

CHAPTER – I
SOCIAL SECTOR

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SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the years ended 31 March 2021 and 31 March 2022 deals with the findings on audit of State Government Departments under Social Sector.

The 13 departments under the Social Sector spent ₹ 3,356.19 crore in 2020-21, while the budget allocation was ₹ 4,364.97 crore. In the following year 2021-2022, these departments spent ₹ 3,383.46 crore against the budget provision of ₹ 5,019.64 crore as shown in **Table-1.1**.

Table-1.1: Department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Budget Allocation (BA)		Expenditure		Percentage of Expenditure to BA	
		2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
1.	School Education	1,636.90	1,625.06	1,246.37	1,264.30	76.14	77.80
2.	Medical and Public Health Services	775.56	836.98	569.52	686.05	73.43	81.97
3.	Water Supply and Sanitation	497.24	614.65	466.99	427.47	93.92	69.55
4.	Higher and Technical Education	324.24	304.93	235.11	245.52	72.51	80.52
5.	Urban Development and Poverty Alleviation	301.46	473.19	275.81	284.70	91.49	60.17
6.	Social Welfare	286.67	676.85	208.62	159.79	72.77	23.61
7.	Local Administration	244.31	213.22	89.57	98.98	36.66	46.42
8.	Sports and Youth Services	150.34	131.19	145.94	128.92	97.07	98.27
9.	Disaster Management and Rehabilitation	65.00	70.64	57.29	40.86	88.14	57.84
10.	Labour, Employment, Skill Development and Entrepreneurship	34.44	35.86	24.60	17.18	71.43	47.91
11.	Information and Public Relations	21.73	18.48	14.13	14.44	65.03	78.14
12.	Art and Culture	21.25	13.37	17.41	10.49	81.93	78.46
13.	Personnel and Administrative Reforms	5.83	5.22	4.83	4.76	82.85	91.19
Total		4,364.97	5,019.64	3,356.19	3,383.46	76.89	67.40

Source: Appropriation Accounts: 2020-21 & 2021-22

As indicated in the **Table-1.1** above, out of 13 departments, 11 departments could utilise more than 70 per cent of the budget allocation during the year 2020-21 and during 2021-22 seven departments could utilise more than 70 per cent of their budget allocation. The overall savings under Social Sector was 23.11 per cent during 2020-21 and 32.60 per cent during 2021-22 against the budget allocation.

1.2 Planning and conduct of Audit

Audit process commences with the assessment of risks for the various departments of the State Government. The risk criteria were the 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 offices with a request to furnish replies within four weeks of receipt of the IRs with a copy to the next higher authority. On the basis of responses, 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.

Out of 227 auditable units, Audit test checked 28 units during 2020-21 and 24 units during 2021-22 involving expenditure of ₹ 4,828 crore and ₹ 2,657 crore respectively (including expenditure from previous years) of the State Government pertaining to Social Sector. This Chapter includes four Compliance Audit Paragraphs, as discussed in the following paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

SCHOOL EDUCATION DEPARTMENT

1.3 Diversion of funds

The School Education Department incurred expenditure of ₹ 46.00 lakh on construction of new school building which was transferred to a different Department

Ministry of Development of North Eastern Region (DoNER), Government of India accorded (12 September 2006) administrative approval for Central Financial Assistance under Non-Lapsable Central Pool of Resources (NLCPR) *inter alia* for construction of Mizoram Institute of Comprehensive Education (MICE¹) building at a cost of ₹ 46.00 lakh on 90:10 Central-State share basis. The terms and conditions of the administrative approval, *inter alia*, was that the fund shall be utilised strictly for the purpose for which it was sanctioned and no diversion of the fund was allowed.

Test check (October-November 2020) of records of the Director, School Education Department and cross check with records of the Executive Engineer, Project Division-II of the State Public Works Department (PWD) revealed that the construction work of MICE building at Zemabawk, Aizawl was awarded by the Executive Engineer, Project Division-II in May 2007 to a contractor. The contract value was ₹ 33.37 lakh and the

¹ MICE run in rented houses at Venghlui, Aizawl is the only Central Board of Secondary Education affiliated school in the capital city, Aizawl catering to the general population, the other two Kendriya Vidyalaya Schools in Aizawl being restrictive mostly to the children of employees of Central Government offices and Central Autonomous bodies

work was to be completed by 19 April 2008 which was within 11 months from the 15th day after the date of issue of work order.

Further scrutiny of records showed that the construction work of MICE building at Zemabawk, Aizawl was not taken up due to damage of the plot of land earmarked for the construction by landslide which therefore became unsuitable. The contractor clarified (November 2010) to the Director, School Education that the School Education Department had no land to be handed over to Public Works Department for construction of MICE building and as such the construction work could not be started.

Subsequently, the General Administration Department, Mizoram allotted (September 2010) Plot No. A-24 within the New Secretariat Complex, Khatla for construction of MICE building without consulting the School Education Department. Scrutiny of records, however, showed that the construction work for MICE building started only on 11 March 2015 through another contractor which was after around five years from the allotment of the new site. There was nothing on record to explain the delay in commencement of work in the new site. The work was completed on 28 May 2016 at a cost of ₹ 46.00 lakh and was handed over to the School Education Department by the PWD on 30 May 2017.

However, the School Education Department stated that the building so constructed had only two rooms and was insufficient for accommodation of MICE and hence was not occupied. Subsequently, as per the decision of the New Secretariat Complex Management Committee, the plot/ building was transferred and allotted to the Planning & Programme Implementation Department (P&PID) for establishment of Common Utility Services on 2 June 2017.

Thus, the School Education Department did not occupy the building and the school continues to be run in rented houses at Venghlui, Aizawl by incurring expenditure of ₹ 20.14 lakh on rent during the period from June 2017 to March 2022 (after the building was handed over).

The project site of MICE building was relocated by the State Government from New Secretariat Complex to RM High School Campus, Tuikual North in March 2016 after amalgamation of MICE with Government R.M. High School and Government Tuikual Primary School-II at Government R.M High School Campus, Tuikual. Accordingly, the Government of Mizoram approved expenditure sanction of ₹ 3.00 crore for 'Construction of MICE building at R.M. Complex Tuikual, Aizawl' under the State development programme *viz.*, "New Economic Development Policy" (NEDP) during October 2018. The construction was taken up by the School Education Department under NEDP 2018-19 through an empanelled firm selected through restricted tender. The original due date of completion was 30 November 2021 which was extended till 31 October 2022 and the firm completed (26 August 2022) 98 *per cent* of the work. The up-to-date payment made to the contractor on construction of the new school building was ₹ 2.40 crore as of May 2022.

The matter was brought to the notice of the Department and the Government in July 2022 and the Department, while agreeing to the audit observation, stated (August 2022) that due to transfer of the building constructed at New Secretariat Complex, Khatla to P&PID as per decision of the competent authority, the building could not be utilised for the purpose for which it was sanctioned and the expenditure on rent was an inevitable requirement due to non-completion of the new building at R.M. Complex, Tuikual and as such the total expenditure of ₹ 66.14 lakh (including rent of ₹ 20.14 lakh) was unavoidable.

Due to the allotment of the building to a different entity, Audit observed that the purpose for which the fund of ₹ 46 lakh was sanctioned and expended, was not fulfilled and the fund was diverted in violation of the terms and conditions of the administrative approval for which it was sanctioned.

SCHOOL EDUCATION DEPARTMENT

1.4 Grant of undue financial benefits to contractor

The Department did not take steps for termination of the contract as per the agreement on account of sub-contracting of 87 works by the contractors leading to grant of undue financial benefits of ₹ 0.72 crore

The National Bank for Agriculture and Rural Development sanctioned (December 2016) a loan assistance of ₹ 22.98 crore under Rural Infrastructure Development Fund (RIDF)-XXII (2016-17) to the Government of Mizoram (GoM) for infrastructure development of 194 Rural Education Institutions in the State. The sanction was out of the total project cost of ₹ 25.53 crore with the balance of ₹ 2.55 crore being the State contributory component.

The Department of School Education, GoM, based on the bids submitted by the GoM's empanelled firms, selected and entered into an agreement (16 May 2018) with a contractor² to execute the construction of 193³ Rural Education Institutions in seven districts of Mizoram at the quoted rate of ₹ 24.32 crore to be completed in 12 months counted from the last date of the commencement of work (*i.e.*, from 18 May 2018 as per work commencement order) as per Clause 7.2 of the agreement.

As per Clause 4.3 of the agreement between the Department and the contractor, the contractor shall, within 30 days of the effective date, submit to the employer's representative (the person appointed by the employer/ the Department to act as its representative for the purposes of the contract) for consent the name and particulars of the person that the contractor proposes to appoint as the contractor's representative. The contractor's representative shall give his whole time to directing the preparation of the construction documents and the execution of the works and shall receive (on behalf of

² M/s Lushai Engineers, Ramhlun

³ One less than the sanctioned number due to change of two works costing ₹ 4 lakh each on repair of School building of Government Chalkunga High School, Bukpui and Government Zobawk High School Lunglei to repair/ renovation of office building of Government Centenary Middle School, Thenzawl at the rate of ₹ 8 lakh

the contractor) all notices, instructions, consents, approvals, and other communications under the contract.

Also, as per Clause 4.5 of the signed agreement, the contractor shall, under no circumstances, sub-contract any portion of the works. If the contractor assigns the contract or sub-contracts the works, the employer may, after having given 14 days' notice to the contractor, terminate the contractor's employment under the contract and expel him from the site as per Clause 11.2.f of the agreement.

Further, as per the circular dated 8 June 2009 of the Engineer-in-Chief, Public Works Department, GoM, since contract work is awarded to a particular contractor only after the contractor has been qualified through a series of qualification criteria, transferring the contract work to others will defeat the very purpose of registration of contractor and also the purpose of tendering and the qualification criteria prescribed in the process of awarding the contract.

Test-check (October - November 2020) of the records of the Director of School Education, Aizawl showed that Government of Mizoram conveyed administrative approval of ₹ 25.53 crore and expenditure sanction of ₹ 25.05 crore during March 2018 and August 2018 for the execution of the works by the contractor as detailed below:

Table-1.2: Details of works executed

(₹ in lakh)

Sl. No.	Number of works/ schools	Name of the works	Rate	Total Amount
1.	13	Reconstruction of Primary School buildings	34.00	442.00
2.	8	Reconstruction of Middle School buildings	37.00	296.00
3.	8	Reconstruction of High School buildings	108.31	866.48
4.	22	Repair of Government High School buildings	4.00	88.00
5.	117	Repair of Government Elementary School buildings	4.00 ⁴	472.00
6.	25	Construction of Kitchen Shed and Dining Hall	10.70	267.50
Total	193			2,431.98

Further scrutiny of records in the Directorate office revealed that the contractor did not submit for consent the name and particulars of the person it proposed to appoint as its representative as per Clause 4.3 of the agreement. Instead, the contractor irregularly sub-contracted 28 works⁵ with the original contract value of ₹ 1.72 crore to third parties by signing deeds of agreement at a lower value of ₹ 1.31 crore as detailed in **Appendix-1.4.1**. This resulted in the contractor deriving undue financial benefits of ₹ 0.41 crore.

⁴ Government Centenary Middle School, Thenzawl Office Building at the rate of ₹ 8 lakh

⁵ Aizawl District (17 works), Lunglei District (5 works), Champhai District (1 work), Serchhip District (2 works), Mamit District (2 works), Kolasib District (1 work)

Further details of the works executed were directly requisitioned by audit from the seven District Education Officers (DEOs)⁶ of the State. As per the information furnished by the DEOs, in addition to the above 28 works, another 26 works (Aizawl-22 works and Serchhip-4 works) involving the combined original contract value of ₹ 1.28 crore, were also sub-contracted at a combined lower value of ₹ 0.97 crore resulting in further undue financial benefits of ₹ 0.31 crore to the contractor.

The DEO, Champhai stated that 33 works out of 36 works were sub-contracted to third parties at the original rates/ values as detailed in **Appendix-1.4.2**. The DEOs of Aizawl, Lawngtlai and Champhai stated that six works out of 48 works, both the works and two works out of 36 works respectively were executed by the contractor but the DEOs of Mamit (27 works out of which Audit observed that two works were sub-contracted by signing deed of agreement) and Lunglei (62 works out of which Audit observed that five works were sub-contracted by signing deed of agreement) stated that all the works were executed by the contractor. In respect of Kolasib (12 works out of which Audit observed that one work was sub-contracted by signing deed of agreement), the DEO did not furnish the information sought for. Further, the DEO Aizawl could not provide information on who executed the work in respect of three works.

Out of the contract value of ₹ 24.32 crore, the Department stated (October 2022) that an amount of ₹ 24.09 crore was released to the contractor for the 193 works and all the works were completed. However, scrutiny of the fund release order revealed that the Department issued fund release order amounting to ₹ 24.06 crore, the last of which was issued on 13 April 2022.

Audit observed that as per the agreement, the Department could have terminated the contractor for sub-contracting the works, which however, was not done. Thus, as against the provision of the deed of agreement disallowing the sub-contracting of the works, 87 out of 193 works were sub-contracted to third parties who were not selected by the Department to execute the works, leading to grant of undue financial benefits of ₹ 0.72 crore to the contractor. Thus, out of 193 works, 87 works were sub-contracted to third parties, 10 works were executed by the contractor and the execution of work on the remaining 96⁷ works could not be established due to incorrect information from the DEOs of Lunglei and Mamit Districts and non-furnishing of information from the DEO of Kolasib District.

The Director, School Education Department admitted (30 July 2021) the occurrence of sub-contracting of works. It was further stated that the system of sub-contracting of works must be stopped at all costs by drawing the attention of all concerned.

The matter was brought to the notice of the Government in August 2022, however, their reply was not received.

⁶ Aizawl (48 works), Lunglei (62 works), Champhai (36 works), Serchhip (6 works), Mamit (27 works), Lawngtlai (2 works) and Kolasib (12 works)

⁷ Aizawl (03 works), Mamit (25 works), Lunglei (57 works) and Kolasib (11 works).

HIGHER & TECHNICAL EDUCATION DEPARTMENT

1.5 Wasteful Expenditure

Failure of the State Government to create sanctioned posts rendered expenditure of ₹ 24 crore on construction of three new polytechnic buildings wasteful

Under the Scheme of Sub-mission on Polytechnics under Coordinated Action for Skill Development, the Ministry of Human Resource Development, Higher Education Department, Government of India approved financial assistance of ₹ 36.90 crore for setting up of new polytechnics in the three⁸ unserved districts in the State during the period⁹ December 2008 to August 2009. The financial assistance given was at the rate of ₹ 12.30 crore (₹ 8 crore on civil works + ₹ 4.30 crore on equipment, machinery, library books, *etc.*) per polytechnic. The aim of the polytechnic education is to create a pool of skill-based manpower by imparting Diploma courses in Civil, Electrical and Mechanical Engineering, Computer Science and Engineering, *etc.*, to support shop floor and field operations as a middle level link between technicians and engineers.

As per the terms and conditions of the release of the grant, any additional requirements of funds over and above the ceiling of ₹ 12.30 crore will be met by the State Government. As per the guideline of the new polytechnic scheme, it shall be the responsibility of the State Government to bear all the recurring expenditure in running the polytechnic. Further, as per the project proposal submission, the Government of Mizoram stated (July 2007) that it has no objection to provide the land and the required expenditure for setting up of the polytechnics.

Test check (January 2021) of records of the Director, Higher and Technical Education (H&TE) Department, Aizawl showed that out of the approved cost of ₹ 36.90 crore, the Ministry released ₹ 33.27 crore during the period December 2008 to March 2015 as detailed in **Appendix – 1.5.1**. The construction of the three polytechnics in the three districts was taken up by the State Public Works Department (PWD) and an amount of ₹ 24 crore meant for civil works was transferred and placed at the disposal of the Engineer-in-Chief, PWD during the period August 2010 to October 2011. The balance ₹ 9.27 crore meant for the components on equipment, machinery, library books, *etc.*, was not released by the Finance Department and as such equipment, machinery, library books, *etc.*, required for the functioning of the polytechnic was not purchased. Non-release of ₹ 9.27 crore was due to the non-creation of the posts to run the polytechnics, owing to which the requirements of machinery and equipment, library, furniture, *etc.*, were not assessed and no proposal was submitted to the Finance Department to release the fund.

The PWD completed the construction of the administrative buildings and other components during the period April 2013 to June 2016 with an amount of ₹ 24 crore as

⁸ Kolasib District, Champhai District and Mamit District

⁹ On 31 December 2008 for Kolasib and Champhai Districts and on 6 August 2009 for Mamit District

detailed in **Appendix-1.5.2**.

The H&TE Department stated (September 2022) that out of the three polytechnics, it has taken over (June 2018) the constructed building of Mamit Polytechnic and some portions of the buildings are occupied by Jawahar Navodaya Vidyalaya School.

The reasons for not taking over the Kolasib Polytechnic building was stated to be due to non-availability of water and electricity connections in the polytechnic buildings, non-fitting of ceiling fans and tube lights and need for redesign/ replacement of the toilets of all buildings due to leakage. Further, there was damage of ceiling and roofs truss in Common Facility building block, requirement of repair/ refit of all internal electrical wiring and related materials due to theft in case of Administrative building, Textile Technology building and Automobile Engineering blocks and also in the Common Facility building.

In respect of Champhai Polytechnic, the building has not been taken over as all water taps, tube light frames and bulbs were not fitted. Further, there was theft and damage of internal electrical wiring, sanitary wares in all blocks of the buildings – Administrative building, Common Facilities building, Food Processing Technology building, Mechanical Engineering building and that of floor tiles mainly in Food Processing Technology building.

The Department also stated that due to financial constraints of the State Government, creation and filling up of post was banned except in very special cases since July 2014 by the State Government and consequently none of the three entities have started their operations. This was against the commitment of the State Government to bear the required expenditure on their part for setting up of the polytechnics.

Audit conducted joint physical verification of Kolasib Polytechnic on 28 September 2022 and noticed that -

- Internal electrification was not completed and items such as hooks for ceiling fans, frames for tube light/ bulbs, switchboard were found missing in all the blocks;
- Most of the glasses fitted in the windows and ventilators were broken in the three blocks viz., Textile Technology block, Automobile and Engineering Building block and Common Facility Building block;
- No water pump of 750 watts was found fitted as per the estimates and the MS pipe railings were found cut and stolen by miscreants in the Administrative Building block;
- No railing was found on the stairs, no water storage tank/ rain water harvesting



Pic: Kolasib Polytechnic building I

tank and no water pump were found in both the Textile Technology block and Automobile and Engineering Building blocks; and

- The false ceiling of multipurpose hall of the Common Facility Building block was damaged/ broken.

The matter was brought to the notice of the Department/ Government in August 2022 and the Government, while agreeing to the audit observation, stated (October 2022) that in an attempt to operate the three newly constructed Polytechnics, a proposal was submitted for creation of 113 posts¹⁰ in the meeting of the Council of Ministers in March 2018, however, the same was deferred. It was also stated that another proposal submitted to the Government in June 2018 to conduct short-term skill development courses by creating 18 posts, six posts for each polytechnic, also could not materialise.

Thus, due to the failure of the State Government to create sanctioned posts, the polytechnic infrastructure remained unutilised resulting in wasteful expenditure of ₹ 24 crore. As such, the objective of establishing the polytechnic institutes to create a pool of skill-based manpower in the State through polytechnic education was not achieved.

URBAN DEVELOPMENT AND POVERTY ALLEVIATION DEPARTMENT

1.6 Irregular expenditure

Aizawl Municipal Corporation incurred irregular expenditure of ₹ 1.01 crore on improvement of 'City park'

Government of India launched (25 June 2015) Atal Mission for Rejuvenation and Urban Transformation (AMRUT) with the aim of providing basic civic amenities like water supply, sewerage, urban transport, parks, *etc.*, to improve the quality of life for all, especially the poor and the disadvantaged. The focus of the Mission is on infrastructure creation that has a direct link to provision of better services to the citizens. One of the thrust areas of "AMRUT" mission is to enhance the amenity values of cities by creating and upgrading green spaces, parks and recreation centres, especially for children.

Test check (December 2021) of records of the Aizawl Municipal Corporation (AMC) revealed that a Memorandum of Understanding was signed (October 2016) between AMC and Aijal Club (a registered Society under the Societies Registration Act, 1860) to renovate and develop 'City park', a park privately managed by and also located within the premises of M/s Aijal Club from the AMRUT Mission fund of ₹ 1.01 crore which was set aside during the year 2015-16. As per the agreement, AMC would renovate and develop the 'City park' with the fund of ₹ 1.01 crore and hand over the 'City park' to Aijal Club after completion of the renovation. The AMC or the State Government or the funding agency or by any one through them shall not make any claim whatsoever to the park and the ownership of the park would be exclusively with

¹⁰ 38 numbers for Champhai Polytechnic, 38 numbers for Kolasib Polytechnic and 37 numbers for Mamit Polytechnic

Aijal Club. The AMC also shall not charge any expenses on cost of the renovation/ development of the 'City park' from the Club.

Scrutiny of records relating to the work for improvement of the 'City park' under AMRUT revealed that an agreement was signed (01 August 2017) between AMC and the contractor¹¹ selected through restricted tender system for the improvement of 'City park' at a cost of ₹ 1.01 crore. The work was completed on 31 August 2018 and the renovated park was handed over to Aijal Club on 10 December 2018.

A joint site inspection of the 'City park' was conducted with AMC officials during the time of the audit. It was observed that the 'City park' was not made accessible to the general public as the main gate was locked and closed and was accessible through a bridge connected from the main building of the Aijal Club only.

Further, children's play equipment worth ₹ 14 lakh like swings, slides, sand pit, children's climbing wall, *etc.*, which were approved in the DPR were also not installed or constructed and Gate No. 2, approved in the DPR for construction at a cost of ₹ 3.02 lakh was not constructed.



Audit observed that signing of agreement by AMC with Aijal Club with complete relinquishment of any claim whatsoever on the park enabled the Club to frame its own restrictive rule of access to the park. Due to handover of the park to a private party, the aim of AMRUT to provide basic civic amenities like parks, *etc.*, to improve the quality of life for all, especially the poor and the disadvantaged was not fulfilled. Thus, the expenditure of ₹ 1.01 crore incurred was irregular as the benefits of the park were restricted to only the Club members and was not available to the general public which is against the guidelines of AMRUT scheme.

The matter was brought to the notice of the AMC and Government (September 2022). The Government while accepting the audit observation, stated (October 2022) that although City park is owned by the Aijal Club, it is accessible to the general public for holding a few exhibitions and fare-cum sale events. Regarding the non-construction/ installation of children's play equipment and gate No. 2, the Government stated that the fund allotted was utilised for other items of works. However, the details of other items of works were not mentioned in the replies.

The reply of the Government showed that the entry to the park is conditional and restrictive which is against the aim of AMRUT scheme which is to provide basic civic amenities to improve the quality of life for all, especially the poor and the disadvantaged. Further, there was diversion of scheme funds of ₹ 17.02 lakh for other purposes.

¹¹ Shri T. Thanzaava