

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 3.1 National Rural Health Mission

#### *Highlights*

*The National Rural Health Mission (NRHM) was launched by the GOI in April 2005. A mid-term review of the implementation of the programme in the third year of the Mission period (2005-12) is an attempt to highlight areas of concern, which need to be addressed by the State Government for successful implementation of the Mission Objectives. Performance review of implementation of NRHM in the State revealed that the State Mission has performed satisfactorily in controlling of tuberculosis, leprosy and iodine deficiency. The review, however, also revealed that the State Mission failed to conduct household/facility survey to make rural health centres fully functional with the requisite manpower and other infrastructural facilities. Planning for the implementation of the programme was ineffective and consequently, the objectives of the scheme could not be fully realized even after three years of its implementation.*

The major audit findings are:

**Absence of complete household and facility surveys and without database on surveys indicates that a meaningful assessment of the pre-NRHM status of availability of health care services and the identification of the gaps for future interventions based on relative need analysis could not have been formulated.**

*(Paragraph 3.1.7.1)*

**The objective of providing accessible health care in hilly and remote areas however, was not achieved, since none of these centres were equipped with adequate staff as per norms and stocked with two months essential medicines.**

*(Paragraph 3.1.9.1)*

**There were mismatch of data between the State Mission and test checked Districts raising serious doubts on the credibility of the data furnished by the State Mission**

*(Paragraph 3.1.9.5)*

**Although the skewed distribution of funds for IEC was contrary to the prescribed norms, the intended impact of creating awareness by sponsorship of popular programmes through local media has had a State-wide impact.**

*(Paragraph 3.1.9.6)*

### **3.1.1 Introduction**

National Rural Health Mission (NRHM) was launched in the State during April 2005 with a view to provide accessible, affordable, accountable, effective and reliable healthcare facilities to poor and vulnerable sections of rural population. The mission envisages involvement of community in planning and monitoring with a view to reduce maternal mortality rate (MMR), infant mortality rate (IMR) and the total fertility rate (TFR) within a seven year period (2005-12). Prevention and control of communicable and non communicable diseases, including locally endemic diseases also constitute an important component of the mission.

### **3.1.2 Organisational Set up**

At the State level, NRHM functions under the overall guidance of the State Health Mission (SHM) headed by the Chief Minister. The activities of the Mission are carried out through the State Health and Family Welfare Society (Society) headed by the Chief Secretary (CS). The Executive Committee of the Society is headed by the Commissioner-cum-Secretary, Health and Family Welfare Department.

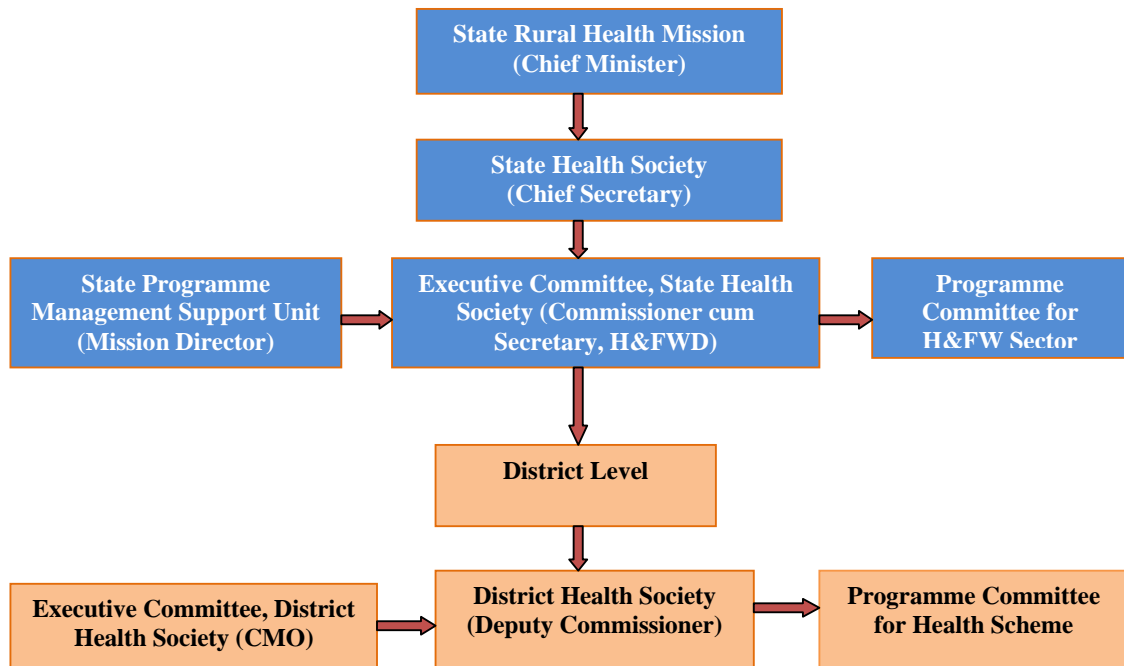
The Society integrates all the societies registered under the Societies Registration Act 1860, which were set up for implementation of various disease control programmes.

At the District level, there are District Health Societies (District Societies) headed by the respective District Deputy Commissioner to support it and its executive committee is headed by the Chief Medical Officer.

The guidelines also provide for programme committees for more focused planning and review of each activity at State and District Level if considered necessary for administrative convenience, which has also been formed in the state.

An organogram showing the administrative and monitoring set up of NRHM in the State is given below:

**Chart-3.1**



### 3.1.3 Scope of Audit

Implementation of NRHM during the period 2005-08 was reviewed in audit through a test check (March-July 2008) of the records of the Mission Director, NRHM, and three Health Administrative Districts *viz.* Lunglei, Lawngtlai and Kolasib. Three out of nine Community Health Centres, six out of 57 Primary Health Centres and 18 out of 366 Sub Centres were selected for detailed scrutiny.

### 3.1.4 Audit Objectives

The objectives of the performance review were to assess whether:

- the household and facility survey were conducted with the close involvement of the community;

- planning for implementation of various components of the programme was based on realistic and reliable data and there existed an effective monitoring and evaluation system at the Village, Block, District, and State level to ensure extension of effective and reliable healthcare in an economical and efficient manner;
- health service delivery infrastructure was created, appropriately equipped and provided with adequate trained manpower;
- the procedures and system of procurement of drugs and services, supplies and logistics management were cost effective, efficient and ensured availability of essential drugs for all the health centres;
- the performance indicators and targets fixed specially in respect of reproductive and child healthcare, immunization and disease control programmes were achieved; and
- the available funds were optimally utilized for the intended purpose.

### **3.1.5 Audit Criteria**

Audit findings were benchmarked against the following criteria:

- Memorandum of understanding (MOU) signed between the Union Ministry of Health and Family Welfare and the State Government ;
- Mission Guidelines issued by the Union Ministry of Health and Family Welfare ;
- Financial Guidelines and framework for delegation of administrative and financial powers under NRHM; and
- Perspective Plan, Block Plan, District Health Action Plan and State Programme Implementation Plan approved by the National Programme Co-ordination Committee (NPCC).

### **3.1.6 Audit Methodology**

Before commencement of the performance review, an entry conference was held (4 April 2008) with the Mission Director, NRHM, Mizoram wherein, the objectives of the review, scope, methodology and criteria of audit were explained. DHS<sup>1</sup>s, CHC<sup>2</sup>s, PHC<sup>3</sup>s and SC<sup>4</sup>s were selected for test check on the

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<sup>1</sup> **DHS**-District Health Society (1.Lunglei, 2. Lawngtlai and 3. Kolasib)

<sup>2</sup> **CHC**-Community Health Centre (1.Hnathial, 2.Chawngte and 3.Vairengte)

<sup>3</sup> **PHC**-Primary Health Centre (1.Lungsen, 2.Hawlong, 3.Lungpher, 4.Bualpui, 5.Bilkathlir, 6.Lungdai.)

<sup>4</sup> **SC**-Sub Centre (1.Lungsen, 2.Haulawang, 3.leite, 4.Tuipui D, 5.Phairuang, 6.Hnahchang, 7.Chawngte-P, 8.Chawngte-C, 9.Bualpui, 10.Siachangkawn, 11.Lungpher, 12.Lungzarhtum, 13.Vairengte, 14.Phaisen, 15.Bilkhawthir, 16.Chawnpui, 17.Lungdai, 18.Serkhan.)

basis of random sampling. An exit conference was held (4 November 2008) with the Joint secretary, Health Department and the replies of the Department have been incorporated in the review at appropriate places.

### ***Audit Findings***

The review of implementation of NRHM in the State revealed that the State Mission has done a commendable job in controlling tuberculosis and leprosy. The review also revealed short release of funds, non release of State matching share, under utilisation of the available funds, mismanagement of funds, shortage of manpower in key posts, inadequate infrastructural facilities, arbitrary procurement practices, insufficient stock of drugs and vaccines, lack of attention to endemic areas, undue financial benefit to the suppliers, diversion of funds and non fulfillment of the objectives of the scheme. Audit findings in detail are discussed in the succeeding paragraphs.

### ***3.1.7 Planning***

#### ***3.1.7.1 Baseline Survey and Preparation of Plan***

NRHM strives for decentralized planning and implementation arrangements to ensure that need based and community owned District Health Action Plans form the basis for interventions in the health sector. The districts were, thus, required to prepare a Perspective Plan for the entire Mission period (2005-12) as well as an annual plan consisting of (a) RCH, (b) Additionalities under NRHM, (c) Immunisation, (d) Revised National Tuberculosis Control Programme, (e) National Vector Borne Disease Control Programme, (f) Other National Disease Control Programmes and (g) Inter-sectoral issues of the mission based on a mapping of services, household and facility surveys. As per the NRHM framework, a Project Implementation Plan (PIP) was to be prepared annually by the State Health Society by aggregating the annual District Health Action Plan of each district. The National Programme Coordination Committee (NPCC) at the Union Ministry of Health and Family Welfare was to appraise the PIP and after incorporating the feedback of the NPCC, the PIP was to be approved by the GOI.

The performance review revealed that household surveys and facility surveys were not conducted during 2005-07. It was only in 2007-08 that the facility survey was conducted by the staff of the health department. These staff were, however, not imparted any specific training on the basic modalities of the survey. Further, the Perspective Plan (2005-12), State PIP for 2005-06 and District Health Action Plan for 2005-07 were not prepared. However, State PIP for 2006-07 was prepared based on the feedback received from the district level and the PIP for 2007-08 was prepared based on the appraisal of the District Health Action Plans.

In the absence of complete household and facility surveys and without database on surveys, a meaningful assessment of the pre-NRHM status of

availability of health care services and the identification of the gaps for future interventions based on relative need analysis could not have been formulated. At the very outset, this raises questions about the efficacy of the planning process of the State Mission.

### 3.1.8 Financial Management

#### 3.1.8.1 Funding Pattern

Funds were released by the GOI to the State through two separate channels, viz. the State Finance Department and directly to the State Health Society on the basis of approved PIPs. During 2005-07, the programme was entirely funded through grants from the GOI to the State. From the Eleventh Plan Period (2007-12) onwards, the State is to contribute 15 per cent of the required funds.

#### 3.1.8.2 Financial Outlay and Expenditure

Funds released by the GOI and the Government of Mizoram (GOM) and expenditure incurred on NRHM during 2005-08 is shown in the table below:

**Table 3.1**

(Rupees in crore)

Year	Opening Balance	Funds received from		Interest accrued	Total Fund available	Expenditure	Unspent balances (out of State budget) surrendered to GOM	Unspent balance of GOI funds (+) Excess/ (-) Savings
		GOI	GOM					
2005-06	4.13	25.20	36.49	0.05	65.87	49.02	3.02	(-) 13.83
2006-07	13.83	31.40	40.83	0.07	86.13	66.74	1.14	(-) 18.25
2007-08	18.25	53.93	42.80	1.00	115.98	97.20	1.58	(-) 17.20
<b>Total</b>		<b>110.53</b>	<b>120.12</b>	<b>1.12</b>	<b>235.90</b>	<b>212.96</b>	<b>5.74</b>	<b>17.20</b>

Source: -Annual Accounts of State Mission, NRHM.  
Information furnished by the Director, Health Services.  
Reasons for savings were not on record.

#### 3.1.8.3 Non release of State matching share

As per the MOU signed between the State Government and the GOI, the State Government was to contribute 15 per cent of the funds released by the GOI for 2007-08 and State share on health budget was to be increased by at least 10 per cent every year during the Mission period (2005-12). The State Government failed to release (2007-08) its share of Rs. 3.51 crore. The commitment on increasing its budgetary allocation was also not met, as the increment was well below four per cent for the years 2005-08.

### 3.1.8.4 Expenditure on management cost

As per the guidelines, up to six *per cent* of the total annual work plan for the year can be utilized for contractual engagement of personnel with new skills under management cost.

During the years 2006-08, Rs. 8.17 crore was incurred on management cost against the admissible limit of Rs. 2.91 crore (six *per cent* of 48.40<sup>5</sup> crore) on the salary of Medical Officer (MO), Auxiliary Nursing Midwife (ANM), Staff nurse, Lab Technician etc.

The Department stated (November 2008) that the management cost was not in excess of six *per cent* of total budget, and insisted that the expenditure incurred in respect of the salary of ANM, Lab Tech, Staff nurse and Medical Officer should not be booked under the management cost.

However, since this staff were employed on contractual basis, their salary will form part of management cost. The Department, therefore, exceeded the cost norm in this regard.

### 3.1.9 Programme Implementation

#### 3.1.9 .1 Infrastructure facilities

According to the NRHM norms, one Sub Centre (SC), one Primary Health Centre (PHC) and one Community Health Centre (CHC) are to be established for every 3,000, 20,000 and 80,000 population respectively in tribal/desert areas.

There were 366 SCs, 57 PHCs and 9 CHCs prior to launching NRHM in the State against the rural population of 4.45 lakh, which was far in excess of the norms for which, the Mission had to bear an extra expenditure of Rs. 74.35 lakh per year as shown below:

**Table-3.2**

Details	Requirement as per norm	Actual number of centres	Excess	Annual Untied grant plus Annual maintenance grant (Rs)	Annual expenditure on excess centres (Rs)
SCs	148	366	218	10,000 + 10,000	43,60,000
PHCs	22	57	35	25,000 + 50,000	26,25,000
CHCs	6	9	3	50,000 + 1,00,000	4,50,000

Source: Mission Director, NRHM, Mizoram

The Department admitted during the exit conference that the centres are more than the norm due to hilly terrain, scattered villages and poor communication facilities. The objective of providing accessible health care in hilly and remote areas, however, was not achieved, since these centres were not equipped with adequate staff as per norms as brought out below:

<sup>5</sup> Rs. 48.40 crore was the total approved outlay for 2006-08 of the programme.

Based on the prescribed staffing norms of the Indian Public Health Standard (IPHS), the CHCs, PHCs and SCs are to be manned and equipped with sufficient basic physical infrastructure and essential equipment to provide essential/specialist services.

As against these norms, scrutiny of the test checked centres revealed shortages in manpower (especially medical officers including specialists and paramedical staff) for providing basic/ specialist services, as reflected in the table below:

**Table: - 3.3**

Category of Centres	Manpower required (as per IPHS norm) in test checked centres		Manpower in position in test checked centres		(-) Shortage / (+) Excess	
	Medical Officers/ Specialists	Paramedical Staff	Medical Officers/ Specialists	Paramedical Staff	Medical Officers/ Specialists	Paramedical Staff
Community Health Centres (CHCs)	21 (7 each x 3 CHCs)	39 (13 each x 3 CHCs)	9	47	(-) 12	(+) 8
Primary Health Centres (PHC)	12 (2 each x 6 PHCs)	54 (9 each x 6 PHCs)	5	33	(-) 7	(-) 21
Sub Centres (SC)	Nil	36 (2 each x 18 SCs)	Nil	43	Nil	(+) 7

Source: CHCs, PHCs and SCs

Scrutiny of the records also revealed that the test checked centres had not been provided with the requisite basic physical infrastructure and essential equipment as discussed below:

**Community Health Centres (CHCs)**

None of the three CHCs test checked had any accommodation facilities for families of admitted patients. Although Operation Theatres (OT) were available in all the three CHCs, except for some minor surgeries in Chawngte CHC, no surgeries were done in the other two CHCs mainly because of the absence of Surgeons and Anaesthetists. None of these OTs had been provided with any light and air-conditioning facilities, which are the essential features of any OT. Although labour rooms were available in all the three CHCs, there was no Gynaecologist. In two out of three CHCs, working space was inadequate, which indicated lack of proper planning and estimation of space. None of the CHCs had any male and female specialists, and all three centres inspected did not have the essential equipment<sup>6</sup> required to run the centres.

<sup>6</sup> Essential equipment (like Boyles apparatus, EMO machine, Cardiac machine for OT, Defibrillator for OT, Ventilator for OT, Horizontal High Pressure sterilizer, OT care/ fumigation apparatus, Oxygen Cylinders, Stretcher on trolley and Medicine cabinet etc)



***Primary Health Centres (PHCs)***

Counter for distribution of family welfare materials like contraceptives, intra uterine devices, condoms etc., was not available in the test checked PHCs. Services pertaining to cataract surgery, ante-natal clinics, facilities for tubectomy and vasectomy, management of low birth weight women, extension of AYUSH services and indoor beds for pediatric patients were also not available. Only two of the PHCs had OT facilities, and none of the six PHCs had conducted immunisation services.

***Sub Centre (SC)***

A majority of the SCs test checked did not have the wherewithal to render essential/ specialist services like intra-natal care (10 SCs), new born care (seven SCs), school health programme (12 SCs), adolescent health care (11 SCs) and 24 hours service for referral of complicated cases of pregnancy/delivery (12 SCs). None of the centres were stocked with two months essential medicines, and 14 of the 18 SCs test checked were yet to record a doctor's visit.

Thus, though the number of centres were above the prescribed norms, yet they were not able to function effectively due to the absence of the required manpower and other infrastructural facilities.

The Department admitted the facts and stated (November 2008) that the absence of required manpower had impeded the performance of the mission and that creation of posts and procurement of equipment and infrastructure was already under process.

***3.1.9.2 Reproductive Child Health (RCH)***

RCH programme is being implemented in the State since 1998 with a view to improving the coverage of timely and quality antenatal care (ANC) services, strengthening maternal health services to ensure safe delivery, promoting immediate and exclusive breastfeeding and complementary feeding for children, increasing timely and quality immunisation services, increasing access to and utilisation of family planning services, and improving adolescent health. The RCH programme provides for a trimester antenatal care check up. The first at the time of suspected pregnancy followed by the second and the third check up at an interval of 26 weeks and 32 weeks. A minimum of two postnatal care (PNC) after delivery is prescribed under the programme. As per the information furnished by the State Mission (July 2008), the physical performance under RCH for the years 2005-08 is shown in the table below:

**Table – 3.4**

Component	Status		
	2005-06	2006-07	2007-08
Pregnant Women /ANC Registered	20958	22610	26006
No. of 3 ANC/ (percentage)	18010 (86)	19315 (85)	18800 (72)
Total Deliveries (Home + Institutional)	18847	20309	24813
Institutional Deliveries/( percentage)	12689 (67)	14418 (71)	18922 (76)
No. of Maternal Deaths/(MMR <i>per</i> Lakh)	5 (27)	4 (20)	15 (60)
No of PNC/ (percentage)	16851 (89)	18096 (89)	12469 (50)
No. of Infant Deaths/( IMR <i>per</i> 1000)	184 (10)	258 (13)	608 (25)
No. of Child Deaths (1 year – 5 years)	NA	122	130
No. of Sterilizations	2217	2223	2133
No. of cases where >3 child births / (percentage)	7478 (40)	8039 (40)	9137 (37)
No. of IUD insertions	2479	2468	2199

Source: Mission Director, NRHM.

It can be seen from the above table that against the norms prescribed, the coverage of at least three ANC services for registered pregnant women and thereafter PNC check up after delivery, has declined between the years 2005-06 and 2007-08, while the MMR<sup>7</sup>, IMR<sup>8</sup> and infant and child deaths have increased. The number of sterilization cases has also decreased to 2133 (2007-08) from 2217 (2005-06), and IUD insertions too have fallen to 2199 (2007-08) from 2479 (2005-06).

The performance of RCH programme was reportedly impeded by the lack of adequate ANMs<sup>9</sup> and MPWs<sup>10</sup>, inadequate motivation and lack of utilisation of trained female community health workers i.e. Accredited Social Health Activist (ASHA) network to be provided in each village, insufficient and irregular supply of essential drugs, contraceptives, vaccines, equipment etc. to health centres, low IEC activities, and shortage of manpower in key functional posts.

### **3.1.9.3 Routine Immunisation**

Immunisation programme was launched in the State to raise the level of immunisation for reducing morbidity and mortality rates due to vaccine preventable diseases (VPD), and also to eradicate polio to ensure zero transmission. A fully immunized infant is one who has received BCG, three doses of DPT, three doses of OPV and Measles before one year of age.

<sup>7</sup> MMR-Maternal Mortality Rate

<sup>8</sup> IMR- Infant Mortality Rate

<sup>9</sup> ANM-Auxiliary Nursing Midwife

<sup>10</sup> MPW-Multipurpose Worker

The year wise target and achievement of routine immunization is shown in table below:

**Table-3.5**

Year	Nos. of total live birth	Target	Achievement				Fixation of target w.r.t infants available
			BCG	Measles	DPT	OPV	
2005-06	18847	20918	20890	19041	19563	19536	(+) 2071
2006-07	20309	20968	22242	18884	22359	22329	(+) 659
2007-08	24813	20699	21820	20273	20903	20555	(-) 4114

Source: Mission Director, NRHM, Mizoram

It would be seen that against 18847, 20309, and 24813 nos. of infants in the age group of 0-1 years during the years 2005-06, 2006-07 and 2007-08 respectively, the target fixed for 2007-08 was far below the actual number of children in the State. Notwithstanding the fact that the target fixed for 2005-06, 2006-07 were in excess of the total live births for these years, the achievement on immunisation doses administered on record were incredibly on the higher side. During 2007-08 although the Department claimed over 97 per cent achievement, actual achievement was much lower than projected as can be inferred from the table above wherein for the year 2007-08 the exclusion amounted to as many as 4114 children.

The Department stated (November 2008) that the target includes total live births in a year and a number of children below one year, born in the previous year, who had not been fully immunized were also included, which indicates that the target fixed for 2007-08 was far below the requirement.

Scrutiny of the records also revealed that the number of AD syringes utilised was much less than the immunisation coverage during the years 2006-08, as shown in the table below:

**Table-3.6**

Year	Requirement of AD Syringes against achievement (0.5 ML)						AD Syringes actually used	Shortfall in AD Syringes used	
	TT-I & II (PW)	DPT	DT	TT 16	TT 10	Measles			Total AD Syringes needed w.r.t. achievement
2006-07	39952 (19976x2)	67077 (22359x3)	25377	18335	22180	18884	191805	76770	115035
2007-08	41306 (20653x2)	62709 (20903x3)	18853	17964	19099	20273	180204	63721	116483
Total	81258	129786	44230	36299	41279	39157	372009	140491	231518

Source: State Mission, NRHM.

As can be seen from the table above, against the total requirement of 3,72,009 AD syringes for immunisation, the Mission actually used 1,40,491 syringes during the years 2006-08. With the prescription of single syringe usage per child, the actual immunisation coverage could not have exceeded 1,40,491.

This alone raises serious doubts on the veracity of the achievement of the immunisation coverage claimed by the State Mission.

The Department stated (November 2008) that due to short supply of AD syringes by the GOI, re-usable glass syringes were used instead. The contention of Department could not be verified. If indeed the Department was using reusable glass syringes, it was exposing the rural population to the risk of transmission of diseases like HIV and compromising on the basic principle of safety and disposal of syringes, especially when adequate funds were available with the State Mission.

#### 3.1.9.4 Pulse Polio Immunisation

The basic aim of conducting Supplementary Immunisation Scheme (SIS) is to reach all under 5 years children with potent vaccine in each round. The main strategy to achieve it is by offering (i) immunization to all children at booth on the first day, (ii) follow up on missed children through house to house immunization teams and (iii) immunize children in transit through transit teams deployed throughout the duration of booth and house to house immunization activities.

Intensive Pulse Polio Immunisation (IPPI) is to be conducted in the State every year in two rounds. The Mission had not conducted any survey to identify the number of children (0-5) and in the absence of baseline survey, the basis for fixation of targets remained adhoc. However, based on population of the State, the number of children of different age groups during 2005-06 to 2007-08 was higher than the target fixed and the achievement claimed by the Department was not correct, as shown in the table below:

**Table-3.7**

Year	Popula- tion	Target to be fixed for 0-5 year as per evaluation based on population (number of children – 0-5 years = 0.14 x population)	Target fixed by the State	Shortfall in the target	Achievement	Shortfall in achieve- ment
2005-06	876304	122683	117318	5365	115032	7651
2006-07	944802	132272	115397	16875	115114	17158
2007-08	948390	132775	123809	8966	117423	15352

Source: Mission Director, NRHM, Mizoram

The Department has accepted the fact and stated (November 2008) that shortfall is being covered in the subsequent round.

#### 3.1.9.5 Mismatch of data between State Mission and test checked Districts

A comparison of records of the State Mission with those of the three test checked districts revealed that the achievement figures reported under the RCH by the State Mission did not agree with those furnished to audit by the three District Health Societies as shown in the table below raising serious

doubts on the credibility of the data furnished by the State Mission. Similar discrepancies were also noticed in respect of Pulse Polio Immunisation and routine immunisation between the data reported by the State Mission and that reported to audit by the three test checked District Health Societies.

**Table-3.8**

Component	Status of Test checked districts as reported by Mission Director to audit			Data as reported by test checked Districts to audit		
	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
ANC /PW Registered	5663	6589	7994	5854	6893	7560
No. of 3 ANC	4329	5055	5615	2817	3285	3918
Total Deliveries	5217	5888	6108	5263	5713	5532
Institutional Deliveries	3167	3835	4117	3233	4002	3799
No. of Maternal Deaths	2	1	5	NA	NA	NA
No of PNC	4932	5339	-	4566	5201	4949
PNC within 48 hrs. of delivery	NA	NA	1751	NA	NA	NA
PNC 2-14 days of delivery	NA	NA	2078	NA	NA	NA
No. of Infant Deaths	77	72	223	NA	NA	NA
No. of Child Deaths	NA	56	47	NA	NA	NA
No. of Sterilizations	697	662	605	714	638	554
No. of cases where >3 child births	2113	2298	2262	NA	NA	NA
No. of IUD insertions	410	368	554	428	373	767

Such discrepancies in achievement figures indicate lack of effective monitoring of the performance at grass root levels. Further, in the absence of reliable data, the reported achievement under these programmes could not be authenticated in audit.

The Department admitted the facts and stated (November 2008) that close monitoring will be done henceforth.

### **3.1.9.6 Information, Education and Communication (IEC)**

For the purpose of conducting healthcare awareness, a variety of activities involving communities as well as media is to be undertaken, for which, funds are to be equally spent at State, District and Sub- District level. Out of Rs. 75.33 lakh spent on IEC during 2005-08, Rs. 61.41 lakh (81.5 per cent) was spent at State level. Although the skewed distribution of funds for IEC was contrary to the prescribed norms, the intended impact of creating awareness by sponsorship of popular programmes through local media has had a State-wide impact.

### 3.1.10 Disease control programmes

The disease control programme under NRHM comprises of six<sup>11</sup> components. The findings on implementation of the disease control programmes are discussed in the succeeding paragraphs.

#### 3.1.10.1 Revised National Tuberculosis Control Programme (RNTCP)

The RNTCP was launched and implemented in the State from March 2003. The outcome of treatment under RNTCP is shown in the table below:

**Table:-3.9**

Year	TB patients registered	Cured + treatment completed	Died <sup>12</sup>	Failures <sup>13</sup>	Defaulters <sup>14</sup>	Transf - erred out	Cure rate (percentage)
2005-06	591	509	27	28	27	NIL	86
2006-07	551	501	12	15	23	NIL	91
2007-08	548	498	13	26	11	1	91

Source: State Mission, NRHM.

It is evident from the above table that the percentage of patients cured has increased from 86 *per cent* (2005-06) to 91 *per cent* (2007-08), which indicates satisfactory achievement in control of tuberculosis in the State.

#### 3.1.10.2 National Leprosy Eradication Programme (NLEP)

The NLEP, Phase -II was launched in the State from 2001 with a view to eradicating leprosy from the State. Year wise physical achievement under NLEP is shown in the table below:

**Table:-3.10**

Year	Total no. of cases at the beginning of the year	Total no. of cases detected	Total no. of cases treated/cured (percentage)	Total no. of cases at the end of the year
2005-06	10	24	18 (53)	16
2006-07	16	20	23 (64)	13
2007-08	13	26	21 (54)	18

Source: State Mission, NRHM.

It would be seen from the above table that the percentage of cases treated/cured increased from 53 *per cent* in 2005-06 to 64 *per cent* in 2006-07,

<sup>11</sup> Six components. i) National Programme for Control of Blindness (NPCB), ii) National Vector Borne Disease Control Programme (NVBDCP), iii) National Leprosy Eradication Programme (NLEP) iv) National Iodine Deficiency Disorder Control Programme (IDDCP), v) Integrated Disease Surveillance Project (IDSP) and vi) Revised National Tuberculosis Control Programme (RNTCP).

<sup>12</sup> Patient died from the TB disease

<sup>13</sup> Patients not successfully treated

<sup>14</sup> Patients left the treatment in between

but came down to 54 *per cent* in 2007-08. The overall trend of physical achievement was, however, satisfactory.

### **3.1.10.3 National Iodine Deficiency Disorder Disease Control Programme (NIDDCP)**

The NIDDCP was launched in the State since 1987. The main objective of the programme was to conduct survey of IDD prevalence; ensure consumption of iodised salt with not less than 15 PPM (Part per million) by creating public awareness.

Year wise physical achievement under NIDDCP is shown in table below:

**Table:3.11**

Year	Monitoring of Iodised salt			
	No. of samples tested (By MBI Kit)	Samples above 15 PPM (percentage)	No. of samples tested (By Titration method)	Samples above 15 PPM (percentage)
2005-06	27,030	26,050 (96)	430	413 (96)
2006-07	35,647	34,500 (97)	480	465 (97)
2007-08	Nil	NIL	582	571 (98)

It would be seen from the above table that percentage of sample test above 15 PPM has been increased from 96 *per cent* (2005-06) to 98 *per cent* (2007-08) which represents a positive achievement.

### **3.1.10.4 National Programme for Control of Blindness (NPCB)**

The NPCB was launched (1976) in the State with 100 *per cent* Central assistance with the objectives of (a) providing quality eye care to the affected population; (b) expanding coverage of eye care services to the underserved areas; (c) reducing the back log of blindness by identifying and providing services to the affected population; and (d) developing institutional capacity for eye care services by providing support for equipment and material and training of personnel.

The physical achievement of cataract surgeries during 2005-08 is shown in the table below:

**Table-3.12**

District	2005-06		2006-07		2007-08	
	Target	Achievement	Target	Achievement	Target	Achievement
Aizawl West	200	195	300	306	400	55
Aizawl East	200	308	300	151	400	245
Serchhip	60	45	80	66	300	86
Lunglei	200	171	250	231	400	204
Lawngtlai	60	21	80	49	300	97
Saiha	60	23	80	85	300	84
Champhai	100	36	150	148	400	190
Kolasib	60	77	80	51	300	126
Mamit	60	15	80	65	300	59
Total	1000	891	1400	1152	3100	1146
Achievement in per cent		89		82		37

Source: State Mission, NRHM.

With regard to the targets, the percentage of achievement fell from 89 per cent (2005-06) to 37 per cent (2007-08), even though sufficient funds were lying unspent every year with the State Mission. The basis for fixing of targets, however, could not be ascertained in audit, in the absence of the basic survey and surveillance data.

The Department accepted the fact and stated (November 2008) that shortfall in cataract surgeries against the target was due to the non availability of Eye surgeons.

### 3.1.10.5 National Vector Borne Disease Control Programme (NVBDCP)

The NVBDCP was launched in the State to reduce morbidity and mortality due to malaria and other vector borne diseases, and to increase Annual Blood Examination Rate (ABER), to cover targeted population by indoor residual spray of DDT, and to provide diagnosis and treatment facilities in all villages, blocks, PHCs and SCs.

The incidence of malaria in the State indicated an upward trend from 2004 onwards and the number of deaths due to malaria increased from 72 in 2004 to 120 in 2006. The details of Blood Slide Examination (BSE), ABER, positive cases, P. Falciparum cases and death cases during 2004 – 2008 are shown below:

**Table-3.13**

Year	Malaria					
	BSE	ABER (in per cent)	Positive	PF	PF (per cent)	Deaths
2004	217316	24	7830	4170	53	72
2005	218961	24	10741	6290	59	74
2006	218072	24	10650	6956	65	120
2007	154045	16	6081	4189	69	75
2008 (up to 03/08)	28781	3	711	554	78	11

Source: Mission Director, NRHM.



As per guidelines, the ABER was to be increased to 10 *per cent* of the target population under surveillance. The programme has fallen short on this count. This has also distorted the performance in terms of Positive and PF case detection. For instance, the apparent drop in terms of absolute number of cases for positive and PF cases detected can be attributed to the ABER rate falling from the previous years *i.e.* had the number of blood sample examination increased significantly, the number of cases detected as malaria positive and PF cases would have also been higher. Although some indicators seem to reflect a positive trend *e.g.* deaths due to Malaria dropping to 75 (2007) from 120 (2006) in absolute terms, the incidence of drop in deaths due to malaria proportionate to the number of PF cases has not been significant. That is, the percentage of deaths due to malaria vis-à-vis the total number of PF cases in 2006 is actually 1.73 *per cent* as compared to 1.79 *per cent* in 2007.

### 3.1.10.6 Short receipt of DDT Powder

Adequate and timely spraying of DDT is an important component of the vector borne disease control programme. Of the total number of 2412 bags (120.60 MT) of DDT issued during 2005-08 to the three CMOs (Lunglei, Lawngtlai and Kolasib) for the coverage of targeted villages with a mandatory requirement of two rounds of spraying schedule, only 1069 bags (53.45 MT) were reported as received by the CMOs. Despite the short receipt of DDT powder, the Department claimed that it had fully covered the 186, 161 and 53 villages for 2005-08. The Department could not furnish information on the targeted population for 2007-08. However, even with the available information for two years *i.e.* 2005-2007, the claim of the Department of having covered the entire targeted population appears to be doubtful.

**Table 3:14**

District	Targeted population		DDT Requirement <sup>15</sup> (MT) 2 round @ 15MT <i>per</i> lakh population	Quantity issued Error! Not a valid link.		Error! Not a valid link.(DDT in MT)		Error! Not a valid link.(DDT in MT)	
	2005-06	2006-07		2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
Kolasib	0.79	0.79	23.70	16.40	8.20	4.40	6.50	12.00	1.70
Lawngtlai	0.68	0.68	20.40	16.55	16.85	2.95	8.20	13.60	8.65
Lunglei	1.22	1.22	36.60	27.80	28.30	4.00	20.90	23.80	7.40
<b>Total</b>	<b>2.70</b>	<b>2.70</b>	<b>80.70</b>	<b>60.75</b>	<b>53.35</b>	<b>11.35</b>	<b>35.60</b>	<b>49.40</b>	<b>17.75</b>

The Department stated (November 2008) that the balance DDT powder (1343 bags) issued to the districts was dumped enroute at the CHCs and PHCs to avoid further transportation from district headquarters. The reply was not substantiated with any records indicating separate center-wise receipt

<sup>15</sup> For coverage of one lakh population with two round of spray, 15 tonnes of DDT-50% is required. (2 years @ 15MT /1 Lakh population)

accompanied with their utilization. The shortfall in receipt of DDT by the CMOs against the required amount as per prescribed norms for 2005-07, was 33.75 MT which would have adversely affected the achievement of insecticide spray programme for control of malaria in this high risk State.

### **3.1.11 Village Health and Sanitation Committees**

Village Health and Sanitation Committees (VHSC) were created mainly to generate public awareness on health and nutrition activities, maintain village health registers, health information board and prepare village health plan etc. Although 786 VHSCs were formed (March 2008) with an expenditure of Rs. 77.30 lakh (2007-08) towards untied fund (meant for creating revolving fund), the VHSCs had not maintained village health registers nor was any revolving fund created by the test checked VHSCs in the three districts.

The Department accepted the facts mentioned above and assured (November 2008) that all VHSCs would be instructed to carry out their mandated functions henceforth.

### **3.1.12 Rogi Kalyan Samiti**

Rogi Kalyan Samitis (RKS) were to be formed in each health centre to upgrade the rural hospitals, CHCs, PHCs and SCs to the Indian Public Health Standard (IPHS) to provide sustainable quality health care with people's participation and to make the community accountable and responsible for running these centres. Financial support of Rupees five lakh to each rural hospital and Rupees one lakh to each CHC and PHC was to be released annually by the GOI, only when the State Government authorised the RKSs to retain the user charges.

Scrutiny of the records of the Mission Director revealed that Rs. 1.10 crore was released to the RKSs (74<sup>16</sup>) in 2006-07 (Rs. 11 lakh) and 2007-08 (Rs. 99.64 lakh) without insisting on the retention of user charges which was in contravention of the NRHM guidelines. Records of essential activities to be performed by the RKSs (e.g. formation of monitoring committee, collection of patient's feedback, displaying citizens' charter, etc) were non-existent.

In the absence of community participation in monitoring the patient's welfare activities, the sustainability and permanency of the proposed decentralized community ownership remained largely unfulfilled.

The Department, while admitting the facts stated (November 2008) that necessary corrective action would be initiated on the functioning of the RKSs. However, as regards the retention of users charges at institutional level, the Department stated that this could not be done in the absence of the State Government concurrence.

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<sup>16</sup> 8 district hospitals, 9 RKSs at CHCs and 57 RKSs at PHCs level

### **3.1.13 Availability of medicines**

Procurement of medicines is centralised under the Mission. The Mission Director entered into (January 2007) a Memorandum of Understanding (MOU) with a Chennai based firm for purchase and supply of medicines and an advance payment of Rs. 1.11 crore was made. Although there were delays<sup>17</sup> in supply of medicines ranging from 1 month to 11 months, no penalty was imposed on the firm by invoking the penal clause incorporated in the MOU.

Of the required 152 items of medicines to be supplied by the firm, the firm supplied only 85 items of which, 25 items of medicines were received short of the ordered quantity. It was also noticed that the quantity of 25 items of medicines were entered in the stock by inflating the quantities actually received/supplied by the firm and were recorded as issued to different CMOs. Neither stock certificate was recorded on the body of the bills nor any physical verification of stock made (July 2008). This was apparently done with the deliberate intention of recording a wider coverage of beneficiaries.

On further scrutiny, it was observed that 47 items of medicines were not labeled with manufacturing date and 5 items without manufacturing and expiry date.

The above facts point at serious flaws in the procurement process of essential items like medicines. Failure of the firm in meeting its supply commitments obviously had an adverse impact on the availability of medicines in various CHC, PHC SCs.

### **3.1.14 Diversion of funds**

During March 2006, the Mission Director procured different equipment worth Rs.1.14 crore for nine First Referral Unit (FRUs), without calling for tenders and ascertaining the market rate. Despite the fact that not a single CHC was upgraded to a First Referral Unit (FRU), all the equipment procured was distributed to different District Hospitals, CHCs and PHCs which were not eligible as these were yet to be upgraded to FRUs.

The Mission Director stated (April 2008) that the upgradation of CHCs to FRUs staffed with adequate manpower was under way. However, the Director could not explain the reasons for procurement of these equipment in advance well before the establishment of FRUs. As a result, the equipment procured at an expenditure of Rs. 1.14 crore, remained idle and unproductive for more than two years.

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<sup>17</sup> The Mission Director entered in to MOU in January 2007. No specific supply order was placed to firm. The firm placed order to different laboratory in April 2007 and presumed that tender process was completed in April 2007. Therefore, liquidated damages at the rate of 0.5 per cent per month was calculated for 11 months (September 2007 to July 2008).

The Department accepted the facts and stated (November 2008) that due to the skeletal infrastructure in health centres, the necessary equipment was procured to upgrade the health institutions. The reply is not acceptable as the equipment was procured for the FRUs. Clearly, the equipment was procured only to utilize the available funds.

### ***3.1.15 Procurement of instruments***

Between March 2006 and November 2007 the Mission Director purchased instruments of different specifications worth Rs.1.49 crore without floating any tenders or ascertaining the market rate and without assessment of requirements of equipment for the health centres.

The instruments, issued to different health centres, were lying unutilized since their supply, rendering the entire expenditure unproductive.

The Department accepted the facts and stated (November 2008) that due to the skeletal infrastructure in health centres, the equipment was procured with Government approval so that CHCs could be upgraded to FRUs. The reply does not disclose the reasons for the equipment lying unutilised.

### ***3.1.16 Monitoring and evaluation***

NRHM envisages an intensive accountability framework through a three tier process of community based monitoring, external surveys and stringent internal monitoring. The Management Information System (MIS) has to incorporate a provision for correlation of village level data with community based information from micro-planning and surveys. However, such an MIS had not been developed.

The Department admitted the facts and stated (November 2008) that all the concerned officers had been instructed to monitor and evaluate the activities in their respective fields. It was further stated that a specific monitoring and evaluation system was being developed for proper monitoring of the programme.

### ***3.1.17 Conclusion***

The overall performance of the Mission at the mid-course was not very satisfactory. The review underscored glaring gaps in planning and programme implementation. The State Mission failed to conduct household / facility survey, which constitutes the most crucial element of the planning process upon which the very edifice of the Mission rests. The credibility and the basis on which the State PIP was formulated is questionable. In terms of infrastructure readiness, the majority of the centres did not have the basic equipment and drugs. The set back experienced by the Mission till date is largely attributable to the manpower shortage and the absence of appropriate

functionaries at all tiers of the implementation structure. The overall management of the Mission was also impeded by the absence of baseline data and other relevant indices to facilitate performance evaluation.

### ***3.1.18 Recommendations***

For delivery of quality rural health care services in the State, the State Mission should take the following steps:

- Planning should follow a bottom-up approach and community involvement should be ensured in the planning process;
- Household and facility surveys at village, block and district level need to be conducted at regular intervals and gaps in health care services should be identified and appropriate corrective action taken;
- Awareness should be created among the public to ensure accountability at various levels;
- The State Government should ensure availability of the required manpower before establishment and/ or upgradation of health centres; and
- Monitoring and supervision of the Mission activities should be strengthened by establishing monitoring and planning committees at all levels, as envisaged in the Mission guidelines.

## HORTICULTURE DEPARTMENT

### 3.2 Technology Mission for Integrated Development of Horticulture

#### *Highlights*

*Technology Mission for integrated development of horticulture in Mizoram was launched as a Centrally Sponsored Scheme in 2001-02 with the specific objectives of improving productivity and quality of horticulture crops, reducing post harvest losses by improving marketability of the produce and making it available to consumers. A performance audit of the programme brought out the following main points.*

**The Department had no perspective plan nor were there any district/block level plans and funds were allotted to different districts without considering their absorption capacity.**

*(Paragraph 3.2.8)*

**The Mission (MM-II) has made significant impact in diversification and production of horticulture crops like passion fruit and promotion and production of anthurium and rose.**

*(Paragraph 3.2.11.1)*

**Retention of unspent balances ranging from Rs.2.09 crore to Rs.13.54 crore at the end of each year from 2001-02 to 2007-08 indicated that funds were mobilized by the Department much in excess of actual requirement and without assessing its absorption capacity.**

*(Paragraph 3.2.9.5)*

**The Department failed to adopt cluster area expansion approach, which is the main thrust of the programme.**

*(Paragraph 3.2.11.5)*

**The under developed districts were not given adequate priority under MM-II and MM- III and very few markets were constructed in these districts under MM-III.**

*(Paragraph 3.2.12.2)*

### **3.2.1 Introduction**

To explore the potential of horticulture development in the State, the Centrally Sponsored Scheme on Technology Mission for Integrated Development of Horticulture was launched by the GOI in the State in 2001-02.

#### **3.2.1.1 Components of the Mission**

The Technology Mission (TM) has four Mini-Missions (MM) viz:

##### **i) Mini-Mission-I (Research)**

MM-I aims at supply of nucleus/basic seed and planting materials of horticulture crops, standardisation and refinement of production and protection technologies through on-farm trials. The Indian Council of Agricultural Research (ICAR) is the nodal agency for implementation of MM-I.

##### **ii) Mini-Mission-II (Production and Productivity)**

MM-II consists of (a) area expansion (b) creation of water sources (c) on-farm water management (d) production of planting materials (e) transfer of technology through training (f) popularisation of organic farming and agricultural equipment (g) promotion of integrated pest management (h) establishment of plant health centre etc.

MM-II is coordinated by the Department of Agriculture and Cooperation (DAC), Union Ministry of Agriculture (MOA) and implemented by the Horticulture Department of the State.

##### **iii) Mini-Mission-III (Post-harvesting management, marketing and export)**

MM-III involves strengthening of marketing infrastructure, development of wholesale markets, rural primary markets, post-harvest management, establishment of grading laboratories for ensuring quality control etc.

While the DAC is the nodal department for implementation of MM – III at the Centre, the Mizoram Agricultural Marketing Corporation (MAMCO) has been implementing MM-III in the State.

##### **(iv) Mini Mission-IV (Processing and marketing of processed products)**

MM – IV aims at (a) promotion of new units (b) upgradation and modernisation of existing units, (c) market promotion (d) research and development and (e) human resource development. While MM – IV is coordinated by the Ministry of Food Processing Industries at the Centre, the implementing agency in the State is the Mizoram Food and Allied Industries Corporation (MIFCO).

To ensure proper linkages and coordination among all the four mini-missions, a State Level Steering Committee (SLSC) was constituted to approve, review and monitor all the activities of the Mission.

### 3.2.2 Objectives of the Mission

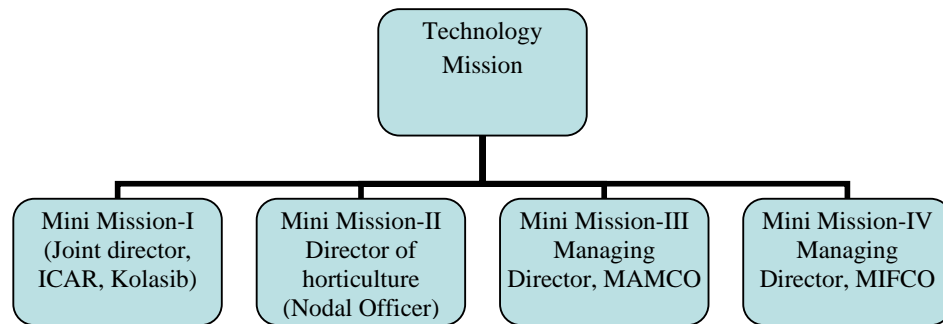
The objectives of the Mission were mainly to:

- improve productivity and quality of horticulture crops through adoption of improved varieties of seeds and technologies,
- reduce post-harvest losses and improve marketability of the produce and its availability to consumers; and
- promote exports and transfer of technology including human resource development.

### 3.2.3 Organisational Set up

The activities under MM-I are being implemented in the State by the Joint Director, ICAR, Kolasib. The Director of Horticulture, Mizoram being the Nodal officer of the Mission and also the Member Secretary of the SLSC, is assisted by two Joint Directors and two Deputy Directors for implementation of MM-II. The activities under TM in the districts are implemented by eight Divisional Horticulture Officers (DHOs). The implementation of MM-III and MM-IV are being done by the MAMCO and MIFCO respectively, as shown below:

**Chart: 3.2**



### 3.2.4 Scope of Audit

The performance audit covered the activities of the Mission during 2001-08 and was conducted during March – June 2008 through a test-check of the records of the Nodal Officer, Technology Mission, MSFAC, the Joint Director, Horticulture, ICAR – Kolasib, Directorate of Horticulture, Mizoram, four (Aizawl, Champhai, Lunglei and Saiha) out of eight DHOs, the Managing Directors of MAMCO and MIFCO (selected through random sampling) covering an expenditure of Rs. 105.55 crore (83 per cent) of the total fund of Rs. 126.96 crore released by the MSFAC to the implementing agency.



### **3.2.5 Audit Objectives**

The audit objectives were to assess whether:

- the State action plan was based on an integrated approach consolidating each of the District level action plans;
- the implementation of the schemes was efficient, economic and effective and as per the approved plan;
- the objective of the Mission to increase the production and productivity of the horticulture crops in the State was achieved;
- efforts under all the mini-missions were integrated to ensure optimum impact of the mission in terms of production, marketing, processing and exports; and
- the monitoring system was adequate and effective.

### **3.2.6 Audit Criteria**

The following audit criteria were used to arrive at audit conclusions:

- Mission guidelines issued by the MOA;
- State Annual Action Plans (AAP) and district AAP;
- Detailed Project Reports prepared by the Department;
- Prescribed monitoring mechanism.

### **3.2.7 Audit Methodology**

The performance review commenced with an entry conference (June 2008) with the Department of Horticulture (DOH) in which the audit objectives, criteria and scope of audit were explained. The units were selected based on random sampling methodology. After the review was completed, an exit conference was held (November 2008) with the Joint Secretary, Government of Mizoram, Horticulture Department to present the audit findings. The views of the Department have been incorporated in the report at appropriate places.

### **Audit Findings**

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

### **3.2.8 Planning**

Proper planning is a *sine-qua-non* for successful implementation of any scheme. The Annual Action Plans (AAPs) were prepared by the Department without formulating any district/block level plans and thus, lacked a bottom-up approach. According to the GOI's instruction (November 2002), members of Autonomous District Councils (ADC) were to be involved in planning, but

no member from the three ADCs of the State were associated in the formulation of plans and the under developed areas of these ADCs were, thus, not given due weightage.

The GOI instructed (March 2003) the State Government to ensure that the State Level Steering Committee (SLSC) discusses with farmers, entrepreneurs, bankers, exporters, buyers and sellers of the horticulture produce/ products before finalization of the action plans, but no such discussions were held, and thus the action plans were devoid of peoples' participation.

Although the Department stated in the exit conference that the State level AAPs were prepared in consultation with all the DHOs, the planning process in effect remained a top down exercise, where discussions and need assessment were consolidated at the Directorate level contrary to the guidelines. District Action Plans were prepared without involving the stake holders viz. Village Councils etc. As a result of this, irrational distribution of funds, low area coverage in the under developed districts and retention of huge amount of funds at the Directorate level were observed in audit. Moreover, there was no convergent planning both at the District and the State level between the Mini Missions. Each of the implementing agencies formulated their action plans in a compartmentalised manner which resulted in mismatch of facilities created with markets remaining unutilized and non-availability of proper storage and marketing facilities, and processing capacity not in consonance with the production targets.

The Department had also not prepared any long-term plan demarcating crop-specific production zones in consultation with the other implementing agencies. Consequently, an integrated development approach was missing.

### ***3.2.9 Financial Management***

#### ***3.2.9.1 Funding pattern***

Funds for MM-I are released by the DAC directly to the ICAR and funds for MM-II, MM-III and MM-IV are routed by the GOI through the Central Small Farmers Agri-Business Consortium (CSFAC) for further release to the Mizoram Small Farmers Agri-Business Consortium (MSFAC) as per the approved plans. The MSFAC was created in June 2000 and was to release funds to the DHOs on the basis of the approved workplans of divisions.

#### ***3.2.9.2 Receipt and Disbursement of funds by MSFAC***

The funds received and disbursed by the MSFAC to the DHOs and other implementing agencies during 2001-08 for implementation of MM-II, MM-III and IV are shown below:

Table:3.15

(Rupees in crore)

Year	Opening balance	Amount received	Total fund available	Amount disbursed	Closing Balance
2001-02	Nil	5.02	5.02	5.02	Nil
2002-03	Nil	12.27	12.27	12.27	Nil
2003-04	Nil	12.13	12.13	12.13	Nil
2004-05	Nil	21.40	21.40	21.36	0.04
2005-06	0.04	19.69	19.73	16.73	3.00
2006-07	3.00	33.95	36.95	23.95	13.00
2007-08	13.00	22.50	35.50	35.50	Nil
<b>Total</b>	-	<b>126.96</b>	-	<b>126.96</b>	-

Source - Information furnished by the MSFAC

Although funds were to be released by the MSFAC to the DHOs and other implementing agencies (IAs) immediately on their receipt, funds ranging from Rs.0.04 crore to Rs.13 crore were retained by the MSFAC at the end of each of the years 2004-07 mainly due to the late release of funds by the GOI.

### 3.2.9.3 Delay in release of funds by the Central SFAC

It would be seen from the table below that funds ranging from 28 per cent to 73 per cent were released by the CSFAC to MSFAC during the last quarter of the year of which, one per cent to thirty eight per cent were released in March. Consequently, the MSFAC and the Department had little time to utilise these within the year of release, which affected the implementation of the programme, and contributed to the retention of huge unspent balance.

Table:3.16

(Rupees in crore)

Year	Total amount released by CSFAC to MSFAC	Fund released by CSFAC during	
		January to March	March
2001-02	5.02	3.67 (73)	---
2002-03	12.27	3.75 (31)	2.73(22)
2003-04	12.13	3.75 (31)	0.15(01)
2004-05	21.40	8.08 (38)	0.04(0.18)
2005-06	19.69	6.75 (34)	3.00(15)
2006-07	33.95	18.00 (53)	13.00(38)
2007-08	22.50	6.25 (28)	---

Note – figures in brackets indicate percentage to total funds released.

Source - Information furnished by MSFAC.

### 3.2.9.4 Irrational distribution of funds

Guidelines required the MSFAC to release funds to DHOs immediately on receipt from the GOI but contrary to this, huge funds were retained in the Directorate as shown below:

Table:3.17

(Rupees in crore)

Year	Funds transferred by MSFAC to:								
	Directorate	Aizawl	Champhai	Kolasib	Lawngtlai	Lunglei	Mamit	Saiha	Serchhip
2001-02	2.83	0.06	0.16	Nil	Nil	0.03	0.20	0.02	Nil
2002-03	3.24	2.89	0.31	Nil	0.05	1.91	1.38	0.80	Nil
2003-04	4.41	1.95	1.03	0.19	0.22	0.90	0.79	0.53	0.41
2004-05	8.47	2.35	1.95	1.14	0.49	0.50	1.21	0.61	0.98
2005-06	8.42	1.15	3.90	0.50	0.64	0.44	0.59	0.34	0.71
2006-07	19.28	0.68	1.02	0.33	0.24	0.23	0.67	0.19	0.36
2007-08	32.34	0.55	0.25	0.25	0.09	0.16	0.14	0.06	0.16
<b>Total</b>	<b>78.99</b>	<b>9.63</b>	<b>8.62</b>	<b>2.41</b>	<b>1.73</b>	<b>4.17</b>	<b>4.98</b>	<b>2.55</b>	<b>2.62</b>

Source: Records of the Directorate of Horticulture and MSFAC

Uneven distribution of funds and particularly the low allocation of resources to the under-developed districts like Lawngtlai, Saiha, and Serchhip indicated that a balanced approach was not adopted for integrated development of horticulture in the State. As can be seen from the above table, Aizawl and Champhai districts, garnered most of the funds compared to the other districts.

### 3.2.9.5 Unspent balance

The Directorate of Horticulture, Mizoram failed to utilize optimally the available funds, as shown below, which resulted in retention of huge unspent balances every year and affected the implementation of the programme.

Table:3.18

(Rupees in crore)

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total
Unspent balance of previous year	Nil	2.09	1.18	4.17	8.15	6.95	5.85	Nil
Funds received during the year	2.83	3.24	4.41	8.47	8.42	19.28	32.34	<b>78.99</b>
Total funds available	2.83	5.33	5.59	12.64	16.57	26.23	38.19	-
Expenditure	0.74	4.15	1.42	4.49	9.62	20.38	24.65	<b>65.45</b>
Unspent balance	2.09	1.18	4.17	8.15	6.95	5.85	13.54	<b>13.54</b>
Percentage of fund utilisation	26	78	25	36	58	78	65	<b>83</b>

Source: Director of Horticulture

It would be seen from the above that out of Rs 78.99 crore available with the DOH, it could spend only Rs 65.45 crore during 2001-08 representing 83 per cent utilization and the unspent balance with the Directorate increased from Rs 2.09 crore in 2001-02 to Rs 13.54 crore in 2007-08, which had affected the implementation of the programme. The funds were neither transferred by the DOH to the DHOs nor refunded to the GOI but remained unspent in the bank and were reported to the GOI as spent. Mobilisation of more Central assistance without assessing the actual absorption capacity appeared to be the main reason for retention of such huge unspent balances. Had these unspent balances been utilized optimally, the Department could have covered at least a further area of 908 ha to 10,415 ha under the Area Expansion Scheme. Moreover, there were unspent balances lying with the DHOs (Aizawl,

Champhai, Lawngtlai, Lunglei, Saiha,) at the end of the years 2001-08 as shown below:

**Table:3.19**

(Rupees in lakh)

Districts	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Aizawl	NA	NA	7.46	7.79	2.00	0.05	0.01
Champhai	NA	32.54	53.87	8.89	4.95	10.73	0.20
Lawngtlai	NA	NA	0.23	0.81	20.97	6.77	3.76
Lunglei	NA	42.83	26.96	23.16	15.07	10.95	9.41
Saiha	NA	13.87	13.93	3.46	7.42	0.29	0.01

Source: DHOs' records

These unspent balances retained by the DHOs had also not been reported by the Department to the GOI and immediately after transferring funds to the DHOs, the amounts were shown as spent without ascertaining the actual expenditure incurred by them. Expenditure reported by the Department to the GOI was thus flawed and inflated figures were reported obviously with the intention to secure more Central assistance. This is corroborated by the fact that despite having huge unspent balances, the Department had been pressing the GOI (September 2007 & February 2008) for a further additional Central assistance of Rs.44.98 crore. Moreover, retention of such huge unspent balances at DOH and DHOs level is fraught with the risk of misutilisation of funds.

The DOH stated (November 2008) that funds were retained to meet committed liabilities (not quantified) and that all the DHOs were instructed to utilise the funds optimally. In the absence of any records pertaining to committed liabilities, the facts could not be verified in audit

### ***Programme Implementation***

#### ***3.2.10 Mini Mission - I***

##### ***3.2.10.1 Technological Support from ICAR***

As mentioned in Para 3.2.1.1 MM-I aims at providing technological support by supplying nucleus/ basic seed and planting materials, standardization of production and protection technologies, technology refinement and transfer of technology (TOT) through training. The GOI observed (August 2002) that the ICAR had failed to play any proactive role in identifying the technology needs of the State and link them with the available technologies.

Scrutiny of the records (April 2008) of the ICAR, Kolasib showed that even after seven years of implementation of the programme, activities under MM-I were carried out in isolation, without adequate bearing on the needs of other MMs. It was seen that during 2001-08, except for imparting training to 945 farmers and departmental officials<sup>18</sup>, the ICAR had not provided any technical

<sup>18</sup> Citrus Production Technology and Nursery management, Production technology on papaya, Passion fruit, banana and vegetables

support to the State Horticulture Department and the Department also failed to extract any TOT from the ICAR.

The DAC also observed (April 2008) that there was little interaction between ICAR, Mizoram and the State Horticulture Department and that more interaction was called for. The Joint Director ICAR, Kolasib stated (June 2008) that isolated location of the Centre, shortage of Scientists, inadequate release of funds, insufficient infrastructure facilities and shortage of vehicles were some of the reasons for the poor production of planting materials and shortfall in implementation of the mission.

### **3.2.11 Mini Mission - II**

The MM-II primarily aims at increasing production and productivity through area expansion. The Department in its AAPs for 2001-03 also committed that its main thrust would be area expansion. The performance of the Department in area expansion activities is discussed below:

#### **3.2.11.1 Achievements under Technology Mission**

The Mission (MM-II) has made significant impact in some specific areas especially in the diversification of horticulture crops. The Department launched a major programme for the production of passion fruits and bananas (grandnaine variety), under Technology Mission during 2001-08. With the application of appropriate technology in the production of passion fruit, this hitherto seasonal fruit crop is now being harvested the whole year through. This has also given a huge boost to passion fruit processing initiative in the State. Significant strides have also been made by the Department in floriculture under which flowers like Anthurium and Rose were successfully grown in the State and have found market both in India and overseas. In addition, perennial vegetables like iskut (chow-chow) are largely cultivated in the State with assistance under the Technology Mission, and are sold largely to neighbouring States after meeting the domestic needs.

#### **3.2.11.2 Area Expansion Scheme (AES)**

Out of 21.08 lakh hectares (ha.) of land in the State, 11.56 lakh ha. has the potential for horticulture development. As of 1999-2000 against 11.56 lakh ha. of potential area in the State, only 0.32 lakh ha. was under different horticulture crops representing three per cent coverage. The area covered under AES during the years 2001-08 is shown below:

**Table:3.20***(Area in lakh hectare)*

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total
<b>Total potential area in the State</b>	11.56	11.56	11.56	11.56	11.56	11.56	11.56	<b>11.56</b>
<b>Total area covered</b>	0.01	0.05	0.05	0.05	0.04	0.12	0.15	<b>0.47</b>
<b>Percentage of area covered</b>	0.09	0.43	0.43	0.43	0.35	1.04	1.30	4.07

Source: Information furnished by the Directorate of Horticulture, Mizoram.

As of 31 March 2008, the total area covered in the State was only 0.47 lakh *ha.* and 96 *per cent* of the total potential area had not been developed and utilized for production of horti-crops and thus, the activities of the Department under AES during 2001- 06 remained very insignificant.

The district-wise utilisation of potential area during the years 2001-08 under TM is given below:

**Table:3.21***(Area in lakh hectare)*

Particulars	Aizawl	Champhai	Kolasib	Lawngtlai	Lunglei	Mamit	Saiha	Serchip	Total
<b>Total potential area</b>	1.83	2.07	0.46	0.95	2.44	1.65	0.87	1.29	<b>11.56</b>
<b>Area covered</b>	0.17	0.15	0.03	0.01	0.04	0.03	0.02	0.02	<b>0.47</b>
<b>Percentage of area covered</b>	9.29	7.25	6.52	1.05	1.64	1.82	2.30	1.55	4.07

Source: Information furnished to Audit & Departmental records.

The above table indicates that the activities of the Department were confined only to Aizawl, Champhai and Kolasib districts. The Director of Horticulture admitted (June and November 2008) that production of horticulture crops was low in Lawngtlai, Mamit and Saiha districts. This indicates that under-developed districts had not been given due weightage for development of horticulture despite having huge unspent balances, which reflects poorly on the Departments' commitment for integrated development of horticulture in the State.

### 3.2.11.3 Area under different Horti-crops

In its AAP for 2001-03, the Department stated that the area in the State under vegetable production was 8,124 *ha.* and the State was not self sufficient in vegetable production even for local consumption. Despite this, no priority was accorded for area expansion under vegetable production which declined by 93 *per cent* from 8,124 *ha.* in 1999-2000 to 600 *ha.* in 2007-08. The major-crop wise area covered during 2001-08 is shown below:

**Table:3.22**

(Area in lakh hectare)

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Total Area covered</b>	0.014	0.045	0.047	0.054	0.044	0.119	0.146
<b>Area covered for cultivation of:-</b>							
<b>a)Vegetables</b>	0.003(21)	0.009(20)	0.008(17)	0.010(18)	0.010(23)	0.012(10)	0.006(04)
<b>b)Fruits</b>	0.009(65)	0.024(53)	0.028(60)	0.036(67)	0.023(52)	0.094(79)	0.129(88)
<b>c)Others</b>	0.002(14)	0.012(27)	0.011(23)	0.008(15)	0.011(25)	0.013(11)	0.011(08)

Source: -- i) Departmental records in Directorate of Horticulture.

ii) Figures in brackets indicate percentage to total area covered.

iii) Others = spices, medicinal and aromatic plants etc.

Such sharp decline in area coverage under vegetable cultivation from twenty one *per cent* in 2001-02 to four *per cent* in 2007-08 indicated faulty planning and no effort was made to make the State self sufficient in vegetable production. Consequently, generation of marketable surplus and the indirect impact of its contribution to the nutritional as well as economic support to people had not been achieved. The DOH stated (November 2008) that as the vegetable crops are seasonal, the area differs every year. It was also stated that after introduction of Technology Mission, 90 *per cent* of vegetables are produced in the State and particularly chow chow (iskut), tomato, off season cabbage etc are in surplus, and are sold outside the State. The reply was, however, silent about the reasons for decline in area coverage under vegetable cultivation.

Although priority was accorded by the Department to cultivation of fruits, Farm Harvest Price of some major fruits showed insignificant increase as shown below:

**Table:3.23**

(Farm harvest Price (Rs. Per Kg))

Fruits/Crops	2003-04	2004-05	2005-06	2006-07	Percentage (+) Increase, (-) Decrease
<b>Orange</b>	12.89	17.00	10.50	11.86	(-) 8
<b>Lemon</b>	10.19	11.91	8.25	11.05	(+) 8
<b>Hatkhora</b>	7.93	10.99	7.46	9.72	(+) 23
<b>Banana</b>	8.89	9.49	9.50	9.26	(+) 4
<b>Pine apple</b>	8.05	8.08	8.40	9.41	(+) 17
<b>Squash</b>	7.24	8.33	7.50	7.36	(+) 2
<b>Passion fruit</b>	17.05	12.66	10.50	11.67	(-) 32

Source- Economic Survey report 2007-08 conducted by Govt. of Mizoram.

Note- Figures for 2007-08 not compiled/ available.

The State Government stated that although it launched a major programme in May 2007 and June 2008 for the cultivation of passion fruits with an expected yield of eight lakh to nine lakh quintals per annum, due to inadequate marketing facilities, lack of publicity and logistic support, the farmers had to sell their huge marketable surplus at almost half the price of the production cost, which resulted in great hardship to them. This indicated that there was no coordination between the units responsible for production, marketing and processing which compelled the farmers to go in for distress sale. The Department should have made proper and prior marketing/ processing



arrangements before venturing into such large scale cultivation of passion fruit.

The GOI observed (January 2006) that inadequate application of manure and fertilizers and improper pest management were the main reasons for decline in citrus production. The National Research Centre for Citrus, Nagpur also corroborated (March 2008) the aforesaid deficiencies. Despite all these shortcomings being pointed out repeatedly, no tangible action was taken by the Department to address them. The DOH (November 2008) conceded that this was mainly due to lack of coordination between the ICAR, Horticulture, Trade and Commerce and Industries Departments and ultimately the farmers were the victims.

Although the Department spent Rs. 1.21 crore during the years 2001-08 for development of medicinal and aromatic plants (MAP) in 1340 *ha.* of land, there was no production of MAPs during the aforesaid years, rendering the entire expenditure of Rs.1.21 crore infructuous.

The DOH stated (November 2008) that processing of *aloe vera* (medicinal plant) and *patchouli* (aromatic plant) would commence by December 2008 and 2009 respectively. The reply was silent about the details of medicinal and aromatic plants produced during 2001-08.

#### **3.2.11.4 Extra-avoidable expenditure under Area Expansion Scheme**

Under the component 'Area Expansion Scheme' assistance of 50 *per cent* of the cost of cultivation with a maximum ceiling of Rs. 13,000 per hectare was admissible and the balance 50 *per cent* was to be borne by the beneficiaries concerned. The assistance was limited to Rs. 4,000 where seeds were provided for cultivation of vegetables and fruits like papaya etc.

Scrutiny revealed that 5,874 *ha.* of land was utilized during the years 2001-08 for cultivation of vegetables at a total expenditure of Rs. 7.64 crore @ Rs. 13,000 *per ha.* against the admissible amount of Rs 2.35 crore @ Rs 4000 *per ha.* resulting in extra avoidable expenditure of Rs 5.29 crore. Had this extra expenditure been avoided, the Department could have raised additional vegetable cultivation in 0.13 *lakh ha.* of land.

#### **3.2.11.5 Non-adoption of cluster - approach**

The guidelines required that area expansion should be done in a cluster approach, ensuring integration of linkages between all MMs and linked with other components like community water tanks, plant protection, plasticulture, post harvest management, processing and export etc. The Department was to adopt a cluster approach, requiring selection of beneficiaries in a contiguous area covering the whole village for area expansion under horticultural crops to ensure linkages with other missions. This approach was not followed and beneficiaries were not selected from contiguous areas. Consequently, benefits

of an integrated approach were lost. The DOH stated (November 2008) that compact area approach in a clustered manner had been adopted (areas not specified) as far as practicable. He, however, could not explain the reasons for non adoption of cluster approach throughout the State.

### **3.2.11.6 Transfer of Technology (TOT)**

Transfer of Technology (TOT) through training of trainers and farmers is an integral part of the mission.

During the years 2001-07, the Department trained 5,263 farmers and 99 trainers at a total expenditure of Rs 1.43 crore, but no vouchers / supporting documents in this regard could be made available to audit. Therefore, the veracity of the expenditure cannot be vouchsafed. The DOH stated (November 2008) that henceforth, the Department would try to maintain all the supporting documents/ vouchers.

### **3.2.11.7 Centre of Excellence (COE)**

With a view to establish models for integrated development of horticulture, each DHO was to develop one Centre of Excellence (COE) in the district in close coordination with the ICAR. The COE was to implement all the components of TM with an end to end approach and in coordination with all the Departments/agencies concerned.

However, even after seven years of the implementation of the programme, none of the eight DHOs had developed any COE. Absence of demonstrative COEs in the State deprived the horticulture farmers of the vital knowledge of improved farming practices and updates on technology development in horticulture.

### **3.2.11.8 Production of Planting Material**

Production and distribution of disease free, healthy and high yielding varieties (HYV) of planting material was one of the essential components of the TM.

During the years 2001-06, the Department raised 17 Nurseries (seven big and ten small), three Herbal gardens and one Tissue Culture Unit in the State at a total expenditure of Rs. 1.46 crore. The Department could not furnish any information relating to the production of planting materials from these nurseries and continued to procure seeds and planting materials from outside. In the absence of performance and production, whether these nurseries and units exist at all or running far below potential could not be established.

Moreover, despite spending Rs. 1.46 crore, the Department continued to depend on supplies from outside, without adequate certification of the quality due to the Department's failure to establish a quality assurance system even after 11 years of its creation. The DOH admitted (November 2008) that all

these 17 nurseries were not successful (reasons not specified) in producing quality planting materials and farmers had to buy vegetable seeds from outside. Consequently, the investment of Rs. 1.46 crore proved wasteful.

### **3.2.11.9 Floriculture**

The Department had been encouraging the programme under floriculture and floral varieties like rose and anthurium had been successfully produced (output of rose = 18, 20,182 MT and anthurium = 17, 61,669 MT of cut flowers during 2001-07) primarily in and around Champhai area which are now exported out of the State. The Department facilitated a MoU in March 2007 between the Rose and Anthurium Growers Association and ZOPAR, a local entrepreneur for export of the produce within India and abroad. However, since all the records relating to the production and export of flowers were maintained by the ZOPAR and the Growers Association, the same could not be vouchsafed in audit.

### **3.2.11.10 Integrated Mushroom Unit**

As per the guidelines, each integrated mushroom unit should consist of spawn production unit, training unit and a processing unit.

The Department constructed five such units during 2001-05 at a total expenditure of Rs. 2.50 crore. However, there was no information about the quantities of compost and spawn supplied to the growers, the produce collected from the farmers, brought to the mother plant, processed and marketed. The DOH conceded (November 2008) that as the production of spawn in all these units was inadequate, more such units have to be established.

### **3.2.12 Mini-Mission-III**

The activities under MM-III, implemented by the Mizoram Agricultural Marketing Corporation (MAMCO) Limited, remained confined only to construction of Wholesale Markets (WM) and Rural Primary Markets (RPM) at different locations of the State.

#### **3.2.12.1 Receipt of Funds and Expenditure**

Funds received and expenditure incurred on the implementation of MM-III during 2001-08 is shown below:

**Table:3.24**

(Rupees in crore)

Year	Opening balance	Amount received from GOI	Others	Total funds available	Expenditure	Closing balance
2001-02	NIL	1.67	NIL	1.67	NIL	1.67
2002-03	1.67	1.68	0.03	3.38	1.94	1.44
2003-04	1.44	1.41	0.01	2.86	2.85	0.01
2004-05	0.01	3.65	NIL	3.66	2.46	1.20
2005-06	1.20	0.04	0.04	1.28	1.21	0.07
2006-07	0.07	1.95	0.02	2.04	0.96	1.08
2007-08	1.08	0.50	NIL	1.58	1.16	0.42
<b>Total</b>	-	<b>10.90</b>	<b>0.10</b>		<b>10.58</b>	

Source – Information furnished to Audit by the MAMCO. Difference in closing balance is due to rounding.

It would be seen from the above table that Rs. one lakh to Rs. 1.67 crore remained unspent with MAMCO at the end of each year during 2001-2008 mainly due to the late receipt of funds from the GOI by the MSFAC and the consequential delay in receipt of funds by the Corporation.

### 3.2.12.2 Wholesale markets (WM) and Rural Primary Markets (RPMs)

Although MAMCO had an engineering wing, private individuals were engaged as Supervisors for construction work of WM/ RPM, and were paid Rs 75 lakh to Rs 2.52 crore during 2001-2008 in installments without obtaining any adjustment vouchers. Advances paid to the Supervisors were shown as expenditure. The Corporation stated (April 2008 and November 2008), that it failed to maintain basic records due to shortage of experienced staff. Since no voucher was attached to the bills, the expenditure could not be verified in audit and the possibility of fraud cannot be ruled out.

The number of markets constructed by MAMCO during the years 2001-08 is shown below:

**Table:3.25**

Particulars	Aizawl	Champhai	Kolasib	Lawngtlai	Lunglei	Mamit	Saiha	Serchhip	Total
Wholesale markets	5	2	2	Nil	Nil	1	Nil	Nil	<b>10</b>
Rural Primary markets	29	20	3	7	13	5	3	7	<b>87</b>

Out of the eight districts in the State, only Aizawl, Champhai, and Lunglei got the priority and the under developed districts were denied adequate number of RPMs. No WM were constructed in the under developed districts like Lawngtlai, Lunglei, Saiha and Serchhip.

The Director of Horticulture admitted (June 2008) that these districts were not given due weightage. This indicates faulty planning and lack of coordination between the implementing units of MM-II and MM-III.

The GOI also expressed concern (April 2008) that there was not much progress in creating market infrastructure and Post Harvest Management. The

Managing Director, MAMCO stated (November 2008) that due priority would be given to construct markets in other districts/ less developed districts in future.

#### ***3.2.12.3 Rural Primary Markets***

Although the RPMs were to be constructed in the rural areas only, MAMCO constructed 21 such markets in the towns during the years 2002-08 at a total expenditure of Rs.1.58 crore. Consequently, rural horti-farmers were denied the crucial marketing support. The Management assured (November 2008) that in future all such markets would be constructed in rural areas only.

#### ***3.2.12.4 Delay in handing over Markets***

All the markets constructed were to be handed over to the Directorate of Trade and Commerce for their eventual utilisation. There were, however, delays ranging from one to seventeen months on the part of the MAMCO in handing over 30 markets to the Directorate of Trade and Commerce resulting not only in loss of revenue but also denial of benefits/marketing facilities to the rural horti-farmers. The Corporation stated (November 2008) that efforts would be made to hand over the completed markets to the Trade and Commerce Department.

#### ***3.2.12.5 Unproductive outlay***

Out of the aforesaid 97 markets, 30 markets constructed at Rs. 3.95 crore during 2007 had not been handed (November 2008) over by the Corporation to the Trade and Commerce (T&C) Department for allotment to the marketing societies. The entire investment of Rs. 3.95 crore thus, not only remained unproductive, but also failed to generate any income towards recovery of market fees besides denial of benefit to the poor farmers. The Management stated (November 2008) that all efforts were being made to hand over the markets to the Trade and Commerce Department.

#### ***3.2.12.6 Strengthening of State Grading Laboratories (SGLs)***

The State Government availed of the Central assistance of Rupees five lakh in 2002-03 for strengthening of SGLs at Aizawl and Lunglei under TM. The Trade and Commerce Department (July 2008) stated that the project of strengthening the SGL could not be implemented, as no SGL was established in the State.

As a result of non setting up of SGL, the Department failed to develop any quality assurance system.

### **3.2.13 Mini-Mission-IV**

The activities under MM-IV are implemented by the Mizoram Food and Allied Industries Corporation (MIFCO) Limited in the State.

#### **3.2.13.1 Implementation of MM-IV**

During 2001-02 to 2007-08, the MIFCO received Rs. 4.65 crore (Rs. 1.02 crore from the GOI and Rs. 3.63 crore from the State Government) for implementation of MM-IV and spent the entire amount in upgradation of its fruit processing plants at Chhingchhip and mineral water and bottle making plant at Sairang.

Performance of MIFCO was discussed in paragraphs 7.2.14 to 7.2.22 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007. Scrutiny of the records (March 2008) of MIFCO showed that all the shortcomings pointed out therein *viz.* non commissioning of the fruit juice concentrate plant at Chhingchhip and lack of coordination between the Horticulture Department and the Industries Department to ensure optimal utilization of the installed capacity of the Chhingchhip plant persists even as of March 2008.

#### **3.2.14 Maintenance of beneficiary records**

For the purpose of maintaining a State level record, the guidelines require each DHO to maintain complete details of beneficiaries including their postal addresses and funds availed by them with the purposes. The DHOs did not maintain any such details during 2001-08 and consequently, cases of extending undue and inadmissible benefits, if any to the ineligible and non-existent persons could not be probed into. The DOH assured (November 2008) that complete details and postal addresses of beneficiaries would be maintained henceforth. This indicated that internal controls relating to record management were poor.

#### **3.2.15 GIS enabled horticulture crop and area identification**

Formulation of an integrated plan for development of horticulture in the State based on the data on identification of crops, area estimation and identification of areas for commercial expansion, which could be provided by remote sensing and Geographical Information System (GIS) was not carried out by the Department.

The Department had not developed any data based on GIS and the planning was done on the basis of adhoc and outdated information as discussed in the aforesaid paragraphs. Although the Department stated that for passion fruit, remote sensing database was undertaken by the Science and Technology Department of the Union Ministry of Agriculture for the two districts of Champhai and Kolasib, State-wide systemic survey based on GIS was not

conducted to collect data that would facilitate area identification and suitable area expansion planning for the Department. Outdated methods of spot surveys continued to be deployed to identify potential area for horticulture crop programme.

### **3.2.16 Publication of Annual Report**

To ensure transparency, the State was to publish every year, reports giving the details of names and addresses of the beneficiaries, amount of assistance given to them and benefits accrued to the State. No such report was, however, published reportedly due to shortage of staff and in the absence of such report, accrual of actual benefits from the mission activities remained unevaluated.

### **3.2.17 Monitoring and evaluation**

As per the guidelines, the Department was to carry out inspection of projects/ programmes at least once in six months and the Inspection Report was to indicate location of activities vis-à-vis funds spent, details of beneficiaries and likely impact of the activities on the development of horticulture in the State. No such inspection and impact assessment was conducted by the Department during 2001-08 reportedly (November 2008) due to shortage of staff.

### **3.2.18 Internal Control and Internal Audit**

Internal controls are important to ensure that the objectives of the Department are achieved and resources are safeguarded. Under-utilization of physical and financial resources, non maintenance of basic records, non-prioritization of works, avoidable extra expenditure and incorrect and inflated reporting indicate absence of internal controls in the Department. The Department also had no Internal Audit wing. Shortage of staff was stated (November 2008) by the DOH as the main reason for absence of internal audit in the Department.

### **3.2.19 Conclusion**

Implementation of the programme lacked proper planning and direction. The Annual Action Plans were not based on an integrated approach, consolidating the district level plans to address the issues of production, marketing, processing and export. Coordination between the implementing agencies was fragile both at the planning and implementation stages. Consequently, the objectives of the programme to provide linkages in production, post harvest management, consumption chain and value addition through employment generation remained largely unrealized. Delays in release of funds and under utilization of available funds resulted in many critical components of the mission remaining inoperational. In the absence of baseline data, performance indicators relating to area expansion programmes and its concomitant impact on production volumes of horticulture crops remains unquantifiable. In spite of the fact that the core thrust of the mission was technology driven, precious little was contributed by the MM-I whose activity was confined to limited

training and demonstration without a well orchestrated Lab to ensure technology transfer to the horticulture farmers of the State. There was little or no effort under MM-III, to offer new and applicable post-harvest technology and facilities commensurate to the needs of the horti-farmers.

### **3.2.20 Recommendations**

- The State work plan/action plan must emanate from the project reports of each district consolidating the requirements under all the Mini Missions.
- The Department should ensure optimal utilisation of funds to cover all the potential areas identified under the Mission effectively.
- Post harvest management, storage facilities and market linkages should be based on accurate need-assessment of the farmers and the production plans of horticulture crops in the State.
- MSFAC needs to play a more pro-active role in monitoring the implementation of various projects under the Mini-Missions.
- The field functionaries should maintain reliable records of the beneficiaries, status of the crops, yield per unit area, return obtained etc, which would form basis for evaluation and planning.
- An effective monitoring and evaluation mechanism must be evolved to assess the performance of the different components of the Mission.

The matter was reported to the Government in June 2008; reply had not been received (November 2008).



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**PLANNING AND COORDINATION DEPARTMENT**
**3.3 Non-Lapsable Central Pool of Resources**
***Highlights***

*The Non-Lapsable Central Pool of Resources (NLCPR) was established by the GOI in 1998 with the main objective of speedy development of infrastructure in the North Eastern States. A performance review of NLCPR funded projects revealed shortcomings in planning and execution of projects, cost and time overrun, unauthorized diversion of funds, extra and excess expenditure, extension of undue financial assistance and poor financial management, which was further accentuated by inadequate review and monitoring. Significant audit findings are given below:*

**The State short released Rupees six crore against 23 projects**

*(Paragraph 3.3.8.3)*

**Due to inadequate attention at the planning and preparation stage of detailed project reports, in 10 test-checked projects, there were deviations from the approved detail project reports.**

*(Paragraph 3.3.9.5)*

**Though the project under the Sarva Shiksha Abhiyan were completed on time, out of the approved amount of Rs. 12 crore, Rs. 5.35 crore constituting 45 per cent was spent towards payment of salary of teachers in contravention of the guidelines.**

*(Paragraph 3.3.9.3)*

**The prescribed tendering procedures were followed in respect of all projects except in one project, where, the work estimated at Rs. 2.62 crore was awarded to contractors without inviting tenders.**

*(Paragraph 3.3.9.4)*

**There was no production of fish seed in four Fish Farms constructed at a cost of Rs.2.05 crore**

*(Paragraph 3.3.9.3)*

**3.3.1 Introduction**

The Non-Lapsable Central Pool of Resources (NLCPR) was established by the GOI in 1998 for funding specific infrastructure projects in the North Eastern Region (NER).

The broad objectives of the Scheme were to:

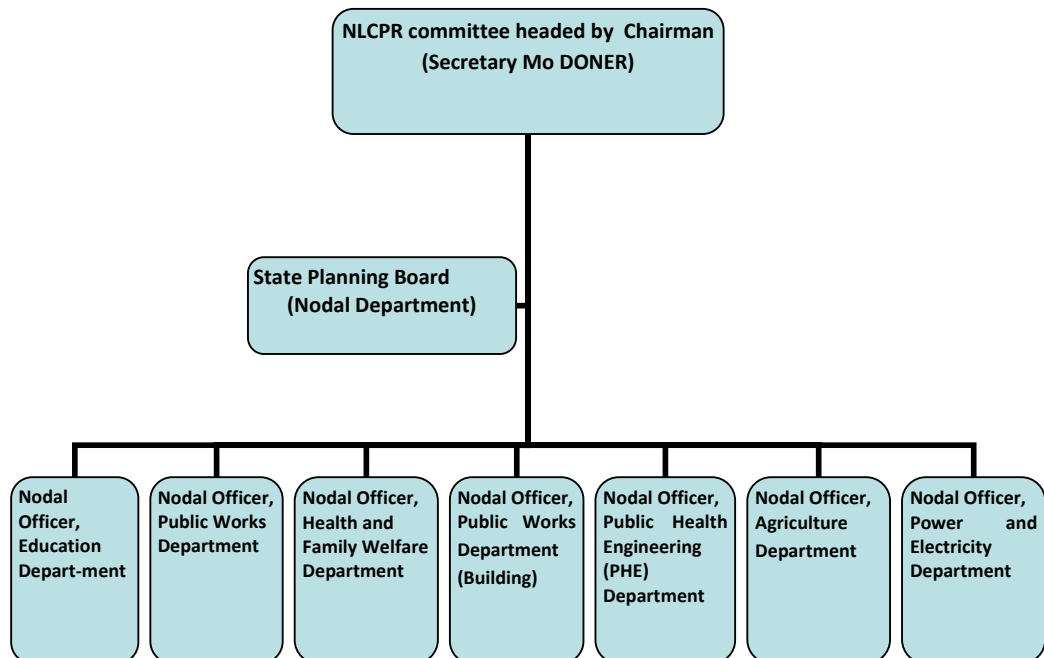
- ensure speedy development of infrastructure in the NER by increasing the flow of budgetary financing with projects in physical infrastructure sector receiving priority, and
- create physical and social infrastructure in sectors like irrigation and flood control, power, roads and bridges, education, health, water supply etc.

### 3.3.2 Organisational Set up

The NLCPR scheme is administered by the 'NLCPR Committee' at the Central level. While the Secretary, Ministry of Development of North Eastern Region (MoDONER) is the Chairman, Finance Secretary, Home Secretary, Secretary of the concerned Ministry/Department, Advisor, North Eastern Region in Planning Commission, Financial Advisor, DONER, Joint Secretary in-charge of NLCPR are the members.

At the State level, the State Planning Board is the nodal Department, headed by the Commissioner Planning and assisted by Adviser & Ex-Officio Joint Secretary. At the implementing department level, the Head of the Department (HOD) of sectoral Departments are responsible for execution of the schemes. An organogram is given below:

**Chart-3.3**



### 3.3.3 Scope of Audit

The implementation of ten out of seventy eight NLCPR funded projects<sup>19</sup>, approved during 2002-03 to 2007-08 in Mizoram, were reviewed in audit through a test check (May to August 2008) of the records of the State Planning Board and 11<sup>20</sup> other offices covering 19 per cent (Rs.83.03 crore) of the total expenditure of Rs.435.67 crore.

### 3.3.4 Audit Objectives

The objectives of the performance review were to assess whether:

- There was a critical assessment of infrastructural gaps while ensuring that there were no overlaps and whether the individual projects were an outcome of sound planning;
- Adequate funds were released in a timely manner and utilized for the specified purpose in accordance with the scheme guidelines;
- Projects have been executed in an efficient and economic manner and achieved their intended objectives; and
- There is a mechanism for adequate and effective monitoring and evaluation of projects.

### 3.3.5 Audit Criteria

The following criteria were used to benchmark the audit findings:

- Guidelines of the GOI in respect of NLCPR funded schemes;
- Detailed Project Reports;
- Norms for releasing funds;
- Performance indicators relevant to the sectors under which the projects were executed; and
- Prescribed monitoring mechanism;

<sup>19</sup> (i) Sarva Shiksha Abhiyan, (ii) Infrastructure Development of Mizoram University, (iii) Construction of Out-Patient Department Block, Civil Hospital, Aizawl (iv) Construction of 6 bedded ICU at Civil Hospital, Aizawl, (v) Construction of Lungtian-Mamte via Vertek Kai road (vi) Improvement and widening of Bawngkawn to Durtlang Road., (vii) Greater Mamit Water Supply Scheme., (viii) Construction of sub-transmission and distribution line-Lunglei Town, (ix) Evacuation of power from thermal power project at Bairabi, and (x) Establishment of eight units of Fish seed farms in Mizoram

<sup>20</sup> (i) Chief Engineer, Public Works Department (PWD); (ii) Engineer-in-Chief, Power & Electricity (P&E) Department; Chief (iii) Engineer, Public Health Engineering (PHE) Department; (iv) Executive Engineer, PHED, Mamit; (v) Executive Engineer, Power & Maintenance Division-1, Lunglei; (vi) Executive Engineer, Power Division, Kolasib; (vii) Executive Engineers (PWD, Roads Division) Lawngthlai, (viii) Executive Engineers (PWD, Roads Division, Saiha; (ix) Directorate of Fisheries, Mizoram; (x) State Project Director, SSA, Mission; and (xi) Director of Health Services and Hospital & Medical Education.

### **3.3.6 Audit Methodology**

An entry conference was held in June 2008 with the Commissioner-cum-Secretary, Finance Department and other departmental officers, wherein audit objectives, criteria and scope of the review were explained. Projects were selected on the basis of random sampling method and records of all the selected projects and executing agencies were scrutinized during audit. An exit conference was held with all the Heads of the Departments and the Adviser & Ex-Officio Joint Secretary, Planning and Programme Implementation Department in November 2008 wherein audit findings were discussed and the replies of the Departments have been incorporated suitably in the relevant paragraphs.

### **Audit Findings**

Important audit findings are discussed in the succeeding paragraphs:

#### **3.3.7 Planning**

The State Government prepared a 'Shelf' or 'Priority list' of projects to be funded through NLCPR every year during the review period. However, annual profile of projects containing comprehensive proposals and 'Gap analysis' of all the major sectors with proper justification of the list of projects fulfilling these gaps had not been prepared. The State had neither carried out a comprehensive survey to identify the infrastructural gaps nor prepared any perspective and annual plans to bridge the gaps to ensure smooth execution of the NLCPR projects. The project proposals also did not contain any concept paper denoting the expected benefits from individual projects, identification of beneficiaries etc.

Further, the project proposals did not contain the socio-economic and technical feasibility report, as prescribed in the guidelines issued by the GOI. The State also did not specify any performance indicators to measure the achievement of the projects.

##### **3.3.7.1 Project formulation**

- The State did not accord adequate attention to taking up projects in the priority sectors (Power, Roads & Bridges, Education, Health, Water Supply etc.). While three to eighteen *per cent* of the prioritized list of projects pertained to the priority sectors, 40 *per cent* projects were identified in the Miscellaneous sector, including construction of 27 market sheds, which did not form part of the developmental programmes of the State;
- There was little focus on taking up projects in the backward regions of the State, like Autonomous District Council areas.

### 3.3.8 Financial Management

#### 3.3.8.1 Funding pattern

Funds under NLCPR were released by the GOI to the State Government as 90 per cent grant and 10 per cent loan. Effective from July 2004, 35 per cent of the project cost was released in the first installment. Release of second and subsequent installments depended upon the progress of execution of the projects. Funds released by the GOI were to be remitted by the State Government to the implementing agencies within 30 days and were to be utilized within six months, which was revised to nine months from July 2004.

#### 3.3.8.2 Financial position

During 1998-99 to 2007-08, against the approved cost of Rs.631.33 crore for 78 projects, the GOI released Rs.509.78 crore out of which, Rs.435.67 crore had been spent by the State Government. Details are given in *Appendix-3.1*

In respect of the ten projects reviewed in audit, the GOI and the State Governments released Rs. 97.06 crore against the total approved cost of Rs.99.50 crore and Rs.83.03 crore was spent as of March 2008, as shown below:

**Table: 3.26**

*(Rupees in crore)*

Year	No of projects approved	Approved cost	Fund released by GOI & GOM	Expenditure	(+) Excess (-) Savings
Up to 2001-02	1	5.28	2.00	2.00	Nil
2002-03	5	24.80	6.85	5.89	(-) 0.96
2003-04	3	57.42	25.01	19.58	(-) 5.43
2004-05		0.00	18.84	14.66	(-) 4.18
2005-06	1	5.12	17.56	15.44	(-) 2.12
2006-07		6.88	16.97	19.23	(+)2.26
2007-08		0.00	9.83	6.23	(-) 3.60
<b>Total</b>	<b>10</b>	<b>99.50</b>	<b>97.06</b>	<b>83.03</b>	

*(Source: Information furnished by the executing Departments)*

The savings were mainly due to the delay in release of funds by both MoDONER and the State Government as well as the failure of the concerned executing agencies to utilize the available funds optimally, which had ultimately affected the progress in completion of the projects and denial of the intended benefit to the targeted beneficiaries.

### **3.3.8.3 Release of State share**

- The State released Rs.2.43 crore as its share (loan) of ten *per cent* of the project cost in respect of 21 projects (approved after July 2004) as per the recommendation of the Twelfth Finance Commission (TFC), against the Central release of Rs. 61.54 crore, resulting in short release of Rs.3.72 crore, which affected the execution of the projects;
- Against the sample projects audited, the State short released Rs. 2.08 crore of its share (loan) as ten *per cent* against the project 'Infrastructure development of Mizoram University' (Rs.2.04 crore) and 'Greater Mamit water supply scheme'(Rs.0.04 crore) rendering the projects incomplete (October 2008);
- Although the GOI had released the entire amount of Rs.8.30 crore in two installments (Rs.2 crore in 2002-03 and Rs.6.30 crore in 2003-04), the State Government did not release Rs.19.77 lakh (August 2008) to the Power and Maintenance Division-I, Lunglei in respect of the project 'Construction of sub-transmission and distribution lines – Lunglei town', which resulted in the delay in completion of the project.

### **3.3.8.4 Release of fund by the State to the implementing Department**

As per the NLCPR guidelines, funds released by the GOI must be transmitted to the executing agency/project authority by the State Government within 30 days from the date of release of funds. There was however, a delay in the release of funds by the State Government which affected the execution of the projects in the following cases:

- There was a delay in release of Rs.25.81 crore to the Mizoram University for the project 'Infrastructure development of Mizoram University' ranging from 167 days to 347 days from the date of release of funds by the GOI. Out of Rs.25.81 crore, the University released only Rs.16.64 crore to the executing agency (CPWD), which was one of the prime reasons for the delay in completion of the project.

The University accepted the audit observation.

- The GOI released the entire amount Rs.1.42 crore for the project 'Six-bedded ICU at Civil Hospital, Aizawl' in two installments in March 2003 (Rs. 60.80 lakh) and in December 2003 (Rs. 81.00 lakh). The State Government released the amount to the Directorate of Health and Medical Education (DHME) between November 2003 and January 2005 *i.e.* after a delay of eight to twenty four months.

### 3.3.8.5 Utilisation of funds

The Fisheries Department spent Rs.93.39 lakh towards procurement of fish seeds for stocking in rivers, but no records existed in support of the procurement of fish seeds, their distribution and utilisation. Consequently, the veracity of the expenditure remained doubtful and the possibility of misappropriation could not be ruled out.

### 3.3.8.6 Diversion of funds

The administrative and financial approval accorded by the MoDONER stipulated that NLCPR funds should be utilized for the purpose for which they were sanctioned and there should not be any diversion. However, an amount of Rs. 7.60 crore was diverted by the executing Departments<sup>21</sup> of the State towards other projects/purposes in contravention of the conditions of sanctions.

### 3.3.9 Project Execution

#### 3.3.9.1 Physical and financial achievement

As per the GOI guidelines, the duration of NLCPR funded projects should not exceed three to four years. The physical and financial performance of the NLCPR funded projects in the State as of March 2008 is given in the table below:

**Table: 3.27**

*(Rupees in crore)*

Year	No. of projects approved	Approved cost	Total funds released (per cent)	Total funds utilised (per cent)	Projects completed (per cent)
Up to 2001-02	17	326.92	314.50 (96)	303.26 (96)	12 (71)
2002-03	15	31.22	30.96 (99)	29.26 (95)	12 (80)
2003-04	20	94.35	83.46 (88)	74.25 (89)	10 (50)
2004-05	8	4.70	4.70 (100)	4.70 (100)	8 (100)
2005-06	3	29.78	20.66 (69)	13.89 (67)	1 (33)
2006-07	8	101.08	42.02 (42)	10.31 (25)	1 (13)
2007-08	7	43.28	13.48 (31)	0.00 (0)	0.00 (0)
<b>Total</b>	<b>78</b>	<b>631.33</b>	<b>509.78 (81)</b>	<b>435.67 (85)</b>	<b>44 (56)</b>

*(Source: Information furnished by the State Planning Board)*

Out of 78 approved projects, 67 projects were taken up for execution and the remaining 11 projects had not been taken up as of March 2008. Forty four out of the 78 projects, representing 56 per cent, were completed as of March 2008. Non-completion of projects was essentially due to the delay in release of funds

<sup>21</sup> (1) State Project Director, SSA (Rs. 5.35 crore), (2) PWD, Building (Rs. 0.03 crore) and (3) Power Department (Rs. 2.22 crore).

to the executing agencies, non-utilisation of funds within the stipulated time and slow progress of works.

### 3.3.9.2 Sector wise performance of projects

Sector wise performance of NLCPR funded projects in the State as of March 2008 is given in the table below:

**Table:3.28**

*(Rupees in crore)*

Sector	No. of projects approved (per cent)	Approved cost	Fund released	Fund utilized (per cent)	Projects completed (per cent)
Education	9 (12)	85.09	75.68	60.29 (80)	5 (56)
Health	4(5)	53.28	52.05	47.28 (91)	2(50)
Roads & Bridges	14(18)	142.37	79.73	53.31(67)	1 (7)
Water Supply	4(5)	92.62	83.35	76.82(92)	Nil (0)
Power	9(11)	168.95	153.35	141.49(92)	3 (33)
Sports	2(3)	24.65	7.66	0.00 (0)	Nil (0)
Agriculture	5(6)	23.60	20.71	20.71 (100)	4 (80)
Miscellaneous	31(40)	40.77	37.25	35.77(96)	29 (94)
<b>Total</b>	<b>78</b>	<b>631.33</b>	<b>509.78</b>	<b>435.67(85)</b>	<b>44 (56)</b>

*(Source: Information furnished by the State Planning Board)*

It would be seen from the above table that the State accorded little attention towards infrastructure development in the core sectors like Roads & Bridges, Water Supply, Health, Power etc. There was no achievement in Water Supply and Sports sectors and marginal achievement of 33 per cent to 80 per cent in Power, Health, Education and Agriculture sectors. The performance of the State in Roads & Bridges sector was only seven per cent which is very low, in comparison to other sectors. Performance in the Miscellaneous sector was, however, 94 per cent indicating that the State Government had not given adequate priority to the development of infrastructure, as envisaged in the NLCPR.

The implementation of the ten NLCPR funded projects selected for detailed audit is discussed in the succeeding paragraphs.

### 3.3.9.3 Targets and achievement

The physical and financial achievements of the ten projects examined in detail are given below:



**Table: 3.29***(Rupees in crore)*

Name of the project	Date of approval	Appro-ved cost	Funds released	Amount utilised	Due date of completion	Physical achievement
Sarva Shiksha Abhiyan	June 2006	12.00	12.00	12.00	March 2008	Completed on time
Infrastructure development of Mizoram University	February 2004	25.00	23.13	16.47	June 2006	Not completed
Out Patient Department Block, Civil Hospital, Aizawl	March 2003	3.71	3.64	3.45	September 2005	Completed in June 2007
Six-bedded ICU at Civil Hospital, Aizawl	March 2003	1.42	1.42	1.42	March 2004	Completed on time
Construction of Lungtian-Mamte via Vartek Kai Road	October 2003	26.65	25.29	18.12	March 2006	Not yet completed
Improvement and widening of Bawngkawn Durtlang road.	March 2003	6.81	6.81	6.81	March 2004	Completed in May 2004
Greater Mamit water supply scheme	October 2003	5.77	5.34	5.33	October 2005	Not yet completed
Const. of sub-transmission and & distribution lines – Lunglei town	October 2002	8.30	8.10	8.10	October 2005	Not yet completed
Evacuation of power from thermal power project at Bairabi	February 2003	4.56	6.05	6.05	March 2004	Completed in December 2007
Establishment of Fish seed farms	January 2000	5.28	5.28	5.28	January 2004	Completed in December 2004
<b>Total</b>		<b>99.50</b>	<b>97.06</b>	<b>83.03</b>		

It would be seen from the above table that only two projects were completed on time. While four projects were completed with a time over run, four others were not completed as of March 2008. An analysis of all ten projects revealed the following:

- The projects under the Sarva Shiksha Abhiyan were completed on time. However, out of the approved amount of Rs.12 crore for the project, Rs.4.03 crore (34 *per cent*) was spent for the development of infrastructure, whereas Rs.5.35 crore (45 *per cent*) was spent towards payment of salary of teachers in contravention of NLCPR guidelines;
- The original estimated cost of Rs. 25 crore for ‘Infrastructure development of Mizoram University’ was revised (May 2006) to Rs.27.68 crore. The project remained incomplete (October 2008) even after a time overrun of 30 months from the target date of completion (June 2006), mainly due to short release of State share (loan), non release of funds by the University to the executing agency (CPWD)

and slow progress in execution of works by the CPWD and the State PWD, which resulted in cost overrun of Rs.2.68 crore. Due to non completion of the project, a large number of students in the State were deprived of quality infrastructural facilities.

The University accepted the audit observation and stated that the project cost had to be revised due to the difference of cost index due to time lag between the start of the project and actual execution.

- There was a time over run of 20 months in completion of the project 'Out Patient Department Block, Civil Hospital, Aizawl' due to delay in execution. The objectives of the project for providing out patient services to the people of the State were partly achieved due to deviation of downsizing of the floor area of the OPD Block from 4265.40 Sqm to 2635.415 Sqm, which resulted in non-accommodation of 29 rooms relating to different Departments and 13 Ancillaries;
- The project 'Six-bedded ICU at Civil Hospital, Aizawl' was completed on time and the intended benefit of the ICU is being fully availed of by the people of the State;
- The project 'Construction of Lungtian-Mamte via Vartel Kai Road' remained incomplete as of October 2008 even after a lapse of 30 months from the target date of completion (March 2006) due to frequent revision of estimates and lack of monitoring and supervision of the PWD, R&B Department. Due to non completion of the project the inhabitants of the surrounding area were deprived of the intended benefit of the project;
- The project 'Improvement and widening of Bawngkawn to Durtlang road' was completed with a month's slippage from the targeted completion date. The intended benefits of the project of easing the road and pedestrian traffic had been delivered;
- The 'Greater Mamit Water Supply' scheme remained incomplete even after a lapse of three years as of October 2008 from the target date (October 2005) of completion due to improper planning of the Department in finalization of proper site for the intake point and spending of project fund towards non approved items. The project could not be put to any use and the people of the District were deprived of the intended benefit of the project;
- The project 'Construction of sub-transmission and distribution lines – Lunglei town' remained incomplete (October) 2008 even after a lapse of three years from the target date of completion (October 2005) due to diversion of project funds of Rs.1.64 crore to other project /purposes. Materials worth Rs.0.77 crore were lying unutilized at site,

due to fund constraint for erection against the 33/KV sub-station at Lunglei. Due to non completion of the project, the intended benefit of the project of providing steady power supply to the people of Lunglei town and improvement in Transmission and Distribution (T&D) losses and revenue earning could not be achieved.

Accepting the audit observation, the Department replied in the exit conference that the materials had been kept and would be utilized for the Lunglei sub-station.

- There was a time over run of 44 months in the completion of the project 'Evacuation of power from thermal power project at Bairabi' due to the delay in execution of the project by the contractor and diversion of Rs.32 lakh as land compensation against Terial Small Hydro Project. The intended benefit of the project of evacuation of power generated in Thermal Power Plant, Bairabi had been fully achieved by the Department.
- There was a time over run of ten months in the completion of the project 'Establishment of eight fish seed farms in Mizoram'. Against the total production capacity of 567 lakh fingerlings (@ 189 lakh fingerlings per year ) the actual production of fingerlings from the eight fish seed farms during the years 2005-08 was 14.64 lakh only, representing three *per cent* production.

There was also no production of fingerlings in four farms (*viz.* Zawlnuam, Palak, Ngengpui and Saikhawthlir) since their creation in December 2004, rendering the entire expenditure of Rs.2.05 crore incurred on setting up these farms unproductive. No effort was made by the Department to make these farms productive even after more than four years of their establishment. No reason was attributed by the Department for not having any production in these four farms.

The Department replied in the exit conference that the fish farms could not be brought under fish seed production due to non attaining the sexual maturity of the brooder and damage of crops by flood. Reply of the Department is not acceptable because brooder could be sourced from other fish farms within the State and outside. The statement of the Department is also contradictory to their earlier contention that the production in the fish farms could not be taken up due to fund constraint.

The short comings noticed in the implementation of the ten projects selected for performance audit are discussed in succeeding paragraphs:

#### **3.3.9.4 Contract management**

The implementing departments followed the codal formalities for issue of Notice Inviting Tenders and finalization of tenders for execution of the project works through contractors in respect of all the projects except against the project 'Improvement and widening of Bawngkawn to Durtlang road', where

the implementing Division issued (May 2003 & February 2004) 23 work orders for Rs.2.62 crore to 22 different contractors relating to construction of seven RCC Slab Culverts (Rs.0.52 crore), fifteen Retaining Walls (Rs.1.50 crore) and pavement work ( Rs. 0.60 crore) without inviting tenders in contravention of the conditions of administrative approval and section 16.1 of the CPWD Works Manual.

Accepting the audit observation, the Department replied that due to urgency, the work orders were issued without inviting tenders.

### 3.3.9.5 Planning and DPRs

Scrutiny of the ten projects selected for detailed examination revealed deviations from the approved DPRs, due to inadequate attention at the planning and preparation stage of detailed project reports.

#### (i) OPD Block at Civil Hospital Aizawl

The approved project for the OPD Block comprised of five floors viz. (i) Basement Floor (311.90 Sqm.), (ii) Ground Floor (729.00 Sqm.), (iii) First Floor (1073.50 Sqm.), (iv) Second Floor (1075.50 Sqm.) and (v) Third Floor (1075.50 Sqm.). The total floor area was 4265.40 Sqm and the approved cost for the Block was Rs.3.16 crore.

After the entrustment of the work, the PWD prepared an executing estimate for the building portion for Rs.2.33 crore, down sizing the floor area from 4265.40 Sqm. to 2788.70 Sqm. The work for construction of OPD Block was awarded to a local contractor in December 2003. The work which commenced in March 2004 was completed in June 2007 and handed over to the Director of Health and Medical Education (DHME), Mizoram, in September 2007.

Scrutiny of the records revealed that there was a deviation from the DPR in down sizing the floor area by 1629.99 Sqm. of the OPD Block as shown below:

**Table: 3.30**

Floor level	Floor area as per DPR (Sqm)	Floor area as constructed (Sqm)	Floor area (-)down sized (+)Over sized (Sqm)	Remarks
Basement-II	-----	313.50	(+)313.50	Not provided in DPR
Basement-I	311.90	461.88	(+) 149.98	
Ground Floor	729.00	480.27	(-) 248.73	
First Floor	1073.50	679.43	(-) 394.07	
Second Floor	1075.50	700.33	(-) 375.17	
Third Floor	1075.50	0.00	(-) 1075.50	Not constructed
Total	4265.40	2635.41	(-) 1629.99	

As a result of deviation from the DPR, 29 rooms relating to different Departments viz. Radio-Therapy, Psychiatry, Pain clinic, Surgery, Eye etc. and 13 Ancillaries could not be accommodated in the OPD Block depriving the beneficiaries of the outpatient services and ancillary facilities.

The project proposal also provided for installation of a lift in the OPD Block, Civil Hospital, Aizawl at a cost of Rs.33 lakh. However, no lift was installed rendering the facility unfriendly for the patients in general and particularly for the physically disabled, weak, ill and the aged patients.

**(ii) Construction of Lungtian-Mamte via Vartek Kai Road**

- In the DPR of this project, estimate was prepared for Rs.26.65 crore for construction of 61 Km road, from Lungtian to Mamte via Vartek Kai, whereas, as per the actual execution, the length of the road was only 45.67 Km. The road length shown in the estimates was inflated by 15.33 Km. costing Rs.6.90 crore, which resulted in excess mobilization of Central assistance and extra expenditure to that extent.

The Department replied that the DPR was prepared without carrying out proper ground survey and that after the sanction of the project, actual survey was carried out. It was further stated that due to grant of insufficient funds by MoDONER, the alignment of the road was altered, which resulted in reduction of road length from 61 Km to 45 Km and led to revision in the working estimate. The Department, however, should have obtained concurrence from the MoDONER before revising the estimates.

- As per the DPR, for the road length of 45.67 Km, a total of 232 Type-I (93) and Type-II (239) Slab Culverts were to be constructed. The State PWD had abandoned provision of hume pipe in all the projects since these pipes cannot cater to heavy volume of surface water during monsoon.

However, the Divisions took up construction of hume pipe culverts against the slab culverts on grounds of economy and ease of construction and as of July 2008, Rs. 2.66 crore was incurred by the executing Divisions on construction of 98 HP culverts and 72 Amco Culverts.

Due to construction of HP/Amco culverts in place of Slab Culverts, the cross drainage works became sub-standard, and the formation cutting collapsed at different chainages/locations. The Divisions incurred Rs.1.74 crore (Lawngtlai-Rs.1.42 crore and Saiha-Rs.0.32 crore) for the earth work /formation cutting where it collapsed.

The Department replied that HP/Amco culvert might be used where the quantity of discharge was low and in the instant project, HP/Amco culverts were used as per site condition. Reply of the Department is not acceptable as no approval was obtained from the MoDONER for revising the estimate and deviating from the DPR.

- As per the estimates of the Project, the required thickness of the pavement or crust should have been 250 mm with 100 mm WBM Grade-I, 75mm WBM Grade-II and 75mm WBM Grade-III, 20 mm premix carpet with seal coat as surfacing/wearing course. The width of the pavement was 3.30 m (3m+ 10 *per cent* for curve).

Initially work orders were issued (April 2005) to two local contractors against (0.00-11.00 Km) and (11.00-22.20 Km) involving a total cost of Rs.3.25 crore (1.61+1.64), to execute the pavement of 250 mm thickness comprising 100 mm WBM Gr-I, 75 mm WBM Gr-II and 75 mm WBM Gr-III.

The Divisions, however, compromised on the requisite technical specifications by reducing the crust thickness to 175 mm by omitting the 75 mm WBM Grade-II component. Attributing this deviation to shortage of funds, the Division modified the work orders of the two contractors (March 2006) and as of March 2008 against 55 *per cent* physical achievement, Rs.1.47 crore was paid to them. Thus, by reducing the thickness of the pavement, the load capacity of the pavement was reduced, rendering the entire pavement work sub-standard.

The Department confirmed (November 2008) the deviation and attributed it to fund constraints. The Department should have taken the approval of MoDONER for revising the estimate and deviation from the DPR.

- There was no provision for construction of any Bailey Bridge in the project proposal. However, a revised estimate was prepared (April 2005) for 17.76 crore comprising construction of 11 Bailey Bridges worth Rs.2.21 crore on different locations of the road and other items. The Divisions procured (September 2005) 11 Bailey Bridge components at Rs.1.46 crore. Subsequently, the Divisions prepared (August 2006) another revised estimate, without provision for construction of Bailey Bridges. The Bailey bridge components were lying at site (July 2008) unutilised, since September 2005, which resulted in blocking of Rs. 1.46 crore for about three years.

The Department replied that due to change of alignment of the road, necessity to construct Bailey Bridges in some places was felt and the procurement was made. However, this reply did not justify the reasons for non inclusion of the Bailey Bridges in the revised estimates nor letting the material purchased remaining idle at site. Further, no approval was obtained from the MoDONER for revising the estimates and deviation from the DPR.

- As per the estimate, against the formation cutting in respect of Mamte-Tuipui portion (0.00 -29.67 Km) executed under PWD, Lawngtlai Division, there was a provision for earth work of 3, 54, 902.75 cum.

The Department issued (Dec 2003) work orders to six local contractors for the execution of 'formation cutting' work involving 4,43,832.33 cum of earth work for Rs.3.71 crore. The contractors started the work between December 2003 and December 2004 and executed earth work of 4,08,175 cum by March 2005 and an expenditure of Rs.3.40 crore was incurred. Three of the six contractors completed their works and final payments were also made to them.

In May 2005 the Engineer-in- Chief and the Secretary, PWD, inspected all the works and observed that (i) all the works executed were sub-standard, (ii) the construction of road from Mamte – Thlengang (Tuipui) was particularly bad, (iii) The formation width was too small and there was no attempt to improve the curves, (iv) the existing Jeep road was simply followed and a very minimal widening work was done and (v) there was hardly any engineering contribution in the construction work. The E-in-C also observed that measurement was taken for the full width of road inspite of insufficient formation width. It was, thus, clear from the above observations that payment was made to the contractors without exercising any checks and verification of work done rendering the expenditure of Rs.3.40 crore for formation cutting infructuous. Further, due to the sub-standard formation cutting, the division had to incur an extra expenditure of Rs. 1.35 crore for re-execution of formation cutting.

The Department accepted the audit observation and stated that the sub-standard works had been rectified.

**(iii) Greater Mamit water supply scheme**

The Department incurred an unauthorized expenditure of Rs.37.64<sup>22</sup> lakh towards items not provided in the project proposals. Had the Department utilized this amount towards the execution of essential components, with proper planning, the project could have been completed much earlier.

Accepting the audit observation, the Department stated (November 2008) that the deviations had been made without obtaining the approval from the higher authorities to complete the scheme and approval from the higher authority will be taken after completion of the scheme.

<sup>22</sup> Total Rs.37,63,501 :-RCC Clear Water Sump- Rs. 5, 60, 903; Main Reservoir & Zonal tank-10, 45,775; Electro Chlorinator - Rs.11, 95, 000; Back Wash Tank – Rs. 98, 780; Canopy for DG Set -Rs. 8, 63, 043;

### **3.3.9.6 Overlapping of construction of Kitchen Sheds**

Out of 99 Kitchen Sheds (Rs.35.64 lakh) constructed in different schools, 14 Kitchen Sheds (Rs.5.04 lakh) in four districts were shown as constructed in those schools, where Kitchen Sheds had already been constructed under the Mid-day Meal Scheme. Consequently, the genuineness of the construction and the expenditure of Rs.5.04 lakh remained doubtful.

The Department assured that necessary action would be taken in this regard.

### **3.3.10 Incorrect reporting in Quarterly Progress Reports (QPRs)**

Cases of incorrect reporting by the implementing agencies in the QPRs are discussed below:

- Against the actual achievement of 68 *per cent* (as per the records of the executing Division) in respect of the project 'Construction of Lungtian-Mamte via Vartek Kai road' as of August 2008, the Engineer-in-Chief, PWD, recorded (November 2007) 97 *per cent* physical completion of the project and 100 *per cent* utilization of Rs. 25.29 crore, although, Rs.7.18 crore was lying unutilized under PW Deposit;
- Although the PHE Department could not complete installation of pumps and construction of approach road and could not even take up construction of building and fencing against the project 'Greater Mamit water supply scheme', 100 *per cent* completion was shown against installation of pump, construction of approach road and building and 40 *per cent* completion against the fencing in the QPR. Incorrect expenditure was also shown against each of the components of the project in the report submitted to the GOI.

Accepting the audit observation, the Department replied in the exit conference that the sanction wise expenditure was shown against the items in the QPR to avoid un-necessary queries.

- The project 'Sub-transmission and distribution lines, Lunglei town', was stated to have been completed by the Department in its periodical report. However, there was no physical achievement in the construction of 33/11 KV Sub-Station at Lunglei.

### **3.3.11 Monitoring and Evaluation**

NLCPR guidelines prescribed the following measures for monitoring and evaluation of various projects sanctioned under the scheme:



- Chief Secretary of the State should hold quarterly review meeting to review the progress of implementation of the ongoing projects and send reports to MoDONER;
- State would get the project field inspected periodically and send the inspection report to MoDONER regularly. A set of such inspection reports for the projects inspected during the quarter in question should be enclosed with the Quarterly Review report.

However, no such meetings were held during the years under review and in the absence of such periodic review meetings and inspections, the actual monitoring and implementation of the programme remained ineffective.

### **3.3.12 Conclusion**

The objectives of NLCPR funding have not been achieved in the State, as over 56 *per cent* of the approved projects since inception of the scheme, remained incomplete as of March 2008. Infrastructural gaps were not identified clearly and priority was accorded to non-critical and miscellaneous sectors rather than the developmental and infrastructure sectors. The State Planning Board confined its role to endorsing the project proposals submitted to it rather than screening the proposals with regard to their need, techno-economic feasibility and the intended benefit. Consequently, there were several deviations from the approved DPRs. Fund management was poor and affected the timely execution of projects. Monitoring and supervision was inadequate, leading to time and cost overrun in several projects and diversion of funds.

### **3.3.13 Recommendations**

- The State Planning Board (Nodal Department) should be more proactive in scrutinizing the project proposals submitted by the Departments and other agencies eligible to receive grants from NLCPR;
- The Nodal Department should ensure post completion checks especially with reference to the utility and impact assessment of all the projects so as to obviate abandonment / non-utilisation of infrastructure created;
- Stringent inspection of all on-going projects should be carried out regularly to avoid extra expenditure, and to ensure timely utilization of funds and derivation of benefits; and
- Monitoring and internal control mechanism should be more effective to ensure that intended benefits are derived by the Society/targeted population and scarce funds are not misutilised.

The audit findings were reported to the Government (September 2008); reply had not been received (November 2008).