on 6 June 2016 and 4 July 2016 wherein it was decided as follows:

(i) Each PSU will draw up a specific action plan with specific time-lines, for bringing the annual accounts up-to-date and submit it to the Finance Department within a week. The Finance Department will monitor this closely; and

(ii) The directors of the concerned PSUs to take all initiative to update the arrear of accounts in time.

4.1.8 Investment made by State Government in SPSUs

The State Government had invested an amount aggregating ₹ 166.62 crore in 12 SPSUs {equity: ₹ 7.97 crore (3 SPSUs), loans: ₹ 144.45 crore (4 SPSUs) and grants ₹ 14.20 crore (5 SPSUs)} during the years the accounts of these SPSUs were pending finalisation as detailed in ***Appendix 4.1.1***. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not. Thus, State Government's investment in such SPSUs remained outside the control of State Legislature.

In addition to the above, as on 30 September 2016, there were arrear of 9 accounts in respect of the only non-working SPSU[14] as on 30 September 2016. This SPSU became non-working in 2006 and was in the process of liquidation since June 2011.

Table 4.1.7: Position relating to arrears of accounts in respect of non-working SPSU

No. of non-working companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
1	2007-08 to 2015-16	9

4.1.9 Placement of Separate Audit Reports

The position depicted in ***Table 4.1.8*** below shows the status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 30 September 2016) on the accounts of Statutory Corporations in the Legislature. No SAR of the Statutory Corporations was, however, pending for placing in the State Legislature (December 2016).

Table 4.1.8: Status of placement of SARs in Legislature

Sl. No.	Name of the Statutory Corporation	Year up to which SARs placed in Legislature
1	Meghalaya Transport Corporation	2009-10
2	Meghalaya State Warehousing Corporation	2014-15

[14] Meghalaya Electronics Development Corporation Limited

4.1.10 Impact of non-finalisation of accounts

As pointed out under ***paragraphs 4.1.7 to 4.1.9*** 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, the actual contribution of SPSUs to the State GDP for the year 2015-16 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that:

- *The Government may ensure the clearance of arrears in accounts by identifying the reasons for delay in addressing them and setting targets for individual companies which should be closely monitored.*
- *The Government may consider finalisation of accounts as a pre-condition for providing fresh equity/loans/grants etc.*

4.1.11 Performance of SPSUs as per their latest finalised accounts

The financial position and working results of working Government Companies and Statutory Corporations are detailed in ***Appendix 4.1.2***. A ratio of SPSU turnover to State GDP shows the extent of SPSU activities in the State economy. ***Table 4.1.9*** below provides the details of working SPSUs turnover and State GDP for a period of five years ending 2015-16.

Table 4.1.9: Details of working SPSUs turnover *vis-a-vis* State GDP

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Turnover[15]	463.31	461.00	430.20	640.05	935.69
State GDP[16]	19,918.00	21,872.00	22,938.00	24,065.00	27,305.00
Percentage of Turnover to State GDP	2.33	2.11	1.88	2.66	3.43

From the ***Table*** above, it can be noticed that during the last five years ending 2015-16, the overall percentage of SPSUs turnover to State GDP had increased from 2.33 *per cent* (2011-12) to 3.43 *per cent* (2015-16). Contrary to the constant growth registered by State GDP during 2011-12 to 2015-16, the turnover of State PSUs had shown a decreasing trend up to 2013-14 and increased thereafter during subsequent two years. During 2014-15 and 2015-16, the percentage of SPSUs turnover to State GDP had improved because of the increase in the SPSUs turnover figure, which was mainly on account of overall increase of ₹ 280.23 crore in the turnover of four power sector companies[17] from ₹ 529.26 crore (2014-15) to ₹ 809.49 crore (2015-16).

The overall losses incurred by the working SPSUs during 2011-12 to 2015-16 as per their latest finalised accounts as on 30 September of the respective year have been depicted below in ***Chart 4.1.4***.

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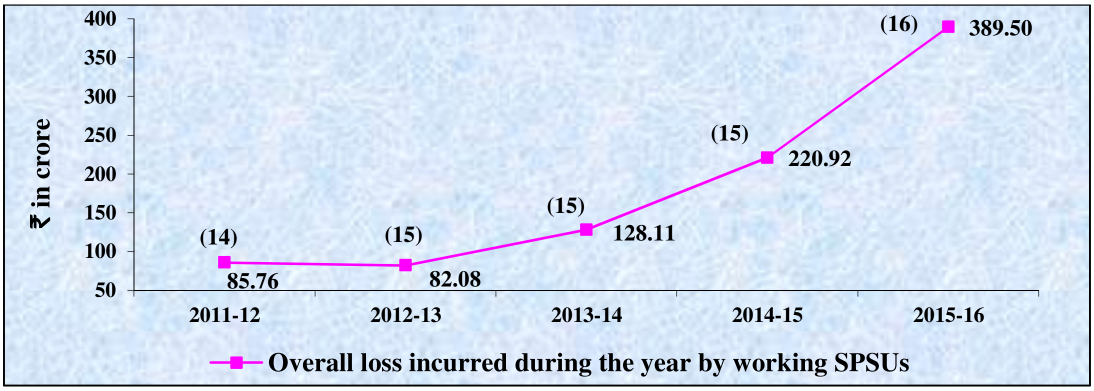
[15] Turnover of working SPSUs as per the latest finalised accounts as on 30 September of the respective year.

[16] Source: Ministry of Statistics & Programme Implementation, Government of India

[17] Meghalaya Energy Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Distribution Corporation Limited and Meghalaya Power Transmission Corporation Limited.

Chart 4.1.4: Losses of working SPSUs



(Figures in brackets show the number of working SPSUs in respective years)

From the ***Chart*** above, it can be noticed that the overall losses of working SPSUs increased considerably from 2013-14 onwards and peaked at ₹ 389.50 crore (2015-16) mainly due to the huge losses (₹ 366.55 crore) incurred by three power sector companies[18]. During 2015-16, out of 16 working SPSUs, 4 SPSUs earned profit of ₹ 4.93 crore while 10 SPSUs incurred loss of ₹ 394.43 crore as per their latest finalised accounts as on 30 September 2016. Remaining one SPSU[19] had not finalised its first accounts. The main contributors to profits were Meghalaya Government Construction Corporation Limited (₹ 2.96 crore) and Forest Development Corporation of Meghalaya Limited (₹ 0.61 crore). Heavy losses were incurred by Meghalaya Power Distribution Corporation Limited (₹ 295.15 crore), Meghalaya Power Generation Corporation Limited (₹ 70.02 crore), Mawmluh Cherra Cements Limited (₹ 19.07 crore) and Meghalaya Transport Corporation (₹ 5.73 crore).

Some other key parameters of SPSUs are given below.

Table 4.1.10: Key Parameters of SPSUs

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Capital Employed (*per cent*)*	-	-	-	-	-
Debt	1080.12	1047.53	1126.21	1310.44	1231.99
Turnover[20]	463.14	461.00	430.20	640.05	935.69
Debt-Turnover Ratio	2.33:1	2.27:1	2.62:1	2.05:1	1.32:1
Interest Payments	42.65	40.80	31.52	41.98	137.13
Accumulated losses	668.37	671.82	358.41	576.93	1113.47

* Negative figures in all the five years under reference.

From the ***Table*** above, it could be noticed that during 2011-16 (excepting 2013-14) the debt-turnover ratio has shown an improving trend. During 2015-16, the debt-turnover ratio (1.32:1) was at its best in five years mainly on account of increase of ₹ 280.23 crore in the turnover of four power sector companies[21] from ₹ 529.26 crore

[18] Meghalaya Power Generation Corporation Limited (₹ 70.02 crore), Meghalaya Power Distribution Corporation Limited (₹ 295.15 crore) and Meghalaya Power Transmission Corporation Limited (₹ 1.38 crore).

[19] Serial no. A-5 of ***Appendix 4.1.2***.

[20] Turnover of working SPSUs as per the latest finalised accounts as on 30 September of the respective year.

[21] Serial no. A8 to A11 of ***Appendix 4.1.2***.

(2014-15) to ₹ 809.49 crore (2015-16), which caused corresponding increase in the SPSUs turnover during 2015-16. The accumulated losses decreased from ₹ 668.37 crore (2011-12) to ₹ 358.41 crore (2013-14) and increased to ₹ 1113.47 crore (2015-16). This was mainly on account of similar changes in the accumulated losses of four power sector companies which decreased from ₹ 449.03 crore in 2011-12 to ₹ 119.97 crore in 2013-14 and increased to ₹ 822.32 crore in 2015-16. This is indicative of the fact that the overall operational results of the SPSUs are highly influenced by the performance of power sector companies.

There was no information available on record regarding the existence of any specific policy of the State Government on payment of minimum dividend by the SPSUs. As per their latest finalised accounts as on 30 September 2016, 4 SPSUs[22] earned aggregate profit of ₹ 4.93 crore. None of these SPSUs, however, had declared any dividend during 2015-16.

4.1.12 Winding up of non-working SPSUs

There was one non-working SPSU involving investment of ₹ 4.72 crore as on 31 March 2016. Though the liquidation process of the non-working SPSU had commenced in June 2011, the winding up of the same was still in process (December 2016). As the annual accounts of this SPSU were pending finalisation since 2007-08, the up-to date details of the expenditure incurred towards salaries, establishment expenditure, *etc.* were not available. As the non-working SPSU was neither contributing to the State economy nor meeting its intended objectives, the winding up process of the SPSU need to be expedited.

4.1.13 Accounts Comments

During the year 2015-16[23], 12 working companies have forwarded 30 audited accounts to the Accountant General (AG). Of these, 19 accounts of 10 companies were selected for supplementary audit while 11 accounts of 3 companies were issued 'non-review certificates'. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of the comments of statutory auditors and CAG are given below:

[22] Forest Development Corporation of Meghalaya Limited, Meghalaya Government Construction Corporation Limited, Meghalaya Energy Corporation Limited and Meghalaya Tourism Development Corporation Limited.

[23] October 2015 to September 2016

Table 4.1.11: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2013-14		2014-15		2015-16	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	1.46	2	0.53	4	3.31
2.	Increase in loss	0	0.16	3	109.58	16	95.69
3.	Non-disclosure of material facts	3	34.21	2	2.93	8	1877.13
4.	Errors of classification	2	6.28	2	56.21	5	572.68

Source: As per latest finalised annual accounts of SPSUs.

During the year, the statutory auditors had given qualified certificates to all 30 accounts of 12 companies. In addition, CAG had also issued qualified certificates on all 19 accounts of 10 companies selected for supplementary audit. No adverse certificates or disclaimers were issued by the statutory auditors or CAG on any of the accounts during the year. The compliance of companies with the Accounting Standards remained poor as there were 28 instances of non-compliance relating to 15 accounts.

Similarly, during the year 2015-16, two working Statutory Corporations forwarded five accounts for audit to AG which was completed. The statutory auditors and the CAG had given qualified certificates on all five accounts of the Corporations.

4.1.14 Response of the Government to Audit

Performance Audits and Paragraphs

For the Chapter on Economic Sector (PSUs) of the Report of the CAG for the year ended 31 March 2016, Government of Meghalaya, one performance audit and four compliance audit paragraphs involving two Departments were issued to the Principal Secretaries of the respective Departments with a request to furnish replies within six weeks. The replies of the State Government in respect of two paragraphs were, however, awaited from the State Government (December 2016).

4.1.15 Follow up action on Audit Reports

Replies outstanding

The Reports of the CAG represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. To ensure accountability of the executive about the issues contained in these Audit Reports, the Public Accounts Committee (PAC) of the Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo moto* explanatory notes by the administrative departments concerned within one month of presentation of the Audit Reports to the State Legislature.

Table 4.1.12: Explanatory notes not received (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
2010-11	23 March 2012	1	5	-	1
2011-12	9 October 2013	1	1	-	-
2012-13	16 June 2014	-	4	-	3
2013-14	24 September 2015	-	6	-	2
2014-15	23 March 2016	1	4	-	4
Total		**3**	**20**		**10**

From the above, it could be seen that out of 20 paragraphs and 3 performance audits (PAs), explanatory notes to 10 paragraphs in respect of 3 Departments, which were commented upon, were awaited (December 2016).

Discussion of Audit Reports by COPU

The status as on 30 September 2016 of PAs and compliance audit paragraphs that appeared in the Chapter on Economic Sector (PSUs) of the Audit Reports and discussed by the Committee on Public Undertakings (COPU) was as under.

Table 4.1.13: PAs/paragraphs appeared in Audit Reports *vis a vis* discussed as of September 2016

Period of Audit Report	Number of PAs/paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2010-11	1	5	-	3
2011-12	1	1	1	1
2012-13	-	4	-	1
2013-14	-	6	-	4
2014-15	1	4	1	1
Total	**3**	**20**	**2**	**10**

Compliance to Reports of Committee on Public Undertakings (COPU)

Action Taken Notes (ATN) to 15 recommendations[24] pertaining to 3 Reports of the COPU presented to the State Legislature between November 2010 and March 2016 had not been received (October 2016) as indicated below:

Table 4.1.14: 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 Action Taken Notes (ATNs) not received
2008-09	1	7	7
2009-10	1	7	7
2010-11	-	-	-
2011-12	1	1	1
2012-13	-	-	-
2013-14	-	-	-
2014-15	-	-	-
Total	**3**	**15**	**15**

[24] Against four paragraphs and one performance audit

It is recommended that the Government may ensure: (a) sending of replies to Inspection Reports/explanatory notes/compliance audit paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) recovery of loss/ outstanding advances/overpayments within the prescribed period; and (c) revamping of the system of responding to audit observations for their early redressal.

4.1.16 Coverage of this Report

This Chapter contains four compliance audit paragraphs and one performance audit report relating to power generation activities of Meghalaya Power Generation Corporation Limited involving aggregate financial effect of ₹ 66.02 crore.

4.1.17 Disinvestment, Restructuring and Privatisation of SPSUs

There was no information regarding any disinvestment, restructuring or privatisation programme in any of the SPSUs during 2015-16.

PERFORMANCE AUDIT

POWER DEPARTMENT

4.2 Power Generation activities of Meghalaya Power Generation Corporation Limited

The State of Meghalaya has a hydro potential of 3,000 Mega Watt (MW) which is about three per cent of the total hydro potential of the country. As of March 2016, the State had total seven hydro power stations (PSs) in operation (total installed capacity: 314.70 MW) which were owned and operated by Meghalaya Power Generation Corporation Limited (Company). Thus, the State could harness only 10.49 per cent of its hydro potential so far. As a result, Meghalaya had been a power deficient State since 1990-91 and it had to depend heavily on import of power from outside the State to meet its demand. The present performance audit (PA) conducted during May to July 2016 covered the power generation activities of the Company for the five years from 2011-12 to 2015-16. The PA mainly deals with the aspects of planning, project and financial management, operational performance and monitoring with regard to power generation activities of the Company. Following are the main highlights of the audit:

Highlights

The Company did not prepare long term perspective plans/annual action plans incorporating the projects to be implemented as per the Meghalaya Power Policy, 2007 to prioritise projects for implementation during 2011-16. As a result, the Company was taking up projects for Survey & Investigation/implementation on a random basis without proper justification for their selection.

(Paragraph 4.2.7.1)

Failure of the Company in conducting detailed survey & investigation works at planning stage and other deficiencies in preparation of Detailed Project Reports for the projects had caused changes in designs and structures after award of contracts leading to significant time and cost overrun in implementation of the projects.

(Paragraphs 4.2.8 to 4.2.8.2)

The Company was heavily dependent on loans from financial institutions for implementation of the projects, which led to increase in the project costs due to high 'interest during construction' with corresponding high generation cost per unit.

(Paragraph 4.2.9.1)

The Company failed to evolve an effective project monitoring mechanism to facilitate completion of the projects within the scheduled period thereby causing time and cost overruns in execution of projects

(Paragraph 4.2.14.3)

4.2.1 Introduction

The State of Meghalaya has a hydro potential of 3,000 Mega Watt (MW)[25] which is about three *per cent* of the total hydro potential of the country. As of March 2016, the State had total seven hydro power stations[26] (PSs) in operation (total installed capacity: 314.70 MW) which included four hydro electric projects[27] (HEPs) with a capacity of 282 MW and three small hydro projects (SHPs) with a capacity of 32.70 MW. Thus, the State could harness only 10.49 *per cent* of its hydro potential so far. As a result, Meghalaya had been a power deficient State since 1990-91 and it had to depend heavily on import of power from outside the State to meet its demand. During the five-year period 2011-12 to 2015-16, 38.23 *per cent* of the power consumed in the State was internally generated, 2.78 *per cent* was met from the State's share of free power from Central Government power generation utilities while the balance 58.99 *per cent* was purchased from outside the State.

The Meghalaya Power Policy, 2007 (MPP) as notified (October 2007) by Government of Meghalaya (State Government), identifies the basic responsibility of the "Electricity Industry" to have the provision of adequate, reliable and quality supply of power to State population at economical cost. As the State mainly had only hydro PSs, the MPP aimed at developing thermal PSs also to meet the immediate shortage of power and protect the State from probable collapse of power supply due to failure of monsoon. It envisaged exploitation of hydro, thermal and non-conventional potential to facilitate growth in the Electricity Industry. However, no thermal PS could be set up in the State due to the ban on coal mining imposed (June 2014) by the National Green Tribunal. As regards non-conventional sources, the Meghalaya Non-conventional and Renewable Energy Development Agency (MNREDA) was the nodal agency for developing and promoting the use of non-conventional energy. At present, MNREDA had several solar installations at State Government offices and schools with a meagre capacity of 978 KW. The energy generated through these installations was, however, not connected to the grid.

The MPP expected an estimated increase of 46 *per cent* in the expected peak demand[28] from 795.59 MW in 2011-12 to 1,164.83 MW in 2015-16. Against this projection, however, the actual peak demand met during the said period through own generation was between 141.30 MW (2011-12) and 75.50 MW (2015-16). As per the MPP, 16 HEPs with a total capacity of 1,367 MW and 8 SHPs with a total capacity of 82.50 MW were envisaged to be completed during the 11th and 12th Five Year Plans[29].

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[25] Including 403.98 MW in Small Hydro Projects (SHPs) of capacity below 25 MW. (Source: Meghalaya Power Policy, 2007)

[26] HEP/SHP and Power station have the same meaning; during planning stage it is termed as HEP/SHP and after commissioning it is termed as Power Station.

[27] Hydro electric projects (HEPs) are the generation units having capacity of 25 MW or more while small hydro projects (SHPs) have the capacity below 25 MW.

[28] Peak demand is the highest rate of electricity usage for a period of time usually from 6 p.m. to 10 p.m.

[29] 11th Five Year Plan period (2007-12) and 12th Five Year Plan period (2012-17).

As part of implementation of the Power Sector Reforms, the erstwhile Meghalaya State Electricity Board (MeSEB) was unbundled (March 2010) into four power sector companies *viz.* Meghalaya Energy Corporation Limited (MeECL – Holding company) and its three subsidiaries[30]. Meghalaya Power Generation Corporation Limited (Company) is carrying out power generation activities in the State.

Out of the above mentioned 24 power projects (16 HEPs and 8 SHPs), 15 projects (9 HEPs and 6 SHPs) were taken up by the Company for execution during the 11th Five Year Plan (5 HEPs and 4 SHPs) and the 12th Five Year Plan (4 HEPs and 2 SHPs) as detailed in ***Appendix 4.2.1***. All the seven[31] operational PSs (HEPs and SHPs) in the State, which included one project[32] commissioned during 2011-16 are owned and operated by the Company.

The Company is headed by a Chairman-cum-Managing Director who is assisted by a Director (Generation), Director (Finance), and Director (Human Resource and Administration). The Company has its Head Office at Shillong. Besides power generation, the Company is also engaged in activities relating to setting up of projects identified/taken up by it.

4.2.2 Scope of Audit

A Performance Audit (PA) on the generation activities of the erstwhile MeSEB was included in the Report of the Comptroller & Auditor General of India for the year 2009-10. The Report was discussed (September 2011 and August 2012) by the Committee on Public Undertakings (COPU). The recommendations of COPU thereon, however, were awaited (December 2016).

The present PA covered the power generation activities of the Company for the period from 2011-12 to 2015 -16. The PA mainly deals with the aspects of planning, project and financial management, operational performance and monitoring with regard to power generation activities of the Company. For the purpose of conducting the present audit, all 20 projects (*viz.* 7 projects in operation, 3 ongoing and 10 projects at planning stage as detailed in (***Appendix 4.2.1***) of the Company have been covered.

4.2.3 Audit Objectives

The objectives of the PA were to assess and ascertain whether:

- the planning of the projects/works was appropriate and in line with the Meghalaya Power Policy, 2007;
- the projects were implemented in an efficient, effective and economical manner;
- the generation plants were operated and maintained efficiently, effectively and economically so as to achieve optimum utilisation of generation units; and

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[30] Meghalaya Power Generation Corporation Limited, Meghalaya Power Transmission Corporation Limited and Meghalaya Power Distribution Corporation Limited.

[31] (i) Umiam Stage-I (4 x 9 MW), (ii) Umiam Stage-II (2 x 10 MW), (iii) Umiam Stage-III (2 x 30 MW), (iv) Umiam Stage-IV (2 x 30 MW), (v) Umtru (4 x 2.8 MW), (vi) Sonapani (1.5 MW) and (vii) Myntdu Leshka Hydro Electric Project (3 x 42 MW).

[32] Myntdu Leshka HEP (capacity 126 MW)

- the required quality control and monitoring systems were in place for ensuring timely implementation and effective operation of projects.

4.2.4 Audit Criteria

The audit criteria adopted for attaining the audit objectives were derived from the following sources:

- Electricity Act, 2003;
- Meghalaya Power Policy, 2007;
- Norms/Guidelines of Central Electricity Authority;
- Standard procedures for award of contract; and
- Regulations and targets issued by Meghalaya State Electricity Regulatory Commission.

4.2.5 Audit Methodology

The audit methodology adopted included holding of an Entry Conference (17 May 2016) wherein the scope, audit objectives, audit criteria, *etc.* were discussed with the management of the Company and MeECL, analysing data/records with reference to audit criteria; raising of audit queries and issuing of the draft Audit Report to the Company/MeECL/State Government for comments.

The draft Audit Report was also discussed (9 December 2016) with the representatives of the Company/MeECL/State Government in the Exit Conference. The formal replies (January 2017) of the State Government to the draft report as well as the views expressed by the representatives of the Company/MeECL/State Government in the Exit Conference, have been appropriately taken into consideration while finalising the Audit Report.

4.2.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the cooperation of the State Government, the Company and MeECL in providing necessary information and records for audit.

Audit Findings

Audit examined the effectiveness of the process of planning for capacity addition and renovation and modernisation of existing plants. The observations are as follows:

4.2.7 Capacity Addition

The actual capacity additions, demand and energy generated during the review period are given below:

Table 4.2.1

Details of actual capacity additions, demand and energy generated during 2011-12 to 2015-16

Sl. No	Description	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Capacity at the beginning of the year (MW)	186.70	272.70	314.70	314.70	314.70
2.	Actual Additions (MW)	86.00[33]	42.00	-	-	-
3.	Capacity at the end of the year (MW) (1 + 2)	272.70	314.70	314.70	314.70	314.70[34]
4.	Demand (MUs)	1094.00	1060.00	1073.00	1041.00	1086.00
5.	Net Energy produced (MUs)	518.00	705.00	862.00	836.00	922.00
6.	Shortfall in generation (MUs) (4-5)	**576.00**	**355.00**	**211.00**	**205.00**	**164.00**

Source: As furnished by the Company and MePDCL

The State had a total installed capacity of 186.70 MW at the beginning of 2011-12 and it managed to add 128 MW during 2011-12 (86 MW) and 2012-13 (42 MW). The shortfall in generation compared to the demand ranged from 164 MU (2015-16) to 576 MU (2011-12) during the review period which was met through purchase of power at higher cost.

Out of the 10 projects with a total capacity of 558.50 MW to be commissioned in the 11th Five Year Plan (2007-12) as envisaged in MPP, 9 projects (***Appendix 4.2.1***) with a total capacity of 528.50[35] MW were to be completed by the Company. Similarly, out of the 14 projects with a total capacity of 891 MW to be commissioned in the 12th Five Year Plan (2012-17), 6 projects (***Appendix 4.2.1***) with a total capacity of 401 MW were to be completed by the Company.

Audit noticed that against the above stipulation made in the MPP, the Company could complete only two projects (Sonapani SHP – 1.50 MW and Myntdu Leshka HEP – 84 MW) with a total capacity of 85.5 MW (16 *per cent*) in the 11th Five Year Plan. Further, during the 12th Five Year Plan only one additional unit of Myntdu Leshka HEP (MLHEP) with a capacity of 42 MW was commissioned (March 2013) and three projects (64 MW) were under construction as of December 2016. Details of the Projects completed and in progress are given below:

Table 4.2.2

Details of Projects of the Company- Completed/Under-construction

Sl. No.	Name of Project	Capacity (in MW)	Scheduled date of completion	Present status
1	Sonapani MHPP	1.50	NA	Commissioned in October 2009.
2	Myntdu Leshka HEP	126	May 2009	Units I & II commissioned in 2011-12 and Unit III commissioned in March 2013.
3	New Umtru HEP	40	August 2011	Works in progress.
4	Lakroh MHP	1.50	June 2011	Works in progress.
5	Ganol SHP	22.50	January 2018	Works in progress.

Source: Records of the Company

Completed Projects   Under-construction Projects

[33] Including 2 MW (Umiam Stage II) added under Renovation, Modernisation and Upgradation.

[34] Generation capacity of total seven power stations (five HEPs and two SHPs).

[35] Excluding further addition of one more generation unit (42 MW) planned during January, 2008 under Myntdu Leshka HEP (***refer to Appendix 4.2.1***).

All the remaining 10 projects[36] (780 MW) were at initial stages of planning as indicated in ***Appendix 4.2.2.*** Audit analysed the reasons for shortfall in achievement of capacity addition and findings are discussed below:

4.2.7.1 Planning for new hydro electric projects

The Meghalaya Power Policy, 2007 (MPP) envisaged commissioning of total 24 projects during 11th Five Year Plan (10 projects with capacity of 558.50 MW) and 12th Five Year Plan (14 projects with capacity of 891 MW). This included 15 projects to be completed by the Company during the 11th Five Year Plan (9 projects with capacity of 528.50 MW) and 12th Five Year Plan (6 projects with capacity of 401 MW).

To achieve the capacity addition as per the MPP, the Company was required to formulate long term perspective plans prioritising the projects for implementation in line with the MPP. The Company also needed to prepare annual action plans fixing stage-wise milestones for the projects to be taken up for implementation, capital outlay, funding pattern, target for completion, *etc.* so as to achieve targeted results.

Audit noticed that during the period of five years (2011-16) covered under audit, the Company did not prepare any perspective plan or annual business plan to prioritise the projects for implementation and taking up pre-planning activities (*viz.* conducting of the feasibility study, survey and investigation (S&I), *etc.*). As a result, the Company was taking up projects for S&I/implementation on an *adhoc* basis without proper recorded justification for their selection.

In absence of a focused approach to implement selected projects in a time-bound manner, 10 projects[37] out of total 15 projects identified for execution by the Company during the 11th and 12th Five Year Plans did not progress beyond planning stage as detailed in ***Appendix 4.2.2***. It was further noticed that in respect of 7[38] out of the said 10 projects to be commissioned during the 11th and 12th Five Year Plans, the target dates of preparation of DPRs fixed (2014-15 to 2018-19) were beyond the respective five year plan periods, which contradict the stipulations made in the MPP.

Audit observed that the time allowed for S&I and preparation of Detailed Project Reports (DPRs) was about 10 years on an average for each project. During the conduct of S&I works, the Company mainly collected hydrological and meteorological data, carried out environmental and topographical surveys, *etc.* These inputs are provided to the agency for preparing DPR.

Data collection Stage

- In respect of the three HEPs[39] expected to be commissioned during 11th Five Year Plan, the hydrological, meteorological and geological data collection was

[36] Sl. No. 11 to 20 of ***Appendix 4.2.1.***
[37] excluding 5 projects discussed under ***paragraph 4.2.7*** *supra.*
[38] Sl. No. 2, 3, 5, 6, 7, 9 and 10 of ***Appendix 4.2.2.***
[39] Sl. Nos. 1, 2 and 3 of ***Appendix 4.2.2.***

still in progress for periods ranging from 12 to 15 years after commencement of S&I and even after lapse of the plan period.

- In respect of 3 HEPs[40] expected to be commissioned during 12th Five Year Plan, the compilation of data was in progress and environmental/topographic surveys are yet to be taken up or in progress despite lapse of more than 10 years after commencement of S&I.

Approval stage

In respect of Riangdo SHP, to be completed in 11th Five Year Plan, though the DPR was prepared, administrative approval for the same was pending from State Government (December 2016). As a result, the first instalment of ₹ 3.42 crore out of the loan of ₹ 11.40 crore disbursed by National Bank for Agriculture and Rural Development to the State Government for implementation of the project, was also not released to the Company so far (December 2016).

In reply, the State Government/Company had confirmed (January 2017) the above facts.

DPR stage

- In respect of two SHPs[41] to be commissioned during 12th Five Year Plan, the target date for preparation of DPR was fixed as January 2017. It was, however, observed that the DPR for the two projects were yet to be completed even after a lapse of about 10 years after commencing the work of preparation of these DPRs. In respect of one HEP[42] to be commissioned during the 12th Five Year Plan, even the S&I works were pending to be taken up (December 2016).

As per the justifications recorded for the above lapses, the Company attributed the slow progress of S&I works on limited working days of 6 months in a year, difficult terrain and remoteness of the project area, shortage of man-power, irregular allocation/release of funds.

The Audit, however, observed that the arguments put forth by the Company for slow progress of works was not acceptable. The problem of difficult terrain and remoteness of project areas could be addressed by adopting various advanced scientific methods like, satellite mapping, *etc.* in conducting S&I works. Further, for collecting hydrological, geological and seismic data from the concerned offices, there would be no limitation on working days. The issue of manpower shortage and irregular allocation of funds could have been overcome through better management of resources.

In the Exit Conference, State Government/Company accepted (December 2016) that there was no planning to prioritise the projects for implementation due to financial

[40] Sl. Nos. 5, 6 and 7 of ***Appendix 4.2.2.***
[41] Sl. Nos. 9 and 10 of ***Appendix 4.2.2.***
[42] Sl. No. 8 of ***Appendix 4.2.2***

constraints faced by the Company and the Company had to depend mainly on Central/ State Government for the project funding.

The fact, however, remained that majority of the projects did not progress beyond planning stage.

4.2.7.2 Planning for Renovation, Modernisation and Upgradation of existing plants

As per the norms prescribed by Central Electricity Regulatory Commission (CERC), hydro generating stations have a useful life of 35 years. Hence, it was essential to timely and efficiently plan for the Renovation, Modernisation and Upgradation (RM&U) of old PSs nearing completion of their useful life so as to give a new lease of life to the PSs without causing any interruptions in the generation activities. As of April 2011, the Company had two plants (71.20 MW) which completed/nearing completion of their useful life. It was, however, observed that the Company had not taken up the RM&U works of these plants so far as indicated in the table below:

Table 4.2.3
Details of the Power Stations due for RM&U/life extension programmes during 2011-2012 to 2015-16

Sl. No.	Name of Power Station	Installed Capacity(in MW)	Date of Commissioning	Due Date (as per CERC norms)
1.	Umtru PS	11.20	1957-68	1992-2003
2.	Umiam Stage-III PS	60	1979	2014

Source: Records of the Company

In this connection, following observations are made:

- All the units of Umtru PS had completed their useful life during 1992-2003. Instead of planning for taking up the RM&U of these units, construction of New Umtru Hydro Electric Project (NUHEP) was conceptualised in 1988-89. The erstwhile MeSEB, however, did not initiate any serious action for taking up the pre-planning activities as well as implementation of NUHEP. It was observed that the S&I works for NUHEP were completed and DPR prepared (June 2005) after more than 16 years of conceptualisation of the project. Though as per work order, the construction of the NUHEP was scheduled to be completed by August 2011, it still remained incomplete (December 2016) as discussed in ***paragraph 4.2.8.2(i)***. Delay in taking up and completion of NUHEP led to non-taking up of the RM&U of Umtru PS and as a result, the Umtru PS has been shutdown since April 2015.

  In reply, the State Government/Company stated (January 2017) that a Working Group has been constituted for collecting data/information for assessing feasibility of the project. The fact, however, remained that RM&U of the PS is yet to be taken up and it remained closed due to lackadaisical approach of the Company.

- The Company submitted (December 2011) a Preliminary Project Report (PPR) for RM&U of Umiam Stage-III PS at an estimated cost of ₹ 344.31 crore to State Government. The State Government forwarded (October 2012) the PPR to the Ministry of Power (MoP), Government of India (GoI) and Central Electricity Authority (CEA) to consider the same for inclusion in the list of Japanese ODA Loan[43] projects during 2012-13. As suggested (September 2013) by MoP, CEA directed the Company to invite budgetary offers from reputed domestic companies/suppliers to reduce the cost of RM&U. Accordingly, the Company after obtaining budgetary offers prepared a revised estimate and submitted (November 2014) to CEA a revised estimate for ₹ 408 crore (including interest and finance charges of ₹ 130 crore). CEA approved (November 2014) the same. After approval (January 2015) of the revised cost estimate by CEA, MoP forwarded (January 2015) the proposal to Department of Economic Affairs, GoI for inclusion under JICA[44] Rolling Plan which was not finalised so far (December 2016). Failure of the Company to arrange funds for the RM&U works for a PS which had completed its useful life resulted in not taking up of the RM&U works of the PS.

State Government/Company stated (January 2017) that the proposal was still lying with GoI and meanwhile funding through Power Sector Development Fund of GoI was also being explored. The reply is not acceptable as the possibility of arranging the project funding from other sources other than Central/State Government should have been explored and finalised by the Company at planning stage itself so as to ensure timely completion of the projects.

Non-taking up of RM&U of PSs on due dates resulted in increase in forced outages and consequent generation losses as discussed in ***paragraphs 4.2.11.3*** and ***4.2.12.2.***

Audit examined the efficiency and economy in implementing/managing the projects which were taken up for execution during the period from 2011-12 to 2015-16 and the findings are discussed below:

4.2.8 Project Management

Preparing accurate and realistic DPRs after conducting detailed feasibility studies and thorough S&I of proposed project sites are the critical requirements of planning stage to ensure successful implementation of projects. Geo-technical investigation for a project needs to be undertaken with adequate understanding of the local and regional environment as it significantly impacts the design, construction and operation of the project. The data collected through geo-technical investigation should have detailed description of the geological situation such as soil/rock quality, water quality, seismic possibilities and assessment of the history of the site for appropriate engineering, drawing and design.

Audit analysed the progress of all the four projects (one completed and three ongoing) given below through these critical stages:

[43] Japanese Official Development Assistance Loan.
[44] Japan International Co-operation Agency.

Table 4.2.4
Details of completed/ongoing projects during 2011-12 to 2015-16

Sl. No.	Name of the Project	Capa-city (MW)	Date of commence-ment	Schedu-led Date of comple-tion	Actual Date of Completion	Estimated cost as per DPR	Awar-ded Cost	Actual expendi-ture as on December 2016	Expenditure in excess of DPR estimate	Time over-run* (in months)
						(₹ in crore)				
1.	Myntdu Leshka HEP (3 x 42 MW)	126	May 2004	May 2009	March 2013	477.67[45]	965.93	1297.02	819.35	46
2.	New Umtru HEP (2 x 20 MW)	40	December 2007	August 2011	In progress	226.40	177.83	494.00	267.60	67
3.	Lakroh MHP (1 x 1.50 MW)	1.50	Septem-ber/Dec-ember 2009	June 2011	In progress	11.76	11.47	14.72	2.96	67
4.	Ganol SHP (3 X 7.50 MW)	22.50	August 2014	January 2018	In progress	177.52	229.17	100.65	--	--

**** In respect of on-going projects, the time over-run has been worked out as on 31 December 2016.***
Source: Records of the Company

From the table above, it can be noticed that the only project (serial number 1 of ***Table 4.2.4***) completed by the Company during the five years (2011-16), was commissioned after a delay of 46 months as against the scheduled date of commissioning. Similarly, other two ongoing projects (serial number 2 and 3 of ***Table 4.2.4***) were also lagging behind the schedule by 67 months each. The present status of progress of work in respect of the fourth project scheduled for completion by January 2018 was, however, not available. There was a total cost overrun of ₹ 819.35 crore in the completed project and ₹ 270.56 crore against the ongoing projects as on date (December 2016). Since the works of three projects were still ongoing, any delays in execution of these works would cause further cost overrun in implementation of these projects.

Audit analysed the process of planning and implementation of the project and observed that the projects were beset with deficient planning as discussed below:

4.2.8.1 Completed project:

Myntdu Leshka Hydro Electric Project

A DPR for construction of Myntdu Leshka Hydro Electric Project (MLHEP) with an installed capacity of 84 MW (2X42 MW) was prepared and submitted (October 1998) to CEA for Techno Economic Clearance (TEC). The project was to be completed within a period of five years at a cost of ₹ 363.08 crore. The CEA had accorded (September 1999) the TEC for the project. After due process of tendering, the contract was awarded (March 2004) and the work started (May 2004). While the work was progressing, it was decided (January 2008) to add one more unit. The Project was commissioned and synchronised to grid during November 2011 to March 2013 (Unit I in November 2011, Unit II in March 2012 and Unit III in March 2013). The total cost of the Project on completion was ₹ 1,297.02 crore.

Audit analysed the factors that led to time and cost overrun and observed as under:

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[45] Estimated cost for two units (₹ 363.08 crore) *plus* estimated cost for additional unit (₹ 114.59 crore).

Deficient DPR

- The DPR for the Project was prepared (October 1998) based on few preliminary data on geological features obtained through few drilled holes at the project site. Thus, a detailed analysis/assessment of the geological features of the site (*viz.* soil quality, water quality, seismic impact, *etc.*) at planning stage, which was essential for successful implementation of the HEP was completely missing in the process. The work order for implementation of the project was issued (March 2004) and the work of excavation commenced (October 2004) by the contractor. At this stage the geological features of the site were obtained, data collected, analysed and tests were conducted by engaging agencies like IIT, Roorkee, Central Soil and Mineral Research Station, *etc.* Based on the Reports of these agencies, the dam axis was changed (August 2006), length of dam was increased and depth of foundation blocks was also correspondingly increased to withstand earthquake. As the water was found acidic, measures were also required to protect the structures against acidity of water such as increase in grade of concrete, xypex painting, use of good quality corrosion resistant steel, surface coating, *etc.* These changes in the designs had resulted in corresponding changes in the scope of work, which caused delay in implementation of the project besides increase in the project cost by ₹ 121.20 crore on account of increase in the quantity of materials and cost escalation.
- At the planning stage of the project, the scope of the project was restricted to setting up of only two units (2X42 MW) although there was scope for setting up three units (3X42 MW), Subsequently, while the construction of the project was in progress, it was decided (January 2008) to add one more unit citing inadequacy of the project capacity in view of acute shortage of power in the State, while planning for the additional unit, it was projected that after commissioning of the project, the construction cost per MW would be reduced from ₹ 7.99 crore to ₹ 6.24 crore. This change in the scope of the project had necessitated modifications in the design of various components of the project causing time and cost overrun in execution of the project works. This entailed an additional expenditure of ₹ 114.59 crore including 'Interest During Construction' (IDC[46]) of ₹ 7.20 crore. As a result the actual cost of construction per MW was increased to ₹ 10.29 crore as against the reduction to ₹ 6.24 crore per MW anticipated while adding the third unit.
- The project area was situated in the same hydrological belt of Cherrapunjee which experiences heavy rainfall. Therefore, it was necessary to take adequate precautionary measures to prevent loss/damages to the plant due to floods. During construction, two floods occurred (8 October 2009 and 20 May 2010) causing loss of lives as well as damage to electrical equipment and delayed the completion time by 15 months. It was observed that the height of the protection walls constructed under the project was not adequate to prevent flooding.

[46] Represents financial cost incurred during the construction period of the project, which would be capitalised after completion of the project.

Therefore, the height of protection wall had to be increased by three metres to prevent future flooding. Changes in the height of the protection wall at project implementation stage was indicative of deficiencies in preparation of DPR, which led to loss of lives and increase in the project cost by ₹ 139.38 crore on account of escalation (₹ 32.81 crore), damages (₹ 12.13 crore), compensation (₹ 1.44 crore) and interest (₹ 93.00 crore).

The deficiencies as discussed above, in planning and implementation of the project had delayed execution of project works by 46 months and cost over-run of ₹ 819.35 crore[47]. Further, against the generation cost of ₹ 1.06 per unit as projected in the DPR, the actual generation cost went up to ₹ 4.44 per unit, ₹ 4.03 per unit and ₹ 7.53 per unit during 2013-14, 2014-15 and 2015-16 respectively.

4.2.8.2 On-going projects:

(i) New Umtru Hydro Electric Project

Umtru river is a major source of hydro power in the State. The old Umtru PS (4X2.8 MW), the first development in the basin during 1957-68 had attained its useful life of 35 years (1992-2003). Moreover, the PS was not sufficient to exploit the full potential of the river. In this context, New Umtru Hydro Electric Project (NUHEP) was conceptualised (1988-89). DPR for implementation of NUHEP was prepared (June 2005) with 2X20 MW capacity at an estimated cost of ₹ 226.40 crore. The DPR was needed to be approved by the State Government and Techno Economic aspects to be cleared by CEA. Further, the aspects relating to hydrology, civil design, dam design, dam safety, *etc.* was needed to be evaluated and cleared by Central Water Commission (CWC). The DPR prepared (June 2005) for the project was approved (February 2006) by the State Government. The TEC for the project was also obtained (May 2008) from CEA.

After due tendering, the work of execution of the Project was awarded (December 2007 to April 2009) in three packages to three firms with scheduled completion by August 2011 as indicated below:

Table 4.2.5
Details of award of packages of New Umtru HEP

Sl. No.	Packages	Name of the Contractor	Contract Value (*₹in crore*)	Date of award	Scheduled date of Completion
1	Civil Works	ITD Cementation India Limited	88.33	20-12-2007	June 2011
2	Hydro - Mechanical Works	SEW Infrastructure Limited	11.22	07-01-2009	February 2011
3	Electro – Mechanical Works	Andritz Hydro	78.23	04-04-2009	August 2011

Source: Records of the Company

The work remained incomplete till date (December 2016) even after a lapse of more than five years from the scheduled date (August 2011) of completion. The cost of the

[47] Actual cost for three units (₹ 1,297.02 crore) *minus* estimated cost for three units (₹ 363.08 crore *plus* ₹ 114.59 crore).

project was revised (December 2015) to ₹ 599.00 crore and the expenditure incurred has been ₹ 494.00 crore (December 2016).

Audit analysis revealed the following deficiencies:

Deficient planning

Planning is a very important component for the optimum development of an HEP in a river basin. Before preparation of DPR detailed field investigations, assessment of benefit, design and engineering studies, etc were to be conducted. These are required to avoid subsequent changes in the structure and design after approval and award of contracts. Audit observed that:

- During underground tunnel excavation of Head Race Tunnel[48] (HRT) and Tail Race Tunnel[49] (TRT), there were tunnel collapses due to bad geological strata[50] which necessitated change in the methodology of tunnel boring– involving heading and benching[51] with fore poling, erection of permanent steel support and backfilling[52]. This indicated inadequate assessment of geological features during the conduct of S&I works at planning stage causing delay in execution of the project works by 11 months.
- The scope of work for construction of dam was confined to increasing the crest[53] height of the existing dam by one metre. The spillway[54] was designed as a gated structure[55] with 8 openings of 10 metres width and piers[56] of 3 metres width. Accordingly the designer submitted (February 2008 to October 2009) 14 drawings to CWC for review. CWC advised (July 2010) re-examining the original proposal of raising the existing dam since it was considered to be not only costly but also impossible to execute. Accordingly based on CWC's advice it was decided to construct a new dam 5 metre downstream with increased length of the pier. The decision to construct a new dam necessitated revision in layout, design and drawings of other civil structures of the project as under:

    a. The underground excavation of HRT was to be taken up in two fronts, one from intake and other from Surge Shaft[57] through Adit[58] I and Adit II. Consequent to the decision to construct a new dam, the location of Adits was changed and the alignment and gradient of HRT was changed

48 a tunnel that carries water from intake to the power house for generation of power.
49 a tunnel that carries water away from a turbine.
50 a bed or layer of sedimentary rock that is visually distinguishable from adjacent beds or layers.
51 this method involves driving the top portion of the tunnel in advance of the bottom portion.
52 to refill an excavated hole with the material dug out of it.
53 the highest point of a dam.
54 a structure used to provide the controlled release of flows from a dam into a downstream area, typically being the river that was dammed.
55 a spillway where the release of flows is controlled though the opening and closing of gates.
56 a structure with a deck that is built out over water, and used as a landing place, promenade, etc.
57 a structure provided at the end of the Head Race Tunnel to account for water hammering effect in the tunnel at its downstream.
58 an underground tunnel for the purpose of access for construction of Head Race Tunnel/surge shaft/pressure shaft.

due to incorporating the intake structure[59] in the Dam body. This had caused delays in finalisation of alignment of HRT by 43 months coupled with delay in handing over Good for Construction (GFC) drawings[60] for HRT by 10 months. Issue of GFC drawings for the dam was also delayed by 54 months.

b. As per tender, the flood protection was to be constructed by stone masonry. The change in the design of the dam had necessitated modification (March 2009) in the method of flood protection from stone masonry to RCC wall.

c. Further, the change in the dam design had necessitated modification in the diameter of the Surge Shaft from 12.50 metres as envisaged in the tender document to 17.60 metres which caused delays in handing over GFC drawings in respect of Surge Shaft by 26 months.

d. As per the contract for civil works (Clause 33.4), the contract rates were to be valid for a variation of upto + 30 *per cent* of the scheduled quantities of items. For quantities beyond 130 *per cent* of scheduled quantities, separate rates would be applicable. Due to various changes in scope of work and structures as discussed above, there was substantial increase in the excavation and concrete quantities compared to the Bill of Quantities (BoQ) in the estimate as detailed in ***Appendix 4.2.3***. As a result the actual executed quantities exceeded the BoQ beyond 130 *per cent* for which the Company had to pay the contractor at higher rates as provided in the contract clause. This resulted in extra expenditure of ₹ 76.52 crore.

Thus, failure to conduct detailed and adequate studies about the condition of the existing dam during S&I stage had led to significant cost and time over-run in implementation of the project.

Failure to hand over clear site

Handing over of clear site immediately after award of work is essential to enable the contractor to take up and complete the project work as per schedule. The project was to be constructed on Company's own land in the old Umtru PS. The Company, however, failed to handover clear site to the contractor due to an ongoing dispute on the ownership of a portion of land. The dispute was sorted out and the project site could be handed over (July 2008) to the contractor after a delay of seven months of award of contract (20 December 2007). During this period, the Company was to pay (December 2008/December 2014) ₹ 3.28 crore to the contractor towards idle charges due to non-availability of projects site.

Due to the above delays and changes in scope, the completion target was revised to March 2017 and the project cost was revised (December 2015) to ₹ 599 crore

[59] a structure used for collecting water from the surface sources such as river, lake, and reservoir and conveying it further.

[60] sets of detailed designs/drawings prepared by the Design Consultant and are integral part of the Contract Documents.

including IDC of ₹ 128.56 crore resulting in a cost overrun of ₹ 372.60 crore as compared to the project cost (₹ 226.40 crore) approved at DPR stage.

Modification of contract clauses after award

During examination of records, it was noticed that certain clauses of the contract were modified in favour of the contractors at their request as indicated below:

- As per the contract (Clause 34.0) for civil works, price variation was allowed on increase or decrease in the components of direct cost only (*viz.* labour, materials and High Speed Diesel oil). For this purpose, the proportion of these cost components was fixed at 60 *per cent* of the total value of work done. Subsequently, the civil contractor requested (December 2011) to increase the limit beyond 60 *per cent* citing major increase in civil structures from the DPR. Accordingly, the Company concurred (July 2015) to increase the proportion of direct cost components upto 80 *per cent* with effect from July 2010 onwards. The additional claims submitted by the civil contractor on this account were under process (December 2016). The additional liability on this account as worked out by the Company was ₹ 9.27 crore. Enhancing the percentage of the above components as 80 *per cent* of the total value of work done after award of contract lacked justification and led to extension of undue benefit to the contractor.
- As per the Defect Liability Period[61] (DLP) Clause (Clause - 31), the Electro-mechanical contractor was required to make good the defect or damage which may appear or occur, at his own cost during DLP. However, during discussion (May 2015) with the Director (Generation), the contractor claimed charges for extension of warranty stating that the DLP warranty had expired. The claim of the contractor was accepted in principle by the Company. Accordingly, the contractor submitted (October 2015) claim for ₹ 5.44 crore and the Company paid (December 2015) the same. Accepting the DLP warranty as expired even before completion of the work and admitting the claim of the contractor lacked justification. This resulted in avoidable extra expenditure and undue financial benefit to the contractor to the extent of ₹ 5.44 crore.

Thus, the inadequate S&I works and other deficiencies at planning stage of the project had caused post work award changes in designs and structures, leading to delays in completion of the Project as well as escalation in the project costs. This also resulted in loss of generation of 1,276.80 MUs[62] during September 2011 to December 2016.

In reply, the State Government/Company stated (January 2017) that the delay in commissioning of NUHEP were due to delays in issuance of civil construction drawings of dam and vetting of Hydro-mechanical drawings by CWC and due to early rains and floods from last week of March 2016. The reply is not acceptable as the delay in issue/vetting of drawings was on account of changes in the designs of dam and Hydro-mechanical works which was not envisaged in the DPR. As the scheduled

[61] A period of twelve months from the day the works were taken over after successful commissioning.
[62] Calculated @ 239.40 Gwh or MUs per annum in a 90 *per cent* dependable year for 64 months.

date of completion was August 2011, the contention that rains and flood from last week of March 2016 caused delay is not tenable.

(ii) Lakroh Small Hydro Project

Lakroh SHP (1X1.5 MW) in Jaintia Hills District (project cost: ₹ 11.76 crore) was approved (March 2001) by Ministry of New & Renewable Energy (MNRE)[63] with funding from MNRE (₹ 6.75 crore) and North Eastern Council (₹ 5 crore). After due tendering, the erstwhile MeSEB placed order (May 2003) for procurement and installation of turbine generator at a cost of ₹ 2.18 crore. Subsequently, contract for civil works of the project was also awarded (September-December 2009). Thus, as per the work orders issued for the project works, the project was scheduled for completion by June 2011 at a total cost of ₹ 11.47 crore. The cost of the Project was subsequently revised (May 2016) to ₹ 18.67 crore and as of December 2016, the actual expenditure incurred on the project was amounting to ₹ 14.72 crore. The project was likely to be completed by March 2017. Thus, the execution of the project was lagging behind by more than five years with reference to the scheduled date (June 2011) of completion.

Audit analysis revealed that the execution of project had suffered due to several deficiencies in planning process besides lack of professional approach in implementation of the project as discussed below:

Non-execution of land agreement

To execute the project within the scheduled period, it is essential that the availability of the project site is ensured before commencement of work. It was, however, observed that while the process for acquisition of the project site was pending to be completed, the Company went ahead (October 2003) with survey works for construction of the project based on the verbal consent from the land owner to part with the land. Due to the sudden demise of the land owner, his sister took possession of the land and refused to transfer the title of the land in favour of the Company. As a result, the Company had to select (June 2004) alternative location for the project and had to do all the survey, drawings and other works afresh. Failure of the Company to enter into a formal agreement with the land owner before taking up the work had contributed towards delay in execution of project works.

Poor planning

To avoid idling of the equipment on the project site, it is essential that the procurement of the equipment is planned in such a way that delivery of the equipment was received only after the civil structures were ready. The erstwhile MeSEB had procured (January 2006) the electro-mechanical equipment for the project at a cost of ₹ 2.18 crore. The equipment, however, had to be kept idle in the stockyard at the Head Office of the Company as the civil structures meant for installation of the equipment were not ready due to land related issues. After completing of the civil structures, the

[63] earlier Ministry of Non-Conventional Energy Sources.

electro-mechanical equipment were shifted (December 2012) to the power house. On inspection (August 2013) of the equipment by the Chief Engineer (Generation) along with engineers of Boving Fouress Ltd (BFL)[64], the equipment were found to be rusted and certain components were even beyond repair. The work order issued (January 2014) to BFL for the supply and repair/refurbishment of the damaged equipment at their offered rate of ₹ 1.06 crore also could not materialise due to failure of the Company to make advance payment for the work. The work order of BFL for repair work had to be cancelled (June 2015) and fresh tenders were floated (August 2015) for the repair work. As the lone bidder expressed doubts about the reparability of the generator, it was decided (May 2016) to procure a new generator at the rate of ₹ 3.53 crore and order was placed (June 2016) accordingly. Poor planning coupled with failure to arrange funds for making advance payments to the contractor resulted in the generator becoming damaged and consequent procurement of a new generator at cost of ₹ 3.53 crore.

The above failures led to time overrun coupled with cost overrun of ₹ 6.91 crore (₹ 18.67 crore *minus* ₹ 11.76 crore). In addition there was also a generation loss of 7,884 MUs[65].

In reply, State Government/Company stated (January 2017) that works for construction of the project started in October 2003 and was progressing well until 2004 when the demise of the land owner led to stoppage of works as the new owner refused to part with the land for the project. The reply was, however, silent on other deficiencies in planning as brought out by Audit.

The fact, however, remained that deficiencies in planning for different activities of the project had caused significant delay in completion of the project.

(iii) Ganol Small Hydro Project

The Ganol SHP, the first power project in Garo Hills with a capacity of 22.50 MW (3X7.50 MW) was envisaged to make the district self-reliant in power. The S&I was completed (September 2007) and DPR was prepared (September 2007). The State Government had accorded (May 2008) administrative approval for the project at an estimated cost of ₹ 177.52 crore with a completion period of five years. It was, however, observed that the tenders for execution of project works were invited (May 2011) after three years of approval (May 2008) of DPR. After taking further 18 months, the Letter of Intent was issued (December 2012) at ₹ 229.17 crore to the lowest bidder. Considering the IDC, however, the estimated cost of the project went up to ₹ 342.64 crore, which was found to be unviable. In view of the high project cost, the Company approached the State Government for providing financial assistance for the project. With a view to reduce the loan and IDC components included in the project cost, the State Government agreed (December 2013) for a Viability Gap

[64] Original equipment manufacturer of turbine generator.
[65] 1.5 MW x 24 hours x 365 days x 60 *per cent* PLF.

Funding[66] (VGF) of ₹ 100 crore. Accordingly, the project cost was also revised (December 2013) downward to ₹ 332.68 crore due to reduction in the project funding through borrowings and corresponding reduction in the IDC component. The Letter of Award was issued (January 2014) and contract agreement was also executed (June 2014) with a completion period of 42 months (January 2018) from the date of signing (June 2014) the contract agreement. After commencement (August 2014) of the work, the project cost was further revised (September 2014) to ₹ 356.43 crore and the State Government had also correspondingly increased the VGF to ₹ 173.26 crore. As of December 2016 the total expenditure incurred was ₹ 100.65 crore.

In this connection, following observations are made:

Delays in decision making

The status of the land where the project was to be setup, the method of execution of the project, mode of funding, *etc.* were to be decided at the planning stage itself. Audit, however, noticed delays in decision making at various stages prior to construction of the project as discussed below:

- The State Government informed (October 2007) the Ministry of Environment and Forest (MoEF), GoI that the area in which the project was proposed has been certified to be a non-forest land and therefore, no clearance under Forest Conservation Act, 1980 was required. The MoEF, however, pointed out (2009) that since the State Government in their proposal had mentioned the site to be a community forest area, compensatory afforestation was required as per rules. Finally in June 2009, the State Government withdrew the application for forest clearance from MoEF mentioning clearly that the land was declared as 'non-forest land' and, therefore, clearance was not required under Forest Conservation Act, 1980. Thus, the action of the State Government in projecting non-forest land as a community forest area in their correspondence to MoEF delayed the process of implementing the project by two years. Due to this delay, the tender for Civil and Hydro-mechanical works invited in September 2007 had to be extended upto February 2009.
- The tenders were invited (September 2007/September 2008) for constructing the project in two packages (Civil & Hydro-mechanical and Electro-mechanical). During the meeting (February 2010) on the Review and Implementation of Power Projects the State Government suggested that the project, being a SHP, could be taken up on turnkey basis as a single package. As a result, the earlier tender had to be cancelled and the project work was re-tendered (May 2011) as a single package.

Deficient DPR

- After signing (June 2014) of the contract agreement, the contractor commenced (August 2014) the project work. During open excavation on the project site, the

[66] Viability Gap Funding means a grant one-time or deferred, provided to support infrastructure projects that are economically justified but fall short of financial viability.

contractor encountered fractured rock and loose boulders. Hence, detailed examination of the geology and conducting of site specific seismic studies were necessitated. Accordingly, detailed examination of the geological features of the project site was conducted (April 2015) by engaging Geological Survey of India and site specific seismic studies were also conducted by engaging IIT, Roorkee. Based on the reports of these two agencies, changes were made in the design and layout of the project which caused delays in execution of the project. Thus, conducting the geological and seismic studies of the project site after commencement of the project works indicated deficiencies in the S&I works completed by the Company at planning stage.

Failure of the Company to consider the above aspects at the time of preparation of DPR resulted in delays and deficiencies leading to increase in cost by ₹ 46.89 crore on account of escalation (₹ 23.22 crore) and IDC (₹ 23.67 crore). Further, the project, which was approved (May 2008) by the State Government with stipulated completion period of five years remained incomplete (December 2016) even after more than eight years of its approval by the State Government.

4.2.9 Financial Management

Finance is the life blood of any organisation and ensuring sufficient funds at the right time is essential for implementation of projects within the prescribed schedule. Besides, an optimum mix of equity and debt is equally important for maintaining a good financial health of the organisation.

The financial position and working results of the Company for the last four years ending 31 March 2016 has been summarised in ***Appendix 4.2.4.*** The following emerges from the ***Appendix***.

Financial Position

- Secured Borrowings of the Company had increased from ₹ 293.72 crore (2012-13) to ₹ 623.27 crore (2015-16) mainly on account of loans availed during the period for funding various projects undertaken by the Company. Delay in completion of these projects (***paragraph 4.2.8***) had a corresponding impact on the borrowings and IDC due to cost escalation of these projects besides causing accumulation in the value of Capital Work-in-Progress against the ongoing projects.
- Current Assets, Loans and Advances increased from ₹ 250.41 crore (2012-13) to ₹ 338.82 crore (2015-16) due to increase in inter-company receivables from other subsidiaries of MeECL.
- Accumulated losses increased from ₹ 58.26 crore (2012-13) to ₹ 234.98 crore (2015-16) mainly due to non-recovery of the capital costs of MLHEP pending approval of the tariff for MLHEP by MSERC for want of audited accounts of the Company from the financial year 2013-14 onwards as discussed in ***paragraph 4.2.14.1***.

Working Results

- The Company had incurred loss during all four years from 2012-13 to 2015-16 ranging from ₹ 29.94 crore (2014-15) to ₹ 77.30 crore (2015-16).
- During 2012-16, despite increase of ₹ 64.55 crore in the 'revenue from operations', the losses of the Company had increased from ₹ 56.25 crore (2012-13) to ₹ 77.30 crore (2015-16). This was mainly due to provision of ₹ 31.79 crore created by the Company against receivables from the Meghalaya Power Distribution Corporation Limited (MePDCL) which was included under 'other expenses'. Since MePDCL was one of the three subsidiaries of the State owned Government Company (viz. Meghalaya Energy Corporation Limited), provisioning against receivables from MePDCL was not a good gesture and resulted in downgrading the operational performance of the Company.
- Increase in the 'employee benefit expenses' and the 'finance costs' during the period of four years under reference had also contributed towards high losses of the Company.

4.2.9.1 Excessive dependence on borrowing from the financial institutions.

The Company has been facing financial constraints for its operational activities as well as execution of project works. In view of the long gestation period, it is desirable for the Company to pursue with the State Government to avail maximum possible project funding by way of equity and grants so as to reduce the interest burden during construction. The Company, however, was heavily dependent on loans from financial institutions such as HUDCO, Rural Electrification Corporation Limited (REC), Power Finance Corporation Limited (PFC), banks, *etc.* to meet shortfall in funding as detailed below:

Table 4.2.6
Details of loans and grants availed by the Company from State Government and financial institutions for completed/on-going projects during the period 2011-12 to 2015-16

(₹ in crore)

Sl No.	Name of Project	Grant from State Government	Loan from State Government	Loan from Financial Institutions	Total Funding	Percentage of loan to total funding
1	Myntdu Leshka HEP	323.57	75.45	824.74	**1,223.76**	73.56
2	New Umtru HEP	89.10	8.40	228.00	**325.50**	72.63
3	Ganol HEP	76.57	5.17	0.00	**81.74**	6.32
4	Lakroh MHP	11.75	0.00	6.08	**17.83**	34.10
Total		**500.99**	**89.02**	**1,058.82**	**1,648.83**	
Percentage		**30.38**	**5.40**	**64.22**	**100**	

Source: As furnished by MeECL

From the above, following observations are made:

- Loans from financial institutions constituted about 64.22 *per cent* of the total funding for the projects during 2011-16.

- The Company had an outstanding liability of ₹ 89.02 crore (March 2016) against loans from the State Government which constituted merely 5.40 *per cent* of total funding of the four projects.
- Loans from Financial Institutions for MLHEP and NUHEP constituted 67.39 *per cent* and 70.05 *per cent* of the total funding for the respective projects.
- During the period of five years (2011-16) covered under Audit, the Company had commissioned only MLHEP. As on 2014-15, the total IDC for MLHEP was ₹ 342.40 crore (as detailed in ***Appendix 4.2.5***) which led to increase in the per unit generation cost of MLHEP from ₹ 1.06 as projected at DPR stage to ₹ 7.53.
- Similarly, the total IDC for the ongoing NUHEP as of March 2016, was ₹ 128.56 crore which would contribute towards increase in the per unit generation cost (₹ 1.78) of the project as projected at DPR stage.

Thus, excessive dependence on borrowings from financial institutions led to high IDC with corresponding increase in the project cost as well as high generation cost per unit.

4.2.9.2 Poor servicing of debts

Prompt servicing of debts through timely repayment of instalments of principal and interest is essential to liquidate the loans. Revenue generation should be sufficient to pay off its debt apart from meeting its operational expenses, such as employee costs, administrative costs, operation and maintenance expenses, *etc.*

Audit analysis revealed that the interest on loans from financial institutions alone was around 58 *per cent*[67] of the revenue from sale of power as indicated in the table below:

Table 4.2.7
Year-wise details of Interest and penal interest on loans from the financial institutions during 2011-12 to 2015-16

(₹ in crore)

Year	Opening Balance of Interest	Interest Accrued	Interest paid	Closing Balance of Interest	Penal Interest due and paid	Total Interest Paid	Revenue from Sale of Power	Percentage of Interest Paid to Revenue
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4+6)	(8)	(9)= ((7/8)*100)
2011-12	12.88	82.38	82.93	12.33	1.57	**84.50**	NA	--
2012-13	12.33	87.35	76.82	22.86	2.25	**79.07**	121.40	65.13
2013-14	22.86	100.70	96.74	26.82	2.88	**99.62**	170.38	58.47
2014-15	26.82	107.99	126.05	8.76	2.35	**128.40**	191.10	67.19
2015-16	8.76	115.97	92.98	31.75	0.00	**92.98**	205.75	45.19
Total		**494.39**	**475.52**		**9.05**	**484.57**	**688.63**	**58.10**

Source: As furnished by MeECL

From the above table, it is observed that during the review period, the Company had to bear a total financial cost of ₹ 503.44 crore[68] as interest against a total loan outstanding of ₹ 1,058.82 crore (*refer* ***Table 4.2.6***) from financial institutions which

[67] ((₹ 484.57-₹ 84.50)/₹ 688.63)*100
[68] Includes Interest accrued (₹ 494.39 crore) + Penal interest (₹ 9.05 crore) during the period.

included an amount of ₹ 9.05 crore as penal interest on account of delay in payment of interest.

Besides, the following were also observed regarding poor servicing of debts:

- Though the loan conditions of borrowings availed from the State Government provide for payment of interest at prescribed rates, the Company had not been providing the interest liability against these loans in its accounts. Considering this unaccounted interest liability, the interest costs on the long term borrowings of the Company would be much higher.
- As discussed under ***paragraph 4.2.14.1***, the generation tariff of MLHEP for 2013-14 onwards was approved provisionally by the MSERC pending submission of up-to-date audited accounts by the Company. Thus, due to non-submission of its up-to-date audited accounts with MSERC, the Company was deprived of the final tariff in respect of MLHEP even after four years of its commissioning (March 2013) leading to corresponding revenue loss to the Company.
- The main source of Company's income is revenue earned from sale of power to Meghalaya Power Distribution Corporation Limited (MePDCL). As the Finance and Accounts Wing of all four power sector companies was under the Holding Company (MeECL), only an adjustment entry was passed in the books of accounts for sale of power to MePDCL and shown in the accounts of the Company without involving any physical transfer of cash. This affected the liquidity position of the Company leading to high borrowings and IDC.

The issues discussed above had adverse effect on the liquidity position of the Company leading to poor servicing of debts. As a result, there was significant increase in projects cost on account of high interest costs, which was either being passed on to the consumers through higher tariff or the Company bearing additional losses.

4.2.9.3 Absence of financial prudence in payments to contractors.

Utmost financial prudence must be exercised while releasing payments to contractors on various accounts (*viz.* mobilisation advance, reimbursement of insurance expenses, bank charges, *etc.*) strictly adhering to Central Vigilance Commission (CVC) guidelines and contractual terms and conditions. During examination of the records pertaining to execution of NUHEP, audit observed that the Company released payments to contractors in deviation from CVC guidelines and contractual terms and conditions as discussed below:

- As per CVC guidelines payment of mobilisation advance should be discouraged. If necessary, it should be interest bearing and should be recovered from the bills of the contractor in a time bound manner without linking to the actual progress of work so that the contractor could not take undue advantage by delaying the progress of the work. It was, however, observed that the Company released (April 2008 – July 2009) ₹ 12.18 crore[69] to the contractors of NUHEP as interest free mobilisation advance, which was being recovered from the bills of the contractors. It was further observed that even after expiry of more than seven years of providing the advance, an amount of ₹ 89.88 lakh was still pending for recovery (December 2016) from the contractor. The loss of interest on account of this was ₹ 4.38 crore[70] (December 2016).

- The Company released payments to the Electro-mechanical contractor of NUHEP in deviation from the provisions of the contract as detailed below:

Sl. No.	Clause	Provision	Remarks
1	33	10 *per cent* of contract price would be retained till successful erection, testing and commissioning and would be released within 60 days of issue of Taking over Certificate.	Though the works were not completed, the Company released (January/March 2016) the retention money amounting to ₹ 7.02 crore on the strength of a Bank Guarantee (BG) as per the request of the contractor. This resulted in an interest loss of ₹ 0.58[71] crore till December 2016.
2	9	The contractor, at his own cost, had to keep the BG submitted towards Performance Security valid till the expiry of DLP.	Based on the request of the contractor, the Company reimbursed (May 2016) the bank charges (₹ 0.25 crore) for extending the validity of the BG.
3	40	The contractor had to take All Risk Insurance cover for the goods supplied, contractors' plants, equipment, machinery, employees and third party.	Based on the request of the contractor, the Company reimbursed (June 2015/ April 2016) the insurance premium of ₹ 0.49 crore against the insurance cover obtained by the contractor.

4.2.10 Operational Performance

Audit examined the operational performance of PSs of the Company. The findings are discussed below:

State's demand vis-à-vis generation

At the time of formulation (2007) of MPP, the Company had a generating capacity of 185.20 MW as against an expected average peak demand of 480.89 MW. As per the MPP, 15 projects with a total capacity of 929.50 MW were expected to be commissioned by the Company during the 11th and 12th Five Year Plan periods. The Company, however, could commission only two projects (Sonapani SHP[72] and MLHEP) with a total capacity of 127.50 MW so far (December 2016). This was obviously not enough for the State to meet the demand for power. The actual generation from HEPs and SHPs operated by the Company was substantially less than the average demand as shown below:

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[69] M/s ITD Cementation India Ltd. - ₹ 4.02 crore, M/s SEW Infrastructure Ltd. - ₹ 0.27 crore and M/s Andritz VA Tech Hydro - ₹ 7.89 crore.

[70] @ 10 *per cent* per annum levied by Company on interest bearing advances.

[71] Calculated @ 10 *per cent* per annum.

[72] The Project (Sonapani SHP) was commissioned during October 2009 prior to the period of five years (2011-16) covered in the present audit.

Table 4.2.8
Details of Generation and Demand during 2011-12 to 2015-16

Year	Actual Generation (MW)	Average Demand (MW)	Percentage of actual generation to Average Demand (in *per cent*)
2011-12	59.13	177	33.41
2012-13	80.48	181	44.46
2013-14	98.40	177	55.59
2014-15	95.43	184	51.86
2015-16	105.25	179	58.80

Source: Records of the Company

As seen from the ***Table*** above, the actual generation increased from 59.13 MW in 2011-12 to 105.25 MW in 2015-16 due to commissioning of MLHEP during 2011-13. It was, however, not sufficient to meet the average demand (179.60 MW). To meet this shortfall, MePDCL had to purchase power from other sources.

4.2.11 Generation Efficiency

4.2.11.1 Shortfall in generation

As on 31 March 2016, the Company had a total of seven power stations (PSs) in operation (total capacity: 314.70 MW) which included four HEPs (282 MW) and three SHPs (32.70 MW). While approving the generation tariffs, MSERC fixes year-wise generation targets for the Company. It was observed that during the period of five years covered under audit (*viz*. 2011-12 to 2015-16), the Company was able to generate a total of 3,864.56 MUs of power against the consolidated target of 4,515.31 MUs thereby causing shortfall of 650.75 MUs (14 *per cent*) in meeting the consolidated generation targets during the five year period (2011-16) as summarised in ***Table 4.2.9*** below:

Table 4.2.9
Generation Targets and Achievements

(in MUs)

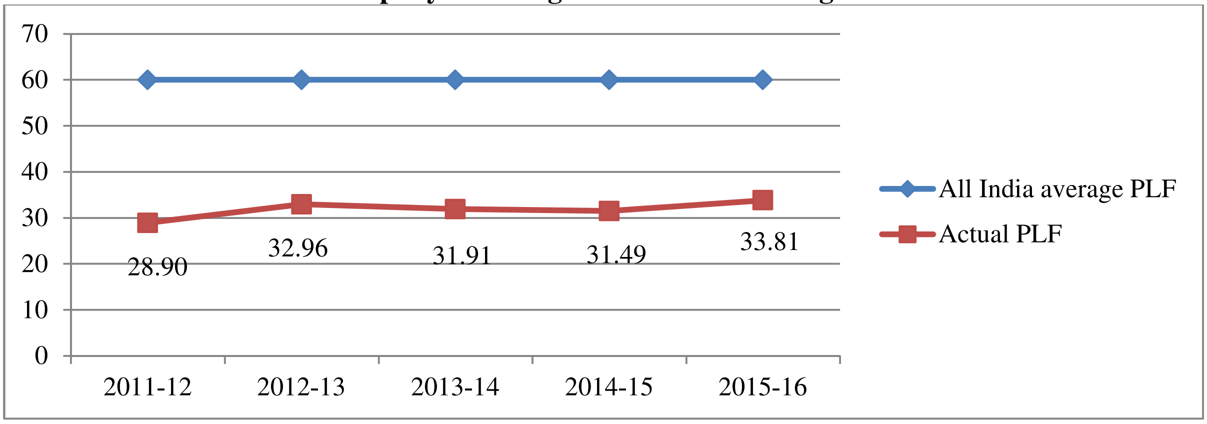
Year	Target	Actual	Actual PLF* (*per cent*)	Shortfall in MUs (*per cent*)
2011-12	528.59	518.66	28.90	9.93 (2)
2012-13	868.40	706.54	32.96	161.86 (19)
2013-14	1039.44	868.49	31.91	170.95 (16)
2014-15	1039.44	842.54	31.49	196.90 (19)
2015-16	1039.44	928.33	33.81	111.11 (11)
Total	**4515.31**	**3864.56**	**31.81**	**650.75 (14)**

Source: Records of the Company
****represents year-wise average plant load factor of the Company***

4.2.11.2 Low Plant Load Factor

Plant Load Factor (PLF) is the ratio of the actual generation to the maximum possible generation. As could be noticed from ***Table 4.2.9*** above, the year-wise actual PLF of the Company during the five years from 2011-12 to 2015-16 ranged between 28.90 *per cent* (2011-12) and 33.81 *per cent* (2015-16). The actual PLF achieved by the Company during 2011-16 was far below than the All India average PLF of 60 *per cent* pertaining to all hydro PSs in the country as illustrated in ***Chart No 4.2.1*** below:

Chart No 4.2.1
Company's PLF against All India average PLF



The low PLF of the Company was mainly attributable to low plant availability[73], high forced outages due to unanticipated fire, delay in completion of repairs and maintenance, *etc.* as discussed under ***paragraph 4.2.12** infra*.

In reply, the State Government/Company (January 2017) accepted that the average PLF of the Company's PSs was around 30 *per cent* because most of the PSs were of storage/pondage type and were designed to meet the demand during peak hours only. It was further added that rivers in Meghalaya were being fed by rains only during monsoons.

The reply is indicative of absence of a long term view while planning for HEPs in the State. Considering the huge capital costs involved in construction of HEPs and demand of the State, the projects should have been designed in such a way so as to meet the demand throughout the day on regular basis instead of serving the requirement during the peak hours only.

4.2.11.3 Low Plant Availability

Plant availability means the ratio of actual hours operated to maximum possible hours available during certain period. As per Terms and Conditions for Determination of Tariff Regulations, 2011, MSERC fixed (March 2013)[74] the Normative Annual Plant Availability Factor (NAPAF) for each PS after taking into account the nature of the plant. The NAPAF was further reduced by 5 *per cent* in view of the geological and other difficulties in North Eastern Region. As such the NAPAF fixed by MSERC was more conservative and achievable for the Company. Audit, however, noticed that as against the average NAPAF of 62.04 *per cent* fixed by MSERC during the period for seven PSs of the Company, the actual average plant availability was 41.85 *per cent* during the five years upto 2015-16 as summarised in ***Table 4.2.10*** below:

[73] Plant availability means the ratio of actual hours operated to maximum possible hours available during certain period

[74] Till 2012-13.

Table 4.2.10
Details showing actual average plant availability during 2011-12 to 2015-16

(in *per cent*)

Sl. No.	Name of Power Station	NAPAF	Actual Plant Availability	Excess/Shortfall (-) in Plant Availability
1.	Umiam Stage I (4 x 9 MW)	59.83	36.15	-23.68
2.	Umiam Stage II (2 x 10 MW)	85.00	8.55	-76.45
3.	Umiam Stage III (2 x 30 MW)	63.67	29.20	-34.47
4.	Umiam Stage IV (2 x 30 MW)	61.79	36.85	-24.94
5.	Umtru (4 x 2.8 MW)	80.00	59.60	-20.40
6.	Sonapani (1 x 1.5 MW)	45.00	80.70	35.70
7.	Myntdu Leshka (3 x 42 MW)*	39.00	41.88	2.88
Average		**62.04**	**41.85**	**-20.19**

**For three years w.e.f. 2013-14 to 2015-16*

Source: MSERC and records of the Company

It is seen from the above ***Table 4.2.10*** that there was an overall average shortfall of 20.19 *per cent* in actual plant availability during the review period compared to the NAPAF fixed by MSERC. Further, the shortfalls in achieving the NAPAF occurred in five out of seven PSs. The average shortfall in achieving NAPAF for five plants during 2011-16 ranged from 20.40 *per cent* (Umtru PS) to 76.45 *per cent* (Umiam Stage II PS).

The statistics for total hours available, operated hours, outages, idle hours, *etc.* in respect of seven operational hydro plants of the Company for the period 2011-12 to 2015-16 have been detailed in ***Appendix 4.2.6,*** which revealed the following:

- Total hours available for generation during the period increased from 1,31,760 hours in 2011-12 to 1,58,110 hours in 2015-16 due to the commissioning of Myntdu Leshka HEP during 2011-13.
- Operated hours increased from 45,704 hours in 2011-12 to 76,531 hours in 2013-14 but dropped to 45,854 hours in 2015-16 mainly due to shutdown of Umtru PS (since 2015) (***paragraph 4.2.8.2(i)***) and Unit – I of Umiam Stage – III PS (***paragraph 4.2.12.2***).
- Planned outages decreased from 32,914 hours in 2011-12 to 6,008 hours in 2015-16 due to deficiencies in taking up of repairs and maintenance works as discussed in ***paragraph 4.2.12***.
- Forced outages increased significantly by 58.08 *per cent* from 7,386 hours in 2011-12 to 11,676 hours in 2015-16 due to lack of RM&U and repairs and maintenance.

The high incidence of forced outages and idle hours can be attributed to deficiency in implementation of renovation and modernisation/life extension programmes (***paragraph 4.2.7.2***) and delay in completing repairs and maintenance of PSs (***paragraph 4.2.12***).

In reply, the State Government/Company stated (January 2017) that if a PS could generate at full capacity for at least three hours a day for the whole month, it had achieved 100 *per cent* plant availability for the month (PAFM). The PAFM for the Company's PSs is higher than the NAPAF, except for PSs which were partly or wholly under shutdown.

The reply is indicative of the fact that NAPAF fixed by MSERC was 100 *per cent* achievable if the operations of the PSs are not restricted to three hours per day. However, the actual NAPAF achieved in respect of five out of seven of the operating PSs were far below the NAPAF fixed by MSERC.

4.2.11.4 Low Capacity Utilisation

Capacity utilisation means the ratio of actual generation to possible generation during actual hours of operation. The average NAPAF of 62.04 *per cent* was fixed by MSERC for seven PSs as indicated in **Table 4.2.10** above, could be considered to be the average achievable capacity utilisation of the Company. As against this, however, the actual utilisation of the hydro generation capacity of the Company, during the five years from 2011-12 to 2015-16 ranged from 18.88 *per cent* (2011-12) to 25.70 *per cent* (2015-16) as detailed under ***Appendix 4.2.6***. The low utilisation of available capacity during 2011-12 to 2015-16, as analysed in audit was attributable to increased forced outages, deficiencies in implementation of RM&U/life extension programmes and delay in undertaking/completing repairs and maintenance of PSs as discussed under ***paragraphs 4.2.7.2, 4.2.11.3*** and ***4.2.12***.

4.2.12 Repairs and Maintenance

To ensure long term sustainable levels of performance, periodic maintenance of generating equipment is essential. The efficiency and availability of generating stations is dependent on the strict adherence to annual maintenance and overhauling schedules.

Audit examined the effectiveness in repairs and maintenance carried out in generating stations. It was seen that the repairs and maintenance of PSs was not being carried out at regular time intervals so as to prevent major damages to generation units and avoid possibility of forced outages on this account. In this regard, following observations are made:

4.2.12.1 Delay in replacement of main inlet valves

Umiam Stage-I HEP, commissioned in 1965 was under continuous operation for 36 years with only routine maintenance. The renovation and modernisation (R&M) works of Units I to IV of the PSs were undertaken in 2001-02. It was, however, observed that during R&M work, the Main Inlet Valves (MIVs) of only two units (I & II) were replaced while the MIVs of the other two units (III & IV) were repaired ignoring the fact that MIVs of these units as well had completed their useful life and same were also due for replacement. During re-commissioning (October 2002/January 2003) of these units, leakages were noticed in the repaired MIVs of Units III & IV, which kept on increasing day by day. In July 2006, however, it became impossible even to enter into the casing for closer inspection due to the said leakage. Though the generation loss on account of these leakages was assessed to be 595.84 KW per unit per hour, action for replacement of MIVs was initiated only after more than six years in August 2012 due to financial constraints. The Company had taken another three years in final replacement (June 2015) of the damaged MIVs of the said units. The delay in initiating timely action for replacement of MIVs resulted in a generation loss of 93.95 MUs[75] during the period from July 2006 to June 2015.

4.2.12.2 Delay in repair and re-assembly of generator

A fire accident occurred (June 2013) in Unit I of Umiam Stage III HEP damaging the stator and rotor of the generator. The insurance claim lodged (June 2013) by the Company was rejected (August 2013) by the Insurer on the plea that the fire was caused by the fire incidences not covered under the policy (viz. short circuiting, over-running/self-heating of the equipment, *etc.*). Instead of initiating immediate action for repairing the generator and re-assembling the Unit without waiting for the outcome of the insurance claim, the Company exchanged protracted correspondences (June 2013-June 2014) with the insurer for re-considering the insurance claim.

As there was no positive response from the Insurer, the Company on nomination basis awarded (February 2015) the work of repairing the damaged equipment to Hydro Magus Private Limited at a contract value of ₹ 3.10 crore to be completed within a period of six months. It was, however, observed that the repair work of the damaged equipment was still pending for completion (September 2016). The insurance claim lodged by the Company was also not admitted by the insurer (December 2016).

The generation loss during the period from June 2013 to December 2016 worked out to 464.79 MUs[76].

4.2.12.3 Non-rectification of defects in the Cooling System.

The Superintending Engineer (Electrical) reported (December 2014) serious defects in the cooling system of the Myntdu Leshka HEP due to blockage of water flow into the cooling system on account of deposit of dissolved debris and blockage of strainers. The damage to the cooling system occurred on account of inadequate maintenance of equipment. It was also recommended to modify the existing cooling system at an estimated cost of ₹ 1.16 crore. Though the Company included (December 2014) the same in the Business Plan for 2015-16 to 2017-18, MSERC disallowed (March 2015) the same for want of audited accounts upto 2015-16. Meanwhile, the Company initiated (January 2016) action to divert the drainage and dewatering pipe line of the primary cooling unit from the tail race to the Lynriang river only to reduce the outage by 36 hours from 60-65 hours. Scrutiny of data on outage of MLHEP revealed that there was a generation loss of 9 MUs during the period from 2013-14 to 2015-16 which translated into a revenue loss of ₹ 2.55 crore[77].

In reply, the State Government/Company stated (January 2017) that all the above repair and maintenance works were not taken up due to lack of funds.

The reply is not acceptable as the Company should have prioritised the above works to avoid the generation loss involved.

[75] Worked out as (595.84 KW x 2 units x 24 hours x 365 days x 9 years).
[76] Worked out as (30 MW x24 hours x 365 days x 63.67 *per cent* NAPAF)/(1000 x 36 months).
[77] 90,00,000 units x ₹ 2.83

4.2.13 Manpower Management

As per the CEA recommendation, 1.79 persons per mega watt of the installed capacity was required in each hydro power station. The position of actual manpower *vis-a-vis* the manpower as per CEA norms in respect of generation stations of the Company is given in ***Appendix 4.2.7***.

It may be seen from the ***Appendix*** that the actual man-power deployment in PSs were at wide variance with the CEA norms. In respect of 4 out of 7 PSs in operation, there were shortages of man-power ranging from 25 to 184 compared to CEA norms whereas in the remaining 3 PSs there were excess man-power ranging from 4 to 12.

The State Government/Company accepted (January 2017) that the Company had not conducted review of man-power position in the PSs. The fact, however, remained that there was shortfall in man-power deployment in PSs compared to CEA norms.

4.2.14 Internal control and monitoring

Effective system of internal control and monitoring needs to be in place for efficient functioning of an organisation. Annual accounts have to be finalised periodically and get audited as per the timeframe prescribed in the Companies Act. It is also imperative that the top management be informed periodically of the progress of implementation of various projects. This would enable the top management to assess the performance of the generation units and initiate remedial measures. Deficiencies noticed in the internal control and monitoring mechanism of the Company have been discussed in the following text:

4.2.14.1 Non- finalisation of accounts

As per the provisions of the Companies Act, 1956 and the Companies Act, 2013[78], annual accounts of the company were to be finalised and audited within a period of six months from the end of the financial year. The Company, however, failed to finalise its accounts on the due dates as detailed below:

Table 4.2.11
Details showing finalisation of annual accounts by the Company

Year of Accounts	Due date for finalisation	Actual date of signing of accounts by the Statutory Auditor
2011-12	30-09-2012	No separate accounts were prepared by the Company for 2011-12. The consolidated accounts of four power sector companies were prepared by the holding company (Meghalaya Energy Corporation Limited)
2012-13	30-09-2013	17-05-2015
2013-14	30-09-2014	15-01-2016
2014-15	30-09-2015	Yet to be finalised
2015-16	30-09-2016	Yet to be finalised

The above delays led to non-acceptance by MSERC of the tariff petition filed by the Company as discussed below as well as Business Plan for repairs and maintenance as discussed in ***paragraph 4.2.12.3***.

[78] Accounts of the companies commencing on or after 1 April 2014 are governed by the Companies Act, 2013 while the accounts pertaining to earlier periods continued to be governed by the Companies Act, 1956.

Fixation of tariff for Myntdu Leshka Hydro Electric Project

The Myntdu Leshka Hydro Electric Project (MLHEP) was a new project of the Company commissioned during November 2011 to March 2013. As such, the Company was to claim reimbursement of the capital costs incurred on commissioning of the project as a component of tariff to be fixed by MSERC against the power generated and supplied through the project.

It was observed that the tariff petition filed (December 2012) by the Company against the power generated in MLHEP for the year (2013-14) attracted objections from various quarters during public hearings. Therefore, MSERC ordered (March 2013) the Company that capital cost of the project (MLHEP) would not be accepted without taking into account the audited accounts of the Company and final tariff would be determined only after vetting of capital cost of the project either by an independent agency (like CEA) or experts in the field. As such, the Company was directed to submit its up-to-date certified accounts to MSERC so as to finalise the tariff against the power supplied through generation from MLHEP. As an interim relief, however, MSERC had allowed an interim tariff of ₹ 2.83 per unit from 2013-14 onwards till final approval of the Project Cost. It was, however, observed that despite the clear instructions of MSERC, the Company failed to submit its certified accounts for the years from 2012-13 onwards to MSERC for determination of final tariff for the years 2013-14 onwards.

Non-recovery of the capital costs incurred in construction of MLHEP pending fixation of final tariff for MLHEP had resulted in operational losses of ₹ 348.65 crore to the Company during 2013-14 (₹ 65.64 crore), 2014-15 (₹ 73.43 crore) and 2015-16 (₹ 209.58 crore).

4.2.14.2 Non-maintenance of cost records

As per the Companies (Cost Records and Audit) Rules, generation companies regulated by the Electricity Act 2003 are required to include cost records in their books of accounts. As per these rules, the Company and all its units and branches were required to maintain regular cost records in form CRA-1 effective from 1 April 2014. These cost records were to be maintained in such a manner so as to facilitate calculation of cost of operations, cost of sales and margin for its activities on monthly, quarterly, half yearly and annual basis. The systematic maintenance of cost accounting records was to give yardstick to measure the health and performance of the Company in terms of cost of generation per unit and cost of major expenditure/inputs in terms of manpower, utilities, repair and maintenance per unit.

It was observed that the Cost Accountants engaged (2012-13) by the holding company (MeECL) recommended (July 2015) the holding and its three subsidiaries including the Company to prepare Cost Accounting Manual and proper maintenance of cost records in line with Generally Accepted Cost Accounting Principles and Cost Accounting Standards issued by the Cost Accounting Standards Board.

It was, however, observed that the Company, being the sole power generating company in the State, was yet to initiate any action in this regard. In the absence of cost accounting records, the Company was not able to efficiently monitor the operational costs so as to ensure cost control effectiveness and take corrective actions wherever required.

4.2.14.3 Monitoring by top Management

The top management did not have a mechanism by which project execution activities *viz.* survey and investigation (S&I) works, project implementation, generation data, *etc.* were periodically brought to the notice of the Board of Directors (BoD) through periodical Returns and progress reports. Further, the overall working of the PSs were also not brought to the notice of the BoD. Audit observed that though the Company held regular meetings of its BoD, the agenda of these BoD meetings was broadly confined to according of financial concurrence for tendering, procurement, and cost revisions, *etc.* without focusing on the issues relating to supervision and monitoring of the project implementation activities. A review of the minutes of the Board Meetings further indicated that the MIS data collected and sent to the CEA (***paragraph 4.2.14.4***) was not referred to the Board at all. Thus, the Company failed to evolve an effective project monitoring mechanism to facilitate completion of the projects within the scheduled period thereby causing time and cost overruns in execution of projects as discussed under ***paragraph 4.2.8***.

4.2.14.4 Management Information System

As per CEA (Furnishing of Statistics, Returns and Information) Regulations, 2007, Generation companies are required to furnish 15 returns (13 annual, 1 monthly and 1 daily) to CEA containing complete statistics and information on various areas of operations as indicated in ***Appendix 4.2.8***. These returns broadly contain management data on generation, manpower, training, accidents, targets, and data for financial study. Such information was relevant and could also be used by the Company for the purpose of Management Information System (MIS).

Audit observed that out of the 15 requisite returns, only 4 returns (2 annual, 1 monthly and 1 daily) relating to generation data and load generation balance report were being furnished by the Company to CEA. It was further observed that even these four returns being submitted by the power stations (PSs) to the Director (Generation), the relevant data were not being utilised by the top management for MIS purposes. It was further observed that no remedial action was taken by the top management based on these reports so as to improve generation efficiency of the PSs. This indicated absence of any quality assurance mechanism which was evident by increase in forced outages.

4.2.15 Environmental Issues

The impact of the operations of the hydro PSs on environment includes *inter-alia* downstream erosion, sedimentation, impact of local climate, *etc.* Thus, it is imperative that the Company have a system to effectively deal with the possible adverse impacts of generation activities on the environment. Although the Company had created an Environment Division during 2015-16, an appropriate action plan to address the issue was, yet to be evolved by the Company (December 2016). Further, no environmental audit had been conducted by the Company in the project areas either internally or by engaging any external agency during the review period.

The results of a check of the water quality of the reservoirs of PSs carried out by Meghalaya State Pollution Control Board (MSPCB) during January to March 2016 have been summarised in ***Appendix-4.2.9***. Analysis of the said Appendix revealed the following:

- The water quality in all reservoirs of the Company, were not satisfactory. It was observed that the main pollutants of the Umiam Lake were Organic pollutants in terms of Bio-chemical Oxygen Demand and bacteria.
- The Myntdu River was acidic mainly due to acid effluents from coal mines located upstream as well as in the catchment area, which in turn, affects the mechanical equipment of MLHEP which comes in direct contact with the acidic water.
- No action plan was, however, formulated by the Company to address the above issues so far (December 2016). As the Company was wholly dependent on the water of these reservoirs for power generation, the Company needs to take action to improve the water quality for the longevity as well as long term operations of its PSs.

4.2.16 Conclusion

Implementation of the projects taken up by the Company was beset with lack of planning and deficiencies in survey and investigation, feasibility studies, DPRs, etc leading to changes in scope and design of the projects after commencement of works thereby causing significant time and cost overrun;

The Company's financial management was plagued by poor liquidity, excessive dependence on borrowings from financial institutions, poor servicing of debts and lack of prudence in releasing payments to contractors which further worsened the financial position of the Company;

Internal control and monitoring of the Company was weak. Delay in finalisation of up-to-date accounts and absence of an effective system to monitor the progress of implementation of projects at the top management level had adversely affected execution of projects and recovery of project costs through tariffs.

4.2.17 Recommendations

The Company needs to:

- *prepare long-term perspective plans to prioritise implementation of hydro generation projects in line with State Power Policy so that activities can be more focused, time bound and goal oriented;*
- *conduct detailed feasibility studies on a scientific basis before taking up the project for execution so as to avoid subsequent revisions/modifications in the scope and design and avoid delays in project implementation.*

- *chalk out programmes for Renovation, Modernisation and Upgradation/Life Extension as well as Repair and Maintenance works and ensure adherence thereto.*
- *ensure effective monitoring of project works at top management level by evolving effective management information and monitoring systems.*

COMPLIANCE AUDIT PARAGRAPHS

COMMERCE & INDUSTRIES DEPARTMENT

MEGHALAYA INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

4.3 *Compliance Audit of financing activities*

4.3.1 Introduction

Meghalaya Industrial Development Corporation Limited (Company) was incorporated (1971) under the Companies Act, 1956 with the objective to promote and advance the industrial development of the State of Meghalaya. The Meghalaya Industrial Policy 1997 entrusted the Company the responsibility to provide escort[79] services for the large and medium scale industries in the State. Further, the Meghalaya Industrial and Investment Promotion Policy (MIIPP) 2012 has entrusted the Company with the responsibility of project consultancy and financial operation[80] especially for Cluster Development, Self-Help Group, Vocational Training Institute, *etc.* to the Company.

The financing activities of the Company include extending of loans to: (i) Micro, Small and Medium Enterprises (MSMEs) for setting up and operations of industrial units and (ii) Small Road Transport Operators (SRTOs) for purchase of commercial vehicles. The present audit was conducted to examine the economy, efficiency, effectiveness and transparency of the Company in performing the loan activities during the period from 2011-12 to 2015-16.

4.3.2 Scope and Methodology of Audit

The business of the Company is being overseen by the Board of Directors (BoD) consisting of 13 members (one executive director and 12 non-executive directors) as on March 2016. As on 31 March 2016, the Company had total 213 loans cases with outstanding dues of ₹ 99.53 crore[81] (principal-₹ 68.40 crore and interest-₹ 31.13 crore) including disbursements aggregating ₹ 26.02 crore[82] made against 86[83] loan cases during April 2011 to March 2016. During audit, the disbursements of ₹ 26.02 crore (26.14 *per cent* of total loan outstanding as of March 2016) made during 2011-16, were examined.

4.3.3 Failure to register with Credit Information Companies

Credit Information Companies collect and maintain past records of an individual's repayment history pertaining to loans and credit cards. Such Companies provide

[79] Escort means handholding/financial assistance to an entrepreneur till the Unit is established.

[80] MIIPP 2012 explains "Financial Operation" as financing of clusters, Self Help Groups, Training cum Production Centres, Vocational Training Institutes and tiny Industrial/service enterprises not being in the purview of Central Schemes. It further states that financial operation to credit worthy individual unit/beneficiary can be given only in those cases where central linkage is available.

[81] MSME loans: ₹ 96.84 crore and SRTO loans: ₹ 2.69 crore

[82] MSME loans: ₹ 22.86 crore and SRTO loans: ₹ 3.16 crore

[83] MSME loans: 29 nos. and SRTO loans: 57 nos.

Credit Information Reports (CIR) and credit scores to the member credit institutions in order to help, evaluate and approve the loan applications. From the information supplied by these companies, the member credit institutions can have a complete picture of the payment history and credentials of the (loan) applicants.

During examination of the records of the Company, it was observed that the Company did not have any standardised mechanism to evaluate and verify the credit worthiness/credentials of loan applicants before sanction of loan. Hence, financing activities are being carried out by the Company without assessing and establishing credentials of the applicants. To overcome this handicap, the Company sought (June 2012/March 2014) approval of the Board of Directors to register with Credit Information Bureau (India) Limited (CIBIL) so as to enable the Company to gain access to an applicant's complete credit record and carry out appraisal of loan applications more effectively. On both the occasions, however, the Board decided (June 2012/March 2014) to keep the proposal in abeyance without any justified reason. No further development in this regard was, however, seen on records.

In the Exit Conference (01 November 2016), the Company accepted that they did not have any mechanism/procedure to assess the credit worthiness/track record of any person. It was added that the Company made efforts to access information about prospective borrowers by contacting various banks although this was not a comprehensive method.

The reply is not acceptable as in absence of a standardised mechanism for verification of the credentials of loan applicants before sanction of loan, the Company is exposed to the risks of defaults in repayment of loans extended by it.

4.3.3.1 Financing of loan to a single Private Company

M/s CMJ Breweries Private Limited (CMJ) was the single largest borrower of the company during the period of five years (2011-12 to 2015-16) covered in the Audit. Out of the total disbursements (₹ 26.02 crore) made by the Company during 2011-2016, ₹ 20.60 crore (79.17 *per cent*) was disbursed to CMJ against total sanctioned loans of ₹ 45.00 crore. Further, out of ₹ 68.40 crore outstanding loan (excluding interest) as on 31 March 2016, an amount of ₹ 42.50 crore (62.14 *per cent)* pertained to CMJ alone.

Audit observed that in the year 2009, the Company sanctioned a Term Loan of ₹ 26 crore[84] to CMJ and disbursed the same during April 2010 to March 2012.

The first repayment instalment by CMJ was due in June 2012. CMJ, however, citing delay in commencement of commercial production, requested (April 2011) for rescheduling of loan. Based on the request, Managing Director of the Company approved (April 2011) rescheduling of the loan allowing the repayments to commence

[84] 1st disbursement (7 April 2010)- ₹ 5 crore, 2nd disbursement (19 April 2010)- ₹ 10.00 crore, 3rd disbursement (24 June 2010)- ₹ 1.50 crore, 4th disbursement (26 October 2010)- ₹ 4.40 crore, 5th disbursement (08 March 2011)-₹ 1.50 crore, 6th disbursement (21 March 2011)-₹ 2 crore, 7th disbursement (09 March 2012)- ₹ 1.60 crore.

from the financial year 2014-15. It was further observed that even before CMJ started repayments towards this loan, the Company sanctioned (May 2013) and disbursed (July 2013 to July 2014) the second Term Loan of ₹ 19 crore to CMJ to be repaid in 7 yearly instalments starting from 2016-17 (May 2016).

In respect of the first loan (₹ 26 crore), CMJ repaid (July 2013) an amount of ₹ 2.50 crore towards the principal. To facilitate its third expansion project, CMJ again approached (October 2014) the Company to reschedule the repayment periods of the two loans as under:

(i) to re-schedule the first term loan (with outstanding balance of ₹ 23.50 crore) and allow the repayments to start from 2017-18 (8 yearly instalments) instead of 2014-15 which was already allowed during first re-scheduling of loan.

(ii) to re-schedule the second term loan (₹ 19 crore) and allow the repayments to start from 2018-19 (7 yearly instalments) instead of 2016-17 (May 2016).

The above proposals of CMJ were agreed to (25 November 2014) by the Managing Director and the two loans were re-scheduled accordingly.

The accrued interest liability against above two loans for the financial year 2014-15 worked out to ₹ 4.81 crore (first loan: ₹ 2.82 crore and second loan: ₹ 1.99 crore), which was to be paid by CMJ within 31 March 2015. On the grounds of the financial crunch being faced by CMJ in implementing its third expansion project, CMJ again proposed (February 2015) to convert the above interest liability into a fresh term loan. While declining to accept CMJ's proposal, Managing Director of the Company allowed (March 2015) to defer the payment of interest accrued by one year and permitted CMJ to pay off the interest accrued (₹ 4.81 crore) against the two loans for 2014-15 in March 2016. CMJ, however, did not pay the interest overdue of ₹ 9.91 crore for the years 2014-15 and 2015-16. It was noticed that due to default (March 2016) in payment of interest by CMJ, the loan outstanding (principal) against CMJ was transferred under NPA category.

The above instances of repeated rescheduling of loans established that CMJ was a chronic defaulter in repayment of Company loans. It was also observed that the Managing Director, despite involving significant financial implications, accorded approval to re-schedule the repayment period of loan (principal) on two occasions (April 2011 and November 2014) and deferment (March 2015) of interest payment.

Examination of the records of the Company further revealed that while responding to the advices sought by other Financial Institutions on the credit worthiness of CMJ, the Company had responded (April 2015/January 2016) positively to these queries. This was surprising in view of the fact that CMJ had not been able to comply with the original loan terms and was repeatedly seeking re-scheduling. Further, as the majority of loan was extended to CMJ, the loan assets of the Company were highly exposed to the risk of defaults and non-recovery considering poor track record of CMJ.

At present, loan appraisal is being done solely by the Loan Section headed by a Deputy General Manager who also recommends for sanction of loan without taking inputs of Finance/Recovery Section of the Company. The Company may consider constituting a Screening Committee to carry out appraisal of loan proposals in an effective manner duly taking into account the credit worthiness/track record of the loan applicants before approving loan proposals. The Company also needs to fix responsibility for repeated rescheduling of the outstanding loans of CMJ without adequate justification and without approval of the Board of Directors of the Company.

4.3.4 Monitoring of loan disbursed

The Company disburses loan in instalment depending upon the physical progress of work, satisfactory utilisation of instalments already advanced and also promoter's contribution. However, there were instances of continued disbursement of instalments by the Company in respect of two loans despite repeated default by the borrower to honour the terms of repayment as per loan conditions.

During 2011-12 to 2015-16, ₹ 22.86 crore were disbursed to MSMEs. Out of these, loan aggregating ₹ 0.95 crore (4.16 *per cent*) was disbursed[85] to two units viz. Destination Hotel (₹ 0.50 crore) and Byrnihat Hotel (₹ 0.45 crore). The observations in respect of these two loans have been discussed below:

4.3.4.1 Byrnihat Hotel cum Shopping Complex

The Company sanctioned (October 2009) a Term Loan of ₹ 1.37 crore for construction of Hotel cum shopping complex at Byrnihat and disbursed the same during the period from November 2009 to November 2012. As per the loan conditions, the loan was to be repaid in 32 quarterly instalments to be commenced from November 2011. The borrower, however, continuously failed to honour the agreed repayment schedule. At the time when the first repayment instalment was due (November 2011) from the borrower, an amount of ₹ 0.87 crore was already disbursed by the Company. Since the borrower had defaulted to honour the repayment schedule, the Company should have refused to disburse the remaining sanctioned amount of ₹ 0.50 crore. However the default by the borrower was ignored on grounds that the work was progressing and a further release of an amount of ₹ 0.45 crore was approved (July 2011 to November 2012) by the Company after retaining a meagre amount of ₹ 0.05 crore as provision for interest during construction. As on 31 March 2016, the total outstanding amount overdue for repayment by the borrower accumulated to ₹ 1.63 crore (principal: ₹ 0.77 crore and interest: ₹ 0.86 crore).

4.3.4.2 M/s Destination Hotel, Jaintia Hills.

Loan of ₹ 1.50 crore was sanctioned (July 2009) and disbursed (August 2009 to May 2013) for setting up M/s Destination Hotel, a Hotel-cum-shopping complex. Examination of disbursement records revealed that an amount of ₹ 0.50 crore was

[85] Disbursements against loans sanctioned (July 2009/October 2009) to Destination Hotel (₹ 1.50 crore) and Byrnihat Hotel (₹ 1.37 crore).

disbursed in instalments during the period from December 2011 to May 2013 despite repeated defaults in repayments by the borrower since the first instalment became due (September 2011) for repayment on grounds that the work was progressing. Against the total outstanding overdue of ₹ 1.86 crore (principal: ₹ 0.89 crore and interest: ₹ 0.97 crore) as on 31 March 2016, the borrower had repaid a meagre amount of ₹ 0.20 lakh towards interest only.

Thus, failure to ensure proper monitoring of repayment schedule and enforcement of the conditions for sanction of loans resulted in undue favour to the above two borrowers.

4.3.5 Recovery of Loans

4.3.5.1 Non-performing Assets

The level of Non-performing Asset (NPA) in a financing company is an important indicator of its financial health and effectiveness of its monitoring mechanism. As per classification of loan assets carried out by the Company[86], NPA represents those loans where repayment towards principal and/or interest accrued remains defaulted beyond 90 days. On the other hand, Standard Asset (SA) represents those loans in respect of which there is no default in repayment of principal and interest accrued or where default in repayment is less than 90 days. The NPAs are further classified into the following three categories, based on the period for which the assets remained non-performing:

i. Sub-standard asset – loan assets which remained NPA for a period more than 90 days but less than or equal to 12 months.

ii. Doubtful asset - one which has remained in the sub-standard category for a period of 12 months.

iii. Loss asset - an asset where loss has been identified by the Company but the amount has not been written off wholly. Such assets is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

The above norms for classification of assets were framed and followed by the Company throughout the period examined by Audit. The loan asset portfolio of the Company during the period (2011-16) covered under audit has been summarised in ***Table 4.3.1*** below:

[86] Asset classification is being carried out by the Company as on 31st March of financial year.

Table 4.3.1: Details of loan asset portfolio

Year	Standard Assets (SA)	Non-Performing Assets (NPA)	Total	Percentage	
				SA	NPA
(₹ in crore)					
2011-12	31.46	24.30	55.76	56.42	43.58
2012-13	30.13	24.97	55.09	54.68	45.32
2013-14	32.50	23.53	56.03	58.00	42.00
2014-15	43.24	26.05	69.29	62.40	37.60
2015-16	0.51	67.89	68.40	0.75	99.25

From the **Table** above, it can be seen that there had been drastic variations in the figures of 'standard assets' and 'non-performing assets' during 2015-16. This was mainly due to transfer of the outstanding (principal) loan (₹ 42.50 crore) pertaining to one borrower (CMJ) to 'non-performing assets' category during 2015-16. The findings relating to this borrower (CMJ) have been discussed under ***paragraph 4.3.3.1*** *supra.*

Audit further examined recovery efficiency of the Company during the period of five years from 2011-16 and observed that the recoveries made by the Company during these years had declined from 18.72 *per cent* (2011-12) to 3.57 *per cent* (2015-16) as detailed in ***Table 4.3.2*** below:

Table 4.3.2: Details of loan recovery

Year	Received			Amount Overdue			Total Amount (A+B)	Percentage	
	Prin-cipal	Interest	Total (A)	Prin-cipal	Interest	Total (B)		Received	Outstanding
	(₹ in crore)								
2011-12	3.58	4.45	**8.03**	16.67	18.17	**34.84**	42.87	18.72	81.28
2012-13	2.67	1.56	**4.23**	17.86	17.71	**35.57**	39.80	10.63	89.37
2013-14	4.54	7.26	**11.80**	18.13	16.90	**35.03**	46.83	25.20	74.80
2014-15	1.28	0.70	**1.98**	20.42	19.84	**40.26**	42.24	4.70	95.30
2015-16	1.34	0.57	**1.91**	20.48	31.13	**51.61**	53.52	3.57	96.43

During examination of records on loan recovery, it was observed that one of the main factors for decline in the recovery performance during previous two years was unjustified re-scheduling of Term loans in respect of one major borrower[87] as elaborated under ***paragraph 4.3.3.1*** *supra*.

4.3.6 Conclusion

There was absence of an effective system to verify the credit worthiness of loan applicants before sanction of loans. The Company had been re-scheduling and sanctioning further loans to habitual loan defaulters without justification. Thus, the financing activities of the Company lacked focus and direction leading to poor recovery performance and high incidence of non-performing assets.

[87] M/s CMJ Breweries Private Limited against whom 62 *per cent* (₹ 42.50 crore) of total outstanding (₹ 68.40 crore) as on 31 March 2016 was pending for recovery.

4.3.7 Recommendations

The Company may consider to:

- *constitute a screening committee to ensure effective appraisal of the loan proposals duly taking into account the credentials and previous track records of the loan applicants;*
- *strengthen its internal control mechanisms relating to sanction, disbursement and recovery of loans so as to protect the financial interests of the Company.*

MEGHALAYA ELECTRONICS DEVELOPMENT CORPORATION LIMITED

4.4 Misappropriation of cash

Absence of an effective system for periodic physical verification of cash in hand on regular basis led to possible misappropriation of cash of ₹ 19.98 lakh.

During the course of Audit (July 2013) of Meghalaya Electronics Development Corporation Limited (Company) it was seen that the closing balance of cash in hand as on 31 March 2011, as per the uncertified compiled account, was shown as ₹ 19.98 lakh. In the subsequent year, the closing balance of cash in hand (₹ 19.98 lakh) was transferred to Suspense account and consequently, the cash in hand as on 31 March 2012 became 'nil'. There was no disclosure in the accounts for reasons of transferring it to Suspense Account. It was further observed that the Company had not finalised its accounts after the financial year 2006-07 and the cash book of the Company also had not been closed and authenticated since 2007-08. In view of this development, a Joint Physical Verification of cash was conducted (05 July 2013) by Audit in the presence of the present Director in-charge of the Company and it was found that there was 'nil' cash balance. The reason for the 'nil' cash balance and the supporting records in respect of expenditure of ₹ 19.98 lakh could not be produced to Audit.

The Board of Directors of the Company withheld (29 April 2014) the VRS dues/arrear salaries of the three officials[88] suspected to be involved in the possible misappropriation of cash and the same were not released so far (December 2016). No disciplinary action was, however, seen to have taken on records against any of the suspects nor was any recovery made from the VRS dues/arrear salaries of these officials so far (December 2016). It was further observed that one of the three suspects in the case (viz. the then Director of the Company) had already passed away on 24 December 2013.

In a unit level reply to audit query, the Company furnished (July 2016) the Special Audit Report of the Directorate of Local Accounts, Government of Meghalaya which had confirmed the figure of cash in hand as on 31 March 2012 to be ₹ 13.51 lakh. The Report (26 May 2015) of the Internal Auditors also had confirmed the said closing cash balance (₹ 13.51 lakh) of the Company as on 31 March 2012. The figures of the closing cash balance as on 31 March 2012 as per the above two Reports was, however, at variance with the Physical verification of cash conducted (05 July 2013) by Audit in the presence of the present Director in-charge of the Company.

During a meeting of the internal auditor (15 June 2016) with the Audit, however the internal auditors had confirmed that the closing cash balance of ₹ 13.51 lakh as on 31 March 2012 (as per the Internal Audit Report of the Company) was arrived at on the basis of "Computerised Cash Book" and vouchers which were neither certified nor

[88] The three officials were Director ((Late) Shri A C Tham), the Accounts in-charge (Shri Johnie Hadem) and Agency functions (Shri A G Kynta).

signed by the Management. The Cash Book was in the form of computer printout and the same was neither closed/balanced daily nor were the entries of the day authenticated on daily basis as required under Rule 103 (3) of the Meghalaya Financial Rules 1981[89].

Thus, absence of an effective system for periodic physical verification of cash in hand on regular basis led to possible misappropriation of cash of ₹ 19.98 lakh.

In reply (July 2016), the State Government stated that the Board of Directors of the Company have already decided (June 2016) to investigate the issue of difference of closing cash in hand by third neutral party.

During the meeting (October 2016) of the Management of the Company with the Audit, the Company had confirmed the facts and figures of the observations and assured that the compiled accounts would be re-worked based on the physical existence of assets, liabilities *etc.*

No further action in the matter was, however, seen to have been taken on records by the Company so far (December 2016).

POWER DEPARTMENT

MEGHALAYA POWER GENERATION CORPORATION LIMITED

4.5 Statutory dues not remitted

There was unauthorised retention of forest royalty amounting ₹ 9.85 crore by the Company.

As per the provision of Forest Regulation (Application and Amendment) Act 1973 the Myntdu Leshka Hydro Electric Project (MLHEP) of Meghalaya Power Generation Corporation Limited was required to deduct Forest Royalty from the contractors' bills while making payments to the contractors and remit the same to the Government Account within the specified time.

As per Section 34(2) (h) of the Meghalaya Forest Regulation (Application and Amendment) Act 1973, no forest produce should be extracted/removed from a forest area unless a permit/pass was granted by the forest officer on realisation of royalty in full. Scrutiny of records (February-March 2016) of MLHEP revealed that during the period August 2000 to March 2016, it had deducted Forest Royalty to the tune of ₹ 14.68 crore from the bills of the contractors. As against this, MLHEP had deposited an aggregate amount of ₹ 4.83 crore only in respect of Forest Royalty into the Government Account. Thus, an amount aggregating ₹ 9.85 crore in respect of Forest Royalty had not been deposited by MLHEP into the Government Account (December 2016).

[89] As per Rule 103 (3) of the Meghalaya Financial Rules 1981, the Head of the Office is personally responsible to Government for the due accounting of all money received and disbursed and for the safe custody of cash.

Section 75 of the Forest Regulation (Application and Amendment) Act, 1973 stipulates that all unpaid dues against the price of forest produce shall be recovered under the law for the time being in force as if it were an arrear of land revenue. Section 76 of the Meghalaya Forest Regulation (Application and Amendment) Act, 1973 further stipulates that when any such money is payable for any forest produce, the amount thereof shall be deemed to be a first charge on such produce and such produce may be taken possession of by a Forest Officer specially empowered in this behalf and may be retained by him until such amount has been paid. It was however seen that no such demands were raised on the Company by the department concerned so far (December 2016).

In reply, the State Government/Company stated (September 2016) that the amount collected on account of Forest Royalty could not be deposited to Government Accounts due to paucity of funds. It was further added that the details of utilisation of the said funds are not known since there are still pending liabilities with contractors and suppliers till date.

The reply is not acceptable as the forest royalty is in the nature of statutory dues and hence it should have been remitted to the State exchequer immediately after its collection in a systematic manner.

The Company needs to keep the funds realised against forest royalty separately in an escrow account so that the forest royalty so collected is remitted to Government Accounts immediately after its collection.

MEGHALAYA ENERGY CORPORATION LIMITED

4.6 Heavy retention of revenue

Heavy retention of Company's revenue collected by Axis Bank resulted in blockade of funds and consequent loss of interest of ₹ 58.35 lakh to the Company.

The Meghalaya Energy Corporation Limited (MeECL) entered (March 2013) into an agreement (March 2013) with Axis Bank for providing Cash Management Services (CMS) in respect of six[90] Revenue Sub-Divisions (RSDs). As per the terms of agreement (Clause 1.0), the service provider (Axis Bank) was to collect the amount of electricity bills in the form of cheque/demand draft/cash from the collection units/centres of the Company and deposit the same into the principal collection account of the Company maintained in the Shillong branch of Axis Bank. The cash so collected from the six RSDs of the Company was to be credited into Company's collection account (Shillong branch of Axis Bank) on the same day while the cheques/DDs deposited by the Service provider (Axis Bank) were to be realised in Company's collection account as per normal clearing process (Clause 1.5).

[90] Byrnihat Revenue Sub-Division (BRSD), Shillong Revenue Sub-Division (SRSD), Khliehriat Revenue Sub-Division (KRSD), Jowai Revenue Sub-Division (JRSD), Tura Revenue Sub-Division (TRSD) and Umiam Revenue Sub-Division (URSD)

Scrutiny of records of the six RSDs for the period April 2013 to March 2016 revealed the following:

- The periodic transfer of revenue by Axis Bank to the Company's principal account in respect of six RSDs ranged from 1 to 25 days i.e. for BRSD (1 to 20 days), SRSD (1 to 6 days), KRSD, (1 to 12 days), JRSD (1 to 12 days), TRSD (1 to 7 days) and URSD (1 to 25 days).
- During the period April 2013 to March 2016 the daily deposits made by Axis Bank into the principal account against the collection for six RSDs of the Company ranged between ₹ 112 and ₹ 12.90 crore[91]. Since flow of revenue from Axis Bank to Company's principal account was only periodic, the Company could not avail the intended financial benefits against this revenue due to delays in deposit of this cash to Company's principal account.
- Significant amount collected from the RSDs of the Company was being retained by the Axis Bank without transferring the same to Company's principal account. Such amount retained by the bank ranged[92] from ₹ 0.08 lakh to ₹ 12.63 crore. The position stated indicated that the revenue collected and deposited by Axis Bank into the Company's principal account was not monitored effectively.
- As the revenue collected by Axis Bank was not transferred on time, it resulted in blockade of Company's funds with the bank and consequent loss of interest[93] amounting to ₹ 58.35 lakh[94] to the Company. It was, however, noticed that the CMS agreement with the Axis Bank was terminated (February 2016) by the Company on grounds of the poor services of the Bank.

Thus, due to heavy retention of Company's revenue collected by Axis Bank resulted in blockade of funds and consequent loss of interest amounting to ₹ 58.35 lakh to the Company.

The matter was reported (August 2016) to the Company/State Government; their replies had not been received (December 2016).

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[91] Ranged between ₹ 514 and ₹ 12,89,55,887 for BRSD, ₹ 444 and ₹ 3,60,62,311 for SRSD, ₹ 5,000 and ₹ 6,39,91,859 for KRSD, ₹ 1,056 and ₹ 84,11,359 for JRSD, ₹ 879 and ₹ 1,55,26,877 for TRSD and ₹ 112 and ₹ 1,90,32,985 for URSD

[92] ₹ 10,819 to ₹ 12,62,67,653 for BRSD, ₹ 51,429 to ₹ 11,75,74,990 for SRSD, ₹ 2,49,397 to ₹ 8,41,51,372 for KRSD , ₹ 14,701 to ₹ 1,62,44,046 for JRSD, ₹ 39,818 to ₹ 1,78,55,381 for TRSD and ₹ 8,092 to ₹ 1,99,24,073 for URSD.

[93] Calculated at the rate of SBI Fixed Deposit Rate for seven to 45 days i.e. 5 *per cent.*

[94] Interest for the period from April 2013 to March 2016 amounting to ₹ 28.10 lakh for BRSD + ₹ 12.43 lakh for SRSD+ ₹ 7.32 lakh for KRSD+ ₹ 3.92 lakh for JRSD+ ₹ 3.77 lakh for TRSD+ ₹ 2.81 lakh for URSD.

CHAPTER-V

FOLLOW UP OF AUDIT OBSERVATIONS

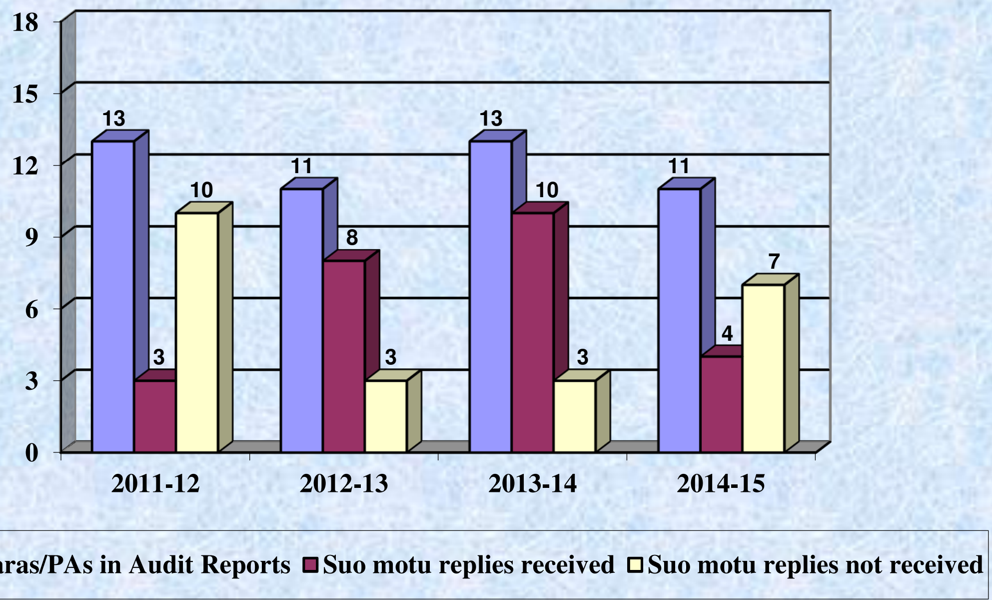
CHAPTER V : FOLLOW UP OF AUDIT OBSERVATIONS

5.1 Failure to submit suo motu explanatory notes

Every year Reports of the Comptroller and Auditor General of India are prepared and presented to the State Legislature. To ensure accountability of the executive about the issues contained in these Audit Reports, the Public Accounts Committee (PAC) of the Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presentation of the Audit Reports to the State Legislature.

As of March 2016, 16 departments (civil departments including Public Works Department) did not submit *suo motu* explanatory notes on 18 paragraphs and five Performance Audits (PAs) included in the Audit Reports (Social, Economic, General and Economic (PSUs) Sectors) for the years 2011-12 to 2014-15, details of which are given below:

Chart - 5.1.1
Position of pending suo motu replies to Audit Reports for the years 2011-12 to 2014-15



5.2 Response of the departments to the recommendations of the Public Accounts Committee

The administrative departments were required to take suitable action on the recommendations made in the Report of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, the departments were to prepare action taken notes (ATNs) indicating action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat.

The PAC specified the time frame for submission of such ATNs as six weeks upto 32nd Report (December 1997) of the PAC and six months in 33rd Report (June 2000). Review of 16 Reports[1] of the PAC involving 14 departments (containing recommendations on 57 paragraphs of Audit Reports) presented to the Legislature between April 1995 and March 2012, revealed that none of these departments had sent the ATNs to the Assembly Secretariat as of March 2016. Thus, the fate of the recommendations contained in the Reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

5.3 Monitoring

The following Committees have been formed at the Government level to review the follow up action on Audit Reports and explanatory notes.

5.3.1 Departmental Audit & Accounts Committee

Departmental Audit & Accounts Committee (DAAC) had been formed (August 2009) by all departments of the Government under the Chairmanship of the Departmental Secretary to review and oversee the progress in disposal of pending inspection reports, audit matters pertaining to Public Sector Undertakings, follow up action on Audit Reports and explanatory notes to PAC/COPU, *etc*. The DAAC were to hold meetings quarterly.

One DAAC meeting was held during 2015-16 wherein two Inspection Reports (IRs), containing seven paragraphs were discussed and only three paragraphs were settled.

5.3.2 Apex Committee

An Apex Committee (State Audit and Accounts Committee) had been formed (August 2009) at the State level under the Chairmanship of Chief Secretary to review and oversee the progress in disposal of outstanding audit objections, timely furnishing of explanatory notes to PAC/ COPU, other accounts or audit related matters *etc*. The Apex Committee was to meet at half yearly intervals.

No Apex Committee meeting was held during 2015-16.

5.3.3 Outstanding Inspection Reports (IRs)

The Meghalaya Financial Rules, 1981 provide for prompt response by the executive to the IRs issued by the Accountant General (Audit) of the State (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies and lapses noticed during inspection. The Heads of

[1] Between April 1995 and December 1997 (10 Reports), in June 2000 (one report), April 2005 (one report), April 2007 (one report), March 2010 (one report) , March 2011 (one report) and March 2012 (one report)

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 AG. Serious irregularities are also brought to the notice of the Heads of the Department by the AG through a half-yearly report in respect of pending IRs to facilitate monitoring of the Audit observations and for taking appropriate corrective action. At the end of March 2016, 614 IRs involving 2,970 paragraphs pertaining to the period 1989-90 to 2015-16 were outstanding.

Shillong **(Stephen Hongray)**
The Accountant General (Audit), Meghalaya

Countersigned

New Delhi **(Shashi Kant Sharma)**
The Comptroller and Auditor General of India

APPENDICES

Appendix-1.2.1

Statement showing payment of School Maintenance Grant to ineligible schools (Reference: Paragraph 1.2.8.8 (i))

(Amount in ₹)

Sl No.	Year	Block	Name of School	Management	
1	2010-11	Thadlaskein	Tiplem Moodymmai LPS	Pvt. Aided	5,000
2	2010-11	Thadlaskein	Seinraij Iongpiah LPS	Pvt. Aided	5,000
3	2010-11	Thadlaskein	St Mary mazzerello LPS	Pvt. Aided	5,000
4	2010-11	Thadlaskein	Church of God Ummulong LPS	Pvt. Aided	5,000
5	2010-11	Thadlaskein	Demthring Pres LPS	Pvt. Aided	5,000
6	2010-11	Thadlaskein	Nongkhroh RC LPS	Pvt. Aided	5,000
7	2010-11	Thadlaskein	Lumstong LPS	Pvt. Aided	5,000
8	2010-11	Thadlaskein	Mihmyntdu Lumpyrtuh RC LPS	Pvt. Aided	5,000
9	2010-11	Thadlaskein	Mukhla Mission LPS	Pvt. Aided	5,000
10	2010-11	Thadlaskein	Madur mission LPS	Pvt. Aided	5,000
11	2010-11	Thadlaskein	Mukhla Raij LPS	Pvt. Aided	5,000
12	2010-11	Thadlaskein	Murap LPS	Pvt. Aided	5,000
13	2010-11	Thadlaskein	Susngi B LPS	Pvt. Aided	5,000
14	2010-11	Thadlaskein	Pres Jowai LPS	Pvt. Aided	5,000
15	2010-11	Thadlaskein	Mynsngat RC LPS	Pvt. Aided	5,000
16	2010-11	Thadlaskein	Sohmynting Dongwah LPS	Pvt. Aided	5,000
17	2010-11	Thadlaskein	Sohmynting Dongnein LPS	Pvt. Aided	5,000
18	2010-11	Thadlaskein	Seinraij Nongbah LPS	Pvt. Aided	5,000
19	2010-11	Thadlaskein	Kremlabit LPS	Pvt. Aided	5,000
20	2010-11	Thadlaskein	Pres Ummulong LPS	Pvt. Aided	5,000
21	2010-11	Thadlaskein	Wahrymbai LPS	Pvt. Aided	5,000
22	2010-11	Thadlaskein	Ummulong RC LPS	Pvt. Aided	5,000
23	2010-11	Thadlaskein	Jaintia UPS Newhill Jowai	Pvt. Aided	5,000
24	2010-11	Thadlaskein	Mukhla Raij UPS	Pvt. Aided	5,000
25	2010-11	Thadlaskein	Moodymmai UPS	Pvt. Aided	5,000
26	2010-11	Thadlaskein	Nongjngi UPS	Pvt. Aided	5,000
27	2010-11	Thadlaskein	Khanduli UPS	Pvt. Aided	5,000
28	2010-11	Thadlaskein	Nartiang Pres UPS	Pvt. Aided	5,000
29	2011-12	Saipung	Lumthari RCLPS	Pvt. Aided	5,000
30	2011-12	Saipung	Ngaibang LPS	Pvt. Aided	5,000
31	2011-12	Saipung	Tlangpui LPS	Pvt. Aided	5,000
32	2011-12	Saipung	Narwan Nein LPS	Pvt. Aided	5,000
33	2011-12	Saipung	Narwan Thwaisalong LPS	Pvt. Aided	5,000
34	2011-12	Saipung	Kseh LPS	Pvt. Aided	5,000
35	2011-12	Saipung	Khahnar RCLPS	Pvt. Aided	5,000
36	2011-12	Saipung	Mooknor RCLPS	Pvt. Aided	5,000
37	2011-12	Saipung	Jalaphet Mushut RCLPS	Pvt. Aided	5,000
38	2011-12	Khliehriat	Natbor LPS	Pvt. Aided	5,000
39	2012-13	Saipung	Lumthari RCLPS	Pvt. Aided	5,000
40	2012-13	Saipung	Ngaibang LPS	Pvt. Aided	5,000
41	2012-13	Saipung	Tlangpui LPS	Pvt. Aided	5,000
42	2012-13	Saipung	Narwan Nein LPS	Pvt. Aided	5,000
43	2012-13	Saipung	Narwan Thwaisalong LPS	Pvt. Aided	5,000
44	2012-13	Saipung	Kseh LPS	Pvt. Aided	5,000
45	2012-13	Saipung	Khahnar RCLPS	Pvt. Aided	5,000
46	2012-13	Saipung	Mooknor RCLPS	Pvt. Aided	5,000
47	2012-13	Saipung	Jalaphet Mushut RCLPS	Pvt. Aided	5,000
48	2012-13	Khliehriat	Natbor LPS	Pvt. Aided	5,000
Total					**2,40,000**

Appendix – 1.3.1

The lists of offices / units/ hospitals, *etc.* selected for 'Performance Audit of NRHM'
(Reference: Paragraph 1.3.5)

State Level	*State Health Society i/c State Programme Management Unit & Engineering wing*					
District Level	*District Health Society, West Khasi Hills*		*District Health Society, Ri Bhoi*		*District Health Society, West Garo Hills*	
	District Hospital, Nongstoin & Tirot Singh Memorial Hospital, Mairang		*District Hospital, Nongpoh*		*Tura Civil Hospital & Tura MCH Hospital*	
Block Level i/c CHC Level	*Mawshynrut block*	*Nongstoin block*	*Umsning block*	*Umling block*	*Gambeggre block*	*Rongram block*
	Riangdo CHC	-	*Umsning CHC & Bhoirymbong CHC*	-	-	-
PHC Level	*1. Nonglang PHC* *2. Shallang PHC*	*1. Rambrai PHC* *2. Maweit PHC*	*1. Mawlasnai PHC* *2. Kyrdem PHC*	*1. Marngar PHC* *2. Byrnihat PHC*	*1. Darengre PHC* *2. Mellim PHC*	*1. Asananggiri PHC* *2. Babadam PHC*
Sub Centre level	***Under Nonglang PHC*** *1. Langja SC* *2. Kyrdum SC* *3. Nongmisei SC*	***Under Rambrai PHC*** *1. Kyrshai SC* *2. Mawdoh SC* *3. Mawdum-dum SC*	***Under Mawlasnai PHC*** *1. Tyrso SC* *2. Kyrdemkulai SC* *Mawleiñ SC*	***Under Marngar PHC*** *1. Umsawnongbri SC* *2. Narang SC* *3.Umsawnongkharai SC*	***Under Darengre PHC*** *1. Chisakgre SC* *2. Dakopgre SC* *3. Gambegre SC*	***Under Asananggiri PHC*** *1. Baljek SC* *2. Waribokgre SC* *3. Rombagre SC*
	Under Shallang PHC *1. Nongdaju SC* *2. Riangdim SC* *3. Seinduli SC*	***Under Maweit PHC*** *1. Mawrynniaw SC* *2. Miangshang SC* *3. Porkhadoh SC*	***Under Kyrdem PHC*** *1. Mawbsein SC* *2. Mawlyndep SC* *3. Mawtari Myrdon SC*	***Under Byrnihat PHC*** *1. Amjong SC* *2. Baridua SC* *3. Pillangkata SC*	***Under Mellim PHC*** *1. Mellim SC* *2. Okkapara SC* *3. Damalgre SC*	***Under Babadam PHC*** *1. Babadam SC* *2. Boldakgre SC* *3. Chidekgre SC*

Appendix – 1.3.2
Statement showing availability of drugs in test checked DHs, CHCs and PHCs
(Reference: Paragraph 1.3.9.10 (ii))

(Figures in brackets represents the percentage)

Name of health facility	Total number of drugs required as per the State Essential Drug List	2011-12			2012-13			2013-14			2014-15			2015-16		
		Drugs available and sufficient	Available but not sufficient	Drugs not available	Drugs available and sufficient	Available but not sufficient	Drugs not available	Drugs available and sufficient	Available but not sufficient	Drugs not available	Drugs available and sufficient	Available but not sufficient	Drugs not available	Drugs available and sufficient	Available but not sufficient	Drugs not available
Nongstoin DH	355	36 (10)	14 (4)	305 (86)	44 (12)	18 (5)	293 (83)	50 (14)	24 (7)	281 (79)	61 (17)	16 (5)	77 (78)	62 (17)	7 (2)	286 (81)
Mairang DH	355	96 (27)	2 (1)	257 (72)	72 (20)	2 (1)	281 (79)	69 (19)	2 (1)	284 (80)	68 (19)	1 (0)	286 (81)	71 (20)	1 (0)	283 (80)
Nongpoh DH	355	118 (33)	14 (4)	223 (63)	72 (20)	19 (5)	264 (75)	67 (19)	14 (4)	274 (77)	70 (20)	18 (5)	267 (75)	69 (19)	43 (12)	243 (68)
Tura DH	355	46 (13)	8 (2)	301 (85)	46 (13)	6 (2)	303 (85)	43 (12)	8 (2)	304 (86)	48 (14)	8 (2)	299 (84)	48 (14)	11 (3)	296 (83)
Tura MCH Hospital	355	15 (4)	46 (13)	294 (83)	12 (3)	33 (10)	310 (87)	24 (7)	22 (6)	309 (87)	37 (10)	16 (5)	302 (85)	41 (12)	11 (3)	303 (85)
Bhoirymbong CHC	226	11 (5)	38 (17)	177 (78)	14 (6)	27 (12)	185 (82)	9 (4)	24 (11)	193 (85)	13 (6)	26 (12)	187 (82)	37 (16)	18 (8)	171 (76)
Umsning CHC	226	41 (18)	41 (18)	144 (64)	32 (14)	35 (15)	159 (71)	19 (8)	38 (17)	169 (75)	37 (16)	18 (8)	171 (76)	34 (15)	27 (12)	165 (73)
Riangdo CHC	226	46 (20)	32 (14)	148 (66)	46 (20)	32 (14)	148 (66)	48 (21)	30 (13)	148 (66)	49 (22)	29 (13)	148 (65)	48 (21)	29 (13)	149 (66)
Byrnihat PHC	180	71(39)	17 (9)	92 (52)	71 (39)	18 (10)	91 (51)	66 (37)	17 (9)	97 (54)	54 (30)	12 (7)	114 (63)	53 (29)	8 (4)	119 (67)
Marngar PHC	180	17 (9)	30 (17)	133 (74)	16 (9)	26 (14)	138 (77)	16 (9)	25 (14)	140 (77)	16 (9)	25 (14)	139 (77)	28 (16)	19 (11)	133 (75)
Kyrdem PHC	180	21 (12)	15 (8)	144 (80)	23 (13)	12 (17)	145 (80)	28 (16)	12 (7)	140 (77)	29 (16)	9 (5)	142 (79)	32 (18)	8 (4)	140 (78)
Mawlasnai PHC	180	67 (37)	28 (16)	85 (47)	69 (38)	34 (19)	87 (49)	47 (26)	31 (17)	102 (57)	49 (27)	27 (15)	104 (58)	48 (27)	20 (11)	112 (63)
Nonglang PHC	180	12 (7)	43 (24)	125 (69)	13 (7)	43 (24)	124 (69)	14 (8)	42 (23)	124 (69)	14 (8)	35 (19)	131 (73)	16 (9)	30 (17)	134 (74)
Rambrai PHC	180	29 (16)	34 (19)	117 (65)	27 (15)	34 (19)	119 (66)	25 (14)	35 (19)	120 (67)	23 (13)	35 (19)	122 (68)	23 (13)	32 (18)	125 (69)
Maweit PHC	180	43 (24)	13 (7)	124 (69)	43 (24)	13 (7)	124 (69)	43 (24)	13 (7)	124 (69)	43 (24)	13 (7)	124 (69)	64 (36)	4 (2)	112 (62)
Shallang PHC	180	5 (3)	45 (25)	130 (72)	5 (3)	45 (25)	130 (72)	5 (3)	45 (25)	130 (72)	5 (3)	46 (25)	129 (72)	4 (2)	47 (26)	129 (72)
Asanang PHC	180	41 (23)	5 (3)	134 (74)	40 (22)	4 (2)	136 (76)	37 (21)	4 (2)	139 (77)	46 (26)	0	134 (74)	45 (25)	5 (3)	130 (72)
Babadam PHC	180	31 (17)	15 (9)	134 (74)	34 (19)	12 (7)	134 (74)	23 (13)	14 (8)	143 (79)	24 (13)	14 (8)	142 (79)	40 (22)	11 (6)	129 (72)
Mellim PHC	180	16 (9)	14 (8)	150 (83)	21 (12)	16 (9)	143 (79)	30 (17)	9 (5)	141 (78)	26 (14)	9 (5)	145 (81)	20 (11)	9 (5)	151 (84)
Darenggre PHC	180	51 (28)	14 (8)	115 (64)	56 (31)	14 (8)	110 (61)	53 (29)	7 (4)	120 (67)	53 (29)	7 (4)	120 (67)	57 (32)	9 (5)	114 (63)

(Source: Records maintained at health facilities)

Appendix – 1.3.3
Statement showing purchase of medicines at Higher Rate
(Reference: Paragraph 1.3.9.10 (iii))

Sl. No.	Name of Medicines	Medicine purchased during 2011-13			Approved rate (Per 100) as per DHS (MI)	Excess rate (Per 100) paid (4-6)	Avoidable Extra Expenditure (3x7)
		Quantity	Rate (Per 100)	Amount Paid			
1	2	3	4	5	6	7	8
1	Amoxycilin 250 mg Cap	675000	114.00	769500	89.00	25	168750
2	Amoxycilin 500 mg Cap	1391200	200.00	2782400	134.00	66	918192
3	Ampicillin 250 mg Cap	674000	108.50	731290	85.00	23.50	158390
4	Ampicillin 500 mg Cap	1400000	189.00	2646000	153.00	36	504000
5	Cephalexin 250 mg Cap	374000	150.00	561000	127.52	22.48	84075
6	Cephalexin 500 mg Cap	859900	272.00	2338928	225.00	47	404153
7	Ciprofloxacin 250 mg Tab	300000	96.00	288000	69.85	26.15	78450
8	Ciprofloxacin 500 mg Tab	492500	186.00	916050	128.15	57.85	284911
						Total:	**2600921**

Appendix – 1.3.4

Statement showing the targets and achievement of immunisation in the State (Reference: Paragraph 1.3.11.5)

Year	Target for complete immunisa-tion (0 months – 2 years)	Actual Achievement (for all vaccines as prescribed)				Target (5 years)	Actual Achieve-ment (for all vaccines as prescribed)	Percen-tage	Target (10 years)	Actual Achievement (for all vaccines as prescribed)	Percen-tage	Target for administration of vitamin A	Actual achievement (1^{st} to 5^{th} dose)	Percen-tage
		Upto one year fully immunised	12-23 months fully immunised	Total	Percen-tage									
2011-12	155827	58582	22147	80729	52	78307	22106	28	81319	39245	48	NA	149739	-
2012-13	165036	64855	19058	83913	51	78742	25299	32	81770	49547	61	360394	110423	31
2013-14	164917	68383	18833	87216	53	81564	25702	32	84701	50626	60	373314	25082	7
2014-15	170168	68528	19609	88137	52	83912	25086	30	87139	33951	39	384058	115383	30
2015-16	175091	66242	18433	84675	48	86255	25866	30	89572	24248	27	394782	100597	25
Total	**831039**	**326590**	**98080**	**424670**	**51**	**408780**	**124059**	**30**	**424501**	**197617**	**47**	**1512548**	**501224**	**33**

(Source: Information furnished by SHS)

Appendix – 1.3.5
Statement showing variation in data recorded in HMIS and data as per records of the test checked health facilities
(Reference: Paragraph 1.3.12.2)

Ref No	Data element	Test check in 5 selected District Hospital		
		As per HMIS	As per records	Difference (*per cent*) [Col3-Col4]
1	2	3	4	5
1.	Total number of pregnant women registered for ANC	3369	3831	- 462 (14)
1.1	Of which number registered within first trimester (within 12 weeks)	902	1025	- 123 (17)
2	Number of women registered under JSY	2521	3008	- 487 (19)
3	Number of pregnant women who received 3 ANC checkup	2361	2714	- 353 (15)
4.1	Number of pregnant women who received TT1	1675	1987	- 312 (19)
4.2	TT2 or Booster	2337	2665	- 328 (14)
7.1	Number of pregnant women having Haemoglobin level < 11	4194	5058	- 864 (21)
16	Number of women getting post partum check up between 48 hours and 14 days	2578	2744	- 166 (6)
17	Number of PNC maternal complications attended	315	233	82 (26)
33.01	Number of children given BCG	3115	3480	- 365 (12)
33.02	Number of children given DPT1	1032	1210	- 178 (17)
33.03	Number of children given DPT2	1162	1368	- 206 (18)
33.04	Number of children given DPT3	1351	1574	- 223 (17)
33.11	Number of children given hepatitis B3	1329	1552	- 223 (17)
33.15	Number of children given DPT booster	1054	797	- 156 (15)
Ref No	**Data element**	**Test check in 3 selected CHCs**		
		As per HMIS	**As per records**	**Difference (*per cent*)**
4.1	Number of pregnant women who received TT2 or booster	1171	960	211 (18)
7.1	Number of pregnant women having Haemoglobin level < 11	1165	1066	99 (8)
33A	Number of children between 9 to 12 months who received JE 1st dose	148	269	- 121 (82)
43	Number of children suffering from diarrhoea and dehydration	815	573	242 (30)
45	Number of children admitted with respiratory infection	439	319	120 (27)
Ref No	**Data element**	**Test check in 12 selected PHCs**		
		As per HMIS	**As per records**	**Difference (*per cent*)**
5	Total number of pregnant women given 100 IFA tablets	772	1036	- 264 (34)
7.1	Number of pregnant women having Haemoglobin level < 11	2327	2151	176 (8)
31	Number of condom pieces distributed	4173	3420	753 (18)
35.6	Number of children given OPV1	2181	2992	- 811 (37)
37.2	Number of children (more than 10 years) given TT10	376	682	- 306 (81)
40.1	Number of children (more than 16 months) given JE	1711	1492	219 (13)
49	Number of children admitted with respiratory infection	739	247	492 (67)
62a	Number of patients who availed AYUSH services	21253	12617	8636 (41)
64c	Number of ANC women tested	449	639	- 190 (42)
67.3	Number of patients who tested positive for plasmodium Falcipuram	2291	1658	633 (28)

Appendix 4.1.1
Statement showing investments made by State Government in SPSUs whose accounts were in arrears
(Reference: Paragraph 4.1.8)

(Figures in columns 4 & 6 to 8 are ₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	**Working Government Companies**						
	Forest Development Corporation of Meghalaya Limited (FDCML)	2009-10	1.97	2010-11 to 2015-16	-	-	8.66[1]
	Meghalaya Industrial Development Corporation Limited (MIDCL)	2013-14	91.09	2014-15 to 2015-16	0.50	-	-
	Meghalaya Government Construction Corporation Limited (MGCCL)	2014-15	0.75	2015-16	-	-	0.28
	Mawmluh Cherra Cement Limited (MCCL)	2014-15	162.90	2015-16	-	100.31	-
	Meghalaya Mineral Development Corporation Limited (MMDCL)	2014-15	2.32	2015-16	-	-	1.31
	Meghalaya Power Generation Corporation Limited (MePGCL)	2013-14	690.60	2014-15 to 2015-16	-	39.66	-
	Meghalaya Power Distribution Corporation Limited (MePDCL)	2013-14	786.40	2014-15 to 2015-16	-	0.46	-
	Meghalaya Power Transmission Corporation Limited (MePTCL)	2013-14	357.66	2014-15 to 2015-16	-	4.02	-
	Meghalaya Tourism Development Corporation Limited (MTDCL)	2010-11	7.96	2011-12 to 2015-16	-	-	2.15
	Meghalaya Handloom & Handicrafts Development Corporation Limited (MHHDCL)	2004-05	1.85	2005-06 to 2015-16	2.41[2]	-	-
Total A (Working Government Companies)			**2103.50**		**2.91**	**144.45**	**12.40**
B	**Working Statutory corporations**						
	Meghalaya Transport Corporation (MTC)	2013-14	88.08	2014-15 to 2015-16	5.06[3]	-	-
	Meghalaya State Warehousing Corporation (MSWC)	2014-15	3.36	2015-16	-	-	1.80
Total B (Working Statutory Corporations)			**91.44**		**5.06**	**-**	**1.80**
Grand Total (A + B)			**2194.94**		**7.97**	**144.45**	**14.20**

[1] ₹0.40 crore in 2010-11, ₹1.18 crore in 2011-12, ₹1.75 crore in 2012-13, ₹1.75 crore in 2013-14, ₹1.83 crore in 2014-15 and ₹1.75 crore in 2015-16.

[2] ₹0.18 crore in 2005-06, ₹0.24 crore in 2006-07, ₹0.24 crore in 2007-08, ₹0.25 crore in 2008-09, ₹0.30 crore in 2009-10, ₹0.30 crore in 2010-11, ₹0.40 crore in 2011-12 and ₹0.50 crore in 2013-14.

[3] ₹1.75 crore in 2014-15 and ₹3.31 crore in 2015-16.

Appendix 4.1.2
Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2016
(Reference: Paragraph 4.1.11)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital[4]	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments[5]	Capital employed[6]	Return on capital employed[7]	Percentage of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
A. WORKING GOVERNMENT COMPANIES													
AGRICULTURE AND ALLIED													
1.	Forest Development Corporation of Meghalaya Limited (FDCM)	2009-10	2015-16	1.97	0.05	-5.44	2.59	0.61	0.41	1.97	0.61	30.96	47
2.	Meghalaya Bamboo Chips Limited (MBCL)	2014-15	2015-16	0.48	0.80	-14.09	-	-0.39	0	1.28	-0.39	-	15
Sector Wise Total				**2.45**	**0.85**	**-19.53**	**2.59**	**0.22**	**0.41**	**3.25**	**0.22**	**6.77**	**62**
FINANCE													
Sector Wise Total				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
INFRASTRUCTURE													
3.	Meghalaya Industrial Development Corporation Limited (MIDC)	2013-14	2015-16	91.09	3.08	-36.14	7.27	-2.35	4.57	94.17	-2.05	-	-
4.	Meghalaya Government Construction Corporation Limited (MGCC)	2014-15	2015-16	0.75	0.00	-2.01	86.17	2.96	0.33	0.75	2.96	394.67	102
5.	Meghalaya Infrastructure Development and Finance Corporation Limited (MIDFC)	First Accounts (2014-15) not finalised.											
Sector Wise Total				**91.84**	**3.08**	**-38.15**	**93.44**	**0.61**	**4.90**	**94.92**	**0.91**	**0.96**	**102**
MANUFACTURING													
6.	Mawmluh Cherra Cement Limited (MCCL)	2014-15	2015-16	162.90	89.95	-98.17	10.44	-19.07	0	252.85	-18.55	-	455

[4] Paid up Capital includes Share Application Money pending allotment.
[5] Impact of Audit Comments include the net impact of comments of Statutory Auditors and C&AG and is denoted by (+) increase in profit/decrease in losses (-) decrease in profit/increase in losses.
[6] Capital employed represents Shareholders fund and long term borrowings.
[7] Return on Capital Employed has been worked out by adding profit and interest charged to profit and loss account.

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital[4]	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments[5]	Capital employed[6]	Return on capital employed[7]	Percentage of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7.	Meghalaya Mineral Development Corporation Limited (MMDC)	2014-15	2015-16	2.32	-	-6.89	0.91	-0.08	0	2.32	-0.08	-	12
Sector wise total				**165.22**	**89.95**	**-105.06**	**11.35**	**-19.15**	**0**	**255.17**	**-18.63**	**-**	**467**
POWER													
8.	Meghalaya Energy Corporation Limited (MeECL)	2013-14	2015-16	1838.57	-	84.84	13.03	1.25	2.21	1838.57	1.26	0.07	
9.	Meghalaya Power Generation Corporation Limited (MePGCL)[8]	2013-14	2015-16	690.60	941.91	-128.28	171.05	-70.02	0	1632.51	28.32	1.73	2906
10.	Meghalaya Power Distribution Corporation Limited (MePDCL)[15]	2013-14	2015-16	786.40	124.31	-763.46	561.27	-295.15	1.71	910.71	-259.47	-	
11.	Meghalaya Power Transmission Corporation Limited (MePTCL)[15]	2013-14	2015-16	357.66	23.65	-15.42	64.14	-1.38	0	381.31	0.68	0.18	
Sector Wise Total				**3673.23**	**1018.48**	**-822.32**	**809.49**	**-365.30**	**3.92**	**4763.10**	**-229.21**	**-**	**2906**
SERVICE													
12.	Meghalaya Tourism Development Corporation Limited (MTDC)	2010-11	2015-16	7.96	47.06	-7.82	9.77	0.11	0	55.02	0.29	0.53	290
Sector Wise Total				**7.96**	**47.06**	**-7.82**	**9.77**	**0.11**	**0**	**55.02**	**0.29**	**0.53**	**290**
MISCELLANEOUS													
13.	Meghalaya Handloom & Handicrafts Development Corporation Limited (MHHDC)	2004-05	2012-13	1.85	0.4	-2.12	0.03	-0.2	0	2.25	-0.2	-	8
14.	Meghalaya Basin Management Agency (MBMA)[9]	2013-14	2014-15	0.05	-	-	-	-	0	0.05	-	-	121
Sector Wise Total				**1.90**	**0.40**	**-2.12**	**0.03**	**-0.20**	**0**	**2.30**	**-0.20**	**-**	**129**
Total A (All sector wise working Government companies)				**3942.60**	**1231.21**	**-995.00**	**926.67**	**-383.71**	**9.23**	**5173.76**	**-246.62**	**-**	**3956**
B. Working Statutory Corporations													
1.	Meghalaya Transport Corporation (MTC)	2013-14	2015-16	88.08	-	-99.63	8.41	-5.73	4.40	88.08	-5.73	-	271
Sector Wise Total				**88.08**	**-**	**-99.63**	**8.41**	**-5.73**	**4.40**	**88.08**	**-5.73**	**-**	**271**

8 Companies at Serial No. A-8, A-9 and A-10 had not commenced the commercial activities as of March 2012.
9 The net deficit of the Company (Serial No. A-13) for 2013-14 was negligible (₹11,236.00), hence, omitted in rounding off.

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital[4]	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments[5]	Capital employed[6]	Return on capital employed[7]	Percentage of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
2.	Meghalaya State Warehousing Corporation (MSWC)	2014-15	2015-16	3.36	-	-0.49	0.61	-0.06	0	3.36	-0.06	-	10
Sector Wise Total				**3.36**	**-**	**-0.49**	**0.61**	**-0.06**	**0**	**3.36**	**-0.06**	**-**	**10**
Total B (All sector wise working Statutory Corporations)				**91.44**	**0.00**	**-100.12**	**9.02**	**-5.79**	**4.40**	**91.44**	**-5.79**	**-**	**281**
Grand Total (A+B)				**4034.04**	**1231.21**	**-1095.12**	**935.69**	**-389.50**	**13.63**	**5265.20**	**-252.41**	**-**	**4237**
Non-working Government Companies													
1.	Meghalaya Electronics Development Corporation Limited (MEDC)	2006-07	2015-16	4.72	0.78	-18.35	0.02	-0.66	0	5.50	-0.66	-	0
Sector Wise Total				**4.72**	**0.78**	**-18.35**	**0.02**	**-0.66**	**0**	**5.50**	**-0.66**	**-**	**0**
Total C (All sector wise non-working Government companies)				**4.72**	**0.78**	**-18.35**	**0.02**	**-0.66**	**0**	**5.50**	**-0.66**	**-**	**0**
Grand Total (A+B+C)				**4038.76**	**1231.99**	**-1113.47**	**935.71**	**-390.16**	**13.63**	**5270.70**	**-253.07**	**-**	**4237**

Appendix 4.2.1

Details of Power Stations/Projects under the Company in existence prior to MPP and to be commissioned as per MPP

(Reference: Paragraphs 4.2.1, 4.2.2 and 4.2.7)

Commissioned prior to MPP			
Sl. No.	**Name of Power Station**	**Capacity (in MW)**	**Date of Commissioning/ Present Status**
1	Umiam Stage I HEP	36	Feb-Nov 1965
2	Umiam Stage II HEP	20[1]	July 1970
3	Umiam Stage III HEP	60	Jan 1975 - March 1979
4	Umiam Stage IV HEP	60	Aug-Sept 1992
5	Umtru Power Station	11.20	April 1957 - July 1968
To be commissioned during Eleventh Plan as per MPP			
6	Myntdu Leshka HEP	126	As per MPP, 84 MW was expected to be commissioned but it was decided (January 2008) to add one more unit of 42 MW. Units I & II commissioned in 2011-12 and Unit III commissioned in March 2013
7	Sonapani MHP	1.50	Commissioned in October 2009
8	Lakroh SHP	1.50	Procurement of new Turbine Generator and repair of other damaged E&M equipments in progress.
9	New Umtru HEP	40	Works in progress.
10	Ganol HEP	22.50	Works in progress.
11	Umngot HEPP Stage I	260	Under Survey and Investigation (90%)
12	Umngi HEPP Stage I	54	Under Survey and Investigation (75%)
13	Myntdu HEPP Stage II	60	Under Survey and Investigation (75%)
14	Riangdo HEPP	5	DPR under approval stage.
To be commissioned during Twelfth Plan as per MPP			
15	Selim H.E. Project	84	Under Survey and Investigation (40 %)
16	Mawblei H.E. Project	140	Under Survey and Investigation (75%)
17	Nongkohlait H.E Project	120	Under Survey and Investigation (25%)
18	Umlaphang H.E. Project	50	Since the proposed dam site location of the project falls on the same proposed dam site location of Killing HEP of North Eastern Electric Power Corporation Ltd., S&I yet to be taken
19	Amkshar MHEPP Stage-I	5	DPR at completion Stage
20	Sanglet MHEPP	2	DPR at completion Stage
	Total	**1,158.70**	

[1] Includes 2MW added during RM&U in 2011-12.

Appendix 4.2.2

Details of Projects under planning stages which were expected to be commissioned by the Company during 11th and 12th Five Year Plans as per MPP

(Reference: Paragraphs 4.2.7 and 4.2.7.1)

(₹in crore)

Sr. No.	Name of Project	Capacity (MW)	Date of Commencement of S&I	Expected date of completion of DPR	Original Sanctioned Cost of S&I	Expenditure upto September 2016	Present Status
A	**11th Plan (2007-12)**						
Hydro Electric Projects							
1	Umngot HEPP Stage-I	260	2001-02	2010	4.31	7.05	Under Survey and Investigation (90 %)
2	Umngi HEPP Stage-I	54	2005-06	2018	4.99	1.66	Under Survey and Investigation (75%)
3	Myntdu HEPP Stage-II	60	2004-05	2014-15	3.60	5.16	Under Survey and Investigation (75%)
Small Hydro Projects							
4	Riangdo Small Hydel Project	5	2005-06	NA	8.19	8.19	DPR completed, construction to be started
B	**12th Plan (2012-17)**						
Hydro Electric Projects							
5	Selim H.E. Project	84	2006-07	2018	4.5	4.15	Under Survey and Investigation (40 %)
6	Mawblei H.E. Project	140	2006-07	2018	4.72	4.37	Under Survey and Investigation (75%)
7	Nongkohlait H.E Project	120	2005-06	2018-19	5.02	0.81	Under Survey and Investigation (25%)
8	Umlaphang H.E. Project	50	Since the proposed dam site location of the project falls on the same proposed dam site location of Killing HEP of North Eastern Electric Power Corporation Ltd., S&I yet to be taken				
Small Hydro Projects							
9	Amkshar MHEPP Stage-I	5	2007-08	Jan-17	0.19	0.18	DPR at completion Stage
10	Sanglet MHEPP	2	2007-08	Jan-17	0.18	0.17	DPR at completion Stage

Appendix 4.2.3
Details showing increase in quantities of New Umtru HEP
(Reference: Paragraph 4.2.8.2(i)(d))

Sl. No.	Description	Unit	BoQ Quantity	Revised Quantity	Percentage of Variation
1	**Dam**				
i	Extraction and Excavation	Cum	6,060	86,815.64	1,432.60
ii	Concreting	Cum	16,193	73,488.13	453.83
iii	Reinforcement Steel	Tonne	750	2,773.57	369.81
2	**Intake**				
i	Concreting	Cum	9,400	21,300.00	226.60
3	**Head Race Tunnel**				
i	Concreting	Cum	6,000	24,480.00	408.00
4	**Surge Shaft**				
i	Open excavation	Cum	12,200	37,343.30	306.09
ii	Surge Shaft sinking	Cum	6,800	13,218.02	194.38
5	**Pressure Shaft**				
i	Open excavation including boring	Cum	3,200	9,582.14	299.44
6	**Power House**				
i	Open excavation in soil	Cum	9,000	23,200.00	257.78
ii	Open excavation in rock requiring blasting	Cum	28,000	48,600.00	173.57
iii	Concrete M20	Cum	8,200	28,571.60	348.43
iv	Concrete M25	Cum	3,500	13,600.00	388.57
7	**Tail Race Tunnel including outlet works**				
i	Open excavation	Cum	9,700	36,877.09	380.18
8	**Switchyard**				
I	Open excavation	Cum	4,000	10,500.00	262.50

Appendix 4.2.4
Financial position and Working results of the Company during 2012-13 to 2015-16
(Reference: Paragraph 4.2.9)

(₹ in crore)

Sl. No.	Particulars	2012-13	2013-14	2014-15#	2015-16#
Financial Position					
A.	**Liabilities**				
1	Paid up Capital	0.05	0.05	0.05	610.34
2	Equity Pending Allotment	670.17	690.55	779.12	172.46
3	Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	228.76	218.18	208.90	198.40
4	Borrowings (Loan Funds)[2]:				
(i)	Secured	293.72	297.17	523.74	623.27
(ii)	Unsecured	633.90	644.74	526.87	531.42
5	Current Liabilities & Provisions	141.17	282.55	226.03	224.52
	Total	**1,967.77**	**2,133.24**	**2,264.71**	**2,360.41**
B.	**Assets**				
1	Fixed Assets:				
(i)	Gross Block	1,545.28	1,689.61	1,690.88	1,696.15
(ii)	Less: Depreciation	73.98	78.41	79.41	79.14
(iii)	Net Fixed Assets	1,311.35	1,377.20	1,299.08	1,225.37
2	Capital Works-in-progress	347.75	318.30	435.41	561.24
3	Current Assets, Loans and Advances	250.41	309.46	372.00	338.82
4	Accumulated losses	58.26	128.28	158.22	234.98
	Total	**1,967.77**	**2,133.24**	**2,264.71**	**2,360.41**
Working Results					
A	**Revenue**				
1	Revenue from operations	141.20	170.39	191.10	205.75
2	Other income	0.88	0.66	0.48	6.68
	Total (A)	**142.08**	**171.05**	**191.58**	**212.43**
B	**Expenses**				
1	Employee Benefit expenses	49.48	52.99	58.08	62.19
2	Finance Cost	63.58	98.34	109.24	94.10
3	Depreciation and Amortisation Expenses	73.95	66.35	67.35	67.09
4	Other Expenses	10.64	11.95	16.09	66.57
5	Prior period expenses	0.68	11.44	-29.24	-0.22
	Total (B)	**198.33**	**241.07**	**221.52**	**289.73**
	Profit/(Loss) for the year (A-B)	**-56.25**	**-70.02**	**-29.94**	**-77.30**

Figures for 2011-12 were not available as MeECL prepared only a consolidated account for the holding and subsidiaries.
#Provisional figures.

[2] Including Principal and Interest due for re-payment during the current year.

Appendix –4.2.5
Statement showing the year-wise receipt and expenditure for Myntdu Leshka HEP
(Reference: Paragraph 4.2.9.1)

(₹ in lakh)

Year	Grant	Loan From Govt	Loan from Financial Institutions	Total Receipts	Payments made during the year	Interest paid during the year	Total Expenditure
2000-01	--	200.00	--	**200.00**	39.08	50.81	**89.89**
2001-02	--	--	--	**0.00**	58.98	26.76	**85.74**
2002-03	--	--	1,600.00	**1,600.00**	267.43	1.58	**269.01**
2003-04	--	1,374.04	500.00	**1,874.04**	389.96	246.10	**636.06**
2004-05	--	1,805.38	5,832.30	**7,637.68**	4,070.40	552.44	**4,622.84**
2005-06	--	--	1,288.76	**1,288.76**	6,588.32	754.04	**7,342.37**
2006-07	3,150.00	350.00	14,412.18	**17,912.18**	11,181.32	1,517.98	**12,699.29**
2007-08	2,912.40	744.10	12,535.00	**16,191.50**	12,807.04	3,468.74	**16,275.79**
2008-09	8,100.00	900.00	11,650.00	**20,650.00**	21,285.18	4,644.78	**25,929.96**
2009-10	1,135.00	276.00	15,520.00	**16,931.00**	15,018.35	6,088.46	**21,106.82**
2010-11	7,740.00	860.00	3,300.00	**11,900.00**	7,750.86	6,674.53	**14,425.38**
2011-12	6,440.00	715.56	1,336.00	**8,491.56**	5,725.95	7,745.52	**13,471.48**
2012-13	2,880.00	320.00	7,316.82	**10,516.82**	2,809.81	2,468.44	**5,278.25**
2013-14	--	--	7,183.18	**7,183.18**	1,060.03	--	**1,060.03**
2014-15	--	--	--	**0.00**	578.68	--	**578.68**
Total	**32,357.40**	**7,545.08**	**82,474.24**	**1,22,376.70**	**89,631.38**	**34,240.20**	**1,23,871.60**

Appendix 4.2.6
Details of total hours available, operated hours, outages, idle hours, etc. for the period 2011-12 to 2015-16
(Reference: Paragraphs 4.2.11.3 and 4.2.11.4)

Sl No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Total hours available	1,31,760	1,31,400	1,57,680	1,57,678	1,58,110
2.	Operated hours	45,704	70,447	76,531	62,499	45,854
3.	Planned outages (in hours)	32,914	1,430	5,035	5,282	6,008
4.	Forced outages (in hours)[3]	7,386	12,729	9,726	13,220	11,676
5.	Idle hours[4]	45,756	46,794	66,388	76,679	94,572
6.	Plant availability (*per cent*) ((2/1)*100)	34.69	53.61	48.54	39.64	29.00
7.	Maximum possible generation after factoring NAPAF[5] (MUs)	2,746.60	3,486.93	3,602.17	3,602.17	3,612.04
8.	Actual Generation (Gross) (MU)	518.66	706.54	868.49	842.54	928.33
9.	Capacity Utilisation {(percentage of (8) to (7)}	18.88	20.26	24.11	23.39	25.70

Source: As furnished by the Company

[3] It is the shutdown of a generating unit in a power station due to unexpected breakdown.
[4] Hours during which the machine is not being operated though being able to operate.
[5] Including NAPAF of each power station as a factor while calculating the maximum possible generation.

Appendix 4.2.7
Details of Manpower position in the Company
(Reference: Paragraph 4.2.13)

Sl. No	Name of Power Station/ Location	Employee required per MW as per CEA norms	Men in Position	Excess/ Shortage (-) as per CEA norms	Employee per MW
(1)	(2)	(3)	(4)	(5)=(4)-(3)	(6)
1	Umiam Stage-I PS	64	35	-29	0.97
2	Umiam Stage-II PS	36	40	4	2.00
3	Umiam Sage-III PS	107	39	-68	0.65
4	Umiam Stage-IV PS	107	42	-65	0.70
5	Umtru PS	20	32	12	2.88
6	Sonapani PS	3	9	6	6
7	Myntdu Leshka HEP	226	42	-184	0.33

Source: As furnished by the Company

Appendix-4.2.8

Statement showing details of returns submitted by the Company to CEA

(Reference: Paragraph 4.2.14.4)

Sl. No.	Title of Format	Format No.	Frequency of data Furnishing	Target Date	Remarks
1	Generation of Electricity	1	Annual	30-Jun	Being submitted
2	Installed Electricity generating Capacity	6	Annual	30-Jun	Not submitted
3	Details of electricity generating capacity added	7	Annual	30-Jun	Not submitted
4	Details of Electricity generating sets retired from service	8	Annual	30-Jun	Not submitted
5	Details of derations of electricity generating sets	9	Annual	30-Jun	Not submitted
6	Details of step-up transformers in service at the power stations and various sub-stations as on 31.03.20…	11	Annual	30-Jun	Not submitted
7	Details of Manpower	16	Annual	30-Jun	Not submitted
8	Training facilities/Training Capacity in the Power Sector (Man-days of year)	17	Annual	30-Jun	Not submitted
9	Statistics on electrical accidents	19	Annual	30-Jun	Not submitted
10	Reasons for electrical accidents	20	Annual	30-Jun	Not submitted
11	Daily Operational Data on Hydro Power Stations	23	Daily	10:30 hrs	Being submitted
12	Monthly Operational Data on Hydro Power Stations	25	Monthly	7th day	Being submitted
13	Data for fixation of annual targets of electricity generation for the year 20___ 20___	26	Annual	30- Nov	Not submitted
14	Data for load generation balance report (LGBR)	32	Annual	End February	Being submitted
15	Generating Company Data for Financial Study	62	Annually	30th June	Not submitted

Appendix –4.2.9
Statement showing details of Water Quality data of the reservoirs of the Company during the year 2012-15
(Reference: Paragraph 4.2.15)

Name of the Reservoir	Location	Parameters	pH			Dissolved Oxygen			Bio-Chemical Oxygen			Total Coliform			Water Quality Status
		CPCB's Water Quality Criteria	6.5-8.5			(Mg/L) >.0			Demand (Mg/L) <3.0			(MPN/100 ml) <5000			
		Year	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	
Umiam Lake	Outfall of Umiam river into lake	2012	7.0	7.3	7.1	4.6	6.6	5.6	6.5	10.2	8.9	3300.0	5500.0	4435.0	Not Satisfactory
		2013	6.5	7.5	7.2	2.0	6.2	5.1	8.8	12.5	10.0	3400.0	5500.0	4700.0	
		2014	6.8	7.5	7.2	3.2	6.0	4.7	9.0	13.8	11.1	3700.0	5900.0	5008.0	
		2015	7.0	7.4	7.2	3.0	5.8	4.5	9.4	14.0	11.5	3800.0	6000.0	5035.0	
	Middle Point	2012	7.0	7.3	7.2	6.0	8.5	7.0	5.8	9.4	7.4	2300.0	5000.0	3485.0	Not Satisfactory
		2013	6.8	7.6	7.3	6.0	7.7	6.5	6.0	9.5	8.4	2800.0	4400.0	3608.0	
		2014	6.9	7.5	7.2	5.4	7.2	6.4	6.8	10.2	8.7	2800.0	4800.0	3966.0	
		2015	7.2	7.5	7.3	5.3	6.7	6.1	9.0	10.4	9.6	3000.0	5000.0	4085.0	
	Near United Christian College	2012	7.0	7.6	7.3	6.4	8.2	7.2	5.5	8.8	7.2	2500.0	3600.0	2850.0	Not Satisfactory
		2013	7.0	7.5	7.3	5.8	7.5	6.4	6.2	10.2	8.5	2700.0	4400.0	3641.0	
		2014	7.0	7.5	7.2	5.2	6.8	6.0	7.5	10.5	9.3	2800.0	4800.0	4075.0	
		2015	7.2	7.5	7.4	5.0	6.5	5.8	9.2	10.8	10.0	3400.0	5000.0	4285.0	
	Exit Point	2012	6.9	7.4	7.2	5.4	8.1	6.9	5.8	10.8	7.9	2600.0	4800.0	3800.0	Not Satisfactory
		2013	6.9	7.5	7.2	5.5	7.4	6.4	6.4	10.4	9.0	2900.0	5300.0	4108.0	
		2014	6.8	7.5	7.2	5.0	6.8	6.0	8.7	10.8	9.8	3500.0	5400.0	4533.0	
		2015	6.9	7.6	7.3	5.0	6.6	5.9	8.8	10.8	9.8	3600.0	5500.0	4478.0	
Myntdu River	Leshka	2012	5.2	7.2	6.2	6.2	9.6	7.5	0.8	2.5	1.7	12.0	36.0	20.0	Not Satisfactory
		2013	4.5	7.2	5.6	7.0	8.2	7.5	1.0	2.0	1.6	14.0	40.0	22.0	
		2014	4.5	7.1	5.6	6.6	7.7	7.3	1.5	2.4	1.8	21.0	43.0	34.2	
		2015	4.5	7.0	5.6	6.5	7.7	7.3	1.5	2.6	1.8	22.0	49.0	38.6	

Source: As furnished by the Meghalaya State Pollution Control Board