

**CHAPTER – III**  
**ECONOMIC SECTOR**



## CHAPTER-III

### ECONOMIC SECTOR

#### 3.1 Introduction

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

The 16 departments under the Economic Sector spent ₹ 2,684.21 crore, against the budget allocation of ₹ 3,729.28 crore during 2020-21. In the following year 2021-22, these departments spent ₹ 2,587.60 crore against the budget provision of ₹ 3,533.37 crore as shown in **Table-3.1**.

**Table-3.1: 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.	Public Works	1,188.84	1,004.30	667.36	701.93	56.14	69.89
2.	Power and Electricity	898.95	900.44	859.99	765.30	95.67	84.99
3.	Rural Development	536.69	511.47	307.82	237.75	57.36	46.48
4.	Food, Civil Supplies and Consumer Affairs	298.06	321.56	223.64	313.01	75.03	97.34
5.	Agriculture	221.71	208.22	153.98	132.51	69.45	63.64
6.	Commerce and Industries	113.92	96.44	76.45	69.77	67.11	72.35
7.	Horticulture	111.14	111.14	92.82	73.73	83.52	66.34
8.	Planning and Programme Implementation	105.73	102.69	91.71	96.86	86.74	94.32
9.	Animal Husbandry and Veterinary	101.57	94.59	82.55	68.99	81.27	72.94
10.	Irrigation and Water Resources	51.68	62.57	39.31	20.58	76.06	32.89
11.	Sericulture	26.33	25.62	22.40	19.82	85.07	77.36
12.	Soil and Water Conservation	24.30	31.44	20.39	27.76	83.91	88.30
13.	Co-operation	16.48	18.12	14.77	16.57	89.62	91.45
14.	Tourism	14.10	17.24	13.54	17.02	96.03	98.72
15.	Fisheries	14.06	22.02	12.29	21.11	87.41	95.87
16.	Information and Communication Technology	5.72	5.51	5.19	4.89	90.73	88.75
<b>Total</b>		<b>3,729.28</b>	<b>3,533.37</b>	<b>2,684.21</b>	<b>2,587.60</b>	<b>71.98</b>	<b>73.23</b>

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

As indicated in the **Table-3.1** above, out of 16 departments, 12 departments could utilise more than 70 per cent of the budget allocation during the year 2020-21 and during 2021-22, 11 departments could utilise more than 70 per cent of their budget allocation. The overall savings under Economic Sector was 28.02 per cent during 2020-21 and 26.77 per cent during 2021-22 against the budget allocation.

Out of 219 auditable units, Audit test checked 27 units during 2020-21 and 25 units during 2021-22 involving expenditure of ₹ 4,548.10 crore and ₹ 1,093.10 crore respectively (including expenditure from previous years) of the State Government pertaining to Economic Sector. This Chapter includes one Performance Audit on “Direct Benefit Transfer” (covering cash transfer only), two Subject Specific Compliance Audit Paragraphs on “Implementation of Ministry of Development of North Eastern Region (MDoNER) Projects in Mizoram” and “Implementation of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) in Mizoram” and one Compliance Audit Paragraph.

## PERFORMANCE AUDIT

### INFORMATION AND COMMUNICATION TECHNOLOGY DEPARTMENT

#### 3.2 Performance Audit on “Direct Benefit Transfer” (covering cash transfer only)

##### 3.2.1 Introduction

Direct Benefit Transfer (DBT) was rolled out in the country in 2013. As of 01 April 2017, DBT was implemented in 66 schemes of the Central Government across the country, delivering benefits to more than 30 crore beneficiaries with more than 100 crore DBT transactions.

DBT is a major reform initiative of the Government of India (GoI) to ensure better and timely delivery of benefits from the Government to the people. This marks a paradigm shift in the process of delivering benefits like wage payments, fuel subsidies, food grain subsidies, *etc.*, directly into the bank accounts of the beneficiaries, thereby removing leakages and enhancing financial inclusion. The vision of DBT is *‘a governance regime which ensures a simple and user-friendly Government to People (G2P) interface and directly delivers entitlements to eligible individuals and households in a fair, transparent, efficient and reliable manner’*.

An ambitious target was set by GoI of ensuring that all Central Sector & Centrally Sponsored welfare and subsidy schemes are brought within the purview of DBT by March 2017. This required bringing in new mechanisms, re-engineering of Government processes, and appropriate distribution of authority and responsibility as well as financial resources for the delivery of public benefits/ services. The success of this endeavour would be particularly enhanced with cooperation and support from all the States which implement the schemes. A coordinated effort between the Centre and States would enable faster decision-making, eliminate duplication of efforts, and smoothen out differences, if any, hence fostering an easier transition of schemes to DBT.

The DBT performance ranking of Mizoram *vis-à-vis* other North-Eastern States is shown in **Table-3.2**.

Table-3.2: DBT Performance ranking

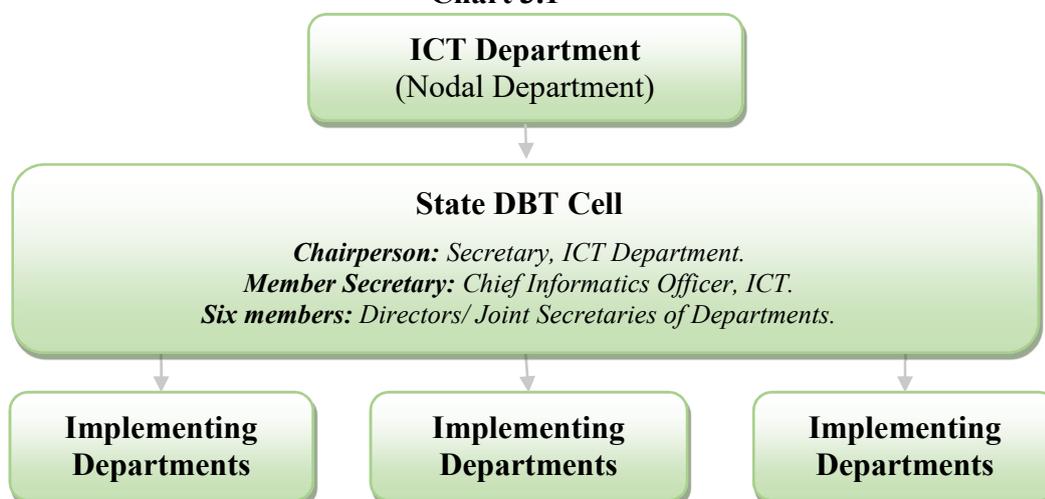
Name of State	State/ Union Territories Ranking <i>vis-à-vis</i>		Name of State	State/ Union Territories Ranking <i>vis-à-vis</i>	
	NE States	All India		NE States	All India
Tripura	1	3	Sikkim	5	24
Mizoram	2	13	Meghalaya	6	27
Manipur	3	20	Arunachal Pradesh	7	31
Nagaland	4	23	Assam	8	35

Source: <https://dbtbharat.gov.in/state/state-ranking>.

### 3.2.2 Organisational Structure

The Information and Communication Technology (ICT) Department, Government of Mizoram (GoM) was the Nodal Department for implementation of DBT across all Government welfare programmes. The Nodal Officers of the implementing departments as part of the DBT Cell<sup>13</sup> coordinated efforts for onboarding of DBT schemes in addition to addressing issues affecting DBT implementation.

Chart 3.1



### 3.2.3 Scope of Audit

A Performance Audit on DBT (covering cash transfer only) was conducted during the period from October 2020 to November 2021 covering the period from 2017-18 to 2019-20. There were a total of 318 schemes being implemented through DBT in the country, out of which 33 schemes had been implemented by nine departments in Mizoram (as on 07 October 2020). For the purpose of audit, two schemes *viz.*, Scholarship Schemes and Indira Gandhi National Old Age Pension Scheme (IGNOAPS) were selected:

<sup>13</sup> DBT Cell comprises of (i). Secretary, ICT (Chairperson), (ii). Jt. Secretary, GAD (Member), (iii). Director, RD (Member), (iv). Director, FCS&CA (Member), (v). Director, SWD (Member), (vi). Director, UD&PA (Member), (vii). Director, School Education (Member) and (viii). Chief Informatics Officer, ICT

- i. Scholarship Schemes covering five scholarship schemes viz., Pre-Matric Scholarship Schemes, Post-Matric Scholarship Schemes, Merit cum Means (MCM) based scholarship for 'Minority' community students, Pre-Matric Scholarship Schemes and Post Matric Scholarship Schemes for ST students, with expenditure to the tune of ₹ 186.56 crore during 2017-20. The schemes were implemented by Mizoram Scholarship Board (MSB), and
- ii. IGNOAPS implemented by the Social Welfare and Tribal Affairs (SW&TA) Department, with expenditure to the tune of ₹ 26.60 crore during 2017-20.

The Performance Audit involved scrutiny of records of MSB, Directorate of SW&TA Department and District Social Welfare Officers (DSWOs), Village Councils and Schools/ Institutions. Joint field visits were also conducted in the sampled Schools/ Institutions, sampled Village Councils in Lunglei District (under Lunglei and Bnghmun Rural Development (RD) Blocks) and Mamit District (under Zawlnuam and Reiek RD Blocks) with the State Nodal Officer of the MSB for scholarships schemes and along with the respective DSWO for IGNOAPS.

#### **3.2.4 Audit Objectives**

The objectives of the Performance Audit were to ascertain whether:

- The infrastructure, organisation and management of DBT were adequate and effective; and
- Necessary process re-engineering was done for implementation of DBT so as to minimise (a) intermediary levels (b) delay in payments to intended beneficiaries and (c) pilferage and duplication.

#### **3.2.5 Audit Criteria**

Audit criteria were derived from the following sources:

- Documents, circulars, orders, instruction and notification issued by the DBT Mission, GoI and State Government;
- Standard Operating Procedures (SOP), Handbook on DBT and Guidelines for State DBT Cell issued by DBT Mission;
- Guidelines of the schemes viz., Scholarships Schemes and IGNOAPS; and
- Instructions regarding maintenance of database, generation of various reports and IT controls.

#### **3.2.6 Audit methodology**

The audit commenced with an Entry Conference held on 07 October 2020 with the Under Secretary, Finance Department; Secretary, Mizoram Scholarship Board (MSB), Informatics Officer, ICT Department and the Joint Secretary, RD Department, GoM wherein the audit objectives, audit criteria and the scope of the Performance Audit were discussed. This was followed by scrutiny of records covering the period from 2017-18 to 2019-20 keeping in view the audit objectives and the audit criteria to arrive at the audit findings, conclusions and recommendations.

An Exit Conference was held on 15 March 2022 with the Dy. Secretary, Finance Department; Secretary, Social Welfare & Tribal Affairs Department; Secretary, RD Department; Secretary, MSB and Senior Informatics Officer, ICT Department, GoM wherein the audit findings were discussed. The comments/ replies of the Government have been duly incorporated in the report.

### 3.2.7 Planning

#### (a) Process of DBT and Process flow:

As per the Standard Operating Procedure (SOP) for DBT, DBT framework has a multi-stakeholder architecture which capitalises on the competencies of various departments and institutions to deliver benefits to beneficiaries in a timely and effective manner. The diagram below explains how different stakeholders work together to facilitate a holistic environment for successful implementation of DBT system.

Chart- 3.2



#### (b) DBT schemes

DBT schemes had been identified by the respective Ministries of the GoI. In Mizoram, the DBT schemes identified by the Ministries and for which funds had been transferred, were implemented by the State departments.

#### (i) Scholarship Schemes

The scholarship schemes were implemented by MSB. DBT of scholarships was started in Mizoram from the year 2014-15. Scholarship Schemes for ‘Minority’ community students, implemented through National Scholarship Portal (NSP), were onboarded to Public Financial Management System (PFMS) with Aadhaar linked to National Payment Corporation of India (NPCI). Scholarship schemes for ‘ST’ students, implemented through the Mizoram Scholarship Portal (MSP)<sup>14</sup>, were not onboarded to PFMS or linked with NPCI during audit coverage period. However, scholarship scheme for ‘ST’ students, were onboarded to PFMS on 5 October 2021 but not yet linked with NPCI (February 2023).

<sup>14</sup> MSP was developed by the Mizoram State e-Governance Society

**(ii) Indira Gandhi National Old Age Pension Scheme**

Indira Gandhi National Old Age Pension Scheme (IGNOAPS) is a sub-scheme of the National Social Assistance Programme (NSAP)<sup>15</sup> for giving monthly pension to old aged persons belonging to BPL category in both rural areas as well as urban areas. The rates of assistance per month given under the scheme were (a) ₹ 200 (Central share) plus ₹ 50 (State share) to persons of age between 60 years to 79 years, and (b) ₹ 500 (Central share) plus ₹ 50 (State share) to persons of age 80 years and above. In 2012, the Ministry of Rural Development, GoI fixed the cap for number of IGNOAPS beneficiaries in Mizoram at 25,251 which was followed till 2020.

In Mizoram, IGNOAPS was implemented through National Social Assistance Programme - Pension Processing System (NSAP-PPS) portal but was not yet onboarded with PFMS (February 2023).

**(c) Fund flow System of DBT Mechanism**

In respect of Scholarship schemes for Minority students, funds were directly transferred by the Ministry of Minority Affairs, GoI to the beneficiaries' accounts through the PFMS platform. In respect of Scholarship schemes for Scheduled Tribes (ST) students, funds released by the Ministry of Tribal Affairs, GoI were kept in bank accounts operated by the Mizoram Scholarship Board (MSB). Payments were made to the beneficiaries' accounts through National Electronic Funds Transfer (NEFT).

Thus, ST scholarship during 2017-20 was not implemented through a full-fledged DBT mechanism as the scheme was not yet onboarded onto the PFMS platform.

Under Indira Gandhi National Old Age Pension Scheme (IGNOAPS), the process of fund flow during the period was as follows:

- During 2017-18, funds received from the Ministry were transferred from the State Treasury to the District Social Welfare Officers (DSWOs)<sup>16</sup> through Letter of Credit (LOC). During 2018-19, funds received from the Ministry were withdrawn by the Directorate of Social Welfare and Tribal Affairs Department and then transferred through cheque to the DSWOs. During 2019-20, e-payment bills were generated by the Directorate through e-payment software and were submitted to the treasury for transfer to the DSWOs.
- DSWOs transferred the funds to the concerned Child Development and Project Officers (CDPOs) at the Block level. CDPO disbursed the amounts to the beneficiaries either by bank transfer or in cash.

Thus, during 2017-18 to 2019-20, IGNOAPS was not yet implemented through a full-fledged DBT mechanism.

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<sup>15</sup> The NSAP is a welfare programme administered by the Ministry of RD

<sup>16</sup> DSWO Aizawl East covers Aizawl East, Serchhip & Champhai Districts, DSWO Aizawl West covers Aizawl West, Mamit & Kolasib Districts, DSWO Lunglei covers Lunglei District and DSWO Siaha covers Siaha & Lawngtlai Districts

**Audit Findings**

The audit findings in planning are discussed below:

**3.2.8 Selection of beneficiaries**

Identification of beneficiaries was to be carried out as per the eligibility criteria of the concerned schemes. In respect of Pre-Matric and Post-Matric scholarship, students who have secured not less than 50 *per cent* marks in the previous final examination were eligible for availing scholarships. The annual income of their parents/ guardian from all sources should not exceed ₹ 1 lakh (Pre-Matric), ₹ 2 lakh (Post Matric) and ₹ 2.50 lakh (Merit cum Means). A student shall be eligible for only one scholarship out of all the available scholarships of Central Government meant for SC/ ST/ OBC/ Minority. A student residing in a particular State/ UT will be entitled for scholarship under the quota of that State/ UT only irrespective of his/ her place of study.

Under Indira Gandhi National Old Age Pension Scheme (IGNOAPS), persons aged 60 years and above, belonging to BPL category in both rural as well as urban areas were eligible for a monthly pension.

The number of beneficiaries covered under each scheme during the period 2017-18 to 2019-20 are as shown in **Table-3.3**.

**Table-3.3: Status of beneficiaries covered and amount transferred**

(₹ in crore)

Name of Schemes	Year	No. of beneficiaries	Amount
Pre-Matric Scholarship for Minority community students	2017-18	34,436	8.24
	2018-19	25,050	5.81
	2019-20	52,461	15.08
<b>Sub Total</b>		<b>1,11,947</b>	<b>29.13</b>
Post Matric Scholarship for Minority community students	2017-18	1,367	1.00
	2018-19	1,109	0.89
	2019-20	1,308	1.17
<b>Sub Total</b>		<b>3,784</b>	<b>3.06</b>
Merit cum Means based scholarship for Minority community students (MCM)	2017-18	407	1.12
	2018-19	453	1.34
	2019-20	1,115	3.24
<b>Sub Total</b>		<b>1,975</b>	<b>5.70</b>
Pre-Matric Scholarship for 'ST' students	2017-18	8,947	2.52
	2018-19	14,880	3.83
	2019-20	12,914	5.14
<b>Sub Total</b>		<b>36,741</b>	<b>11.49</b>
Post Matric Scholarship for 'ST' students	2017-18	49,269	47.04
	2018-19	47,203	50.56
	2019-20	37,858	39.58
<b>Sub Total</b>		<b>1,34,330</b>	<b>137.18</b>
<b>Total</b>		<b>2,88,777</b>	<b>186.56</b>

(Source: MSB data.)

(Name of Schemes)	Year	Number of beneficiaries	Amount
Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	2017-18	25,469	10.07
	2018-19	25,469	7.87
	2019-20	25,469	8.66
<b>Total</b>		<b>76,407</b>	<b>26.60</b>

(Source: NSAP portal & fund sanction orders of GoM.)

Due to loopholes in the selection and verification of beneficiaries, the following irregularities were noticed in audit:

- Improper verification of addresses resulted in irregular claim of scholarship by 945 non-resident beneficiaries, as detailed in **Paragraph 3.2.10.5**.
- Improper verification of applicants resulted in irregular claim of scholarships by 264 non-bonafide students, as detailed in **Paragraph 3.2.10.6**.
- Improper verification of courses for which scholarships were claimed resulting in irregular claim of scholarship by 929 students as detailed in **Paragraph 3.2.10.7**.
- There were cases of deceased/ ineligible beneficiaries under IGNOAPS as detailed in **Paragraph 3.2.11.1**.

### **3.2.9 Financial management**

#### **(i) Deficiency in the system of payment of ST scholarships**

Total amount of fund received under Pre Matric and Post Matric Scholarship for ST students in Mizoram and expenditure incurred on payment of scholarship during 2017-20 is given the in **Table-3.4** below:

**Table-3.4: Fund receipt and expenditure under ST scholarships Scheme**

Year	Schemes	No. of beneficiaries	Fund Received			Expenditure
			Central	State	Total	
2017-18	Pre Matric	8,947	226.47	25.16	251.63	251.63
	Post Matric	49,269	4,233.72	470.41	4,704.13	4,704.13
2018-19	Pre Matric	14,880	344.95	38.33	383.28	383.28
	Post Matric	47,203	4,550.80	505.64	5,056.45	5,056.45
2019-20	Pre Matric	12,914	462.99	51.44	514.43	514.43
	Post Matric	37,858	3,561.74	395.75	3,957.49	3,957.49
<b>Total</b>			<b>13,380.67</b>	<b>1,486.73</b>	<b>14,867.41</b>	<b>14,867.41</b>

Source: Departmental reply.

In respect of ST scholarships funded by the Ministry of Tribal Affairs, the implementation was done through the Mizoram Scholarship Portal (MSP). Transfer of funds to the beneficiary's account was carried out through NEFT as the MSP portal was not linked to the PFMS. Mizoram Scholarship Board (MSB) opened bank accounts in Mizoram Co-Operative Apex Bank (MCAB). For transfer of scholarship, lists of beneficiaries containing details such as account numbers and amount of scholarship, were sent to the bank in compact discs (CDs) by MSB. MCAB generated Fund Transfer Orders (FTOs) and transferred the amount to the respective banks/ branches where the

accounts of the beneficiaries were operated. The banks/ branches then credited the scholarships to the beneficiaries' accounts.

During joint field visit (November 2021), it was found that there was no automated reverse feedback mechanism to track the status of FTOs. Reports/ Bank Reconciliation Statements showing the success or failure of transactions, the status of FTOs, *etc.*, was not maintained by the MSB. On scrutiny of the data sent by the MSB to the banks, it was noticed that data sent to the bank for generation of original FTOs and data sent again for re-generation of FTOs when transactions failed could not be segregated for audit analysis. MCAB was then requested (25 October 2021) to give the detailed status of FTOs generated for payment of scholarships. MCAB stated (30 November 2021) that the reconciliation machine was damaged and some data were lost/ could not be recovered.

The State Nodal Officer (SNO) also stated that failure in transactions occurred as bank accounts submitted by the applicants were found to be either dormant, closed or incorrect. In such cases, the students used to complain to the MSB. The students were then instructed to activate their accounts or submit new accounts. The complaint lists were then sent to the bank for processing payments.

Thus, there was lack of transparency in the process of DBT of scholarship for ST students in Mizoram. The status of FTOs was not available with the MSB and fund flow could not be tracked. MSB relied solely on the beneficiaries' feedback to know whether scholarships had been duly transferred to the beneficiaries' accounts, or not. Due to implementation of scholarship schemes for ST students through a portal which was not linked with any payment mechanism and payment to beneficiaries through NEFT without any mechanism for tracking fund flow, the objectives of DBT remained unachieved.

The Secretary, Mizoram Scholarship Board (MSB) stated (9 December 2021) that Mizoram Scholarship Portal (MSP) was developed for receiving applications for scholarship and onward submission of data/ information to the Ministry. MSP was not linked with any funds transfer platform and thus not involved in the payments processes.

The reply of MSB was not tenable as even if the NEFT system was to be adopted by MSB for the disbursement of the ST scholarships, system for establishing proper trail of the transactions should have been put in place.

***Recommendation: The ST scholarships schemes should be implemented through NSP portal and onboarded onto PFMS platform for disbursement of scholarships.***

### **3.2.10 Implementation of DBT Schemes**

The audit findings on implementation of DBT Schemes are discussed below:

#### **Scholarship Schemes**

Audit findings related to the operation of DBT mechanism under various scholarship schemes are discussed in the succeeding paragraphs.

### **3.2.10.1 Improper verification of INOs within the State**

As per Clause 4.2.3 (4) of Standard Operating Procedure (SOP) for National Scholarship Portal (NSP), which was followed in the implementation of ST as well as Minority scholarship schemes in Mizoram, there should be three levels of verification viz., Institute level, District level and the State level. Verification should be carried out by the Institute Nodal Officers (INOs), District Nodal Officers (DNO) and State Nodal Officers (SNO) respectively.

The INO must verify the correctness of the details in the application form and verify the supporting documents uploaded in the portal with physical copies submitted by the student/ applicant. The INO should ensure that verification of applications was carried out with due diligence in accordance with the scheme guidelines and all the prescribed procedures were followed. The INO could mark any application as 'Fake' at any stage before payments were made, using the option "Mark as Fake" under the verification section in his/ her profile, in case fraud is suspected in the application.

The login credentials of the SNO were to be created by the Ministry and sent to the registered mobile number of the SNO. The login credentials for DNOs were to be created by the SNO and unique usernames and passwords sent to the mobile number of the DNOs as registered by the SNO. Institutes logging in for the first time had to mandatorily fill the Institute Nodal Officer's Registration Form by submitting valid identity proof like Aadhaar, Voter ID or Driving license, *etc.* Unique IDs for the INOs were generated by the system and One Time Password (OTP) were sent to their registered mobile numbers.

As per Clause 4.2.2(2) of SOP for NSP, INOs should complete Registration Form by entering his/ her details and uploading the identity document, print out the form and paste his/ her photograph and get it attested by the Institute Head (Signature and Institute's seal/ stamp). The physical copy of the form should be submitted to the respective DNO who would verify the form and the details entered in the system. The original physical copy of the form should be kept with DNO/ SNO and a duplicate copy was to be maintained by the INO in the Institute's records.

In Mizoram, the INOs registration were directly approved by the SNO due to the absence of DNO. In the course of the audit, it was found that physical copies of the Registration Form, duly signed and stamped, were not kept on record either by the SNO or by the INO. During joint field visits, it was found that the INO/ institutes also did not maintain any such record.

Further, records containing the list of INOs along with personal details was found not maintained by the SNO. Thus, MSB was not in a position to establish the identify of either the INO or the applicants when there were suspected cases of fake claims in the later course of verification.

### 3.2.10.2 Deficiency in the process for selection and verification of beneficiaries

The documents needed to be uploaded on the portal varied from scheme to scheme. In the Pre-Matric Scholarship schemes, only one document *viz.*, 'Bona-fide Student of Institution Certificate' was to be uploaded. In the case of Post Matric and Merit-cum-Means based Scholarship schemes, eight<sup>17</sup> documents were to be uploaded. However, the following documents were required to be uploaded for fresh applications if the amount of scholarship was more than ₹ 50,000 per annum *viz.*, (1) Caste/ Community certificate, (2) Income Certificate issued by the Competent Authority in the State/ UT Government, (3) Scanned copy of Bank Passbook reflecting bank account number and IFSC details, (4) Residential/ Domicile Certificate.

In Mizoram, the INOs directly forwarded the applications to the SNO as there were no DNOs. It was stated by MSB that schools in rural areas had inadequate IT infrastructure, technical manpower, and poor internet connectivity and as such the service of private computers or Common Service Centres were availed of during filling up of applications for scholarships. This posed a risk to the portal's login security system being compromised at the institution level in the rural areas. Thus, there was high risk of non-detection of fraudulent and irregular applications due to absence of the District level verification which is discussed at **Paragraph 3.2.10.5**.

### 3.2.10.3 Improper verification of applicants

Audit noticed that there was no mechanism for survey and identification of beneficiaries. Applications submitted online were verified by the INOs to check their eligibility and identification is based on the applications uploaded in the portal by the beneficiaries. In the absence of DNOs, the applications were forwarded to the SNO for further verification and for approval/rejection. Further, during test-check of application verification logs of the SNO, it was found that some applications were found to have been approved by the SNO within an unreasonably short span of time<sup>18</sup>. This cast doubts on the quality of the verification carried out by the SNO. There was also no record of the SNO demanding documents from the INOs for verification.

The SNO stated that MSB did not have adequate technical manpower, sufficient IT infrastructure and internet connectivity. Since specific timelines were set for completion of verification and submission to the Ministry and in order to complete the process of verification timely and ensure that all eligible students get the scholarship, MSB was compelled to verify all the applications without following all the prescribed procedures.

<sup>17</sup> 1 Domicile Certificate, 2 Student Photograph, 3 Self-declaration of Minority Community Certificate by the students, 4 Self-attested certificate of previous Academic Marksheet, 5. Fee receipt of current course year, 6 Proof of Bank Account in the name of student or joint account with Mother/ Father, 7 Income Certificate issued by the designated State/ UT authority and 8 Bona-fide Student of Institution Certificate

<sup>18</sup> *i.e.*, out of the 67 applications verified on 01 November 2018, a total of 62 applications had been verified at mid-night between 00:00:15 Hrs. to 00:06:29 Hrs. within a time-span of 6 minutes and 14 seconds and out of 25 applications verified on 12 December 2019, a total of 18 applications had been verified at mid-night between 12.23.29 Hrs. to 12.23.36 Hrs within a time-span of 7 seconds

The Secretary, MSB stated (9 December 2021) that since MSB has no District Office, the Ministry approved two levels of verification *i.e.*, “Institute to State”. Hence all the roles and responsibilities of DNO were carried out by the MSB despite having inadequate technical manpower. It was also stated that even in the absence of DNO, if the INOs were to discharge their respective roles and responsibilities adequately, the SNO would have ample time to verify each and every application and identify fraudulent claims.

During field audit (November 2021), the INOs of two<sup>19</sup> institutions stated that unknown names and mobile numbers had previously been found to be registered in the portal as INOs. MSB also stated that 37 INOs had been suspected to be fake during verification. However, action taken against the suspected fake INOs/ institutions were not found on record.

The Secretary, MSB stated (9 December 2021) that prior to 2019, INOs could register themselves in NSP by submitting their names and mobile numbers without the requirement of the approval of the SNO. MSB suspected the veracity of 37 INOs and tried to communicate with them. Unfortunately, the mobile numbers registered in the portal could not be connected and thus, necessary action could not be taken. It was further stated that since all the records were stored in NSP, maintenance of records of INOs and their identity proofs was not felt necessary by MSB.

The reply of the Board on non-maintenance of records of INO could not be accepted as the records/ details of INOs who verified the suspected fake applications remained untraceable. Further, the non-maintenance of records of INO was not in accordance with the SOP of NSP. Steps taken by the MSB to notify the 37 institutions whose INOs were suspected to be fake, was also not mentioned. Further, forwarding of suspected fake applications to the Ministry for approval, instead of marking them as “fake” and resorting to further verification processes, was highly irregular.

***Recommendation: Proper verification of the INOs should be carried out by the SNO. In case of applications forwarded by suspect INO, they should be contacted through the mobile numbers/ emails registered in the portal and the applications should be put on hold till completion of INO authentication.***

#### **3.2.10.4 Lack of mechanism to ascertain the authenticity of INOs who have forwarded applications from institutions outside of the State**

In respect of institutions located outside the State, records in respect of verification done to ascertain whether the INOs were approved by the SNO of the concerned states, were not found during audit. As requested by Audit, MSB tried to contact the INOs/ Institutions of 17 test-checked institutions from outside the State, but to no avail. Thus, information about the applicants and the INOs could not be collected by the MSB.

The Secretary stated (9 December 2021) that every State was entrusted to approve their respective INOs. Details of INOs of institutes located outside the State could not be

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<sup>19</sup> ZMC Falkawn and Brighter HSS Kulikawn

viewed by MSB. In certain cases, MSB suspected applications to be fake and tried to communicate with the INOs, but the phone numbers registered in the portal could not be connected to.

It was observed that there was lack of an in-built mechanism to ascertain the authenticity of INOs who have forwarded applications from institutions outside of the State. Thus, acceptance of applications received from other states without ascertaining the authenticity of the INOs was fraught with the risk of fraudulent applications being processed as seen in **Paragraph 3.2.10.17(a)**.

**Recommendation: There should be a mechanism to ascertain the authenticity of the INOs who have forwarded applications from institutions outside of the State.**

### **3.2.10.5 Irregular claim of ₹ 1.03 crore of scholarship by 945 beneficiaries who were not residents of Mizoram**

As per the scheme guidelines, Clause 5 (iii) of Merit cum Means based Scholarship and Clause 6 (iii) for Pre-Matric and Post Matric Scholarship for students belonging to Minority Community, a student residing (domiciled) in a particular State/ UT will be entitled to scholarship under the quota of that State/ UT only irrespective of his/ her place of study. During the period 2017-18 to 2019-20, a total of 1,17,706 claims with total amount of ₹ 37.89 crore of scholarship were approved and payment made under Pre-Matric, Post Matric, and Merit cum Means-based Scholarship for students belonging to Minority Community.

On analysis of the beneficiary data, the genuineness of the addresses furnished in some of the applications was found doubtful. In 51,152 applications, only numerals or alpha-numerals were given in the address column.

Again in 562 applications, unknown locations or places outside Mizoram were found entered in the address column<sup>20</sup>.

It could be seen that proper verification of the applicants' addresses was not carried out either by the Institutions or by the MSB. During field audit, the same was intimated to the SNO of MSB who re-verified the list of beneficiaries and confirmed that the addresses of 945 beneficiaries<sup>21</sup> could not be traced in Mizoram. The total amount of scholarship disbursed to such beneficiaries was ₹ 1.03 crore<sup>22</sup> during 2017-20.

On further scrutiny of the credentials of the above 945 numbers of bogus beneficiaries, it was found that 15 schools (with 480 beneficiaries under Pre-Matric scholarship) were located in the State of Assam, in the districts of Karbi Anglong (six schools), Jorhat, Dibrugarh and Dima Hasao (two schools each), Chirang, Udalguri and Nagaon (one

<sup>20</sup> Only numeral or random combination of letters and numbers given as address such as - 2, 4, 10, 12, 45623, Ward No.515, W 2, FF-4510, HG4454, H68776, ss55s2, etc. Address of locations outside Mizoram or unknown locations - No.73, Nagavarapalya, Old Madras Road; Hyderabad Maredpally Ghs W Maredpally Secunderabad, Andhra Pradesh; Kharang Block, Mawkynew, District East Khasi Hills Meghalaya, etc.

<sup>21</sup> 605 beneficiaries under Pre-Matric scholarship and 340 beneficiaries under Post Matric scholarship

<sup>22</sup> ₹ 56.79 lakh under Pre-Matric and ₹ 46.37 lakh under Post Matric

school each). It was seen that these bogus beneficiaries had filled only numbers in the 'addresses column', which were processed for payment in spite of the irregularities. Audit also checked the details of the bank accounts in which these bogus beneficiaries received the scholarship amounts and found that the banks were located in the above districts of Assam. It was stated during audit that the INOs of the Institutions could not be contacted as the contact details given in the application forms were not communicable.

During scrutiny of verification logs of applications, it was found that 35 applications (out of 67 test checked applications) under Pre-Matric Minority scholarships were verified on 01 November 2018 at mid-night within a time-span of 6 minutes and 14 seconds. Again, 19 applications (out of test checked 25 applications) under Pre-Matric Minority scholarship were verified on 12 December 2019 at mid-night within a time-span of 7 seconds as detailed in **Paragraph 3.2.10.3** and also in **Appendix 3.2.1** and **Appendix 3.2.2**.

Audit observed that the fraudulent claims of scholarship had occurred due to laxity in checking of the applicant documents at both the institutional and State level before processing and according approval of the same.

The Board, while accepting the audit observation, stated (16 September 2021) that the INOs were the first level verifier who should verify the correctness of details in the application form and documents uploaded in the portal. The applications received from the INOs were considered as genuine and verified. It was further stated that all the applications (1,35,000 approx. per year) were to be verified within the stipulated times and owing to poor internet connectivity and congested network, the process of verification of applications used to be unduly delayed. The fear that eligible applicants might be left out in the process compelled the MSB to forward all the applications without proper verification of the addresses. In the case of institutions belonging to other states, the phone numbers given in the portal by the applicants were not communicable for further queries, and copies of the documents could not be sought for verification.

Thus, scholarship of ₹ 1.03 crore had been irregularly claimed by 945 beneficiaries which was a drain on the exchequer and could have been avoided had proper verification of the applications been carried out.

***Recommendation: Criminal proceedings should be initiated against bogus beneficiaries. All scholarship applications with unverifiable or insufficient addresses or those showing residential addresses in other states may be put on hold and passed only after proper verification.***

#### **3.2.10.6 Authorisation of scholarship to the tune of ₹ 35.29 lakh to non-bonafide students**

As per Clause 4.2.2 (4) of SOP for NSP, the INO must verify the correctness of details in the application form and the documents uploaded and submitted by the student/applicant and maintain physical copies of the supporting documents. The documents

needed to be uploaded in the portal varied from scheme to scheme. In Pre-Matric Scholarship, 'Bonafide Student Certificate' was to be uploaded. In Post Matric and Merit-cum-Means based Scholarship, eight types of documents were to be uploaded including 'Bonafide Student Certificate'. The scheme guidelines for scholarships further provided that students should be regular in attendance for which the yardstick will be decided by the competent authority of the school.

It was seen in audit that students had uploaded documents like bank passbooks, blank or ineligible documents, forged documents, etc., as proof of being 'bonafide students' of institutions. The said documents could not be proof of being bonafide students of the school and as such the applications were irregular. During field audit, the institutions were requested to verify the beneficiaries pertaining to their institutions as to their genuineness. After cross-verification, the institutions confirmed that 264 non-bonafide students had availed scholarships to the tune of ₹ 35.29 lakh during 2017-20 from their schools/ institutions as detailed in Table-3.5 below:

Table-3.5: Claim of scholarship by non-bona fide students

(₹ in lakh)

Sl. No.	Name of institution	Scheme	No of beneficiary	Amount
1.	Foxall Higher Secondary School, Siaha	Pre-Matric Scholarship for Minorities	83	7.19
2.	Jawahar Navodaya Vidyalaya, Thenzawl, Serchhip		32	3.18
3.	Mizoram Nursing College	MCM	23	10.50
4.	Zoram Medical College (previously MIMER)	MCM	13	3.85
5.	Government Hnahthial College	Post Matric Scholarship for Minorities	19	2.15
6.	Government Lunglei College, Mizoram		12	1.04
7.	Government Siaha College, Mizoram		20	1.74
8.	Government Lianchhiari Middle School, Mizoram		06	0.65
9.	Higher and Technical Institute, Mizoram, Lunglei		11	0.96
10.	Lalthanhawla Higher Secondary Serchhip, Mizoram		10	0.75
11.	N.E. Khawdungsei Higher Secondary		24	2.37
12.	Serchhip Government HSS Mizoram		11	0.91
<b>Total</b>			<b>264</b>	<b>35.29</b>

Source: Departmental record and replies from the institutions

In reply to the audit query, the institutions admitted the irregularity and stated that the INOs were not aware of such claims. However, it was not clarified to Audit as to how applications of non-bona fide students were forwarded from the INO's accounts to the MSB.

The Department stated (16 September 2021) that as per the scheme guidelines, the documents were required to be uploaded in the portal only if the eligible claim of annual scholarship was more than ₹ 50,000 per student. The Department, however, could not explain as to how third parties could login to the INOs accounts and verify the applications. It was also stated that the matter had been discussed in meetings convened by the Ministry, but no solution could be found.

The reply was not tenable as improper documents were uploaded by the applicants and scholarship granted on the basis of such documents in violation of the SOP for NSP.

This was due to the loopholes in the system which was being exploited and resulted in irregular grant of scholarships to the tune of ₹ 35.29 lakh to 264 non-*bonafide* students.

***Recommendation: The INOs must verify the scholarship applications by cross-checking with the physical copies of the supporting documents.***

### **3.2.10.7 Scholarship claimed and availed for courses not offered by institutions to the tune of ₹ 2.36 crore**

Clause 4.2.2. of the SOP for NSP states that the primary role of the INO is first level verification of the applications submitted by the applicants on NSP. The application form for students has been simplified with minimal uploading of scanned documents by students on NSP. The Institute Nodal Officer using NSP must adhere to the points that the Institute/ School/ Industrial Training Institute (ITI) shall possess a valid All India Survey on Higher Education (AISHE)/ District Information System for Education (DISE)/ National Council for Vocational Training (NCVT)/ State Council for Vocational Training (SCVT) code before registering on NSP. Hence, the role of the INO becomes very critical in the entire chain of verification process.

During audit, the courses for which the scholarships had been claimed were cross-checked with the list of courses offered by the institutions. The discrepancies observed in the analysis are illustrated below:

- Scholarship for pursuing B. Tech (Mining Engineering) claimed from a Primary School;
- Scholarship for pursuing Bachelor of Engineering (Environment) claimed from an Institute of Hotel Management and Tourism or College of Nursing, *etc.*;
- Scholarship for pursuing B. Tech (Mechanical Engineering), Bachelor/ Master of Engineering (Civil) claimed from Industrial Training Institutes; and
- Scholarship for pursuing MCA, MBA, BE (CSE) claimed from Medical Colleges.

On further scrutiny, it was seen that institutions and courses could be selected by the applicants from the 'drop down list of institutions' and 'drop down list of courses' independently in the portal. The INOs should have verified the courses claimed with the courses offered by the institutions and accordingly process/ reject the applications. The same process of verification should have been repeated at the State level. Due to improper verification of applications in this respect, during the period 2017-20, a total of 929 students had claimed scholarship amount of ₹ 2.36 crore for courses which were not offered by the institutions.

- 401 students claimed ₹ 80.84 lakh under Post Matric Scholarship scheme for ST students as detailed in **Appendix-3.2.3**; and
- 528 students claimed ₹ 1.55 crore under Post Matric Scholarship for students belonging to Minority Community as detailed in **Appendix-3.2.4**.

The Department, while accepting the audit observation, stated (16 September 2021) that initially institutions registered themselves in the portal along with the courses offered using Unified District Information System for Education (UDISE)/ All India Survey on Higher Education (AISHE) codes. When fraudulent claims for courses not offered by institutions were detected in many states, NIC Delhi was authorised to register institutions and courses since 2019. Many students also committed mistakes while selecting the institutions and courses from the drop-down menu of the portal. Due to limited timeframe, inadequacy of IT infrastructure and staff, MSB could not carry out proper verification of applications.

Thus, it was observed that due to improper verification of applications both at the institution as well as the State level, Post-matric scholarships to the tune of ₹ 2.36 crore were claimed and availed for courses not offered by the respective institutions.

**Recommendation:** *The institutions should verify the applications with respect to the courses offered by them. Courses for which scholarships are claimed should be cross-checked with the courses given by the institutions at the State level too.*

### 3.2.10.8 Multiple claims of scholarship - ₹ 91.68 lakh

#### (a) Multiple claims of scholarship of ₹ 60.94 lakh under different schemes

The Scholarship Scheme guidelines laid down certain conditions for availing scholarship, which *inter alia* states that a student shall be eligible for only one scholarship out of all the available scholarship schemes of the Central Government meant for SC/ ST/ OBC/ minority.

During cross-check of bank accounts used for claiming scholarship under Post-Matric “Minority” and Post-Matric “ST”, it was noticed that the same bank accounts had been used by some applicants. On further scrutiny, it was found that the names and other credentials matched and the same applicants had been making multiple claims from more than one scholarship scheme against the guidelines. It was seen that a total scholarship amount of ₹ 60.94 lakh was irregularly claimed by 209 students under both Post-Matric Scholarship for Minority community students as well as Post-Matric Scholarship for ST students during 2017-19, as shown in the **Table-3.6** below:

**Table-3.6: Multiple claims from different schemes**

Year	No of students	Amount of scholarship	
		Post-Matric ‘ST’	Post-Matric ‘Minority’
2017	17	4.27	4.62
2018	82	15.76	6.48
2019	110	20.96	8.85
<b>Total</b>	<b>209</b>	<b>40.99</b>	<b>19.95</b>

Source: MSB data/ records

Further, it was found that unique application IDs were not generated by the MSP. Aadhaar numbers, which is the only ID based on biometric authentication, was not furnished by all the 209 applicants under the two schemes. Thus, there was no common ID of the applicant used for both the schemes and captured in the NSP as well as the

MSP. In the absence of such common IDs used in the schemes, detection of applications making multiple claims could not be carried out by the system as detailed in **Appendix 3.2.5**.

The Department, while accepting the audit observation, stated (16 September 2021) that there was no mechanism to automatically detect multiple claims by the same applicants. Cross-checking was carried out manually, but due to inadequate manpower and fixed timeframe, omissions could have occurred.

Thus, it was observed that the non-existence of a system for automatic detection of multiple claims across schemes and improper verification of applications at the State level, resulted in multiple claims of scholarship to the tune of ₹ 60.94 lakh.

#### **(b) Multiple claims of scholarship of ₹ 30.74 lakh from different states**

The procedures followed in the implementation of DBT of scholarship were as follows:

- Lists of beneficiaries selected by the concerned Ministry were to be pushed from the NSP server to PFMS for bank account checking and validation;
- PFMS was to validate the bank accounts of the beneficiaries; and
- After validation of bank accounts, the lists were to be pushed to the concerned banks for processing of the payments.

The Ministry of Minority Affairs issued a Notification (21 April 2017) by which eligible individuals desirous of availing the benefits under the scholarship schemes were required to furnish proof of possession of Aadhaar (unique biometric identification) or undergo Aadhaar authentication by 30 June 2017<sup>23</sup>.

During scrutiny of records it was found that proper verification of unique biometric identification with National Payments Corporation of India (NPCI) and validation of bank accounts with the banks was not carried out. In the absence of proper validation of bank accounts and linking of the account with unique biometric identification, an important control measure *i.e.*, an individual beneficiary using only one bank account linked with unique biometric identification number for the purpose of claiming scholarship, was not in place. As a result, the system failed to detect multiple claims of scholarship by the same individual. Some students were found to have claimed scholarships from Mizoram as well as other states<sup>24</sup>. The scholarship amount had been credited to the same bank accounts and PFMS failed to detect the multiple claims by the same applicants. A total of 63 such claims amounting to ₹ 30.74 lakh were made from different states and approved/ passed by the system as detailed in **Appendix-3.2.6**.

***Recommendation: A mechanism for automatic detection of multiple scholarship applications from one individual should be inbuilt in the system.***

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<sup>23</sup> In case of non possession, they should apply for Aadhaar enrolment by 30 June 2017 and submit the enrolment ID slip along with the documents as proof of identity such as bank passbook with photograph

<sup>24</sup> Assam, Meghalaya, Andhra Pradesh, Maharashtra, Jammu & Kashmir, West Bengal, etc.

**3.2.10.9 Shortcomings in the Mizoram Scholarship Portal (MSP)**

The Ministry of Tribal Affairs, Government of India issued instructions (03 July 2017) to the States allowing the use of the State's own portals for receiving applications and disbursement of scholarship to eligible ST students for Pre and Post-Matric Scholarships under Direct Benefit Transfer, a major reform initiative of the Government of India. It was also stated that States which did not have their own portal could continue manual processing of applications till such time their own portal was developed.

Consequently, the Mizoram Scholarship Portal (MSP) was developed at the behest of the Mizoram Scholarship Board (MSB) by the Mizoram State e-Governance Society in 2017. MSP was hosted by the Department of Information & Communication Technology (ICT), Government of Mizoram (GoM). Data collected through MSP was stored using shared hosting of GoM in two locations namely, State Data Centre, Aizawl and Control F Data Centre, Hyderabad. MSP can be accessed through the web address <https://scholarships.mizoram.gov.in>. As per information furnished by MSB, during 2017-18 to 2019-20 MSP was used to receive 2,05,307 applications out of which 1,71,071 applications were approved for payment of Pre and Post Matric Scholarships. Year wise details of applications received and approved are shown in the **Table-3.7** and **Table-3.8** below:

**Table-3.7 : Details of Pre Matric Scholarship processed by MSB**

Particulars	2017-18	2018-19	2019-20
Applications received	9,170	14,990	14,559
Applications approved by INO <sup>25</sup>	8,947	14,880	12,914
Applications approved by SNO <sup>26</sup>	8,947	14,880	12,914

Source: Mizoram Scholarship Board

**Table-3.8 : Details of Post Matric Scholarship processed by MSB**

Particulars	2017-18	2018-19	2019-20
Applications received	49,305	47,509	69,774
Applications approved by INO	49,269	47,203	37,858
Applications approved by SNO	49,269	47,203	37,858

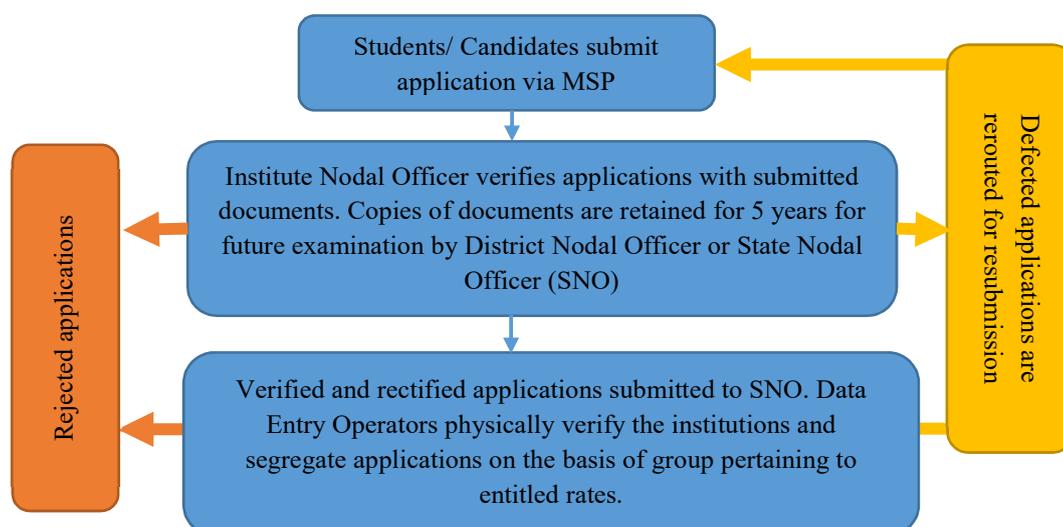
Source: Mizoram Scholarship Board

The Mizoram Scholarship State Nodal Officer (SNO), MSB is the Administrator of the MSP portal. The main functions of MSP were (a) Submission of students' scholarship applications and (b) Validation/ verification of submitted applications. Pictorial representation of the entire process of scholarship disbursement is shown in **Chart-3.3**.

<sup>25</sup> INO – Institute Nodal Officer

<sup>26</sup> SNO – State Nodal Officer

Chart 3.3 : Scholarship processing through Mizoram Scholarship Portal



Source: Mizoram Scholarship Board

After the processes showed in the flowchart above are completed, the SNO proceeds with manual processing of the applications. Generation of payment file instructions, processing of payment file and payment to beneficiaries are, therefore, processed outside of the MSP.

The following observations were made during Information Technology Audit of Mizoram Scholarship Portal:

#### **3.2.10.10 Absence of strategic planning, non-formulation of user requirement specification and system design document**

Strategic planning is a core element in the implementation of any IT system which includes the goals, objectives and rationale for development of the system. The requirements of the end user, from the application/ system being created should also be conceptualised and clearly earmarked in the User Requirement Specification (URS). It allows system designers to understand the needs of the stakeholders thus enabling them to design a system that can most efficiently cater to their requirements. The functionalities as per URS are to be implemented within specific timeline as per System Design Document (SDD). This is to ensure that the scope of the project is clearly defined and the system is developed as per the requirements of the end user by creating a roadmap for the developers.

During audit, it was found that User Requirement Specification and System Design Document were also not formulated for developing the MSP. Thus, there is no assurance that MSP was comprehensively conceived as required by the stakeholders and that there was specific timeline with quantifiable and concrete targets for developing the system to ensure service delivery in time. Absence of such a basic element of the software development process indicated poor management and lack of planning. It was not clear as to what the development of MSP was supposed to achieve, whether it should be used only for receiving online applications or it should cater to the whole gamut of scholarship processing from receipt of applications to payment of

scholarship. MSP was developed by ICT and used by MSB only for receipt of online applications. Disbursement of scholarships was independently carried out through NEFT.

The Secretary, MSB stated (8 July 2022) that based on the directive of the Ministry of Tribal Affairs (MOTA), Government of India (3 July 2017) the ICT Department, Government of Mizoram was requested to develop the MSP. It was also stated (6 September 2022) that MSP was comprehensively designed by the ICT Department, GoM on the basis of the requirement communicated by MSB (records of requirements submitted by MSB to the ICT were not produced to Audit). However, due to lack of fund and manpower in the technical sector, preparation of SDD before development was impossible.

Thus, it was observed that MSB proceeded to develop the MSP without taking the time to work out a strategic plan with specified requirements. This went against the intent and purpose of the directive of MOTA which clearly stated that both receipt of scholarship applications and disbursement of scholarships was to be accomplished by the State Portal. Further, modifications or upgradations for scalability of the system in future was likely to pose problems in the absence of properly documented system design. In view of the above deficiencies, the MSB should, henceforth, implement the schemes through NSP.

#### **3.2.10.11 Non-availability of records of Trial and Parallel runs**

Trial runs and parallel runs of software modules should be undertaken before a system is operationalised to ascertain that the system has met the user requirement. Detailed documentation of such testing should also be prepared and preserved to understand the availability and usability of the system.

It was observed by Audit that no documentation relating to system testing was maintained. Although the MSB had stated (July 2022) that testing had been performed, no records were available to ensure audit of the results and extent of the modifications consequently made to the system.

The Department stated (6 September 2022) that due to lack of administratively skilled personnel, no physical records were maintained. Henceforth, every move with regards to MSP would be recorded.

The reply is not tenable as non-maintenance of these records indicate failure of management and give no assurance that adequate testing via trial runs or parallel runs were performed before operationalisation of MSP.

#### **3.2.10.12 Non-formalisation of Service Level Agreement**

Service level agreements (SLA) allows stakeholders to specify and agree, preferably in writing, what levels of service, in terms of quantity and quality they should receive. SLAs are, in effect, service delivery contracts.

It was observed by Audit that ICT Department, GoM developed the scholarship portal for MSB free of cost. However, the MSB did not formalise any SLA with the developer

*i.e.*, ICT Department, GoM. As a result, there is no arrangement to ensure that MSB will be provided with the services required to ensure the continued operation of MSP.

The Department stated (6 September 2022) that ICT developed and hosted the site free of cost as it was an entity under the same State Government and since MSP was developed urgently the need to formalise any service level agreement did not occur.

The reply is not acceptable as non-formalisation of an SLA leaves MSP without any formal technical support mechanism as the MSB does not have its own technical expertise to administer the portal nor does it have any formalised agreement with ICT Department, GoM to ensure continued technical support. This had left MSB vulnerable to the risk of failure of service delivery in future.

***Recommendation: The MSB may take steps to ensure that Service Level Agreements and Change Management Policy are formulated and implemented to ensure better service delivery.***

#### **3.2.10.13 Lack of Change Management Policy**

Change management is a systematic approach to dealing with the transition or transformation of processes or technologies. The purpose of change management is to implement strategies for effecting change, controlling change and helping people to adapt to change.

It was observed by Audit that MSB did not have any change management policy in place. Upgradations or revisions to the portal were accomplished in an unplanned manner mainly through verbal/ telephonic requests to the developer *i.e.*, ICT Department, GoM. As a result, there is no way to ascertain that upgradations or revisions to the portal were justifiable and approved by a competent authority.

The Department stated (6 September 2022) that since ICT Department was considered a part and parcel of the State Government, no systematic approach was observed. Efforts would be given to adopt systematic change management approach.

***Recommendation: MSB should ensure that a change management policy is formulated and adhered to by all concerned stakeholders. This will ensure that proper cognizance is given to the additional requirements of MSB arising from any issues encountered in the application process.***

#### **3.2.10.14 Deficiencies in applications database**

During the period 2017-18 to 2019-20, MSP showed 1,43,734 Verified and Approved<sup>27</sup> applications under Pre-Matric and Post-Matric Scholarship (September 2022). The year-wise details of scholarships paid as per the portal are shown in **Table-3.9**.

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<sup>27</sup> Scholarship payment was made only for Verified and Approved applications

Table-3.9: Scholarship payments as per MSP

Year	No. of applications		
	Approved by SNO after verification by INO	Verified by INO (not approved by SNO)	Total
2017-18	42,496	26	42,522
2018-19	12,641	39,358	51,999
2019-20	12,291	36,922	49,213
<b>Total</b>	<b>67,428</b>	<b>76,306</b>	<b>1,43,734</b>

As per information furnished by the MSB (September 2022), the number of applications which received payment of scholarship under Pre-Matric and Post-Matric Scholarship during 2017-18 to 2019-20 was 1,71,071 as shown in Table-3.7 and Table-3.8.

Table-3.10: Scholarship payments as per MSB

Year	Pre-Matric	Post-Matric	Total
2017-18	8,947	49,269	58,216
2018-19	14,880	47,203	62,083
2019-20	12,914	37,858	50,772
<b>Total</b>	<b>36,741</b>	<b>1,34,330</b>	<b>1,71,071</b>

Thus, there was a discrepancy of 27,337 applications (1,71,071 minus 1,43,734) between the MSP data and the data furnished by the MSB.

The Secretary, MSB stated (6 September 2022) that many students forgot their login passwords and could not log in to renew their applications. Since there was no mechanism to retrieve students' passwords, MSB was compelled to delete captured data from database to enable these pre-registered applicants to apply as fresh applicants.

MSB could not produce the records of 27,337 applications, consequently, Audit could not ascertain the amount of associated scholarship payments showed the lack of database integrity and exposed the system to the risk of fraudulent scholarship payments. This is a serious deficiency in system design and needs to be rectified by MSB.

### 3.2.10.15 Insecure login system and weak password policy

Robust security is a requirement of any IT system. A secure login system and strong password policy should be a mandatory requirement to ensure the safety of information that is personal and sensitive in nature such as the information contained in MSP. Due to the similarity of the two systems, Audit undertook a comparison of the login security features of MSP and NSP. The following deficiencies were found in MSP:

- 1) Absence of two factor authentication system where system generated OTPs were sent to the registered mobile number for each log in.
- 2) The INOs could change/ update their profiles without approval of the SNO e.g., mobile number of the INO could be changed without approval of the SNO. Also, the SNO could change the mobile number of the INO without his knowledge.

Additionally, as per MSP password policy, user passwords were only required to be case-sensitive, with no additional security features and there was no system for retrieval

of passwords through the registered mobile number. Thus, it was observed that MSP had an insecure login system and weak password policy.

The Secretary, MSB stated (6 September 2022) that the system of changing INOs and updating their respective profiles only after approval of SNO is under process.

The reply was silent on steps being taken up or proposed to be taken up to ensure security of the login system of the MSP. MSB should ensure that a proper control system for change/ updation of profiles and monitoring of INOs by SNO is implemented pending which the possibility of fraudulent claims being approved/ verified by unauthorised parties could not be ruled out.

Thus, MSP was developed without proper planning or budgeting and was implemented without approval and sanction of the competent authority. Non-preparation of User Requirement Specification, System Design Document, Service Level Agreement and Change Management Policy as well as lack of documentation indicated poor management and implementation of the project. Deficiencies in input controls as well as weak security features led to discrepancies in maintenance of applications database and doubtful payment of scholarships.

***Recommendation: The MSB should take up steps to rectify the deficiencies in the application controls, to create a secured login system and password policy to assure safety of sensitive user information and negate the possibility of fraud or shift to NSP for better implementation of scholarship for ST students.***

### **3.2.10.16 Analysis of sampled applications in respect of Scholarship schemes**

#### **(i) Detailed analysis of sampled applications**

Audit sampled 356 applications under Minority scholarship schemes (204 applications from institutions outside Mizoram and 152 applications from institutions in Mizoram) for detailed analysis.

#### **• Proper address not furnished by applicants**

On scrutiny of the applications uploaded in the NSP, it was found that the applicants did not upload Domicile Certificates. In the 'Address Column', 195 applicants entered numeric or alphanumeric data; 40 applicants furnished places which were not found in Mizoram. Thus, the eligibility of the applicants for claiming scholarship from Mizoram could not be ascertained in audit.

#### **• Fake, incomplete and illegible documents used for claiming scholarships**

Only one applicant uploaded all the necessary documents. The remaining 355 applicants did not furnish proper supporting documents as stated below:

- 185 applicants did not upload any supporting document,
- Out of the eight required documents, 87 applicants uploaded only one supporting document (*Bonafide* Student Certificate) which were again found in audit to be 'blank pages',

- Seven applicants uploaded blurred and illegible documents in lieu of bank passbook,
- 10 applicants uploaded fake documents<sup>28</sup>, and
- 65 applicants uploaded the same documents which were blurred<sup>29</sup>.

Further scrutiny of the same documents uploaded by 65 applicants revealed collusion among the applicants in the irregular claim for scholarship as shown in the **Table-3.11** below:

Table-3.11:

## (A). Same document submitted by many applicants from the same institutions.

Sl. No	Name of institutions	No of applicants	Remarks
1.	R. K. S. Sidoji Thopte Vidyalaya, Pune, Maharashtra.	02	The applicants submitted the <i>Bonafide</i> Student Certificate that they study in the same institution
2.	Barkola HSS, Nagaon, Assam.	10	
3.	S.A.S. Government Degree College, Andhra Pradesh.	08	
4.	Foxall HSS, Saiha.	19	
<b>Total</b>		<b>39</b>	

## (B). Same document submitted by many applicants from different institutions.

Sl. No	Name of institutions	No of applicants	Remarks
1.	Government Hnahtial College, Hnahtial.	10	<b>Domicile Certificate:</b> A blurred and ineligible document issued by Chopra Gram Panchayat was uploaded by the applicants from these institutions. <b>Student photograph:</b> The same photograph was uploaded by three applicants from Government Hnahtial College, Government Lunglei College and HATIM. <b>Bank passbook:</b> One blurred ineligible SBI passbook was uploaded by three applicants from Government Hnahtial College, Government Lunglei College and HATIM, etc.
2.	Government Lunglei College, Lunglei.	07	
3.	Higher & Technical Institute, Mizoram, Lunglei (HATIM).	06	
4.	Lalthanhawla HSS, Serchhip, Lunglei.	03	
<b>Total</b>		<b>26</b>	

The institutions given in **Table-3.11 (A)** could not be contacted as the contact details given in the portal were not functional. The INOs of the institutions in **Table-3.11 (B)** stated that the applicants were not their *bonafide* students.

**Recommendation: Responsibility should be fixed for non-verification of application forms and allowing fake, incomplete and illegible documents for claiming scholarships.**

**3.2.10.17 Case study of institutes****(a) Foxall Higher Secondary School, Siaha**

- Test check of 21 applicants (out of 83 applications for Minority scholarship during 2017-20) had uploaded false documents in lieu of '*Bonafide* Student Certificate'.

<sup>28</sup> *Bonafide* student certificate, domicile certificate, marksheet, etc.

<sup>29</sup> Domicile certificate, students' photograph, income certificate, etc.

Out of these, 19 applicants uploaded the same fake<sup>30</sup> document while two students uploaded blank/ blurred documents.

- 66 applications were approved using IP addresses 47.11.204.8 while 12 applications were approved from IP addresses 47.11.159.157 both of which were located at Kolkata.
- The same IP address 47.11.204.8 was used for submission of 34 applications as well as for approval by INO.
- 78 applicants had opened Flexi RD Accounts at SBI Lakhimpur, Uttar Dinajpur, West Bengal, but furnished wrong IFSC codes in their applications *i.e.*, 47 students had furnished the IFS Code of SBI Aizawl Branch and 21 students had furnished the IFS code of SBI Chaltlang Branch.

Thus, it was observed that an amount of ₹ 7.19 lakh was fraudulently drawn by 83 non-*bonafide* students as detailed in **Appendix 3.2.7**.

In reply to the audit query, the Principal of Foxall HSS stated (3 December 2020) that he had no knowledge of Minority scholarship being availed by any students from the institution. The reply is not acceptable as on scrutiny it was found that the current INO with his mobile number was registered in the NSP on 26 September 2019 and the applications were verified by him after 30 October 2019. As OTPs were received in the registered mobile number of the INO, the matter required further investigation. The competent authority should initiate the investigation and take necessary action accordingly.

**(b) Zoram Medical College, Falkawn, Aizawl**  
(Previously Mizoram Institute of Medical Education and Research)

- Test-check revealed that 07 applicants (out of 13 applications under MCM scholarship during 2019) had uploaded blank document in lieu of '*bonafide* Student Certificate'.
- Courses for which the Merit cum Means based scholarship for Minority Community Students (MCM) scholarships had been claimed were not offered by the institutions.
- The IP address of the system used by the INO in the institute was 136.232.108.154 whereas the IP address from which the applications had been approved were #157.43.216.217, #157.43.226.170, #47.11.195.185 and #47.11.240.197.

The INO stated that all the students had claimed for ST scholarship and no claim for scholarship under Minority schemes was processed. It was also stated that the State Nodal Officer (SNO) informed (27 November 2019) the INO that fake applications were forwarded from the institutions on the same day that the INO registered his mobile number in the portal. The INO further stated that on his first login to the NSP he noticed that incorrect information about the institution/ INO had been furnished in the portal *viz.*, address of the Institute was shown as Aizawl instead of Falkawn, the name of the

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<sup>30</sup> Issued in the name of Sachin Mahto, Halkhori Shah High School, Manjhi, Nasaran, Bihar

Board/ University was wrongly recorded as ‘Mizoram Board of School Education’ instead of Mizoram University, unknown mobile were recorded instead of the mobile number of the INO and incorrect email ID instead of the correct e-mail ID. The INO further stated that an FIR was lodged in Kulikawn Police Station on 5 February 2021.

On further scrutiny, it was observed that, the current INO was registered on 27 November 2019. Previously an unknown person had been registered (5 November 2019) as the INO, who approved the applications on 8 November 2019.

It was seen in audit that instead of taking steps against the fake applications which was known on 27 November 2019, the SNO approved the applications on 13 December 2019. Thus, it was observed that the applications were passed by the SNO inspite of knowing the fact that the applications were fraudulent and an amount of ₹ 3.85 lakh was fraudulently drawn by 13 non-*bonafide* students as detailed in **Appendix 3.2.7**.

**(c) Mizoram College of Nursing (MCON), Falkawn, Aizawl**

Test check of 10 applicants (out of 35 applications under Merit Cum Means (MCM) during 2017-20) revealed that the applicants had not uploaded any document in the NSP. During joint field visit, it was stated that the institution (MCON) was not registered in the NSP and no claim under Minority scholarship schemes was approved by the institution. When the list of students of the institution for the years 2017-19 were cross-checked with the records of the institution, it was found that the 35 beneficiaries were not enrolled in the institution. Thus, an amount of ₹ 10.50 lakh was fraudulently drawn by 35 non-*bonafide* students as detailed in **Appendix 3.2.7**.

Further analysis showed that the current INO was registered in the NSP on 26 September 2019, while the above claims had been made during 2018. As details of the INO registered in the portal during 2018 were not available, the official who processed the fraudulent claims of scholarship could not be tracked.

***Recommendation: Responsibility should be fixed on the erratic officials for fraudulent drawal of scheme fund. Proper verification of applicant’s details based on physical documents submitted at the institutions should be carried out. The SNO/ DNO should maintain the records of INOs and update it on a regular basis.***

**3.2.11 Indira Gandhi National Old Age Pension Scheme (IGNOAPS)**

Under IGNOAPS, identification/ selection of beneficiaries is done based on the application of the intending beneficiary. The application form is obtained from the Social Welfare and Tribal Affairs Department and the applicants submit the duly filled application form containing the recommendation of the concerned Local/ Village Council Chairman supported by a copy of their family ration cards showing their below poverty level status.

The number of beneficiaries covered under Indira Gandhi National Old Age Pension Scheme (IGNOAPS) and the amount of assistance disbursed during the period 2017-20 is shown in **Table-3.12**.

**Table - 3.12: Number of beneficiaries and amount released during 2017-18 to 2019-20**

Year	Number of beneficiaries	Expenditure in ₹ lakh
2017-18	25,469	10.07
2018-19	25,469	7.87
2019-20	25,469	8.66
<b>Total</b>	<b>76,407</b>	<b>26.60</b>

Source: NSAP portal & fund sanction orders of GoM.

Audit findings related to the operation of DBT mechanism under IGNOAPS is given in the following paragraph:

### **3.2.11.1 Non-updation of beneficiary list**

Clause 3.1.2 of National Social Assistance Programme (NSAP) Guidelines stipulated that there should be annual verification of the existing beneficiaries under NSAP. The States may constitute Special Verification Teams for the purpose under an authorised officer.

In Mizoram, the beneficiary list under IGNOAPS was not updated during the period covered by audit. During joint field visit<sup>31</sup>, 73 beneficiaries (36 beneficiaries in Lunglei and 37 beneficiaries in Mamit district) were surveyed and it was found that deceased/ineligible beneficiaries were not deleted from the beneficiary list and had been given assistances under IGNOAPS, as shown in the **Table-3.13** below:

**Table-3.13: Deceased/ ineligible beneficiaries under IGNOAPS**

Sl. No.	Name	Village	Remarks
1.	Lalchamliana	Pukpui	Expired on 12.12.2020
2.	Vanalmawia	Pukpui	Expired on 02.07.2021
3.	Lahliri	Pukpui	Expired on 25.05.2012
4.	Zomawii	Pukpui	Expired on 05.10.20
5.	Lianthangi Sailo	Pukpui	Expired on 14.08.21
6.	T. Rokima	Sethlun	Expired
7.	Darzawni	Sethlun	Expired
8.	J. Lawmchhungi	Sethlun	Expired
9.	KT Khumi	Thuampui	Expired on 13.02.2021
10.	Saithanthiangi	Thuampui	Expired on 23.12.2020
11.	Darchhingi	Thuampui	Expired on 11.04.2021
12.	Laltanpuui	Reiek	Her husband was a Govt. pensioner
13.	Chhingpuui	Reiek	Her husband was a Govt. pensioner
14.	Zolawmi	Reiek	Her son was a State Govt. employee

The Village Council (Sethlun) stated that it had sent (05 October 2020) a new list of beneficiaries with details such as unique biometric identification number, date of death/migration of beneficiaries to the DSWO for updation. However, the list was not updated till the date of audit (November 2021).

The Government stated (16 December 2021) that the Department is taking up digitisation of beneficiaries' data in full swing. Weeding out of ineligible beneficiaries after death or migration would be carried out at the earliest accordingly in the

<sup>31</sup> Two districts viz., Lunglei and Mamit and two Blocks each in each district i.e., Lunglei and Bnghmun under Lunglei District, Zawlnuam and Reiek under Mamit District and two villages under each of the selected blocks were test-checked.

NSAP-PPS portal. The Department further stated that the findings of the Audit team will be verified and necessary steps shall be taken up.

It was further stated (24 March 2022) that verification of existing beneficiaries under NSAP should be completed before 30 April 2022 and the names of all deceased and ineligible beneficiaries mentioned above had been removed.

During the exit meeting held on 15 March 2022, the Director, Social Welfare and Tribal Affairs Department stated that audit findings were verified at the field level and it was found that the excess payment to the ineligible/ deceased beneficiaries amounted to ₹ 71,200.

***Recommendation: The Department should complete digitisation of beneficiaries' list and regularly update the same in the portal.***

### **3.2.11.2 Access to e-payment software and NSAP-PPS by unauthorised users**

The NSAP-PPS portal was developed by the Ministry of Rural Development (RD) for the implementation of DBT of IGNOAPS. The GoM was using Government e-Payment Gateway (GePG) for making e-transactions from the treasury.

During audit, an employee in the office of the Directorate of Social Welfare & Tribal Affairs (SW & TA), without formal authorisation, was found to be having access to the e-payment software and accordingly was generating bills. Similarly, in the office of District Social Welfare Officer (DSWO) Lunglei, the mobile number of a contractual employee was registered in the NSAP portal. Thus, access to the GePG and the NSAP by the employees without authorisation by the competent authorities, was irregular.

The Government stated (16 December 2021) that most of the DDOs were not well versed with the e-payment software. Employees who had good computer knowledge and trained to handle the software were assigned the works. The Under Secretary to the GoM stated (24 March 2022) that formal authorisation has been issued (21 March 2022) for accessing of the e-Payment Gateway. Further, it was stated that instruction had been issued (11 March 2022) for the NSAP portal to be accessed by authorised employee only.

***Recommendation: The concerned authority should strictly ensure that only authorised persons have access to the system.***

### **3.2.12 Monitoring and internal control mechanism**

#### **3.2.12.1 State DBT Cell could not function as a nodal point for all activities and matter related to DBT operations in the State**

As envisaged by the Guidelines for State DBT Cell, the State DBT Cells shall primarily work towards co-ordinating the implementation of DBT in various schemes. The cell should be a nodal point for all activities and matters related to DBT operations in the State. The Cell, *inter alia*, should coordinate with the Ministries and the respective State departments and develop scheme/ department-specific Information and Communication Technology (ICT) applications to capture data pertaining to DBT more

effectively and closely monitor and evaluate the progress of various departments on DBT related indicators *vis-à-vis* expected outcomes.

The State DBT Cell of Mizoram was created by the Governor on 17 November 2016. The Cell comprised of eight members, headed by the Secretary, ICT Department as the Chairperson, Chief Informatics Officer, ICT as the Member Secretary, and six other members (Directors/ Joint Secretaries of various departments).

The Departments implementing DBT schemes directly received funds from Ministries of GoI and implemented the schemes as per instructions received from their Ministries. There was no intermediation by the State DBT Cell in the process of implementation of DBT schemes in Mizoram. Therefore, it was observed in audit that the State DBT Cell could not function as the nodal point for DBT operations and one-stop point for implementation of DBT in the State.

The Chief Informatics Officer/ technical Co-ordinator (DBT Cell) in reply (November 2020) stated that there was no dedicated manpower for the DBT Cell. All departments implementing the DBT schemes utilised the IT application (MIS software) provided by the Central Government.

The State DBT Cell did not function as envisaged in the Guidelines and no initiative by the State DBT Cell was made in this regard.

### **3.2.12.2 Non-creation of Advisory Board**

The Guidelines for State DBT Cell provide for the creation of an Advisory Board, as a parallel body to the State DBT Cell. It shall comprise of representatives from various enablers and stakeholders of DBT - Government Departments which implement schemes falling under the purview of DBT, Unique Identification Authority of India (UIDAI), State Level Bankers Committee (SLBC), IT Team, National Informatics Centre (NIC), NPCI, Telecom Service Providers (TSP) *etc.* The main role of this body was to provide the Cell's Executive Body, holistic, well-rounded advisory and consulting inputs.

It was seen in Audit that the Advisory Board was not constituted without any recorded reason as envisaged in the Guidelines. In absence of the Advisory Board, State DBT Cell could not get the well-rounded advisory and consulting inputs that could help the Cell to function properly and fulfil its responsibilities.

The Secretary to the GoM, ICT Department while accepting the Audit observation stated (16 December 2021) that there was no allocation of business in GoM (Allocation of Business) Rules 2019 for DBT in the State. The Advisory Board may be constituted after the General Administration Department, GoM allocates the subject to the concerned Department.

***Recommendation: Advisory Board may be constituted as per the Guidelines for State DBT Cell.***

### 3.2.12.3 Non-creation of Implementation Supports in the State DBT Cell

As per the Guidelines for State DBT Cell issued by the DBT Mission, three Implementation Supports viz., Technical, Non-Technical and Finance & Administration should be created in State DBT Cell.

- The Technical Support should facilitate all kinds of IT support for implementing DBT in the different schemes, function as a research unit in developing scheme/department specific ICT applications, driving growth and achievement on all the IT related indicators for successful implementation of DBT like digitisation of data, streamlining beneficiary database, cross verification of duplicate applications, interacting and liaising with all IT related stakeholders<sup>32</sup> and enable on-boarding of all the schemes on the live Management Information System (MIS) portal for capturing the information pertaining to DBT.
- The Non-Technical Support should implement customised ICT application as developed by the technical support team, setting up goals and deadlines for boarding of schemes on DBT, collect data from various departments and technical support teams on factors like biometric enrolment, number of beneficiaries, number of active bank accounts, rate of seeding of bank account, monitoring progress of each department against targets, training and capacity building of State Officials, organising benchmarking studies on best practices and developing roadmap to incorporate those practices in the State operations.
- The Finance and Administration Support should link all financial transactions under different schemes on to PFMS platform, budget, fund flow and other administrative tasks.

The Secretary to the GoM, ICT Department claimed (16 December 2021) that the three Implementation Supports had been created on 30 November 2016. It was, however, seen in Audit that the three Implementation Supports viz., Technical Support, Non-Technical Support and Finance and Administration Support were not operational.

Thus, without technical and non-technical supports from the State DBT Cell, the Departments implemented the DBT schemes as per the guidelines of their respective Ministries. Problems arising during the course of implementation due to inadequate IT infrastructure, lack of banking connectivity, delay in onboarding onto PFMS platform and seeding of bank accounts persisted requiring the intervention of the State DBT Cell.

***Recommendation: The three Implementation Supports should be operationalised in State DBT Cell as per Guidelines for State DBT Cell.***

### 3.2.12.4 Deficiencies of State DBT portal

The State DBT portal provides information about the composition of DBT Cell and the contact for Technical Coordinator only. Audit noticed that the Home tab and Scheme tab in the portal home screen showed errors. Thus, no information about the DBT

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<sup>32</sup> NIC, third party consultants, telecom service providers

schemes being implemented and funds transferred through DBT in Mizoram was found in the portal.

#### **3.2.12.5 Ineffective monitoring of implementation of DBT in Mizoram**

As per Guidelines for State DBT Cell issued by the DBT Mission, the State DBT Cell has to closely monitor and evaluate the progress of various departments on DBT related indicators *vis-à-vis* expected outcomes.

In the course of audit, it was noticed that there was no State Level Monitoring Committee and no dedicated manpower for the State DBT Cell. It was also found that no assessment was carried out to find out the shortcomings/ improvements required such as inefficiency of IT infrastructure, internet connectivity, banking connectivity in rural areas for successful implementation of DBT in the State. Targets set by the DBT Cell for onboarding of schemes onto PFMS platform *etc.*, was also not found on record.

Thus, due to improper monitoring of the implementation of DBT in the State, issues of lack of coordination among the stakeholders in the process of validation and verification of bank accounts and unique biometric identification numbers, delay in onboarding of schemes on PFMS and absence of DBT enabling facilities in the remote areas remained unaddressed.

The Secretary to the GoM, ICT Department while accepting the Audit observation stated (16 December 2021) that there was no fund for the engagement of dedicated manpower in the DBT Cell.

***Recommendation: The State DBT Cell may closely monitor and evaluate the progress of various departments on DBT related indicators vis- à-vis expected outcomes.***

#### **3.2.12.6 Non-constitution of dedicated body to deal with complaints and grievances**

As per SOP of DBT issued by the DBT Mission, the DBT Cell has to constitute a dedicated body to deal with the complaints and grievances of beneficiaries pertaining to various issues like delays in receiving subsidy amount in their bank accounts, incorrect or delayed feedback, incorrect set of entitlements received by the end beneficiaries.

It was seen in Audit that the Cell has not created a dedicated body in stipulation of the Guidelines. It was stated that complaints and grievances were not lodged directly to the Cell as the implementation was done by the departments concerned.

The Secretary to the GoM, ICT Department admitted (16 December 2021) that the DBT Cell has not constituted a dedicated body to deal with the complaints and grievances of beneficiaries.

***Recommendation: A dedicated body to deal with complaints and grievances of beneficiaries pertaining to various issues like delays in receiving subsidy amount in the bank accounts of beneficiaries, incorrect set of entitlements received by the end beneficiary as per SOP Module of DBT may be constituted.***

### 3.2.13 Conclusion

Audit noticed that there was absence of a proper plan for implementation of the schemes through Direct Benefit Transfer (DBT) mechanism in the State.

The implementation of scholarship schemes was fraught with irregularities due to inadequate system for verification of applications. The absence of District level verification created a lacuna in the system, due to which proper verification as per Standard Operating Procedure for National Scholarship Portal could not be enforced at the Institute level. Payments for fraudulent claim of scholarship were made to non-resident and non-*bonafide* students. Multiple claims or claims for courses not offered by institutions, *etc.*, were processed due to improper verification of applications.

Mizoram Scholarship Portal was developed without proper planning or budgeting and was implemented without approval and sanction of the competent authority. Non-preparation of User Requirement Specification, System Design Document, Service Level Agreement and Change Management Policy as well as lack of documentation indicated poor management and implementation of the project. Deficiencies in input controls as well as weak security features led to discrepancies in maintenance of applications database and doubtful payment of scholarships.

The implementation of Indira Gandhi National Old Age Pension Scheme through DBT was lagging behind due to delay in digitisation of beneficiary database. Non-updation of beneficiary list not only resulted in irregular payment of assistances to ineligible beneficiaries but also prevented the eligible beneficiaries from availing the benefits.

The Advisory Board for the State DBT cell was not created as per the guidelines. Audit noticed lack of coordination among the stakeholders in the process of validation and verification of bank accounts and unique biometric identification numbers, delay in onboarding of schemes on PFMS and absence of DBT enabling facilities in the remote areas remained unaddressed due to improper monitoring of the implementation of the Schemes.

### 3.2.14 Recommendations

*The Government may consider the following recommendations:*

- *The beneficiary database should be updated regularly, after thorough verification, by deleting obsolete data and data of ineligible and expired beneficiaries and include new eligible beneficiaries.*
- *The Mizoram Scholarship Board should take necessary steps to upgrade the portal and link Mizoram Scholarship Portal with Public Finance Management System (PFMS) platform and National Payment Corporation of India (NPCI).*
- *Verification of bank accounts of beneficiaries should be made mandatory and the bank account should be linked with unique biometric identification number.*

- *The Social Welfare and Tribal Affairs Department should ensure mandatory submission of proof of existence of the beneficiaries either in the form of physical life certificate or authentication through electronic means using biometric credentials for old age pension.*
- *Responsibility may be fixed and action may be initiated for all cases of fraud resulting in drawal of irregular scholarship benefits.*
- *The Government may strengthen the monitoring mechanism for implementation of the Direct Benefit Transfer (DBT) schemes and create the Advisory Board.*

## COMPLIANCE AUDIT

### PLANNING AND PROGRAMME IMPLEMENTATION DEPARTMENT

#### 3.3 Subject Specific Compliance Audit on Implementation of Ministry of Development of North Eastern Region (MDoNER) Projects in Mizoram

##### 3.3.1 Introduction

The Department of Development of North Eastern Region (DoNER) was set up in 2001 to deal with matters relating to the planning, execution and monitoring of development schemes and projects in the North Eastern Region (NER). It was converted into a full-fledged Ministry in 2004.

The Ministry of Development of North Eastern Region (MDoNER) coordinates with various Ministries/ Departments and is concerned with development and welfare activities in North Eastern Region. MDoNER has been sanctioning projects to eight States in North Eastern Region (NER) to fill up gaps in infrastructure through block grants of the Non-Lapsable Central Pool of Resources (NLCPR) that has been restructured as North East Special Infrastructure Development Scheme (NESIDS) from 2017-18 and Special Packages through State Governments of NER and some Central Ministries. The fund sharing pattern of all MDoNER projects is 90:10 between the Central and the State Government.

The North Eastern Council (NEC), Shillong, which was set up in 1971, is under the administrative control of Ministry of DoNER. It is a statutory regional planning body, which provides financial assistance for a variety of projects including infrastructure projects like construction of roads, improving air connectivity, *etc.*, through State Governments.

##### 3.3.2 Implementing Department/ Agencies

Planning & Programme Implementation Department (P&PID), Government of Mizoram (GoM) is designated as the nodal department for all projects sanctioned by MDoNER. The Deputy Advisor, Project Monitoring Division, Research & Development Branch, is responsible for examination of line departments' proposals and conveying approval, rejection or revision as per decision taken on project proposals/ DPRs. Besides, the division is also responsible for monitoring of projects under NLCPR, NEC, *etc.* including special monitoring of delayed projects. The projects are

executed by the concerned line departments/ implementing agencies as per the sector under which the projects are classified.

### 3.3.3 Audit Sample

The Subject Specific Compliance Audit covered the projects completed/ abandoned during the period 2016-17 to 2020-21. It involved scrutiny of records and other evidences in the P&PID, GoM, and also in the various implementing departments/ agencies under the State Government implementing the selected works/ projects. The audit observations were also corroborated with joint physical inspection, wherever necessary and feasible.

In Mizoram, there were 74 projects completed/ abandoned (excluding projects already covered in previous audit) at a total approved cost of ₹ 716.05 crore (NLCPR: 30 projects at approved cost of ₹ 276.45 crore and schemes of NEC: 44 projects at approved cost of ₹ 439.60 crore) during the period covered by audit *i.e.*, 2016-17 to 2020-21. Accordingly, 19 (25.67 per cent) out of the 74 completed/ abandoned MDoNER projects involving 44.55 per cent of total project cost were selected for the Compliance Audit as shown in the following **Table-3.14**:

**Table-3.14: Sector-wise completed/ abandoned projects selected for audit for the years 2016-17 to 2020-21**

(₹ in crore)

Sl. No.	Sector-wise break up of 19 projects:	Completed/ Abandoned projects	Approved cost	Selected for audit					Percentage of selected project cost vis-à-vis total approved cost
				No.	Approved cost	Fund released			
						GoI	GoM	Total	
1.	Agri and allied	1	2.66	1	2.66	2.39	0.27	<b>2.66</b>	100.00
2.	Human Resource Development & Education (Education & Social)	12	109.23	2	58.38	51.65	5.64	<b>57.29</b>	53.45
3.	Human Resource Development and Education (Sports)	5	25.49	2	16.48	16.11	0.37	<b>16.48</b>	64.65
4.	Irrigation & Flood Control & Watershed Management/ Water supply	14 <sup>33</sup>	100.75	3	40.36	26.15	2.89	<b>29.04</b>	40.06
5.	Industries	1	9.23	1	9.23	8.31	0.92	<b>9.23</b>	100.00
6.	Information and Public Relations	1	6.19	1	6.19	5.57	0.62	<b>6.19</b>	100.00
7.	Medical & Health	8	40.03	2	20.91	18.82	2.09	<b>20.91</b>	52.24
8.	Miscellaneous	3	14.11	1	8.42	7.30	0.81	<b>8.11</b>	59.67
9.	Power	9	84.65	2	36.29	30.34	9.41 <sup>34</sup>	<b>39.75</b>	42.87

<sup>33</sup> East Lungdar Multi village Water Supply Scheme (Pumping), Serchhip District, Mizoram

<sup>34</sup> Includes gap funding by State Government amounting to ₹ 6.04 crore

Sl. No.	Sector-wise break up of 19 projects:	Completed/ Abandoned projects	Approved cost	Selected for audit					Percentage of selected project cost vis-à-vis total approved cost
				No.	Approved cost	Fund released			
						GoI	GoM	Total	
10.	Science & Technology	6	17.53	1	4.90	4.41	0.49	<b>4.90</b>	27.95
11.	Transport & Communication/ Roads & Bridges	14 <sup>35</sup>	306.18	3	115.19	75.87	7.65	<b>83.52</b>	37.62
	<b>Total</b>	<b>74</b>	<b>716.05</b>	<b>19</b>	<b>319.01</b>	<b>246.92</b>	<b>31.16</b>	<b>278.08</b>	<b>44.55</b>

Source: MDoNER website and Department's records. Details are given in Appendix – 3.3.1

Out of 19 selected projects, three projects were abandoned/ closed on “as is where is” basis while 15 projects were completed during 2016-17 to 2020-21. One project reported as completed was found to be incomplete in Audit.

### **Audit Findings**

The findings of Audit are discussed in the succeeding paragraphs.

#### **3.3.4. Planning**

##### **3.3.4.1 Priority List**

Paragraph 4 (a) of the NLCPR Guidelines, 2016 provides that State Governments should prepare a shelf of projects/ Priority List and submit it along with a comprehensive concept note, including *inter alia*, geo-tagging, scope of work with cost, likely benefits and outcomes while also clearly spelling out the techno-economic viability of the project. Paragraph 8.2 of the NEC Guidelines, 2015 provides that an annual priority list of projects should be proposed by the State Government for NEC funding each year. The projects in the priority list should be accompanied by concept papers and sent through the State Planning Department.

It was noticed that P&PID, GoM did not submit Priority List of projects for the years 2018-19 and 2019-20. P&PID stated that NEC did not request for submission of Priority list of projects and therefore this was not submitted for these years. Further, NLCPR was discontinued from 2017-18 and replaced by NESIDS. One time allocation was made for NESIDS by NEC for three years 2017-18 to 2019-20. Thus, one priority list for the 3 (three) years was submitted to MDoNER by P&PID.

The reply of the State Government is not tenable as non-submission of priority list was a violation of the guidelines of NEC.

<sup>35</sup> Construction of Bamboo Plantation Link Road to proposed Bamboo Plantation Areas from Tuirial Airfield to Bukpui-I (0-40 Kmp) and Construction of Bamboo Plantation Link Road to proposed Bamboo Plantation Areas from Tuirial Airfield to Bukpui - I (40-84 Kmp)

### 3.3.5 Financial Management

#### 3.3.5.1 Delay in release of fund and delay in submission of Utilisation Certificates

Paragraph 18.1 of revised NEC General Guidelines, 2015 provides that funds released by NEC must be transferred to the implementing agency/ project authority by the State Government within 30 days from the date of release of funds from NEC. Paragraph 18.2, *ibid*, provides that State's matching share should also be released simultaneously. Paragraph 13.2 of NEC Guidelines 2018 also provides the same provision.

Further, Paragraph 8.6 of NLCPR Guidelines 2009, provides that fund release from the pool must be transmitted to the implementing agency/ project authority by the State Government within 15 days from the date of release of funds from Government of India.

As per sanction orders of NEC, utilisation certificates should be submitted within 12 months of the date of closure of accounts.

It was seen that in 17 out of 19 sampled projects, there was huge delay in release of fund to the implementing departments/ agencies for execution of the work in violation of the guidelines. Project-wise details are given in **Appendix - 3.3.1**. The delay in release of fund ranged from 49 to 1,122 days as shown in **Table-3.15** below.

**Table – 3.15 : Delay in release of funds under NLCPR and NEC Schemes**

Sl. No.	Scheme	Number of projects	Delay in days (Range)
1.	NLCPR	8	52 to 1,122
2.	Schemes of NEC	9	49 to 998
	<b>Total</b>	<b>17</b>	<b>49 to 1,122</b>

Further, there was delay in submission of utilisation certificates ranging from 51 to 2,363 days in 13 instances involving 11 projects. Details are given in **Appendix-3.3.2**.

Due to delay in release of funds by the State Government to the implementing agencies and submission of utilisation certificates, it was noticed that there were delays in release of subsequent installments by MDoNER/ NEC after submission of utilisation certificates by the State Government. The delays ranged from 9 to 963 days. Details are given in **Appendix – 3.3.2**.

**Recommendation:** *The State Government should fix responsibility for delays of more than two months in release of funds to the implementing agencies.*

#### 3.3.5.2 Short release of fund

Against approved cost of ₹ 102.10 crore for four projects, it was seen that MDoNER released an amount of ₹ 88.02 crore (against share of ₹ 91.90 crore) while the State Government released ₹ 9.68 crore as matching share (against share of ₹ 10.20 crore). This resulted in short release of fund amounting to ₹ 4.40 crore. The State Government, however, sanctioned ₹ 6.04 crore as gap funding for one project<sup>36</sup>. Details are given in the following **Table-3.16**:

<sup>36</sup> Construction of 132 kV S/C line on D/C towers from Kolasib to Aizawl (Melriat) with LILO of one circuit at Aizawl (Zuangtui) 132 kV Sub Station.

Table-3.16: Statement showing details of short release of fund

(₹ in crore)

Sl. No.	Scheme	Name of Project	Approved Amount			Amount Released			Short release			In per cent
			Cost	GoI share	GoM share	GoI	GoM	Total	GoI	GoM	Total	
1.	NLCPR	Establishment of Sainik School at Chhingchhip, Serchhip District, Mizoram	50.64	45.58	5.06	44.68	4.87	49.55	0.89	0.20	1.09	2.15
2.	NLCPR	Greater Saitual Water Supply Scheme in Mizoram	21.53	19.38	2.15	19.00	2.11	21.11	0.38	0.04	0.42	1.95
3.	NLCPR	Strengthening of Government Press, Aizawl, Mizoram	8.42	7.58	0.84	7.30	0.81	8.11	0.28	0.03	0.31	3.68
4.	NLCPR/ Special Central Assistance	Construction of 132 kV S/C line on D/C towers from Kolasib to Aizawl (Melriat) with LILO of one circuit at Aizawl (Zuangtui) 132 kV Sub Station	21.51	19.36	2.15	17.04	1.89	18.93	2.32	0.26	2.58	11.99
<b>Total</b>			<b>102.10</b>	<b>91.90</b>	<b>10.20</b>	<b>88.02</b>	<b>9.68</b>	<b>97.70</b>	<b>3.87</b>	<b>0.53</b>	<b>4.40</b>	<b>4.32</b>

Source: Departmental records

Reasons for short release of fund by MDoNER were not on record.

It was seen that short release of fund resulted in non-completion of the project “Construction of 132 kV S/C line on D/C towers from Kolasib to Aizawl (Melriat) with LILO of one circuit at Aizawl (Zuangtui) 132 kV Sub Station”.

### 3.3.5.3 False Utilisation Certificate

Rule 238 (1) of General Financial Rules (GFR) 2017 provides that in respect of non-recurring grants to an institution or organisation, a certificate of actual utilisation of the grants received for the purpose for which it was sanctioned should be insisted upon in the order sanctioning the grants-in-aid.

As per NLCPR (2009) and NEC (2015) guidelines, subsequent installments of assistance will be released by the Ministry/ NEC when the State Government furnishes UCs in the prescribed proforma.

Scrutiny of records revealed that in nine out of 19 sampled projects, the State Government furnished utilisation certificates (UCs) amounting to ₹ 38.51 crore to MDoNER. However, it was seen that UCs were furnished before funds were actually released to the implementing departments/ agencies in some of the projects. Details of utilisation certificates submitted before actual release of fund are shown in **Table-3.17**.

Table-3.17: Statement showing details of UC furnished before actual release of fund

(₹ in crore)

Sl. No. & Name of project	Inst.	Amount Released by GoI	Administrative Approval and Expenditure Sanction of GoM		Parking of fund in K-Deposit		Release from K-Deposit		UC furnished to MDoNER	
			Date	Amt.	Date	Amt.	Date	Amt.	Date	Amt.
<b>Projects under NEC:</b>										
1. Construction of Approach Road and Internal Roads of Industrial Growth Centre at Luangmual, Aizawl, Mizoram	1 <sup>st</sup>	3.32	20-03-17	3.32	31-03-17	3.32	13-10-17	1.66	22-12-17	3.32
							27-03-18	1.66		
	3 <sup>rd</sup>	1.67	13-12-19	1.67	27-03-20	1.21	24-03-21	0.19	21-09-20	1.67
2. Upgradation of Thanlon to Singhat Road (Ngopa to Tuivai) within Mizoram	6 <sup>th</sup>	2.00	29-08-18	2.00					31-07-18	2.00
3. Strengthening of Cardiology Department at Civil Hospital, Aizawl	2 <sup>nd</sup>	2.00	10-12-13	2.00	31-03-14	0.10	20-08-14	0.10	28-04-14	2.00
	4 <sup>th</sup>	0.24	29-03-18	0.18	31-03-18	0.18	13-09-18	0.18	26-03-18	0.24
4. Construction of 33 kV line on tower from Aibawk to Sialsuk with associated bays and 11 kV line	1 <sup>st</sup>	0.90	12-01-17	0.86	-	-	-	-	01-11-16	0.90
	2 <sup>nd</sup>	4.00	27-03-17	4.00	31-03-17	3.54	13-06-17	3.54	05-06-17	4.00
5. Establishment of Rural Information Kiosks in 300 villages	1 <sup>st</sup>	1.30	18-10-12	1.30					29-08-12	1.30
<b>Projects under NLCPR</b>										
6. Strengthening of Government Press, Aizawl	2 <sup>nd</sup>	2.97	05-03-14	2.97	29-03-14	2.40	16-03-15	2.40	26-03-14	2.97
7. Greater Saitual Water Supply Scheme in Mizoram	2 <sup>nd</sup>	7.60	07-03-13	7.60	28-03-13	0.87	17-09-13		25-06-13	7.60
8. Construction of 100 bedded Civil Hospital at Saiha	2 <sup>nd</sup>	5.73	17-01-18	5.73	29-03-18	0.80	27-06-18	0.80	27-02-18	5.73
9. Construction of 132 kV S/C line on D/C towers from Kolasib to Aizawl (Melriat) with LILO of one circuit at Aizawl (Zuangtui) 132 kV Sub Station	1 <sup>st</sup>	6.78	01-11-06	6.78					19-09-06	6.78
<b>Total</b>										<b>38.51</b>

Source: Departmental records

It can be seen from **Table-3.17** above that the State Government furnished UCs in respect of nine projects before funds were fully or partially released to the implementing departments. This indicated that the State Government submitted false UCs in order to

obtain subsequent installments. Due to submission of false UCs, it could not be ascertained as to whether the funds were actually utilised for the purpose for which they were sanctioned.

This indicated that there was lack of monitoring of projects by P&PI Department, GoM and the UCs were countersigned by the P&PI Department without verifying the genuineness and correctness of utilisation by the implementing departments/ agencies.

### **3.3.6 Project Implementation**

#### **3.3.6.1 Tendering**

As per guidelines of NLCPR and NEC, it shall be mandatory on the part of State Governments to award contract(s) after following a transparent tender procedure. Tender notices and contracts will incorporate binding clauses for incentives to contractors for early completion and penal provisions for delays.

Also, as per Section 15.6 of the CPWD Works Manual, 2014, restricted tender should be invited *inter alia* only in case work is required to be executed with very great speed, and not all contractors are in a position to generate, the work is of special nature requiring specialised equipment and other exigencies of the work so demand.

On scrutiny of records, it was observed that guidelines/ codal provisions on tendering were not complied as discussed below:

#### **3.3.6.2 Unwarranted use of restricted tender mechanism**

It was seen that works were awarded through limited/ restricted tender in three out of 19 sampled projects is shown in **Table-3.18**.

**Table-3.18: Details of works awarded through limited/ restricted tender**

(₹ in crore)

Sl. No.	Name of work/ project	Name of Department	MDoNER approved date	Tender amount	Date of award of work	Tentative date of completion	Date of completion	Delay in completion (Days)
1.	Scheme of NEC: Construction of Approach Road and Internal Roads of Industrial Growth Centre at Luangmual, Aizawl, Mizoram	Urban Development & Poverty Alleviation Department	29.09.16	8.43	08.05.17	29.09.19	25.06.20	270
2.	NLCPR: Construction of Table Tennis Training Centre at Mission Vengthlang in Aizawl		20.10.15	3.70	18.05.17	20.10.17	31.12.19	802
3.	Scheme of NEC: Establishment of Multipurpose Indoor Hall at Sihphir, Mizoram	Mizoram State Sports Council (MSSC)	29.09.16	11.57	02.02.17	29.09.19	26.02.20	150
<b>Total</b>				<b>23.70</b>				

Source: Departmental records

It was seen that the UD&PA Department obtained GoM's approval (December 2016) for restricted tender. The Department resorted to restricted tender on the condition that reputed empanelled firms and first-class contractors under Mizoram PWD would be

invited so that the process may be shortened while ensuring quality and quick completion of the project.

Accordingly, restricted tender for the project “Construction of Table Tennis Training Centre at Mission Venghlang in Aizawl” was invited from three Class – I contractors on 03 February 2017 while restricted tender for the project “Construction of Approach Road and Internal Roads of Industrial Growth Centre at Luangmual, Aizawl, Mizoram” was invited from one Class-I contractor and two empanelled firms on 07 February 2017. Works were awarded (between February 2017 to May 2017) on the recommendation (March 2017) of the Works Advisory Committee-I, headed by the Chief Secretary, GoM.

Further, the Mizoram State Sports Council (MSSC) did not obtain GoM’s approval for resorting to restricted tendering of the work ‘Establishment of Multipurpose Indoor Hall at Sihphir, Mizoram’.

The UD&PA Department stated that permission from the Government to invite restricted tender was obtained. Reply of the MSSC is awaited on the third project.

The response of the UD&PA Department is not tenable since none of the works fulfilled the criteria for award of the contracts through restricted tendering. This was not only in violation of the guidelines but also deprived the Department of availing competitive rates which could have been possible had the departments/ offices adopted open tendering. Further, the justification for resorting to restricted for quick completion of the projects was not tenable since there were delays ranging from 150 to 802 days.

### **3.3.6.3 Award of work worth ₹ 7.29 crore on nomination basis**

Central Vigilance Commission (CVC) *vide* Office Order No.23/07/07 dated 05 July 2007 regarding transparency in Consultancy contracts awarded on nomination basis stated that award of contract on nomination basis amounted to breach of Article 14 of the Constitution and may be resorted to only in exceptional circumstances such as during natural calamities and emergencies declared by the Government and where availability of procurement is possible from a single source only; where the supplier or contractor has exclusive rights in respect of the goods or services; where there were no bidders or the bids offered were too low, *etc.* The instruction was reiterated *vide* CVC Circulars dated 19 May 2010, 11 December 2012 and 11 July 2018.

Rule 194 of GFR provides that the selection by direct negotiation/ nomination, on the lines of single tender mode of procurement of goods, is considered appropriate only under exceptional circumstances. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single-source selection.

Further, Finance Department, GoM, OM dated 06 December 2010 on Guidelines for Engagement of Consultant(s) provided for obtaining a ‘No Objection Certificate’ or clearance letter from PWD and mandatory permission of Finance Department prior to engagement of consultants.

Moreover, the guidelines also provided for consultancy by nomination in special circumstances subject to prior approval of Finance Department and financial ceiling of ₹ 10.00 lakh. Special circumstances (Clause 6(b)) include emergency situation arising from natural disaster or situations where timely completion of the assignment is of utmost importance.

On scrutiny of records in respect of “Construction of Comprehensive Spastic Children Care Complex at Bawngkawn” (Schemes of NEC) in the office of the Director, Health Services, GoM, it was seen that *post-facto* approval for awarding “Design & Build” was accorded by the Consultative Evaluation Committee (13 December 2017), headed by the Chief Secretary, GoM in terms of Clause 6(b) of Finance Department, GoM OM dated 06 December 2010 and as per Terms of Reference (TOR). *Ex-post-facto* approval was accorded due to delay arising from shifting of the project site which was duly approved by NEC on 19 June 2017 and for timely completion of the project.

Accordingly, the project was awarded (18 January 2018) to a contractor and contract agreement was executed (12 March 2018) for an amount of ₹ 7.29 crore for execution of the project on “Build and Design” mode.

In this regard, the following irregularities were observed:

1. ‘No Objection Certificate’ or clearance letter from PWD clearly stating the reasons for their inability to take up the project was not available.
2. Prior approval of Finance Department for “Consultancy by Nomination” was not available.
3. The Consultative Evaluation Committee’s *ex-post-facto* approval for awarding the project to M/s Brilliant Consultancy amounting to ₹ 7.29 crore by flouting financial ceiling of ₹ 10.00 lakh was irregular.

In view of the above, award of work to M/s Brilliant Consultancy without open tendering was in violation of codal provisions eliminating competition and fairness.

The Department stated (July 2022) that necessary procedures could not be adhered to due to time constraint and essentiality of the project.

The reply of the Department is not tenable since there was a gap of six months from the date of approval for change of project site by NEC (19 June 2017) and award of work (18 January 2018). This indicated that there was no time constraint and the Department could have floated NIT for the project. Further, necessary clearances such as NOC of the PWD and prior permission of the Finance Department were not obtained. The Department did not provide reasons for flouting of financial ceiling.

Thus, the State Government violated codal provisions and accorded undue favour to the consultancy firm by awarding the work worth ₹ 7.29 crore by nomination. Besides, allocation of the project on nomination basis did not result in completion of the project on time as it was seen that the completion of the work was delayed by 706 days from the stipulated date of completion fixed by NEC.

### 3.3.6.4 Delay in award of work

Paragraph 7.1 of NLCPR Guidelines, 2009 provides that once the project is approved by the Ministry of DoNER, the State Government should ensure that the tender has been called on competitive basis by giving wide publicity in print media & website, etc., and the works have been awarded within three months of its sanction, even without waiting for the release of funds from State Government to implementing agency.

Also, as per Paragraph 18.4 of NEC Guidelines, 2015, the State Government shall ensure that the implementing department/ executing agency invite tender on competitive basis by giving wide publicity in print media & website, preferably through e-tendering, and also ensure that the work is awarded within three months of sanction of NEC.

Scrutiny of records revealed that there were huge delays in award of work of projects sanctioned by MDoNER in contravention of the guidelines. The delay in award of work ranged from 22 to 476 days from the stipulated date. Details are given in **Appendix – 3.3.3**.

Delay in award of work resulted in delay in completion of work/ project ranging from 63 to 2,323 days.

### 3.3.6.5 Subletting of works contracts

The Engineer-in-Chief, PWD, Mizoram, Aizawl *vide* No. B-15028/ 41/ 06/ PMGSY/ EC/ PWD dated 08 June 2009 circulated that ‘Power of Attorney given by contractors authorising other persons to perform and execute the contract on their behalf literally amounted to sub-contracting the whole work or working the contract through proxy which was highly objectionable and against the interest of the public. Contract work is awarded to a particular contractor only after the contractor has been qualified through series of qualification criteria. Transferring the contract work to others through power of attorney defeated the very purpose of registration of contractor and also the purpose of tendering.’

On scrutiny of records, it was noticed that five contractors authorised individuals through Power of Attorney to execute the works on their behalf. Further, it was seen that the authorised individuals did not have a valid registration with the Department. Details of works sub-contracted, contractors and sub-contractors involved are given in the following **Table-3.19**:

**Table-3.19: Details of works sub-contracted**

(₹ in crore)

Sl. No.	Name of project	Executing Department	Name of contractor	Sub-Contractor	Contract Amount
1.	Construction of Bamboo Link Road from R. Tuirial to Bukpui 0-40 Km (Phase I) <i>Sub-Head: Formation Cutting (0-11 KMP)</i>	PWD	Lalhluna	Lalruata	0.96
2.	Upgradation of Thanlon-Singhat Road (Ngopa-Tuivai)	PWD	H. Lalengliana	C. Thanchungnunga	0.49

Sl. No.	Name of project	Executing Department	Name of contractor	Sub-Contractor	Contract Amount
	<i>Sub-Head: Formation Cutting (63-65 KMP)</i>				
3.	Upgradation of Thanlon-Singhat Road (Ngopa-Tuivai) <i>Sub-Head: Formation cutting (92-94 KMP)</i>	PWD	R. Rokunga	Lalnunmawia	0.68
4.	Construction of 100 Bedded Civil Hospital at Saiha <i>Sub-Head: Main Building</i>	PWD	F. Sangkunga	Ram Kripal Singh	10.69
5.	Construction of Table Tennis Training Centre cum Basket Ball Court, Mission Vengthlang, Aizawl	UD&PA	T. Neihlaia	Abdulla	3.70
<b>Total</b>					<b>16.52</b>

Source: Departmental records

Thus, authorisation of individuals through Power of Attorney for execution of the work costing ₹ 16.52 crore by the contractors was in violation of the State Government's order and also defeated the very purpose of tendering. Further, there was risk of deficiency in the quality of the works executed due to the non-establishment of the technical competency of the sub-contractors who were not registered with the Department.

**Recommendation:** *The State Government should fix responsibility on the concerned officials for allowing sub-contracting of work.*

### 3.3.6.6 Status of Completion of work/ project

#### (i) Delay in completion

Scrutiny of records revealed that none of the works were completed on time. Project-wise details of delay in completion of work/ project are given in **Appendix – 3.3.3**. The delay in completion of projects ranged from 63 to 2,323 days from the stipulated date of completion. An overview of the same is given in the following **Table-3.20**:

**Table-3.20 : Details of delay in completion of projects**

Sl. No.	Scheme	No. of projects	Delay in days (Range)	Remarks
1	Schemes of NEC	11	63 to 2,323	One project was closed on "as is where is" basis. Others were completed beyond their scheduled date of completion.
2	NLCPR	8	802 to 1,893	Two projects were closed on "as is where is" basis while one project reported as completed was not completed till the time of audit. Others were completed beyond their scheduled date of completion
<b>Total</b>		<b>19</b>	<b>63 to 2,323</b>	

It was noticed in audit that one project reported as completed was yet to be completed as on date of audit (July 2022) and discussed in **Paragraph 3.3.7.1(I)**.

**(ii) Abandoned/ Closed on “as is where is” project:**

Three out of 19 selected projects were abandoned/ closed on “as is where is” basis as shown in the following **Table-3.21**:

**Table-3.21: Projects were abandoned/ closed****(₹ in crore)**

Sl. No.	Sector	Scheme	Name of project	Approved cost	Expenditure
1.	Irrigation & Flood Control & Watershed Management)/ Water supply	Scheme of NEC	East Lungdar Multi village Water Supply Scheme (Pumping), Serchhip District, Mizoram	11.00	0.00
2.	Transport & Communication/ Roads & Bridges	NLCPR	Construction of Bamboo Plantation Link Road to proposed Bamboo Plantation Areas from Tuirial Airfield to Bukpui - I (0-40 Kmp)	22.39	7.05
3.		NLCPR	Construction of Bamboo Plantation Link Road to proposed Bamboo Plantation Areas from Tuirial Airfield to Bukpui - II (40-84 Kmp)	25.13	8.79
<b>Total</b>				<b>58.52</b>	<b>15.84</b>

The status of abandoned/ closed projects are discussed as follows:

**(I) Schemes of NEC: East Lungdar Multi village Water Supply Scheme (Pumping), Serchhip District, Mizoram**

MDoNER accorded (09 February 2018) administrative approval of the project at a cost of ₹ 11.00 crore and released a token amount of ₹ 10.00 lakh. The project was, however, put on hold by the Ministry and eventually dropped (17 September 2018) by NEC’s Project Identification Committee. The SLEC proposed for retention of the project under “one time exemption” and requested (25 April 2019) NEC for approval. NEC, however, advised (16 January 2020) the State Government to propose the project to the concerned line ministry and refund the token amount. NEC declared the project closed/ cancelled on “as is where is” basis *w.e.f.* 31 March 2020.

The token amount of ₹ 10.00 lakh was refunded on 20 July 2020.

**(II) NLCPR: Transport & Communication/ Roads & Bridges Sector: Construction of Bamboo Link Road from R. Tuirial to Bukpui - Unfruitful Expenditure of ₹ 15.84 crore**

**(1) Phase – I (0-40 Km): ₹ 22.39 crore and**

**(2) Phase – II (40-84 Km): ₹ 25.13 crore**

With a view to provide road link to an area earmarked for bamboo plantation along the basin of River Tuirial between Aizawl and Bukpui village, State Government proposed construction of link road to proposed bamboo plantation areas from Tuirial Airfield to Bukpui, Phase – I (00/00 – 40/00 Kmp) and Phase – II (40 to 84 Kmp). The project was

expected to benefit a large number of families, particularly in rural areas, apart from the various economic impacts derived from the bamboo industry.

MDoNER, Government of India accorded (December 2006) administrative and financial approval under Non-Lapsable Central Pool of Resources (NLCPR) of ₹ 20.15 crore (90 per cent of the admissible grant with a total estimated cost of ₹ 22.39 crore) for Phase – I and ₹ 22.61 crore (90 per cent of the admissible grant with a total estimated cost of ₹ 25.13 crore) for Phase-II. The remaining ₹ 2.24 crore and ₹ 2.51 crore (10 per cent each) were to be raised by the State Government for Phase – I and Phase – II respectively. Components of the projects included (i) Formation cutting with unlined side drain and jungle clearance, (ii) Gravel pavement, (iii) Construction of Culverts and (iv) Construction of Bailey bridges. The work was to be completed within 24 months from the date of sanction *i.e.*, by December 2008.

Accordingly, first installments amounting to ₹ 7.05 crore and ₹ 7.91 crore were released (December 2006) by MDoNER for Phase – I and Phase – II respectively. The time frame for completion of the work was 24 months from the date of financial sanction; therefore, the target date of completion was December 2008. The State Government released (August 2007) the State matching share of ₹ 88 lakh for Phase - II of the project only.

Inspections undertaken (December 2012) by officials from the Ministry of DoNER revealed compromise with the quality and quantity of the work and considerable delay leading to cost escalation and time overrun. As such, there was no release of subsequent installments by the Ministry of DoNER and the projects were put on hold after first installment funds were exhausted. The overall physical progress of Phase – I was 37.75 per cent while it was 43 per cent for Phase – II as per Quarterly Progress Report ending September 2015.

The State Government was directed (January 2013) by the Ministry to prepare detailed action plan for completion of the project within the sanctioned cost indicating physical quantities (scope), quality (specification), financial estimates and timeframe for execution of balance work as per administrative sanction of the schemes. MDoNER also intimated GoM that further release will be possible provided the action plan is found satisfactory. However, the Ministry of DoNER rejected (May 2013) the action plans submitted by the State Government as it was not prepared as per Indian Road Congress (IRC) specifications and involved change in scope of the work which was in violation of the NLCPR guidelines. Further, MDoNER decided (March 2015) not to release any further amount as the project failed to achieve its objectives.

The State Government, in order to avoid recovery of the released amount, proposed (July 2017) for closure of the projects on an “*as is and where is*” basis stating that serviceable construction has been done serving useful communication and transport needs of the people of the area during *Mautam*/ bamboo flowering period and considered the project successfully closed. Accordingly, the projects were closed (November 2017) on “*as is and where is*” basis by MDoNER.

It was seen that the implementation of the project was beset with irregularities like delay in completion or non-completion of work by contractor, huge deviation in executed quantity, non-execution of items of work, non-release of state matching share against the first installment, preparation of action plan with change of scope of work in violation of NLCPR guidelines, *etc.*

Further, it was noticed during joint physical inspection (27 January 2022) that the Link Road was accessible upto a stretch of 0 to 11 km only. In the entire stretch of the road inspected by audit, no side drain was visible and there was no sign of water bound macadam (WBM)/ Granular Pavement.

Illustrative photos are given as follows:



**Pic: Link-road without side drain and gravel**      **Pic: Link-road without side drain and gravel**

In view of the above, the State Government's contention that serviceable construction has been done serving useful communication and transport needs of the people of the area during *Mautam*/ bamboo flowering period and treating the project as successfully closed, was not tenable.

Thus, the entire expenditure amount of ₹ 15.84 crore (Phase – I: ₹ 7.05 crore and Phase – II: ₹ 8.79 crore) was unfruitful.

Reply of the Department has not been received (February 2023).

### **3.3.7 Major observations - Individual projects**

Scrutiny of records revealed that there were other major irregularities in the execution of the projects such as non-completion of works, diversion of funds, non-achievement of project objectives, wasteful expenditure and irregularities in procurement, *etc.* These irregularities, observed in course of the audit, are discussed in the succeeding paragraphs sector-wise, scheme-wise.

#### **3.3.7.1 Power Sector**

**(I) NLCPR: Construction of 132 kV Single Circuit line on Double Circuit towers from Kolasib to Aizawl (Melriat) with LILO of one circuit at Aizawl (Zuangtui) 132 kV Sub Station - ₹ 22.49 crore – Non completion of the project**

Based on a proposal submitted (September 2005) by GoM for construction of 132 kV Single Circuit Line of length 90 KM on Double Circuit tower from Kolasib to Melriat with Loop In Loop Out (LILO) at Zuangtui 132 kV Sub-Station and 132 kV Line Bays at Kolasib and Melriat 132 kV Sub-Stations with an estimated cost of ₹ 24.97 crore, MDoNER accorded (December 2005) administrative approval at the revised estimated cost of ₹ 21.51 crore and sanctioned financial assistance of ₹ 19.36 crore (90 per cent) on 22 December 2005. The balance amount of ₹ 2.15 crore was to be contributed by the State Government. The project aimed at (i) Evacuation of power to be generated by Bairabi Thermal Project (22.92 MW) and Bairabi HEP (80 MW) and (ii) enabling the State to draw power directly from Assam as and when power is not available from Manipur or Tripura. The timeframe for completion of the project was 36 months from the date of administrative approval *i.e.*, by December 2008. DoNER and the State Government released ₹ 17.04 crore and ₹ 1.89 crore respectively in three installments. The State Government further released ₹ 6.04 crore (₹ 3.46 crore as gap funding on 31 January 2014 and Special Central Assistance: ₹ 2.58 crore on 07 January 2021) of which an amount of ₹ 90 lakh is lying in K-Deposit as of date of audit (January 2022).

The work was awarded to a contractor<sup>37</sup> (October 2006) for ₹ 28.66 crore (33 per cent above the estimated cost) against the sanctioned amount of ₹ 21.51 crore. Contract agreement was signed (January 2007) between the Power and Electricity Department, GoM and contractor at 50 per cent of the cost of the quoted price as evaluated on provisional quantity subject to change after actual quantities are ascertained. The target date of completion of the project was December 2008. Letter of Intent was issued (December 2006) for an amount of ₹ 14.33 crore. As of February 2022, an amount of ₹ 24.07<sup>38</sup> crore was expended towards the execution of the project.

#### **(a) Price variation and cost escalation due to time overrun**

As per the agreement (05 January 2007), price of materials was *per* MT basis on Free on Truck (FOT) destination including all taxes, duties, freight, *etc.* Price for steel structure was variable as per Indian Electrical and Electronics Manufacturers Association's (IEEMA) price variation formula and the material has to be delivered within three months from the date of contract agreement. The scope of agreement include *inter alia* design, manufacture, testing, supply and delivery of towers.

As per Schedule of Items and prices annexed to the contract agreement, the contractor was to supply 1,380.26 MT of galvanised steel works including charges, gussets, *etc.*, for superstructure @ ₹ 76,302 per MT.

It was seen that set of designs and drawings for B&C-type and S-type towers necessary for commencement of work were submitted in January and March 2008 by the contractor for which approval was conveyed by the Department in April 2008 and September 2008 respectively.

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<sup>37</sup> M/s ZT Power, Aizawl

<sup>38</sup> MDoNER share: ₹ 17.04 crore, State share: ₹ 1.89 crore, Gap funding: ₹ 3.46 crore and SCA: ₹ 1.68 crore

It was also seen that due to late submission of set of drawings and delay in approval of drawings, the contractor commenced supplying galvanised superstructure materials for B-Type tower from September 2008 onwards *i.e.*, 14 months after the expiry of the stipulated delivery period of three months from date of agreement leading to cost escalation. A total of 406.168 MT galvanised superstructure materials for B-Type tower was supplied during September 2008 to April 2014 and an expenditure of ₹ 3.85 crore was incurred. It was observed that the same supplies could have been made at the cost of ₹ 3.10 crore if the supply was made during the stipulated time. Thus, the Department made payment amounting to ₹ 75 lakh towards price escalation in contravention of the contract agreement. Details are given in the following **Table-3.22**:

**Table – 3.22 : Details of price variation paid in contravention of the Contract Agreement**

(₹ in lakh)

Sl. No.	Supply as per agreement				Price Variation paid				Total paid	Price variation for the month (as per IEEMA)
	Date	Qty.	Rate	Amount	Date	Qty.	Rate	Amount		
1.	05-09-08	176.236	0.763	134.47	23-09-08	26.626	0.189	5.04	139.51	June 2008
						149.61	0.199	29.78	29.78	July 2008
2.	22-10-08	60.247	0.763	45.97	22-10-08	60.247	0.198	11.91	57.88	Aug. 2008
3.	22-10-08	30.21	0.763	23.05	22-10-08	30.21	0.008	0.24	23.29	Sept. 2008
4.	25-04-12	19.365	0.763	14.78	25-04-12	19.365	0.194	3.75	18.53	Sept. 2011
5.	25-04-12	60.217	0.763	45.95	25-04-12	60.217	0.180	10.84	56.79	July 2011
6.	25-04-12	23.534	0.763	17.96	25-04-12	23.534	0.193	4.55	22.51	Aug. 2011
7.	07-01-13	20.623	0.763	15.74	07-01-13	20.623	0.263	5.43	21.17	May 2012
8.	03-07-14	15.736	0.763	12.01	03-07-14	15.736	0.194	3.05	15.06	New agreement dated 24 July 2014
<b>Total</b>		<b>406.17</b>	<b>-</b>	<b>309.93</b>	<b>-</b>	<b>406.17</b>	<b>-</b>	<b>74.59</b>	<b>384.52</b>	<b>-</b>

Source: Departmental records

The Department frequently changed the scope of the work as the engineers of the Power and Electricity Department, GoM had no experience in construction of 132 kV Single Circuit line on Double Circuit tower which necessitated redesigning of the tower structures and also curtailment of the length of the line from 90 kms. to 59.09 kms. (December 2013). Again, the Department prepared revised DPR (October 2016) amounting to ₹ 24.97 crore by further reducing the length of the line to 46.3 kms. and incorporating the quantity of work done, balance work, expenditure statement and additional fund requirement of ₹ 5.11 crore for completion of the work. It was seen that against fund requirement of ₹ 5.11 crore, the State Government released (07 January 2021) ₹ 2.58 crore under Special Central Assistance.

The Department submitted (December 2017) completion certificate to the MDoNER indicating that the project was completed (June 2017) in all respects. However, scrutiny of records showed that the project was yet to be completed as on date of audit (February 2022) as discussed below:

- Items of works such as ground wire, arm-fitting, stringing, *etc.*, in 68 locations were yet to be completed (18 October 2018).
- As of July 2022, lawsuits which were still pending in connection with non-settlement of compensation by five land owners resulted in stoppage of work.
- Further, the project was yet to be commissioned till date of audit (February 2022).

Thus, it was observed that the completion certificate submitted by the Department to the Ministry was false.

Thus, poor planning not only resulted in slow progress of the work but also resulted in non-completion of the project even after a lapse of more than 13 years from the original stipulated date of completion and, therefore, the State has been deprived of the envisaged benefits as the project is not operational.

The reply of the Department has not been received (February 2023).

***Recommendation: The State Government should fix responsibility on the concerned officials for non-completion of the project even after 13 years.***

**(II) Schemes of NEC: Construction of 33 kV line on tower from Aibawk to Sialsuk with associated bays and 11 kV line, Aizawl, Mizoram – Diversion of funds amounting to ₹ 76.75 lakh and doubtful expenditure of ₹ 52.20 lakh**

MDoNER accorded (February 2016) administrative approval for the project “Construction of 33 kV line on tower from Aibawk to Sialsuk with associated bays and 11 kV line, Aizawl, Mizoram” for an amount of ₹ 14.78 crore (NEC: ₹ 13.30 crore and SMS: ₹ 1.48 crore). The project was executed departmentally by the Executive Engineer, Generation Division, P&E, Aizawl. The project was completed in June 2019, after a delay of two months from the stipulated date of completion (March 2019). As per the DPR approved by NEC on 26 February 2016 the length of 33 kV lines between Aibawk and Sialsuk Sub-stations would be 34 Kms and forest & environment clearance *etc.*, was not required as there was an existing 11 kV line connecting the two sub-stations. Proposed 11 kV outgoing line from Sialsuk sub-station would be 9 Kms.

**(a) Unapproved change in the scope of work**

As per Paragraph 19.2 N of the Revised NEC Guidelines 2015, no change in the scope of the work will be allowed. It shall be incumbent on the part of the State Government to inform the NEC about any modification/ alteration required including changes in the scheme of financing/ funding pattern of the project.

The guidelines also states that purchase of vehicle is not allowed from NEC fund, except for survey and investigations projects or projects where van/ vehicle are required for marketing and extension services. No working capital will be funded by NEC.

After the approval of the DPR, a detailed survey was conducted on the instruction (23 March 2016) of the Chief Engineer, System Operation, P&E, GoM and the length of 33 kV line was reduced from 34 Kms to 26 Kms while the length of 11 kV line was increased from 9 Kms to 15 Kms. Further, extension of 33 kV sub-station at both

Aibawk and Sialsuk was incorporated in place of 33 kV Bay at Sialsuk. Accordingly, working estimates was prepared by changing the scope of the work.

Scope of the work as per actual execution based on the revised DPR *vis-à-vis* the DPR approved by NEC is given in **Table-3.23**:

Table – 3.23 : Details of actual execution

(₹ in lakh)

Sl. No.	As per NEC Approval					As per Working Estimate/ Execution			Excess/ Savings
	Item	Unit	Qty.	Rate	Amount	Item	Qty.	Amount	
1.	33 kV Bay at Sialsuk	Number	1	28.19	28.19	Extension of 33 kV sub-station at Aibawk		181.43	
						Extension of 33 kV sub-station at Sialsuk		70.86	
					<b>28.19</b>		<b>252.29</b>	-224.10	
2.	33 kV S/C on DC Tower between Aibawk and Sialsuk	Km	34	40.70	1,383.80	33 kV SC Line on DC Tower from Aibawk to Sialsuk	26	1,113.00	270.80
3.	11 kV line Sialsuk to Chamring	Km	9	7.38	66.42	11 kV Outgoing feeder from Sialsuk sub-station	15	112.71	-46.29
<b>Total</b>					<b>1,478.41</b>	-	-	<b>1,478.00</b>	-

In this regard, it was seen that:

- (i) There was no record to indicate that the change in scope of work was either reported or approval obtained from the NEC.
- (ii) The justification for reduction of length of 33 kV line from 34 Kms to 26 Kms was not tenable since the proposed 33 kV line would follow the existing 11 kV line. This indicated that the length was either inflated intentionally in the DPR to inflate the cost of the project or the project DPR was prepared without following due diligence such as detailed survey, route alignment, tower spotting, *etc.* By reducing the length from 34 Kms to 26 Kms, the Department included estimates amounting to ₹ 91.19 lakh for inadmissible items such as vehicles and tools & plants such as which are in the nature of working capital and incurred inadmissible expenditure amounting to ₹ 76.75 lakh towards purchase of vehicles (₹ 56.44 lakh) and tools<sup>39</sup> (₹ 20.31 lakh) which are in the

<sup>39</sup> Digital Earth Tester, Digital Tong Tester, Single way Pulley, Portable welding machine, *etc.*

nature of working capital. This amounted to diversion of fund. Details are given in **Appendix – 3.3.4.**

- (iii) The proposed 11 kV outgoing line from Sialsuk sub-station to Chamring would be 9 Kms. However, it was revised to 15 Kms which indicated that due diligence such as detailed survey, route alignment, *etc.*, was not followed during the preparation of the DPR. Further, justification for the same was not recorded in the working estimates.
- (iv) The change in scope of work without the approval of NEC not only violated NEC guidelines but also resulted in incurring expenditure on inadmissible items amounting to ₹ 76.75 lakh.

#### **(b) Doubtful expenditure on hiring of vehicle**

The Department hired (15 May 2017) one vehicle, a pickup truck (MZ-01 D-2763) from Ms. Tlangpari for utilisation during “construction of 33 kV DC line on Lattice Type from Aibawk to Sialsuk Sub-station” at the rate of ₹ 45 per km. The terms and condition for hiring of vehicle (issued on 15 May 2017) include, *inter alia*, that the daily mileage would be restricted to 500 kms and bills along with log book should be submitted. The cost of hiring the vehicle for eight months from June 2017 to January 2018 amounted to ₹ 52.20 lakh. Log book of the hired vehicle was not maintained.

In this regard, it was seen that the distance from Aibawk to Sialsuk is 18 kms (*approx.*) with a travel time of 35 minutes (*approx.*). As per bills/ vouchers, the vehicle travelled 491 km daily on average. This indicated that the vehicle travelled “to and fro” between Aibawk and Sialsuk 13.64 times per day which was doubtful.

Further, it was noticed, the present owner of the vehicle was residing in Assam (Second owner) and No Objection Certificate (NOC) for the vehicle was issued for Hailakandi, Assam (MZ1) *vide* No. MZ/0218/01/LGV dated 25 March 2010.

In view of the above, Audit could not ascertain the veracity of the utilisation of the hired vehicle and thus expenditure of ₹ 52.20 lakh towards hiring of vehicle was doubtful.

Thus, due to change in scope of work, the Department incurred expenditure on inadmissible items amounting to ₹ 76.75 lakh and also incurred doubtful expenditure of ₹ 52.20 lakh on hiring of vehicle.

Reply of the Department has not been received (February 2023).

### **3.3.7.2 Science & Technology Sector**

#### **(I) Schemes of NEC: Establishment of Rural Information Kiosks in 300 villages - ₹ 4.90 crore – Non achievement of project objectives**

The project ‘Establishment of Rural Information Kiosks (RIKs) in 300 villages’ was sanctioned (March 2012) by NEC at an approved cost of ₹ 4.90 crore for setting up RIKs in 300 villages for Information and Communication Technology (ICT) -enabled service delivery outlets in all villages of Mizoram providing a range of Government

and business services to the people in the village in which he/ she resides in a single window clearance like birth certificate, caste certificate, land registration, property registration, utility bills, public grievances, inner line permit, tax payment and online passport application.

RIKs would be provided with terminal software for B2C (Business to Consumer) services and application software for G2C (Government to Consumer) services at each kiosk that would help in delivering end-to-end service applicability in a marketable format. The fund earmarked for application software<sup>40</sup> and terminal software<sup>41</sup> as per NECs approved cost was ₹ 10.00 lakh and ₹ 30 lakh (at the rate of ₹ 10,000/ unit for 300 units/ terminals) respectively. The project was to be completed within 12 months from the date of release of fund by NEC *i.e.*, March 2013.

An agreement was made (15 October 2012) between the Mizoram State e-Governance Society (MSeGS)/ Nodal Agency, a society under the Department of Information & Communication Technology, GoM and M/s Zoram Electronics Development Corporation Ltd. (ZENICS), a GoM's public sector undertaking as Service Centre Agency (SCA). ZENICS would assume complete responsibility for the managerial, technical, financial, human resources, logistics and other resources and ensure its viability, visibility and high quality of performance of Rural Information Kiosks.

It was, however, observed that the project was taken over by the Department/ MSeGS *w.e.f.* April 2016 due to dissolution/ winding up of ZENICS. However, copy of dissolution/ winding up of ZENICS was not available.

As per available records such as UCs, vouchers, *etc.*, it was seen that an amount of ₹ 4.45 crore was utilised for procurement of equipment and its installation, bandwidth charges, multi-functional devices, *etc.*, including development of terminal software and application module amounting to ₹ 40.00 lakh<sup>42</sup> (October 2018).

It was, however, observed that proposal for expenditure sanction of ₹ 44.44 lakh (5<sup>th</sup> and final installment) was submitted (05 September 2018) by the Chief Informatics Officer, Department of ICT for terminal software and application software for e-services and Mizoram Online Public Service Delivery portal acting as a one-stop window. It was also stated in the proposal that Village Level Entrepreneurs (VLEs) under RIK found it difficult to sustain as RIK was not very successful due to absence of online public service from the Government departments.

Accordingly, expenditure sanction of ₹ 44.44 lakh was accorded in March 2019. Instead of procuring the terminal and application software for the e-services, the Department utilised ₹ 38.91 lakh out of the sanctioned amount of ₹ 44.44 lakh towards procurement of computer and its peripherals for upgradation of ICT Training Centre,

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<sup>40</sup> **Application software** is a type of computer program that performs a specific personal, educational, and business function.

<sup>41</sup> **Terminal application**, is a computer programme that emulates a video terminal within some other display architecture. Though typically synonymous with a shell or text terminal, the term terminal covers all remote terminals, including graphical interfaces.

<sup>42</sup> from Interlace India Private Limited.

ICT Offices, Secretariat Offices and Chief Minister's Office, etc. Thus, it can be seen that an amount of ₹ 38.91 lakh was diverted from the scheme fund.

The Department stated (July 2022) that computer peripherals were utilised for training of RIK VLEs and upgrading and replacing of outdated systems.

The reply is not tenable since relevant records/ documents in support of trainings conducted and Stock and Issue Register for replacement of outdated systems were not maintained by the Department. Further, the justification for proposal was not tenable as terminal software and application software for one stop window/ single window portal were already procured (October 2018) by incurring an expenditure of ₹ 40.00 lakh.

A joint physical inspection (JPI) was conducted on 27 May 2022. Out of 18 RIKs selected for JPI, two RIKs could not be visited since the concerned VLEs were out of station, seven RIKs were stated to be non-functional by the Department and as such were not visited, while five (28 per cent) VLEs could not be contacted/ traced. In four RIKs visited, it was seen that VSAT equipment was provided but there were issues in internet/ bandwidth connectivity. Thus, internet arrangement was made by the VLEs themselves and services were provided through e-District, e-Bharat, Digital Seva, etc. Mizoram Online Public Service Delivery Portal was not set up in all the cases.

It was stated (July 2022) that the Department did not have contact details of RIK-VLE since detailed information regarding the project were not handed over by ZENICS. Further, RIK-VLEs joined and registered themselves as Common Service Centre-Special Purpose Vehicle (CSC-SPV) CSC under SEVA Portal. Consequently, the Department could not trace out RIK-VLEs among the CSC-VLEs since there are approximately 900 CSC-VLEs operational in Mizoram.

As per list of RIK-VLEs recommended by Selection Committee in three phases, there were only 286 selected RIK-VLEs. Cross-checking of selected 286 RIK-VLE list and 899 registered CSC-VLEs revealed that only 67 RIK-VLEs were found (22.33 per cent of 286 RIK-VLEs) registered in CSC-SPV.

Thus, the objective of setting up RIKs in 300 villages for ICT-enabled service delivery outlets providing a range of Government and business services to the people in the villages remained unachieved as of July 2022.

### **3.3.7.3 Medical and Health Sector**

#### **(I) Schemes of NEC - Construction of 100 bedded Civil Hospital at Siaha: Irregularities in execution of electrical works and procurement of bed lift**

NEC accorded (23 September 2013) administrative and financial approval for the project "Construction of 100 bedded Civil Hospital at Siaha" at a cost of ₹ 15.92 crore (NEC: ₹ 14.33 crore and State matching share: ₹ 1.59 crore). The components of the project are shown in the following **Table-3.24**:

Table-3.24 : Details of the components of the projects

Sl. No.	Items of works	Approved cost (₹ in crore)
1.	Main Building	13.15
2.	Administrative Building	0.67
3.	Type IV Quarters	1.13
<b>Sub-Total</b>		<b>14.95</b>
4.	Add: Cost Index at 6.50 per cent	0.97
<b>Grand Total</b>		<b>15.92</b>

Out of the expenditure sanction of ₹ 15.92 crore, an amount of ₹ 12.29 crore was incurred for construction of three components of work (Civil) and ₹ 3.63 crore was transferred to Lunglei Electrical Division, PWD for internal electrification, power distribution, Supply, Installation Testing & Commissioning (SITC) of passenger (Bed) Lift, firefighting/ detection system, *etc.* Accordingly, EE, Electrical Division, Lunglei PWD executed the works departmentally (Internal Electrification) and through three firms (SITC).

#### (a) Irregularities in execution of electrical works

Scrutiny of records such as bills/ vouchers, Measurement Books, Material-at-Site (MAS) Accounts, detailed estimates, technical sanctions *etc.*, revealed the following lapses in execution of electrical works:

- (i) Supply of electrical peripherals such as PVC casing & capping pipe, flame retardant low smoke & halogen, LED tubes, modular switch & sockets, exhaust fan, ceiling fan *etc.*, were made by private individuals and one firm (M/s Eastern Electricals, Aizawl) with bills prepared in A4 paper sheets amounting to ₹ 40.67 lakh during November 2017, December 2017 and June 2018. There was no GST/ TIN information.
- (ii) **Main building:** Materials worth ₹ 33.26 lakh were shown as utilised during the month of November and December 2017 as per Material-at-Site A/c while 316 muster roll labourers were shown as engaged for an amount of ₹ 28.14 lakh during January 2018 (Skilled-II: 43, Semi-Skilled: 54 and Unskilled: 67) and February 2018 (Skilled-II: 41, Semi-Skilled: 53 and Unskilled: 58). It was highly improbable that such a huge number of muster roll (MR) labourers (316 nos.) would be engaged for two months for electrical works of the main building of the hospital.
- (iii) **Type-IV quarters:** Materials worth ₹ 7.41 lakh were shown as utilised during the month of June 2018 as per MAS A/c while 27 MR labourers (Skilled-II: 8, Semi-Skilled: 10 and Unskilled: 9) were shown as engaged for an amount of ₹ 2.59 lakh during January and February 2018. It can be seen that materials were utilised during June 2018 while MR labourers were engaged during January and February 2018.

In view of the above, Audit could not vouchsafe the authenticity of the vouchers/ MRs amounting to ₹ 71.40 lakh (Material cost: ₹ 40.67 lakh *plus* Labour cost: ₹ 30.73 lakh).

**(b) Irregularities in procurement and installation of Bed Lift**

EE, Electrical Division, Lunglei PWD technically approved (March 2017) installation of “OTIS make electric traction passenger cum stretcher elevator for 20 persons” costing ₹ 50.50 lakh in the 100 bedded Civil Hospital at Siaha.

It was, however, noticed that the Department installed “13 passengers, SS Side slide Auto Door Lift with V3F” supplied by L.T. Elevator Pvt. Ltd., Kolkata at a cost of ₹ 50.50 lakh in the hospital (March 2021). Reasons for non-installation of approved specification of passenger (Bed) lift was not on record. Further, during joint physical inspection, it was seen that the lift was non-functional since the time of installation.

Reasons for non-repairing of lift was not furnished (February 2023).

**3.3.7.4 Miscellaneous Sector**

**(I) NLCPR: Strengthening of Government Press – ₹ 8.42 crore: Non-achievement of project objectives**

The project “Strengthening of Government Press at Aizawl” aimed at setting up of the first printing institute in Mizoram which will help in producing skilled labor by imparting practical training and in turn meet the requirement of printing press in the State by minimising the State’s dependency on neighbouring states.

MDoNER, GoI accorded (March 2011) administrative and financial approval for implementation of the project “Strengthening of Government Press at Aizawl” at a cost of ₹ 8.42 crore (NEC: ₹ 7.58 crore and SMS: ₹ 84 lakh) mainly for procurement of printing press equipment/ machineries. Target date for completion was March 2012 *i.e.*, 12 months from the date of sanction of the project. An amount of ₹ 8.11 crore (NEC: ₹ 7.30 crore plus SMS: ₹ 81 lakh) was released to the Printing and Stationery (P&S) Department, GoM for execution of the project.

**(a) Faulty planning and preparation of unrealistic DPR**

As per the DPR and Concept paper prepared by the Department, land & buildings for the project were already available at Luangmual and Chawnpui localities which are easily accessible and having enough space to accommodate office, class rooms, practical rooms and library for the printing institute.

On scrutiny of records (January 2022), it was observed that the buildings at the proposed site were utilised as stationery depot as well as for staff quarters. Besides, these buildings were not suitable for installation of heavy machinery since the buildings were located on a slope. As such, attempt was made to install the machines where the office of the P&S Department was temporarily located. However, an objection was raised as the land lease belonged to Information & Public Relation Department. As a stop-gap arrangement, the machine (Sheet fed SM 74<sup>43</sup>) was shifted and installed (July 2016) in the basement of Secretariat Annex-II.

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<sup>43</sup> Offset Colour Printing Machine

The project was reported as completed in June 2017 after a delay of five years three months from the stipulated date of completion.

As per DPR, all the machines are related to each other and therefore installation has to be done simultaneously for functioning/ commissioning of the printing press.

However, during joint physical inspection, it was noticed that printing equipment and materials worth ₹ 1.16 crore were lying idle rendering the expenditure wasteful. Details are given in **Appendix – 3.3.5**.

Illustrative photos are given below:



**Pic: Digital Press (₹ 60.50 lakh) lying idle at Assistant Controller room**



**Pic: UV Coating Machine (₹ 29.00 lakh) lying idle at Assistant Controller room**

It was also observed that school text books printing was not done by the Department during the period 2018-19 to 2021-22. For the session 2022-23, text book printing was entrusted to the Department by the Government. However, it was outsourced to a private printing press<sup>44</sup>.

Further, the prospect of establishing the first printing institute in the State could not materialise due to non-availability of space/ buildings. During physical inspection, training materials like projector, personal computers, *etc.*, were found lying idle.

Thus, the objective of strengthening of Government press remained unachieved. Besides skill development of labour through training could not be achieved due to non-establishment of printing institute even after incurring an expenditure of ₹ 8.11 crore.

Reply of the Department is awaited (February 2023).

***Recommendation: The State Government should fix responsibility on the concerned officials for non-achievement of the project objective even after incurring expenditure of ₹ 8.11 crore.***

### **3.3.8 Monitoring**

#### **3.3.8.1 Evaluation**

As per Paragraph 6.3 of NLCPR Guidelines, 2016 and Paragraph 24.6 of NEC Guidelines 2015, monitoring and evaluation of implementation of the project shall be

<sup>44</sup> M/s Maranatha Printing Press, Aizawl

undertaken through field inspections by officers of the Ministry of DONER, as well as through impact studies, social audits and evaluations conducted by Government or through independent agencies at the request of the Ministry (DONER).

MDoNER schemes envisaged creation of assets for improvement of infrastructure, which included construction of roads and bridges, power infrastructure, information and communication technology, medical and health facilities, water supply, *etc.*, having direct impacts on the day-to-day life of the people of the State. Hence, it is desirable to conduct a post-implementation study to ascertain the efficiency and effectiveness of operation of such infrastructure and to measure its impact on the targeted population/beneficiaries.

However, the Government of Mizoram has not conducted any impact studies, social studies and evaluation of projects funded by Ministry of DoNER.

### **3.3.8.2 Transparency, Information and Publicity about projects**

After approval of a project by the Ministry of DoNER, the State Government was required to put up display boards at the project site indicating the date of sanction of project, duration, due date of completion, estimated cost, source of funding, name of contractor and physical targets to be achieved. All schemes/ projects supported from the Central Pool were to be given wide publicity in the local media. Even after completion of the projects, the State Government was required to put a permanent display on sites. (Paragraph 26.1 of NEC Guidelines, 2015 and Paragraph 7 of NLCPR guidelines 2016).

It was noticed that out of 13 projects visited by joint physical inspection team, the guidelines were adhered to in only seven projects. Display boards were not put up in six project sites.

This indicated that the implementing and nodal departments had not ensured adequate dissemination of information to the general public and also failed to ensure transparency, as envisaged in the guidelines.

### **3.3.8.3 Social Audit**

Paragraph 17.8 of NEC Guidelines, 2018 provides that States implementing social audit should include all NEC-funded projects in the Social Audit calendar. States are also encouraged to facilitate social audit with a view to enabling people at the grass root level including beneficiaries themselves to actually know that NEC funded projects are properly implemented and funds are properly utilised as envisaged in the aims and objectives of the different projects.

It was observed that the Planning & Programme Implementation Department, GoM has not taken any step for conduct of social audit of NEC-funded projects as of date (July 2022).

### **3.3.9 Conclusion**

The success of projects funded by Ministry of Development of North Eastern Region (MDoNER) essentially depended on effective implementation of project activities,

regular monitoring and efficient financial management. There were inadequacies in all these three key aspects, as brought out by audit.

The execution of projects was not satisfactory since none of the sampled projects sanctioned by the Ministry were completed within the stipulated time. The delay in completion of works/ projects ranged from 63 to 2,323 days from the stipulated date of completion. Major hurdles in timely completion of projects were lack of adequate planning and delays in transmission of funds to the executing agencies. Further, it was also noticed that there was diversion of funds and irregular expenditure on unapproved items in violation of the NLCPR Guidelines. Three projects were closed on “as is where is” basis resulting in unfruitful expenditure.

One project, reported as completed, was not completed even after a lapse of more than 13 years from the original stipulated date of completion due to change in scope/ specification, slow progress of work, time overrun, cost escalation and legal issues. The objective of setting up Rural Information Kiosks (RIKs) and strengthening of Government Press remained unachieved.

### **3.3.10 Recommendations**

- *State Government should ensure timely release of funds to avoid delay in completion of projects.*
- *MDoNER guidelines, State Government orders and codal provisions relating to tendering process, parking of funds, sub-letting of contracts, etc., should be strictly followed.*
- *Factors attributable to stoppage of work, works remaining incomplete/ abandoned, assets lying idle and slow progress of work should be analysed, responsibilities fixed and remedial action taken up in a time bound manner.*
- *State Government should conduct impact studies and social audit to evaluate the benefits and impact of the projects funded by Ministry of DoNER.*
- *State Government should fix responsibility on the concerned officials for non-completion of projects and non-achievement of project objectives.*

## **COMPLIANCE AUDIT**

### **AGRICULTURE DEPARTMENT**

## **3.4 Implementation of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) in Mizoram**

### **3.4.1 Introduction**

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme is a Central Sector Scheme with 100 per cent Government of India funding to provide income support to all landholding farmer families in the country having cultivable land. It took effect from 1 December 2018 and the cut-off date for determination of eligibility of beneficiaries was 1 February 2019. The scheme aims to provide income support and risk mitigation for farmers on Direct Benefit Transfer (DBT) mode. Under this scheme, income support

of ₹ 6,000 *per annum* is provided by the Central Government directly into the bank accounts of all eligible farmers' families across the country in three equal installments of ₹ 2,000 every four months as income support for meeting expenses related to agriculture and allied activities, as well as for domestic needs. The salient features of the scheme are as under:

1. A landholder farmer's family is defined as "a family comprising of husband, wife and minor children, who own cultivable land as per land records of the State". Only one person from the defined farmer family is entitled<sup>45</sup> to the scheme benefits, provided that the person is the landowner as per records.
2. Identification of the beneficiaries is to be based on the existing land ownership systems in the States and payment will be made only to those families whose names figure in the land records.
3. The State Government is entirely responsible for identification and ensuring the correctness of beneficiaries' details and for preparation of database of eligible landholder farmer families in the villages capturing the name, Age, Gender, Category (SC/ ST), Aadhaar (unique biometric identification) number, Bank Account Number and the Mobile number of the beneficiaries.
4. The amount due to the beneficiaries under the scheme is to be paid directly into their bank accounts through Direct Benefit Transfer (DBT) using Public Financial Management System (PFMS) portal.

The scheme is being implemented through a unique biometric identification number - linked electronic database containing details of all members of the families of the farmers 'whose names appear in the land records'. The list of beneficiaries identified by the State shall be valid for one year.

In Mizoram, PM-KISAN is implemented wholly on DBT mode. All installments are paid directly into the bank accounts of the beneficiaries using Public Financial Management System (PFMS) portal. The overall updated total number of beneficiaries and amount released in Mizoram till 26 August 2022 is shown in in the following

**Table-3.25:**

**Table - 3.25 : Number of beneficiaries and amount released**

(₹ in crore)

Year of registrations	No. of Beneficiaries		Amount released	Remarks
	Total No. of registrations	Total No. of registrations verified by PM-Kisan Portal		
2018-19	74,724	36,932	64.28	1 <sup>st</sup> to 11 <sup>th</sup> installments
2019-20	71,856	50,841	71.43	1 <sup>st</sup> to 9 <sup>th</sup> installments
2020-21	95,475	95,571	58.99	1 <sup>st</sup> to 7 <sup>th</sup> installments
<b>Total</b>	<b>2,42,055</b>	<b>1,83,344</b>	<b>194.70</b>	

<sup>45</sup> Land holding family provided they are not Government servant or pensioner

The Nodal Department for the implementation of PM-Kisan Scheme in Mizoram is the Department of Agriculture. However, the actual execution of the scheme at the field level including the registration and verification of the scheme beneficiaries was done by the Block Development Officers of the Rural Development Department, Government of Mizoram.

### 3.4.2 Scope, Sample and Methodology

The audit covered the period from the date of commencement of the scheme *i.e.*, 24 February 2019 till 31 March 2021. In Mizoram there are eight Districts with 26 blocks. Out of the eight Districts, three Districts *viz.*, Lawngtlai, Lunglei and Champhai Districts were selected on the basis of simple random sampling method. The blocks and villages were selected giving weightage to the saturation level of PM-Kisan scheme beneficiaries. Selection of block and villages was done as shown in the following **Table-3.26:**

**Table - 3.26 : Selected units for Audit**

Name of District	Name of Block	Name of Village	No. of beneficiaries	No. of beneficiaries Selected
Lawngtlai	Chawngte	Kamalanagar II	1,370	15
		New Jagansury II	138	15
		Parva III	44	15
	Sangau	Lungpher S	560	15
		Lungtian I	186	15
		Siachangkawn	36	15
<b>Sub – Total (A)</b>	<b>2</b>	<b>6</b>	<b>2,334</b>	<b>90</b>
Lunglei	Lungsen	Phairuankai	136	15
		Zawlpui	183	15
		Bornasuri	34	15
	Hnahthial	S Vanlaiphai	511	15
		Muallianpui	130	15
		Lungpuitlang	38	15
<b>Sub Total (B)</b>	<b>2</b>	<b>6</b>	<b>1,032</b>	<b>90</b>
Champhai	Ngopa	Mimbung	749	15
		NE Khawdungsei	328	15
		Lamzawl	66	15
	Khawzawl	Tualte	597	15
		Dilkawn	179	15
		Chawngtlai	48	15
<b>Sub – Total (C)</b>	<b>2</b>	<b>6</b>	<b>1,967</b>	<b>90</b>
<b>Grand Total</b>	<b>6</b>	<b>18</b>	<b>5,333</b>	<b>270</b>

Significant audit findings noticed in the course of the audit are discussed in the succeeding paragraphs:

### **3.4.3 Absence of proper land records**

As per paragraph 3.5 of the first Operational Guidelines of PM-Kisan, 2018, in some of the North-Eastern States, the land ownership rights are community based and it might not be possible to assess the quantum of landholder farmers. In such States, an alternate implementation mechanism for eligibility of the farmers was to be developed and approved by the Committee of Union Ministers of Ministry of Development of North East Region (DoNER), Ministry of Land Resources, Union Agriculture Minister and concerned State Chief Ministers or their Ministerial representative, based on the proposal by the concerned North Eastern States.

It was seen in Audit that the land ownership system in the rural areas of Mizoram is community-based (administrative control of the Village Council). There were no proper records of individual ownership of the agricultural land and the applications of some of the intending beneficiaries were submitted simply with an endorsement by the Village Council. In spite of this, the State Government did not submit proposal for an alternate implementation mechanism for eligibility of the farmers during the audit period. As such, as per the revised (29 March 2020) Operational Guidelines of PM-Kisan, specific provisions for Mizoram and exceptions on the subject of land records requirements was not made.

Thus, in the absence of a well laid-out system and mechanism approved by the Committee of Union Ministers, as done in the neighbouring states of Manipur and Nagaland, the establishment of the landholding status of the beneficiaries in the State merely on the basis of endorsement was fraught with risk of registration of ineligible beneficiaries.

The Department, while agreeing with the audit observation, stated (7 July 2022) that it is true that there are no proper records of individual ownership of agricultural land in the rural areas. Land ownership system in the rural areas of Mizoram is community-based (administrative control of the Village Council) and the applicants under this scheme mostly got endorsement of land ownership issued by their respective Village Councils.

The Department further stated that a letter has been sent to the Ministry on 29 July 2022 to exempt the State from the land record document requirement and to allow temporary Village Council Pass as a land record document. However, approval from the Ministry is awaited (February 2023). The Department also stated that at present the Department has taken up village level monitoring of all the beneficiaries of the scheme and on completion of this village level monitoring programme, it is expected that problems regarding land records of the beneficiaries will be solved to a great extent.

### **3.4.4 Non-maintenance of beneficiary records by the BDOs**

Scrutiny of records of the six sampled BDOs revealed that 150 beneficiaries out of 270 sampled beneficiaries were registered manually by the Block Development Officers. However, out of the 150 registrations done, records of 75 beneficiaries could not be furnished to Audit. Hence, beneficiary application forms and documents which are the

primary basis for determination of eligibility were not maintained/ preserved and could not be produced to audit by the registering authority for verification.

Thus, the veracity of the applications submitted and for which financial assistances has been provided could not be ascertained in respect of the 75 beneficiaries whose records were not available.

The Department, while agreeing with the audit observation, stated (7 July 2022) that at the initial stage of implementation of the scheme, BDOs were entrusted to take up registration of beneficiaries as the 26 BDOs could cover the whole State in a short period of time due to instructions received from the Ministry to start registration of beneficiaries urgently. It was also stated that all the BDOs were presumed to maintain beneficiary records but having come to know the shortfalls in the implementation process, district level monitoring of beneficiaries is being taken up by the Agriculture Department. On completion of the monitoring, it is expected that the shortcomings in implementation will be addressed. The fact however remains that records of 75 beneficiaries could not be verified in Audit due to non-maintenance/ production of records.

Further, it was seen that there was a high saturation of farmer's enrolment as beneficiaries under the PM Kisan scheme *vis-à-vis* the total number of farmers in the districts as per Agriculture Census 2015-16 as shown in **Table – 3.27**:

Table – 3.27

District Name	Number of Farmer/ Cultivator families		Saturation (%)
	PM-KISAN Data as on 31.03.2021	As per Agriculture Census 2015-16	
Lawngtlai	63,596	15,382	413.44
Lunglei	17,082	5,975	285.89
Champhai	21,978	12,784	171.92
Aizawl	33,167	9,209	360.16
Kolasib	9,349	4,473	209.01
Mamit	21,998	5,713	385.05
Siaha	6,276	2,237	280.55
Serchhip	9,935	6,260	158.71
<b>Total</b>	<b>1,83,381</b>	<b>62,033</b>	<b>295.62</b>

Source: Departmental records/ PM-Kisan Portal

From **Table-3.27** above, it can be seen that the saturation level of beneficiaries' enrolment under the PM Kisan Scheme was very high in all the districts, with the saturation being unusually very high in Lawngtlai, Mamit and Aizawl Districts.

Audit observed that there was a high risk of ineligible beneficiaries being enrolled under the PM Kisan scheme due to lack of verification of the credentials of the applicant on the part of the Department.

The Department, while agreeing with the audit observation, stated (7 July 2022) that the BDOs were supposed to conduct mandatory five *per cent* physical verification of

beneficiaries as verification and registration of applicants were done by them. It was further stated that verification will be done along with district level monitoring of beneficiaries being carried out by the District Agriculture Officers.

#### **3.4.5 Non-recovery of amount received by ineligible beneficiaries**

Paragraph 4.2 of the revised (29 March 2020) Operational Guidelines provides that in case of incorrect self-declaration, the beneficiary shall be liable for recovery of transferred financial benefit and other penal actions as per law. Further, all persons who paid Income Tax in the last assessment year are not eligible for the benefits as per the guidelines.

Based on the data available with the Department and uploaded on the PM Kisan portal (as on 30 June 2022), it was observed that the Department detected a total of 1,142 ineligible beneficiaries due to various reasons such as wrong entry of personal details. These beneficiaries had received 3,271 installments as of March 2021 amounting to a total of ₹ 65.42 lakh. Further, 16 beneficiaries out of 1,142 ineligible beneficiaries, who received a total amount of ₹ 0.94 lakh, were also found to be income tax payees who were ineligible to receive the benefits. The District Agriculture Officers have so far detected a total of 67,534 ineligible beneficiaries from their verification as of 30 June 2022 out of a total 1,83,381 beneficiaries registered as of March 2021.

The Department intimated (July 2022) that no recovery has been made till date and instruction has been issued to District Agriculture Officers for recovery of ₹ 0.94 lakh from the 16 income tax payee ineligible beneficiaries and ₹ 22.06 lakh from 467 other ineligible beneficiaries. The Department further stated (September 2022) that a total amount of ₹ 13.19 crore was credited to the accounts of 65,926 ineligible beneficiaries identified in the State. No payment was made to 1,608 ineligible beneficiaries.

Thus, due to improper verification of documents at the time of approval of registration, 67,534 ineligible beneficiaries out of 1,83,381 beneficiaries were registered.

***Recommendation: The Department should take immediate steps to recover the amount paid to all the ineligible beneficiaries after thorough verification.***

#### **3.4.6 Benefits of the scheme irregularly extended to more than one family member**

As per the guidelines, a landholder farmer's family is defined as a family comprising of husband, wife and minor children, who own cultivable land as per land records of the State. Further as per paragraph 3.2 of the operational guidelines (pre-revised), if the quantum of cultivable land owned by two or more individual family members is same, the benefit will be transferred to the bank account of the elder/ eldest, as the case may be, of such members of that farmer family.

Audit noticed that out of the 270 sampled beneficiaries selected under six BDOs, eight beneficiaries were not eligible under the scheme as the elder siblings have already availed the assistance, is shown in **Table-3.28**.

Table – 3.28

Sl. No	Particulars of ineligible beneficiaries	Lawngtlai	Lunglei	Champhai	Total
1.	Same father/ same family	4	3	1	8

Source: PM-Kisan Portal

It was noticed that the eight beneficiaries have received a total of 28 installments (till March 2021) as detailed in **Appendix-3.4.1** and the total payment to them amounted to ₹ 0.56 lakh. Thus, there was irregular payment of ₹ 0.56 lakh to beneficiaries who were ineligible due to being from the same family.

The Department, while agreeing with the audit observation, stated (July 2022) that Government of India has initiated Common Service Centres (CSC) and Self Registration in PM-KISAN portal in September 2019 and mobile application on 21 February 2020. It was considered that the registration done through Common Service Centres and Self-Registration were genuine and approved accordingly. However, this kind of approval was suddenly stopped in 2021 when it was found that more than one family member got registered and even ineligible farmers registered themselves. These irregularities are expected to be addressed after completion of the monitoring by the Village Level Monitoring Committee. However, there was no record on the recovery of the expenditure of ₹ 0.56 lakh from the ineligible beneficiaries and also setting up of Village Level Monitoring Committee.

### 3.4.7 Review, monitoring and Grievance Redressal Committee

#### 3.4.7(i) Poor functioning of the Grievances Redressal Monitoring Committee

As per Paragraph 7 of the revised operational guidelines of PM-KISAN, there shall be stratified review/ monitoring mechanism at National, State and District level. The States shall also notify the State and District Level Grievances Redressal Monitoring Committees for looking into all the grievances related to implementation of the scheme. Any grievances or complaints which are received should be disposed of on merit, preferably within two weeks' time.

Scrutiny of records showed that a total of 2,982<sup>46</sup> grievances were received by the nodal Department since implementation of the scheme till 31 March 2021. Out of these, only 15 grievances cases (0.50 per cent) were disposed of within two weeks' time by the Department. The remaining cases totaling 2,967 (99.50 per cent) were still pending as on date of audit (September 2021). There was also nothing on record to show that efforts had been undertaken to dispose of these grievances.

Scrutiny of records revealed that State and the District Grievances Redressal Monitoring Committees were constituted in March 2019. However, there were no records of meetings conducted or any activities with regard to monitoring or grievance redressal undertaken by the committees. Audit observed that the percentage of the

<sup>46</sup> 2,932 grievances received through web portal and 50 grievances received through email

grievances redressed was abysmally low due to the non-functioning of the grievances redressal committees.

The Department replied (July 2022) that due to the occurrence of COVID-19 and continuous lockdown in the State it was difficult to convene State & District Grievance Redressal Committee meetings. However, with cases of COVID-19 in the State coming down, the Committee will function smoothly from now on.

The reply is not acceptable as the grievances started coming in even before the COVID-19 pandemic, however, the Nodal Department did not take action to dispose of the pending grievances for a long time.

#### **3.4.7(ii) Huge shortfall in mandatory 5 per cent verification of beneficiaries**

Paragraph 10.5 of the revised (29 March 2020) Operational Guidelines provides that efforts should be undertaken by State Government to ensure checking for around five per cent of the beneficiaries for eligibility during the year.

Scrutiny of the records maintained by the Agriculture Department revealed that out of the 26 blocks in the State, BDOs of only two blocks, viz., Lungsen block in Lunglei District and Lawngtlai block in Lawngtlai District submitted the only verification report conducted in December 2019 as on date of audit (September 2021).

The Department, while agreeing with the audit observation, stated (7 July 2022) that the BDOs were supposed to conduct mandatory five per cent physical verification of beneficiaries as verification and registration of applicants were done by them. It was further stated that verification will be done along with district level monitoring of beneficiaries being carried out by the District Agriculture Officers.

#### **3.4.8 Conclusion**

The PM-Kisan scheme which was implemented from 1 December 2018 has brought benefits to the farmer beneficiaries in the State. However, the implementation of the scheme was marred by issues especially on the requirements of verification of the beneficiaries. Monitoring mechanism was weak as the disposal of grievances of farmers was very low. Moreover, the scheme was meant only for the land-holding farmer families. However, in the absence of proper land records in the State, the registration of beneficiaries on the basis of the landholding status was doubtful. Details of 75 out of the 250 sampled beneficiaries was not furnished thus casting doubt on the genuineness of the applicants. An amount of ₹ 13.19 crore was credited to the accounts of 65,926 beneficiaries who were found to be ineligible due to various reasons such as wrong unique biometric identification number, incorrect bank account details, bank and unique biometric identification details not matching, being Income Tax payees, etc. Eight beneficiaries whose family members have already received financial assistance, irregularly received a total of 28 installments again amounting to ₹ 0.56 lakh.

### 3.4.9 Recommendations

The State Government may consider the following recommendations:

- An alternate mechanism to ascertain the land holdings and farmer status of the applicants may be developed.
- Proper screening of the applications and validation of bank accounts with unique biometric identification number linking should be done so that ineligible beneficiaries are not registered and approved in the first place.
- The beneficiary database on PM-KISAN portal should be updated regularly, after verification, by deleting obsolete data or data of ineligible or expired beneficiaries.
- Verification of the beneficiaries should be done annually as prescribed in the scheme guidelines.
- Prompt redressal of grievances should be done by State & District Grievance Redressal Committees as per the timelines prescribed in the scheme guidelines.
- Responsibility may be fixed for improper verification of documents at the time of approval which resulted in payments to ineligible beneficiaries.

## PUBLIC WORKS DEPARTMENT

### 3.5 Avoidable expenditure

**Public Works Department incurred avoidable expenditure of ₹ 4.88 crore for construction of Darlak to Sihthiang road as the villages were already connected**

As per Paragraph 2.1 of Pradhan Mantri Gram Sadhak Yojana (PMGSY) programme guidelines, 2015, the primary objective of PMGSY is to provide connectivity by an all-weather road with necessary culverts and cross-drainage structures operable throughout the year to the eligible unconnected habitations in rural areas with a population of 250 persons and above as per census 2001 in respect of the special category states<sup>47</sup>, the desert areas, the tribal (Schedule V) areas and selected tribal and backward districts. As per Paragraph 3.1 of the Guidelines *ibid*, a habitation which was earlier provided all-weather connectivity would not be eligible even if the present condition of the road is bad.

Test-check (February 2020) of records of the Executive Engineer, Kawrthah Division of the State Public Works Department showed that Sihthiang village was connected by 11 km Chuhvel-Sihthiang paved road under Rural Infrastructure Development Fund of NABARD<sup>48</sup> with estimated cost of ₹ 9.59 crore. This work was executed by two contractors *viz.*, (i) M/s Northeast Consultancy Services for construction of Culverts and Protection walls at a cost of ₹ 0.93 crore starting from 13 May 2016 and

<sup>47</sup> Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh, Jammu & Kashmir and Uttarakhand

<sup>48</sup> National Bank for Agriculture and Rural Development

(ii) M/s V. Malsawmdawngliana for construction of flexible pavements at a cost of ₹ 7.77 crore starting from 23 June 2016 totalling ₹ 8.70 crore and was completed in December 2020. Therefore, Sihthiang was connected by an all-weather road from Chuhvel since December 2020.

However, it was also seen that while the construction of Chuhvel-Sihthiang paved road was being taken up since May 2016, an agreement was signed (6 August 2019) between Mizoram Rural Roads Development Agency of the State Public Works Department and the Contractor<sup>49</sup> for construction of Darlak-Sihthiang road under PMGSY programme at a cost of ₹ 52.81 crore to be completed by June 2020. As per the detailed project report, Sihthiang village with a population of 495 was unconnected from any part of Mamit District and the length of the proposed Darlak-Sihthiang road was 35.61 km long and the estimated project cost was ₹ 58.32 crore. The contractor started the work from February 2020 and completed the formation cutting of 7.3 km in June 2021. The work was put on hold since July 2021 due to non-availability of Forest Clearance and the Department proposed for dropping the project to the Ministry in July 2022. Out of the contract value of ₹ 52.81 crore, the Department incurred expenditure of ₹ 4.88 crore till April 2022. Thus, the expenditure of ₹ 4.88 crore on formation cutting of this road was wasteful as the project was proposed to be dropped.

The Department stated (October 2020) that PMGSY road from Darlak to Sihthiang was conceived during 2001 when Sihthiang was not connected as per PMGSY norms and was included in the Core Network-1, 2001 to provide easy access to Bairabi rail head, while the paved road from Chuhvel to Sihthiang villages was taken up during 2016.

The reply of the Department is not acceptable as the construction of PMGSY road from Darlak to Sihthiang (August 2019) was preceded by the construction of Chuhvel to Sihthiang road (May 2016) under NABARD fund.

The matter was brought to the notice of the Department and the Government (July 2022). The Government, while admitting the fact stated (August 2022) that since Sihthiang village has since been connected through NABARD loan, the project under PMGSY was proposed for dropping to the Ministry of Rural Development in July 2022.

Thus, due to negligence of the Government there was an avoidable expenditure of ₹ 4.88 crore on formation cutting of Darlak – Sihthiang road as the project was proposed to be dropped.

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<sup>49</sup> M/s ABCI Infrastructures Pvt. Ltd, Silchar, Assam