CHAPTER-III

GOVERNMENT OF MIZORAM

PERFORMANCE REVIEW

EDUCATION DEPARTMENT

3.1 Sarva Shiksha Abhiyan

Highlights

Sarva Siksha Abhiyan (SSA) was launched by the Government of India in 2000-01 for providing elementary education to all children in the age group 6-14 years by 2010. The planning for implementation of the programme in the State was not effective and consequently the objectives of the scheme could not be realised even after five years of its implementation. The financial management of the programme was also poor. The accounts of the Rajya Mission had many flaws and did not represent a true and correct position of the financial transactions. Absence of internal controls, internal audit and lack of proper monitoring also led to poor implementation of the programme.

Retention of huge unspent balance ranging from Rs.0.87 crore to Rs.21.64 crore at the end of each year indicated the failure of the Rajya Mission to optimally utilise the funds available with it.

(Paragraph 3.1.7.2)

The State Government had not released the State's share of Rs.6.19 crore to the Rajya Mission.

(Paragraph 3.1.7.3)

The Rajya Mission irregularly diverted Central assistance of Rs.2.85 crore for payment of salaries to teachers.

(Paragraph 3.1.7.4)

There were huge discrepancies in closing balance between the cash book and utilisation certificates.

(Paragraph 3.1.7.5)

21,882 children who were below 14 years of age and studying in class VIII were deprived of the benefits under SSA.

(Paragraph 3.1.10.1)

19 *per cent* of 2.33 lakh children (6 – 14 years) remained out of school.

(Paragraph 3.1.10.2)

The Rajya Mission failed to determine the actual drop out rate by conducting a study as advised by the Government of India.

(Paragraph 3.1.10.3)

43 *per cent* (387) of the total habitations (910) in the State had no access to Primary schools (183) and Upper Primary Schools (204) and the main objectives of SSA for universalisation of elementary education and universal access remained unachieved.

(Paragraph 3.1.10.4)

The Rajya Mission failed to distribute free text books to all eligible children. Books had been provided to only a few children and as late as in March, while the academic session in Mizoram starts from January.

(Paragraph 3.1.10.7)

Due to deployment of excess teachers, there was extra expenditure of Rs.3.59 crore per month.

(Paragraph 3.1.10.10)

55 *per cent* of the total teachers (10,079) in the State were untrained as of 31 March 2006.

(Paragraph 3.1.10.12)

3.1.1 Introduction

Sarva Shiksha Abhiyan (SSA), a Centrally Sponsored Scheme, was launched in Mizoram in January 2001 to provide elementary education to all children in the age group of 6 to 14 years by 2010. The scheme aimed at mainstreaming 'out of school' children through diverse strategies and providing eight years of schooling for all children in this age group by 2010.

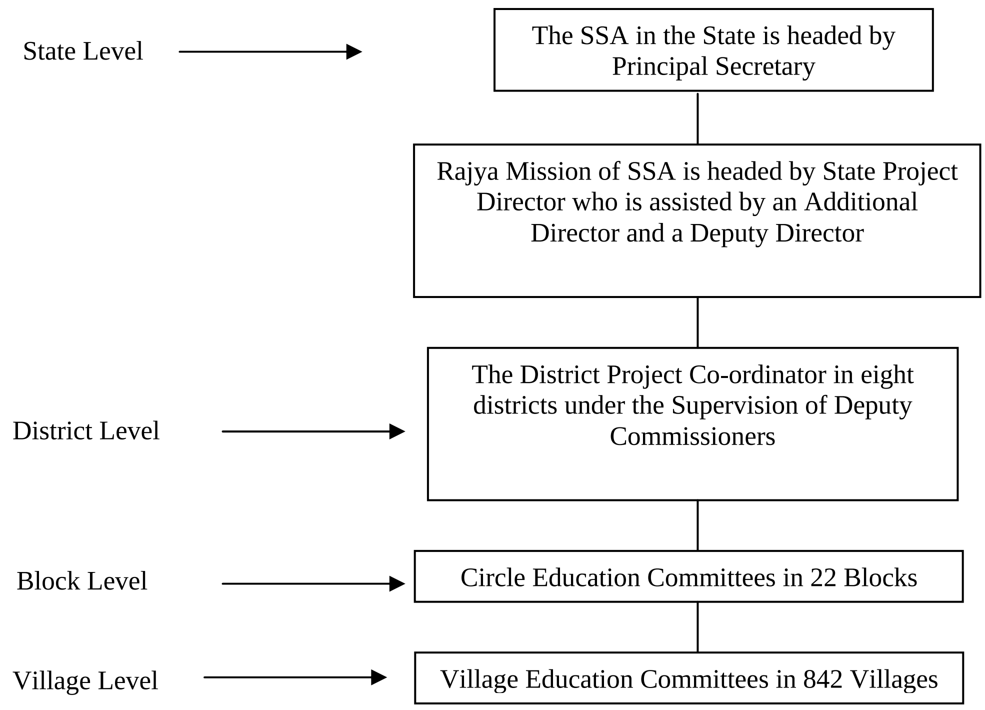
The main objectives of SSA are:

- to have all children in school, education guarantee centres, alternate schools and back to school camps (BSC) by 2003 (since revised to 2005 in March 2005).
- ensure that all children complete five years of primary schooling by 2007.
- ensure that all children complete eight years of elementary schooling by 2010.
- bridge all gender and social category gaps at the primary stage by 2007 and elementary stage by 2010.
- achieve universal retention by 2010.
- construction of primary and upper primary school buildings and provision of infrastructure facilities.

As per the 2001 census, the State had a population of 8.91 lakh (4.60 lakh male and 4.31 lakh female) of which, 99 *per cent* belonged to Scheduled Tribes and the remaining one *per cent* was to other categories. The literacy rate in the State was 88.49 *per cent* (90.69 *per cent* for male and 86.13 *per cent* for female).

3.1.2 Organisational set-up

The Organisational Structure for implementation of SSA in Mizoram is shown below:



NB: No NGO was associated in the implementation of SSA in the State.

3.1.3 Audit coverage

The review was conducted during July – August 2005 and June 2006 by a test-check of the records (2001-2006) of the State Project Director, Aizawl; 6 District Project Co-ordinators[2] (DPCs), 9 Sub-divisional Education Officers[3], 25 Village Education Committees (VECs) and 47 Schools of these districts, out of the total 8 DPCs, 842 VECs in the State. Out of the total expenditure of Rs.83.71 crore and Rs.60.47 crore (72 *per cent*) was covered in Audit.

The important points noticed during audit are discussed in the succeeding paragraphs.

3.1.4 Audit objectives

The main audit objectives were to examine and evaluate the

[2] *Aizawl, Champhai, Kolasib, Lawngtlai, Lunglei and Mamit*
[3] *Four under DPC, Aizawl; two under Lunglei and one each under DPCs Kolasib, Lawngtlai and Mamit*

- efficiency of planning for implementation of various components of the programme,
- adequacy in the requirement of funds for implementing the programme,
- implementation of major interventions as per norms fixed and
- efforts of the Government to improve the quality of educational standards.

3.1.5 Audit criteria

The criteria used to achieve the audit objectives were as follows:

- scheme guidelines and norms prescribed for different schemes and programmes;
- prescribed outputs and benchmarks of performance;
- teacher student ratio, teacher training, infrastructure facilities prescribed and
- monitoring mechanism prescribed.

3.1.6 Audit methodology

The performance review commenced with an entry conference with the Officer and staff of the Rajya Mission in July 2005 in which the audit objectives, audit criteria and scope of audit were explained and the suggestions as well as perceptions relating to the strengths and weaknesses in implementation of the scheme were discussed. Units were selected based on random sampling method and survey reports and data relating to various interventions were analysed apart from a test check of the relevant documents to arrive at audit conclusions. After the review was complete, an exit conference was also held in November 2005 with the Additional State Project Director to present the audit findings and incorporate the views of the Department.

3.1.7 Financial Management

3.1.7.1 Funding pattern

The SSA was funded by both the Centre and the State in the ratio of 85:15 during the IX Plan, 75:25 during the X Plan and 50:50 thereafter. The State Government was to furnish written commitments to the Government of India about sharing of costs and releasing its share on time. In March 2006, the Government of India provided a special dispensation for North Eastern States for meeting 15 *per cent* of the State share under SSA for the years 2005-06 and 2006-07 from the Non Lapsable Central Pool of Resources (NLCPR) administered by the Ministry of Development of North Eastern Region (DONER). Accordingly, the DONER released Rs.5.12 crore in March 2006 from NLCPR to the Government of Mizoram for implementation of SSA during 2005-06. The amount had, however, not been released by the Government of Mizoram to the SSA Rajya Mission (June 2006).

The State was also to maintain its level of expenditure on elementary education as in the year 1999-2000. The expenditure on elementary education of the State increased from Rs.113.46 crore in 2001-02 to Rs.138.09 crore in 2005-06.

3.1.7.2 Receipt of funds and expenditure

The approved outlay *vis-à-vis* funds received and expenditure incurred in the implementation of SSA in the State during the years 2001-02 to 2005-06 is shown below :

Table: 3.1

(Rupees in crore)

Year	Approved outlay	Opening balance	Funds received from			Total funds available	Expenditure	Closing balance
			Centre	State	Total			
2001-02	10.18	Nil	4.33	Nil	4.33(43)	4.33	3.46	**0.87**
2002-03	21.44	0.87	9.03	1.53	10.56(49)	11.43	4.25	**7.18**
2003-04	31.53	7.18	11.82	1.55	13.37(42)	20.55	8.76	**11.79**
2004-05	46.71	11.79	33.00	8.10	41.10(88)	52.89	31.25	**21.64**
2005-06	36.87	21.64	25.59	9.88	35.47(96)	57.11	35.99	**21.12**
Total	**146.73**		**83.77**	**21.06**	**104.83**		**83.71**	

Source: Information furnished to audit by the Rajya Mission

(Figures in the brackets indicate percentage of release of funds to total approved outlay)

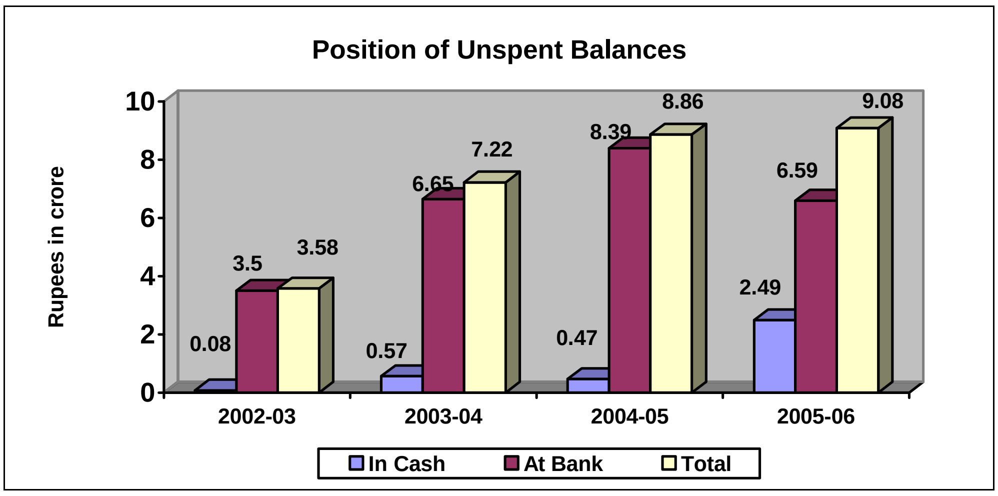
From the above table, it may be seen that:

- the release of funds ranged between 42 and 96 *per cent* of the approved outlay, and the expenditure incurred was even less than the funds available;
- huge balances ranging from Rs 0.87 crore to Rs 21.64 crore had been retained at the end of each year, which was mainly due to sluggish release of funds by the Central and the State Governments. The increase in closing balance also indicates that funds were provided to the Rajya Mission in excess of the requirement for the year;
- As per Para 72.1 of the Manual on Financial Management and Procurement, funds sent to the districts were to be shown as 'advances' till these were utilised. But the Rajya Mission immediately after transferring the funds to the districts, booked the amount as final expenditure. As a result, the unspent balances lying with eight DPCs, as shown in pictogram below, were also reported as expenditure. This resulted in over statement of expenditure.
- The Rajya Mission reported to the Government of India that an expenditure of Rs.30.77 crore was incurred on implementation of SSA in the State during 2005-06. However, as per the utilisation certificates furnished by eight DPC's, the expenditure was Rs.37.78 crore. Thus, the expenditure reported to the Government of India for the year 2005-06 was incorrect.

The Rajya Mission could not furnish the reasons for such wide variation in expenditure figures.

The closing balances shown in **Table 3.1** do not include the unspent balances retained by the DPCs, which increased from Rs.3.58 crore in 2002-03 to Rs.9.08 crore in 2005-06 as may be seen from the following pictogram:

Chart: 3.1



Central Assistance under SSA was released district wise and on intervention specific basis. Retention of huge unspent balances also indicated that funds were not transferred to the districts appropriately by the Rajya Mission. Retention of cash in hand not only resulted in money lying outside Government account but was also fraught with the risk of mis-utilisation of funds.

It would seen from **Table 3.1** that out of the total release of Rs.104.83 crore, Rs.76.57 crore (73 *per cent*) was released during 2004-05 and 2005-06 and expenditure of Rs 67.24 crore in these two years constituted 80 *per cent* of the total expenditure (Rs 83.71 crore) of the years 2001-2006. This indicates that the implementation of SSA in the State gained momentum only from 2004-05. The reasons for slow implementation of SSA are discussed below:

- Late release of funds by both the Central and the State Governments and inadequate management structure, (for which appropriate strategies for different functional areas could not be developed) were attributed by the Government of India in May 2005 as the reasons for slow implementation of SSA in the State.

- The increase (668 *per cent*) in expenditure (Rs.67.24 crore) during 2004-05 and 2005-06 over that of 2003-04 (Rs.8.76 crore) was mainly due to :

a. Increase in release of funds by both the Central and the State Governments and

b. Increase in expenditure on civil works, payment of salaries, innovative activities, training of teachers *etc.*

3.1.7.3 Short release of funds

The approved outlay, amount due from the Centre and the State *vis-à-vis* amount actually released during the years 2001-02 to 2005-06 to the Rajya Mission are shown below:

Table: 3.2

(Rupees in crore)

Year	Approved outlay	Amount due		Amount released				Short release	
		Centre	State	Centre (Percent)	Proport-ionate State Share due	State Share actually released	Total Released	Centre	State
2001-02	10.18	8.65	1.53	4.33(50.05)	0.77	Nil	4.33	4.32	**0.77**
2002-03	21.44	16.08	5.36	9.03(56.16)	3.01	1.53	10.56	7.05	**1.48**
2003-04	31.53	23.65	7.88	11.82(49.98)	3.94	1.55	13.37	11.83	**2.39**
2004-05	46.71	35.03	11.68	33.00(94.20)	11.00	8.10	41.10	2.03	**2.90**
2005-06	36.87	27.65	9.22	25.59(92.55)	8.53	9.88	35.47	2.06	**(-)1.35**
Total	**146.73**	**111.06**	**35.67**	**83.77**	**27.25**	**21.06**	**104.83**	**27.29**	**6.19**

Source: Information furnished by the Rajya Mission.

Against the approved outlay of Rs 146.73 crore, Rs 104.83 crore (Central Share: Rs.83.77 crore + State Share: Rs.21.06 crore) was received by the Rajya Mission during the years 2001-02 to 2005-06. Thus, there was short release of Rs.33.48 crore (Central Share: Rs.27.29 crore and State Share: Rs.6.19 crore).

3.1.7.4 Diversion of Central assistance

As per the financial norms of SSA, 75 *per cent* of the expenditure on salaries of teachers recruited under the erstwhile Operation Black Board (OBB) (which was clubbed with SSA from 2002–03), was to be met from Central assistance and the remaining 25 *per cent* from the State share. During the years 2002-03 to 2005-06, the Rajya Mission paid Rs.11.41 crore as salary to 277 teachers (who were appointed under OBB and retained under SSA). The entire expenditure of Rs.11.41 crore was met from Central assistance without obtaining any dispensation from the Government of India, although as per the guidelines, Rs.2.85 crore was to be met from the State share. This resulted in diversion of Central assistance of Rs.2.85 crore.

3.1.7.5 Utilisation Certificates

Utilisation Certificates (UCs) from districts should form the basis for submission of consolidated UCs by the Rajya Mission to the Government of India. But wide variations were noticed between the closing unspent balances reported by the Rajya Mission to the Government of India in these UCs and the expenditure recorded in the State Project Directors (SPD's) cash book as may be seen from the following table:

Table: 3.3

(Rupees in crore)

As on	Closing unspent balances reported		Difference between UCs & Cash Book
	UCs	Cash Book	
31 March 2002	0.87	0.69	0.18
31 March 2003	4.78	9.37	4.59
31 March 2004	9.40	7.22	2.18
31 March 2005	**3.20**	**2.74**	**0.46**

Source: Information/records furnished by the Department.

UCs for the year ended 31 March 2006 had not been sent (June 2006) to the Government of India.

Further, the SPD, Rajya Mission submitted to the Government of India UCs for full amount given to the eight DPCs without obtaining UCs from the districts with the result that the unspent balances lying with the DPCs (as indicated in the pictogram) were also shown as utilised by the Rajya Mission. Thus, the UCs submitted to the Government of India did not depict the correct position of utilisation of funds.

3.1.7.6 Management cost

As per the norms of SSA, the total management cost such as office expenses, hiring of experts at various levels, expenditure on POL, community planning process, *etc.*, should be less than 6 *per cent* of the total cost, separately for each district and also in total for the entire State. During audit scrutiny, it was observed that in seven out of eight districts, the management cost exceeded 6 *per cent* during 2002-03 and 2003-04 resulting in excess expenditure of Rs.31.41 lakh. Details are given in ***Appendix* – 3.1**.

3.1.8 Low expenditure on Quality related interventions

The National Policy of Education, 1992 and the SSA emphasised the need for substantial improvement in the quality of education.

Out of the total expenditure of Rs.76 crore on various interventions, the expenditure on civil works and salary was Rs.36.70 crore and the remaining Rs.21 crore was spent on quality related interventions as shown in ***Appendix* – 3.2.**

While 48 *per cent* of the total expenditure incurred during the years 2003-04 to 2005-06 was spent on execution of civil works and payment of salaries, only 28 *per cent* of the total expenditure was spent on quality related issues (*e.g* innovative education for disabled, teaching and learning materials, teachers training *etc*.), which indicated that activities of the Rajya Mission remained confined mainly to construction works and engagement of teachers.

3.1.9 Planning

The planning process was to start at the habitation level and move upward to block level, district level and finally to State level. The Project Approval Board (PAB) at the national level approves the plan and sanctions the budget.

As per Paragraph 48 of the Manual on Financial Management and Procurement, annual plans are to be approved by the PAB by 15 April. But this schedule was not adhered to and the delay in approval of plans and budget ranged from two months to nine months during the years 2001-02 to 2005–06.

The delay resulted in delay in release of funds by the Government of India to the Rajya Mission and release of funds by the Rajya Mission to the districts, blocks and villages ultimately affecting the implementation of SSA.

The annual plans/perspective plan of the Rajya Mission did not contain any targets or strategies to ensure universal retention, pedagogical improvements, convergence of interventions, training of teachers *etc.*

In June 2004, May 2005 and April 2006, the Government of India recommended that (i) a State Resources Group should be formed at the earliest (ii) capacity building of the planning persons at district and sub-divisional level should be developed (iii) the Management Information System and household surveys should be analysed more scientifically (iv) the VECs, Pupil Teacher Association, NGOs and other professionals should be associated and involved more actively in the planning process and (v) the plans should transparently present proposed strategies and intervention to meet the issues/challenges/problems identified at the village and habitation level.

The Rajya Mission in its Annual Plan 2006-07 admitted that in the absence of a training institute for research and educational management, resource persons could not plan for implementation of SSA properly in the State. In October 2005, the Rajya Mission also admitted that the plans were formulated under trial and error method in the absence of professionals in the Rajya Mission. The reasons for not hiring professional persons, though permitted under the scheme were however, not furnished.

3.1.10 Implementation

The 86th Amendment Act, 2002 of the Constitution made it obligatory for the Government to provide free, compulsory and quality education to each and every child upto elementary level *i.e.* Universalisation of Elementary Education (UEE). However, the State Government has not conducted any survey to identify the number of children in the target age group, children that remained out of school, actual drop out rate, *etc.*, so far.

Even after five years of implementation of SSA in the State, almost all the districts were found to be plagued with the following deficiencies affecting the UEE in the State:

- As per the structure of classes in schools (Aizawl, Champai, Kolasib, Mamit and Serchip), class VIII has been attached to high school which is not covered under SSA but 90 *per cent* of class VIII students were below 14 years of age. This aspect was not considered at the planning stage. As such, pupils studying in class VIII but below the age of 14 years were deprived of the benefits under SSA.
- Access-less habitations (Champai, Kolasib, Lawngtlai, Lunglei and Mamit).
- Lack of adequate school infrastructure (Aizawl, Champai, Kolasib, Lunglei, Mamit and Serchip).
- Absence of training institutes (Aizawl, Champai, Kolasib, Lawngtlai and Serchip).
- Shortage of teachers in rural areas (Aizawl, Champai, Kolasib, Lunglei and Serchip).
- Insufficient and delayed distribution of textbooks (Aizawl, Champai, Kolasib, Lawngtlai, Mamit and Serchip) and
- Absence of qualified persons (including professionals), inadequate pre-schooling facilities, low level of convergence with other Departments.

The observation made in the succeeding paragraphs would corroborate the above short-comings.

3.1.10.1 Universal Access

In Mizoram, Primary Schools consist of Class I to IV, where as Upper Primary Schools comprise class V to VII and class VIII has been attached to High Schools. As a result, coverage of children below 14 years of age studying in class VIII under UEE could not be done. In its annual plan for 2006-07, the Rajya Mission admitted that 90 *per cent* of class VIII students who were below 14 years of age, were deprived of facilities under SSA just because of this class structure.

As a result of such class structure, children below 14 years of age and studying in class VIII (21,882 as per DISE data) were deprived of the benefits under SSA.

3.1.10.2 "Out of School/Never Enrolled" Children

The SSA aims at ensuring all children of 6-14 years age are enrolled in schools, education guarantee centres and alternative schools by the year 2005.

SSA was launched in Mizoram in January 2001. As on 31 December 2000, there were 14,868 out of school children in the above age group. The total number of children in the above age group in the State *vis-à-vis* number of children enrolled in schools during the years 2001-02 to 2005-06 are shown below:

Table: 3.4

Particulars	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Total No. of children of 6-14 years age in the State	1,88,846	1,98,853	2,09,831	2,26,907	2,32,681
Total No. of children of the above age group enrolled in school	1,67,110	1,90,626	1,99,944	2,12,006	1,88,421
Total No. of children remained out of school in the State	21,736	8,227	9,887	14,901	44,260

Source: Information furnished by the Department.

Thus the number of out of school children which was 14,868 in December 2000, *i.e*. at the beginning of the scheme, increased by 198 *per cent* as on 31 March 2006 (44,260) after five years of implementation of SSA in the State.

District wise position of the number of children who remained out of school as of 31 March 2006 is shown below :

Table: 3.5

Particulars	Aizawl	Champhai	Kolasib	Lawngtlai	Lunglei	Mamit	Saiha	Serchhip	Total
Total no.of children in 6-14 years	76037	25776	20336	26920	30851	26511	12362	13888	232681
No. of children enrolled in Primary	41111	13474	9807	14788	15511	13633	3908	7192	119424
Upper primary	24673	8389	4386	6658	7258	9964	3041	4628	68997
Total	**65784**	**21863**	**14193**	**21446**	**22769**	**23597**	**6949**	**11820**	188421
No. of out of school children	10253	3913	6143	5474	8082	2914	5413	2068	44260
Percentage	**13**	**15**	**30**	**20**	**26**	**11**	**44**	**15**	**19**

Source: Information furnished by the Department.

Thus in Aizawl (which is the capital district), the number of out of school children was the highest followed by Lunglei, Kolasib, Lawngtlai and other districts.

Reasons for such a large number of out of school children were non-existence of schools, lack of interest among the children, children being busy in household chores, migration of families, socio–cultural reasons and immigration of Bru and Chakma refugees from Tripura and Bangladesh.

No concrete action was proposed by the Rajya Mission in its annual plans to address these problems and reduce the number of ‘Out of School’ children.

3.1.10.3 Drop Out Rate

The Rajya Mission claimed that the drop-out rate in 2005-06 was 2.02 *per cent*. This was at variance with the selected educational statistics (2004) of the Department, according to which the drop out rate in the State was 55.6 *per cent* at primary level and 64 *per cent* at elementary level. **The Rajya Mission's claim was not supported by any survey report and was thus not reliable**.

The Government of India, advised the Rajya Mission in May 2005 and April 2006 to conduct a study to determine the actual drop out rate and formulate appropriate strategies to address the same. No such study was, however, conducted by the Rajya Mission (June 2006).

3.1.10.4 Access less habitations

Although one of the main objectives of SSA is to ensure that all children complete five years of primary schooling by 2007, at least 387 habitations in the State did not have schooling facilities at the end of 2005–06.

It was seen that as of 31 March 2006, there were 183 habitations which did not have even a primary school and in 204 habitations, the students had no access to upper primary schools. The number of children between 6 and 14 years of age in these habitations was not available with the Rajya Mission. Consequently, the Rajya Mission's claim that universal enrollment was achieved in Aizawl, Serchhip and Mamit districts could not be verified in audit. District-wise population of targeted group, number of out of school children *vis-à-vis* number of access-less habitations as on 31 March 2006 are shown below :

Table: 3.6

Particulars	**Aizawl**	**Champhai**	**Kolasib**	**Lawngtlai**	**Lunglei**	**Mamit**	**Saiha**	Serchhip
Total no. of children in 6-14 years	76,037	25,776	20,336	26,920	30,851	26,511	12,362	13,888
No. of out of school children	10,253	3,913	6,143	5,474	8,082	2,914	5,413	2,068
No. of habitations in the districts	202	100	56	153	182	112	62	43
No. of habitations without access to								
Primary schools	28	19	25	18	32	34	25	2
Upper primary schools	20	32	10	44	17	50	29	2
Sub total	**48**	**51**	**35**	**62**	**49**	**84**	**54**	**4**

Source: Information furnished by the Department.

The existence of large number of habitations without schools indicates lack of proper planning which adversely affected attainment of the objectives of SSA. Details of education guarantee centres opened in these unserved habitations were also not available.

3.1.10.5 Distance factors

Ideally, schools should be set up within one Kilometer of each habitation. It was noticed from records that:

- In Champhai district, 19 habitations had 311 children in the 6-14 years age group where the nearest primary school was 4-16 kms away and 28 habitations where the nearest High School was five to 40 kms away;
- In Kolasib district there were 10 habitations where the nearest upper primary school was 5-15 kms away and
- In Saiha district, there were four habitations where the nearest primary school was 3-10 kms away and in nine habitations where the nearest upper primary school was 7-17 kms away.

Considering the number of habitations without access to schools within one kilometer as brought out above, it is not surprising that 44260 children in the target age group were out of school as of March 2006. In October 2005, the Rajya Mission stated that due to fund constraints and non-receipt of the State share, alternative schooling arrangements could not be made in these access-less habitations. The reply is not tenable in view of huge balances remaining unspent at the end of each year, which could have been utilised for opening of alternate schools and education guarantee centres after obtaining approval from the Government of India.

3.1.10.6 Integrated Education for Disabled (IED)

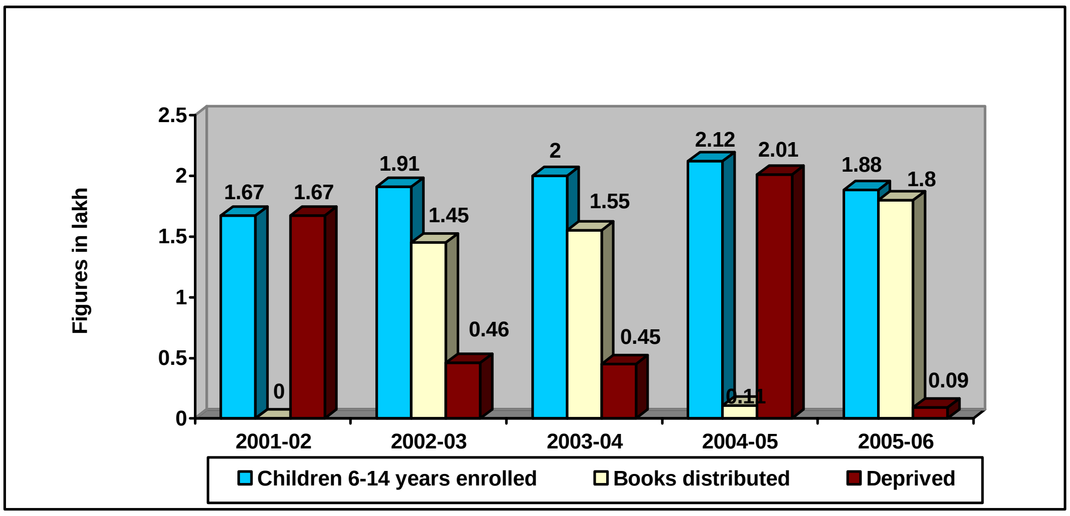
The State Government identified 5118 children (out of 188421 children enrolled) with different disabilities (1646 visually impaired, 825 hearing impaired, 1086 mentally retarded, 650 orthopaedically handicapped, 280 with learning disabilities and 351 with other disabilities) but it had not made any significant progress under IED during the years 2003-04 to 2005-06 as only one *per cent* (Rs.0.61crore) of the total expenditure (Rs.76 crore) was spent on IED activities.

Also, the State had not set up any special disabled friendly school nor were any specially trained teachers recruited for these children. In October 2005, the Rajya Mission stated that a special drive would be made during 2006-07 by coordinating with IED cell of SCERT. But no action was taken till June 2006 by the Rajya Mission to fulfill this commitment. In April 2006, the Government of India also observed that the progress of IED in the State was slow and poor.

3.1.10.7 Distribution of Text Books

Distribution of text books free of cost to all eligible children is an essential component of SSA. But the Rajya Mission had failed to distribute text books to all eligible children during the years 2001–2006 as shown below:

Chart: 3.2



As can be seen from the Chart above, the percentage of children in the age group of 6-14 years who were deprived of free text books ranged from five *per cent* (in 2005-06) to 100 *per cent* (in 2001-02). Non-receipt/shortage of funds were identified as the main reasons for a large number of children being deprived of free text books. Almost all the DPCs stated that with the prescribed ceiling of Rs.150 per child, it was not possible to give all the children the required text books.

Further, the academic session in Mizoram commences from January but books were supplied from March, which adversely affected the quality of education and caused dropouts.

3.1.10.8 Computer Aided Learning (CAL)

In May 2004, the Rajya Mission, in association with a Kolkata based firm (M/s Aces Infotech Ltd., Kolkata), introduced computer education in 80 selected schools spread over the eight districts of the State, where 200 teachers and 200 students of upper primary schools were reportedly given computer education during 2005-06.

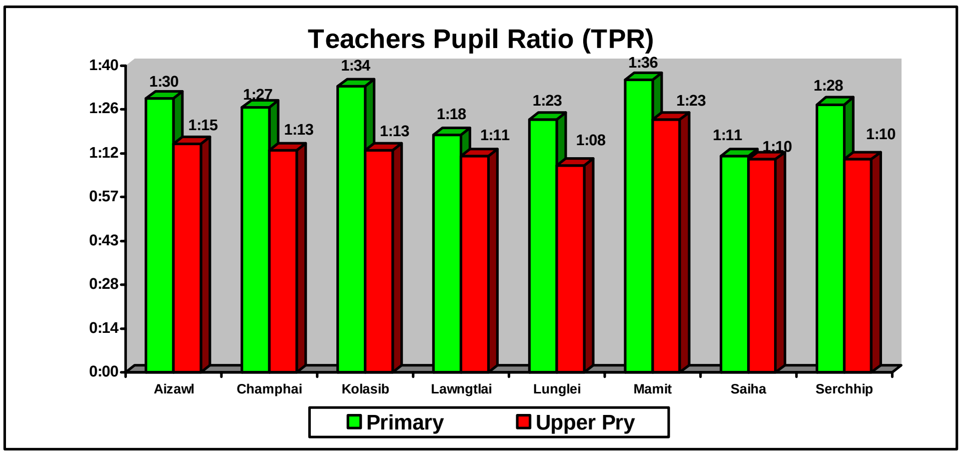
It was noticed that Rajya Mission had been providing computer literacy only and had not started Computer Aided Learning (CAL). Government of India also while expressing concern over the slow progress in CAL recommended in April 2006 that the Rajya Mission should immediately take up orientation and capacity building of its officers and staff in CAL.

Head Masters/ Instructors of 13 Computer Centres reported to audit in July - August 2005 that as computer education was being given in English, children (who were taught their academic lessons in Mizo) found it difficult to learn computers. Consequently, the whole expenditure of Rs.1.84 crore spent on the subject could neither provide computer education nor could impart CAL to the students.

3.1.10.9 Teacher Pupil Ratio

Against the prescribed Teacher Pupil Ratio (TPR) of 1:40, the State had less than 1:40 TPR, as shown below:

Chart: 3.3



Thus, TPR at Primary stage varied from 1:36 in Mamit district to 1:11 in Saiha. At Upper Primary stage it varied from 1: 23 in Mamit to 1:8 in Lunglei. This calls for rationalisation of teachers across schools, among blocks and between rural and urban areas.

Similarly, against the requirement of a minimum of two teachers in a school, there were 31 single teacher schools in the State at the close of 2005–06. The Rajya Mission stated that as the habitations in the State were small and scattered, TPR would never reach 1:40 in Mizoram.

3.1.10.10 Retention of excess teachers

As a result of mismatch in TPR, there were 5367 teachers (Primary: 1783, Upper Primary: 3584) deployed by the Rajya Mission in excess of the requirements (as per norms of 1:40), district wise position of which is shown in the table below :

Table-3.7

District	Primary level				Upper Primary level			
	Number of				Number of			
	Students enrolled	Teachers available	Teachers required	Excess teachers	Students enrolled	Teachers available	Teachers required	Excess teachers
1	2	3	4	5	6	7	8	9
Aizawl	41,111	1387	1028	359(35)	24673	1606	617	989(160)
Champhai	13,474	522	337	185(55)	8389	663	210	453(216)
Kolasib	9,807	265	245	20(8)	4386	351	110	241(219)
Lawngtlai	14,788	788	370	418(113)	6658	615	166	449(270)
Lunglei	15,511	717	388	329(85)	7258	873	181	692(382)
Mamit	13,633	380	341	39(11)	9964	450	249	201 (81)

1	2	3	4	5	6	7	8	9
Saiha	3,908	448	98	350(357)	3041	306	76	230(303)
Serchhip	7,192	263	180	83(46)	4628	445	116	329(284)
Total	**1,19,424**	**4770**	**2987**	**1783(60)**	**68997**	**5309**	**1725**	**3584(208)**

Source: Annual Works Plan and Budget (State Component) for the year 2006-07.

(Figures in brackets indicate percentage of excess teachers with reference to the no. of teachers required).

It would be seen from the table that 357 *per cent* of the excess teachers in primary schools were in Saiha district, followed by 113 *per cent* in Lawngtlai district. As per DISE data, about 32 *per cent* of the existing primary school teachers were above 55 years of age and a majority were concentrated in Aizawl district, which resulted in understaffing of teachers in rural areas. As a result of retention of 5367 excess teachers, the Rajya Mission had to incur an extra expenditure of Rs.3.59 crore per month[4] since 2005-06.

3.1.10.11 Quality Related issues

Imparting of quality education is one of the major concerns of SSA. But it was noticed from records that learning achievement was as low as 19 and 22 *per cent* at primary and upper primary stage respectively, of the targets. Further, it was noticed that 5531 teachers remained untrained as on 31 March 2006 as discussed in the following paragraph.

3.1.10.12 Teachers training

During the years 2001-04, no training was imparted. Out of 10,079 teachers in the State as on 31 March 2006, only 4,548 teachers were imparted training at a total cost of Rs.2.53 crore and 5,531 teachers remained untrained as detailed below:

Table: 3.8

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06
No. of teachers in the State in					
Primary schools	4187	4273	4354	4451	4770
Upper Primary schools	4098	4163	4277	4851	5309
TOTAL	**8285**	**8436**	**8631**	**9302**	**10079**
Out of the above, total number of teachers trained in					
Primary schools	nil	nil	nil	nil	2134
Upper Primary schools	nil	nil	nil	4027	2414
TOTAL	**nil**	**nil**	**nil**	**4027**	4548
Total no of teachers remained untrained					
Primary schools	4187	4273	4354	4451	2636
Upper Primary schools	4098	4163	4277	824	2895
TOTAL	**8285**	**8436**	**8631**	**4775**	**5531**
Total expenditure incurred in imparting training to Teachers (Rs in lakh)	--	--	9.08	66.95	176.94

Source: Information furnished by the Rajya Mission

[4] 5,367 x Rs.6,680 = Rs.3,58,51,560 i.e Rs.3.59 crore.

The appraisal team from the Government of India observed (April 2006) that teachers training programme conducted by the Rajya Mission was not addressing the specific needs of teachers from primary and upper primary level, as the training needs of teachers (primary and upper primary) are diverse in nature and separate training module should be prepared for general areas of teaching as well as for specific subjects.

Almost all the DPCs identified the absence of trained teachers as one of the major impediments for imparting quality education under SSA.

The Rajya Mission could not furnish any record in support of expenditure of Rs. 0.76 crore reported to have been spent during the years 2003-05 for imparting training to 4027 teachers (2004-05) though no training was imparted during 2003-04. The Rajya Mission had also not maintained records indicating the number of days/teachers for which/to whom training was imparted for inservice teachers/community leaders *etc*. In the absence of these basic documents per capita expenditure incurred on training as well as reasons for unusual increase (164 *per cent*) in expenditure (Rs.176.94 lakh) for training during the year 2005-06 over that of 2004-05 (Rs.66.95 lakh) remained unascertainable.

In October 2006, the Rajya Mission stated that no training was imparted to teachers working in elementary schools during the years 2001-04 due to non-receipt of sufficient funds. The reply is not tenable in view of huge balances remaining unspent at the end which could have been utilised for teachers' training after obtaining Government of India's approval.

3.1.11 Infrastructure

3.1.11.1 Absence of proper school infrastructure

As of 31 March 2006, there were 2152 schools in the State of which 1294 were primary schools and 858 schools were upper primary. A table indicating the non-availability of proper school infrastructure in these schools is given below:

Table: 3.9

District	Total no. of schools in the district	Infrastructural deficiencies							
		In dilapi-dated conditions	Without own buildings	Without head-master's room	Without drinking water facilities	Without toilet facilities	Without girls toilet	Without boundary wall	Without play ground
Aizawl	568	218	0	359	263	63	523	421	568
Champhai	274	76	0	199	15	75	267	179	253
Kolasib	137	38	0	90	12	19	118	106	130
Lawngtlai	313	45	14	257	147	135	313	277	312
Lunglei	368	112	0	361	132	113	348	318	368
Mamit	189	30	0	133	70	58	189	67	189
Saiha	156	20	8	156	56	56	156	150	153
Serchhip	147	12	0	147	2	2	147	117	147
Total	**2152**	**551**	**22**	**1702**	**697**	**521**	**2061**	**1635**	**2120**

Source: Information furnished by the Rajya Mission

It would be seen from the table above that 22 schools in the State had no school building of their own, 551 schools were in a dilapidated condition, 1702 schools had no room for the Headmasters, 521 schools had no toilet facilities and 697 schools had no drinking water facilities.

The main problems identified by the Rajya Mission for poor building facilities were inadequate budget provision under civil works, absence of manpower for civil works at State, District and Circle levels and absence of skilled and technical persons.

It was stated by the Rajya Mission that during the last five years (2001-2006) most of the civil works could not be completed due to non-receipt of assistance from Centre and the State. The reasons attributed are not tenable as huge amount had been lying unspent at the end of each year.

3.1.11.2 Position of Civil Works

The total number of works targeted to be executed during the aforesaid years *vis-à-vis* number of works completed and in progress as of 31 March 2006 are given below :

Table: 3.10

Item of work	Number of works			
	Targeted to be completed	Completed	In progress	Yet to be taken up
i) Block Resource Centre	26	22	0	4
ii) Cluster Resource Centre	113	79	0	34
iii) Primary School	332	154	103	75
iv) Upper Primary School	293	3	34	256
v) Addl. Classroom	314	102	68	144
vi) Drinking water facilities	1763	589	91	1083
vii) Construction of Toilet	2668	1232	165	1271
Total	**5509**	**2181(40)**	**461(8)**	**2867(52)**

Source: Information furnished by the Department.
(Figures in brackets indicate percentage to total no. of works targeted to be completed.)

Thus even after five years, only 40 *per cent* of the total works targeted to be constructed were completed, eight *per cent* of works were in progress and 52 *per cent* of the works were yet to be started (June 2006). In its annual works plan and budget for 2006-07, the Rajya Mission stated that due to non-receipt of State share, many civil works could not be completed/taken up.

Neither the Rajya Mission, nor the DPCs obtained any progress report, completion reports from VECs to whom funds were given for execution of works. None of the DPCs maintained any Register of Works, Register of Assets and immediately after making advances to the VECs for construction of works, the amount was shown as final expenditure. In the absence of all these basic records, **the veracity of expenditure and genuineness of the construction works remained questionable**. The DPC, Saiha reported that construction works in the district had to be given to the contractors under political pressure which affected the quality and completion of works.

3.1.12 Monitoring and evaluation

The SSA has to have a community-based monitoring system. The Education Management Information System (EMIS) has to incorporate a provision for correlation of school level data with community-based information from micro planning and surveys. The State Implementation Society should also undertake intensive monitoring. Representative of National Mission for UEE and National level institutions should also undertake periodic monitoring and provide resource support to the SIS to strengthen the appraisal and monitoring system. But there was no effective monitoring by the SPD, although several deficiencies such as amounts lying unutilised, diversion of funds, non-refund of unspent balances, non-submission of UCs, non-commencement and delays in completion of civil works and anomaly in distribution of teachers etc. have come to notice.

Although periodical progress reports had been submitted by the block level and district level officers, there was no system to coordinate and monitor the progress at the State level. Reports furnished by the DPCs did not contain complete information about the physical and financial progress of different interventions, number of children that remained out of school or were never enrolled, drop out rate, teachers pupil ratio *etc*.

3.1.13 Internal Control mechanism and internal audit

The Rajya Mission had not prescribed any schedule of inspection requiring its officers to conduct periodic inspections of schools, VECs, and district offices *etc.*, to check and ensure proper implementation of the SSA in the State. No regular and periodical reports showing the progress of different interventions of the scheme were obtained. Thus, the internal control mechanism in the Rajya Mission to identify major causes of poor performance and to initiate appropriate action to address the issue remained absent. There was also no mechanism for internal audit in Rajya Mission as well as in the districts.

The matter was reported to the Government (July 2006); reply had not been received (October 2006).

3.1.14 Conclusion

The above observations indicate that the Rajya Mission failed to

- utilise optimally the funds released for implementation of the programme and resorted to diversion of funds provided by the Central Government;
- incur expenditure on quality related interventions which was low and the expenditure incurred on various interventions was reported incorrectly to the Government of India;
- have all children in the target age group in school even after five years of implementation of the programme in the State ;

- ensure universal access, universal retention and bring down drop-out rates;
- provide text books to all the eligible children in the State;
- provide in-service training to all the teachers and impart training to all the primary and upper primary teachers in the State and
- develop a need-based plan to reduce the number of inaccessible habitations, create proper school infrastructure; complete all civil works, utilise available funds optimally and provide integrated education to disabled children.

3.1.15 Recommendations

- Household survey should be conducted and VECs, PTAs and professionals should be involved more actively in the planning process.
- The discrepancies between cash book and utilisation certificate should be reconciled and the correct position be reported to the Government of India with regard to the expenditure actually incurred.
- The State should strengthen its institutional network of DIETs, BRCs and CRCs.
- The Rajya Mission should take appropriate action to reduce the number of out of school children, number of drop outs, access less habitations, reduce distance factor by opening primary/upper primary schools as per norms and provide free text books to all the eligible children.
- Implementation of the programme should be monitored closely and appropriate corrective action should be taken where necessary.

AGRICULTURE DEPARTMENT

3.2 Oilseeds Production Programme, Accelerated Maize Development Programme and National Pulses Development Project in Mizoram

Highlights

The main objective of the Oilseeds Production Programme (OPP), National Pulses Development Project (NPDP) and Accelerated Maize Development Programme (AMDP) was to harness the best production, processing and management technologies and achieve self reliances in oilseeds, pulses and maize. A review of the implementation of these programmes revealed absence of prescribed strategies required to achieve the increased targeted production, untimely distribution of seeds to the farmers and non-imparting of training required for speedy transfer of technology to the farmers. Consequently, the objectives of the programme remained largely unachieved.

Beneficiaries were not selected as per norms specified in the guidelines.

(Paragraph 3.2.10.1)

Report on physical and financial achievements of the targeted components under the OPP and NPDP furnished to the Government of India did not represent the actual state of affairs.

(Paragraph 3.2.11.1)

Instead of new/hybrid varieties, old varieties of seeds worth Rs.85.25 lakh were distributed to the farmers.

(Paragraph 3.2.11.7)

The Department extended undue financial benefit of Rs.31.33 lakh to the farmers.

(Paragraph 3.2.15)

The Department incurred unauthorised expenditure of Rs.79.29 lakh on procurement of HDPE pipes, sprinklers and sprayers.

(Paragraph 3.2.16)

Monitoring and evaluation of the programmes was deficient.

(Paragraph 3.2.18)

3.2.1 Introduction

Oilseeds Production Programme (OPP), National Pulses Development Project (NPDP) and Accelerated Maize Development Programme (AMDP) have been implemented in Mizoram as Centrally Sponsored programmes under the umbrella of Technology Mission of Oilseeds, Pulses and Maize. AMDP was implemented

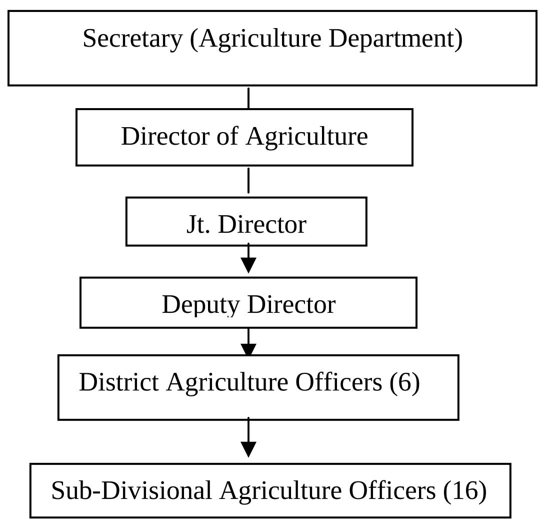
from 1997-98 whereas OPP and NPDP were implemented from 1999-2000. The objectives of the programmes were to harness the best production, processing and management technologies to accelerate self-reliance on oilseeds, pulses and maize. For effective implementation, the strategy adopted consisted of improving crop technology, processing and post harvest technology, strengthening input services to farmers and improving the institutions connected with industry and marketing.
The main components of the programme were:-

(i) distribution of certified seeds (inclusive of seeds on subsidy basis), seed mini-kits, farm implements, sprinklers and plant protection equipment;

(ii) to provide breeder and foundation seeds, identifying seed villages so that certified seeds were grown locally and

(iii) to provide farm extension demonstrations, integrated pest management demonstrations and training.

3.2.2 Organisational set up



3.2.3 Scope of Audit

The implementation of the programmes during 2000-2006 was reviewed (May - July 2006) through a test check of the records of the Commissioner and Secretary, Director of Agriculture (DoA) and District Agriculture Officer (DAO)/ Sub Divisional Agriculture Officers of three (Aizawl, Kolasib and Saiha) out of six districts covering 97 *per cent* (Rs.14 crore) of the total expenditure of Rs.14.43 crore during the period. Results of the review are discussed in the succeeding paragraphs.

3.2.4 Audit objectives

Audit objectives were to assess whether

- plans were properly drawn up to achieve the objectives;

- funds provided were adequate and were used economically and efficiently;
- a quality control mechanism was in place and was implemented and
- monitoring system envisaged in the programme was adequate.

3.2.5 Audit criteria

The audit objectives were benchmarked against the following criteria:

- projections made in the detailed project report;
- programme giudelines;
- procedure prescribed for selection of beneficiaries and
- monitoring system prescribed.

3.2.6 Audit methodology

Before taking up the performance audit of the programmes, an entry conference was organised with the Joint Director of Agriculture. In this conference, the objectives of the review and criteria for audit scrutiny were explained to the Department.

In the performance review, annual work plans, progress reports, cash book, vouchers, contingency registers, records relating to procurement and distribution of seeds and minikits, *etc.*, were scrutinised/analysed to formulate the audit conclusions as detailed in the succeeding paragraphs. An exit conference was held in October 2006 with the Department wherein audit findings were discussed. The replies of the Department have been incorporated in the review wherever appropriate.

3.2.7 Funding pattern

The expenditure under the programmes was financed during 2000-2004 in the ratio of 75:25 by the Central and the State Governments. From 2004-05, the programmes were entirely financed by the Central Government in the ratio of 80 *per cent* grant and 20 *per cent* loan.

3.2.8 Financial management

The budget allocation and expenditure incurred during the period from 2000-01 to 2005-06 are given below:

Table: 3.11

(***Rupees in crore***)

Year	Opening balance	Fund released by		Total fund available	Expenditure	Unspent balance (*Per cent*)
		GOI	GOM			
2000-01	0.10	4.61	0.62	5.33	2.60	2.73(51)
2001-02	2.73	3.08	--	5.81	4.04	1.77(30)
2002-03	1.77	1.75	--	3.52	3.13	0.39(11)
2003-04	0.39	1.34	--	1.73	1.65	0.08 (5)
2004-05	0.08	1.75	--	1.83	1.65	0.18(10)
2005-06	0.18	1.18	--	1.36	1.36	--
Total		**13.71**	**0.62**	**19.58**	**14.43**	

Source: Information furnished by the Finance Department and the Director.

The following observations are made in this regard:

3.2.8.1 Unutilised funds

The above table shows that the Department could not utilise 5 to 51 *per cent* of the funds available during 2000-2005. Failure in the utilisation of funds reflected ineffective implementation of the programmes.

3.2.8.2 Short release of matching share by the State Government

During 2000-01 to 2003-04, the Government of India released Rs.10.78 crore (Oilseeds: Rs.6.24 crore; Pulses: Rs.2.96 crore; Maize: Rs.1.58 crore) for implementation of the programmes. Against the matching share of Rs.3.59 crore, the State Government released only Rs.0.62 crore during 2000-01. Shortfall in release of funds (Rs.2.97 crore) adversely affected the implementation of the programmes.

3.2.8.3 Delay in release of fund

Out of Rs.9.44 crore released by the Government of India during 2000-2003, Rs.4.51 crore (48 *per cent*) was released at the fag end of the respective financial years. As per normal procedure, the fund received from the Government of India should be released to the implementing agencies immediately after receipt of the same from Government of India. But the State Government released the amount to the executing authorities after delays ranging from 32 to 93 days (details in ***Appendix* – 3.3*)*.**

Delay in release of funds by the Central and the State Governments and its subsequent release to the executing authorities created uncertainties in planning and execution at the field level. The Department accepted the audit observation during exit conference (October 2006).

3.2.9 Implementation

During 2000-2006, expenditure of Rs.14.43 crore was incurred by the Department on procurement of seeds (Rs.5.12 crore), sprinklers (Rs.0.89 crore), lime (Rs.1.62 crore), high density poly-ethylene pipe (Rs.1.40 crore), demonstration and training (Rs.0.80 crore) and miscellaneous expenditure (Rs.4.60 crore[5]).

Audit scrutiny revealed the following irregularities in implementation of the programmes:

3.2.10 Planning

3.2.10.1 Selection of beneficiaries

The OPP, NPDP and AMDP were implemented through the farmers (beneficiaries) of the State. The implementing authorities were required to draw a detailed plan in respect of selection of beneficiaries. Prospective small and marginal farmers holding required quantity of land are required to be included in the schemes to be implemented.

Scrutiny of records of the DoA and one test-checked District (Saiha) out of three districts revealed that no standard criteria for selection of beneficiaries was followed and seeds were issued to the farmers presuming that requisite land was available with them. All the programmes were being implemented without preparing any list of beneficiaries.

The DoA stated (July 2006) that the list of beneficiaries would be compiled shortly.

3.2.10.2 Non-preparation of plan for distribution of certified seeds

Development of genetically superior seeds passes through a four-stage process. It begins with development of the initial nuclear seeds which are multiplied as breeder seeds. Breeder seeds are then multiplied to foundation seeds by the seeds development agencies and finally to certified seeds for distribution to the farmers. Since, the entire process of multiplication of breeder seeds to certified seeds takes three agriculture seasons, preparation of a five-year plan is necessary.

During 2000-2006, the Department did not prepare any seed plan for the development of superior seeds under the OPP and NPDP and instead of development of superior seeds, the Department procured local traditional and old varieties of seeds for distribution to the farmers. Thus, development of certified seeds and distribution of superior seeds to the farmers suffered to a great extent due to non preparation of seed plan.

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[5] *Purchase of equipments (Rs.32.69 lakh), Chemical & fertiliser (Rs.33.67 lakh), spare parts and POL (Rs.16.67 lakh), Mini Rice Mill (Rs.11.32 lakh), Pump sets (Rs.4.26 lakh), Construction of godown (Rs.15.24 lakh), contingency related to implementation (Rs.61.11 lakh), carriage (Rs.24.27 lakh), fund released to districts (Rs.148.47 lakh) and wages, misc., kits (Rs.33.92 lakh) and other miscellaneous expenditure (Rs.78 lakh).*

The DoA admitted the fact and stated (July 2006) that five/one year seeds plan could not be prepared due to lack of technical manpower. The reply is silent as to how the DoA was satisfied about the distribution of certified seeds to the farmers without seeds plan and the list of eligible farmers.

3.2.10.3 Absence of proper strategies

To achieve the targeted increase in production, different strategies like sequential cropping, inter cropping, replacement of low economy crops and substitute crops in problematic areas/situation are to be adopted. The State Government was to assess the total potential for expansion of areas under different situations and draw up an action plan accordingly.

According to the reports published by the DoA during 2000-2005, the area covered and production made there against under the programmes were as under:

Table: 3.12

(Area in hectares – Production in MT)

	2000-01	2001-02	2002-03	2003-04	2004-05
Oil Seeds Area	7375	7872	7132	7532	**5817**
Production	5682	5499	5285	5478	**5321**
Pulses Area	2374	2677	4666	4892	**6741**
Production	3960	3799	4986	4313	**7971**
Maize Area	6643	7378	7489	10481	**10505**
Production	**16436**	**16646**	**14879**	**20282**	**19788**

Source : Statistical report published by the Department

The above table shows that although cultivatable area under oilseeds and pulses increased during 2001-02 compared to the preceding year, production of seeds decreased substantially. The overall performance of the programmes during 2000-2005 (figures for 2005-06 not available) was also not encouraging with regard to production of oil seeds because of decrease in both area and production during 2004-05 compared to 2000-01. Production of pulses and maize per hectare of cultivatable area also decreased from 1.67 tonnes and 2.47 tonnes in 2000-01 to 1.18 tonnes and 1.88 tonnes during 2000-2005 respectively.

Thus, due to non-adoption of the strategies as mentioned above, the Department failed to achieve the targeted increase in production.

The Department stated (October 2006) that natural calamities affected the crop area and production. The fact remains that there was decrease in production.

3.2.11 Programme management

3.2.11.1 Inaccurate reporting

Physical and financial progress reports of the OPP and NPDP for the fourth quarter ending March 2003 and for the year 2003-04 (February ending) furnished to the Government of India by the Director showed physical achievements under all the targeted items of the programmes. But according to the information furnished (July 2006) by the DoA, certain components of the programme, *viz.*, improved farm implements, rhizobium culture and micronutrient for cultivation, were not implemented. Further, the reports also included allocation and expenditure of State's fund though, according to the Finance Department, funds under these programmes were not released by the State Government during 2001-2004.

Thus, the progress reports on implementation of OPP and NPDP did not exhibit the actual state of affairs. The Department stated (October 2006) that the progress report was submitted as per position of implementation. The reply is not tenable as the DoA admitted (July 2006) that all components of the schemes were not implemented.

3.2.11.2 Distribution of seed minikits

The technology mission on oil seeds, pulses and maize (TMOP&M) supplies the minikits directly to the State through the National Seeds Corporation (NSC)/State Farms Corporation of India (SFCI). These minikits are meant for introduction and popularisation of the latest varieties of seeds and their propagation through farmers. The States were to ensure proper distribution of these minikits.

During 2000-01 to 2005-06, the Department neither placed any demand for minikits with the TMOP&M nor fixed targets for their distribution. Consequently, the TMOP&M supplied only small quantities[6] of minikits in 2000-01 and 2003-04 which were distributed to the farmers. Thus, failure of the Department in placing demands for the minikits deprived the farmers of the State of the benefit of the latest varieties of the seeds. The Department stated (October 2006) that the Government of India supplied meagre quantity of seed minikits. The fact remains that the Department failed to pursue the matter with the Government of India.

3.2.11.3 Seed Village Programme

Government of India introduced the Seed Village programme (SVP) under OPP and NPDP to ensure timely availability of certified seeds within the locality. According to this programme, only progressive farmers with adequate

[6] *2000-01: 100 nos. Gram-KPG-59*
50 nos. of Castor (Kranti)
100 nos. of Sunflower (KBSH-1)
311 nos. of Maize (Shakti)
2003-04: 650 nos.of Mustard Hybrid Seeds (Asha)

infrastructure were to be involved in the production of certified seeds. A subsidy of Rs.375 per quintal was also to be given under the programmes for certified seeds produced by the farmers in each agricultural season.

It was noticed that the Department did not include this component in its annual plans. As such the SVP was not implemented in the State during the period covered under review.

The DoA stated (July 2006) that the SVP was not implemented and instead, the funds (Rs.35.87 lakh) were utilised for procurement of local improved seeds of mustard, sesamum, soyabean, french bean and cowpea during the period 2000-2004. Since the objective of the programme was to produce certified seeds locally, procurement of local improved seeds was not justified.

3.2.11.4 Non-adoption of recommended varieties of crops

The Indian Council for Agricultural Research (ICAR) recommended (February 2003) different varieties[7] of crops under the programmes for cultivation in the State. The recommendation was circulated by the DoA, Research and Education Wing, Aizawl during the same month. But the Department did not procure and distribute the recommended varieties of seeds to the farmers. In fact, the implementing wing of the Department was not even aware of the recommendations. This led to violation of the recommendation of ICAR.

The DoA, Minor Irrigation assured that the ICAR recommended varieties would be adopted in future.

3.2.11.5 Distribution of seeds without obtaining receipts

Records of the DAOs, Aizawl and Lunglei for the years 2001-02 to 2004-05 showed issue of 6,882.05 quintals of different seeds under OPP, NPDP and AMDP to 9,992 farmers[8] without obtaining any receipt. Similarly, 1,191.35 quintals of seeds were also issued (2001-2006) to the farmers (number not available) by the DAO, Kalasib. In the absence of any record of receipt of seeds by the farmers, the veracity of the quantity of seeds issued to the farmers could not be vouchsafed in audit.

The DAO, Kolasib while admitting the fact stated (July 2006) that due to the ignorance of the store keeper, receipts could not be obtained from the recipients. The reply of DAO is not acceptable as receipts are the only proof of actual distribution. Reply from the other two DAOs had not been received.

[7] *Lee Tracy, Sikkim Sarson, Arkel, Rachama, etc.*
[8] *Aizawl: 1,069.34 quintals to 2,510 farmers*
Lunglei : 5,812.71 quintals to 7,482 farmers.

3.2.11.6 Distribution of seeds after the sowing period

Distribution of seeds to the farmers is to be done well before the start of the sowing season both for Kharif and Rabi crops. However, it was noticed that 555.26 quintals of various seeds valued at Rs.30.97 lakh meant for sowing in a particular season were distributed by the DoA to the farmers after the sowing season was over. The details are as under:

Table: 3.13

Name of seeds	Quantity Procured (In quintal)	Cost of seeds (Rupees in lakh)	Sowing period	Period of issue
Cow pea (including local cow pea)	131.20	14.71	April-May	July 2002 to December 2002 and January 2003 to February 2003
Mustard (including French mustard, local mustard)	77.96	9.18	October-November (Rabi) Mid March-April (Kharif)	--- May 2003 to August 2003
Soyabean	346.10	7.08	June-July	September 2003 to November 2003 and August 2005 to September 2005
Total	**555.26**	**30.97**		

Source: Stock Book and Agriculture Hand Book.

The delay in distribution of seeds made the productivity as well as survival of the crops questionable. The Department stated (October 2006) that the procurement and distribution of seeds largely depends on the release of fund by the Government of India.

3.2.11.7 Irregular procurement of local traditional and old varieties of seeds

The objective of the programmes were to popularise new/hybrid varieties of seeds among the farmers with adoption of improved technology for increased production.

During 2000-01 to 2005-06, the DoA procured and distributed local traditional varieties and old varieties of seeds at a total cost of Rs.85.28 lakh[9]. These varieties were not listed in the guidelines.

Thus, the objective of the programmes for popularisation of new/hybrid varieties of seeds remained unfulfilled. The Department stated (October 2006) that local as well as old varieties of seeds were distributed as the same were familiar to the farmers. The reply is not tenable as the programme is for introduction of improved seeds.

[9] *Local varieties : Local mustard seeds – 103.1 qtls.: Rs.9.71 lakh; Sesamum – 140 qtls.: Rs.7 lakh; French Bean (local) – 331.63 qtls. : Rs.29.85 lakh; Cow pea – 309 qtls.: Rs.21.63 lakh. Old variety of more than 10 year: Ground nut (JL-24) – 406 qtls.: Rs.17.09 lakh.*

3.2.11.8 Procurement of seeds not covered under the programmes

During 2002-2004, the DoA procured different seeds valued at Rs.30.06 lakh and Rs.12.59 lakh for OPP and NPDP respectively, which were beyond the scope of these programmes. The details are as under:

Table: 3.14

Programme under which the seeds were purchased	Seeds purchased	Expenditure incurred (Rupees in lakh)
OPP	Cow pea, french bean, rajmah, lentil	30.06
NPDP	Ground nut, niger, sunflower and mustard	12.59
	Total	**42.65**

Source: Contingency register and payment vouchers.

The DoA stated (July 2006) that such procurement was due to certain circumstances of the place, climatic conditions, topography and peoples ignorance about the scheme. The reply is not tenable, as the reasons attributed for the purchase of seeds are not relevant.

3.2.12 Technology demonstrations

A two-tier approach was to be adopted for technology transfer to farmers through demonstrations (front line demonstrations by ICAR and block demonstrations by State). One of the important conditions for demonstration was to record the yield data after demonstration for forwarding the same to the TMOP&M.

During 2000-2004, 104 block demonstrations were held by the State at a cost of Rs.80.07 lakh. But the details of such demonstrations, such as, area covered, scheme-wise number of farmers trained as well as yield data were not produced to Audit. In the absence of records, the impact of the demonstration remained unassessed.

The DoA stated (July 2006) that expenditure statement and necessary records were not maintained and that the same would be maintained in future.

3.2.13 Training

Training is an effective tool for speedy transfer of technology to farmers. In July 2001, the DoA sanctioned Rs.7.50 lakh to the DAO, Saiha for imparting training under the programme. Instead of imparting training, the DAO utilised the amount for working lunch, distribution of pamphlets, honorarium, TA/DA, *etc*.

The DAO, Saiha stated (May 2006) that no training under the programme was imparted in the district and local farmers were verbally instructed about the cultivation techniques. The action of the DAO was not only arbitrary and irregular but also violated the guidelines and deprived the farmers of technology training.

3.2.14 Infrastructure development

Increased production of seeds and its storage are crucial for the success of the programme. To create adequate storage facility, storage godown was to be built with the prior approval of the TMOP&M. The following irregularities were noticed in this regard:

- During 2001-02, the Department constructed a godown at Kolasib at a cost of Rs.10 lakh without prior approval from the TMOP&M.

- According to the DoA, another godown at Chemphai (Kolasib District) was constructed during 2001-02 at a cost of Rs.10 lakh. But records in support of construction of godown, such as, estimates, work orders, payment vouchers and completion report, were not produced to Audit. In the absence of supporting records, the actual construction of godown remains doubtful.

Other findings

3.2.15 Non-realisation of sale proceeds from the beneficiaries

The farmers were entitled to financial assistance of 30 *per cent* of the cost of five varieties of seeds (chick pea, pea, lentil, groundnut and soyabean) limited to a maximum of Rs.800 per quintal. But the Department procured (2001-2005) three varieties of seeds (Ground nut: 200 qtls; soyabean: 2162.60 qtls.; lentil: 100 qtls) at a cost of Rs.51.03 lakh and distributed the same to the farmers free of cost, thereby extending undue financial benefit of Rs.31.33 lakh to the farmers.

The DoA stated (July 2006) that the farmers of the State are very poor and not capable of bearing 70 per cent of the cost of the seeds and that, the Department extended 100 per cent support to motivate the poor farmers. The reply is not tenable as the action of the DoA was contrary to the guidelines.

3.2.16 Unauthorised expenditure

Audit scrutiny of the records of DoA revealed unauthorised purchase of different items valued at Rs.79.29 lakh. The details are as under:

Guidelines of the OPP (in force till 2003-04) did not include any provision for purchase of High Density Poly Ethylene (HDPE) pipes. But the DoA purchased (2002-04) HDPE pipes of different diameters at a cost of Rs.67.40 lakh under the OPP.

The DoA stated (July 2006) that the pipes were purchased to prevent loss of water from sources to the sites. The fact remains that such purchase was beyond the scope of the guidelines and thus, unauthorised.

- The DoA spent (March 2002) Rs.5.50 lakh on purchase of 13 sprinkler irrigation sets though there was no provision of funds for the purchase of these sets during the year 2001-02. The action of the DoA was contrary to the directives (April 2001) of the Government of India which prohibited inter-component adjustment.

- Against Rupees two lakh approved by the Government of India for procurement of plant protection equipment under NPDP, the DoA incurred (December 2001) an expenditure of Rs.8.39 lakh on procurement of such equipment (565 knapsack sprayers – 16 litres). Reasons for expenditure of Rs.6.39 lakh in excess of the approved amount were not on record.

3.2.17 Extra expenditure on procurement of maize seeds

During 2001-02 and 2002-03, the DoA procured 605 qtls. of maize seeds from outside suppliers at the rate of Rs.5,000 and Rs.6,000 per quintal, though there was a local dealer of seeds authorised by the NSC. Compared with the NSC's rate of seeds, the DoA incurred excess expenditure of Rs.12.42 lakh on purchase of seeds from the outside supplier. The details are as under:

Table: 3.15

Date of sanction order	Rate	Rate of NSC	Difference in rate	Quantity purchased	Extra-expenditure
	(Rupees per quintal)				(Rupees in lakh)
21 March 2002	5,000	3,200	1,800	200 qtls.	3.60
12 July 2002	5,000	3,200	1,800	180 qtls	3.24
13 October 2003	6,000	3,520	2,480	225 qtls	5.58
				Total	**12.42**

Source: Contingency register, bill vouchers and NSC price list.

The DoA stated (July 2006) that there was no authorised dealer of NSC in Mizoram and also there was obligation of payment of the entire cost in advance to the NSC. The reply is not tenable because an authorised dealer of the NSC was operating in Mizoram with effect from February 1995. The Department stated (October 2006) that as the NSC dealers did not turn up with their rates, it was presumed that there was no such dealer in Mizoram.

3.2.18 Monitoring and evaluation

Successful implementation of the programme depended on proper monitoring and evaluation.

Since concurrent evaluation of the OPP by the Agricultural Finance Corporation Limited (AFC) had brought out the weaknesses in monitoring and reporting of the implementation of the programme, guidelines of the OPP stressed the need for streamlining the arrangement of regular monitoring at the State, district, block, *etc*., levels. Guidelines of the NPDP also prescribed systematic and result oriented monitoring for effective implementation of the programme.

But apart from a solitary evaluation of the OPP by the AFC during 2001-02, monitoring and evaluation of the programmes implemented by the Department was not carried out either at the Directorate level or at the district level. Monitoring through monthly progress reports (MPRs) was not feasible due to non-furnishing of monthly physical and financial progress reports by the districts/sub-divisions, *etc*. In the absence of proper monitoring and evaluation, effective implementation of the programme remained unassessed.

The matter was reported to the Government in August 2006; reply had not been received (October 2006).

3.2.19 Conclusion

The Central Government reduced the quantum of funds released by it for the implementation of the programme from Rs.4.61 crore in 2000-01 to Rs.1.18 crore in 2005-06. The State Government released only Rs.0.62 crore against its share of Rs.3.59 crore as per the funding pattern approved for the programme. The objectives of the programmes remained largely unachieved because of untimely distribution of seeds to the farmers as well as procurement and distribution of old varieties of seeds. Prescribed strategies required to achieve the increased targeted production were not adopted. Despite substantial expenditure, the farmers were deprived of the knowledge of technology due to non-imparting of training. There was unauthorised expenditure of Rs.79.29 lakh on purchases of various items. Monitoring and evaluation of the programme was also deficient.

3.2.20 Recommendations

On the basis of the shortcoming and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for streamlining the implementation of the programme:

- Timely release of funds and their proper utilisation should be ensured;
- Proper selection of beneficiaries should be ensured;
- Distribution of certified seeds prior to sowing period should be ensured;
- Institutional network should be strengthened to impart proper training to the farmers as well as for transfer of technology to them through demonstrations and
- Programme monitoring and evaluation as prescribed under the guidelines need to be strictly adhered to.

PUBLIC HEALTH ENGINEERING DEPARTMENT

3.3 NABARD funded RIDF Schemes for Rural Drinking Water Supply

Highlights

Government of Mizoram took loans from NABARD for implementation of 13 drinking water supply schemes due to insufficient availability of funds with the State Government. Review of implementation of four water supply schemes revealed that there was short release and diversion of fund, time and cost overrun, extension of undue benefit to contractors, wasteful expenditure and lack of effective planning and monitoring, which deprived the people of the intended benefits.

There was diversion of fund of Rs.34.76 lakh from composite N. Kawnpui Water Supply Scheme.

(Paragraph 3.3.7)

Delay in completion of composite N. Kawnpui Water Supply Scheme mainly due to irregular fund flow resulted in time and cost overrun by 43 months and Rs.1.57 crore respectively.

(Paragraph 3.3.8.1)

Post-offer modification to the scope of work under composite N. Kawnpui Water Supply Scheme led to undue financial advantage of Rs.50 lakh to the contractor.

(Paragraph 3.3.8.2)

The Department did not impose penalty of Rs.59.48 lakh on the contractor as per the terms and conditions of the contract due to willful delay in completion of work under composite N.Kawnpui Water Supply Scheme.

(Paragraph 3.3.8.4)

The Government sustained loss of revenue of Rs.4.95 crore due to non-billing of water charges as per water meter reading.

(Paragraph 3.3.8.6)

Purchase of defective water meters valued Rs.24.42 lakh turned to wasteful expenditure as the Department did not take any action to get the defective water meters replaced by the supplier within the warranty period.

(Paragraph 3.3.9.1)

The Department did not avail of the concession extended by the Government of India in Central Excise Duty of Rs.36.86 lakh towards purchase of GI pipes utilised for the water supply schemes.

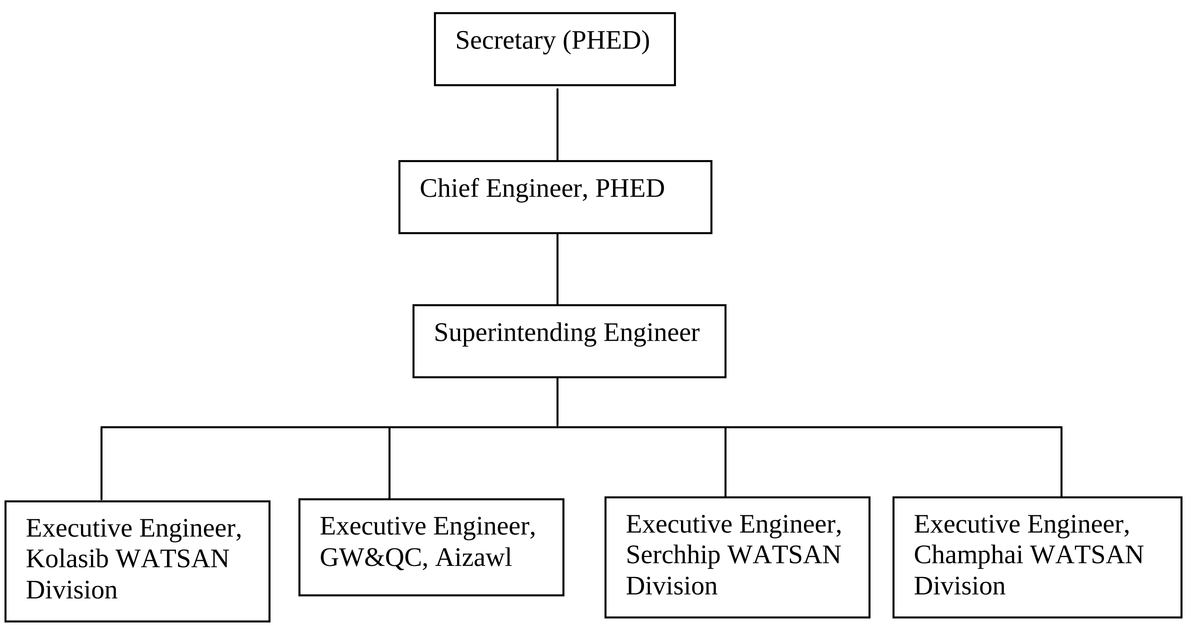
(Paragraph 3.3.9.2)

3.3.1 Introduction

The capital cost of implementation of water supply schemes in Mizoram is comparatively higher than other States due to high terrain. In view of the funds constraint, the Government of Mizoram took loans aggregating Rs.22.34 crore from the National Bank for Agriculture and Rural Development (NABARD) under the Rural Infrastructure Development Fund (RIDF) VII, IX and XI during 2001-02 to 2005-06 for implementation of 13[10] drinking water supply schemes under Public Health Engineering Department (PHED). The State Finance Department was the nodal Department for submission of projects to NABARD, execution of documents, drawals and repayment of principal and payment of interest. The loan was to be repaid in equal instalments within seven years from the date of drawal and the rate of interest was 10.5 *per cent*, eight *per cent* and 6.5 *per cent* in respect of the loans sanctioned under RIDF VII, IX and XI tranches respectively. If the Government failed to pay the interest on due date, it was liable to pay interest on the overdue interest. The loan was subject to satisfactory progress of work within the time schedule framed.

3.3.2 Organisational set up

The organisational set up for implementation of NABARD funded (loan assistance) water supply schemes was as under:-



[10] *(1) Composite Vairengte WSS, (2) Bilkhawthlir and N. Chhimluang WSS (3) Composite N. Kawnpui WSS (4) Management and regulation of drinking water supply,(5) Augmentation of Khawlailung (Bunghmun) WSS, (6) Augmentation of Khuangthing WSS,(7)Construction of Zamuang – Rengdil WSS, (8) Augmentation of Buangpui WSS,(9) Improvement of E. Bungtlang WSS,(10) Improvement of New Serchhip WSS, (11) Construction of Thingsulthliah and Aichalkawn WSS, (12) Augmentation of Zawlnuam WSS, (13) Augmentation of Chhingchhip WSS.*

3.3.3 Audit coverage

The implementation of four[11] out of 13 NABARD funded (loan assistance) drinking water supply schemes (WSS) was reviewed in audit during May-June 2006 through a test check of the records of the CE, PHED, EEs, PHE, Kolasib WATSAN Division, GW&QC Division, Aizawl, Serchhip WATSAN Division for the period from 2000-01 to 2005-06 covering 65 *per cent* (Rs.23.20 crore) of the total expenditure (Rs.35.68 crore) during the period under review.

3.3.4 Audit objectives

Audit objectives were to assess whether the

- targets fixed were realistic and achievable;
- plans were properly drawn up to achieve the objectives;
- funds provided were used economically and efficiently;
- quality control mechanism adopted was adequate and
- monitoring system envisaged in the Programme was adequate.

3.3.5 Audit criteria

The Audit objectives were benchmarked against the following criteria:

- projections in the detailed project reports/estimates;
- terms and conditions of NABARD loans;
- public works accounts code;
- norms relating to time, cost and specification and
- quality control, project monitoring and evaluation system prescribed.

3.3.6 Audit methodology

The performance review commenced with an entry conference with the Department in April 2006 in which the audit objectives, criteria, scope and audit methodology were explained. The schemes and the related records were selected on the basis of stratified random sample method. An exit conference was held in August 2006 with the Department wherein, audit findings were discussed. The replies of the Department have been incorporated in the review wherever appropriate.

[11] *i) Composite N. Kawnpui water supply scheme.*
ii) Management and regulation of drinking Water Supply Scheme.
iii) Augmentation of Khawlailung (Bunghmun) Water Supply Scheme.
iv) Augmentation of Zawlnuam Water Supply Scheme.

3.3.7 Financial outlay and expenditure

During the period 2000-2006, 13 WSS were sanctioned at an estimated cost of Rs.36.83 crore. The share of NABARD was Rs.22.34 crore and the State Government's share was Rs.14.49 crore. During the period 2000-2006, a total amount of Rs.35.65 crore was released by the Government and a total expenditure of Rs.35.63 crore was incurred on the implementation of 13 WSS till March 2006. The details of budget provision, funds released, expenditure incurred and loan obtained from NABARD are shown in the table below:

Table: 3.16

(Rupees in crore)

Year	Budget provision	Fund released	Expenditure incurred	NABARD loan sanctioned
2000-2001	3.85	3.85	3.85	**---**
2001-2002	5.51	5.51	5.51	**5.47**
2002-2003	3.48	3.48	3.48	**---**
2003-2004	11.72	11.73	11.72	**13.50**
2004-2005	5.29	5.29	5.29	**---**
2005-2006	5.79	5.79	5.79	**3.37**
Total	**35.64**	**35.65**	**35.64**	**22.34**

Source: Information furnished by the CE, PHED, NABARD & Finance Department

The scheme wise position is shown in ***Appendix* – 3.4.**

Though all the schemes were commissioned, fund amounting to Rs 1.14 crore in respect of seven[12] schemes which was to be released by the State Government to the implementing divisions, had not been released till 2005-06. Reasons for short release of funds as stated by the Government (September 2006) were shortage of funds.

It was seen that though the composite N. Kawnpui WSS was scheduled to be completed by October 2002, the Department had released only Rs.6.14 crore (33.30 *per cent*) to the implementing Division against the estimated cost of Rs.18.44 crore of the scheme, within the stipulated period for completion of the scheme. Thereafter, the Department took three years (2003-04 to 2005-06) to release a further amount of Rs.11.99 crore. The balance amount of Rs.0.31 crore had not been released as of June 2006. Delay in release of funds affected the implementation of the programme.

[12] *i) Composite N. Kawnpui wss for Rs 31.05 lakh*
ii) Management and regulation of drinking Water Supply Scheme for Rs 2.65 lakh
iii) Augmentation of Khawlailung (Buanghmun) WSS for Rs 10.50 lakh
iv) Augmentation of Khuangthing WSS for Rs 10.50 lakh
v) Augmentation of Chhingchhip WSS for Rs 30.17 lakh
vi) Improvement E Bungtlang wss for Rs 14.00 lakh
vii) Construction of Thingsulthliah, Saisih and Aichalkawn WSS for Rs 15.00 lakh

It was further noticed that during March 2002 and March 2003 the Department had charged an amount of Rs 34.76 lakh[13] to the composite N Kawnpui WSS though the expenditure was incurred on other schemes. This inflated the scheme cost of the N Kawnpui WSS by Rs.34.76 lakh.

There was delay in payment of interest due to which, the Government had to pay interest on over due interest to the extent of Rs.6.00 lakh during the period from 2002-03 to 2005-06. Reasons for delay in payment of interest on due dates were not stated. The details of repayment of NABARD loan, interest paid and interest on over due interest paid are shown in ***Appendix* – 3.5.** The Government stated (September 2006) that payment of interest was made as per allotment of fund by the Finance Department.

3.3.8 Implementation

During the period 2000-01 to 2005-06 under NABARD loan, 13 WSS had been taken up by the Department. Of these, six schemes were completed and seven schemes were at various stages of completion as of March 2006. Review of implementation of four test checked schemes out of 13 revealed that N. Kawnpui WSS was to be completed by October 2002 but it remained incomplete till March 2006, two other schemes *viz.* augmentation of Khawblailung and Zawlnuam WSS although completed in November 2004 and March 2006 respectively fell short of target in augmenting the water supply. For management and regulation of drinking water supply scheme, water meters were to be installed in every house by March 2005. But till March 2006 only 29258 water meters had been installed against the overall purchase of 36421 meters. Major audit findings are as below:

3.3.8.1 Time and cost over run

As per the approved estimates, the 'composite N. Kawnpui WSS' was scheduled to be completed within 30 months *i.e.* by October 2002. But the construction of different components of the scheme took unusually long time ranging between 48 and 73 months. The delay in completion of 12 items of work of the scheme resulted in extra expenditure of Rs.1.57 crore due to increase in the cost of materials, labour *etc.* The Government accepted (September 2006) the fact and stated that due to financial constraints, flow of funds was irregular.

13

Name of the Scheme		***Rs in lakh***
Bilkhawthlir & N. Chhimluang wss		
(a) Construction of quarter		*2.63*
(b) Expenditure on feeding main		*5.28*
(c) Fitting & fixing of G.I. pipes		*12.54*
(d) Cost of M.S. tubes		*8.34*
(e) Expenditure on main reservoir		*2.27*
(f) Miscellaneous		*1.69*
	Sub-total	***32.75***
Composite Vairengte wss		
Expenditure on feeding main		*1.87*
Kolasib WSS		*0.14*
	Total	***34.76***

Thus, irregular fund flow for the scheme resulted in time overrun of 43 months and cost over run of Rs.1.57 crore.

3.3.8.2 Undue financial benefit to contractor

According to the provision of CPWD Manual Vol II (Paragraph 20.1.16.3) any case of post-offer modification should be viewed seriously and undue advantage of such modification should not be allowed to the contractor.

The work 'Design, engineering, supply, construction, erection and commissioning of civil and electro-mechanical work of clear water pumping station, sub-station and water treatment plant' under composite N. Kawnpui WSS (estimated cost: Rs.5.94 crore) was awarded (September 2003) with the approval of the Council of Ministers to a Kolkata based firm (a Government of India enterprise) at a tendered value of Rs.6.26 crore. As per the letter of intent issued (29 September 2003) to the firm, the scope of work was as under:-

Table: 3.17

(Rupees in crore)

Item of work	Administrative approval/ Estimated cost	Firm's offer
Clear water pumping station with sub-station		
1. Pump and machineries (clear water pump)		
(a) Diesel Engine pump set	1.60	
(b) Electric motor pump set	1.70	
(c) D.G. Set	0.30	
(d) R.C.C water sump	0.20	
(e) Pump house No.1	0.40	
(f) Mechanical crane	0.10	
2. Sub-station	0.75	
Sub-Total	**5.05**	**4.42**
Water treatment plant	0.89	**1.84**
Total	**5.94**	**6.26**

Source: Estimate and Agreement.

The contract agreement was signed by the firm on 13 October 2003. Subsequently, the firm requested (November 2003) the CE, PHED to amend the contract agreement deleting the items RCC Water Sump and DG set from the scope of the work on the ground that these were not considered in their scope, while the items existed in the scope of work in the agreement.

The post-offer modification was accepted (February 2004) by the CE, PHED and the contract was amended accordingly (February 2004) but the tender value had not been reduced to that extent. The work commenced in February 2004. An amount of Rs.5.95 crore (payable after successful commissioning) was drawn (March 2006) and paid to the firm through 8th R.A. bill although the work was not completed. The D.G. set was procured (November 2005) and installed through another agency and the RCC water sump was constructed Departmentally at a total additional cost of Rs.34.38 lakh (DG set Rs.14.38 lakh + RCC water sump Rs.20.00 lakh).

Thus, irregular acceptance of post-offer modification of the scope of work by the CE, PHED, without the approval of the Council of Ministers led to undue financial benefit of Rs.50.00 lakh (RCC water sump: Rs.20.00 lakh and DG set: Rs.30.00 lakh) to the contractor.

3.3.8.3 Loss to the Government

Para 32.7 of CPWD Manual Vol. II read with Director General's note thereunder provides that in respect of certain specialised and capital intensive works costing not less than Rupees one crore, mobilisation advance sanctioned to a contractor is to be limited to a maximum of 10 *per cent* of the estimated cost put to tender or tendered value or Rupees one crore, whichever is less. Such mobilisation advance would also bear 10 *per cent* simple interest on it.

It was seen in audit that the Department paid (February 2004) interest free mobilisation advance amounting to Rs.62.61 lakh (being 10 *per cent* of contract value of Rs.6.26 crore) to the Kolkata based firm. The Government stated (September 2006) that grant of mobilisation advance against plant and machineries brought to site is interest free. The reply is not tenable as in the instant case the amount was paid as mobilisation advance and not as an advance on security of machineries and plants brought to site.

Thus, the payment of interest free mobilisation advance to the contractor violating the provisions of the CPWD Manual, led to a loss of interest of Rs.9.15 lakh during the period from February 2004 to March 2006.

3.3.8.4 Non-imposition of penalty on contractor

The work Design, engineering, supply, construction, erection and commissioning of civil and electro-mechanical works of clear water pumping station, sub-station and water treatment plant under composite N. Kawnpui WSS was awarded to a Kolkata based firm at the tendered cost of Rs.6.26 crore with the stipulation to complete the work within 24 months from the date of release of mobilisation advance or the date of handing over of site, whichever was later.

The mobilisation advance was paid on 5 February 2004 and the site was handed over on 18 February 2004. Thus, the work was scheduled to be completed by 17 February 2006. It was, however, noticed that work valued at Rs.1.17 crore remained un-executed at the end of the due date (17 February 2006). The Divisional officer stated (May 2006) that works valued at Rs.24.86 lakh remained unexecuted at the end of May 2006. Neither the contractor requested for extension of time nor the Department extended time for completion of the work which indicated poor monitoring.

Reason for delay in completion of work was not found on record. The Division did not maintain any hindrance register for the work though reminders were issued to the firm to complete the works from time to time. However, for delay in completion of work, from 18 February 2006 to 30 June 2006, the Department did not impose penalty of Rs.59.48 lakh in terms of clause 8.1.2 of the contract agreement wherein it was clearly mentioned that if there was any delay caused by the firm, compensation @ 0.5 *per cent* of the contract price per week of delay subject to a maximum of 10 *per cent* of the contract price shall be paid by the firm to the Department. Accepting the fact, the Government stated (September 2006) that action is being taken to impose penalty on the contractor.

3.3.8.5 Wasteful expenditure

Under composite N. Kawnpui WSS, provision was made to tap water from two different sources (Tuitun river and Chhimluang stream) by constructing submersible weir in both the sources and to take water to the treatment plant by laying 6500 Rm GI pipes of different dia. In the first phase, the Division had started (July, August 2000) laying of GI pipes departmentally and after laying of 1250 Rm of 150 mm dia GI pipes at a total cost of Rs.12.74 lakh, the Department decided to change the site of intake points by constructing one submersible weir downstream of the original site which was the junction between the two sources. This was done on the ground that the scheme would be more economical and technically efficient. The decision was taken verbally by the Chief Engineer, Superintending Engineer and Executive Engineer and no formal order was available on record. Accordingly, the site of original intake points had been altered and construction of gravity main by laying GI pipes, which had already started earlier, was discontinued. The GI pipes (1250 Rm) so laid were also not dismantled as it was difficult and expensive as reported (July 2000). Construction of a submersible weir at the new site was completed (March 2004) at a total cost Rs.15.41 lakh.

The Government stated (September 2006) that the intention was in the interest of the project. The contention is not tenable as the same could have been done before commencement of the work.

Thus, lack of proper survey and investigation prior to preparation of estimate had resulted in wasteful expenditure of Rs.12.74 lakh[14].

3.3.8.6 Collection of water charges

Before introduction of metering of the water connection of all the houses, there were 22,709 houses in Mizoram where water connection had been provided and out of those only 718 houses were provided with meters. The rate of water charges against meter connected houses was Rs.493 per month and against unmetered connections, the Department used to collect water charges at a flat rate of Rs.100 per month per connection as per the Mizoram Water Supply Tariff Rules, 1993.

Considering the scarcity of water, it was decided (2002) by the Department to collect water charges at the rate of Rs.246.50 per connection per month from all

[14] *cost of pipe: Rs.7.42 lakh + cost of GI specials: Rs.2.48 lakh + layingcharges etc: Rs.2.84 lakh*

metered houses. The target for collection of water charges during 2004-05 and 2005-06 was fixed at Rs.8.56 crore.

It was seen in audit that the Department could not collect the targeted revenue after introducing new metering of all house water connections which is shown below:

Table: 3.18

(Rupees in crore)

Year	Number of metered house water connections at the beginning of the year (Nos.)	Revenue projected to be collected at minimum rate of Rs 246.50 per connection per month	Revenue actually collected	Short fall in revenue collection	Percentage of shortfall
2004-05	14,081	4.17	1.79[15]	2.38	56.97
2005-06	14,837	4.39	1.82[16]	2.57	58.55
	Total	**8.56**	**3.61**	**4.95**	

Source: Worked out on the basis of information furnished by the Department.

It would be seen from above that there was shortfall in revenue collection compared to that projected by Rs.4.95 crore (Rs.2.38 crore and Rs.2.57 crore respectively) during 2004-05 and 2005-06.

Reason for shortfall in revenue collection was due to non-billing of water charges for the newly installed metered house water connections as per meter reading. The Department stated (June 2006) that billing as per the meter reading was not done due to non-publication of Mizoram Water Supplies (Control) Rules 2006 in the official Gazette. The reply is not tenable since the Department was to collect revenue as per the existing Mizoram Water Supply Tariff Rules, 1993 which is still in force.

3.3.8.7 Excess expenditure

Test check of records revealed that during the execution of three WSS, GI Pipes of 74789 Rm of different dia had been laid, against which a total cost of Rs.67.40 lakh was incurred towards payment of labour charges.

Table: 3.19

(Rupees in lakh)

Name of WSS	Total length of GI pipes laid Rm	Actual expenditure	Amount required as per analysis of rate	Excess expenditure
Composite N. Kawnpui WSS	36687	33.42	23.65	9.77
Augmentation of Khawlailung WSS	24102	21.23	15.84	5.39
Augmentation of Zawlnuam WSS	14000	12.75	8.99	3.76
Total	**74789**	**67.40**	**48.48**	**18.92**

Source: Worked out on the basis of information furnished by the Department.

[15] *Rs 18,87,383 from existing 718 metered house water connections and Rs 1,60,35,600 from newly installed metered house water connections at flat rate of Rs 100 per house water connection per month.*

[16] *Rs 12,52,749 from existing 718 metered house water connections and Rs 1,69,42,800 from newly installed metered house water connections at flat rate of Rs 100 per house water connection per month.*

As per coefficient fixed in the analysis of rates for laying of different dias of GI pipes as approved by the Department, the labour charges should have been Rs.48.48 lakh. Thus, the Department incurred an excess expenditure of Rs.18.92 lakh (Rs.67.40 lakh – Rs.48.48 lakh) towards payment of labour charges in the three WSS as mentioned above.

While accepting the fact, the Government stated (September 2006) that the analysis of rates would be reviewed.

3.3.8.8 Unfruitful expenditure

In order to augment Zawlnum WSS, Rs.48.35 lakh was sanctioned (October 2003) and the scheme was completed at a total cost of Rs.48.03 lakh. As per design for tapping the water, an RCC weir measuring 9.8m length, 0.450m width and 1.025m height (plinth 0.075m + wall 0.95m) was to be constructed. From this intake, water was to be brought to the existing service reservoir through 10000 Rm gravity main pipe.

Test check of Measurement Book (MB) revealed that during execution, foundation depth of 1.025m had been excavated instead of 0.575m (as per design) and in that foundation, 0.075m height plinth work and 0.950m height RCC weir work was executed (one on the top of the other). Thus the entire intake weir was constructed under the ground (0.075 + 0.950). Hence, the purpose of construction of the RCC weir to take water upto the service reservoir through gravity main was frustrated. Thus, due to construction of defective intake point, the entire expenditure of Rs.32.65 lakh (intake: Rs.0.31 lakh + gravity main: Rs.32.34 lakh) became unfruitful.

The Government admitted (September 2006) that a mistake was made while taking measurement and explanation would be called for from the concerned Engineer.

3.3.9 Material management

3.3.9.1 Defective water meters

With the approval (19 March 2004) of the Departmental Purchase Advisory Board (DPAB), the Department purchased (March 2004 to February 2006) 36,421 water meters of different dia at a total cost of Rs.3.54 crore under the scheme "Management and regulation of drinking water supply". The EE, PHE, GW&QC Division issued (March 2004 to February 2005) the water meters to different Divisions as per allotment made (June 2004) by the CE, PHED.

Test check of the records revealed that the Department purchased (March 2004) 32,300 water meters (20 mm dia) @ Rs.895 each at a total cost of Rs.3.08 crore (including freight, taxes *etc.*). As per the terms and conditions of the quotation, warranty period of the water meters was 12 months from the date of despatch against any manufacturing defects.

In a test check of three PHE Divisions which received and installed the water meters (23,050 nos.), it was seen that 2,624[17] water meters were defective. These included defects noticed during installation (1,947 Nos.), found non-functional after installation (230 nos.) and those rejected by the Legal Metrology Department during verification and stamping (447 nos.).

None of the Divisions had taken up the matter with the supplier through EE, PHE, GW&QC Division for replacement within the validity period of warranty; instead they retained the defective water meters in stock or installed. Meanwhile the warranty period of 12 months had expired by March 2005.

Thus, due to the inaction of the Department in replacing the defective water meters within the warranty period, the expenditure on the purchase of 2,624 nos. defective water meters valued at Rs.24.42 lakh (inclusive of freight, insurance charges and CST) became infructuous.

3.3.9.2 Avoidable expenditure

In September 2002, the Government of India exempted central excise duty (CED) in respect of water treatment projects for supply of drinking water for human and animal consumption on all items of machineries including instruments, apparatus and appliances, auxiliary equipments and their components/parts and all pipes required for obtaining untreated (raw) water from its source to the plant and for supplying the treated (potable) water to the storage place for further supply for consumption of humans or animals.

The concession was subject to certification by the Collector/District Magistrate/ Deputy Commissioner of the district in which the water treatment plant was set up.

It was also clarified that water treatment plant would include plants for desalination, demineralisation, purification of water or for any similar process intended to make the water fit for human/animal consumption.

It was, however, seen in audit that the Department had purchased 52,078 Rm GI pipes of different diameter at a cost of Rs.2.21 crore for augmentation of Khawlailung WSS, composite N. Kawnpui WSS and augmentation of Zawlnuam WSS. The procured pipes were utilised for drawing untreated (raw) water from

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17 *Details of defective water meters*

Sl. No.	Particulars	Number of Water meters				
		Aizawl Water Distribution Division	**Serchhip WATSAN Division**	**Kolasib WATSAN Division**	**Legal Metrology**	Total
1	Found defective during installation	1,809	85	53	-	**1,947**
2	Found non-functional after installation	42	188	Not-examined	-	**230**
3	Rejected by legal Metrology during verification and stamping	-	-	-	447	**447**
	Total	**1,851**	**273**	**53**	**447**	**2,624**

Source: Information furnished by the Department.

its sources to the plant and for supplying the treated (portable) water to the storage place for further supply to consumers. The CED @ 16 *per cent* amounting to Rs.35.44 lakh and CST @ 4 *per cent* on CED amounting to Rs.1.42 lakh were paid to the supplier of G.I. pipes. But the Department did not claim the concession on CED extended by the Government of India.

While accepting the fact, Government stated (September 2006) that exemption was being claimed from 2005-06 onwards.

Thus, failure in claiming concession extended by the Government of India, led to extra expenditure of Rs.36.86 lakh on procurement of GI pipes for the three schemes.

3.3.9.3 Excess procurement of Electro-Resistance Welding (ERW) pipes

It was seen from the materials at site (MAS) account (Tuitun section) for the month of March 2002 that the Division had 350 Rm of ERW pipes. For utilisation in pumping main under composite N. Kawnpui WSS the Division had procured (February 2003) further 2,250 Rm of ERW pipes @ Rs.2,475 per Rm from a Kolkata based firm as per the supply order issued (December 2002) by the Chief Engineer PHED. The materials were received and taken into the MAS Account for the month of February 2003 (1,695.80 Rm) and May 2003 (554.20 Rm).

Out of this total 2,600 Rm (350+2,250) ERW pipes, the Division had utilised 2,250 Rm pipes in the work in March 2004. The balance of 350 Rm (2,600-2,250) pipes remained unutilised and are lying in the MAS account from May 2003 till the date of audit (June 2006). The Government stated (September 2006) that excess pipes were purchased for future maintenance of the project. The reply is not tenable as the fund was for construction of the project only and not for any future maintenance.

Thus, incorrect assessment of the requirement of ERW pipes resulted in blocking of funds amounting to Rs.8.66 lakh from May 2003 onwards.

3.3.9.4 Non-maintenance of records

Para 7.3.4 of the CPWA code provides that Tools and Plants (T&P) received should be examined and counted when delivery is taken and entered into the prescribed T&P received sheet.

Para 7.3.7 *ibid*, provides that a consolidated account of receipts, issues and balances of T&P should be maintained in the Sub-Divisional office in the prescribed form of T&P ledger to watch the articles in hand, articles temporarily lent or sent out as well as received back and shortage awaiting adjustment.

It was seen that the EE, PHE Kolasib WATSAN Division had procured (March 2002, August 2002, March 2004 and March 2005) T&P worth Rs.22.02 lakh charging the expenditure to composite N. Kawnpui WSS. The T&P so procured were taken into site account and in some cases T&P received sheet. But no T&P ledger was maintained by the Division. The Government stated

(September 2006) that instructions had been given to maintain the same. Thus, due to non maintenance of T&P ledger, the T&P procured since March 2002 remained unaudited.

3.3.9.5 Excess payment

The EE, PHE, Kolasib WATSAN Division procured (November 2002) diesel engine driven welding set for composite N. Kawnpui WSS at a cost of Rs.10.48 lakh from a PSU as per supply order issued (July 2002) by the Superintending Engineer, PHE, Rural Circle. The materials were received and taken into T&P account for the month of November 2002. Against the supply, part payment of Rupees five lakh was made in November 2002 withholding Rs 5.48 lakh and payment was shown as adjustment voucher (submitted by EE on 30 March 2003) against advance taken on 30 March 2002. Subsequently, the withheld amount of Rs 5.48 lakh was also paid in February 2003.

Further scrutiny of records revealed that Rupess five lakh was again paid to the firm against the said bill through hand receipt No. 23, Book No 1/B in March 2003. This has resulted in excess payment of Rupees five lakh to the firm.

3.3.10 Quality of drinking water

The PHED has one water testing laboratory at Aizawl which functions under an Assistant Public Analyst (APA). The laboratory analyses the drinking water of different water supply schemes from time to time.

It was seen that in respect of the three test checked WSS, the APA had analysed the water supplied from composite N. Kawnpui WSS on eight occasions[18] (six times before commissioning and twice after commissioning (January 2006)). Though the analysis reports show that the water was of good quality, the Division however, advised the consumers to disinfect the water before drinking. This would indicate that the water was not fit for human consumption.

In respect of augmentation of Khawlailung (Bunghmun) WSS, the water was analysed once in February 2006 after commissioning (November 2004) and was certified to be of good quality. Disinfection before drinking was however advised.

In respect of augmentation of Zawlnuam WSS, no analysis of water was done. It was also seen that water supplied from the existing Zawlnuam WSS was last analysed in 25 October 2002 with advice that water be disinfected before supply to the public.

The Government stated (September 2006) that analysis of water could not be done due to infrastructural constraints.

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[18] *25 June, 10 July, 19 July, 17 October 2000; 16 May, 30 November 2005; 30 January and 10 February 2006.*

3.3.11 Calibration of water meters

In terms of Section 24 of the Standard of Weights and Measures (Enforcement) Act, 1985 the water meters were required to be calibrated by the Legal Metrology Department of the Government before they are brought into use to avoid public complaints.

As against the 36,421 water meters procured (32,421 in March 2004 and 4,000 in February 2006), the Department installed 29,258 water meters till March 2006 and 7,163 water meters (36,421 – 29,258) remained uninstalled (May 2006) out of which 2624 meters were found to be defective in the test check of three PHE Divisions.

It was seen in audit that the water meters were installed (under management and regulation of drinking water supply scheme) before calibration by the Legal Metrology Department in contravention of the Act *ibid*. The reason for installation of water meters before calibration was not on record. However, the Legal Metrology Department, Government of Mizoram has verified 13,771 water meters by May 2006 against 29,258 water meters installed by the Department till March 2006.

Verification and stamping of the remaining 15,487 installed water meters was awaited (June 2006).

The Government accepted the fact (September 2006) and assured that the matter would be taken up with the Legal Metrology Department.

3.3.12 Monitoring and evaluation

No high power committee headed by the Chief Secretary was formed as per the terms and conditions of the NABARD loan assistance for quality review of the water supply scheme. However, one high power committee headed by the Finance Commissioner constituted in September 1999 for availing and monitoring the utilisation of NABARD loans had met on seven occasions during 2001-02 to 2005-06 and discussed the funding position of NABARD loan. In none of the meetings was the implementation of the schemes discussed. The CE, PHED had visited the composite N. Kawnpui WSS on 9 April, 26 August and 14 November 2005 but no inspection note was submitted by him. No evaluation studies had been conducted by the Department to ensure supply of safe drinking water to the consumers within the stipulated time. As such, monitoring and evaluation of the WSS was confined only to discussion about the funding position of the WSS.

The Government accepted the facts (September 2006).

3.3.13 Conclusion

The above observations would indicate that the Department:

- failed to release the required funds and utilise the funds for the purpose for which these were sanctioned and funds were diverted to other schemes;

- failed to procure and install proper meters and ensure billing of water charges as per meter reading. Thus it failed to realise revenue on account of water supply and

- could not complete the schemes within the stipulated time frame, resulting in cost over runs and failed to impose penalty on the contractor for wilful delay in completion of work.

The Department accepted the facts (August 2006).

3.3.14 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the paragraphs, the following recommendations are made:

- The composite N. Kawnpui WSS needs to be completed expeditiously to ensure supply of safe drinking water to the projected population.
- Metering of all house water connections needs to be completed and billing as per meter reading to be started to minimise the loss incurred by the Government.
- The Government to ascertain the reason for post-offer modification of the scope of work without obtaining approval from the Council of Ministers.
- The Government to ascertain the reason for purchase of defective water meters and inaction by the Department to get the defective water meters replaced by the supplier within the warranty period.
- Effective planning and monitoring to be ensured.

The Government assured (September 2006) that action would be taken on the shortcomings stated above.