सत्यमेव जयते

Report of the Comptroller and Auditor General of India

on
Social, General, Economic and Revenue Sectors
for the year ended March 2018

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of Mizoram

(Report No. 2 of 2019)

Laid before the Legislature on ....

Report of the Comptroller and Auditor General of India

on

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For the year ended 31 March 2018

GOVERNMENT OF MIZORAM

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PREFACE

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

2. This Report contains significant results of performance audit and compliance audit of the Departments of the Government of Mizoram under Social, General, Economic and Revenue Sectors including the School Education Department, Urban Development and Poverty Alleviation Department, Higher and Technical Education Department, Home Department, Public Works Department, Commerce and Industries Department, Tourism Department, Power and Electricity Department and Taxation Department.

3. The cases mentioned in the Report are those which came to notice in the course of test audit during the year 2018-19, as well as those which came to notice in earlier years, but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2018-19 have also been included, wherever necessary.

4. 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 Audit Report has been prepared in six Chapters. Chapters I to V deal with Social, General, Economic (other than Public Sector Undertakings), Economic (Public Sector Undertakings) and Revenue Sectors while Chapter-VI deals with Follow up of Audit Observations. This Report contains two performance audits and eleven compliance audit paragraphs.

As per the existing arrangements, the draft compliance audit paragraphs and performance reviews were sent to the concerned Secretaries/ Principal Secretaries to the State Government by the Principal Accountant General with a request to furnish replies within six weeks. All the performance audits were discussed with the concerned Administrative Heads of the departments and other departmental officials. Replies of the Government/ department wherever received, have been incorporated in the report.

CHAPTER-I

SOCIAL SECTOR

PERFORMANCE AUDIT

Implementation of Rashtriya Madhyamik Shiksha Abhiyan (RMSA)

Planning process for identification of uncovered habitations for secondary schools and their coverage has not been done systematically. The number of eligible habitations that remained out of coverage of secondary education was 392 (46 per cent) as of end of 2017-18. Non-preparation of perspective and annual plans with local input from the schools has resulted in a situation where infrastructure was provided without immediate requirement and therefore, not utilised. State norms were not complied with while designing and constructing class rooms, computer labs, libraries, etc. Drinking water facilities were not provided in several new schools. Despite the emphasis on provision of ICT facilities by GoI, these were not developed/ provided. Same was the case with children with disabilities/ special needs, where the services of Special Educators were utilised elsewhere. While laboratory infrastructure was yet to be set up, Laboratory Assistants were prematurely posted to 58 schools. Efforts need to be made to bring about equity in secondary education, as most of the uncovered habitations continue to be in the rural and remote areas.

(Paragraph 1.3)

COMPLIANCE AUDIT PARAGRAPHS

Urban Development and Poverty Alleviation Department took up construction of a Convention Center without carrying out the geo-technical feasibility, which led to sinking of soil and damage to roads and adjacent buildings during site preparation.

(Paragraph 1.4)

UGC funded Girl's hostel was abandoned mid-way and was lying idle since April 2012 due to non-provision of local funding component by the Serchhip College.

(Paragraph 1.5)

CHAPTER-II

GENERAL SECTOR

COMPLIANCE AUDIT PARAGRAPH

Inspector General of Prisons parked ₹ 10.46 crore meant for construction of a women's jail in an unauthorised bank account and executed the work without technical sanction.

(Paragraph 2.2)

CHAPTER-III

ECONOMIC SECTOR (Other than State Public Sector Undertakings)

PERFORMANCE AUDIT

Implementation of rural connectivity projects through NABARD Loan

State Government has not prepared any Master Plan for prioritising the projects for establishing road connectivity in rural areas under RIDF funding. There were delays in according necessary approvals for the projects, which led to substantial delays in grounding of projects and increased the cost of the projects. DPRs were not prepared with due regard to the relevant standards and needs at the ground level, which necessitated several variations to plans and quantities of material subsequently. The actual execution deviated from the DPRs in several instances as new items of works were executed without approval. On the other hand, the designed width and length of the roads were compromised. There were instances of fraudulent payment and excess expenditure due to execution of same works twice and errors in Measurement Books. Maintenance of roads was poor due to inadequate funding by the State and there was inadequate quality control and monitoring mechanism in the State. On its part, NABARD had not monitored the planning process of the State with regard to projects for road connectivity; nor did it monitor delays at various stages of project formulation, designs, approvals and execution.

(Paragraph 3.2)

COMPLIANCE AUDIT PARAGRAPHS

New Land Use Policy (NLUP)

Improper survey and non-preparation of firm list of eligible beneficiaries coupled with several changes in beneficiaries during each phase of NLUP, led to irregularities in the selection of beneficiaries for providing alternative sustainable means of livelihood to them. Political interference in the process of selection also resulted in denial of assistance to the genuine beneficiaries. Parking of funds in Civil Deposits and deferment of their subsequent releases led to delay in the implementation of the programme. Non-adherence to established rules and regulations during procurement resulted in *excess/ wasteful expenditure. Monitoring at the State and District Levels was inadequate and was mainly through reports submitted by the Village Level Monitoring Committees (VLMCs) which were not always credible.*

(Paragraph 3.3)

Due to inadequate planning and preparedness in taking up a project involving new technology, Public Works Department incurred an infructuous expenditure of ₹ 2.84 crore.

(Paragraph 3.4)

Tourism Department awarded contract for Integrated Development of Eco-Tourism Mega Circuit before obtaining sanction from GoI and also extended undue benefit of ₹ 2.41 crore to a consultancy firm.

(Paragraph 3.5)

Non-utilisation of the building constructed by Commerce and Industries Department for Food Testing Laboratory rendered an expenditure of ₹ One crore infructuous.

(Paragraph 3.6)

Power and Electricity Department incurred avoidable expenditure of ₹ 11.31 crore due to delay in clearance of energy/ power purchase bills.

(Paragraph 3.7)

CHAPTER-IV

ECONOMIC SECTOR (State Public Sector Undertakings)

Overview of State Public Sector Undertakings

There were six State Public Sector Undertakings (PSUs) as on 31 March 2018, which were incorporated during the period 1977-78 to 2011-12. State Government invested funds in five of these and the sixth was incorporated as a joint venture of another Government Company. All six are working PSUs and the total investment of State Government in these was ₹ 63.17 crore comprising equity of ₹ 52.82 crore (five SPSUs) and long-term loans of ₹ 10.35 crore (two SPSUs). There were differences between the figures of equity, loans and guarantees outstanding as shown in the accounts of these SPSUs and Finance Accounts. Of the six working SPSUs, two SPSUs have finalised two annual accounts for previous years during the period 01 October 2017 to 30 September 2018. Further, 24 annual accounts pertaining to six SPSUs were in arrears with the earliest pertaining to the year 2010-11. The return on capital employed of these SPSUs ranged between (-) 9.70 per cent and 0.10 per cent during the five year period 2013-14 to 2017-18. Capital investment and accumulated losses of these six State PSUs as per their latest finalised accounts were ₹ 58.61 crore and ₹ 59.14 crore respectively, resulting in net worth of (-) ₹ 0.53 crore. During the last five years, the turnover of these PSUs recorded compounded annual growth of 1.88 per cent and compounded annual growth of debt was (-) 0.16 per cent due to which, the debt turnover ratio improved from 1.90 in 2013-14 to 1.74 in 2017-18.

(Paragraph 4.1)

CHAPTER-V

REVENUE SECTOR

Overview of Revenue Receipts

During the year 2017-18, the revenue raised by the State Government (₹ 936.56 crore) was 10.92 per cent of the total revenue receipts of ₹ 8,580.20 crore as against 10.91 per cent in the preceding year (₹ 807.03 crore). The balance 89.08 per cent of receipts of ₹ 7,643.64 crore during 2017-18 was from the Government of India.

(Paragraph 5.1.1)

COMPLIANCE AUDIT PARAGRAPHS

Deputy Commissioner of Taxes, North Zone, Aizawl under-assessed tax of ₹ 87.91 lakh due to incorrect carry forward of the opening stock, concealment of purchases and failure to determine the actual purchase turnover.

(Paragraph 5.9)

Deputy Commissioner of Taxes, Central Zone, Aizawl had not levied a tax of ₹ 13.53 lakh.

(Paragraph 5.10)

Due to failure of the Department to put in place a mechanism to verify/ cross check the sales with other nodal departments of the Government, six liquor vendors evaded tax of ₹ 28.44 lakh in Central Zone, Aizawl.

(Paragraph 5.11)

CHAPTER – I

SOCIAL SECTOR

CHAPTER-I

SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2018 deals with the findings on audit of State Government departments under Social Sector.

During 2017-18, against a total budget provision of ₹ 3,304.71 crore, a total expenditure of ₹ 2,900.61 crore was incurred by 13 departments under the Social Sector. The department-wise details of budget provision and expenditure incurred there-against are shown in Table-1.1.

Table-1.1:- Details of department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1.	School Education	1,081.70	1,028.37
2.	Higher and Technical Education	279.31	234.93
3.	Sports and Youth Services	34.56	32.57
4.	Art and Culture	12.14	11.14
5.	Medical and Public Health Services	733.44	547.86
6.	Water Supply and Sanitation	347.28	296.33
7.	Information and Public Relations	17.02	15.36
8.	Labour, Employment, Skill Development and Entrepreneurship	31.13	13.30
9.	Social Welfare	195.66	165.24
10.	Disaster Management and Rehabilitation	37.85	37.83
11.	Local Administration	96.84	96.44
12.	Personnel and Administrative Reforms	5.53	3.83
13.	Urban Development and Poverty Alleviation	432.25	417.41
Total		**3,304.71**	**2,900.61**

Source: Appropriation Accounts: 2017-18

Besides, the Central Government has been transferring a sizable amount of funds directly to the implementing agencies of State Government for implementation of various programmes of the Central Government. During 2017-18, ₹ 27.55 crore was directly released to different implementing agencies under Social Sector. The details are shown in **Appendix-1.1.1.**

1.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the departments with a request to furnish replies within one month of receipt of the IRs. Based on the response, audit findings are either settled or further action for compliance is advised. Significant audit observations arising out of these IRs are processed for inclusion in the Audit Report.

The Audit Report is submitted to the Governor of the State under Article 151 of the Constitution of India for being tabled in the State Legislature.

During the year, an expenditure of ₹ 4,759.61 crore (including funds pertaining to previous years audited during the year) of State Government pertaining to Social Sector was test checked. Out of the expenditure test checked, approximately 62 *per cent* was committed expenditure (expenditure incurred on Salary and Wages, Pensions, Interest and subsidies).

PERFORMANCE AUDIT

SCHOOL EDUCATION DEPARTMENT

1.3 Performance Audit of "Implementation of Rashtriya Madhyamik Shiksha Abhiyan"

1.3.1 Introduction

Rashtriya Madhyamik Shiksha Abhiyan (RMSA) is a flagship scheme of Government of India (GoI) launched in March 2009 with the objective of providing accessible, affordable and quality education to the target population group of 14-16 years. The scheme aimed at 75 *per cent* enrolment rate at the secondary stage by providing a secondary school within a reasonable distance of any habitation, universal access to secondary education by 2017 and universal retention by 2020.

Important physical facilities to be provided under the scheme are additional class rooms, laboratories, libraries, art and crafts room, toilet blocks, drinking water provisions and residential hostels for teachers in remote areas.

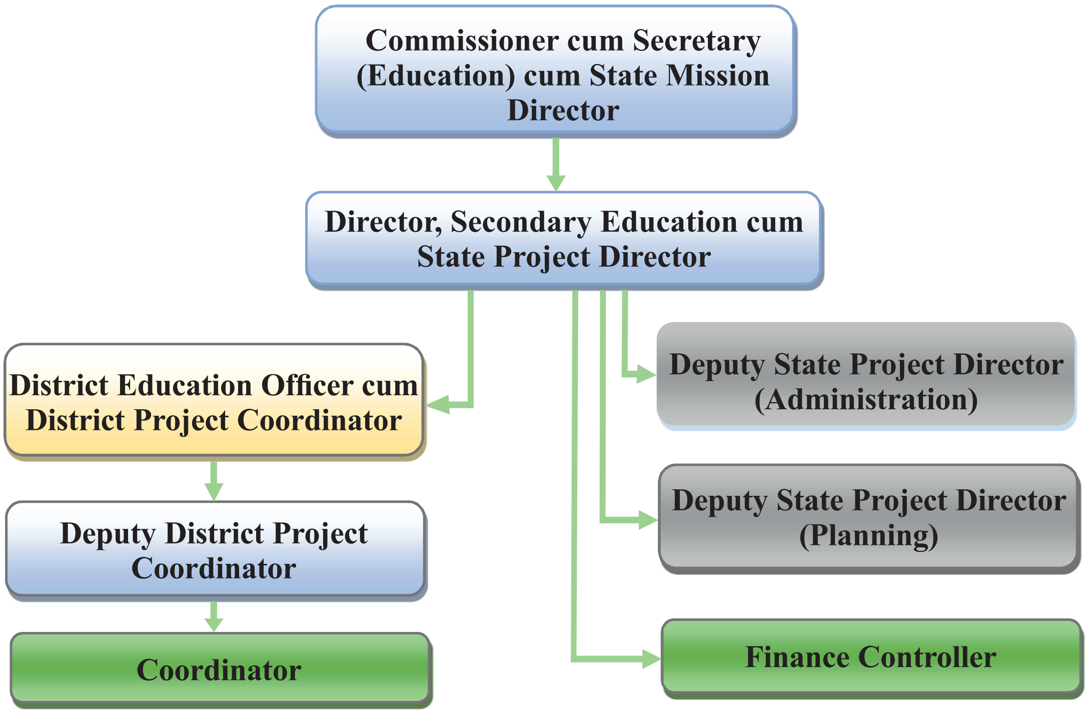
Important quality interventions to be provided under the scheme are appointment of additional teachers to reduce pupil teacher ratio (PTR) to 30:1, focus on Science, Mathematics and English education, in-service training of teachers, science laboratories, ICT enabled education, curriculum reforms, and teaching learning reforms.

The earlier schemes launched by GoI *viz.* Girls' Hostel, ICT@Schools, Inclusive Education for Disabled at Secondary Stage (IEDSS) and Vocational Education (VE) were subsumed under the umbrella of RMSA with effect from 01 April 2013.

1.3.2 Organisational set up

Government of Mizoram (GoM) implemented RMSA through Mizoram Education Mission Society headed by the State Mission Director under administrative control of the Department of School Education. Organogram of RMSA in Mizoram is shown in the following chart:

Chart-1.3.1



Audit Framework

1.3.3 Audit Objectives

Performance audit of implementation of RMSA was carried out with the objective of assessing whether,

- Plans were formulated for coverage of all the eligible habitations with secondary schools and to create necessary infrastructure in the schools; and
- Quality interventions relating to focus on Science, Maths, English and ICT enabled education were achieved.

1.3.4 Audit Criteria

Audit findings were benchmarked against the criteria sourced from the following:

- Framework for Implementation of RMSA and instructions of GoI thereunder;
- Annual Work Plans, Budget and Annual Action Plans; and
- General Financial Rules and Central Public Works Department Manual being followed by State Government.

1.3.5 Scope and Methodology of Audit

Audit was carried out during September to October 2018 and covered the implementation of RMSA in the State during the five year period from 2013-14 to 2017-18. Audit methodology involved scrutiny of records in the office of the Director, Secondary Education-cum-State Project Director (SPD), RMSA at the

State Level and District Education Officer-cum-District Project Coordinator (DPC), RMSA in the three sampled districts on a test check basis. In addition to the scrutiny of records, joint physical verification along with departmental officials, collection of photographic evidence and interview of students and teachers through questionnaires wherever relevant, were also carried out to substantiate the audit findings.

Audit objectives, criteria, scope and methodology were communicated (August 2018) to the Secretary (Education) through a demi-official letter. After conclusion of Audit, the draft Report was issued to State Government and the Implementing Society on 13 November 2018. Audit findings were discussed with Deputy Secretary (School Education) and Deputy SPD in an Exit Conference held on 21 January 2019. Replies furnished during the Exit Conference were incorporated in the report at appropriate places, as reply of the Department and Government have not been received (30 June 2019).

1.3.5.1 Audit sample

There were a total of 289 Government secondary schools (92 schools constructed under RMSA and 197 existing schools strengthened under RMSA) in the State as of 2013-14. Audit sample for test check and joint physical inspection was chosen on the following basis:

Strata I

- Out of total eight districts in the State, three districts *viz.*, Aizawl, Mamit and Serchhip were selected. Mamit and Serchhip districts were selected on the basis of Probability Proportional to Size Without Replacement (PPSWOR) method, with drop-out rate as the criteria; Aizawl was selected, since it is the capital district.

Strata II

- Out of 34 schools constructed under RMSA and 95 existing schools strengthened under RMSA in the selected districts, 15 and 40 schools respectively were selected for detailed scrutiny using Simple Random Sampling method.

Strata III

- Joint physical verification to assess the availability of infrastructure was carried out in all the selected 55 Government secondary schools (15 schools constructed under RMSA and 40 existing schools strengthened under RMSA).
- In 15 schools constructed under RMSA, the Audit team interacted with the teachers and students to guage their concerns.

Audit Findings

The State has a high literacy rate (91.33 *per cent*) compared to the other North-Eastern States and the all India average (74 *per cent*). As per Census 2011, the gross enrolment ratio of the State for secondary schools is also above the target fixed by the GoI for achievement during the RMSA implementation period. However, due to inadequate planning, the State could not build upon these positives, as discussed in the succeeding paragraphs.

1.3.6 Planning

1.3.6.1 District level plans

The guidelines of RMSA placed emphasis on planning as a vital tool for implementation of the scheme. The planning process was to be bottom-up, with micro-level planning at the school level with inputs from the School Management Development Committee (SMDC), integrated in to the district level plans and consolidated at the State level, before forwarding to the GoI. The Mizoram Education Mission Society was to form core groups in each of the districts to ascertain the requirement of incentives, uniforms, shoes, textbooks, *etc.*, for the district as a whole and funds were to be provided from the State Plan for this purpose. The District Core Groups (DCGs), comprising members from the Education Department, State Council of Educational Research and Training, Self Help Groups, teachers, *etc.* were to visit every habitation/ village/ urban slum to initiate the process of micro level planning.

Scrutiny of records of the three sampled districts (Aizawl, Mamit and Serchhip) revealed that DCG was not formed in Serchhip district. Although it was formed in Aizawl and Mamit districts, no activity was undertaken by the Group to ascertain the requirements of the schools, and although the annual plans of these two districts were prepared and submitted to the State Government until 2014-15, these were not based on micro level planning at the local level.

1.3.6.2 Perspective Plan and Annual Plan

As per the framework for implementation of RMSA, State level Perspective Plan (PP) and Annual Plans (AP) were to be prepared based on the district level PP and AP, which in turn were to be based on school level PP and AP. While the AP was to be based on a broad indication of resource availability in a district in a particular year, the objective of PP was to assess and plan for universalisation of access to, and improvement of, quality of education at secondary stage in a particular district.

Contrary to the guidelines, none of the three sampled districts has prepared any PP during the audit period, while APs were prepared by the districts only for two (2013-14 and 2014-15) out of five years of audit coverage period. The APs prepared at the State level and submitted to the Project Approval Board (PAB) in the Union Ministry of Human Resources Development (MoHRD) did not reflect the actual requirements of the schools, as the plans did not emanate from school level and districts were involved in the planning only till 2014-15. Perspective plan, which was prepared at the State level, was also prepared only for the period up to 2011-12 and not for the subsequent years. There were no recorded reasons for non-preparation of PP beyond this period.

Absence of planning from grassroots resulted in non-provision of some of the infrastructure interventions like computer laboratories, library buildings, *etc.* where necessary. Where provided, these remained unutilised/ idle for prolonged periods, as observed during physical verification. Further, one of the main objectives of RMSA of coverage of all habitations within five kilometres radius was not planned for implementation in a phased manner as discussed in paragraph 1.3.6.3.

The Department stated that due to the State being small and shortage of expert personnel at the district level, preparation of perspective plan at the district level is impracticable.

While it is true that the State is small and may have constraints relating to availability of expert personnel, it could have certainly obtained inputs from the schools and districts with regard to their requirements. Not doing so has resulted in non-provision of adequate number of schools, classrooms, infrastructure and other learning aids to the students. Where infrastructure was provided, due to lack of immediate requirement, it was lying idle, as brought out in paragraph 1.3.8.

1.3.6.3 Habitations without access to secondary school

The framework for implementation of RMSA, *inter alia,* provides for a secondary school within a reasonable distance of five kilometres from every habitation. The cumulative coverage of habitations by secondary schools in 2013-14 and 2017-18 is given below.

Table-1.2:- Status of coverage of habitations as per distance norm

Particulars	2013-14	2017-18
Total number of habitations eligible for coverage of secondary schools	780	853
Number of eligible habitations covered by secondary schools	381	461
Number of eligible habitations not covered by secondary schools	399	392

Source: Departmental Records

As can be seen from the table above, while the number of eligible habitations had increased by 73 during the coverage period, the number of habitations covered had increased by 80. However, the number of eligible habitations not covered by secondary schools stood at 392 (46 *per cent* of the total habitations of 853) even after ten years of implementation of RMSA in the State.

One of the main reasons for non-coverage of 46 *per cent* of the eligible habitations was not carrying out any habitation-wise survey to identify the number of eligible students' residing in the uncovered habitations and non-preparation of a long term plan or strategy to cover them within a specific timeframe.

On this being pointed out, the Department stated (April 2019) that besides distance norm, the HRD used to approve new schools/ up-gradation only when the expected enrolment of such proposed school exceeds 25 children per class (for hilly and difficult areas) as per enrolment data of Class-VIII from feeder habitations. The expected enrolment of a proposed school could not often meet the norm due to small and scattered habitations in the State. The Department however, assured during the Exit Conference that it would increase the coverage through provision of transport and hostel facilities in remote habitations.

Reply of the Department is not acceptable in view of the fact that the Department was not even aware of the habitation-wise number of students in the absence of a survey. Further, reply of the Department on the issue of providing transportation facilities in remote areas of the State should be seen in the light of the fact that, the State Transport Department does not provide proper transport service in those areas.

Recommendation: *Government needs to carry out an extensive survey of the habitations to identify those with children in the target age group, who are out of school due to inadequate schooling facilities, and make arrangements to cover such habitations by either constructing a secondary school or upgrading an upper primary school. If the habitations are remote and scattered, children may be transported to a nearby school or hostels may be constructed. Providing transportation services would also integrate such remote habitations with the rest of the State by enabling the inhabitants to derive the benefits of socio-economic development.*

1.3.7 Financial Management

1.3.7.1 Fund Flow and Expenditure

The scheme provides for funding pattern in the ratio of 90:10 by the GoI and State Government respectively. From 2014-15, the system of direct funding was discontinued and the Central share was being released to State Government, which, in turn, released funds to State Implementing Society.

Details of allocation of funds, actual releases and expenditure under RMSA during the period 2013-14 to 2017-18 are given below:

Table-1.3:- Details of Budget allocation and expenditure

(₹ in crore)

Year	Total Allocation	Opening Balance	Fund received		Interest/ Other Receipts	Total Funds available	Expenditure	Closing balance
			GoI	State				
2013-14	43.59	41.54	40.17	7.32	1.49	90.52	49.58	40.94
2014-15	31.71	40.94	28.03	0.64	2.50	72.11	52.27	19.84
2015-16	58.43	19.84	20.80	2.49	0.48	43.61	37.03	6.58
2016-17	55.84	6.58	32.24	4.37	0.39	43.58	30.68	12.90
2017-18	54.77	12.90	32.50	2.20	0.63	48.23	34.78	**13.45**
Total	**244.34**		**153.74 (90)**	**17.02 (10)**	**5.49**		**204.34**	

Source: Departmental records (figures in parentheses represent percentage of funds received)

Audit observed that during the period from 2013-14 to 2017-18, the PAB had approved and allocated an amount of ₹ 244.34 crore for all components of integrated RMSA[1] against which, an amount of ₹ 153.74 crore was released by GoI and State Government contributed ₹ 17.02 crore. Out of the total available funds of ₹ 217.79 crore during the audit coverage period, the Society incurred an expenditure of ₹ 204.34 crore (93.82 *per cent*). Audit scrutiny revealed that short-release of funds to the tune of ₹ 73.58 crore against the PAB's approval of ₹ 244.34 crore was due to the slow pace of execution of civil works. State Government released the Central assistance of ₹ 112.89 crore to the implementing agency with delays ranging from 18 to 192 days. The details of release of Central Share by GoM to the implementing agency are shown in **Appendix-1.3.1**.

[1] The earlier schemes launched by GoI namely Girls' Hostel, ICT@Schools, Inclusive Education for Disabled at Secondary Stage (IEDSS) and Vocational Education (VE) were subsumed under "Integrated RMSA"

1.3.8 Programme Implementation

1.3.8.1 Creation of infrastructure

In order to provide access to educational institutions, RMSA envisaged establishment of new secondary schools, upgradation of existing upper primary schools and strengthening of existing secondary schools. The scheme aimed at providing required infrastructure, engagement of adequate number of teachers and training them for imparting quality education. To maintain equity, the scheme provided for establishment of hostels, free lodging/ boarding for weaker sections of society and girl students, besides providing facilities such as assistive devices, teaching/ learning material, transport/ escort allowance, *etc*. to disabled students.

Infrastructure developed in the State since 2009 (inception of RMSA) was as follows:

Infrastructure	Number of schools
Upgradation of Upper Primary Schools to Secondary Schools	Nil
Strengthening of existing Secondary schools	197
New Secondary Schools constructed	92

Although PAB approved upgradation of upper primary schools to secondary schools during the period 2009-10 to 2017-18, the State had not taken up this task. Instead, new schools were constructed.

In line with the objective of providing access within five km of every habitation, RMSA provided for creation of physical infrastructure for strengthening of existing schools. As per the RMSA framework, the existing secondary schools need to be strengthened depending upon the requirements worked out through school level micro planning.

Joint physical verification (October 2018) was conducted by the Audit team along with officials from the District Mission Offices in 40 schools in three sampled districts of the State. From the information obtained from the school Management and physical verification at the schools, infrastructure projects worth ₹ 196.20 lakh were found to be lying idle/ un-utilised **(Appendix-1.3.2)**.

Photographs showing idle/ unutilised infrastructure created under RMSA of four State Government secondary schools amongst others, are shown below:

Art & Craft Room constructed at Government Bawngkawn High School remained unused

Library Room constructed at Government Ch. Chhunga High School remained unused

Strengthened Government Kulikawn High School was found unused

Class Room constructed at Government KVM High School being used as store room

While this infrastructure could be put to use at a later point in time, the possibility of deterioration in its condition due to non-use cannot be ruled out. Non-optimal utilisation of infrastructure resources created at a cost of ₹ 196.20 lakh was primarily due to not ascertaining the actual requirements of the schools at the micro-level and reflects poor planning.

Recommendation: *Existing schools may be strengthened only on need based assessment after proper micro level school plans and steps should be taken for fruitful utilisation of the idle assets.*

1.3.8.2 Non-compliance with standard specifications

As per RMSA framework, the size of different rooms in schools should be as per the State norms issued in April 2011.

It was observed in Audit that State Project Engineer, Engineering Cell of RMSA, responsible for approving the design and estimates of the building construction, approved designs of 58 newly constructed school buildings during 2010-12, which were completed during 2015-16.

Joint physical verification of nine new secondary schools constructed after April 2011 under RMSA, out of 15 sampled schools revealed that the rooms of the schools were of smaller size than that specified by GoM as detailed below:

Table-1.4:- Details of RMSA schools' room sizes not as per the State norms

Room Type	State Norms (in sqm)	Range between which the rooms were smaller than the State norms (in *per cent*)
Computer Room	72	62 to 83
Class Room	36	26 to 37*
Library	40	33 to 71
Science Laboratory	81	68 to 84
Headmaster's Room	25	19 to 48
Arts and Craft Room	36	49 to 65
Girls' Toilet	18	46 to 86
Boys' Toilet	18	32 to 86

Source: Information on State norms are furnished by the School Education Department
* *except one school in which room sizes were as per State norms*

It was further observed that some of the rooms like computer rooms, science laboratory, *etc*. were smaller than the stipulated norms to the extent of 83 *per cent* thus casting doubt on the efficacy and functionality of such rooms. Non-adherence to State norms in designing and approving construction of schools/ class rooms by the State Project Engineer resulted in construction of rooms smaller in size which may not be able to accommodate the prescribed number of students[2].

Recommendation: *State Government may investigate the matter and fix responsibility for approving smaller size of rooms than the specified State norms.*

1.3.8.3 Questionable Appointment of Laboratory Assistants

PAB approved the upgradation of 32 middle schools and construction of 26 new standalone schools during 2010-11 and 2011-12 respectively. Test check of records of the State Project Officer revealed that construction of 58 (32 *plus* 26) schools commenced only during 2014-15 due to delay in tendering process and were completed during 2014-18[3]. Audit scrutiny of records indicated that 58 Laboratory Assistants were appointed and posted to these under-construction schools in March 2012. Their engagement was however, revoked with effect from April 2014.

At the time of joint physical verification in six of these schools, it was stated that classes were conducted in the community halls, NREGS halls and Council halls of the respective villages. Considering that construction activities had just been started and the temporary classes held in public areas were devoid of laboratory facilities, appointment of 58 Laboratory Assistants was questionable, and the amount of ₹ 208.80 lakh spent on their pay and allowances was not justified.

1.3.8.4 Non-availability of drinking water facilities in new schools

As per guidelines on safety and security of children issued by MoHRD in October 2014, school authorities should ensure that drinking water in the schools is safe, by purifying it through chlorine tablets/ use of filters.

Joint physical verification of 15 new schools out of 92 schools constructed under RMSA indicated that, 10 schools did not have piped drinking water facilities and water stored through rain-water harvesting was being used for drinking, thereby, compromising the health and hygiene of students as well as the teaching staff.

During the Exit Conference, State Government accepted the audit observation and assured that the issue would be followed up with the Public Health and Engineering Department (PHED) and water connections would be ensured.

1.3.9 Inclusive education for disabled children at secondary stage (IEDSS)

1.3.9.1 Non-deployment of Special Educators in designated schools

As per RMSA framework, the pupil : teacher ratio should be 30:1. While this ratio is quite encouraging in Mizoram with regard to the general students (9:1 on an average), in the case of children with special needs, a lot needs to be done. A plan for quality education should include a plan for Children with Special Needs (CWSN). It was

[2] Each class room has to accommodate an average of 30 students
[3] 2014-15: 20; 2015-16: 33; 2016-17: 4; 2017-18: 1

observed that nine out of 15 newly constructed secondary schools sampled in audit were designed with more than one storey but disregarded the needs of CWSN students by proving only steps and not ramps.

As per the guidelines for Inclusive Education for the Disabled at Secondary Stage (IEDSS), Special Educators are to be appointed in schools that have more than five CWSN students. If the number of children is less than five, the Educator could also work for other schools. The PAB also instructed the States to deploy the Special Educators in the schools and not in the resource rooms.

Scrutiny of records revealed that 53 out of 309 secondary schools had more than five CWSN students enrolled every year and 42 Special Educators were posted in different districts as shown below:

Table-1.5:- List of Special Educators posted in different offices

Sl. No.	Place of Posting	No. of Special Educators
1.	In State Project Office (SPO) and District Project Office (DPO)	22
2.	Resource Room, Darlawn	2
3.	Resource Room, Saitual	2
4.	Special Blind School, Durtlang	1
5.	Resource Room, Republic Higher Secondary School (HSS), Aizawl	3
6.	Resource Room, Government Champhai Vengtlang High School (H/S)	2
7.	Resource Room, Government Kolasib H/S	2
8.	Resource Room, Government Region H/S, Lawngtlai	1
9.	Resource Room, Government Lunglei H/S	2
10.	Resource Room, Government Mamit H/S	2
11.	Resource Room, Government Serchhip H/S	2
12.	Resource Room, Government Siaha H/S	1
	Total	**42**

Source: Departmental Records

As can be seen from the above details, although 42 Special Educators were available in the State, 26 (22 in SPO and DPOs and four in resource rooms) of them have been posted in places which are not covered by the RMSA guidelines. Due to this, children with special needs were denied an inclusive and enabling environment.

The Department replied that as the Special Educators were engaged in teaching other subjects also, they had no time for visiting other schools that have CWSN students on their rolls.

However, in the Exit Conference, State Government assured that the matter would be considered and the services of the Special Educators would be utilised appropriately by redeploying them.

1.3.10 ICT@Schools

1.3.10.1 Implementation of Information and Communication Technology (ICT)

ICT@Schools scheme was being implemented by the GoI since 2004 and was subsumed in RMSA with effect from 2013-14. The primary aim of the scheme is to catalyse the process of infusion of information and communication technology to enhance productivity, efficiency and equitable access to education to all.

Scrutiny of records revealed that 377 schools were approved for coverage under ICT@Schools scheme by MoHRD which was then undertaken by SCERT during 2005-06 to 2011-12. Out of these, the PAB noticed discrepancies in the details relating to 30 schools and asked the State Government to reconcile these issues. Due to the inability of the GoM to reconcile the discrepancies, no fresh fund was released by GoI under ICT during the period 2013-14 to 2017-18. Fund spilled over from the previous years amounting to ₹ 384.00 lakh was released during 2016-17. However, this was also lying unspent as of 2017-18 due to non-completion of procurement.

The Department confirmed that there was an issue of un-reconciled records between Centre and State with regard to ICT activities, and eventually, MoHRD agreed with the records of the State and released an amount of ₹ 384.00 lakh during 2016-17. Audit scrutiny (October 2018) revealed that this fund was not utilised for purchase and installation of computers even after two years of its receipt.

Audit scrutiny revealed that none of the 15 sampled secondary schools constructed under RMSA was covered under ICT as of March 2018. Although computer rooms were constructed in these schools, there were no computers, printers, internet facilities, *etc*. As these schools were located in remote areas, the need for ICT education was all the more crucial, as school is the only place where the advantage of information and communication technology can be availed of by the students.

In the Exit conference, the Department stated that ₹ 384.00 lakh was expended during the current financial year (2018-19) and the computers were distributed to the schools.

The above notwithstanding, the benefits to be accrued by provision of ICT facilities to the students were deferred by more than five years due to the above discrepancies. Further, the 60 schools covered during 2018-19 did not include any of the newly established secondary schools under RMSA.

1.3.11 Monitoring

1.3.11.1 Inadequate monitoring of implementation of RMSA

As per the RMSA framework, the State Mission, by a well-structured channel and field visits, has to monitor all aspects of implementation of RMSA. Scrutiny of records revealed that field visits were conducted only to monitor the civil works. Although, the State Mission claimed to have visited the field for monitoring other aspects of RMSA, no records in support of the claim were produced to Audit.

Adequate monitoring mechanism could have obviated the existence of idle assets, lack of adequate facilities *viz.* drinking water, ICT facilities, shortage of teachers, *etc*., noticed during the course of audit.

The Department replied that though field visits have been conducted at regular intervals, reports have not been prepared for such visits since the concerns found during the visits were informed verbally to the responsible personnel on the spot itself for taking remedial action.

The veracity of the contention of the Department could not be ascertained in the absence of monitoring or action taken reports indicating the nature of problem and its redressal.

As per RMSA guidelines, State Government was required to set up grievance redressal mechanism at State, district and school levels. The Grievance Redressal Cell would not only ensure accountability of the Government but will also give the public a sense of ownership in the education sector. However, no such mechanism was set up in the State as of March 2018.

During the Exit Conference, State Government stated that it would look in to this aspect as required by the guidelines.

1.3.12 Beneficiary Survey

From the three sampled districts, 15 out of 92 schools established with RMSA funds were selected for survey and inspection. From out of these schools, 322 students and 61 teachers were interviewed/ interacted with and feedback was obtained by providing pre-designed questionnaires. A summary of the feedback received is given below:

- On the challenges faced by the teachers during interaction with the students, 41 out of 61 teachers (67 *per cent*) replied that their major challenge was poor command of English by the students. This was primarily due to the fact that the middle schools or the upper primary schools are Mizo medium schools whereas the secondary schools are all English medium.
- As regards the subjects considered difficult by the students, 185 out of 322 students (57 *per cent*) replied that it was Mathematics. The National Achievement Survey conducted by National Council of Educational Research and Training (NCERT) also stated that the least preferred subject of students of Mizoram was Mathematics.

The Department stated that after inclusion of Rashtriya Avishkar Abhiyan scheme under the umbrella of RMSA during 2017-18, various activities such as Science Exhibition, Technical festival, Mathematics summer camp, Quiz competition, Study tour to higher institutions and school mentoring by higher institutes were being taken up, which are expected to improve the performance of students in the disciplines of mathematics and science in the State.

1.3.13 Conclusion

Planning process for identification of uncovered habitations for secondary schools and their coverage has not been done systematically. The number of eligible habitations that remained out of coverage of secondary education was 392 (46 *per cent*) as of end of 2017-18. Non-preparation of perspective and annual plans with local input from the schools has resulted in a situation where infrastructure was provided without immediate requirement and therefore, not utilised. State norms were not complied with while designing and constructing class rooms, computer labs, libraries *etc.* Drinking water facilities were not provided in several new schools. Despite the emphasis on provision of ICT facilities by GoI, these were not developed/ provided. Same was the case with children with disabilities/ special needs, where the services of

Special Educators were utilised elsewhere. While laboratory infrastructure was yet to be set up, Laboratory Assistants were prematurely posted to 58 schools. Efforts need to be made to bring about equity in secondary education, as most of the uncovered habitations continue to be in the rural and remote areas.

COMPLIANCE AUDIT PARAGRAPHS

URBAN DEVELOPMENT AND POVERTY ALLEVIATION DEPARTMENT

1.4 Avoidable expenditure

The Department took up construction of a Convention Center without carrying out the geo-technical feasibility, which led to sinking of soil and damage to roads and adjacent buildings during site preparation

As per Regulation 30 of the Aizawl Municipal Council Building Regulations (AMCBR), 2012, structural design of foundations shall be carried out in accordance with Part VI - Structural Design, Section 2 - Foundation of the National Building Code of India, 2005, taking into consideration the Indian Standards (IS: 1904-1986). As per the IS, geo-technical investigation should be done before commencement of building construction. Regulation 4(1) of AMCBR also stipulates that every person, including Central and State Government departments, which intend to erect a building, shall obtain a building permit by giving an application to Aizawl Municipal Corporation (AMC).

Government of Mizoram accorded (30 March 2015) administrative approval for ₹ 35.60 crore and expenditure sanction of ₹ 24.99 crore under Special Plan Assistance for construction of Aizawl Convention Centre[4] (ACC) at Khatla, Aizawl at the then location of Circuit House which has been demolished. Construction work was awarded (April 2016) to a contractor[5] after floating a restricted tender.

Scrutiny of records of the Director, Urban Development and Poverty Alleviation Department (UD&PA) revealed that the work commenced during April 2016 after demolition of the Circuit House and relocation of the occupants. However, after eight months (December 2016) of the start of the work, the soil in the surrounding area of the project site became unstable due to the excavation work undertaken during site development. Joint Inspection[6] of the area on 08 December 2016 revealed crack line on both the excavated as well as the un-excavated portion of the site.

To prevent disaster, order under Section 34(k) of Disaster Management Act, 2005 was issued (January 2016) by the District Magistrate and Chairperson, District Disaster Management Authority, Aizawl District staying the construction works of ACC.

[4] 9,362 sqm. with three basements and G+5 floors
ACC was set up "to cater to varied and important City/ District/ State level functions" and also "Inter-State level functions" and also to accommodate visiting VVIP and VIP guests of the State

[5] Mr. P. Lalbiaka, Luangmual, Aizawl (Reg. No. 133/E-in-C/2014)

[6] Consisting of 11 members from various departments *viz*., PWD, UD&PA, DG&MR and DM&R along with Consultants

Audit observed that –

- the construction was started by the Department without obtaining prior permission from the AMC and without conducting soil investigation as mandated. It was also observed that application for building permission was actually sent to AMC only on 30 January 2017 after the crack line had developed around the project site. Contrary to the AMCBR, 2012, the AMC, however, granted provisional building permission on 13 February 2017 with the conditions that (i) NOC from Geology and Mineral Resources Department be submitted within six months (ii) all drawings duly signed by the owner and technical person in accordance with the provisions of the AMCBR to be submitted within 30 days and (iii) the proposed construction will not cause any damage/ construction to the neighbouring area/ land/ property, failing which, the permission would be cancelled. The validity period of the provisional permission was three years from the date of issue of the letter (13 February 2017) *i.e.* up to 13 February 2020. Since the Department did not submit the duly signed drawing by both the owner and technical persons as per the conditions, the permit was cancelled by AMC on 04 July 2017.

  The action of the AMC in granting "provisional building permission" is not acceptable as all the required permissions should be obtained in advance prior to the commencement of the work.

  Moreover, the failure of the Department in conducting geo-technical investigation before commencement of the work resulted in undertaking construction activities at a geologically vulnerable (unsuitable) site, thereby leading to an avoidable expenditure of ₹ 9.45 crore and creating a committed liability of ₹ 1.88 crore for demolition/ relocation/ renovation of buildings as part of site preparation process.

The matter was reported to the Government in November 2018. In response, the Government stated (December 2018) that -

- It was the responsibility of the Design and Supervision Consultant to obtain necessary clearances/ permission.
- Condition of the existing buildings suggested that the proposed area was stable and there was no risk in soil condition. There had been no history of earth movement or landslide in the area. As such, construction was taken up without conducting soil investigation.
- Cost of rehabilitation of road work undertaken by PWD may not be linked with ACC.

The reply of the Government is not acceptable since all the requisite information should have been accompanied by the application for building permission as per the AMCBR, which was not submitted by the Department in this case. Hence, the Department cannot be absolved of the responsibility for non-adherence to codal provisions.

HIGHER AND TECHNICAL EDUCATION DEPARTMENT

1.5 Idle expenditure

UGC funded Girl's hostel was abandoned mid-way and was lying idle since April 2012 due to non-provision of local funding component by the college

University Grants Commission (UGC) accorded (27 February 2009) administrative approval for construction of a Women's hostel at Government Serchhip College, Serchhip at an estimated cost of ₹ 59.73 lakh (share of UGC being ₹ 40 lakh and that of college being ₹ 19.73 lakh). The hostel was scheduled to be completed within one year from the date of sanction *i.e.,* by 26 February 2010. As per the procedure for release of grants, UGC sanctioned ₹ 36 lakh during February 2009 to August 2011, out of its share of ₹ 40 lakh directly to the Principal of the college.

Construction of the hostel was taken up in April 2009 and as per the Progress Report submitted by the college (July 2012) to UGC, 90 *per cent* of the construction work was completed at a cost of ₹ 55.73 lakh by April 2012 and the work stopped thereafter due to lack of funds. The hostel could not be made functional as of July 2019.

Audit scrutiny (December 2017) of cash book, audited expenditure statement and other relevant records of the college revealed no transactions/ entries with regard to expenditure of the college share of ₹ 19.73 lakh. Therefore, the credibility of the progress report claiming completion of 90 *per cent* of construction work at a cost of ₹ 55.73 lakh is doubtful. Further, the college forwarded the 'Completion Certificate' to UGC in July 2012 and intimated the latter that the hostel was completed at a cost of ₹ 36 lakh. Photograph of the hostel taken on 16th December 2017 (placed alongside) confirms that the building was not completed. It is incomprehensible as to how the hostel, which was slated to cost ₹ 59.73 lakh would be completed at a cost of ₹ 36 lakh. Also, while the college intimated UGC a few months earlier that it had completed 90 *per cent* of the construction work at a cost of ₹ 55.73 lakh, it had actually showed the cost of completion at about two thirds the cost envisaged. Clearly, the records of the college and its statements are unreliable and cannot be vouched in audit.

Due to non-completion of the hostel even after eight years of commencement of the work, the intended benefits of hostel facilities for women scholars, particularly those who hail from rural areas, could not be achieved.

Audit observed that the women's hostel could not be completed, as the college did not plan for the source of funding of its share. On this being pointed out (November 2018) the Principal of the College replied that the college did not approach the Director, Higher and Technical Education Department, GoM for allocation of grants for the college/ State Government's share to complete the construction work.

While accepting the facts in the Exit Conference (January 2019), State Government replied that due to direct funding to the College, the Government had no idea about the construction work and its non-completion. The Government added that due to absence of hostel facility in the college, some students were compelled to come to Aizawl for higher studies.

Government needs to take measures to complete the construction of the building to prevent further natural deterioration of the structure already created, and provide requisite infrastructure to enable women to pursue higher education.

CHAPTER – II

GENERAL SECTOR

CHAPTER-II

GENERAL SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2018 deals with the findings on audit of State Government departments under General Sector.

During 2017-18, against a total budget provision of ₹ 3,033.62 crore, a total expenditure of ₹ 2,128.49 crore was incurred by 13 departments under the General Sector. The department-wise details of budget provision and expenditure incurred there-against are shown in Table-2.1.

Table-2.1:- Details of department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Budget provision	Expenditure
1.	Legislative Assembly	22.57	21.99
2.	Governor	7.37	7.25
3.	Council of Ministers	5.93	4.78
4.	Law and Judicial	36.99	33.23
5.	Vigilance	6.06	6.06
6.	Finance	1,695.59	897.66
7.	Mizoram Public Service Commission	8.00	7.10
8.	Secretariat Administration	122.22	100.89
9.	Parliamentary Affairs	0.60	0.57
10.	General Administration	110.38	89.75
11.	Home	628.75	571.55
12.	Printing and Stationery	18.18	16.68
13.	District Councils and Minority Affairs	370.98	370.98
Total		**3,033.62**	**2,128.49**

Source: Appropriation Accounts: 2017-18

Besides, a sizable amount of funds were transferred directly to the implementing agencies of State Government by the Central Government for implementation of various programmes. During 2017-18, ₹ 11.67 crore was directly released to different implementing agencies under General Sector. The details are shown in **Appendix-2.1.1.**

During 2017-18, expenditure of ₹ 1,688.79 crore (including funds pertaining to previous years audited during the year) of State Government under General Sector were test checked in audit. Out of the expenditure test checked, approximately 62 *per cent* was committed expenditure (expenditure incurred on Salary and Wages, Pensions, Interest and subsidies).

COMPLIANCE AUDIT PARAGRAPH

HOME DEPARTMENT

2.2 Parking of funds and execution of work in violation of norms

Inspector General of Prisons parked ₹ 10.46 crore meant for construction of a women's jail in an unauthorised bank account, executed the work without technical sanction and gave an undue benefit to a firm

With a view to upgrade the Central Jail for construction of a separate women's jail in Mizoram, Ministry of Development of North Eastern Region (MoDoNER), GoI accorded (29 December 2014) administrative and financial approval for the project cost of ₹ 13.07 crore. The cost was to be borne by GoI and GoM in the ratio of 90:10 with GoI's share at ₹ 11.76 crore and that of GoM's at ₹ 1.31 crore. The project was to be completed within 36 months from the date of sanction *i.e.* by December 2017. Accordingly, the MoDoNER released (30 December 2014 and 16 November 2016) ₹ 9.41 crore to the GoM in two instalments. The GoM entered into an Agreement (16 December 2013)[1] in this regard with M/s North East Consultancy Services (NECS), an Aizawl based Executing Agency and released ₹ 10.46 crore to the Inspector General of Prisons (IGPr) from 25 May 2015 to 13 October 2017. The IGPr released ₹ 10.44 crore[2] to the firm.

Scrutiny (March 2017) of records of the IGPr revealed that the work actually started on 23 June 2015 and was not completed as of October 2018 even after a lapse of more than one year from the scheduled date of completion. Further scrutiny revealed that the work was executed in gross violation of the mandated rules and procedures as discussed below:

(i) Parking of funds in an unauthorised bank account

As per the Office Memorandum of the State Finance Department dated 05 May 2006, prior permission of the Finance Department has to be taken for opening bank account for specific projects and schemes. Scrutiny of records revealed that the amount of ₹ 10.46 crore (GoI's share: ₹ 9.41 crore *plus* GoM's share: ₹ 1.05 crore) released by the GoM to the IGPr was kept in a bank account[3] which was not authorised by the Finance Department. Thus, the amount was kept outside the Government Account.

The Government in its reply (January 2019) stated that due to introduction of E-payment, the Department opened the account for making payments.

The reply of the Government is not acceptable, as the account was opened and operated without obtaining formal approval from the competent authority.

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1 On the basis of the 'concept notes' (October 2012) for the project to be undertaken during 2013-14

2 02 March 2016: ₹ 3.92 crore *plus* 03 November 2016: ₹ 0.44 crore *plus* 24 February 2017: ₹ 0.77 crore *plus* 02 February 2018: ₹ 4.71 crore *plus* 05 June 2018: ₹ 0.61 crore = ₹ **10.44 crore**

3 State Bank of India, Dawrpui Branch, Current Account No.-30272376559

(ii) Execution of work beyond the delegated limit and without technical sanction

As per the CPWD Manual, a "technical sanction" amounts to a guarantee that the proposals are technically sound, and that the estimates are accurately prepared and are based on adequate data. Further, as per the Notification[4] of the Finance Department, estimates for all works relating to construction of Reinforced Cement Concrete (RCC) storied buildings or complicated structures, or all estimates costing more than ₹ 15 lakh, should be scrutinised and technically sanctioned by the Chief Engineer (CE)/ Superintending Engineer (SE). The Notification also fixed[5] the delegation of powers for execution of works by the non-Works Department having Technical wing.

The Home Department, being a non-Works Department, having Technical wing headed by a Senior Executive Engineer and one Junior Engineer in the IGPr was looking after all the works executed in the IGPr. Hence, the delegation of powers for construction of building works was not to exceed ₹ 60 lakh.

Scrutiny of records revealed that the work was not technically sanctioned by the PWD nor was it handed over to the PWD for execution. It was observed that the IGPr went ahead with the execution of the work inspite of it exceeding its delegated limit of ₹ 60 lakh. Since the PWD was not entrusted with the work despite its request, it refused to check and countersign the running account bills of the firm.

The Government stated in its reply (January 2019) that the engagement of the consultant was considered the best method in the interest of the public by the Department. Further, the Government added that the State PWD normally does not accord priority to all the projects assigned to it due to heavy workload, which tends to result in cost and time overrun.

The reply of the Government is not acceptable, as the IGPr does not possess the requisite technical knowledge to execute the work of this nature.

(iii) Undue benefit to the Contractor:

(a) Performance guarantee not obtained

As per the CPWD Manual, the successful tenderer (hereafter referred to as the contractor) should deposit an amount equal to five *per cent* of the tendered and accepted value of the work (without limit) as Performance Guarantee (PG). Further, the letter for commencement of work shall be issued to the contractor only after the submission of the PG in an acceptable form.

It was noticed that the department had issued work order to the contractor without obtaining any PG.

[4] Notification No.G.17012/1/2009-F.Est/28-29 dated 07 March 2013

[5] Having Technical wing headed by (i) an officer of the level of Executive Engineer or equivalent officer having appropriate technical qualification in Civil Engineering - ₹ 60 lakh or (ii) an officer of the level of Assistant Engineer/ Sub-Divisional Officer/ or equivalent officer having appropriate technical qualification in Civil Engineering - ₹ 30 lakh or (iii) an officer of the level of Junior Engineer or equivalent officer having appropriate technical qualification in Civil Engineering - ₹ 10 lakh

While accepting the facts, the Government replied (January 2019) that the matter was noted for future compliance.

(b) Payment made without submitting Measurement Books

Section 9.1 of CPWD Works Manual envisages that before the bill of a contractor/ supplier is passed, the entries in the Measurement Book (MB) relating to the description and quantities of work/ supplies should be scrutinised by the Assistant Engineer, and calculations of "Contents or Area" should be checked arithmetically under his supervision. The bill should be checked, passed and paid in the office of the Executive Engineer with reference to the entries recorded in the MB.

It was however, noticed that the firm had prepared the computerised Running Account (RA) bills and submitted to the IGPr for payment without submitting the supporting MBs. The IGPr had passed the RA bills for ₹ 10.44 crore and made payment to the firm.

Thus, the veracity of the payment of ₹ 10.44 crore made to the firm could not be ascertained in the absence of Measurement Books.

The Government stated (January 2019) that the Home Department conveyed sanction of funds to the IGPr and payment was made as per the provisions of the Agreement. The reply is not acceptable as the payment was released without ensuring proper scrutiny and cross verification of actual works executed by the firm with MB.

(c) Non-deduction of Security Deposit

As per the CPWD works manual, security deposit is to be deducted from the running bill of the contractors at the rate of five *per cent* of the gross amount of the bill.

During audit, it was observed that the IGPr had released the RA payments without deducting the security deposit, jeopardising the interests of the Department.

While accepting the facts, the department replied (November 2018) that the deduction of security deposit from RA Bills was not made as they were unaware of the codal requirement.

Thus, the basic canons of works execution and financial propriety were not followed in the implementation of this project. This was evident from many lapses and irregularities discussed above *viz.*, keeping of money outside Government account, non-obtaining of performance guarantee and technical sanction of the competent authority, non-maintenance of measurement books and non-deduction of security deposits. *As such, all lapses, being serious in nature, called for fixing of responsibility of the officials at fault.*

Government accepted (January 2019) the audit observations.

CHAPTER – III

ECONOMIC SECTOR (OTHER THAN STATE PUBLIC SECTOR UNDERTAKINGS)

CHAPTER-III

ECONOMIC SECTOR
(Other than State Public Sector Undertakings)

3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2018 deals with the findings arising from audit of State Government departments under Economic Sector (other than State Public Sector Undertakings).

During 2017-18, against a total budgetary provision of ₹ 2,663.14 crore, a total expenditure of ₹ 2,335.94 crore was incurred by 14 departments under the Economic Sector. The department-wise details of budget provision and expenditure incurred there-against are shown in Table-3.1.

Table-3.1:- Details of department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1.	Planning and Programme Implementation	99.51	88.56
2.	Agriculture	322.06	241.63
3.	Horticulture	87.15	79.79
4.	Soil and Water Conservation	21.72	21.55
5.	Animal Husbandry and Veterinary	83.87	75.19
6.	Fisheries	13.67	13.31
7.	Co-operation	26.32	24.55
8.	Rural Development	468.15	377.73
9.	Commerce and Industries	160.01	99.33
10.	Sericulture	19.96	16.55
11.	Tourism	88.67	86.18
12.	Public Works	1,185.84	1,173.04
13.	Irrigation and Water Resources	66.01	30.75
14.	Information and Communication Technology	20.20	7.78
Total		**2,663.14**	**2,335.94**

Source: Appropriation Accounts: 2017-18

Besides, the Central Government has been transferring a sizable amount of funds directly to the implementing agencies of State Government for implementation of various programmes of the Central Government. During 2017-18, ₹ 90.16 crore was directly released to different implementing agencies under Economic Sector. The details are shown in **Appendix-3.1.1.**

During the year, an expenditure of ₹ 1,015.86 crore (including funds pertaining to previous years audited during this year) of State Government under Economic Sector (other than State Public Sector Undertakings) was test checked in audit. Out of this, approximately 62 *per cent* was committed expenditure (expenditure incurred on Salary and Wages, Pensions, Interest and subsidies).

PERFORMANCE AUDIT

PUBLIC WORKS DEPARTMENT

3.2 Performance Audit of "Implementation of rural connectivity projects through NABARD Loan"

3.2.1 Introduction

GoI set up the Rural Infrastructure Development Fund (RIDF) in National Bank for Agriculture and Rural Development (NABARD) in 1995-96, to finance rural infrastructure projects and promote balanced and integrated economic development of rural areas in the States.

During 2013-14 to 2017-18, NABARD sanctioned 20 projects (15 road projects of 322.91 kms and five bridges) at an estimated cost of ₹ 368.38 crore.

3.2.2 Organisational set up

Finance Department is the Nodal Department for operationalising RIDF. It is responsible for sanctioning funds for the projects, release of funds to the Public Works Department (PWD), submission of reimbursement claims to NABARD and repayment of loans. The PWD is responsible for implementation of rural connectivity projects through NABARD loans.

Audit Framework

3.2.3 Audit Objectives

Audit was carried out to assess whether:

- State Government has prepared appropriate plans to ensure coverage of rural areas through road connectivity; and
- Project reports were prepared in a comprehensive manner as per the applicable standards, and projects were executed as per the relevant quality standards in a timely manner.

3.2.4 Audit Criteria

Audit findings were benchmarked against the criteria sourced from the following:

- Terms and conditions of NABARD loans and norms for selection of projects prescribed by NABARD;
- Detailed project reports, standard specifications (Indian Road Congress (IRC) by Ministry of Road Transport and Highways (MoRTH), CPWD Manual, State Schedule of Rates, *etc.*); and
- Quality control, project monitoring and evaluation system prescribed.

3.2.5 Scope and Methodology of Audit

Audit was carried out during August to October 2018 and covered the implementation of rural connectivity projects through NABARD loans in the State during the five years' period from 2013-14 to 2017-18. Audit methodology involved scrutiny of records in the office of the Engineer-in-Chief, PWD at the State level and four out of 12 PWD divisions[1] executing the projects at division level. In addition to the scrutiny of records, joint physical verification along with departmental officials, collection of photographic evidence and interview of beneficiaries from habitations covered through the projects through questionnaires were also carried out to assess the impact of implementation of the projects.

Audit objectives, criteria, scope and methodology were discussed (August 2018) in an Entry Conference with Secretary (Finance) and Principal Secretary (Public Works), Government of Mizoram. After conclusion of Audit, the draft Report was issued (November 2018) to State Government and Engineer-in-Chief, PWD for their response. Replies of the Government have been received in April 2019. Audit findings were discussed with Joint Secretary (Public Works) and Chief Engineer (Roads), PWD in an Exit Conference held on 21 January 2019. The replies furnished by State Government and views expressed during the Exit Conference were incorporated in the report at appropriate places.

3.2.6 Audit Sample

For the purpose of Audit, statistical sampling for coverage was as follows:

Four out of twelve implementing divisions in Mizoram were selected on the basis of Probability Proportional to Size Sampling Without Replacement (PPSWOR) method. All four completed projects in the sampled divisions were selected. Out of three on-going projects in the sampled divisions, two projects were selected. One on-going project was left out, as the progress of expenditure was below ten *per cent*.

The details of sample selection are given in **Table-3.2.**

Table-3.2:- Details of sample selection

	Divisions	Projects		
		Completed	On-going	Total
Total number in the State	12	4	19	23[2]
Selected	4	4	2	6
Total number in the selected divisions	--	4	3	7

Source: Departmental records and sample selection

In addition to the above, 120 beneficiaries of six villages were also surveyed.

Audit Findings

The extent of road connectivity in the State as of 2017-18 was as follows:

Table-3.3:- Status of road connectivity in Mizoram

Category of Roads	No. of Roads	Road Length (km)	Black-topped (km)	Un-surfaced (km)
Major District Roads	10	601.40	601.40	0.00
Other District Roads	22	978.30	769.70	208.60
Village Roads	115	1,863.15	440.34	1,422.81
Total	**147**	**3,442.85**	**1,811.44**	**1,631.41**

Source: Departmental records

1 Twelve out of 29 divisions under PWD are implementing NABARD assisted projects under RIDF in Mizoram

2 Twenty projects sanctioned during 2013-18 and three projects sanctioned prior to 2013-14, but completed during the audit period

While provision of road connectivity improved economic activities in the beneficiary villages surveyed in audit, there were several lacunae in planning for the road projects, preparation of DPRs, obtaining approvals and overall execution of projects. Significant audit findings in this regard are discussed in the succeeding paragraphs.

3.2.7 Planning

Comprehensive planning is imperative for expansion and upgradation of road network for providing connectivity to all habitations and ensuring speedy development and integration of rural areas. It also facilitates assessment of future requirement of roads in the State keeping in view growth of traffic and existing status of different categories of roads.

NABARD guidelines envisage preparation of a Master Plan by the State, indicating the status of existing road network in the State and priority index for selection of road projects. This is especially necessary, considering that the road network in the State is also constructed/ strengthened/ expanded with funding from Ministry of Development of North Eastern Region (MoDoNER) (Non Lapsable Central Pool of Resources, North Eastern Council), PMGSY, *etc.* Audit noticed that although 'core road network' prepared under PMGSY was available with State Government, Master Plan of projects to be funded through NABARD loan and priority list to facilitate systematic selection of road projects as required under RIDF guidelines were not prepared by State Government.

On being asked about the method adopted for selection of projects for RIDF loans, the Department stated (October 2018) that it was done on the basis of petitions received from public representatives (Members of Legislative Assembly), the general public and keeping in view the condition of existing roads.

While giving weightage to the requests of public representatives and/ or the general public cannot be faulted, Government could have still prepared a priority list of projects based on traffic loads and need, rather than taking up projects in an *ad-hoc* manner.

3.2.8 Achievement of physical targets

3.2.8.1 Status of physical progress of projects

During the five year period 2013-14 to 2017-18, NABARD sanctioned 20 projects for rural connectivity under RIDF. The tranche-wise physical progress of these projects is given below:

Table-3.4:- Physical achievement of the State during 2013-14 to 2017-18

Tranche No. & Year	No. of sanctioned projects	Sanctioned cost (₹ in crore)	Total length (km)	Stipulated date of completion	Status as of March 2018
XIX (2013-14)	01	19.71	21.90	March 2017	Completed in 2017-18
XXI (2015-16)	05	99.69	95.13	March 2019	On-going
XXII (2016-17)	08	108.11	92.08	March 2020	
XXIII (2017-18)	06	184.67	113.80	March 2021	05 ongoing and 01 not started
Total	**20**	**-**	**322.91**	**-**	

Source: Departmental records

As on 01 April 2013, there were three projects in progress, which were completed during 2013-14 to 2017-18, thereby taking the total number of completed projects to four during the audit coverage period. Out of the 20 projects sanctioned during 2013-14 to 2017-18, only one project was completed, one project has not been started and 18 projects are in progress.

3.2.8.2 Delays in grounding of projects

It is important that the competent authority accords necessary approvals within the prescribed time schedule to ensure timely execution and completion of the projects. NABARD guidelines stipulate the following timeframe for grounding of projects:

Administrative approval	Technical sanction	Tendering	Issue of Work Order
To be issued by State Government within one month from date of sanction by NABARD	To be issued within three months of sanction of the project	To be completed within six months from the sanction of the project	To be issued within nine months from the date of sanction of the project

Audit scrutiny of 23 sanctioned projects (20 during 2013-18 and three prior to 2013, which were implemented during the audit period) **(Appendix-3.2.1)** revealed the following with regard to completion of the necessary procedural formalities:

Table-3.5:- Delay in completion of procedural formalities for grounding of projects

Procedural formalities	Delay beyond the admissible timeframe (No. of projects)				
	No delay	< 1 month	> 1 month and < 3 months	More than 3 months	Total
Administrative approval	1	0	12	10	**23**
Technical sanction	0	0	10	5	**15***
Tendering	0	4	8	11	**23**
Issue of work order	0	0	2	21	**23**

** Technical sanction was not obtained in respect of eight projects*

Tenders were floated for 12 projects even before according administrative approval and work orders were also issued in respect of two of these before administrative approval. Similarly, tenders were floated for ten projects before according technical sanction and work order was also issued for one of these projects before technical sanction.

Inordinate delays in according administrative approval adversely affected the commencement and completion of projects within the stipulated time frame. As a result, four projects were completed with delay of more than one and half years and four on-going projects have crossed the stipulated date of completion.

Government did not provide any specific reply in this regard (July 2019).

Recommendation: *Projects may be taken up after obtaining requisite approvals, to avoid deviations in their designs at a later stage and consequent delays in their execution. NABARD should monitor the progress closely to ensure that project execution is not derailed and timelines are adhered to.*

3.2.9 Financial Management

3.2.9.1 Flow of funds

NABARD provides loan assistance up to 90 *per cent* of eligible project cost to all the NER States and the balance amount is to be provided by State Government. The interest rate on RIDF loans is 1.50 *per cent* lower than the bank rate as on the date of disbursement. Loans are released on reimbursement basis against the actual expenditure incurred in execution of sanctioned projects and transferred by Finance Department to the implementing divisions.

The GoM makes annual budgetary allocation for projects as per NABARD loan phasing and sanctions the amount to the implementing divisions. Thereafter, State Government submits reimbursement claims to NABARD on the basis of expenditure already incurred by the implementing divisions.

3.2.9.2 Receipt and Utilisation of Funds

The year-wise details of funds released by State Government and expenditure incurred there-against during 2013-14 to 2017-18 are shown in Table-3.6:

Table-3.6:- Receipt and utilisation of funds

(₹ in crore)

Year	Budget Allocation	Release to the implementing Department	Expenditure	Funds lying in PWD Deposits
2013-14	24.98	16.00	11.83	11.07[3]
2014-15	9.00	7.78	9.29	9.56
2015-16	12.87	12.87	9.28	13.15
2016-17	30.00	29.74	33.45	9.44
2017-18	110.58	110.58	60.28	59.74
Total	**187.43**	**176.97**	**124.13**	**---**

Source: Information furnished by the Department

During the period, ₹ 176.97 crore was released by State Government to the implementing Department against which, an expenditure of ₹ 124.13 crore was incurred for execution of projects. As on 31 March 2018, an amount of ₹ 59.74 crore remained parked in Public Works Deposits.

3.2.9.3 Incorrect reporting of expenditure to NABARD

NABARD guidelines envisage that the loan amount shall be disbursed based on submission of Statement of Expenditure (SoE) by State Government. During 2013-14 to 2017-18, NABARD reimbursed expenditure pertaining to 15 projects[4]. Year-wise details of expenditure incurred on these projects against which reimbursement was made by NABARD during this period are shown in Table-3.7:

[3] As on 01 April 2013, the Opening Balance of Public Works Deposits was ₹ 6.90 crore

[4] Out of 23 projects (20 projects sanctioned during 2013-18 and three projects sanctioned prior to 2013-14), reimbursement was made only for 15 projects during 2013-18 (14 projects sanctioned during 2013-18 and one project sanctioned prior to 2013-14)

Table-3.7:- Details of NABARD reimbursement against actual expenditure

(₹ in crore)

Year	Actual expenditure incurred by divisions	Claims made by GoM as per SoEs	Excess claimed	Reimbursement by NABARD	Excess reimbursement
2013-14	11.83	25.37	16.32	9.05	(-) 2.78
2014-15	9.29	13.86	0.18	13.68	4.39
2015-16	9.27	8.06	0.00	8.06	(-) 1.21
2016-17	33.45	27.69	0.00	27.69	(-) 5.76
2017-18	60.28	79.71	19.43	79.71	19.43
Total	**124.12**	**154.69**	**35.93**	**138.19**	**14.07**

Source: Departmental records

It was noticed that during 2013-14 to 2017-18, NABARD reimbursed ₹ 138.19 crore against ₹ 154.69 crore claimed by the State Government. Audit scrutiny revealed that the actual expenditure incurred during the period was ₹ 124.12 crore, resulting in excess claim of ₹ 35.93 crore, against which NABARD reimbursed ₹ 14.07 crore in excess of the actual expenditure.

Audit team could not find any recorded reasons for variations in the reimbursement claims made by the State Government. Details in this regard in respect of the sampled projects are as under:

a. **West Phaileng to Marpara Road:** NABARD was to reimburse ₹ 44.05 crore (90 *per cent)* on the basis of sanctioned cost of ₹ 48.95 crore for the project. While the Department downsized project cost to ₹ 43.14 crore by reducing the scope of the work, it spent the originally sanctioned amount for the project in full but has not intimated NABARD. While NABARD guidelines do provide for time over-run up to two years in special circumstances, the cost over-run pursuant to time over-run has to be borne by State Government. To that extent, State Government erred in its planning and designing of the project. The project was completed at an expenditure of ₹ 48.94 crore with a cost over-run of ₹ 5.81 crore.

b. **Muallungthu-Khumtung Road**: NABARD was to reimburse ₹ 17.49 crore (90 *per cent*) on the basis of sanctioned cost of ₹ 19.71 crore for the project. State Government reported an expenditure of ₹ 18.23 crore in Project Completion Report (PCR) and claimed reimbursement of ₹ 18.61 crore against which, NABARD reimbursed ₹ 17.03 crore. However, on the basis of expenditure reported through PCR, the NABARD share of the project should be ₹ 16.41 crore (90 *per cent* of ₹ 18.23 crore).

Further, State Government claimed (March 2014) Mobilisation Advance of ₹ 524.58 lakh, which was to be adjusted from subsequent claims submitted to NABARD. We noticed that an amount of ₹ 503.05 lakh only was adjusted up to the final claim submitted to NABARD leaving an unadjusted Mobilisation Advance of ₹ 21.53 lakh.

While NABARD failed to exercise the mandatory checks before accepting the reimbursement claims, State Government only deferred its burden of repaying this amount to NABARD at a later date along with interest, by giving an incorrect picture of the expenditure incurred on the projects and claiming reimbursement from NABARD.

Recommendation: *State Government needs to streamline the process of compilation of expenditure based on monthly accounts of the implementing Divisions. Responsibility should be fixed on the concerned officials in case of submission of incorrect Statements of Expenditure.*

3.2.10 Project Implementation

NABARD guidelines stipulate that projects under RIDF should comply with the necessary technical specifications and the projects should be completed within the shortest possible time and in any case not later than the period stipulated in the sanction letter. Audit observations with regard to implementation of projects during the period 2013-14 to 2017-18 are as follows.

3.2.10.1 Deficiencies in preparation of Detailed Project Reports (DPRs)

Preparation of cost estimates has a direct bearing on the total project cost, quality of works executed and timeliness of completion of road works. It is essential that the prescribed rules and IRC specifications are strictly adhered to in preparing cost estimates. Audit, however, observed serious deficiencies in preparation of cost estimates as discussed in succeeding paragraphs.

i. Improvement and upgradation of steep gradient in between Kamalanagar – Chhotapansury Road

NABARD sanctioned this work in January 2010 at an estimated cost of ₹ 14.50 crore. Administrative approval (March 2010) and technical sanction (May 2010) were accorded to the project estimate for widening of the road from four meters to six meters (16.64 kms[5]) and diversion of 17.96 kms of existing road by formation cutting in chainage 0.000-34.600 kmp. PWD justified the project (July 2010) stating that the existing road had an average width of five meters and it is required to be widened up to six meters to make it suitable for truck movement. The work commenced in June 2010 and was completed in May 2013 at a cost of ₹ 14.54 crore.

Audit scrutiny revealed that improvement and upgradation of the road by widening the existing road from four to six meters in the chainage 0.000-19.210 kmp of this project had already been completed in April 2010 with NLCPR[6] funding. Therefore, the proposed widening of 10.98 kms of existing road in the chainage 0.000-19.210 kmp was a duplication of work.

ii. Construction of pavement in Hnahthial – Thingsai Road

(a) Hnahthial–Thingsai Road (0.000–10.500)

Administrative approval for this project was accorded in March 2010 for ₹ 424.00 lakh. The DPR included construction of earthen shoulders (43,312.50 m^3) and carriage of materials (4,311.71 m^3) at an estimated cost of ₹ 92.28 lakh. Scrutiny of sanctioned estimate revealed that quantities for the above mentioned two items were calculated incorrectly in the DPR and the actual quantities to be executed were only 2,835 m^3 and 19,109.85 m^3 respectively, which was to cost only

5. Scattered between chainage 0.000 to 34.600 kmp
6. Construction of Chawngte-Borapansury Road (up to Momtola)

₹ 24.41 lakh. Due to calculation errors in preparation of DPR, the entire process of obtaining administrative approval and tendering were done on the basis of an inflated estimated amount of ₹ 67.86 lakh.

Government stated (April 2019) that quantities of earthen shoulder were rectified in the Bill of Quantities (BOQs) and estimate of second contractor. However, the first contractor was awarded the work on the basis of incorrect estimates.

(b) Hnahthial – Thingsai Road (10.500 – 52.000)

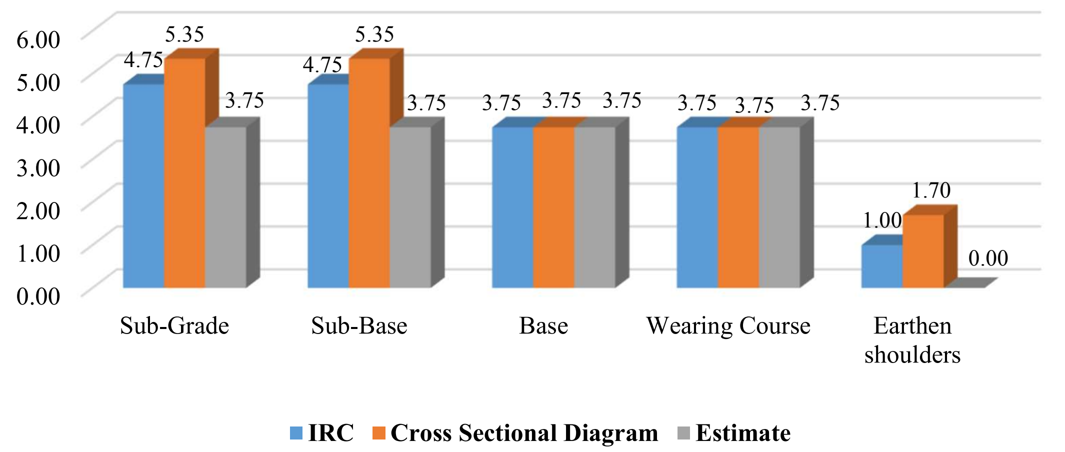
Scrutiny of DPR and contract documents revealed that quantity for construction of earthen shoulders (41.50 kms) was wrongly estimated at 8,818.75 m^3[37] costing ₹ 46.65 lakh @ ₹ 529 per cum due to taking into consideration incorrect thickness, while the actual quantity required for construction of earthen shoulders was 5,291.25 m^3[38] costing ₹ 27.99 lakh. Thus, the quantity and amount required as per the estimate was inflated by 3,527.50 m^3 and ₹ 18.66 lakh respectively. Subsequently, the BOQs was signed for an inflated quantity costing ₹ 14.11 lakh (quoted rate @ ₹ 400 per cum).

While accepting the fact, Government stated (April 2019) that necessary rectification would be carried out before execution of earthen shoulder. However, the rectification in the BOQs was not intimated by the Department as of July 2019.

iii. Construction of Zote – Chhipphir Road

The entire road width on which construction activities like pavement and earthen shoulders take place is defined as road bed which is the sub-grade. The sub-grade and granular sub-base are the lower layers which are compacted for the entire roadway width *i.e.,* carriageway width *plus* width of the shoulders. The geometric designs of the road as *per* the estimate and BOQs *vis-à-vis* IRC specification are given below:

Chart-3.2.1: Road specification in the estimate *vis-à-vis* IRC specification *(width in meters)*



It can be seen from the above that the cross sectional design of the pavement in the DPR included compaction of sub-grade, laying of sub-base for the entire roadway

[37] Quantity for earthen shoulders (8,818.75 m^3) = Length (41,500 m) x Breadth (0.85 m) x Height (0.25 m)
[38] Quantity for earthen shoulders (5,291.25 m^3) = Length (41,500 m) x Breadth (0.85 m) x Height (0.15 m)

width (5.35 m) and construction of earthen shoulders. It was observed in audit that the Department made provision for compaction of sub-grade, laying of sub-base for carriageway width (3.75 m) only and provision was not made for earthen shoulders in the cost estimation of the project.

Thus, the technical specification of the cross sectional diagram of the pavement and specification of the pavement included in the cost estimation of the DPR were contradictory. Moreover, both the specifications of the pavement included in the DPR were not in conformity with the IRC specification.

In the absence of earthen shoulders, the road would be prone to the risk of faster deterioration as earthen shoulders reinforce and provide support and protection to the pavement edges from traffic damage. The Department while accepting the audit observation, stated that the defects in the DPR will be rectified as the works are on-going.

Government accepted the fact and stated (April 2019) that during the tendering process, essential items of lined side drains were not provided in the sanctioned estimate, and the provision of sub-grade and sub-base to 3.75 m was made to accommodate these. The Government's reply is not acceptable as the provision of earthen shoulder is included in the cross sectional diagram but not included in the cost estimation of the approved project.

Recommendation: *Government needs to ensure that the DPRs are prepared in a careful and comprehensive manner in keeping with the relevant standards. Where deviations are necessitated, these have to be appropriately documented and approved.*

3.2.10.2 Execution of Projects

i. Strengthening and rehabilitation of West Phaileng to Marpara Road

This project was accorded administrative approval and technical sanction in September 2011 for an amount of ₹ 48.95 crore. The scope of the work involved construction of new pavement for the entire length of the road (80 kms), cross drainage, protection works, side drains, *etc*. The road was divided into three packages and awarded to three contractors in September 2011.

During the Engineer-in-Chief's site inspection (December 2011), instructions were given to re-cast the estimate as construction of new pavement was not required for the whole stretch of the road. Accordingly, a revised estimate was prepared to construct new pavement for 15.34 kms and to repair the remaining portion of the road. The estimate was accorded administrative approval (March 2012) at a downsized cost of ₹ 43.14 crore. The Department did not, however, obtain a revised technical sanction. It did not also revise the scope of work of the contractors to this effect.

Audit scrutiny of records in this regard revealed the following:

(a) Delay in execution of project

The work commenced in September 2011 and was scheduled to be completed by September 2013. The project was completed in March 2016 *i.e.,* two and half years beyond the targeted completion date.

Audit scrutiny revealed that after execution of work for two months, the scope of work was changed and the estimates were re-cast leading to stoppage of works. As of February 2013[9], only one contractor had executed four kms of pavement works while the other two contractors had not started pavement works. Damage to the pavement compounded during this period, resulting in increased quantities to be executed and consequent time and cost overrun in the project.

Government stated (April 2019) that heavy rainfall of approximately 2,500 mm *per annum* during 2011-13 resulted in slow progress of work and that, the surrounding area of the road was affected by insurgency during the period which was substantiated by the order issued from the Superintendent of Police (April 2014). Government's reply is not acceptable, as only one contractor had completed four kms of the road in the dry season of 13 months during 2011-13 and not a single instance of communication from the Department to expedite the work was issued to the other two contractors. Further, the insurgency cases reported by SP were in April 2014 and not during the period 2011-13.

(b) Deviation in execution of project

The CPWD Works Manual[10] envisages that when an excess beyond permissible variation (+/ - 10 *per cent*) over the sanctioned estimate is foreseen, revised estimate should be prepared and submitted to the competent authority for approval. Further, as per State Government's instructions, no deviation from the approved items and quantities of work should be made without prior approval of the competent authority.

Due to delays and slow progress of work as discussed in the previous paragraph, the condition of the road deteriorated significantly leading to increased scope of pavement works, protection works, drainage works and landslip clearances. Despite deterioration in condition of the road at the time of preparation of revised DPR (March 2012) and commencement of pavement works (February 2013), the Division went ahead with the work without assessing the viability and feasibility of the scope of works included in the revised DPR. The process of planning, survey and preparation of DPRs lost its relevance, as the extra items of works were executed as per actual need in the field, which were not considered during the preparation of the revised DPR. For instance, new pavement for 15.34 kms was proposed in the revised estimate against which, the Department constructed 30.321 kms of new pavement. As a result, the actual execution of works varied well beyond the permissible variation and increased the cost of the project by ₹ 5.80 crore (13.45 *per cent*) as shown in **Appendix-3.2.2**.

The Department neither notified the competent authority about the increase in scope of work nor revised the estimate for obtaining administrative approval or technical sanction during execution. A Working Estimate was however, prepared (January 2016) and administrative approval and technical sanction were obtained after the completion of the project in contravention of Rule 129[11] of the General Financial Rules.

[9] Milestone 2 (40 *per cent*) for physical works to be completed

[10] Clause 4.6 of the CPWD Works Manual

[11] **Rule 129, General Financial Rules** stipulates that no works shall be commenced or liability incurred in connection with it until (i) administrative approval has been obtained from the appropriate authority in each case; (ii) sanction to incur expenditure has been obtained from the competent authority; and (iii) a properly detailed design has been sanctioned

Finally, the project "West Phaileng to Marpara Road" that envisaged construction of a new pavement for 80 kms at a cost of ₹ 48.95 crore, ended up with a new pavement of only 30.321 kms at a cost of ₹ 48.94 due to poor planning and implementation issues. Clearly, preparation of estimates was done merely to fulfil the procedural formalities and as such, the checks and balances inbuilt in the processes of estimation and approval were conspicuously absent.

Government stated (April 2019) that additional works were taken up due to unforeseen circumstances at the time of execution of work and that, it was difficult to work out the exact quantum of work, quantity, length, *etc.* to be executed. The reply of the Government is not acceptable due to the fact that the deviation in quantities in the instant case was (-) 80 *per cent* and 200 *per cent* as compared to the initial DPR and revised DPR respectively. Deviations beyond (+/ -) 10 *per cent* invariably require preparation of further revised estimates and approval from competent authority before execution of work in terms of the rules/ guidelines mentioned above.

(c) Cost overrun due to delay in execution

As per clause 47 of the contract, the contractors can claim price escalation for increase in rates of labour, material, fuel, *etc*. from the start date to the stipulated date of completion or extension granted. The bill amount considered for price escalation should exclude the value of works executed under variations for which price adjustment will be worked out separately as per Clause 38[12]. Clause 47 was to safeguard the interest of the contractor on account of increase in rates of agreed items within the stipulated date of completion, while Clause 38 was to compensate the contractor in the event of execution of quantities in excess of 25 *per cent* over the agreed quantities.

Scrutiny of records revealed that the Department made payments for price escalation of ₹ 332.72 lakh to contractors for increase in rates of labour, material, fuel, *etc*. as per Clause 47. Further, the Department increased the rates for quantities exceeding 25 *per cent* against the revised estimates as per Clause 38 amounting to ₹ 332.51 lakh. It was noticed that against the quantities for which price adjustment was made, the Department also allowed an additional payment of ₹ 84.57 lakh for the exceeded quantities as price escalation in violation of Clause 47 **(Appendix-3.2.3)**.

Thus, the division ended up paying price escalation in excess of ₹ 84.57 lakh for the exceeded quantities, which was already covered under price adjustment. *Responsibility needs to be fixed for irregular and excess payments made and the excess amount may be recovered from the contractors.*

Government stated (April 2019) that price escalation was paid in accordance with Clause 47 which stated that price escalations shall be paid for the work done up to extension of time granted by the engineer. The reply is not acceptable as Clause 47 clearly prescribes that the bill amount considered for price escalation should exclude value of works executed under variations for which price adjustment is required to be worked out separately.

[12] The Engineer shall adjust the rate for variations in quantity of work done, if (i) the final quantity of the work done differs from the quantity in the BOQs for the particular item by more than 25 *per cent* provided that and (ii) the change in quantity exceeds one *per cent* of initial contract price

(d) Physical condition of the road

The road, which was completed in March 2016, had a defect liability period of one year. During the physical inspection[13] (August 2018) of the road (39 out of 80 kms) by the Audit team along with the Sub-Divisional Officer and Junior Engineer, West Phaileng Sub-Division, it was noticed that 4.48 km was completely damaged, requiring repairs from the sub-grade level; 25.81 km was partially damaged requiring patch repairs up to the level of water bound macadam-I (WBM-I) leaving only 8.71 km in good condition with minor potholes.

Physical condition of West Phaileng – Marpara Road

While accepting the fact, Government stated (April 2019) that road condition deteriorated due to constraints in funding maintenance costs. Further, the Government stated that efforts will be made for provision of funds for maintenance of the road in the next year.

ii. Construction of pavement on Hnahthial-Thingsai Road

The project was accorded administrative approval (March 2010) for construction of pavement (0.000-10.500 kmp) of 10.50 kms at a cost of ₹ 424.00 lakh. The work was awarded (January 2011) to a contractor[14] but the contract was terminated (July 2012) due to slow progress of work. Thereafter, the Department initiated re-tendering and awarded the work (January 2013) to another contractor[15] who completed the work in May 2014. The total expenditure incurred on the project was ₹ 424.00 lakh. Audit scrutiny of the relevant records revealed the following in implementation of the project:

(a) Irregularities in tendering

The project was accorded administrative approval (March 2010) amounting to ₹ 424.00 lakh for constructing pavement of length 10.50 kms having width of 3.75 m. The Department considered the Schedule of Rates (SOR) 2009 for National Highways for arriving at the cost of the project instead of the prevailing SOR for rural roads in the State. Accordingly, NIT was floated (June 2010) for the tendered amount of ₹ 398.14 lakh[16] on the basis of SOR 2009.

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13 Condition of road was recorded with the assistance of SDO, JE, West Phaileng Sub-Division, PWD

14 N. Joshua

15 P. C. Lalthantluanga

16 ₹ 424 lakh (Approved cost) = ₹ 398.14 lakh (cost of work) + ₹ 25.86 lakh (6.5 *per cent* for Work charged establishment, quality control, contingencies and maintenance during construction)

Audit scrutiny revealed that out of five bidders, four quoted the same amount of ₹ 484.57 lakh for the project, which was 22 *per cent* higher than the tendered amount. As the amount quoted by the lowest bidders was well above the permissible variation[17] and also exceeded the administratively approved amount, tendering should have been cancelled and re-tendering initiated. However, the Department increased the tendered amount to ₹ 510.06 lakh taking into account the prevailing market rates to accommodate the lowest quoted amount of ₹ 484.57 lakh ((-) 4.99 *per cent*). This resulted in increase in the cost of the project and subsequently led to reduction in scope of work as discussed in the subsequent paragraphs.

Government stated (April 2019) that the prevailing market rates increased considerably in 2013 than the rates used in the estimates and that, re-tendering was not initiated in order to save time for early completion of the project. The reply is not acceptable as the tendered cost was beyond the administratively approved amount and also, the tender was floated during June 2010 and work was awarded to the contractor in December 2010. **Further, the Department was silent on the basis on which the prevailing market rate was computed. The Department has also not responded as to how N. Joshua was awarded the work, when four contractors quoted the same amount for the work.**

(b) Reduction in width of the pavement

As *per* IRC: SP 48-1998 (Hill Road Manual) it is necessary to acquire additional right of way to ensure proper sight distance. The width of carriageway, shoulder and roadway for Other District Roads (ODR) are 3.75 m, 2 x 0.5 m and 4.75 m respectively. The Department planned to construct the pavement as per these specifications in the sanctioned estimate.

It was observed that the safety and adequate carriageway width of the road as per IRC standard was compromised by the Department due to fund constraints for the project as shown below:

Table-3.8:- Dimensions of road as *per* IRC *vis-à-vis* actual execution

(Units in meters)

Particulars	As *per* IRC: SP 48-1998	As *per* Estimate	Actual Execution
Carriageway width + 10 *per cent* curves and passing places	3.75 + 0.375 = 4.125	3.75 + 0.375 = 4.125	3.00 + 0.30 = 3.30
Shoulder width	2 x 0.50 = 1.00	2 x 0.90 = 1.00	2 x 0.08 = 0.16
Roadway width	5.125	5.925	3.46

Source: Departmental records

The total length of Hnahthial – Thingsai road is 52.00 kms, of which, 0.000 to 10.500 kmp was completed with a carriageway width of 3.30 m instead of 4.125 m. However, the pavement for the remaining portion (10.500 - 52.000 kmp) is being constructed currently with a carriageway width of 4.125 m.

While accepting the facts, Government stated (April 2019) that the road (0.000-10.500 kmp) was constructed with a reduced carriageway width of 3.00 m due to fund constraints.

[17] Permissible variation as per GoM, O.M dated 24 August 2007 is five *per cent* on the lower side and 10 *per cent* on the higher side of the tendered amount

iii. Improvement and upgradation of steep gradient in between Kamalanagar – Chhotapansury Road

The project was proposed with a view to improve the steep gradient between 6.000-28.000 kmp at seven locations and widening of the remaining portion from four to six meters of the existing road. Accordingly, Administrative Approval (March 2010) and Technical Sanction (May 2010) was accorded for ₹ 14.54 crore to divert the road (17.96 kms) and widen the remaining portion (16.64 kms) in the chainage 0.000-34.600 kmp. The work was divided into 12 packages and awarded (June 2010) to 12 contractors.

(a) Alignment of the road without survey

Audit scrutiny of formation cutting works for 28.60 kms[18] out of 34.60 kms of the road revealed that the Department diverted the road in an unplanned manner at 20 different locations (14.57 kms) against the initial plan to divert it at seven locations (13.63 kms) for improving the steep gradient and widening of 10.38 kms against 14.97 kms of the road **(Appendix-3.2.4)**.

Government stated (April 2019) that the alignment of the road was changed to accommodate the demand for inclusion of Buisek village in the new road alignment. The reply is not acceptable, as the observation was based on the revised road alignment meant for connecting Buisek village itself.

(b) Wasteful expenditure of ₹ 1.03 crore

As per the estimate, the Department planned (December 2009) to widen 10.98 kms of the road from the existing width of four meters to six meters and diversion of 8.23 kms of the road in the chainage 0.000-19.210 kmp. However, as discussed in paragraph 3.2.10.1 (i), the width of the road was already widened to six meters under NLCPR (2003 to 2010) for 0.000-19.210 kmp and had already met the standard of IRC specification that prescribes the roadway width for major/ other district roads as 5.125 m.

Scrutiny of the actual execution through Measurement Books (MBs) revealed that the Department executed formation cutting for widening of 8.55 kms and diversion of 10.66 kms in the chainage 0.000-19.210 kmp already executed under NLCPR. As a result, the widening of 8.55 kms of the road under NABARD increased the average width of this portion from six meters to 10.86 m by incurring an expenditure of ₹ 1.03 crore, which could have been avoided.

Government stated (April 2019) that due to unprecedented climatic effect of erosion that occurred during construction, the average road width under NLCPR was only four meters. The reply is not acceptable as there was no documentary evidence in support of the Government's claim and this fact was also not mentioned in the DPR approved under NABARD.

(c) Avoidable execution of formation cutting works

As per the estimate, formation cutting of two meters for widening the existing road and six meters width for diverting the road was planned. Scrutiny of records revealed

[18] Six kms portion in the chainages 15.000 – 18.000 kmp and 25.000 – 28.000 kmp could not be analysed due to non-production of Measurement Book No. 365(CH) and 370(T)

that formation cutting works for widening and diversion of the road were executed in excess of the standards prescribed in IRC[19] for other/ major district roads. The details of extra widening (more than three meters) and diversion in excess of the requirement (more than seven meters) of the road are shown below:

Table-3.9:- Range of excess width *w.r.t.* estimate

Widening of the road			Diversion/ new cutting of the road		
Estimated roadway width (m)	Range of roadway width executed (m)	Length (km)	Estimated roadway width (m)	Range of roadway width executed (m)	Length (km)
2	3-5	1.68	6	7-8	0.69
2	5-7	0.45	6	8-9	0.69
			6	9-10	0.12
			6	10 and above	0.24
Total		**2.13**	**Total**		**1.74**

Source: Departmental records

It can be seen from the above table that widening of 2.13 kms and diversion of 1.74 kms of the road had a roadway width of more than seven meters which was in excess of the proposed width of the road. As a result, the Department executed formation cutting works in excess of 37,667.47 cum for widening (2.13 kms) and diversion (1.74 kms) of the road which was in excess of the requirement as per the estimate and IRC specification of other district roads as shown in the table below:

Table-3.10:- Excess execution of formation cutting for widening and diversion

Execution of excess width (Widening and Diversion)	Excess Quantity (cum)			Excess Amount (₹ in lakh)		
	Ordinary Soil	Ordinary Rock	Hard Rock	Ordinary Soil	Ordinary Rock	Hard Rock
Widening (3-5 m)	2606.81	2603.88	193.75	2.28	3.83	0.55
Widening (5-7 m)	1568.43	650.38	0.00	1.37	0.96	0.00
Diversion (7-8 m)	4543.93	1148.34	1148.34	3.97	1.69	3.28
Diversion (8-9 m)	6929.45	6864.90	949.53	6.06	10.11	2.72
Diversion (9-10 m)	1425.11	1199.93	238.43	1.25	1.77	0.68
Diversion (10 m and above)	4057.38	970.35	568.56	3.55	1.43	1.63
Total	**21131.10**	**13437.76**	**3098.61**	**18.48**	**19.79**	**8.86**

Source: Departmental records

Excess formation cutting works of 37,667.47 cum led to an excess expenditure of ₹ 47.13 lakh for widening and diversion of the road.

Government stated (April 2019) that estimate was prepared on emergency basis for obtaining sanction purposes from the competent authority but execution of work was as per actual site condition which included passing places, extra widths, curves, *etc.* The reply is not acceptable as the road dimension included in the estimate were as per IRC norms. Further, the roadway width of more than six meters for other district road/ district road is not at all required as the pavement (including curves and passing places), shoulders, side drain and parapets can be accommodated within the width of six meters.

[19] 5.125 m (Roadway width) = 3.75 m + 0.375 m (Pavement width) + 2 x 0.50 (Shoulders)

(d) Non-execution of widening and diversion of road

Audit scrutiny of records revealed that nine contractors had to widen 10.65 km and divert 16.35 km of the road by formation cutting as per the BOQs. Against this, the contractors did not execute widening of 1.57 km and diversion of 2.09 km of the road which was estimated at ₹ 72.73 lakh **(Appendix-3.2.5)**.

The Division, while recording the measurement of actual work done by the contractors, did not ensure completion of formation cutting works for the total length of their respective chainages. Due to negligence on the part of the Department in terms of proper monitoring and supervision, the improvement of the steep gradients and widening of the road remained incomplete for a length of 3.66 kms. *Responsibility of the concerned officials needs to be fixed in this regard so as to ensure that the work is executed as per the agreement.*

While accepting the fact, Government stated (April 2019) that proposed work could not be carried out as per the estimate due to public pressure. On the other hand, Government also stated that no physical work was left incomplete, in contradiction of its own statement. However, the fact remains that 3.66 km out of the total length of the road was left unexecuted as per the measurements recorded in the MBs.

(e) Double payment for same work

The formation cutting works of some chainages as detailed below, were completed by three contractors at a cost of ₹ 83.53 lakh during 2010-11. It was noticed that formation cutting for the same chainages were again shown as executed by three different contractors during 2011-12 and 2014-15 and recorded in the MBs and fraudulent payment of ₹ 21.26 lakh was made for works which had already been completed.

Description of Works	Chainage	Quantity Executed (Cum)	Excess Amount Paid (₹ in lakh)
Formation Cutting	3.000-3.570	8573.85	7.50
	12.000-12.030	67.80	0.06
	20.000-21.680	15678.80	13.70

Government stated (April 2019) that no double payment was made for three chainages and the contractors were paid as per the agreement *plus* deviation amount. The reply is not acceptable as the details of entries made in the measurement books and Running Account (RA) bills clearly suggest that works were shown as executed twice and payments were made accordingly.

Responsibility needs to be fixed in this regard and disciplinary action should be initiated by Department against the erring officials.

(f) Doubtful expenditure

The CPWD works manual stipulates that the Measurement Book (MB) is the basis of all accounts of quantities whether of works done by contractors or by labourers employed departmentally, or materials received. Audit scrutiny revealed that payment of ₹ 57.32 lakh[20] and ₹ 102.93 lakh[21] were made to two contractors for formation cutting works based on MB No. 365(CH) and 370(T). The measurement of works

[20] RA-I dated 22.12.2010 of ₹ 1.21 lakh and RA-II dated 29.03.2011 of ₹ 56.11 lakh

[21] RA-I dated 14.12.2010 of ₹ 10.09 lakh, RA-II dated 29.03.2011 of ₹ 56.17 lakh, RA-III dated 21.12.2011 of ₹ 25.93 lakh and RA-IV dated 08.06.2012 of ₹ 10.74 lakh

recorded and authenticity of payments made could not be verified as the related MBs were not made available to Audit. In the absence of the MBs, the expenditure incurred towards the work shown as executed amounting to ₹ 160.25 lakh could not be vouched in audit.

The implementing division stated that the MB could not be traced and was declared as lost. However, this was not intimated to the Chief Engineer for write off of the lost MBs. Nor did the Department lodge a First Information Report (FIR) regarding the loss of MBs as per section 7.14 of CPWD Works Manual.

Government stated (April 2019) that the Division was not aware of the lost MBs, so it was neither reported to Chief Engineer nor was FIR filed. It was added that, MBs could not be located after a thorough search of all sub-divisions and hence, it was proposed to be written off by the Chief Engineer (Roads).

Recommendation: *Government needs to ensure that execution of works are supervised scrupulously for quality and quantity and take stringent action against the officials responsible for the misplacement/ loss of MBs.*

3.2.11 Maintenance of roads

3.2.11.1 Defect liability period

As per NABARD guidelines, the contract document shall include defect liability period so that the contractors are responsible for maintenance of roads for three years and in no case less than two years.

Audit scrutiny revealed that the Department included a defect liability period of only one year in the contract. This benefit granted to the contractor not only absolved them of the liability in case of low quality construction, but also increased the financial burden of State Government for repair works.

3.2.11.2 Adequacy of funds for maintenance

As per NABARD General Terms and Conditions, State Government should make adequate annual budgetary provision for recurring expenditure on account of maintenance and repairs of the assets created. The Mizoram Rural Roads Maintenance Policy (MRRMP) stipulates that the quantum of funds for periodic renewal and routine maintenance of roads is ₹ 5.33 lakh per km per year for black-topped roads and ₹ 5.21 lakh per km per year for nonblack-topped roads. The Department worked out annual maintenance cost for each completed project in the Project Completion Report (PCR). The details of requirement for maintenance as per MRRMP, PCR and the actual allotment there against for the project are shown below:

Table-3.11:- Requirement of maintenance funds *vis-à-vis* actual allocation

(₹ in lakh)

Year	Name of the Project	Completion Date	Requirement as per MRRMP (per km)	Requirement as per PCR (per km)	Funds allotted for the road (per km)
2017-18	West Phaileng to Marpara Road (80 kms)	31.03.2016	5.33	0.82	0.05
2015-16	Hnahthial to Thingsai Road (10.50 kms)	13.05.2014	5.33	0.06	0.39
2016-17			5.33	0.06	0.47
2017-18			5.33	0.06	0.51

Year	Name of the Project	Completion Date	Requirement as per MRRMP (per km)	Requirement as per PCR (per km)	Funds allotted for the road (per km)
2014-15	Kamalanagar to Chhotapansury Road (34.60 kms)	13.05.2013	5.21	0.35	0.00
2015-16			5.21	0.35	0.00
2016-17			5.21	0.35	0.00
2017-18			5.21	0.35	2.15

Source: Departmental records

It can be seen that the assessment for annual maintenance made by the Department in the PCR and actual allocation for these three completed projects was significantly lower (85 to 98 *per cent*) than the required funds prescribed by MRRMP. Further, State Government could not even meet the requirement assessed by the Department for two projects indicating lack of effective budgeting process. Inadequate provisioning and funding by State Government is bound to impact the proper maintenance of the roads leading to rapid deterioration in their condition.

Recommendation: *State Government should ensure that adequate funds are available for maintenance of completed projects so that the assets created continue to provide service to the people.*

3.2.12 Project Monitoring

3.2.12.1 High Power Project Monitoring Committee and District Level Review Committees

As per NABARD guidelines, a District Level Review Committee (DLRC) under the Chairmanship of Deputy Commissioner (DC) is to be constituted and implementation of RIDF funded projects is to be reviewed on a quarterly basis. Further, the Chief Secretary to Government of Mizoram had instructed (November 2011) all the DCs to institutionalise a mechanism to conduct regular monthly review meetings of RIDF projects at the district level.

The Department stated during Exit Conference that the DLRC was not formed and that, it monitors the projects through departmental field officers, EEs, SEs, CE and E-in-C on a regular basis.

There is a need for strengthening the monitoring and reviewing mechanism by the Department.

3.2.12.2 Submission of Project Completion Report

Project Completion Report (PCR) is to be furnished by the implementing Department after completion of the projects indicating the overall assessment of the potential created for generation of income and employment in rural areas, chalk out strategy for funding identical projects in future/ policy interventions to be introduced, *etc*. As per the NABARD guidelines, State Government has to submit PCR for each of the sanctioned projects within one month of its completion.

During the period 2013-14 to 2017-18, four projects were completed and the Department submitted the PCRs relating to these, with delays ranging from three to 15 months.

Audit scrutiny of the PCRs submitted by the Divisions to the Engineer-in-Chief revealed variation between the reported expenditure on the projects and the actual expenditure incurred at the Division level, as shown below:

Table-3.12:- Details of expenditure in PCR *vis-à-vis* actual expenditure

(₹ in crore)

Name of the project	Sanctioned cost	Expenditure reported in		Amounts lying in PW deposits
		PCR	Monthly accounts	
Kamalanagar to Chhotapansury Road	14.54	14.54	14.20	0.34
Muallungthu-Khumtung Road	19.71	18.23	18.61	1.10
West Phaileng to Marpara Road	48.95	48.94	48.94	0.01
Total	**83.20**	**81.71**	**81.75**	**1.45**

Source: Departmental records

The Divisions had submitted PCRs before clearing their financial liabilities and were making payments from the amounts lying in the public works deposits even after submission of PCRs. As on 31 March 2018, an amount of ₹ 1.45 crore was lying in public works deposits in respect of three projects. Thus, the amounts indicated in the PCRs are incorrect to that extent.

Recommendation: *Government should institute an effective monitoring mechanism for timely completion of the projects and to remove any legal or procedural hurdles in the smooth implementation of the projects. NABARD should also liaise with the State Government to strengthen the monitoring mechanism and review the progress of works at regular intervals.*

3.2.13 Conclusion

The State has not prepared any Master Plan for prioritising the projects for establishing road connectivity in rural areas under RIDF funding. There were delays in according necessary approvals for the projects, which led to substantial delays in grounding of projects and increased the cost of the projects. DPRs were not prepared with due regard to the relevant standards and needs at the ground level, which necessitated several variations to plans and quantities of material subsequently. The actual execution deviated from the DPRs in several instances as new items of works were executed without approval and on the other hand, the designed width and length of the roads were compromised. There were instances of fraudulent payment and excess expenditure due to execution of same works twice and errors in Measurement Books. Maintenance of roads was poor due to inadequate funding by the State and there was inadequate quality control and monitoring mechanism in the State. On its part, NABARD had not monitored the planning process of the State with regard to projects for road connectivity; nor did it monitor delays at various stages of project formulation, designs, approvals and execution.

COMPLIANCE AUDIT PARAGRAPHS

COMMERCE AND INDUSTRIES DEPARTMENT

3.3 Compliance Audit of "Implementation of New Land Use Policy"

3.3.1 Introduction

New Land Use Policy (NLUP), a flagship programme of Government of Mizoram (GoM), was launched in January 2011 with the main objective of putting an end to *jhum* cultivation[22] in the State. The programme aims to stop *jhum* by weaning away the farmers from *jhumming* to alternative sustainable economic activities. The programme was implemented by nine line departments[23] and was to be completed in five years. Performance Audit of NLUP covering four departments *viz.* Agriculture Department, Animal Husbandry and Veterinary Department, Environment, Forests and Climate Change Department and Fisheries Department had featured in the Comptroller and Auditor General of India's Report of the State for the year ended March 2016. This report covers only one Department *viz*. the Commerce and Industries Department (C&ID).

C&ID had implemented 24 major trades and 40 Special Micro Enterprises (SME) to provide alternative sustainable means of livelihood to the beneficiaries. Under Phase- I to IV of NLUP, 27,196 beneficiaries had been covered at a total expenditure of ₹ 29,148 lakh during 2010-11 to 2017-18 under this Department.

3.3.1.1 Aims and Objectives of New Land Use Policy

NLUP has been in existence in the State since 1985-86 in various forms. As per NLUP Manual 2009, the aims and objectives of this programme *inter alia* are as follows:

- ❖ To put an end to wasteful shifting cultivation; and
- ❖ To ensure that all the farmers have land of their own so that each of them can pursue a permanent means of livelihood under Agriculture (and allied sectors), Industry or Animal Husbandry sector.

3.3.1.2 Target Group under the New Land Use Policy

Chapter–III of NLUP Manual 2009 (Revised Version) also provided the eligibility criteria for selection of beneficiaries. The main criteria are given below:

- ❖ Families who eke out subsistence livelihood from *jhumming*; and
- ❖ Families not depending on *jhumming* but having no permanent trade for their livelihood.

For a family to be eligible for assistance under NLUP, their annual income ceiling has been fixed as below:

1. For families living in the urban areas, not exceeding ₹ 1,00,000; and
2. For families living in the rural areas, not exceeding ₹ 50,000.

[22] Shifting cultivation

[23] 1. Urban Development and Poverty Alleviation (UD&PA), 2. Fisheries, 3. Commerce and Industries, 4. Soil and Water Conservation, 5. Agriculture (Nodal Department), 6. Animal Husbandry and Veterinary (AH & Vety), 7. Sericulture, 8. Horticulture and 9. Environment, Forests and Climate Change

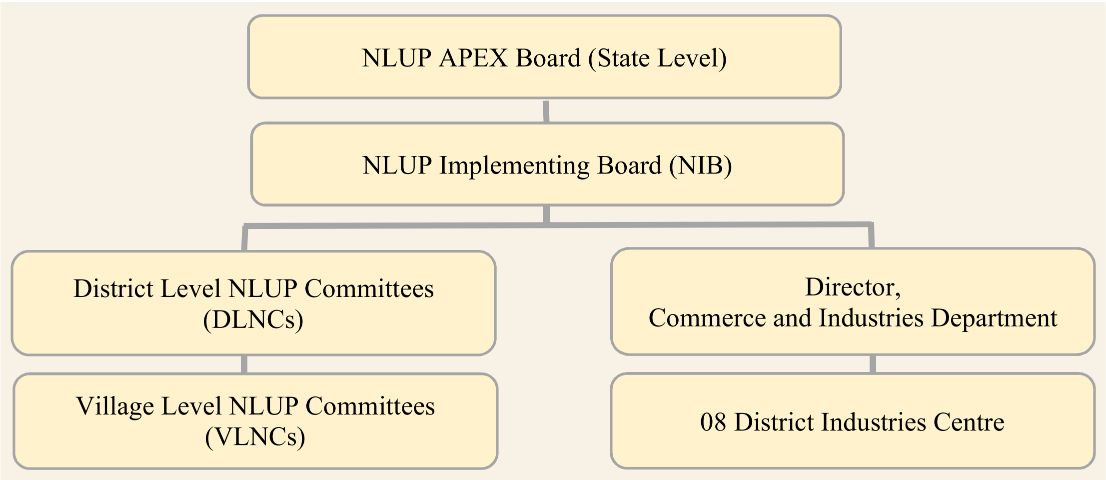
3.3.2 Organisational Structure

At the State level, there is the NLUP Apex Board which is headed by the Chairman (Chief Minister) and assisted by Vice-Chairman (MLA), Member Secretary (Chief Secretary) and other members[24]. The duties of NLUP Apex Board are to approve the Annual Budget, project and schemes prepared/ drafted by the NLUP Implementing Board, and allocate, advise and supervise the departments concerned and select villages and areas under the NLUP.

The executing body of NLUP Apex Body is the NLUP Implementing Board (NIB) headed by the Chairman (Vice-Chairman of NLUP Apex Board). At the district level, there is a District Level NLUP Committee (DLNC) headed by the Deputy Commissioner. Village Level NLUP Committee (VLNC) at the local level is headed by a Chairman appointed by the NLUP Apex Board. The schemes under industries sector are being implemented by the Director, C&ID.

An organogram showing the various agencies associated with the implementation of the programme is given below:

Chart-3.3.1



3.3.3 Audit Objectives

Compliance audit of implementation of the New Land Use Policy under Commerce and Industries Department was conducted with the objective of assessing whether:

- beneficiaries were selected in a transparent manner in accordance with the guidelines of the policy; and
- the programme objective of weaning away *jhum* cultivators and providing them an alternative source of livelihood was achieved.

[24] 1. All ministers; 2. Vice-Chairman, State Planning Board; 3. All Ministers of State of Mizoram; 4. Vice-Chairman and CEO, NLUP Implementing Board; 5. Principal Secretary/ Commissioner/ Secretary of all the NLUP Line Departments (nine departments); 6. Secretary, Finance Department; 7. Secretary, Planning and Programme Implementation Department; 8. Commissioner/ Secretary, Rural Development Department; 9. Secretary, Land Revenue and Settlement Department; 10. Vice Chancellor, Central Agriculture University or his Representative and 11. Prominent Citizen (Appointed by the Government)

3.3.4 Scope of Audit

Audit was carried out between June–August 2018 and covered the implementation of NLUP under C&ID for the period 2010-11 to 2017-18. Two Districts (Aizawl and Lunglei) out of eight districts in the State were selected for detailed scrutiny. Four[25] out of nine Blocks[26] in the sampled districts and twenty villages out of 105 villages in the four selected blocks were selected on the basis of number of beneficiaries.

Records relating to implementation of NLUP were examined at District Industries Centre (DIC), offices of the Secretary, NIB, Directorate of C&ID, and Deputy Commissioner offices at Aizawl and Lunglei Districts. A joint physical verification of 709 out of 1,272 beneficiaries in 20 sampled villages was carried out.

The details of audit sample are given in **Appendix-3.3.1**.

3.3.5 Audit Criteria

Audit findings were benchmarked against criteria from the following sources:

- New Land Use Policy Manual (2009) and Detailed Action Plan;
- Calendar of Works for different trades/ activities under NLUP;
- Budget and release orders of Government of India (GoI);
- Instructions/ orders issued by the GoI/ State Government from time to time;
- Reports/ Findings of Research Team from Mizoram University[27]; and
- General Financial Rules (GFR) and Receipt and Payment Rules (being followed by State Government).

Audit Findings

Significant audit findings are discussed in the succeeding paragraphs.

3.3.6 Planning

Chapter IV of the NLUP Manual 2009 stipulated that Works Programme be prepared every year. Chapter VI *ibid* says that a Detailed Project Report (DPR) indicating the names of trade/ activities including the amount of grant, *etc.* will also be made accessible to the public.

NLUP Implementing Board prepared a Detailed Action Plan (DAP) for implementation of the programme for five years (2009-14). As per the Action Plan, 9,500 beneficiaries were proposed to be covered under C&ID at an estimated cost of ₹ 7,600 lakh as shown in table below:

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25 Aizawl: Thingsulthliah and Tlangnuam Block; Lunglei: Lunglei and Hnahthial Block

26 Five blocks in Aizawl District and four blocks in Lunglei District

27 Survey and impact analysis of NLUP beneficiaries (industrial activities) for 1st and 2nd phase was carried out by Mizoram University on the request of C&ID which was approved by the NIB on 10 March 2015

Table-3.13:- Details of Action Plan proposed

Year	Targets	
	Physical (No. of beneficiaries)	Financial (₹ in lakh)
2009-10	1100	880.00
2010-11	2100	1680.00
2011-12	2100	1680.00
2012-13	2100	1680.00
2013-14	2100	1680.00
Total	**9500**	**7600.00**

Source: Action Plan 2009-14

During test check of records, it was found that NLUP Technical Committee[28] reviewed and approved (October 2010) Model Schemes[29] for implementation by C&ID. The Committee had approved plan for covering 13,720 beneficiaries, with an addition of 4,200 beneficiaries (increase of 44.42 *per cent* above the Action Plan). Further, during implementation, the Department had covered 27,196 beneficiaries (increase of 186.27 *per cent* above the Action Plan) with financial involvement of ₹ 29,148 lakh.

Frequent changes in the proposed number of beneficiaries and cost estimates had impacted the programme implementation manifold as its resulted in irregularities in selection of beneficiaries (as discussed in paragraph 3.3.7); hindered the programme from achievement of its objectives *viz.* to wean away *jhum* cultivators from the destructive practice and put an end to *jhum* cultivation (as discussed in paragraph 3.3.8.1); and create alternative sustainable sources of livelihood (elaborated in paragraph 3.3.8.2).

The Secretary, NLUP Implementing Board (NIB) in response stated that substantial changes in the physical targets were mainly due to (a) trade choice made by beneficiaries, (b) recommendation of the Village Level Committee and (c) viability/ feasibility of a trade, *etc.*

3.3.7 Irregularities in selection of beneficiaries

Chapter-IV of NLUP Manual 2009 stipulated that a careful survey for selection of beneficiaries and trades/ activities has to be carried out by mobilising Government Servants and NGOs so that the data is accurate. The Village Level NLUP Committee (VLNC) was responsible for selection of beneficiaries.

A baseline survey was conducted in September 2009 and a total of 9,500 beneficiaries were identified for coverage from 2009-10 to 2014-15. During test check of records, it was noticed that 784 beneficiaries out of 1,272 beneficiaries in the sampled districts (62 *per cent*) were not included in the baseline survey **(Appendix-3.3.2)**.

[28] The Government constituted (02 June 2010) NLUP Technical Committee consisting of five members with Vice-Chairman, NIB as the Chairman. The committee was to look after the technical and financial parameters of all model projects

[29] Model Schemes or Calendar of Works were prepared showing component-wise fund requirement and schedule of implementation of the trades

Audit team interacted with 709 out of 1,272 beneficiaries during joint field visits and beneficiary survey and found that:

- 290 out of 709 beneficiaries had been selected by the Village Level NLUP Implementing Committee (VLNIC) on the recommendations of MLAs or Local Units of political party **(Appendix-3.3.3)**;
- 39 beneficiaries[30] were either pensioners or Government employees; and
- 422 beneficiaries[31] out of the total surveyed 709 beneficiaries (59.52 *per cent*) were not *jhum* cultivators (details in **Paragraph 3.3.8.2**).

Thus, the main objective of the programme *viz.* to wean away *jhum* cultivators from the destructive practice and put an end to *jhum* cultivation was not achieved due to non-selection of eligible beneficiaries. Huge increase in the number of beneficiaries exacerbated by the exercise of political influence paved way for selection of ineligible beneficiaries.

While accepting the possibility of selection of ineligible beneficiaries, the Secretary, NIB stated that 1,086 ineligible beneficiaries had been removed and corrective action through the monitoring system would be taken as regards the others.

3.3.7.1 Irregularities in selection of Auto-rickshaw beneficiaries

Implementation of 3rd and 4th phases of NLUP started in September 2013. The beneficiaries of these phases were however, selected in February 2016. Scrutiny of the minutes of the NIB held on 10 February 2016 revealed that quotas had been allotted to the MLAs for selection of beneficiaries from their respective constituencies and a list of 293 beneficiaries had been submitted to NIB in violation of the programme guidelines.

A total number of 270 auto-rickshaws had been procured (May 2016 and December 2016-March 2017) at a cost of ₹ 3.37 crore and distributed to the beneficiaries. In February 2016, auto-rickshaw trade was transferred to the State Transport Authority (STA) as per the instructions of the NIB. In December 2017, the C&ID transferred ₹ 5.20 crore to the Director, Transport Department, Mizoram for providing auto-rickshaws to 472 beneficiaries.

Scrutiny revealed that 173 beneficiaries of the 1st and 2nd phases who had not been provided with auto-rickshaws were proposed to be covered during the 3rd and 4th phases which meant that a total of 466 beneficiaries were to be covered in these two phases. As 270 out of the total 466 beneficiaries had already been covered by C&ID, funds of ₹ 2.45 crore only was to be provided to the STA for covering the remaining 196 beneficiaries. As such, transfer of ₹ 2.75 crore in excess of the requirement to the STA was not justified. Further, details of utilisation of this amount was not furnished to audit by the STA despite requisitioning the same.

Recommendation: *Government needs to display firm resolve in identifying and selecting genuine beneficiaries for financial assistance based on a proper baseline survey rather than use this programme as a means of doling out financial benefit to people with certain political affiliation.*

[30] Twenty four Government employees and 15 pensioners

[31] Total beneficiaries surveyed in audit (709) *minus* beneficiaries who practiced *jhum* before NLUP (278)

3.3.8 Achievement of programme objectives

3.3.8.1 Wean away *jhum* cultivators and put an end to *jhum* cultivation

One of the main objectives[32] of NLUP was to wean away *jhum* cultivators from the destructive practice of shifting cultivation and put an end to *jhum* cultivation.

However, while setting the eligibility/ ineligibility criteria, the Manual opened the scope for selection of beneficiaries other than *jhum* cultivators who do not have sustainable sources of livelihood. Neither was it categorically mentioned that priority should be given to *jhum* cultivators nor was the proportion for accommodation of *jhum* cultivators or others set.

Baseline survey was conducted in 2009 for identification of eligible beneficiaries. However, the survey did not identify *jhum* cultivators. Further, year-wise consolidated data of *jhum* cultivators and *jhum* cultivation in the district/ block/ village was not maintained by the Department. During Audit, joint household visit and interaction with 709 beneficiaries (349 in Aizawl and 360 in Lunglei) in the presence of the Departmental officials and Village Council members was conducted. It was found that out of the 709 beneficiaries interacted with, 287 beneficiaries **(Appendix-3.3.3)** constituting 40.48 *per cent* only were *jhum* cultivators. Non-identification of *jhum* cultivators in the baseline survey and lack of emphasis on *jhum* cultivators in the selection process were indicative of lack of intent on achieving the programme objective *viz.,* putting an end to *jhum* cultivation.

Out of 287 beneficiaries (who were *jhum* cultivators) surveyed during joint field visit, 184 beneficiaries[33] constituting 64.11 *per cent* were found to have given up *jhum* cultivation, while 103 beneficiaries still continued the practice (**Appendix-3.3.3**).

Thus, in the sampled districts, 40.48 *per cent* of the selected beneficiaries were *jhum* cultivators out of which only 64.11 *per cent* had given up the practice. However, as consolidated data of *jhum* cultivators and *jhum* cultivation was not maintained, it could not be analysed to what extent the programme succeeded in its objective of putting an end to *jhum* cultivation.

The Secretary, NIB in response (January 2019) stated that Government will focus on addressing the key factors like storage facilities, better marketing channels to make each and every trade settled and explore viable alternatives to the traditional *Jhum*/ shifting cultivation and sustainable means of livelihoods.

Recommendation: *Government needs to survey the extent of jhum cultivation prevalent in the State and identify the persons who are actually involved in jhum cultivation so that it can formulate a targeted approach to ending this practice.*

3.3.8.2 Provide alternative sources of livelihood to the beneficiaries

Another main objective of NLUP was to provide alternative sustainable sources of livelihood to *jhum* cultivators who were to be weaned away from *jhum* cultivation.

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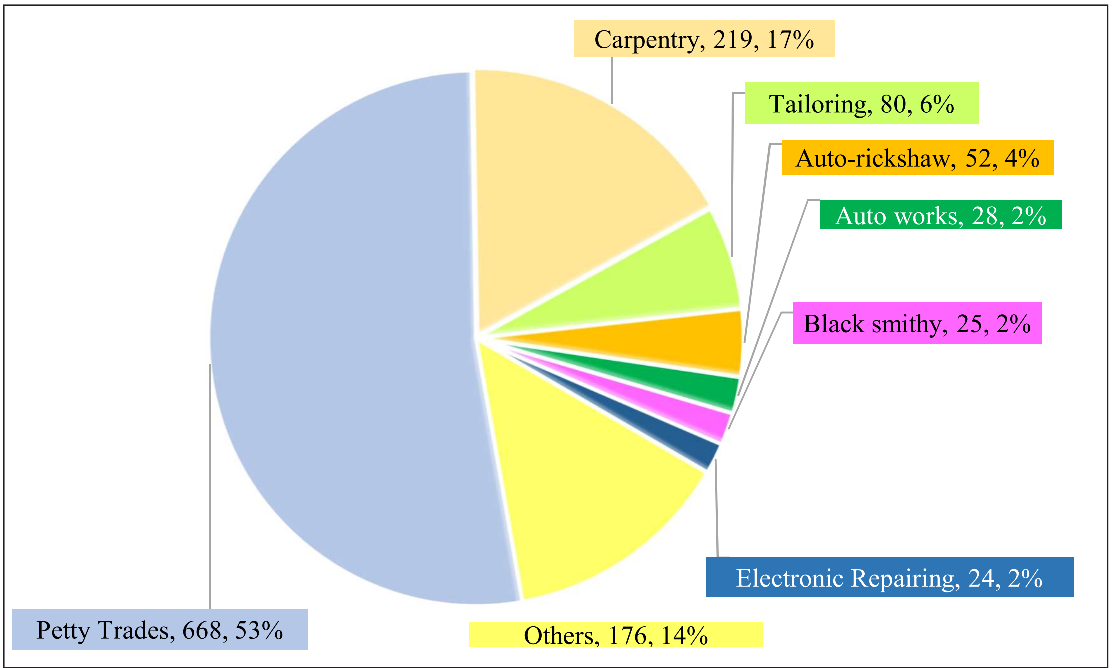
32 Clause 2 of chapter–II (Aims and Objectives of New Land Use Policy) of New Land Use Policy Manual, 2009 (Revised Version)

33 Beneficiaries who practised *jhum* before NLUP (287) *minus* who continued *jhum* after NLUP (103)

As mentioned in Paragraph above, the Manual opened the scope for non-*jhum* cultivators without any specified proportion. During joint field visit and beneficiary survey in the two sampled districts/ blocks[34], it was found that 59.52 *per cent* of the selected beneficiaries were non-*jhum* cultivators.

The performance of the programme in terms of providing alternative sustainable livelihood sources to the beneficiaries was studied in audit. There was a total of 1,272 beneficiaries in the sampled districts out of which, 709 beneficiaries were surveyed during joint field visit. The percentage distribution of the trades in the sampled villages under the districts is shown below:

Chart-3.3.2: Percentage distribution of trades in the sampled districts



Note: Other trades comprised - Beauty Parlour, D.T.P, Hair Cutting, Rice Hulling, Shoe Repairing, Photo/ Videography, Tinsmithy, Bakery, Chow Making, Handloom, Stone Quarry, SME, Square Agarbatti-stick making, Broom making, Steel fabrication, Butchery, Painting and Pumping

The performance of various trades is given below:

Table-3.14:- Details of status of trades surveyed

Name of Trade	No. of beneficiaries					
	In the sampled districts	Surveyed in audit	Who had professed the trade as source of livelihood before NLUP	Continued the trade	Discontinued the trade	Who had not taken up the trade
Petty Trades	668	372	125	293	65	14
Carpentry	219	134	80	118	13	3
Tailoring	80	53	27	48	5	0
Auto-rickshaw	52	28	3	26	2	0
Auto works	28	8	4	6	2	0

[34] Two blocks under each of Aizawl and Lunglei Districts and five villages under each block

Name of Trade	No. of beneficiaries					
	In the sampled districts	Surveyed in audit	Who had professed the trade as source of livelihood before NLUP	Continued the trade	Discontinued the trade	Who had not taken up the trade
Black smithy	25	17	5	16	1	0
Electronics Repairing	24	16	8	15	1	0
Others	176	81	23	58	19	4
Total	**1272**	**709**	**275**	**580**	**108**	**21**

Source: Departmental records and Beneficiary Survey Report

As can be seen in table above, 580 beneficiaries (81.81 *per cent*) out of 709 beneficiaries had continued the trades; 108 beneficiaries (15.23 *per cent*) had discontinued the trades while 21 beneficiaries (2.96 *per cent*) had not taken up the trades. Three trades *i.e.* Painting, Pumping and Stone quarry, which were not included in the approved trades, were also implemented.

Further, 275 beneficiaries had already established the trades before implementation of NLUP. As given in the NLUP Manual, persons who had a stable and permanent livelihood, were not eligible for availing NLUP assistance. Therefore, these 275 beneficiaries were not entitled to any assistance under the scheme. They were, however, selected by the Government for monetary assistance for taking up the same trades again in violation of the project guidelines.

Of the 25 trades surveyed in the two sampled districts, Petty trades covered 52.52 *per cent* of the total beneficiaries. There were 668 beneficiaries under Petty trades in the sampled districts out of which, 372 beneficiaries had been surveyed. It was found that 125 beneficiaries under Petty Trades who were already practising the trade before implementation of NLUP had been given assistance. The performance of the trades is as under:

Table-3.15:- Details of performance of the trades

Sl. No.	Category of beneficiary	No. of beneficiaries	No. of beneficiaries who		
			Continued the trade as of date of audit survey	Discontinued the trade	Not taken up the trade
1.	Who had professed the trade as source of livelihood before NLUP	125	120	5[35]	0
2.	Took up trade after NLUP	247	173	60	14
	Total	**372**	**293**	**65**	**14**

Source: Beneficiary Survey Report

As can be seen from the table above, although the success rate of the trade was 78.76 *per cent*, (293 out of 372 beneficiaries), the success rate of the programme in terms of providing alternative source of livelihood was 45 *per cent* only (168 beneficiaries[36] out of the total surveyed 372 Petty trades beneficiaries).

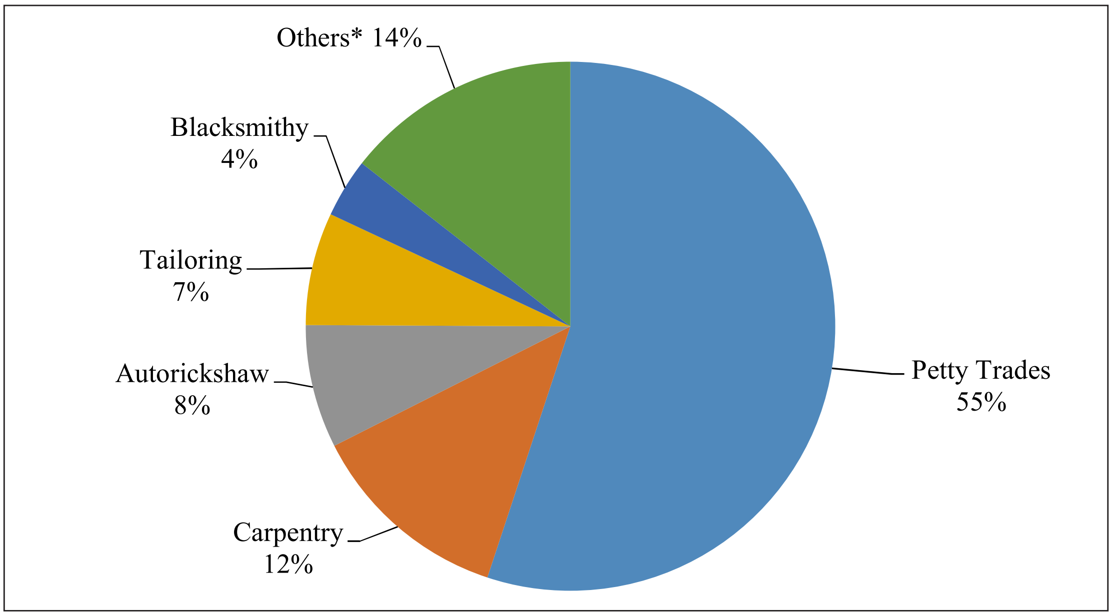
[35] One beneficiary had shifted to Beauty Parlour while others could not state reasons

[36] Beneficiaries who continued the trade- 293 *minus* beneficiaries had practised the trade prior to NLUP- 125

Selection of beneficiaries, who have been practicing a particular trade as a means of their livelihood prior to implementation of NLUP, was not only irregular but also deprived the genuine beneficiaries, who could have benefited from the programme.

Thus, in the sampled districts/ blocks, the programme provided alternative source of livelihood to 305 beneficiaries[37] (43 *per cent* of the surveyed beneficiaries) as shown below:

Chart-3.3.3: Performance of trades in the sampled districts



* ***Others***: Beauty Parlour, D.T.P, Hair Cutting, Rice Hulling, Shoe Repairing, Photo/ Videography, Tinsmithy, Bakery, Chow Making, Handloom, Stone Quarry, SME, Square Agarbatti-stick making, Broom making, Steel fabrication, Butchery, Painting and Pumping

The Secretary, NIB in response stated that although 100 *per cent* of the target could not be achieved on account of reasons such as discontinuance of NLUP trades by the beneficiaries, the beneficiaries who have successfully switched over to their alternative livelihood sources have tremendously improved their livelihood and living standard, with sustainable livelihood opportunities.

Recommendation: *Government should identify the reasons for discontinuance of NLUP trades and take necessary steps to explore viable trades for providing improved living standards to the beneficiaries. Government may also consider incentivising the beneficiaries for adopting various trades.*

3.3.8.3 Non-recovery of assistance

Chapter III of the NLUP Manual contains provision to deter the beneficiaries from mis-utilising the assistance meant for the trade/ activities. Chapter VI *ibid* further provides that beneficiaries who misused the assistance received by him/ her shall be made to repay the assistance whether in kind or in cash, failing which, relevant

[37] Beneficiaries who continued the trade- 580 *minus* beneficiaries had practised the trade prior to NLUP- 275

provisions under Public Demand Recovery Act, 2001 shall be invoked for the recovery. The provisions *inter alia* are as follows:

- ➢ They will forfeit the right to receive any other grants/ assistance from the Government.
- ➢ Assistance already given may be recovered with a penal interest of five *per cent*. In case of recovery of assistance given in kind, the value will be calculated as per the prevailing rate.

During joint field visit and beneficiary survey, it was found that 23 beneficiaries had not taken up the trade as shown in the table below:

Table-3.16:- Details of trade not taken up by beneficiaries

Sl. No.	Name	Trade	Phase	Assistance	Village	Reasons
1.	Chhandami	Agarbatti-II	1st	1,00,000	Sairang	Not stated
2.	Dawli	Broom	1st	50,000	Sairang	
3.	Zothankhuma	Carpentry	1st	50,000	Sairang	
4.	Englawmi		3rd	1,05,000	Tuirial	
5.	Lalzikpuia		3rd	1,00,000	Zobawk	He was a blacksmith
6.	Thangsuanpauva	Handloom	3rd	1,00,000	Tuirial	Not stated
7.	C. Lalruatkima	Petty Trades	3rd	1,00,000	Zobawk	Not stated
8.	P. C. Lalropuia		4th	1,00,000	Zobawk	
9.	Zohmingthangi		1st	1,00,000	Tuirial	
10.	Hrangchhunga		1st	1,00,000	Sairang	
11.	Laithianga		4th	1,00,000	Muthi	
12.	Lalruatfela		2nd	1,00,000	Zobawk	They ran tailoring business
13.	Lalnunrema Colney		2nd	1,00,000	Zobawk	
14.	Hmingchungnunga		2nd	1,00,000	Hnahthial N-I	He was a barber
15.	Dokima		2nd	1,00,000	Hnahthial S-I	He was a tailor
16.	Roenga		2nd	1,00,000	Sairang	Construction of dwelling house
17.	K. Lalchhanhima		1st	1,00,000	Zotlang	
18.	H. Lalnunnema		1st	1,00,000	Zobawk	
19.	R. Vanlalrina		3rd	1,00,000	Zobawk	Household needs
20.	Lalfakzuala		1st	1,00,000	Sairang	Medical treatment
21.	Lalhmangaiha		1st	1,00,000	Sairang	
22.	K. Mawii		1st	1,00,000	Sairang	
23.	Lalthlamuana	Photo/ Video	3rd	1,00,000	Hnahthial S-I	He was a cement mistry
Total				**22,05,000**	**--**	--

Source: Departmental records

No action for recovery of the assistance along with penal interest has been taken against the beneficiaries, who mis-used the assistance, in keeping with the rules *ibid*.

Recommendation: *Government may initiate recovery of assistance with a penal interest from the above beneficiaries as stipulated in the Manual.*

3.3.9 Failure of square Agarbatti-stick making trade

One of the objectives of NLUP was to set up marketing infrastructure so that successful farmers and beneficiaries under NLUP can have a viable commercial outlet for their products. Chapter IV of the Manual also states that selection of trade/ activities must be done with special care as it is better to identify a fewer number of trade/ activities that can be selected by the beneficiaries instead of having a large number to choose from, in view of market and economic viability.

C&ID had implemented 'square agarbatti-stick making' as a trade without proper and sufficient analysis for market outlets.

C&ID procured 1,620 square agarbatti-stick making machines at a total cost of ₹ 72.90 lakh during 2012-17. A total of 626 beneficiaries had changed (December 2012) their trades after receiving 1st instalment under square agarbatti-stick making trade in Aizawl district. Further, 144 beneficiaries were paid full instalment allowed under square agarbatti-stick making trade, although they did not continue with the trade. The total monetary impact of the above events was as follows:

- ₹ 72.90 lakh for procurement of machines;
- ₹ 86.10 lakh paid as 1st instalment to 626 beneficiaries who later changed trade; and
- ₹ 84.85 lakh paid to 144 beneficiaries.

Thus, a total expenditure of ₹ 157.75 lakh under square agarbatti-stick making trade was wasteful, whereas ₹ 86.10 lakh paid to beneficiaries who later changed trade proved to be unfruitful. Further, during joint field visit in the sampled villages, it was found that two out of the 626 beneficiaries who shifted from square agarbatti-stick making trade had not continued the new trade as well.

The Department stated that the mass changes in the trade were due to sudden change in EXIM Policy towards ASEAN countries, which slashed the import duty to 50 *per cent* during 2010. As the agarbatti could then be procured from the South East (SE) Asian countries at cheaper rates, agarbatti stick making trade in Mizoram had no market outlet for the products.

Recommendation: *Government may formulate a reliable marketing system to ensure sale of products at adequately remunerative prices before selection of a trade.*

3.3.9.1 Wasteful expenditure of ₹ 33.30 lakh

Clause 1 under chapter VI of New Land Use Policy Manual, 2009 (Revised) prescribes that grants should be released as per the Calendar of Works (CoW). The CoW was prepared at a project cost ranging from ₹ 0.50 lakh (minor trades/ SMEs) to ₹ 1.05 lakh (major trades) to be released in two or three instalments. Thus, for full completion of trade, financial assistance was required as per the stipulated amount in the CoW for each trade.

During implementation of 3rd and 4th phases (2013-14 to 2017-18), in contravention of the CoW, a lump sum amount of ₹ 10,000 each was released (September and October 2013) to the beneficiaries as 1st instalment. Audit observed that after releasing the 1st instalment, 331 (202 *plus* 129) beneficiaries who had been given assistance of ₹ 0.10 lakh were later removed from the list without specifying any reasons as given in the following table:

Table-3.17:- Details of District-wise beneficiaries removed from the list without specified reasons

District	3rd Phase		4th Phase		Total payment (in ₹)
	No. of beneficiaries	Amount (in ₹)	No. of beneficiaries	Amount (in ₹)	
1	2	3 (Col. 2 X ₹ 10,000)	4	5 (Col. 4 X ₹ 10,000)	7
Lunglei	67	6,70,000	51	5,10,000	11,80,000
Serchhip	61	6,10,000	58	5,80,000	11,90,000
Kolasib	60	6,00,000	14	1,40,000	7,40,000
Champhai	14	1,40,000	06	80,000[38]	2,20,000
Total	**202**	**20,20,000**	**129**	**13,10,000**	**33,30,000**

Source: Departmental records

Audit scrutiny revealed that local units of Congress Party/ Village Councils lodged complaints against beneficiaries who had voted against Congress Party in the election[39]. The C&ID[40] stated that the beneficiaries have been dropped or cancelled by NIB.

Thus, irregular denial of NLUP assistance on the basis of political affinities led to wasteful expenditure of ₹ 33.30 lakh as trade completion could not be ensured as the financial assistance was stopped mid-way and desired outcome could not be achieved.

The Secretary, NLUP Implementing Board (NIB) in reply stated that the main reason for release of lump sum amount of ₹ 10,000 was that the Village Councils had to finalise allotment of land for land-based activities so that beneficiaries could commence their trade.

Recommendation: *Government should take up necessary steps to prevent the exercise of political influence in the process of implementation of the programme.*

3.3.9.2 Excess expenditure of ₹ 7.69 lakh

The C&ID floated (17 November 2015) short quotation for supply of auto-rickshaws to be distributed to beneficiaries of NLUP during 3rd and 4th phases. The short quotation, however, did not mention the basic information such as quantity, specification and brand of auto-rickshaw. In response to the quotation, LD Enterprise, Lunglei and Standard Motor Works, Aizawl submitted their quotations as given below:

Table-3.18:- Details of quotation for supply of auto-rickshaw

Name of supplier	Brand/ Company	Engine description	Rate (in ₹)
LD Enterprise, Lunglei	TVS King	4-stroke, 199.26 CC	1,22,000
Standard Motor Works, Aizawl	Bajaj Rickshaw	2-stroke, 145.50 CC	1,27,695

Source: Departmental records

C&ID selected Standard Motor Works for supply of 270 auto-rickshaws contrary to Rule 160 (xiv) of GFR which provides that contract should ordinarily be awarded to the lowest bidder. Supply Order was issued on 04 April 2016 and advance payment of ₹ 172.39 lakh was made on 05 May 2016. Supply was made during June 2016 to March 2017.

38 Two beneficiaries under Champhai District were given assistance @ ₹ 20,000 each
39 The 7th Mizoram Legislative Assembly election was held on 25 November 2013
40 Monthly Progress Report of DIC Serchhip, November 2015

The Chairman, NLUP Input Purchase Board, Mizoram approved the highest bidder citing the reasons that (i) M/s Standard Motor Works (highest bidder) quoted their rate for Bajaj auto-rickshaw whereas M/s LD Enterprise (lowest bidder) quoted for TVS auto-rickshaw, (ii) Price of Bajaj auto-rickshaw is within the work Calendar of NLUP and that of TVS auto-rickshaw is above the provision in the work calendar, (iii) Cost of spare parts and fuel consumption of Bajaj Auto is less compared to TVS Auto and (iv) M/s LD Enterprise did not enclose the earnest money/ deposit cheque in the sealed cover.

Further, it was observed that the LD Enterprise filed a court case in May 2016 challenging the selection of Standard Motor Works. The Court found that the LD Enterprise could supply more powerful auto-rickshaw at a cheaper rate and its bid was rejected on the basis of non-depositing of earnest money only, which was not mandatory as per the terms and condition of tender. Thus, selection of Standard Motor Works was found irregular.

In compliance with the Court's decision, on 15 November 2016, supply order was issued to LD Enterprise for supply of 135 number of TVS auto-rickshaws at ₹ 1,22,000 per auto-rickshaw and an amount of ₹ 164.70 lakh (₹ 82.35 lakh on 07 December 2016 and ₹ 82.35 lakh on 09 March 2017) was paid to the supplier. The supply was made during January to March 2017.

The Secretary, NLUP Implementing Board stated that the excess payment of ₹ 5,695 per auto-rickshaw was made as the price quoted by lowest bidder was not accepted on account of non-submission of earnest money of ₹ 25,000 and that, the short quotation clearly stated in point No. 3 that "the quotation must be accompanied by earnest money of ₹ 25,000 in the form of deposit at call in pledge of Director of Industries."

Recommendation: *Rules prescribed relating to procurement of goods under General Financial Rules (GFR) may be observed scrupulously at the time of procurement of goods.*

3.3.10 Fund Flow Mechanism, Financial outlay and expenditure

The GoI released Additional Central Assistance (ACA)/ Special Plan Assistance (SPA) to State Government, which was released to the Director, C&ID during 2010-11 to 2017-18, for transfer to the District Industries Centres (DICs). The DICs transferred the amount to the beneficiaries concerned. The details of Development Component are in **Appendix-3.3.4**.

Table-3.19:- Fund under the Development and Management component

(₹ in lakh)

Sl. No.	Component	Sanctioned	Released	Expenditure
1.	Development[41]	30,389.72	30,848.90	29,147.67
2.	Management[42]	200.00	268.92	205.65
Total		**30,589.72**	**31,117.82**	**29,353.32**

Source: Departmental records

[41] Development Component: Fund under the development component is earmarked for assistance to the beneficiaries

[42] Management Component: fund under this component is utilised to meet the management cost, administrative cost and capacity building cost

3.3.11 Parking of funds in Civil Deposits

Chapter-VI of NLUP Manual provides that all grants will be released as per the Calendar of Works and grants will be released in instalments depending on the progress of works made by the beneficiaries.

Test check of payment to beneficiaries revealed that the first instalment was paid in September 2013 while the 2nd instalment was paid during September 2016 to April 2017, after a gap of more than 35 months.

Scrutiny of records revealed that during 3rd phase, ₹ 5,582 lakh was sanctioned in December 2013. The entire amount was deposited by the C&ID in Civil Deposits in March 2014 and released during July 2014 to December 2017 with the approval of Finance Department. During 4th phase ₹ 6,133 lakh was sanctioned in March 2015. The entire amount was once again deposited by the C&ID in Civil Deposits in March 2015 and released during May 2016 to October 2017.

Thus, parking of the total sanctioned fund in Civil Deposits and deferment of their subsequent release contributed to the delay in completion of the projects by three years[43].

The Secretary, NIB attributed the delay in release of funds to reasons such as:

- Parliamentary elections, Assembly elections, Village Council elections due to which, the entire Calendar for implementation had to be rescheduled;
- unsatisfactory cash balance with the Finance Department; and
- election schedule in the Autonomous District councils (ADC) where the release of entire fund could affect the concerned ADC areas.

The Government accepted the facts and figures and stated that fund was parked in Civil Deposits as per the verbal instructions of the Finance Department.

Recommendation: *State Government needs to put an appropriate mechanism in place to ensure that project funds are not used as a means to fund its budgetary deficit and ensure timely release of funds to execute the works within the stipulated timeframe.*

3.3.12 Monitoring and Evaluation at the Village, District and State level

The Secretary, NLUP Monitoring Cell, NIB issued (17 August 2011) guidelines for monitoring of the programme. Monitoring committees were to be constituted at the District Level (DLNC) and the Village Levels (VLMC) and monitoring reports were to be submitted monthly as well as quarterly by the VLMC to the DLNC, who in turn is to submit to the State Level Monitoring Committee. The Secretary, NIB instructed (21 July 2011) all the Deputy Commissioners to verify the utilisation of the 1st instalment of assistance before release of 2nd instalments.

During joint physical verification, 183 beneficiaries stated that VLNC did not conduct monthly/ quarterly monitoring of the progress of implementation of their trades.

[43] The programme was started in January 2011. As per NLUP Action Plan, the programme was to be completed within five years. Delay was calculated till 2018

On scrutiny of the monthly reports/ verification reports of utilisation of assistance and during joint physical verifications, it was found that the reports were not prepared properly after actual verification. The reports had simply stated that the beneficiaries had utilised the assistance for which it was granted and they are eligible for receiving further instalments. However, during physical verification, it was found that 21 beneficiaries out of 709 were extended assistance although they had not taken up any trade. The verification reports submitted by the Monitoring Committee were incorrect to that extent.

Recommendation: *Proper monitoring systems should be set up at the State, District and Village Levels for better monitoring of the programme.*

3.3.13 Conclusion

NLUP had planned to wean away the *jhum* cultivators from the destructive practice and provide them with alternative sustainable means of livelihood, there were certain concerns observed in the course of this compliance audit. Improper survey and non-preparation of firm list of eligible beneficiaries coupled with several changes in beneficiaries during each phase, led to irregularities in the selection of beneficiaries. Political interference in the process of selection also resulted in denial of assistance to the genuine beneficiaries. Parking of funds in Civil Deposits and deferment of their subsequent releases led to delay in the implementation of the programme. Non-adherence to established rules and regulations during procurement resulted in excess/ wasteful expenditure. Monitoring at the State and District Levels was inadequate and was mainly through reports submitted by the Village Level Monitoring Committees (VLMCs) which were not always credible.

PUBLIC WORKS DEPARTMENT

3.4 Infructuous expenditure on pavement construction

Due to inadequate planning and preparedness in taking up a project involving new technology, incurred an infructuous expenditure of ₹ 2.84 crore

The Union Ministry of Rural Development (MoRD) approved (May 2013) the work "Construction of Thingfal-Mamte Road (Soil-Aggregate stabilised with Liquid Polymer Soil Tech MK-III at 0.000 - 10.590 km)" under PMGSY[44] Phase-VII Stage-II to provide all-weather access to eligible unconnected habitations. The work *inter alia* consisted of flexible pavement (stabilised soil and aggregates with bituminous surfacing), rigid pavement, protection works, lined side drain, construction of parapets, *etc*. The work for construction of 10.59 kms pavement was awarded to a contractor[45] at a cost of ₹ 6.31 crore. The work commenced in December 2013 and was scheduled to be completed in December 2015 (24 months). It was however, completed in June 2017 by incurring an expenditure of ₹ 6.42 crore.

44 Government had launched the Pradhan Mantri Gram Sadak Yojana on 25 December 2000
45 Shri Biakliana, Sikulpuikawn, Aizawl

Scrutiny of records of the Executive Engineer, PWD, Lawngtlai Division, revealed that the original approved project involved construction of base course by employing soil stabilised base course technique using liquid polymer by spreading and mixing with the selected soil[46]. Further, the wearing course consisting of Stress Absorbing Membrane Interlayer, applying Tack coat with bitumen emulsion, open-graded premix carpet using bituminous binder and laying seal coat were to be laid over the base course. However, after constructing pavement of 4.89 km as per the original project proposal[47] at a cost of ₹ 2.84 crore, the division proposed (March 2016) to change the specification of the balance work (4.85 km) to cell filled concrete road[48]. The proposal was accepted (January 2017) by the competent authority[49] and the remaining pavement construction work was completed as per cell filled concrete technology.

The following irregularities were noticed in this regard:

- The division could not block vehicular traffic movement at the work site before proper curing of the sub-base, as it could not provide alternative route for vehicular movement on the road connecting Thingfal to Mamte village. In order to avoid damage to the base course due to vehicular movement, the contractor laid the wearing course (bituminous layers) on the base course before proper drying/curing of the latter, leading to improper sticking of wearing course on the base course. It was stated in the proposal[50] (June 2016) that 2.40 km out of 4.89 km of the road portion was damaged due to the above reasons.
- Construction of pavement using soil stabilised base course technique was done during the rainy season (May to November 2015) and the compacted base course surface was exposed to monsoon rains.
- The training of Engineer, PWD Mizoram for pavement with liquid polymer has not yet been conducted to supervise this work as per specification of the sanction obtained from NRRDA[51].
- Due to the long distance of the work site from the Firm, the required quantity of liquid polymer could not reach the work site on time, resulting in delay in progress of work and labourers remaining idle.
- Field visit by the audit party along with the departmental officials (07 March 2018) also showed that wearing course of approximately 90 *per cent* of the 0.00 - 4.89 km road constructed using soil stabilised base course technique at Thingfal to Mamte using liquid polymer was absent.

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[46] 60 *per cent* along with 0-40 mm aggregate 40 *per cent* mixing the compound, *etc*.

[47] Soil Stabilised Base Course using liquid polymer technology

[48] A new technology for the construction of roads with flexible concrete at a cost lower than that of a black top road. The method of construction makes the concrete flexible, and the surface does not crack. It is labour based, maintenance free and ideally suited for rural road construction as per the policy of the government where employment generation is very important for the empowerment of the poor. It requires less initial cost than the conventional pavement. It can also be used for overlays over damaged black top roads, pavements of footpath, roads of housing complex, container yards, haul roads for transport of mineral products, parking area of heavy vehicles, *etc.*

[49] Chief Executive Officer, Mizoram Rural Roads Development Agency (MiRRDA)

[50] Senior Executive Engineer's letter No. T-20011/39/2015-EE)LTD)/67 dated 01 June 2016 addressed to the Superintending Engineer, PWD, Lunglei Circle, Lunglei

[51] The Ministry of Rural Development has set up the National Rural Roads Development Agency (NRRDA) to provide Operational and Management support to PMGSY Programme

The following photographic evidence proved the absence of wearing course constructed using the soil stabilised base course technique.

- Further, as per the contract agreement[52], the Contractor was to maintain the assets created under the project up to June 2022 during the defect liability period (five years).

It was, however, observed that the maintenance of 4.89 km of the constructed pavement using soil stabilised base course technique (liquid polymer) was absent except for filling up of stone chips in the potholes as seen in the photograph below:

It is evident from the above that the PMGSY road between Thingfal to Mamte completed during June 2017 did not last even for a year due to the reasons discussed above.

Thus, improper planning and lack of preparedness on the part of the Department and the contractor to take up a project involving new technology led to infructuous expenditure of ₹ 2.84 crore.

Further, owing to laxity on the part of the Department in monitoring maintenance of the road by the contractor during its defect liability period, 0.00 - 4.89 km portion of Thingfal to Mamte road which was expected to provide all-weather access rural road connectivity largely remained unfulfilled.

The matter was reported to the Government in September 2018; their reply was awaited (June 2019).

[52] Clause 32 of the General Condition of Contract

TOURISM DEPARTMENT

3.5 Undue benefit

Tourism Department awarded contract for Integrated Development of Eco-Tourism Mega Circuit before obtaining sanction from GoI and also extended undue benefit of ₹ 2.41 crore to a consultancy firm

Union Ministry of Tourism accorded (November 2014) approval for "Integrated Development of Eco-Tourism Mega Circuit" at Thenzawl, Serchhip district at a cost of ₹ 48.30 crore based on a concept paper prepared by M/s Fore Consultants Private Limited, New Delhi (hereinafter referred to as Consultant). An amount of ₹ 2.41 crore, being the first instalment of the cost of the project was also released at the same time for preparatory works. The work was to have been commissioned within 24 months *i.e.,* by November 2016.

GoM appointed (March 2015) Mizoram Tourism Development Authority (MTDA) (March 2015) as the implementing agency for the project and transferred the entire amount of ₹ 2.41 crore to it.

Audit scrutiny of records of Tourism department revealed the following:

i. State Government awarded the work relating to preparation of DPR, architectural designs, drawings, *etc.* and monitoring of project implementation to the Consultant in **September 2013** itself, *i.e.*, more than a year before the sanction of the project by GoI in November 2014.

ii. Tendering procedure was not followed by State Government for award of work relating to this project. The firm requested GoM to appoint it as Consultant to the project on turnkey basis, which was accepted by State Government on the ground that the firm was empanelled with the Union Ministry of Tourism.

iii. As per the terms of MoU (signed in April 2015) with the firm, GoM was to release payment as per the following schedule.

Table-3.20:- Details of scope of work and payment mode

Scope of work as per MoU			Amount (₹ in lakh)
Stage-I	As retainer on signing of the agreement	40 *per cent* of the agreed consultancy fee	96.59
Stage-II	On submitting detailed specifications, bill of quantities, detailed working drawings, structural and services design together with cost estimates sufficient to invite tender	30 *per cent* of the total fee less payments already made	72.45
Stage-III	During the course of construction of work	30 *per cent* balance to be paid at the completion of the construction works, consistent with the value of work of the construction works	72.45
Total			**241.49**

Source: Departmental records

iv. MTDA disbursed the entire amount of ₹ 2.41 crore to the firm as detailed below:

Table-3.21:- Details of disbursement of consultancy fee

Sl. No.	Date	Amount (₹ in lakh)	Purpose
1.	24.04.2015	96.59	40 *per cent* of the consultancy fee
2.	28.04.2015	72.45	30 *per cent* of the consultancy fee
3.	02.12.2015	72.45	30 *per cent* of the consultancy fee (Final payment)
Total		**241.49**	**--**

Source: Departmental records

v. While the retainer fee was paid on signing the MoU, the payment due after submission of detailed specifications, bill of quantities, architectural drawings, designs was made within four days thereafter. Further, the project monitoring fee of ₹ 72.45 lakh was released to the firm even without commencing the project. Clearly, the State Government gave an undue benefit to the firm.

vi. It was also noticed that Utilisation Certificates (UCs) was submitted[53] for ₹ 2.41 crore to GoI in May 2015 prior to the payment of monitoring service fee of ₹ 72.42 lakh, which was made only in December 2015.

vii. Meanwhile, GoI decided (January 2016) to cancel its support to such projects [due to higher devolution of finances to States pursuant to the recommendations of the Fourteenth Finance Commission (FFC)] but offered a one-time special assistance for completion of projects which were in progress. Despite a request from GoI, State Government did not furnish details in this regard. Consequently, GoI stated (January 2019) that the DPR already prepared for the project would not be utilised in future. Therefore, the expenditure of ₹ 169.04 lakh already incurred on preparation of DPR was wasteful.

Thus, an expenditure of ₹ 2.41 crore was rendered wasteful due to undue favour to the consultancy firm in award of work and irregular payments made even before commencement of the construction work.

While accepting the facts, State Government intimated in the exit conference (January 2019) that the matter was not referred to GoI, as the Department was not aware of it and it would now take it up with the Ministry of Development of North Eastern Region (MoDoNER).

COMMERCE AND INDUSTRIES DEPARTMENT

3.6 Infructuous expenditure

Non-utilisation of the building constructed for Food Testing Laboratory rendered an expenditure of ₹ One crore infructuous

Government of Mizoram submitted (January 2010) a proposal to the Union Ministry of Commerce and Industry, for setting up a Food Testing Laboratory (FTL) at Zokhawthar at an estimated cost of ₹ 13.13 crore. However, the Ministry approved only ₹ 3.08 crore as non-recurring cost *i.e.,* one time capital cost for the following:

[53] Under the signature of Member Secretary, MTDA and the Director, Tourism Department

Table-3.22:- Details of approval of fund by Ministry

Sl. No.	Project activities	Amount (₹ in lakh)
1.	Office cum State Food Laboratories building	100.00
2.	Procurement, Installation of lab equipment	200.00
3.	Training and other expenses	8.00
	Total	**308.00**

Source: Departmental records

Agricultural and Processed Food Products Export Development Authority (APEDA)[54] released (March 2011) ₹ 2.93 crore[55] for the purpose.

Scrutiny of records revealed that the design of the FTL building was not available. Thus, planning for installation of the lab equipment could not be ascertained. It was also noticed that the location for setting up of FTL was later shifted to Thenzawl[56] and an expenditure of ₹ 100 lakh was incurred by the C&ID (Commerce Wing), GoM during 2010-11 for establishment of the FTL at Thenzawl. Details of component-wise expenditure incurred and status of UCs submitted as of March 2019 were as under:

Table-3.23:- Details of component-wise expenditure incurred and status of UCs submitted

Project activities	Expenditure incurred (₹ in lakh)	Status of UCs submitted	
		Amount (₹ in lakh)	Date
Office cum State Food Laboratories building	100.00	100.00	07.11.2013
Procurement, Installation of lab equipment	97.22	--	not yet submitted (March 2019)
Training and other expenses	0.00	--	
Total	**197.22**	**100.00**	--

Source: Departmental records

Out of ₹ 100 lakh sanctioned for construction of FTL building and office, the Department utilised the entire fund for construction of one storey laboratory building, four numbers of staff quarters, over ground and underground water reservoir, guard room and brick wall fencing of the campus. These components were completed on 29 June 2015. The GoM then sanctioned (March 2016) ₹ 67.00 lakh for water supply and electrification of FTL, which however were not executed as of February 2019.

In the meantime, location of FTL was proposed for change by the C&ID in consultation with the Health and Family Welfare Department. It was found that the C&ID justified change in location of FTL on the grounds that (1) the design and construction of the building at Thenzawl was not suitable for installation of sophisticated machineries and (2) there was difficulty in deploying technical persons at Thenzawl.

Government approved shifting of the FTL to the building of Central Medical Store (CMS), Zemabawk, Aizawl and the GoM sanctioned (March and November 2017) ₹ 7.32 lakh for renovation of the same. After renovating, FTL started functioning at CMS building from September 2018.

[54] APEDA is an export promotion organisation under Ministry of Commerce and Industry, GoI

[55] After deducting five *per cent* processing fee as per GoI's directives *i.e.,* ₹ 3.08 crore *minus* ₹ 0.15 crore = ₹ 2.93 crore

[56] Reasons for shifting of location to Thenzawl was that seeing development of Integrated Check Post at Kawrpuichhuah (Western Mizoram), Land Custom Station at Zorinpui (Southern Mizoram), the location of Food Testing Laboratory should be at the focal/ common point for all angels

Thus, it was seen that the expenditure of ₹ 100 lakh, which was incurred for the construction of the FTL building at Thenzawl was infructuous and it led to the creation of an asset which has been lying idle for more than three years.

Audit observed that there were deficiencies in planning as the location of the building was shifted twice leading to infructuous expenditure as discussed above. It was also observed that if the Central Medical Store at Zemabawk could be renovated and made functional for the FTL at a cost of ₹ 7.32 lakh, the same could have been done for the building already constructed at Thenzawl instead of rendering the assets created idle. Moreover, issue of deployment of technical persons at remote location like Thenzawl should have been reckoned with at the time when the change in location of the FTL was being considered from Zokhawthar to Thenzawl.

Joint verification (03 December 2018) along with the departmental officials revealed that the buildings constructed at Thenzawl were not occupied. The buildings were seen to be in a dilapidated state with overgrowth of vegetation due to non-utilisation for a prolonged period of time since its construction which is *prima facie* evident from the pictures below:


Front and inside view of FTL building at Thenzawl

While accepting the facts in the exit meeting (January 2019), the Government replied that the Government has no plan to utilise the building in future.

State Government may investigate the matter and take appropriate action against the officials who were responsible for this wasteful expenditure.

POWER AND ELECTRICITY DEPARTMENT

3.7 Avoidable expenditure

Power and Electricity Department incurred avoidable expenditure of ₹ 11.31 crore due to delay in clearance of energy/ power purchase bills

As per Regulation 45 of the Central Electricity Regulatory Commission (CERC) (Terms and Conditions of Tariff) Regulations, 2014, if payment of any bill for charges payable under these regulations is delayed by a beneficiary or long term transmission customer/ Designated ISTS[57] Customers (DIC), as the case may be, beyond a period

[57] Inter State Transmission Station

of 60 days from the date of billing, a late payment surcharge @ 1.50 *per cent* per month shall be levied by the generating company or the transmission licensee.

Scrutiny (January 2018) of the records of the Engineer-in-Chief, Power and Electricity Department (PED)[58] revealed that five[59] generating companies/ transmission licensees raised energy bills/ power purchase bills against the supply of power to the PED during April 2016 to December 2016. Against these, PED paid an amount of ₹ 11.31 crore as surcharge due to non-clearance of bills within the stipulated period of 60 days, as shown in the table below:

Table-3.24:- Details of energy bills and payment of surcharge

(₹ in lakh)

Name of the Generating Company	Outstanding Energy Bill Amount	Surcharge Bill claimed and paid		
		Date	Amount	Voucher No. & date
(A) North Eastern Electric Power Corporation (NEEPCO) Limited	3170.72	26.04.2016	453.26	1(20) dated 03.08.2016
	1054.57	26.04.2016	228.82	1(21) dated 03.08.2016
	4466.26	02.12.2016	186.84	50(1) dated 28.03.2017
	2087.31	02.12.2016	50.57	50(2) dated 28.03.2017
	2814.50	27.07.2016	111.96	10(5) dated 07.11.2016
	2047.50	27.07.2016	86.05	10(6) dated 07.11.2016
Total (A)	**15640.86**	**--**	**1117.50**	**--**
(B) National Hydro Power Corporation Limited (NHPCL)	215.88	03.11.2016	0.75	11 dated 16.03.2017
	105.86	02.12.2016	0.73	19 dated 16.03.2017
Total (B)	**321.74**	**--**	**1.48**	**--**
(C) ONGC Tripura Power Company (OTPC) Limited	620.71	02.12.2016	10.36	22 dated 16.03.2017
Total (C)	**620.71**	**--**	**10.36**	**--**
(D) Power Grid Corporation of India Limited (PGCIL)	50.03	20.07.2016	0.24	11(8) dated 07.11.2016
Total (D)	**50.03**	**--**	**0.24**	**--**
(E) North Eastern Regional Load Despatch Centre (NERLDC)	57.12	06.05.2016	1.40	13 dated 07.11.2016
Total (E)	**57.12**	**--**	**1.40**	**--**
Grand Total (A +B +C +D + E)	**16690.46**	**--**	**1130.98**	**--**

Source: Departmental records

It can be seen from the table above that out of the five generating stations NEEPCO has paid (₹ 11.17 crore) highest surcharge followed by OTPCL (₹ 0.10 crore). The delay in payment was due to file movement from the Department to the Finance Department for release of Letter of Credit (LOC).

Thus, the failure to clear the power purchase bills on time resulted in avoidable expenditure of ₹ 11.31 crore by way of surcharge from the State Exchequer.

While accepting the facts, the Department stated (June 2018) that being a Government Department, Power and Electricity Department does not have its own separate accounting system and the present practice of fund allocation for Power Purchase

[58] In Mizoram, PED is designated as the transmission customer/ Designated ISTS Customers (DIC)

[59] (i) North Eastern Electric Power Corporation (NEEPCO) Limited, (ii) ONGC Tripura Power Company Limited (OTPCL), (iii) North Eastern Regional Load Despatch Centre (NERLDC), (iv) National Hydro Power Corporation Limited (NHPCL), and (v) Power Grid Corporation of India Limited (PGCIL)

involves time and lengthy process. The Department further stated that at least three to four weeks time is required for completing all the necessary requirements *viz*., administrative approval, expenditure sanction, release of LOC, *etc*. prior to payment of bill. The Department also stated that the matter had already been taken up with State Government (February 2018) and the same is pending with the Government.

Audit however, observed that the Department had taken a substantial duration of time ranging from three to six months in clearance of the bills. Moreover, bill payment of this nature is a recurring liability and also a routine exercise and as such could have been released timely without incurring of surcharge.

Thus, payment of ₹ 11.31 crore for the period from April to December 2016 as surcharge was an avoidable expenditure.

While accepting the facts in the exit conference (January 2019) State Government replied that the main reason was due to late release of fund by the Finance Department and that, the Department is still paying surcharge as of February 2019. The Government also added that steps would be taken to minimise the time taken for processing the bills and getting administrative approval and financial sanction so that delays would not occur.

CHAPTER – IV

ECONOMIC SECTOR
(STATE PUBLIC SECTOR UNDERTAKINGS)

CHAPTER-IV

ECONOMIC SECTOR

FUNCTIONING OF STATE PUBLIC SECTOR UNDERTAKINGS

4.1 Introduction

There were six State Public Sector Undertakings (SPSUs)[1] as on 31 March 2018 which were incorporated[2] during the period 1977-78 to 2011-12. State Government provides financial support to the SPSUs in the form of equity, loans/ grants/ subsidy from time to time. Of the six SPSUs, State Government invested funds in five and the sixth was incorporated as a joint venture of another Government Company[3]. Equity of the joint venture company was contributed by the co-partner. All the six SPSUs are working companies.

4.2 Investment in State PSUs

State PSUs in Mizoram function as instruments of State Government to provide certain services which private sector may not be willing to extend due to various reasons. Details of investment made in these six State PSUs in the form of equity and long-term loans up to 31 March 2018 are detailed in **Appendix-4.1.1**.

The sector-wise summary of investment in these SPSUs as on 31 March 2018 is given below:

Table-4.1:- Sector-wise investment in State PSUs

Sector	Number of SPSUs	Investment (₹ in crore)		
		Equity	Long term loans	Total
Agricultural Marketing	1	5.45	-	5.45
Financing	1	15.78	29.68	45.46
Manufacturing	2	27.23	-	27.23
Miscellaneous	2	10.15	1.00	11.15
Total	**6**	**58.61**	**30.68**	**89.29**

Source: Latest finalised accounts of SPSUs

As on 31 March 2018, the total investment (equity and long term loans) in these six SPSUs was ₹ 89.29 crore. The investment consisted of 65.64 *per cent* towards equity and 34.36 *per cent* towards long-term loans. The long-term loans advanced by State Government constituted 33.74 *per cent* (₹ 10.35 crore) of the total long term loans while 66.26 *per cent* (₹ 20.33 crore) of the total long term loans were availed from other financial institutions.

The investment has declined by 1.64 *per cent* from ₹ 90.78 crore in 2013-14 to ₹ 89.29 crore in 2017-18.

4.3 Disinvestment, restructuring and privatisation of State PSUs

During the year 2017-18, no disinvestment, restructuring or privatisation was done by State Government in State PSUs.

1 Appendix-4.1.1
2 One each in 1977-78, 1988-89, 1989-90, 1991-92, 1992-93 and 2011-12
3 Zoram Industrial Development Corporation Limited

4.4 Budgetary Support to State PSUs

GoM provides financial support to State PSUs in various forms through annual budget. Summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity in respect of State PSUs for the last three years ending March 2018 are as follows:

Table-4.2:- Budgetary support to State PSUs

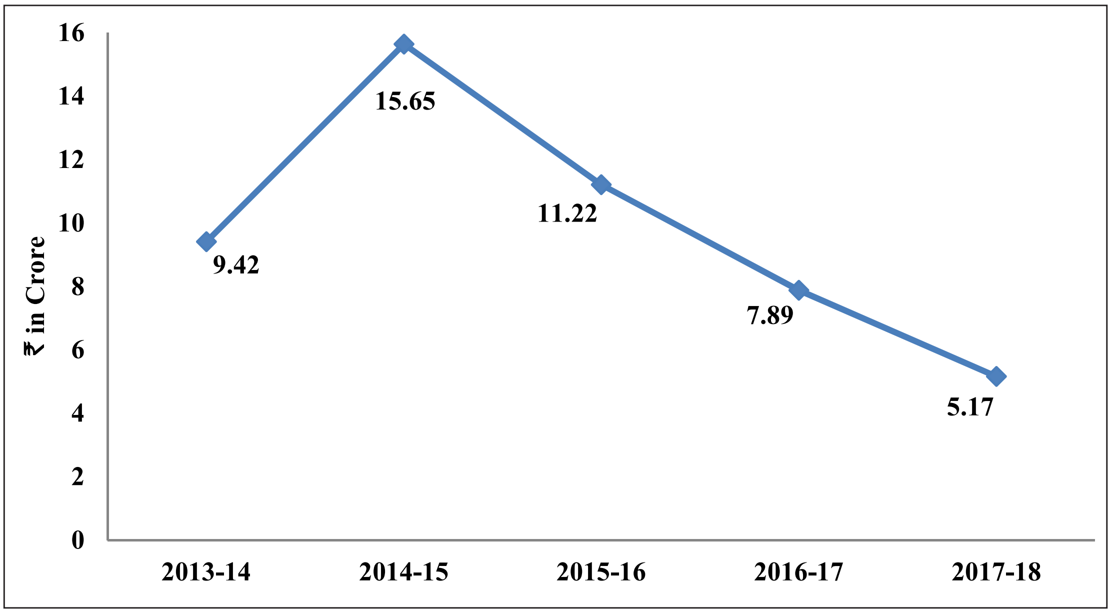
(₹ in crore)

Particulars	2015-16		2016-17		2017-18	
	No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
Equity Capital outgo (i)	1	1.30	-	-	-	-
Loans given (ii)	-	-	1	1.00	-	-
Grants/ Subsidy provided (iii)	3	9.92	4	6.89	2	5.17
Total Outgo (i + ii + iii)	4	11.22	5	7.89	2	5.17
Loan repayment written off	-	-	-	-	-	-
Loans converted into equity	-	-	-	-	-	-
Guarantees issued	-	-	-	-	-	-
Guarantee Commitment	1	22.68	1	24.93	1	27.34

Source: Information provided by SPSUs

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the last five years ending March 2018 are given in chart below:

Chart-4.4.1: Budgetary outgo towards Equity, Loans and Grants/ Subsidies



The annual budgetary assistance to these SPSUs ranged between ₹ 5.17 crore and ₹ 15.65 crore during the period 2013-14 to 2017-18. The budgetary assistance of ₹ 5.17 crore given during the year 2017-18 represented grants/ subsidy primarily to meet the expenditure on salaries of employees and other establishment expenditure. State Government did not provide any equity assistance to these SPSUs during 2017-18.

GoM provides guarantee under Mizoram Guarantee Act, 2011 for SPSUs to seek financial assistance from Banks and other financial institutions. The Government charges a minimum of 0.75 *per cent* of the guarantee amount as guarantee commission *vide* Mizoram Ceiling of Government Guarantees Act, 2011. Outstanding guarantee commitments increased by 46.91 *per cent* from ₹ 18.61 crore in 2013-14 to ₹ 27.34 crore in 2017-18.

4.5 Reconciliation with Finance Accounts of Government of Mizoram

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with the figures appearing in the Finance Accounts of Government of Mizoram. In case the figures do not agree, SPSUs concerned and Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2018 is stated below:

Table-4.3:- Equity, loans, guarantees as per Finance Accounts *vis-à-vis* records of State PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	6.98	58.61	51.63
Loans	-	30.68	30.68
Guarantees	29.67	27.34	2.33

Source: Information provided by SPSUs and Finance Accounts

Audit observed that the differences occurred in respect of all SPSUs and reconciliation of these two sets of figures has been pending for more than ten years. The issue of reconciliation of differences was also taken up with SPSUs and departments concerned from time to time. However, no significant progress was noticed in this regard. State Government and the SPSUs need to take concrete steps to reconcile the differences in a time-bound manner.

4.6 Submission of accounts by State PSUs

Accounts for the year 2017-18 were required to be submitted by all the working SPSUs by 30 September 2018. However, none of the six working Government Companies submitted their accounts for the year 2017-18 for audit by CAG on or before 30 September 2018.

Details of arrears in submission of accounts of working SPSUs as on 30 September 2018 are given below:

Table-4.4:- Position relating to submission of accounts by the working State PSUs

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Number of SPSUs	6	6	6	6	6
Number of working SPSUs which finalised accounts for the current year	-	-	-	-	-
Number of previous year accounts finalised during current year	1	1	15	15	2
Number of working SPSUs with arrears in accounts	6	6	6	6	6
Number of accounts in arrears	33	38	29	20	24
Extent of arrears in years	1 to 8	1 to 13	2 to 10	1 to 7	2 to 8

Source: Accounts of SPSUs received during the period October 2017 to September 2018

Of six working SPSUs, two SPSUs had finalised two annual accounts for previous years during the period 01 October 2017 to 30 September 2018. Two working companies forwarded two audited accounts to the Principal Accountant General during the period from 01 October 2017 to 30 September 2018. Both these were issued a Non-Review Certificate on 03 January 2018 (Zoram Industrial Development Corporation Limited) and 14 February 2019 (Mizoram Handloom and Handicrafts Development Corporation Limited). Further, 24 annual accounts pertaining to six SPSUs were in arrears as detailed in **Appendix-4.1.2**. The Administrative departments have the responsibility to oversee activities of these entities and to ensure that the accounts are finalised and adopted by these SPSUs within the stipulated period.

The GoM had provided ₹ 29.16 crore (Equity: ₹ 8.49 crore, Grants: ₹ 20.67 crore) to four of the six working State PSUs, the accounts of which had not been finalised by 30 September 2018 as prescribed under the Companies Act, 2013. PSU wise details of investments made by State Government during the years for which accounts are in arrears are shown in **Appendix-4.1.2**.

In the absence of finalisation of accounts and their subsequent audit in the four SPSUs, it could not be ascertained whether the investments made and expenditure incurred had properly been accounted for and the purpose for which the amount was invested was achieved. The GoM investment in these SPSUs, therefore, remained outside the control of State Legislature.

4.7 Impact of non-finalisation of accounts of State PSUs

As pointed out in paragraph-4.6, the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the actual contribution of the State PSUs to State GDP for the year 2017-18 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Administrative departments should strictly monitor and issue necessary directions to clear the arrears in accounts. The Government may also look into the constraints in preparing the accounts of the SPSUs and initiate appropriate action to address the issue.

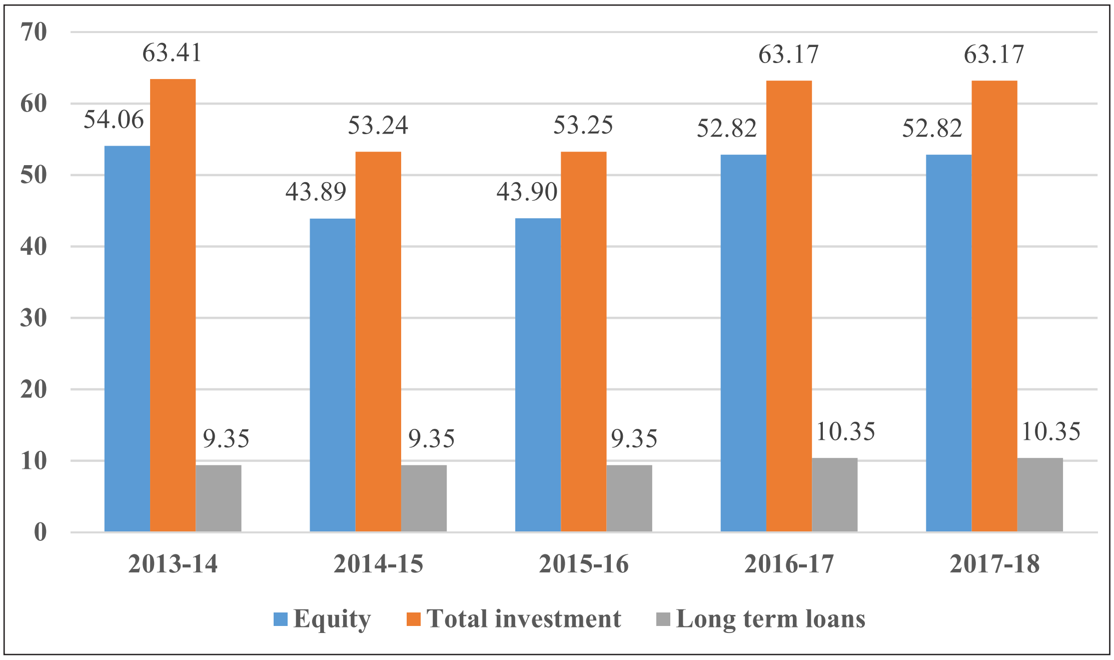
4.8 Performance of State PSUs

Financial position and working results of the six State PSUs as per their latest finalised accounts as of 30 September 2018 are detailed in **Appendix-4.1.3**.

The SPSUs are expected to yield reasonable return on investment made by Government in them. The total investment of State Government and others in the SPSUs was ₹ 89.29 crore consisting of equity of ₹ 58.61 crore and long term loans of ₹ 30.68 crore. Out of this, Government of Mizoram has made investment of ₹ 63.17 crore consisting of equity of ₹ 52.82 crore (five SPSUs) and long-term loans of ₹ 10.35 crore (two SPSUs).

Year wise statement of investment of GoM in SPSUs during the period 2013-14 to 2017-18 is as follows:

Chart-4.8.1: Total investment of GoM in SPSUs

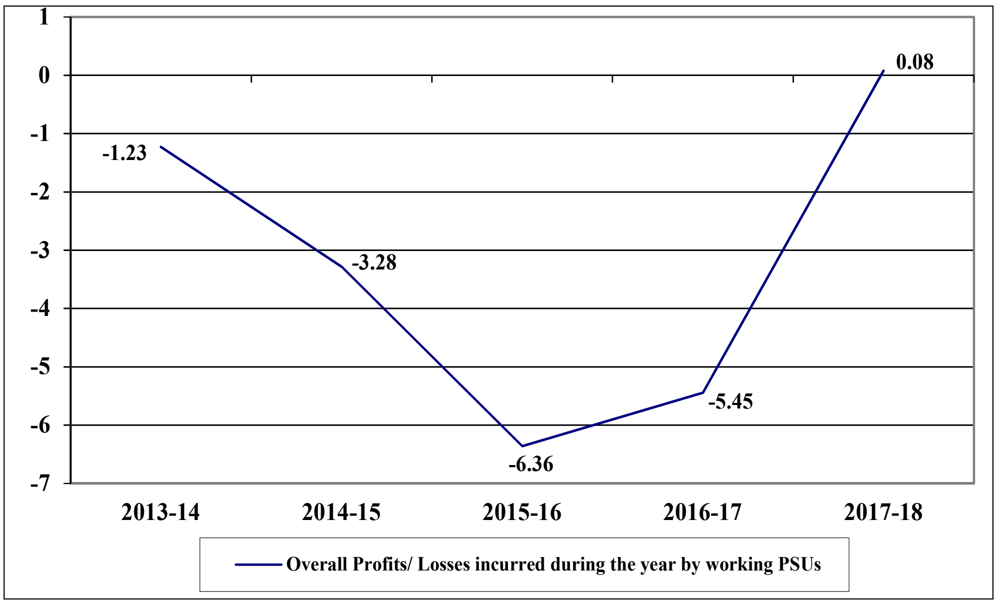


Profitability of a company is traditionally assessed through returns on investments made and capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested and is expressed as a percentage of net profit to total investment. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used.

4.8.1 Return on Investment

The overall position of Profit/ losses earned/ incurred by the six working State PSUs during 2013-14 to 2017-18 is depicted below:

Chart-4.8.2: Profit/ Losses earned/ incurred by six working SPSUs



The loss of ₹ 1.23 crore incurred by these working SPSUs in 2013-14 transformed into a profit of ₹ 0.08 crore in 2017-18 due to profit earned by two SPSUs. According to the latest finalised accounts of these six working SPSUs, two SPSUs earned profit of ₹ 2.94 crore while four incurred losses of ₹ 2.86 crore as detailed in **Appendix-4.1.3**.

The top profit making companies were Zoram Industrial Development Corporation Limited (₹ 1.66 crore) and Mizoram Handloom and Handicrafts Development Corporation Limited (₹ 1.28 crore) while Mizoram Food and Allied Industries Corporation (₹ 1.59 crore) and Mizoram Agricultural Marketing Corporation Limited (₹ 1.02 crore) incurred losses.

4.8.2 Return on Investment on the basis of historical cost of investment

The Government invested ₹ 63.17 crore in five SPSUs including equity of ₹ 52.82 crore and long term loans of ₹ 10.35 crore.

The funds made available in the form of grants/ subsidy have not been reckoned as investment since these do not qualify to be considered as investment. Out of the total long term loans, only interest free loans have been considered as investment.

The entire long term loans of ₹ 10.35 crore, were interest free loans. Thus, the total investment of State Government in these five SPSUs on the basis of historical cost was ₹ 63.17 crore (₹ 52.82 crore *plus* 10.35 crore).

The return on investment on the basis of historical cost of investment for the period 2013-14 to 2017-18 is given below:

Table-4.5:- Return on State Government Funds on the basis of historical cost of investment

Year	Total Earnings	Investment by GoM in the form of equity and Interest free loans on the basis of historical cost	Return on State Government funds on the basis of historical cost (in *per cent*)
2013-14	(-) 1.23	63.41	(-) 1.94
2014-15	(-) 3.28	53.24	(-) 6.16
2015-16	(-) 6.36	53.25	(-) 11.94
2016-17	(-) 5.45	63.17	(-) 8.63
2017-18	0.08	63.17	0.13

Source: SPSUs records and finalised accounts for respective years

The return on State Government investment is worked out by dividing the total earnings of these SPSUs by cost of State Government investments. Return earned on State Government investments ranged between (-) 11.94 *per cent* and 0.13 *per cent* during the period 2013-14 to 2016-17. The positive rate of return during 2017-18 was mainly due to profit earned by Zoram Industrial Development Corporation Limited and Mizoram Handloom and Handicrafts Development Corporation Limited during the year.

4.8.3 Return on Capital Employed

Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by capital employed. Details of total ROCE of all the State PSUs together during the period from 2013-14 to 2017-18 are given in the table below:

Table-4.6:- Return on Capital Employed

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (in *per cent*)
2013-14	(-) 1.23	65.56	(-) 1.88
2014-15	(-) 3.28	65.55	(-) 5.00
2015-16	(-) 6.36	65.55	(-) 9.70
2016-17	(-) 5.45	78.92	(-) 6.91
2017-18	0.08	77.08	0.10

Source: SPSUs records and finalised accounts for respective years

The ROCE of these State PSUs ranged between (-) 9.70 *per cent* and 0.10 *per cent* during the period 2013-14 to 2017-18. The ROCE turned into positive due to the profit earned by Zoram Industrial Development Corporation Limited and Mizoram Handloom and Handicrafts Development Corporation Limited during the year 2017-18.

4.9 Erosion of Net worth

Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. Capital investment and accumulated losses of these six State PSUs as per their latest finalised accounts were ₹ 58.61 crore and ₹ 59.14 crore respectively, resulting in net worth of (-) ₹ 0.53 crore as detailed in **Appendix-4.1.3**. Analysis of investment and accumulated losses disclosed that net worth eroded fully in four out of these six SPSUs, as the capital investment and accumulated losses of these four SPSUs were ₹ 41.38 crore and ₹ 46.51 crore respectively. Of these four SPSUs, the maximum net worth erosion was in Zoram Industrial Development Corporation Limited (₹ 3.21 crore) and Mizoram Agricultural Marketing Corporation Limited (₹ 0.98 crore).

The following table indicates total paid up capital, total accumulated profit/ loss and total net worth of the six companies where State Government has made direct investment:

Table-4.7:- Net worth of six public sector undertakings during 2013-14 to 2017-18

(₹ in crore)

Year	Paid up Capital at end of the year	Accumulated Profit (+) Loss (-) at end of the year	Deferred revenue Expenditure	Net Worth
2013-14	59.85	(-) 58.03	-	1.82
2014-15	49.69	(-) 57.89	-	(-) 8.20
2015-16	49.69	(-) 57.89	-	(-) 8.20
2016-17	58.61	(-) 62.09	-	(-) 3.48
2017-18	58.61	(-) 59.14	-	(-) 0.53

Source: SPSUs records and finalised accounts for respective years

As can be seen above, the net worth of these companies fluctuated during the period. It decreased from ₹ 1.82 crore in 2013-14 to (-) ₹ 0.53 crore in 2017-18. Out of the six SPSUs, two SPSUs had positive net worth and four SPSUs had negative net worth during 2017-18.

4.10 Debt Turnover Ratio

During the last five years, the turnover of these SPSUs recorded a compounded annual growth of 1.88 *per cent* and compounded annual growth of debt was (-) 0.16 *per cent* due to which, the debt turnover ratio improved from 1.90 in 2013-14 to 1.74 in 2017-18 as given in following table:

Table-4.8:- Debt Turnover Ratio relating to the State PSUs

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Debt from Government and others (Banks and Financial Institutions)	30.93	23.62	22.68	30.68	30.68
Turnover	16.32	17.43	05.86	03.77	17.58
Debt-Turnover Ratio	1.90:1	1.36:1	3.87:1	8.14:1	1.74:1

Source: SPSUs records and finalised accounts for respective years

The debt-turnover ratio ranged between 8.14 and 1.74 during the period 2016-17 and 2017-18. The overall accumulated losses decreased marginally during the year 2017-18 in comparison to that for the year 2016-17 which was mainly due to decrease in accumulated losses of Zoram Industrial Development Corporation Limited and Mizoram Handloom and Handicrafts Development Corporation Limited.

CHAPTER – V

REVENUE SECTOR

CHAPTER-V

REVENUE SECTOR

5.1 Trend of revenue receipts

5.1.1 The tax and non-tax revenue raised by Government of Mizoram during the year 2017-18, State's share of net proceeds of divisible Union taxes and duties and Grants-in-aid from Government of India (GoI) during the year and corresponding figures for the preceding four years are given in the following table.

Table-5.1:- Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	**Revenue raised by State Government**					
	Tax revenue	229.78	266.52	358.41	441.81	545.91
	Non-tax revenue	194.26	241.96	297.63	365.22	390.65
	Total	**424.04**	**508.48**	**656.04**	**807.03**	**936.56**
2.	**Receipts from GoI**					
	State's share of net proceeds of divisible Union taxes and duties	858.08	910.67	2,348.11	2,800.63	3,097.05
	Grants-in-aid	3,482.73	4,091.95	3,672.25	3,790.64	4,546.59
	Total	**4,340.81**	**5,002.62**	**6,020.36**	**6,591.27**	**7,643.64**
3.	**Total revenue receipts of State Government (1 + 2)**	**4,764.85**	**5,511.10**	**6,676.40**	**7,398.30**	**8,580.20**
4.	**Percentage of 1 to 3**	**8.90**	**9.23**	**9.83**	**10.91**	**10.92**

Source: Finance Accounts: 2017-18

The above table indicates that during the year 2017-18, revenue raised by State Government (₹ 936.56 crore) was 10.92 *per cent* of its total revenue receipts. The balance 89.08 *per cent* of receipts during 2017-18 was from GoI.

5.1.2 Details of Budget Estimates (BEs) and tax revenue raised during the period from 2013-14 to 2017-18 are given in the following table.

Table-5.2:- Details of tax revenue

(₹ in crore)

Head of Accounts	Year										Percentage of increase (+)/ decrease (-) in 2017-18 over 2016-17
	2013-14		2014-15		2015-16		2016-17		2017-18		
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
Taxes on Sales, Trade, *etc.*	190.00	183.34	218.08	211.95	232.66	247.04	225.00	307.81	285.00	242.85	(-) 21.10
State Goods and Services Tax	---	---	---	---	---	---	---	---	---	169.76	---
State Excise	3.02	3.11	3.47	4.91	35.68	60.60	43.08	72.26	51.50	65.83	(-) 8.90
Taxes on Vehicles	19.38	19.42	22.24	17.03	23.57	19.44	23.61	25.75	23.84	31.58	(+) 22.64
Land Revenue	4.02	4.54	5.20	11.06	11.90	8.88	11.90	8.58	10.01	8.29	(-) 3.38
Stamps and Registration fees	0.70	1.52	0.07	3.72	0.12	3.57	8.72	3.26	9.16	3.20	(-) 1.84
Taxes on Goods and Passengers	4.00	2.63	4.00	2.56	4.24	2.71	3.18	7.90	3.20	7.83	(-) 0.89
Other Taxes	13.70	15.22	17.33	15.29	18.95	16.17	15.70	16.25	15.00	16.57	(+) 1.97
Total	**234.82**	**229.78**	**270.39**	**266.52**	**327.12**	**358.41**	**331.19**	**441.81**	**397.71**	**545.91**	**(+) 23.56**

Source: Finance Accounts and Annual Financial Statement of respective years

State's own tax revenue increased by 23.56 *per cent* in 2017-18 over 2016-17. Revenue receipts on account of taxes on sales, trades, *etc.* decreased by ₹ 64.96 crore in 2017-18 over 2016-17 due to introduction of Goods and Services Tax (GST) since 01 July 2017, which was accounted for separately. Total receipts on account of taxes on sales, inclusive of GST, was ₹ 412.61 crore which was an increase of ₹ 104.80 crore over the previous year. Similarly, due to introduction (August 2015) of "The Mizoram Motor Vehicles Taxation (Amendment) Act, 2015", the tax revenue on Vehicles registered an increase of 22.64 *per cent* in 2017-18 over the previous year. Receipts from state excise witnessed a slight decrease of ₹ 6.43 crore (8.90 *per cent*) over the previous year due to less receipts under 'Foreign Liquors and Spirits' and 'Fines and confiscations'.

5.1.3 The details of non-tax revenue receipts during the period 2013-14 to 2017-18 are given in the following table:

Table-5.3:- Details of non-tax revenue

(₹ in crore)

Head of account	2013-14		2014-15		2015-16		2016-17		2017-18		Percentage of increase (+) / decrease (-) in 2017-18 over 2016-17
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual
Interest receipts	24.50	17.93	19.88	19.88	20.00	30.73	21.20	48.34	22.26	51.14	(+) 5.79
Power	144.23	109.05	144.36	144.36	162.00	166.35	172.00	200.11	181.00	213.10	(+) 6.49
Others	83.05	67.28	77.18	77.72	87.83	100.55	85.86	116.77	93.67	126.41	(+) 8.26
Total	**251.78**	**194.26**	**241.42**	**241.96**	**269.83**	**297.63**	**279.06**	**365.22**	**296.93**	**390.65**	**(+) 6.96**

Source: Finance Accounts and Annual Financial Statement of respective years

Non-tax revenue constituted between 4.08 and 4.94 *per cent* of the total revenue receipts during the last five years. During 2017-18, non-tax revenue recorded a growth of 6.96 *per cent* over the previous year. There was a steady increase in non-tax revenue from ₹ 194.26 crore in 2013-14 to ₹ 390.65 crore in 2017-18 with the major contributors being Power (₹ 213.10 crore) and Interest Receipts (₹ 51.14 crore).

5.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2018 on some principal heads of revenue amounted to ₹ 38.75 crore out of which, ₹ 9.87 crore was outstanding for more than five years, as detailed below:

Table-5.4:- Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2018	Amount outstanding for more than five years as on 31 March 2018
1.	Taxes/ VAT on Sales, Trades, *etc.*	37.49	9.78
2.	Taxes on Professions, Trades, Callings and Employment, *etc.*	0.51	0.03
3.	Taxes on Entertainment	0.75	0.06
Total		**38.75**	**9.87**

Source: Information furnished by the Taxation Department

Information on total amount outstanding and amount outstanding for more than five years as on 31 March 2018 for taxes on land revenue were not furnished by the Land Revenue and Settlement Department though called for (July 2019).

5.3 Arrears in assessment

The details of cases pending at the beginning of the year, cases due for assessment, cases disposed of during the year and number of cases pending finalisation at the end of the year as furnished by the Taxation Department in respect of Sales Tax, Motor Spirit Tax, Luxury Tax and Tax on Works Contracts are shown below:

Table-5.5:- Arrears in assessments

Head of account	Opening balance as on 01 April 2017	New cases due for assessment during 2017-18	Total assessments due	Cases disposed of during 2017-18	Closing balance as on 31 March 2018	Percentage of disposal
0040-Taxes on Sales, Trades, *etc.*	2,940	2,312	5,252	2,442	2,810	46.50

Source: Information furnished by the Taxation Department

It can be seen from the above table that out of 5,252 assessments due, the disposal was 2,442 (46.50 *per cent*) at the end of the year 2017-18.

The Department should take necessary action to complete the assessment in a time bound manner.

5.4 Evasion of tax detected by the Department

The details of cases of tax evasion detected by the Taxation and Transport Department, cases finalised and the demands for additional tax raised as reported by the Department are given below:

Table-5.6:- Evasion of tax

Name of tax/ duty	Opening balance as on 01 April 2017	Cases detected during the year 2017-18	Total	Number of cases in which assignments/ investigation completed and additional demand including penalty, *etc.* raised during the year 2017-18		Number of pending cases as on 31 March 2018
				No. of cases	₹ in crore	
Sales Tax/ VAT	400	339	739	339	24.06	400

Source: Departmental figures

Information on evasion of tax detected by the Land Revenue and Settlement Department had not been furnished though called for (July 2019).

5.5 Pendency of refund cases

The details relating to the number of refund cases pending at the beginning of 2017-18, claims received during the year, refunds allowed during the year and the cases pending at the close of 2017-18 as reported by the Taxation Department are given as follows:

Table–5.7:- Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Sales Tax/VAT	
		No. of Cases	Amount
1.	Claims outstanding at the beginning of the year	02	0.030
2.	Claims received during the year	18	0.004
3.	Refunds made during the year	00	0.00
4.	Balance outstanding at the end of year	20	0.034

Source: Information furnished by the Taxation Department

Thus, there were twenty pending cases of refund at the end of the year 2017-18.

5.6 Audit planning

The unit offices are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis. The risk criteria involved scrutiny of budget speech, white paper on State finances, Reports of the Finance Commission, recommendations of the Taxation Reforms Committee, analysis of the revenue earnings, tax administration, *etc*.

During the year 2017-18, there were 121 auditable units, of which 19 units were planned and 11 units had been audited, which was nine *per cent* of the total auditable units.

5.7 Results of audit

Position of local audit conducted during the year

Records of 11 units of Taxation; Environment, Forest and Climate Change and Land Revenue and Settlement Departments were test-checked during the year 2017-18. Test check revealed short levy of tax/ fraudulent expenditure/ doubtful expenditure/ improper monitoring aggregating ₹ 8.20 crore in 29 out of 91 cases. Of these, the departments concerned recovered ₹ 32.01 lakh in 13 cases relating to 2017-18 and ₹ 1.62 crore relating to the previous years in 71 cases.

5.8 Coverage of this Report

This Chapter contains three paragraphs involving a money value of ₹ 2.06 crore. The departments/ Government have accepted audit observations involving ₹ 2.05 crore. Out of this amount, ₹ 0.15 crore was recovered (June 2019).

COMPLIANCE AUDIT PARAGRAPHS

TAXATION DEPARTMENT

5.9 Underassessment of tax

There was underassessment of tax of ₹ 87.91 lakh due to incorrect carry forward of the opening stock, concealment of purchases and failure to determine the actual purchase turnover

Section 34(1)(a) and (b) of Mizoram Value Added Tax (MVAT) Act, 2005 provides that where a dealer is assessed under Section 31 or 32 for any year, the Commissioner, if he has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment or under assessed, may serve a notice and proceed to assess to the best of his judgement, the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall apply accordingly. Further, for incomplete and incorrect returns, the dealer is liable to pay a penalty of a sum not exceeding twice the amount of tax assessed under Section 31(7)(b). Moreover, as per Section 28, the Commissioner or any other officer as directed by him shall undertake tax audit of the records, stock in trade and related documents to examine the correctness of the returns and admissibility of various claims of the dealer.

Test check of records (between November 2016 and December 2017) of the Deputy Commissioner of Taxes[1] (DCT), North Zone, Aizawl revealed an under-assessment/ non-levy of tax to the extent of ₹ 87.91 lakh in three cases as discussed in the succeeding paragraphs.

5.9.1 The Assessing Officer (AO) of this Zone had assessed (November 2016) a dealer[2] incorrectly. This dealer, who was dealing in furniture, was taxable at 12.5 *per cent* for the year 2011-12, which works out to ₹ 98.52 lakh. He was however, assessed at ₹ 72.81 lakh by the AO, who determined[3] the taxable sales from 50 *per cent* of the total stock (opening stock *plus* purchase) with a profit of five *per cent,* thereby keeping the remaining 50 *per cent* as closing stock. However, it was observed that the opening stock for the year 2011-12 was wrongly taken by the AO as ₹ 11.28 lakh instead of ₹ 216.95 lakh resulting in under-assessment of sales by ₹ 205.67 lakh having a tax effect of ₹ 25.71 lakh as worked out below:

Table-5.8:- Details of under assessment of tax

Sl. No.	Particulars	Amount (₹ in lakh)
1.	Closing stock as per assessment for the year 2009-10	126.36
2.	Purchases made during 2010-11	169.34
3.	Total stock (1 + 2)	295.70
4.	Sales during 2010-11	78.75
5.	Closing stock for 2010-11 (3 - 4)	216.95
6.	Opening stock of 2011-12 as per assessment	11.28
7.	Difference (5 - 6)	205.67
8.	Tax leviable on the escaped assessment at the rate 12.5 *per cent*	25.71

Thus, there was under-assessment of tax of ₹ 25.71 lakh. Besides, the dealer was liable to pay a maximum penalty of ₹ 51.42 lakh under the Act, which was also not levied.

On this being pointed out, the Department stated (February 2018) that the dealer was re-assessed (February 2017) and a tax of ₹ 25.01 lakh was levied instead of ₹ 25.71 lakh, by allowing ₹ 14.32 lakh as taxable at four *per cent* even though the dealer did not have a stock of goods taxable at four *per cent.* It was further stated (April 2018) that the AO was in the process of referring the dealer to the Certificate Officer for recovery of the tax due. The reply of the Department is not factually correct,

1 Erstwhile Assistant Commissioner of Taxes (ACT), North Zone, Aizawl

2 M/s S. D. Enterprise, TIN 15110156004

3 By exercising discretionary power, nothing in this regard is mentioned in the MVAT Act

as tax of ₹ 25.71 lakh includes stock of goods taxable at four *per cent* and penalty not exceeding ₹ 51.42 lakh should have been levied.

While accepting the facts and figures in the Exit Conference (16 January 2019), the Government replied that the dealer became bankrupt/ insolvent and there is no hope of recovery and it had therefore forwarded the case to the Certificate Officer.

5.9.2 Scrutiny of records (December 2017) revealed that the AO assessed (September 2017) a dealer[4] for the year 2016-17 and 2017-18 (up to June 2017) and levied a tax of ₹ 79.58 lakh after adding five *per cent* as profit on sale from the opening stock of ₹ 327.66 lakh and purchase of ₹ 252.67 lakh with 'nil' closing stock. It was however noticed that the dealer actually purchased taxable goods worth ₹ 525.67 lakh as per VAT soft[5] of the Department and the tax payable is worked out below:

Table-5.9:- Details of non-realisation of tax from

Sl. No.	Particulars	Goods taxable at five *per cent*[6]	Goods taxable at 13.5 *per cent*[7]	Total (₹ in lakh)
1.	Opening Stock	23.05	304.61	327.66
2.	Purchases	6.99	518.68	525.67
3.	Total	30.04	823.29	853.33
4.	Profit margin as was adopted by AO	1.50	41.16	42.66
5.	Sales (3 + 4)	31.54	864.45	895.99
6.	Tax payable	1.58	116.70	118.28
7.	Amount of tax assessed by AO	1.58	78.00	79.58
8.	**Under-assessed Tax (6-7)**	**0.00**	**38.70**	**38.70**
9.	Tax already paid as per AO	3.30	0.00	3.30
10.	**Tax due (6 - 9)**	**(-) 1.72**	**116.70**	**114.98**

Thus, there was an under-assessment of tax of ₹ 38.70 lakh by the AO due to concealment of purchase and non-payment of tax of ₹ 114.98 lakh by the dealer.

On this being pointed out, the DCST stated (December 2017) that the dealer is not traceable and the tax already assessed by the AO also could not be cleared by the dealer. It was further stated (April 2018) that notice of hearing for re-assessment of the dealer was issued and progress in the matter would be intimated.

The Government in their reply in the Exit Conference stated (January 2019) that re-assessment as per Audit was done and no recovery was made. Further, to a specific query, the Government informed that First Information Report (FIR) was not lodged against the un-traceable dealer.

5.9.3 Scrutiny of records (December 2017) revealed that the AO assessed (January 2017) the dealer[8] for the year 2014-15 showing purchase turnover of ₹ 6,744.65 lakh having ₹ 3,923.09 lakh worth of goods taxable at five *per cent* and ₹ 2,821.56 lakh worth of goods taxable at 13.5 *per cent*.

Further, scrutiny of the assessment for the year 2014-15 showed that the AO arrived at the sale value by applying a profit margin of two *per cent* on the purchase value

[4] M/s United Associates, TIN 15111790048
[5] A software used by the Department for records of all dealers' purchases, *etc.*
[6] Household goods made of plastics
[7] Noodles
[8] M/s Mosia Agencies, TIN 15110015049

and assessed the tax payable at ₹ 45.19 lakh. Moreover, the AO wrongly determined the purchase as ₹ 6,811.98 lakh having ₹ 4301.01 lakh worth of goods taxable at five *per cent* and ₹ 2,510.97 lakh worth of goods taxable at 13.5 *per cent*. Although, the sales turnover determined by the AO was ₹ 67.33 lakh[9] more than the purchase turnover declared by the dealer, yet, due to under-determination of sales turnover taxable @ 13.5 *per cent* by ₹ 316.80 lakh and over-determination of sales turnover taxable @ five *per cent* by ₹ 385.48 lakh, there was an under-assessment of tax of ₹ 23.50 lakh[10].

The Department accepted the facts and figures but remained silent on the realisation of under-assessed tax of ₹ 23.50 lakh from the dealer.

Moreover, the Department does not have separate audit and tax collection wings and there is no independent internal audit or delegation of authority to check the correctness of dealers returns, audit assessments, *etc.* in violation of Paragraph 1.06 of the MVAT Audit Manual[11].

It may be seen from the above that the Assessing Officer had either erred in calculating the taxable amount correctly, or deliberately levied incorrect tax, or failed to recover the tax on time, which facilitated the dealers concerned to avoid tax.

It is recommended that the Government take appropriate action against the AOs concerned for causing loss to the State exchequer.

5.10 Non-levy of tax

The Assessing Officer had not levied a tax of ₹ 13.53 lakh

As per Section 28 of the Mizoram Value Added Tax (MVAT) Act, 2005 the Commissioner or any other officer as directed by him shall undertake tax audit of the records, stock in trade and related documents to examine the correctness of the returns and admissibility of various claims of the dealer. Where the Commissioner is not satisfied with the correctness of any return filed by the dealer, he may require the dealer to produce or cause to be produced the books of account and all evidence on which the dealer relies in support of his return and conduct audit assessment of the dealer as per Section 31. Further, for furnishing incomplete and incorrect returns, the dealer is liable to pay penalty not exceeding twice the amount of tax assessed under section 31(7)(b).

Test check of records (November-December 2016) of the DCT[12], Central Zone, Aizawl revealed that the Inspector of Taxes, who conducted the tax audit of the dealer[13] for the

9 **Difference:** taxable @ 5 *per cent*- ₹ 377.92 lakh *plus* taxable @ 13.5 *per cent*- (-)₹ 310.59 lakh

10

Particulars	Taxable @ 5 *per cent*	Taxable @ 13.5 *per cent*	Total
Actual Purchase Turnover	3,923.09	2,821.56	6,744.65
Purchase Turnover as per AO	4,301.01	2,510.97	6,811.98
Difference	**377.92**	**(-) 310.59**	**67.33**
Taxable turnover with a profit of 2 *per cent*	385.48	(-) 316.80	68.68
Tax under-assessed	**19.27**	**(-) 42.77**	**(-) 23.50**

11 Audit wing shall remain delinked from tax collection wing to remove any bias

12 Erstwhile Assistant Commissioner of Taxes (ACT), Central Zone, Aizawl

13 M/s Buangthanga & Sons TIN 15200010033

year 2011-12, recommended (June 2014) for assessment due to inconsistency of sales detected in Audit. Despite the recommendation, the AO failed to assess the dealer for the year 2011-12.

Scrutiny of records of the dealer for the year 2011-12 revealed that the dealer, dealing with electronic goods, had an opening stock of ₹ 84.59 lakh and purchased goods worth ₹ 173.86 lakh totalling ₹ 258.45 lakh taxable at 12.5 *per cent* up to December 2011 and 13.5 *per cent* with effect from January 2012. The tax payable and paid by the dealer during 2011-12 as worked out in Audit is as under:

Table-5.10:- Details of non-levy of tax due to non-assessment

Sl. No.	Particulars	Amount (₹ in lakh)
1.	Opening stock	84.59
2.	Purchases during the year	173.86
3.	Total	258.45
4.	Closing stock	84.59
5.	Sales at purchase value	173.86
6.	Assumed profit at the rate of five *per cent*	8.69
7.	Taxable turnover (5 + 6)	182.55
8.	Tax payable at 12.5 *per cent of* ₹ 182.55 lakh x 0.75[14]	17.11
9.	Tax payable at 13.5 *per cent of* ₹ 182.55 lakh x 0.25[15]	6.16
10.	Total tax payable	23.27
11.	Tax paid by dealer	9.74
12.	Tax not levied	13.53

It can be seen from the table above that out of the tax payable of ₹ 23.27 lakh, the dealer paid only ₹ 9.74 lakh, leaving a balance of ₹ 13.53 lakh. Further, the AO arbitrarily assumed the dealer's profit at the rate of five *per cent* without any basis.

Thus, a tax of ₹ 13.53 lakh and penalty not exceeding ₹ 27.06 lakh though leviable due to incorrect and incomplete return furnished by the dealer, were not levied due to non-assessment of the dealer by the AO despite being recommended by the Inspector of Taxes.

On this being pointed out in audit, the AO assessed (May 2018) the dealer for the year 2011-12 and levied a tax of ₹ 13.53 lakh without levying any penalty. Further, the assessed tax of ₹ 13.53 lakh was still to be realised as of August 2018.

While accepting the facts and figures, the Government stated (January 2019) that the dealer was re-assessed and due to non-payment, the case was referred to the Certificate Officer (CO). The Government also added that there is no documentation relating to determination of profit element by the Assessing Officer and that the matter was noted for future reference. The Government reply was silent on not taking up of assessment of the dealer despite recommendation and non-levy of penalty at the time of re-assessment.

[14] April 2011 to December 2011

[15] January 2012 to March 2012

5.11 Evasion of tax

Due to failure of the Department to put in place a mechanism to verify/ cross check the sales with other nodal departments of the Government, six liquor vendors evaded tax of ₹ 28.44 lakh

Schedule-II of the Mizoram Value Added Tax Act, 2005 (MVAT) envisages that Indian Made Foreign Liquor (IMFL) and Beer are taxable at the rate of 13.5 *per cent.* Further, as per Notification dated 27 February 2015, the Excise and Narcotics Department has fixed the profit margin of retail liquor vendors at 18 *per cent* from basic price. Moreover, Section 32(1) of MVAT Act envisages that if the Commissioner is satisfied that any dealer who is liable to pay tax under this Act, in respect of any period, has failed to pay tax under this Act, or has failed to get himself registered, he shall proceed in such manner as may be prescribed, to assess to the best of his judgement the amount of tax due from the dealer in respect of such period.

Test check of records (November-December 2016) of the DCT[16], Central Zone, Aizawl revealed that out of the six retail liquor vendors[17], two vendors furnished sales returns[18] of ₹ 674.25 lakh of IMFL/ Beer to the Taxation Authority during 2015-16 and 2016-17. Cross verification of information received from the Excise and Narcotics Department, Government of Mizoram, Aizawl[19] revealed that these six liquor vendors sold 9,98,556.01 cases of IMFL/ Beer amounting to ₹ 2,055.84 lakh. Thus, there was a concealment of sales of ₹ 1,381.59 lakh (₹ 2,055.84 lakh *minus* ₹ 674.25 lakh) by those six vendors who earned a profit of ₹ 210.75 lakh for sale of ₹ 1,381.59 lakh of IMFL/ Beer. This had resulted in evasion of tax of ₹ 28.44 lakh as detailed in **Appendix-5.1.1**.

On this being pointed out, the Department stated (May 2018 and January 2019) that an amount of ₹ 15.40 lakh was realised after being pointed by Audit from five liquor vendors out of the total assessed tax of ₹ 22.08 lakh leaving a balance of ₹ 13.04 lakh as detailed in **Appendix-5.1.1.** Assessment status of the remaining liquor vendor[20] was not intimated (June 2019).

Further scrutiny of five assessment records, which were assessed between March 2017 and March 2018, however, revealed that the AO did not cover the period of audit observation for four months as in two cases[21] and extended beyond the audit coverage for three months in four cases[22] and six months in one case[23]. As a result, the actual tax balance could not be co-related. However, in spite of the coverage of three

[16] Erstwhile Assistant Commissioner of Taxes (ACT), Central Zone, Aizawl

[17] (i) Lalrin Liquor, Vaivakawn; (ii) Wine Shop, Chawlhhmun; (iii) OP Wine, Vaivakawn; (iv) 1st MAP Bn. Liquor Shop, Armed Veng; (v) Two Brothers Wine Shop, Vaivakawn; and (vi) Tyson wine shop, Chawlhhmun

[18] Intra-State sale

[19] The authority for issuance of license for the IMFL/Beer *etc.*

[20] 1st MAP Bn. Liquor Shop

[21] Two Brothers Wine Shop and Tyson Wine Shop (December 2015 to March 2016)

[22] (i) Lalrin Liquor; (ii) Wine Shop; (iii) OP Wine, and (iv) Tyson wine shop (October to December 2016)

[23] Two Brothers Wine Shop (October 2016 to March 2017)

months to six months by the AO beyond the audit coverage, there was a tax balance of ₹ 13.04 lakh as on June 2019.

Thus, due to absence of a mechanism to verify/ cross check the quantum of sales with the other departments of the Government, the Taxation Department could not realise ₹ 13.04 lakh from the six liquor vendors.

While accepting the facts and figures, the Government stated (January 2019) that as per the notification (January 2017) of the Taxation Department, Government of Mizoram, retail dealers were not required to get themselves registered under the MVAT, but the assessment would be made as unregistered dealer. Further, the Government added that the progress of assessment would be intimated. However, the progress of assessment was not intimated as of April 2019.

Recommendation: *Government needs to establish a mechanism to verify the sales of the dealers with the concerned line departments to ascertain the actual tax element. Further, the Government needs to fix the responsibility of the Assessing Officers who failed to comply with the provisions of the MVAT Act, which resulted in evasion of tax.*

CHAPTER – VI

FOLLOW UP OF AUDIT OBSERVATIONS

CHAPTER-VI

FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Non submission of *suo moto* Action Taken Notes

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

A review of follow up action on submission of *suo moto* ATNs disclosed that there was pendency in replies in respect of the Audit Reports for the years 2011-12 to 2015-16. The Audit Report for the year 2016-17 was laid on the table of the State Legislature on 13 March 2019.

6.2 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspection of Government departments to verify on a test-check basis if proper books of accounts and records are maintained as per the prescribed rules and procedures. These inspections are followed by the issuance of Inspection Reports (IRs) to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/ orders of the Government provide for prompt response by the Executive to the IRs. The Heads of Offices and next higher authorities are required to rectify the defects promptly as per the Audit observations and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Accountant General.

6.2.1 Outstanding Inspection Reports and Paragraphs

Details of outstanding paragraphs pertaining to Social, General and Economic (Non-SPSUs) Sectors during the last five years are given below:

Chart-6.2.1: Number of outstanding Paragraphs

6.2.2 Revenue Sector

At the end of June 2018, 133 IRs issued up to December 2017 containing 368 paragraphs with a money value of ₹ 74.38 crore were outstanding. The position in this respect for the preceding two years is given in the table below:

Table-6.1:- Details of outstanding IRs under Revenue Sector

Particulars	June 2016	June 2017	June 2018
Numbers of outstanding IRs	128	129	133
Number of outstanding audit observations	360	344	368
Amount involved (₹ in crore)	63.25	67.13	74.38

6.2.2.1 Recovery of accepted cases

The details of paragraphs included in the Audit Reports of the last five years and those accepted by the Department and amount recovered are given in the following table:

Table-6.2:- Details of Paragraphs included in the Audit Reports and recovery made thereagainst by Taxation Department

(₹ in crore)

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered as on 31 March 2018	Cumulative position of recovery of accepted cases
2012-13	3	1.88	3	1.88	0.35	**0.35**
2013-14	5	2.38	4	1.95	0.14	**0.49**
2014-15	4	4.15	4	4.15	0.15	**0.64**
2015-16	5	3.63	4	1.61	0.02	**0.66**
2016-17	6	3.16	4	2.14	--	**0.66**
Total	**23**	**15.20**	**19**	**11.73**	**0.66**	**--**

It could be seen from the above table that during the last five years, the Taxation Department had accepted 19 paragraphs having a money value of ₹ 11.73 crore; out of which, only ₹ 0.66 crore had been recovered as on 31 March 2018.

The Department needs to evolve a strong mechanism to monitor and ensure recovery of accepted cases.

6.3 Response of departments concerned to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General to the Principal Secretaries/ Secretaries of the departments concerned, drawing their attention to audit findings with a request to send their response within six weeks. Non-receipt of replies from departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Ten draft paragraphs proposed to be included in the Audit Report 2017-18, were sent to Principal Secretaries/ Secretaries of the respective departments for their responses. Government response was received in respect of five proposed draft paragraphs under Revenue Sector which have been incorporated at appropriate places. No response was received for the remaining five proposed draft paragraphs pertaining to other Sectors.

6.4 Audit Committee Meetings

State Government had constituted (04 September 2013) Audit Committees to consider and take measures for timely response and speedy settlement of outstanding IRs/ paragraphs pending in various departments.

During 2017-18, no Audit Committee meeting was held.

Government may ensure that Audit Committees meet regularly to review, discuss, settle and take action on audit observations.

Aizawl	**(LALRAMTHANGA TOCHHAWNG)**
The 23 September 2019	**Principal Accountant General, Mizoram**

Countersigned

New Delhi	**(RAJIV MEHRISHI)**
The 03 October 2019	**Comptroller and Auditor General of India**

APPENDICES

Appendix-1.1.1

Statement showing Direct Transfers of Central Scheme Funds to Implementing Agencies in the State (funds routed outside State Budget) under Social Sector during 2017-18

(Reference: Paragraph-1.1; Page-1)

(₹ in lakh)

Sl. No.	GoI Scheme	Implementing Agency	Name of the Department	GoI releases
1.	Kala Sanskriti Vikas Yojana	Do Re Mi Drama & Cultural Club	Art and Culture	15.36
2.		ZAWLBUK		4.08
3.		ASSITEJ INDIA		0.78
4.		Deepak Kumar Bajoria		0.38
5.	Development of Nursing Services	Mizoram Nursing Council	Health and Family Welfare	24.80
6.	Establishment Expenditure Ayush	Regional Institute of Paramedical and Nursing Sciences		7.33
7.	National Aids and STD Control Programme	State AIDS Control Society, Aizawl		1496.61
8.	Higher Education Statistics and Public Information System	AI SHE Mizoram Unit	Higher and Technical Education	1.86
9.	Atal Innovation Mission including Self Employment and Talent Utilisation	Downtown High School	School Education	12.00
10.		Holy Cross School		12.00
11.		Sacred Heart Higher Secondary School run by Aizawl Diocesan Education Society		12.00
12.		St. John's Higher Secondary School		12.00
13.	Disha Programme for Women in Science	Pachhunga University College	Higher and Technical Education	7.00
14.	Innovation, Technology Development and Deployment	Pachhunga University College		8.97
15.	Research & Development Support SERC	Pachhunga University College		17.79
16.	Assistance to Voluntary Organisations for Programmes Relating to Aged	Save, Help & Develop (SHADE)	Social Welfare	5.89
17.		Social Justice and Empowerment		0.00
18.	Deendayal Disabled Rehabilitation Scheme	Gilead Special School (Run by Spastics Society of Mizoram, Aizawl		7.89
19.		Samaritan Association for the Blind Society of Mizoram, Aizawl		1.55

Sl. No.	GoI Scheme	Implementing Agency	Name of the Department	GoI releases
20.	Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse	Social Guidance Agency	Social Welfare	2.14
21.		Thutak Nunpuitu Team		20.51
22.		Zoram Driver's Ramthim Board,		12.10
23.		Blessing Home		9.24
24.		Mizoram Social Defence & Rehabilitation Board		51.37
25.		New Life Home Society		15.55
26.	Schemes for Differently Abled Persons	Director, Social Welfare Department		3.00
27.	Aid to Voluntary Organisations Working for the Welfare of Scheduled Tribes	Mizoram Hmeithei Association, Aizawl		35.55
28.		Social Guidance Agency		7.00
29.		Thutak Nunpuitu Team		13.35
30.	National Fellowship and Scholarship for Higher Education of ST Students	National Institute of Technology, Mizoram	Higher and Technical Education	30.05
31.	Scholarship to ST students for Studies Abroad	Lalchungnunga Hmar	Social Welfare	0.01
32.	Gender Budgeting	Department of Social Welfare		0.76
33.	One Stop Center (OSC)	OSC, Lunglei		35.30
34.		OSC, Aizawl		26.11
35.	Pradhan Mantri Matru Vandana Yojna	Department of Social Welfare, Mizoram		485.41
36.	Khelo India	Mizoram State Sports Council	Sports and Youth Services	180.00
37.	National Service Scheme (NSS)	Mizoram State NSS Cell	Health and Family Welfare	174.71
38.	Youth Hostel	Lalmawia	Sports and Youth Services	1.26
39.	CIC and RTI	Mizoram State Information Commission	Information and Public Relations	3.00
Total				**2754.71**

Source: "Direct Transfer of Central Funds to Implementing Agencies" as per Public Financial Management System (PFMS) Portal of the Controller General of Accounts

Appendix-1.3.1

Statement showing the delay in release of Central Share by the State Government

(Reference: Paragraph-1.3.7.1; Page-7)

(₹ in lakh)

Year	Date of release of Assistance by GoI	Amount	Date of release by State Government	Date of credit to RMSA Account	Amount released by State Government	Delay (In days)
2014-15	06-06-2014	461.37	02-09-2014	21-11-2014	461.37	168
	15-07-2014	1138.71	20-11-2014	23-01-2015	1244.04	**192**
		105.33				
	20-03-2015	885.26	31-03-2015	24-06-2015	1029.96	96
	23-03-2015	144.70				93
2015-16	21-05-2015	655.54	29-06-2015	13-07-2015	655.54	53
	28-09-2015	112.56	04-12-2015	14-12-2015	712.64	77
	29-09-2015	600.08				
	08-03-2016	456.98	24-03-2016	31-03-2016	456.98	23
	30-03-2016	255.42	31-03-2016	28-04-2016	255.42	29
2016-17	10-05-2016	477.30	10-06-2016	29-06-2016	477.30	50
	29-06-2016	70.22	17-08-2016	02-09-2016	70.22	65
	06-07-2016	548.47			548.47	58
	21-09-2016	819.93	02-11-2016	21-11-2016	819.93	61
	10-01-2017	345.60	09-02-2017	14-02-2017	345.60	35
	12-01-2017	924.87			924.87	33
	06-02-2017	37.27	30-03-2017	31-03-2017	37.27	53
2017-18	05-05-2017	529.99	12-06-2017	23-05-2017	529.99	**18**
	14-07-2017	465.33	11-08-2017	18-08-2017	465.33	35
	10-08-2017	887.82	06-09-2017	12-09-2017	887.82	33
	11-08-2017	98.84			98.84	32
	12-01-2018	946.46	01-02-2018	08-02-2018	946.46	27
	01-02-2018	8.71	19-03-2018	28-03-2018	8.71	55
	22-02-2018	312.29	26-03-2018	29-03-2018	312.29	35
Total					**11289.05**	**--**

Source: Departmental records

Appendix-1.3.2

Statement showing the infrastructure created but not utilised due to improper assessment of requirement

(Reference: Paragraph-1.3.8.1; Page-8)

District	School	Item	Cost (₹ in lakh)
1.	Government Lalengvanga High School	Computer Room	4.80
2.	Government Baktawng High School	Library Room	6.70
		Art and Craft Room	4.80
		Science Laboratory	5.80
3.	Government PCR High School	Art and Craft Room	4.80
		Science Laboratory	5.80
4.	Government Serchhip High School	Class Room	5.40
5.	Government Bungtlang High School	Science Laboratory	5.80
6.	Government Keitum High School	Science Laboratory	5.80
7.	Government Rawpuichhip High School	Art and Craft Room	4.80
8.	Government Bethlehem Vengtlang High School	Art and Craft Room	4.80
9.	Government Aizawl East High School	Computer Room	4.80
		Art and Craft Room	4.80
		Science Laboratory	5.80
10.	Government Aizawl High School	Art and Craft Room	4.80
11.	Government Bawngkawn High School	Art and Craft Room	4.80
12.	Government Bungkawn High School	Art and Craft Room	4.80
13.	Government Ch. Chhunga High School	Library	6.70
		Computer Room	4.80
14.	Government Chatlang High School	Art and Craft Room	4.80
15.	Government Dinthar High School	Art and Craft Room	4.80
16.	Government K. M. High School	Art and Craft Room	4.80
17.	Government KVM High School	Class Room	5.40
		Class Room	5.40
		Science Laboratory	5.80
18.	Government Mamawii High School	Art and Craft Room	4.80
		Library	6.70
19.	Government Kulikawn High School	Class Room	5.40
		Science Laboratory	5.80
		Computer Room	4.80
		Library	6.70
		Art and Craft Room	4.80
20.	Government Falkawn High School	Art and Craft Room	4.80
21.	Government Tinzagina High School	Class Room	5.40
22.	Government Sihpir High School	Computer Room	4.80
		Art and Craft Room	4.80
		Science Laboratory	5.80
Total			**196.20**

Source: Departmental records

Appendix-2.1.1

Statement showing Direct Transfers of Central Scheme Funds to Implementing Agencies in the State (funds routed outside State Budget) under General Sector during 2017-18

(Reference: Paragraph-2.1; Page-19)

(₹ in lakh)

Sl. No.	GoI Scheme	Implementing Agency	Name of the Department	GoI releases
1.	Voter Education	Chief Electoral Offcer	General Administration	39.00
2.	E-Courts Phase-II	Registrar General, High Court of Gauhati (Mizoram)	Law and Judicial	247.17
3.	CIC and RTI	Administrative Training Institute, Government of Mizoram	Personnel and Administrative Reforms	9.00
4.	Training Schemes			89.10
5.	MPs Local Area Development Scheme (MPLADS)	Deputy Commissioner (DC), Aizawl	General Administration	750.00
6.	Beti Bachao Beti Padhao	DC, Siaha		32.50
Total				**1166.77**

Source: "Direct Transfer of Central Funds to Implementing Agencies" as per Public Financial Management System (PFMS) Portal of the Controller General of Accounts

Appendix-3.1.1

Statement showing Direct Transfers of Central Scheme Funds to Implementing Agencies in the State (funds routed outside State Budget) under Economic (Other than SPSUs) Sector during 2017-18

(Reference: Paragraph-3.1; Page-23)

(₹ in lakh)

Sl. No.	GoI Scheme	Implementing Agency	Name of the Department	GoI releases
1.	Organic Value Chain Development for NE Region	Mission Organic Mizoram	Agriculture	291.72
2.	Domestic Promotion and Publicity including Market Development Assistance	Mizoram Tourism Development Authority	Tourism	50.00
3.	Design and Technical Upgradation Scheme	Hnam Chhantu Pawl	Commerce and Industries	34.72
4.	Human Resource Development - Handicrafts	Hnam Chhantu Pawl		4.52
5.	National Handloom Development Programme	Ramhlun South Kawn Veng Handloom Cooperative Society Ltd.		43.28
6.	NER Textiles Promotion Scheme	Director of Sericulture	Sericulture	1353.45
7.	Scheme for Usage of Geotextiles in North East	Public Works Department	Public Works	1423.19
8.	ASPIRE (Promotion of Innovation, Rural Industry and Entrepreneurship)	Directorate of Commerce and Industries	Commerce and Industries	26.57
9.	Electronic Governance	Mizoram State e-Governance Society	Information and Communication Technology	570.25
10.	Action Research and Studies on Judicial Reforms	State Institute of Rural Development and Panchayati Raj	Rural Development	9.82
11.	Capacity Building and Publicity - IT	Young Mizo Association	Information and Communication Technology	10.00
12.		Mizoram Youth Commission		32.41
13.	Biogas Programme - Offgrid	College of Veterinary Sciences and Animal Husbandry	Animal Husbandry and Veterinary	45.00
14.	Capacity Building - Panchayat Sashaktikaran Abhiyaan (PSA)	State Institute of Rural Development, Mizoram	Rural Development	1012.50

Sl. No.	GoI Scheme	Implementing Agency	Name of the Department	GoI releases
15.	Capacity Development CSO and NSSO	Directorate of Economics and Statistics, Mizoram	Planning and Programme Implementation	112.00
16.	Support for Statistical Strengthening	Directorate of Economics and Statistics, Mizoram		75.75
17.	Mahatma Gandhi National Rural Guarantee Program	MGNREGA Rural Employment Guarantee Council, Mizoram	Rural Development	2710.70
18.	Management Support to Rural Development Programs and Strengthening of District Planning Process	State Institute of Rural Development, Mizoram	Rural Development	146.23
19.		Extension Training Centre, Thingsulthliah, Mizoram		142.22
20.		Extension Training Centre, Pukpui, Lunglei		229.38
21.	National Rural Livelihood Mission CS	Mizoram State Rural Livelihood Mission	Rural Development	170.75
22.				15.17
23.	Pradhan Mantri Gram Sadak Yojna - Center Component	Mizoram Rural Roads Development Agency, Aizawl	Public Works	0.27
24.	Institutional Development for Inclusive Urban Governance, Building Materials and Technology	Directorate of Economics and Statistics, Mizoram	Planning and Programme Implementation	15.00
25.	National Hydrology Project	Irrigation and Water Resources Department	Irrigation and Water Resources	177.00
26.	Gender Budgeting	State Institute of Rural Development and Panchayati Raj	Rural Development	3.98
27.	National Plan for Dairy Development	Mizoram Milk Producers Co-operative Union Ltd.	Animal Husbandry and Veterinary	310.30
Total				**9016.18**

Source: "Direct Transfer of Central Funds to Implementing Agencies" as per Public Financial Management System (PFMS) Portal of the Controller General of Accounts

Appendix-3.2.1

Statement showing details of grounding of projects

(Reference: Paragraph-3.2.8.2; Page-27)

(₹ in lakh)

Name of the Project	Date of sanction of project by NABARD	Date of Administrative Approval	Date of Technical Sanction	Date of Notice Inviting Tender	Date of issue of work order
Improvement and Upgradation of steep gradient in between Kamalanagar to Chhatapansury Road	29.01.2010	19.03.2010	18.05.2010	08.03.2010	28.05.2010
Construction of Hnahthial-Thingsai Road (0.00-9.50)	29.01.2010	17.03.2010	07.03.2011	22.06.2010 09.11.2012	10.12.2010 21.01.2013
Strengthening and rehabilitation of W. Phaileng to Marpara Road	07.03.2011	13.09.2011	14.09.2011	04.05.2011	01.09.2011 12.09.2011
Pavement of Muallungthu-Khumtung Road	29.03.2014	29.03.2014	20.05.2014	31.07.2014	06.02.2015
Hnahthial-Thingsai Road (10.50-52.25)	08.01.2016	01.03.2016	16.03.2016	09.02.2016 21.03.2016	09.05.2016 08.09.2016
Chuhvel-Sihthiang Road	08.01.2016	01.03.2016	16.03.2016	09.02.2016 21.03.2016	23.06.2016
Imporvement and widening of Zawngin-Suangpuilawn Road	08.01.2016	01.03.2016	16.03.2016	21.03.2016 15.03.2017	08.06.2016 29.11.2016 08.08.2017
Zote-Chhipphir Road	08.01.2016	01.03.2016	16.03.2016	21.03.2016 23.03.2017	09.05.2016 26.05.2017
Construction of Laki-Vahai Road	08.01.2016	01.03.2016	14.03.2016	21.03.2016	19.04.2016 03.05.2016 09.05.2016 09.05.2016 02.05.2016
Construction of Hualngohmun-Samtlang Road	08.11.2016	17.02.2017	21.06.2018	15.02.2017	04.09.2018
Improvement of Thuampui 'S'-S. Lungdai-Serte-Sertlangpui Road	08.11.2016	17.02.2017	12.02.2017	30.01.2017 07.11.2017	02.05.2017 02.12.2017
Strengthening and improvement of Ngopa-Mimbung Road	08.11.2016	17.02.2017	14.03.2017	15.03.2017	25.08.2017

Name of the Project	Date of sanction of project by NABARD	Date of Administrative Approval	Date of Technical Sanction	Date of Notice Inviting Tender	Date of issue of work order
Improvement of Ramrikawn-PTC up to NH 54 Road	08.11.2016	17.02.2017	Not accorded	01.12.2016	23.01.2017
Construction of built-up steel girder Bridge over R. Pekalui	08.11.2016	17.02.2017	Not accorded	01.06.2017	24.07.2017
Construction of double lane built-up steel girder bridge on Saitual-Phullen Road over Tuivawl River	08.11.2016	17.02.2017	Not accorded	01.06.2017	10.08.2017
Construction of built-up steel girder bridge over R. Teirei on Bairabi-Zamuang Road	08.11.2016	17.02.2017	Not accorded	01.06.2017	24.07.2017
Construction of built-up steel girder bridge over R. Chengkawllui Khedacherra-Damcherra-Zamuang-Kawrtethawveng-Tuilutkawn Road	08.11.2016	17.02.2017	Not accorded	01.06.2017	24.07.2017
Improvement and strengthening of Champhai-Khawbung Road upto R. Khawchhaka-Tuipui	05.01.2018	29.03.2018	Not accorded	31.01.2018	14.06.2018
Approach road to Marpara 'S'	05.01.2018	29.03.2018	29.03.2018	28.02.2018	16.04.2018
Construction of rigid pavement on Buhchang-Phaisen Road	05.01.2018	19.03.2018	20.03.2018	09.01.2018	06.04.2018
Construction of Chheihlu-Chakhang Road	05.01.2018	29.03.2018	Not accorded	08.06.2018	08.08.2018
Construciton of double lane built-up steel girder bridge over R. Langkaih	05.01.2018	29.03.2018	Not accorded	30.01.2018	27.03.2018
Construction of Hnahthial-Hawlawng Road upto Zotui	16.03.2018	31.07.2018	31.08.2018	12.07.2018	Work Order not issued

Source: Departmental records

Appendix-3.2.2

Statement showing details of variations in actual quantities executed *vis-à-vis* Revised DPR

(Reference: Paragraph-3.2.10.2(i)(b); page-33)

Name of the component	Revised DPR		Actual Execution		(+) Excess/ Less (-)	
	Quantity	Amount (₹ in lakh)	Quantity	Amount (₹ in lakh)	Quantity	Amount (₹ in lakh)
PAVEMENT WORKS Preparation and surface treatment of formation *(quantity in km)*	0.00	0.00	2.10	0.27	2.10	0.27
Scarifying existing granular surface *(quantity in km)*	4.00	4.88	49.22	61.62	45.22	56.74
Granular Sub-Base *(quantity in km)*	19.94	618.67	32.63	723.09	12.69	104.42
WBM II *(quantity in km)*	16.62	202.04	45.58	507.67	28.96	305.63
WBM III *(quantity in km)*	16.62	204.01	52.64	599.47	36.02	395.46
Filling Potholes *(quantity in cum)*	7180.85	314.50	2382.73	77.09	(-) 4798.12	(-) 237.41
Prime Coat *(quantity in km)*	80.00	277.49	77.39	204.51	(-) 2.61	(-) 72.98
Tack Coat *(quantity in km)*	80.00	73.61	77.39	59.62	(-) 2.61	(-) 13.99
Premix Carpet *(quantity in km)*	80.00	759.40	77.39 km	564.06	(-) 2.61	(-) 195.34
Seal Coat *(quantity in km)*	80.00	278.36	77.39 km	270.05	(-) 2.61	(-) 8.31
Earthen shoulder *(quantity in km)*	80.00	96.28	80.00	74.40	0.00	(-) 21.88
PROTECTION WORKS *(quantity in nos.)*	47	86.14	60	116.50	13	30.36
H/P CULVERT *(quantity in nos.)*	9	41.82	9	29.95	0	(-) 11.87
LINE SIDE DRAIN *(quantity in km)*	16.50	311.77	14.28	210.61	(-) 2.22	(-) 101.16
UNLINED SIDE DRAIN *(quantity in km)*	35.16	22.86	55.02	45.66	19.86	22.80
LANDSLIDE CLEARANCE Ordinary Soil 70 *per cent* *(quantity in cum)*	20194.808	10.50	43623.65	23.82	23428.842	13.32
Hard Rock 30 *per cent* *(quantity in cum)*	6731.603	10.10	9806.69	15.45	3075.087	5.35
JUNGLE CLEARANCE *(quantity in km)*	0.00	0.00	104	5.37	104	5.37
CLEARANCE OF H/P CULVERT *(quantity in Nos.)*	0	0.00	585	1.29	585	1.29
SIDE DRAIN CLEARANCE *(quantity in Rm)*	0.00	0.00	10243.24	3.79	10243.24	3.79
Cross Drainage Works *(quantity in Nos.)*	154	457.78	159	403.15	5	(-) 54.63
Retaining Walls *(quantity in Rm)*	300.00	94.20	593.80	201.01	293.80	106.81

Name of the component	Revised DPR		Actual Execution		(+) Excess/ Less (-)	
	Quantity	Amount (₹ in lakh)	Quantity	Amount (₹ in lakh)	Quantity	Amount (₹ in lakh)
Culvert repair *(quantity in Nos.)*	143	31.70	42	52.23	(-) 101	20.53
Vertical Clearance *(quantity in Rm)*	100.00	17.11	100.00	17.77	0.00	0.66
Landslide clearance *(quantity in Cum)*	12500.00	9.87	9374.60	34.94	(-) 3125.40	25.07
Jungle clearance *(quantity in km)*	0.00	0.00	241.00	12.20	241.00	12.20
Traffic sign and road safety	--	147.39	--	132.98	--	(-) 14.41
Quality control	--	40.00	--	0.24	--	(-) 39.76
Work charged establishment	--	81.41	--	41.24	--	(-) 40.17
Contingencies	--	122.11	--	71.12	--	(-) 50.99
Total		**4314.00**		**4561.17**		**247.17**
Price Escalation		**0.00**		**332.92**		**332.92**
Grand Total		**4314.00**		**4894.09**		**580.09**

Source: Departmental records

Appendix-3.2.3

Statement showing details of payments for price escalation

(Reference: Paragraph-3.2.10.2(i)(c); page-34)

(₹ in lakh)

Running Account Bills	Tantia Construction Ltd.		F. Kapsanga		Lalthanthuami		Total amount paid to the contractors	Actual amount to be paid	Excess amount paid
	Amount Paid	Actual Cost of Escalation	Amount Paid	Actual Cost of Escalation	Amount Paid	Actual Cost of Escalation			
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)=B+D+F	(I)=C+E+G	(J)=H-I
RA I	4.45	4.31	3.27	0.00	2.03	0.00	9.75	4.31	5.44
RA II	16.02	16.00	2.91	6.74	5.37	8.09	24.30	30.83	(-) 6.53
RA III	10.17	10.05	33.21	25.90	15.33	15.32	58.71	51.27	7.44
RA IV	5.04	4.98	11.40	8.76	8.31	8.31	24.75	22.05	2.70
RA V	22.49	21.71	20.37	17.63	3.31	3.61	46.17	42.95	3.22
RA VI	12.09	11.13	15.79	2.72	12.72	10.12	40.60	23.97	16.63
RA VII	17.66	11.70	6.88	2.78	5.65	3.33	30.19	17.81	12.38
RA VIII	20.51	14.02	6.09	3.71	10.97	10.31	37.57	28.04	9.53
RA IX	13.92	4.52	18.36	7.81	1.76	1.26	34.04	13.59	20.45
RA X	--	--	--	--	5.81	2.57	5.81	2.57	3.24
RA XI	--	--	--	--	6.98	3.86	6.98	3.86	3.12
RA XII	--	--	--	--	13.85	6.90	13.85	6.90	6.95
Total	**122.35**	**98.42**	**118.28**	**76.05**	**92.09**	**73.68**	**332.72**	**248.15**	**84.57**

Source: Departmental records

Appendix-3.2.4

Statement showing details of actual execution of formation cutting *vis-à-vis* estimate

(Reference: Paragraph-3.2.10.2(iii)(a); Page-37)

<table>
<tr><th colspan="4">As per Estimate</th><th colspan="3">Actual Execution</th></tr>
<tr><th rowspan="2"></th><th colspan="2">Chainage</th><th rowspan="2">Length</th><th colspan="2">Chainage</th><th rowspan="2">Length</th></tr>
<tr><th>from</th><th>to</th><th>from</th><th>to</th></tr>
<tr><td rowspan="20">(i) Widening Portion</td><td>0.000</td><td>6.400</td><td>6.400</td><td>0.000</td><td>0.600</td><td>0.600</td></tr>
<tr><td>8.360</td><td>8.840</td><td>0.480</td><td>0.630</td><td>0.840</td><td>0.210</td></tr>
<tr><td>10.030</td><td>11.300</td><td>1.270</td><td>0.870</td><td>3.030</td><td>2.160</td></tr>
<tr><td>12.840</td><td>14.000</td><td>1.160</td><td>3.060</td><td>3.120</td><td>0.060</td></tr>
<tr><td>22.060</td><td>23.720</td><td>1.660</td><td>3.150</td><td>3.960</td><td>0.810</td></tr>
<tr><td>30.600</td><td>34.600</td><td>4.000</td><td>3.990</td><td>4.110</td><td>0.120</td></tr>
<tr><td></td><td></td><td></td><td>4.230</td><td>5.400</td><td>1.170</td></tr>
<tr><td></td><td></td><td></td><td>6.000</td><td>6.630</td><td>0.630</td></tr>
<tr><td></td><td></td><td></td><td>7.350</td><td>7.380</td><td>0.030</td></tr>
<tr><td></td><td></td><td></td><td>7.410</td><td>7.830</td><td>0.420</td></tr>
<tr><td></td><td></td><td></td><td>8.190</td><td>8.370</td><td>0.180</td></tr>
<tr><td></td><td></td><td></td><td>8.460</td><td>8.880</td><td>0.420</td></tr>
<tr><td></td><td></td><td></td><td>10.170</td><td>10.350</td><td>0.180</td></tr>
<tr><td></td><td></td><td></td><td>10.440</td><td>12.000</td><td>1.560</td></tr>
<tr><td></td><td></td><td></td><td>19.970</td><td>20.000</td><td>0.030</td></tr>
<tr><td></td><td></td><td></td><td>23.000</td><td>23.420</td><td>0.420</td></tr>
<tr><td></td><td></td><td></td><td>32.920</td><td>33.370</td><td>0.450</td></tr>
<tr><td></td><td></td><td></td><td>33.400</td><td>33.940</td><td>0.540</td></tr>
<tr><td></td><td></td><td></td><td>34.000</td><td>34.390</td><td>0.390</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="3">Total Length (i)</td><td>14.97</td><td></td><td></td><td>10.380</td></tr>
<tr><td rowspan="20">(ii) New Cutting/ Diversion Portion</td><td>6.400</td><td>8.360</td><td>1.960</td><td>0.600</td><td>0.630</td><td>0.030</td></tr>
<tr><td>8.840</td><td>10.030</td><td>1.190</td><td>0.840</td><td>0.870</td><td>0.030</td></tr>
<tr><td>11.300</td><td>12.840</td><td>1.540</td><td>3.030</td><td>3.060</td><td>0.030</td></tr>
<tr><td>14.000</td><td>15.000</td><td>1.000</td><td>3.120</td><td>3.150</td><td>0.030</td></tr>
<tr><td>18.000</td><td>22.060</td><td>4.060</td><td>3.960</td><td>3.990</td><td>0.030</td></tr>
<tr><td>23.720</td><td>25.000</td><td>1.280</td><td>6.630</td><td>7.350</td><td>0.720</td></tr>
<tr><td>28.000</td><td>30.600</td><td>2.600</td><td>7.380</td><td>7.410</td><td>0.030</td></tr>
<tr><td></td><td></td><td></td><td>7.830</td><td>8.190</td><td>0.360</td></tr>
<tr><td></td><td></td><td></td><td>8.370</td><td>8.460</td><td>0.090</td></tr>
<tr><td></td><td></td><td></td><td>8.880</td><td>8.970</td><td>0.090</td></tr>
<tr><td></td><td></td><td></td><td>9.000</td><td>10.170</td><td>1.170</td></tr>
<tr><td></td><td></td><td></td><td>10.350</td><td>10.380</td><td>0.030</td></tr>
<tr><td></td><td></td><td></td><td>12.000</td><td>14.235</td><td>2.235</td></tr>
<tr><td></td><td></td><td></td><td>18.650</td><td>19.970</td><td>1.320</td></tr>
<tr><td></td><td></td><td></td><td>20.000</td><td>22.820</td><td>2.820</td></tr>
<tr><td></td><td></td><td></td><td>23.420</td><td>24.980</td><td>1.560</td></tr>
<tr><td></td><td></td><td></td><td>28.000</td><td>29.980</td><td>1.980</td></tr>
<tr><td></td><td></td><td></td><td>31.000</td><td>32.920</td><td>1.920</td></tr>
<tr><td></td><td></td><td></td><td>33.370</td><td>33.400</td><td>0.030</td></tr>
<tr><td></td><td></td><td></td><td>33.940</td><td>34.000</td><td>0.060</td></tr>
<tr><td colspan="3">Total Length (ii)</td><td>13.630</td><td></td><td></td><td>14.565</td></tr>
<tr><td colspan="3">(A) Total length of the road executed (i + ii)</td><td>28.600</td><td></td><td></td><td>24.945</td></tr>
<tr><td colspan="3">(B) Total length for missing MBs</td><td>6.000</td><td></td><td></td><td>6.000</td></tr>
<tr><td colspan="3">(C) Total length not executed</td><td>--</td><td></td><td></td><td>3.655</td></tr>
<tr><td colspan="3">Total Length of the road = (A + B + C)</td><td>34.600</td><td></td><td></td><td>34.600</td></tr>
</table>

Source: Departmental records

Note: *Analysis of chainages 15.000-18.000 kmp and 25.000-28.000 kmp could not be carried out due to non-production of MB Nos. 365 (CH) & 370(T) respectively. The analyses shown in Annexure are carried out excluding 6 kms out of the total length of the road (34.60 kms)*

Appendix-3.2.5

Statement showing non-execution of works (formation cutting) by the contractors

(Reference: Paragraph-3.2.10.2(iii)(d); Page-39)

Name of the Contractor	Group No.	Details of execution									
		Chainage from	Chainage to	Length not executed (m)	Ordinary Soil		Ordinary Rock		Hard Rock		Total estimated amount (in ₹)
					Estimated Qty (cum)	Amount @ ₹ 92.00	Estimated Qty (cum)	Amount @ ₹ 155.00	Estimated Qty (cum)	Amount @ ₹ 301.00	
Nichiani	B-(3.00-6.00)	4.110	4.230	0.120	814.28	74913.76	203.56	31551.80	0.00	0.00	106465.56
		5.400	6.000	0.600	3366.75	309741.00	814.68	126275.40	716.85	215771.85	651788.25
J. Ronghingliana	C-(6.00-9.00)	8.970	9.000	0.030	192.00	17664.00	36.00	5580.00	12.00	3612.00	26856.00
Lalhmachhuana	D-(9.00-12.00)	10.380	10.440	0.060	315.00	28980.00	135.00	20925.00	0.00	0.00	49905.00
Lalnunmawia	E-(12.00-15.00)	14.235	15.000	0.765	7166.25	659295.00	3642.75	564626.25	216.00	65016.00	1288937.25
R. Liantluanga	G-(18.00-20.00)	18.000	18.650	0.650	12123.00	1115316.00	7071.75	1096121.25	1010.25	304085.25	2515522.50
Sanghlira Colbert	H-(20.00-23.00)	22.820	23.000	0.180	1102.50	101430.00	551.25	85443.75	183.75	55308.75	242182.50
R. Lalliana	I-(23.00-25.00)	24.980	25.000	0.020	405.00	37260.00	405.00	62775.00	0.00	0.00	100035.00
LalrintluangaPunte	K-(28.00-31.00)	29.980	31.000	1.020	6182.50	568790.00	8970.00	1390350.00	0.00	0.00	1959140.00
K. Lalhmachhuana	L-(31.00-34.60)	34.390	34.600	0.210	1779.40	163704.80	821.25	127293.75	136.90	41206.90	332205.45
Total				**3.655**	**33446.68**	**3077094.56**	**22651.24**	**3510942.20**	**2275.75**	**685000.75**	**7273037.51**

Source: Departmental records

Appendix-3.3.1

Statement showing the details of sample selection

(Reference: Paragraph-3.3.4; Page-45)

State	Administrative units	Total	Sampled
Mizoram	Districts	8	2
	Blocks	25	4
	Villages (Gram Panchayats)	813	20
Districts, Blocks, Villages selected for Thematic audit on NLUP under Industries Sector			
State	**District**	**Block**	**Village**
Mizoram	Lunglei	Lunglei	Serkawn
			Zobawk
			Pukpui
			Zotlang
			Theiriat
		Hnahthial	Pangzawl
			Hnahthial S - I[1]
			Hnahthial S - II
			Hnahthial N[2]
			Hnahthial N-II
	Aizawl	Thingsulthliah	Seling
			Saitual
			Keifang
			Thingsulthliah
			Sesawng
		Tlangnuam	Sairang
			Sihphir
			Tuirial
			Sairang Dinthar
			Muthi

Note: *Districts, Blocks and Villages were selected on judgmental basis taking into account the highest number of beneficiaries in each District, Block and Village*

1 Hnahthial S-I includes the beneficiary under Hnahthial S also

2 Hnahthial N-I includes the bene ficiary under Hnahthial N also

Appendix-3.3.2

Statement showing the details of district-wise, block-wise and village-wise beneficiaries who were not recorded in the baseline survey Report

(Reference: Paragraph-3.3.7; Page-46)

District	Block	Name of village	Total beneficiary	Beneficiary who were not recorded in the Baseline Survey Report
Lunglei	Lunglei	Serkawn	83	39
		Zobawk	133	84
		Pukpui	80	51
		Zotlang	69	46
		Theiriat	35	19
	Hnahthial	Pangzawl	27	14
		Hnahthial S - I[3]	43	16
		Hnahthial S - II	22	14
		Hnahthial N - I[4]	40	23
		Hnahthial N - II	18	9
Aizawl	Thingsul	Seling	132	95
		Saitual	103	79
		Keifang	73	51
		Thingsulthliah	72	45
		Sesawng	37	24
	Tlangnuam	Sairang	144	88
		Sihphir	67	35
		Tuirial	39	22
		Sairang Dinthar	36	21
		Muthi	19	9
Total			**1,272**	**784**

Source: Departmental records

[3] Hnahthial S-I includes the beneficiary under Hnahthial S also
[4] Hnahthial N-I includes the beneficiary under Hnahthial N also

Appendix-3.3.3

Statement showing the details of abstract of joint physical verification

(Reference: Paragraphs-3.3.7 and 3.3.8.1; Pages-46, 47 and 48)

District: AIZAWL															
Sl. No.	**Description**		**Tlangnuam Block**						**Thingsulthliah Block**						**District Total**
			Sairang	**Sairang Dinthar**	**Sihphir**	**Tuirial**	**Muthi**	**Total**	**Keifang**	**Thingsul-thliah**	**Saitual**	**Seling**	**Sesawng**	**Total**	
1.	Total No. of beneficiaries		144	36	67	39	19	**305**	73	72	103	132	37	**417**	**722**
2.	No. of beneficiaries surveyed		76	26	32	14	11	**159**	25	33	43	62	27	**190**	**349**
3.	Selection of beneficiary	Department	0	0	0	0		**0**	0	0	0	1	0	**1**	**1**
		VLNC	36	24	6	5	1	**72**	4	33	41	52	17	**147**	**219**
		NIB	0	0	0	0	0	**0**	0	0	0	0	0	**0**	**0**
		MLA/ Party	40	2	26	9	10	**87**	21	0	2	7	9	**39**	**126**
4.	Ineligible selection of beneficiary	Government Servant	1	0	2	0	0	**3**	2	3	0	5	0	**10**	**13**
		Pensioner	2	0	0	1	0	**3**	0	0	0	2	2	**4**	**7**
5.	No. of beneficiary who had practiced the same trade before NLUP		25	5	21	3	1	**55**	16	20	22	23	8	**89**	**144**
6.	No. of beneficiary who had practiced *Jhum* before NLUP		21	16	6	4	6	**53**	9	10	21	22	18	**80**	**133**
7.	No. of beneficiary who had practiced *Jhuming* after NLUP		10	2	2	3	4	**21**	6	3	6	11	8	**34**	**55**
8.	No. of beneficiary who had **'Continued'** the trade		49	24	29	7	7	**116**	21	31	42	49	20	**163**	**279**
9.	No. of beneficiary who had **'Discontinued'** the trade		19	2	3	4	3	**31**	4	2	1	13	7	**27**	**58**
10.	No. of beneficiary who had '**Not taken up'** the trade		8	0	0	3	1	**12**	0	0	0	0	0	**0**	**12**
11.	No. of Beneficiary who is not monitored by VLMC		32	2	7	12	0	**53**	11	1	6	30	9	**57**	**110**
12.	No. of Beneficiary who is not monitored by Department (District Industries Centre)		44	8	8	12	3	**75**	13	1	27	32	14	**87**	**162**

District: LUNGLEI														
Sl. No.	**Description**		**Lunglei Block**						**Hnahthial Block**						**District Total**
			Pukpui	**Zotlang**	**Theiriat**	**Serkawn**	**Zobawk**	**Total**	**Hnahthial North-I**	**Hnahthial North-II**	**Hnahthial South-I**	**Hnahthial South-II**	**Pangzawl**	**Total**	
1.	Total No. of beneficiaries		80	69	35	83	133	**400**	40	18	43	22	27	**150**	**550**
2.	No. of beneficiaries surveyed		55	57	24	40	83	**259**	14	17	27	16	27	**101**	**360**
3.	Selection of beneficiary	Department	0	0	0	0	0	**0**	0	0	0	0		**0**	**0**
		VLNC	6	57	24	29	30	**146**	3	13	2	8	24	**50**	**196**
		NIB	0	0	0	0	0	**0**	0	0	0	0	0	**0**	**0**
		MLA/ Party	49	0	0	11	53	**113**	11	4	25	8	3	**51**	**164**
4.	Ineligible selection of beneficiary	Government Servant	0	0	0	3	4	**7**	0	0	1	3	0	**4**	**11**
		Pensioner	0	0	0	5	2	**7**	0	0	0	1	0	**1**	**8**
5.	No. of beneficiary who had practiced the same trade before NLUP		13	2	6	22	29	**72**	3	7	11	7	5	**33**	**105**
6.	No. of beneficiary who had practiced *Jhum* before NLUP		34	5	9	12	39	**99**	6	9	8	9	23	**55**	**154**
7.	No. of beneficiary who had practiced *Jhuming* after NLUP		6	0	0	2	14	**22**	3	3	2	3	15	**26**	**48**
8.	No. of beneficiary who had **'Continued'** the trade		46	47	20	36	64	**213**	13	15	26	12	23	**89**	**302**
9.	No. of beneficiary who had **'Discontinued'** the trade		9	10	4	3	11	**37**	1	2	1	4	4	**12**	**49**
10.	No. of beneficiary who had **'Not taken up'** the trade		0	0	0	1	8	**9**	0	0	0	0	0	**0**	**9**
11.	No. of Beneficiary who is not monitored by VLMC		0	0	4	2	21	**27**	5	7	13	7	14	**46**	**73**
12.	No. of Beneficiary who is not monitored by Department (District Industries Centre)		0	1	4	2	25	**32**	8	5	18	10	22	**63**	**95**

Source: Joint field visit and Beneficiary Survey Report

Appendix-3.3.4

Statement showing the details of year-wise Development Component sanctioned and expenditure thereof

(Reference: Paragraph-3.3.10; Page-55)

(₹ in lakh)

Phase	Year	Sanctioned		Received		Achievement	
		Date	Amount	Amount	Date	Physical	Financial
1st	2010-11	07/01/2011	275.00	275.00	13/01/2011		
		28/02/2011	825.00	825.00	31/03/2011		
	2011-12	30/08/2011	1,000.00	300.00	10/10/2011		
		20/12/2011	8,019.72	700.00	22/10/2011		
				6,068.26	15/03/2012		
				975.73	19/12/2012		
				975.73	22/12/2012		
Total		**---**	**10,119.72**	**10,119.72**	**---**	**10,736**	**10,119.72**
2nd	2012-13	28/02/2013	5,355.00	69.57	14/02/2013		5,855.00
		18/03/2013	500.00	2,700.00	19/02/2013		1,457.95
		08/02/2013	2,700[5].00	3,155.00	03/08/2013		
				1,119.00	04/09/2013		
				623.29	09/10/2014		
				500.00	29/10/2014		
				334.66	09/01/2015		
				500.00	25/03/2015		
				12.66	12/06/2015		
Total		**---**	**8,555.00**	**9,014.18[6]**	**---**	**7,671**	**7,312.95**
3rd	2013-14	05/12/2013	5,582.00	5,582.00	07/2014 to 12/2017		
Total		**---**	**5,582.00**	**5,582.00**		**5,856**	**5,582.00**
4th	2014-15	24/03/2015	6,133.00	6,133.00	05/2016 to 10/2017		
Total		**---**	**6,133.00**	**6,133.00**	**---**	**2,933**	**6,133.00**
Grand Total		**---**	**30,389.72**	**30,848.90**	**---**	**27,196**	**29,147.67**

Source: Departmental records

[5] ₹ 2,700 lakh was received by the Department, however, copy of sanction order was not available

[6] Copy of sanction order for ₹ 459.18 lakh (₹ 9,014.18 lakh - ₹ 8,555.00 lakh) was not available

Appendix-4.1.1

Statement showing details of equity and outstanding loans relating to State PSUs as on 31 March 2018

(Reference: Paragraph-4.2; Page-67)

(₹ in crore)

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[7] at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoM[8]	GoI[9]	Others	Total	GoM	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
WORKING GOVERNMENT COMPANIES											
SECTOR: AGRICULTURAL MARKETING											
1.	Mizoram Agricultural Marketing Corporation Limited	Commerce and Industries	February 1993	5.45	0.00	0.00	5.45	0.00	0.00	0.00	0.00
Sector Wise Total				**5.45**	**0.00**	**0.00**	**5.45**	**0.00**	**0.00**	**0.00**	**0.00**
SECTOR: FINANCING											
2.	Zoram Industrial Development Corporation Limited	Commerce and Industries	February 1978	11.50	0.00	4.28	15.78	9.35	0.00	20.33	29.68
Sector Wise Total				**11.50**	**0.00**	**4.28**	**15.78**	**9.35**	**0.00**	**20.33**	**29.68**
SECTOR: MANUFACTURING											
3.	Zoram Electronics Development Corporation Limited	Information and Communication Technology	March 1991	7.23	0.00	0.00	7.23	0.00	0.00	0.00	0.00
4.	Mizoram Food and Allied Corporation Limited	Commerce and Industries	December 1989	18.64	1.36	0.00	20.00	0.00	0.00	0.00	0.00
Sector Wise Total				**25.87**	**1.36**	**0.00**	**27.23**	**0.00**	**0.00**	**0.00**	**0.00**
SECTOR: MISCELLANEOUS											
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	Commerce and Industries	December 1988	10.00	0.00	0.00	10.00	1.00	0	0	1.00
6.	Mizoram Mineral Development Corporation Limited		August 2011	0.00	0.00	0.15	0.15	0.00	0.00	0.00	0.00
Sector Wise Total				**10.00**	**0.00**	**0.15**	**10.15**	**1.00**	**0.00**	**0.00**	**1.00**
Grand Total				**52.82**	**1.36**	**4.43**	**58.61**	**10.35**	**0.00**	**20.33**	**30.68**

Source: Records of PSUs

7 Equity includes share application money
8 Government of Mizoram
9 Government of India

Appendix-4.1.2

Statement showing details of State Government investment in working State PSUs, whose accounts are in arrears

(Reference: Paragraph-4.6; Page-70)

(₹ in crore)

Sl. No.	Name of PSU	Period upto which accounts finalised	Period for which accounts are in arrears	No. of Accounts	Paid up capital as per latest accounts finalised	Investment made by State Government during the period for which accounts are in arrears		
						Equity	Grants	Total
	WORKING GOVERNMENT COMPANIES							
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	2011-12 to 2017-18	07	5.45	0.25	1.12	1.37
2.	Zoram Industrial Development Corporation Limited	2015-16	2016-17 to 2017-18	02	15.78	-	5.19	5.19
3.	Zoram Electronics Development Corporation Limited	2009-10	2010-11 to 2017-18	08	7.23	8.24	3.67	11.91
4.	Mizoram Food and Allied Corporation Limited	2014-15	2015-16 to 2017-18	03	20.00	-	10.69	10.69
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2016-17	2017-18	01	10.00	-	-	-
6.	Mizoram Mineral Development Corporation Limited	2014-15	2015-16 to 2017-18	03	0.15	-	-	-
	Total			**24**	**58.61**	**8.49**	**20.67**	**29.16**

Source: Records of PSUs

Appendix-4.1.3

Statement showing details of summarised financial results of State PSUs as per the latest finalised accounts

(Reference: Paragraphs-4.8, 4.8.1 and 4.9; Pages-70, 72 and 73)

(₹ in crore)

Sl. No.	Sector, Type and Name of the PSU	Period of accounts	Year in which finalised	Net profit/ loss before dividend, interest and tax	Net profit/ loss after dividend, interest and tax	Turn over	Paid up capital	Capital employed	Net Worth	Accumulated (+) Profit/ (-) loss
1	2	3	4	5	6	7	8	9	10	11
	WORKING GOVERNMENT COMPANIES									
	SECTOR: AGRICULTURAL MARKETING									
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	2015-16	(-) 1.02	(-) 1.02	0.28	5.45	11.04	(-) 0.98	(-) 6.43
	Sector Wise Total			**(-) 1.02**	**(-) 1.02**	**0.28**	**5.45**	**11.04**	**(-) 0.98**	**(-) 6.43**
	SECTOR: FINANCING									
2.	Zoram Industrial Development Corporation Limited	2015-16	2018-19	1.66	1.66	16.42	15.78	45.46	(-) 3.21	(-) 18.99
	Sector Wise Total			**1.66**	**1.66**	**16.42**	**15.78**	**45.46**	**(-) 3.21**	**(-) 18.99**
	SECTOR: MANUFACTURING									
3.	Zoram Electronics Development Corporation Limited	2009-10	2016-17	(-) 0.24	(-) 0.24	0.00	7.23	0.64	0.64	(-) 6.59
4.	Mizoram Food and Allied Corporation Limited	2014-15	2016-17	(-) 1.59	(-) 1.59	0.78	20.00	18.09	(-) 0.91	(-) 20.91
	Sector Wise Total			**(-) 1.83**	**(-) 1.83**	**0.78**	**27.23**	**18.73**	**(-) 0.27**	**(-) 27.50**
	SECTOR: MISCELLANEOUS									
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2016-17	2017-18	1.28	1.28	0.10	10.00	1.88	3.96	(-) 6.04
6.	Mizoram Mineral Development Corporation Limited	2014-15	2016-17	(-) 0.01	(-) 0.01	0.00	0.15	(-) 0.03	(-) 0.03	(-) 0.18
	Sector Wise Total			**1.27**	**1.27**	**0.10**	**10.15**	**1.85**	**3.93**	**(-) 6.22**
	Grand Total			**0.08**	**0.08**	**17.58**	**58.61**	**77.08**	**(-) 0.53**	**(-) 59.14**

Source: Records of PSUs

Appendix–5.1.1

Statement showing the details of evasion of tax by six liquor vendors

(Reference: Paragraph-5.11; Page-83)

(₹ in lakh)

Sl. No.	Name of liquor vendor/ shop	VAT TIN (as per taxation record)	Period of sale (as per excise record)	Quantity purchased	Amount	Quantity sold	Amount	Sale return (as per taxation record)	Difference (Sale Amount not declared in Taxation)	Profit earned on concealed sale	Tax payable	Amount assessed by AO			Tax paid		Difference (tax not levied)
				(as per excise record)								Date of assessment	Period of assessment	Amount assessed	Amount	Challan No. and date	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10 = 9 - 8)	(11)*	(12)**	(13)	(14)	(15)	(16)	(17)	(18 = 12 - 13)
1.	Lalrin Liquor, Vaivakawn	Not registered	February 2016 to September 2016	25786.33	526.79	25786.33	627.44	0.00	627.44	95.71	12.92	March 2017	Opening to December 2016	6.80	6.80	42012 of 23-3-2017	6.12
2.	Wine Shop, Chawlhhmun	Not registered	August 2015 to September 2016	1569.00	18.72	1460.00	52.49	0.00	52.49	8.01	1.08	Not mentioned	August 2015 to December 2016	0.68	0.68	41905 of 20-3-2017	0.40
3.	OP Wine, Vaivakawn	Not registered	December 2015 to September 2016	10058.00	176.06	10058.00	207.75	0.00	207.75	31.69	4.28	March 2017	Opening to December 2016	1.57	1.57	42272 of 27-3-2017	2.71
4.	1st MAP Liquor Shop, Armed Veng	15501065091	June 2015 to September 2016	31965.00	604.01	31375.68	699.11	613.42	85.69	13.07	1.76	Not applicable	Not assessed	0	0.00	--	1.76
5.	Two Brothers Wine Shop, Vaivakawn	15502586072	December 2015 to September 2016	18730.00	202.27	18730.00	202.27	60.83	141.44	21.58	2.91	March 2018	April 16 to March 2017	7.68	1.00	1069 of 17-4-2018	1.91
6.	Tyson wine shop, Chawlhhmun	15502705001	December 2015 to September 2016	11934.00	233.04	11146.00	266.78	0.00[10]	266.78	40.69	5.49	Not mentioned	April 2016 to December 2016	5.35	5.35	42271 of 27-3-2017	0.14
	Total			**100042.33**	**1760.89**	**998556.01**	**2055.84**	**674.25**	**1381.59**	**210.75**	**28.44**	**--**	**--**	**22.08**	**15.40**	**--**	**13.04**

Source: Departmental records

* *Column 11 = Column 10 * 18/118*

** *Column 12 = 13.5 per cent of Column 11*

[10] Return was not submitted by the dealer

Report of the Comptroller and Auditor General of India 2018 — Government of Mizoram