

PREFACE

This Report of the Comptroller and Auditor General of India for the year ended March 2008, containing the results of the performance audit of Non-lapsable Central Pool of Resources (NLCPR) scheme, has been prepared for submission to the President of India under Article 151 of the Constitution.

The performance audit was conducted between April 2008 to November 2008 through test check of the records in the Ministry of Development of North Eastern Region and audit in State Departments of eight North Eastern States *viz.* Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura covering the period 2002-03 to 2007-08.

HIGHLIGHTS AND SUMMARY OF RECOMMENDATIONS

The scheme of Non lapsable Central Pool of Resources (NLCPR) was started by the Central Government in 1998-99 to ensure speedy development of infrastructure in North East region by providing funding for specific projects identified by the State governments. This central pool of resources for North Eastern States was to be funded from the unspent amount of the stipulated 10 *per cent* of the gross budgetary support earmarked for spending on North Eastern (NE) States by Union Ministries each year.

A Performance Audit of implementation of NLCPR scheme was conducted covering the period from 2002-03 to 2007-08 and out of 527 projects approved during the above period, a sample of 91 projects was selected for examination in audit. Audit findings were communicated to the Ministry in September 2009 and the reply of the Ministry received in February 2010 has been taken into account in finalizing this report. The important audit findings and recommendations included in this report are as follows:

- NLCPR fund had a total accrual of Rs. 6525 crore during last five years from 2003-04 to 2007-08 against which the aggregate amount released to NE states was only Rs. 3205 crore constituting 49 *per cent* of the total accruals. The fund had a balance of Rs. 6963.79 crore at the close of the financial year 2007-08. Relatively small amount of releases from the fund every year indicate poor implementation of the programme despite availability of funds.

(Paragraph 4.1)

- The Cabinet decision of November 1997 stipulated that the Ministry of Finance would create a NLCPR fund in the Public Account of India. No such Reserve Fund has been created in the Public Account so far and the Ministry is maintaining this fund merely on proforma basis. Hence, the NLCPR fund maintained under the present arrangements can not be said to be a non-lapsable fund.

(Paragraph 3.1.1)

- The completion rate of projects under NLCPR was far from satisfactory. As of 30 September 2008, 959 projects with an approved cost of Rs. 7070 crore had been sanctioned from the NLCPR fund. Of these, 783 projects had become due for completion by October 2008 or earlier, however, only 435 projects (56 *per cent*) involving an expenditure of Rs. 1934 crore had been completed. Even completed projects had huge time overruns ranging up to five years or more.

(Paragraph 3.2.1 (a))

- There were 524 incomplete projects of which 348 had fallen behind approved schedule as of October 2008. Most of the incomplete projects with time overruns were in Assam (143), Manipur (44), Sikkim (40) and Nagaland (38). 106 projects were pending completion despite release of the entire approved cost of Rs. 1108 crore to the State governments concerned.

(Paragraph 3.2.1(b))

- The major bottlenecks in timely completion of projects were: delays in release of funds to the executing agencies, improper planning and frequent revision of estimates, delays in tendering and award of work, slow progress of execution by the contractors, delays in receipt of forest and other clearances, land disputes and law and order problems.

(Paragraph 3.2.1(c))

- The Ministry diverted/irregularly spent an amount of Rs. 1837.46 crore from NLCPR pool viz., to fund the North Eastern Council's expenditure (Rs. 1605.38 crore), funding of projects which were initially taken up by the State Governments but discontinued/abandoned and subsequently funded from NLCPR (Rs. 191.20 crore) and for components not envisaged in the guidelines (Rs. 40.88 crore).

(Paragraph 4.5.1, 4.5.2, 4.6 & 4.7)

- Against the total amount of Rs. 5883 crore released up to 2008-09 to the NE States, Utilization Certificates of Rs. 1164 crore were pending as of March 2009. Delay in submission of UCs which ranged upto four years or more, adversely impacted further release of funds by the Ministry to the states.

(Paragraph 4.2)

- From the year 2005-06, the financial support provided to states under NLCPR was 90 *per cent* grant from the Government of India and the balance 10 *per cent* was to be contributed by the State Government. During 2005-08, the State Governments in North East region did not contribute their share aggregating Rs. 113.93 crore (81.50 *per cent*) towards implementation of NLCPR projects. The major defaulting states were: Meghalaya (100 *per cent*), Manipur (99.78 *per cent*), Assam (93.51 *per cent*), Tripura (88.83 *per cent*), and Nagaland (42.98 *per cent*).

(Paragraph 4.3)

- Prior to 2005-06, assistance provided under NLCPR consisted of 10 *per cent* of the project cost as 'loan' and 90 *per cent* as 'grant'. The NE States have been

defaulting in repayment of loan, and as of 31 March 2009, an amount of Rs. 31.70 crore was outstanding against them.

(Paragraph 4.4)

- Against the prescribed monitoring measures in the guidelines viz. submission of quarterly progress reports (QPR), quarterly review meetings by the Chief Secretaries of the States, periodical project inspections, impact studies etc., test check of 68 projects revealed that QPRs were submitted with abnormal delays. Quarterly review meetings by the Chief Secretaries were also not held regularly. Inspections of the projects carried out by State Governments were inadequate.

(Paragraph 5.1)

- Adequate transparency and publicity of information relating to NLCPR projects was not ensured through local media and display boards.

(Paragraph 3.2.3)

- In spite of huge investments in the NE States, no evaluation study was conducted to assess the impact of the projects created out of NLCPR funding.

(Paragraph 5.2.2)

Summary of Recommendations:

- Ministry may review the further continuance of NLCPR scheme in view of the fact that NLCPR funding constitutes only around four *per cent* of the total expenditure in NE region, and the scheme has failed to achieve its objective of ensuring speedy development of infrastructure in NE States. The funds can still be made available to meet the same objectives either through State Plans or the Central Ministries.
- Pending a decision, the Ministry may in coordination with the State Governments analyze reasons for delayed and incomplete works so as to remove bottlenecks and ensure timely and efficient execution of the projects.
- The annual accruals under NLCPR are much higher in comparison to annual releases from the fund resulting in accumulation of huge surplus balance under NLCPR. Ministry in consultation with State Governments must develop a strategy to improve utilization of funds and accelerate the pace of development in NE region.
- The Ministry may insist upon the States to conduct gap analysis of Basic Minimum services (BMS) and Infrastructural development and submit the same with their proposals to facilitate prioritization in funding of such projects.

Report No. 5 of 2010-11

- The Ministry needs to strengthen financial management by close monitoring and follow up to ensure that there is no diversion or irregular utilization of NLCPR funds by the State Governments and/or implementing agencies.
- The Ministry/State governments should strengthen controls as well as the inspection and monitoring mechanism at all levels for effective implementation of the projects and ensure quality in work execution.
- Wide publicity must be given by State governments to the projects executed under NCPR to enhance transparency and awareness about such projects.
- Impact studies/surveys could be undertaken especially with reference to achievement of outcomes.

CHAPTER I: NLCPR SCHEME-AN OVERVIEW

1.1 Introduction

The Government, in October 1996, announced under the “New initiatives for North Eastern Region (NER)” that at least ten *per cent* of the budget of Central Ministries/Departments would be earmarked for the development of North Eastern (NE) States. A High Level Commission (the Shukla Commission) was constituted in 1996 to examine the backlogs in respect of Basic Minimum Services and to assess the gaps in different sectors of infrastructure, especially in power, communication, railways, roads, education and agriculture in the NE States. The Commission estimated a requirement of Rs. 9396 crore for covering the backlog in Basic Minimum Services (BMS) and Rs. 93619 crore for meeting the gaps in the infrastructure. A preliminary exercise undertaken by the Planning Commission revealed that the expenditure on the North East by many Union Ministries during 1997-98 fell short of the stipulated ten *per cent* of the gross budgetary support (GBS) for the year. Thereafter, it proposed the creation of a Central Pool of Resources for the North Eastern States to be funded from the unspent amount out of the stipulated ten *per cent* of GBS, to support infrastructure development projects in the NER. Accordingly, the Government decided to create a Non Lapsable Central Pool of Resources (NLCPR) in the Union budget for the year 1998-99 in the Public Account titled “Central Resource Pool for development of NER” for funding specific programmes for economic and social upliftment of North Eastern States.

The broad objectives of the scheme were to:

- ensure speedy development of infrastructure in the NER by increasing the flow of budgetary financing for new infrastructure projects/schemes in the region, with projects in physical infrastructure sector receiving priority, and
- develop both physical and social infrastructure sectors such as irrigation and flood control, power, roads and bridges, education, health, water supply and sanitation by considering them for providing support under the central pool.

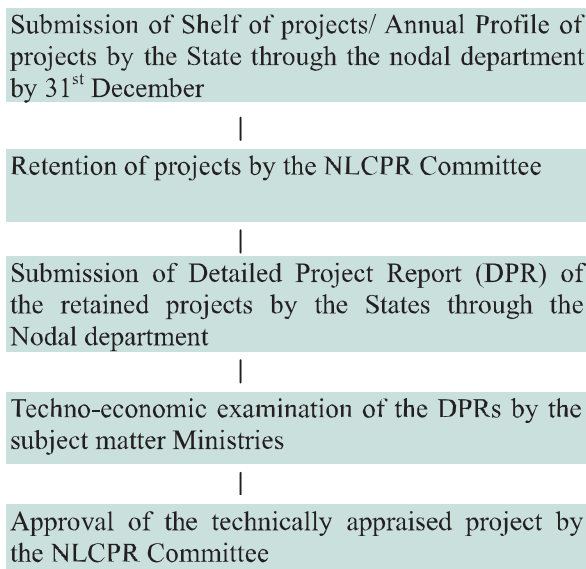
The nodal central agency for planning and implementation of all development programmes in the NER was vested with the Planning Commission up to August 2001. Thereafter, the work was transferred to Ministry of Home Affairs (MHA) from September 2001 to April 2004. After the creation of Ministry of Development of North Eastern Region (DONER) in May 2004, the NLCPR scheme was funded and monitored by it.

1.2 Organisational arrangements

The 'NLCPR Committee' administers the NLCPR scheme and is headed by the Secretary, Ministry of DONER. The functions of the Committee are to ensure equitable distribution of NLCPR resources amongst NE States, assess projects/schemes proposed by the NE States, prioritise and recommend allocation of funds for such schemes/projects, recommend the amount(s) for re-appropriation by the Central Ministries/Departments from Budget Head created for the Central Pool. The Committee also monitors and reviews the progress of the projects/schemes, suggests policy changes to prevent procedural and other bottlenecks in the execution of projects and meets periodically to submit recommendations to the Union Minister for DONER on various aspects of NLCPR projects.

Implementation of the scheme vests with the State Governments through their nodal department for NLCPR, which is Ministry of DONER's interface with all other departments of the State. The State proposes the annual profile of projects through its nodal department

The main steps in project formulation and approval by the Ministry are:



Central Ministries/Departments submit projects for funding under NLCPR only if they have exhausted the funds (minimum 10 *per cent* of their budget) provided for NER. Even so, they are encouraged to take recourse, in the first instance, to raising supplementary demands for grants for augmentation of their budgets for projects in NER.

1.3 Scheme guidelines

1.3.1. The NLCPR scheme had been in operation since 1998-99 and the Planning Commission initiated preparation of guidelines in July 2001. The guidelines were finally framed in November 2002 by the then Department of DONER, Ministry of Home Affairs. It was observed that the Ministry of DONER later revised the guidelines in July 2004, on the basis of feed back from all levels and experience gained from past experience of implementation of the scheme. Some changes that were brought about in the revised guidelines were inclusion of gap analysis in the annual profile, assurance from the State that the projects proposed had not been taken up with any other funding mechanism. Projects of less than Rs. 2.00 crore would not be generally funded and emphasis was to be given for employment generation and infrastructure schemes. The revised guidelines also prescribed a broad framework for submission of detailed project reports and formation of Sectoral Technical Committee for approving the detailed project reports in case of delay by line Ministry in examination. Projects of vital importance not retained in any financial year could be considered in the subsequent year if considered vital by the State Government; release of first installment restricted to 35 *per cent* of the project cost and utilization of each installment to be ensured within nine months in place of six months prescribed earlier. These revised guidelines therefore, reflected the experience gained over the years in implementation of the Scheme. Another initiative taken by the Ministry was to amend the guidelines in August 2008 to allocate a minimum of 25 *per cent* funds to the projects in backward areas/Sixth Schedule Areas/Autonomous District Councils for the reason that State Governments were not according priority to the projects in backward regions in the NE States. The guidelines were further amended in August 2009 thereby providing 15 days' time to States instead of 30 days for releasing funds to the executing agencies.

The States in the North Eastern Region (NER) viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura depend heavily on central funding for development works. They pursue their development concerns through their respective Five year Plans and annual plans, as well as through those of the Union Ministries and other central agencies. The projects of inter state nature in the region are funded by North Eastern Council (NEC), which is a separate entity.

1.3.2 The comparative position of funding from various sources in NER is given in the table below.

Table-1: Expenditure/Investment in NER during Tenth Five Year Plan and 2007-08

Source of funding	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total (per cent)
	<i>Rupees in crore</i>						
State Plan	4282.20	4845.56	5660.82	6464.63	8193.51	9083.38	38530.10 (42.70)
Central Ministries	5139.59	5237.31	6403.74	7325.39	9723.06	11048.07 (Provisional)	44877.16 (49.73)
NEC	441.45	497.54	498.72	460.15	597.81	583.61	3079.28 (3.41)
NLCPR	550.00	550.00	650.00	679.17	689.83	636.00	3755.00 (4.16)
Total	10413.24	11130.41	13213.28	14929.34	19204.21	21351.06	90241.54

While the investment in the NER has been increasing each year, NLCPR funding constituted only around 4.16 *per cent* of the total expenditure.

1.4 Budget and expenditure

The details of budget allocations and expenditure during 2002-08, under NLCPR are given in Table 2:

Table-2: Details of budget allocation and expenditure

Year	Budget Estimates	Revised Estimates	(Rupees in crore)
			Actual expenditure ¹
2002-03	550.00	550.00	550.00
2003-04	550.00	550.00	550.00
2004-05	650.00	650.00	650.00
2005-06	585.00	679.17	679.17
2006-07	700.00	700.00	689.83
2007-08	600.00	636.00	636.00
Total	3635.00	3765.17	3755.00

The Ministry of DONER sanctions funds in installments to the State Governments for implementation of the projects. The first installment is not to exceed 35 *per cent* of the total project cost unless there are special circumstances. Till 2004-05, the funds released under the scheme were 90 *per cent* ‘grant’ and 10 *per cent* ‘loan’. From 2005-06, as per the recommendation of the Twelfth Finance Commission only ‘grant’ portion was released to the State Governments. The balance 10 *per cent* was to be raised by the State Governments.

¹ Source: Appropriation accounts

CHAPTER II: AUDIT APPROACH

2.1 Audit objectives

The objectives of the performance review were to assess whether:

- There was a critical assessment of needs in each of the infrastructural areas and that the individual projects were planned appropriately.
- The mechanism in place for approval of the projects was strictly adhered to and appropriate checks applied at each stage, prior to approval and after release of funds.
- Projects were executed efficiently and achieved their intended objectives;
- There was a mechanism for adequate and effective monitoring and evaluation of projects.

2.2 Audit Criteria

The findings were benchmarked against the following criteria:

- Guidelines of the Government of India (GOI) for administration of NLCPR
- Detailed Project Reports
- Conditions and norms for release of funds

2.3 Audit scope and coverage

The performance audit was conducted during April 2008 to November 2008 and covered the period from 2002-03 to 2007-08. Since the inception of NLCPR (1998) and up to September 2008, 959 projects were approved, while during the period 2002-03 to 2007-08, 527 projects were approved. These projects were related to Roads and Bridges, Power, Health, Education, Flood control and Irrigation, Water Supply and Sanitation, Agriculture and allied activities which are directly related to the improvement of basic infrastructural facilities in the region.

Out of 527 projects approved under the NLCPR scheme during 2002-03 to 2007-08, 91 projects (17.3 *per cent*) (**Annex 1**) were selected for audit. The audit was conducted through examination of records and files in the Ministry, in eight North Eastern States and also through field inspections.

Table-3: NLCPR projects

(Rupees in crore)

Period	Number of projects approved	Projects cost	Number of projects completed	Expenditure involved on completed projects	Completed Projects (in percentage)
1998-99 to 2007-08*	959	7070.38	435 (as of October 2008)	1934.49	45.36
2002-03 to 2007-08*	527 out of 959	4307.91	174 (as of October 2008)	1009.14	33.02
Projects selected for audit examination					
2002-03 to 2007-08	91 out of 527	1399.89	36 (as of November 2009)	380.46	39.56

* Status of the projects as of October 2008.

2.4 Audit Methodology

The performance audit of the scheme commenced with an entry conference with the Ministry of DONER in April 2008, in which the audit methodology, scope, objectives and criteria were explained to the Ministry. Records were examined at the Ministry, State Government and implementing agencies in all the NE States viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. An exit conference was held with the Ministry of DONER on 13 January 2010 to discuss the findings contained in the draft performance audit report on NLCPR.

2.5 Acknowledgement

We place on record our sincere appreciation for the cooperation of the Ministry of Development of North Eastern Region and State nodal departments in facilitating our audit.

CHAPTER III: PLANNING AND EXECUTION

3.1 PLANNING

3.1.1 Creation of NLCPR reserve fund in Public Account

In terms of the Cabinet decision taken in November 1997, the Ministry of Finance (Department of Expenditure) was required to create a fund titled the “Central Resource Pool for development of North Eastern Region” in the Public Account. However, no such reserve fund had been created in the Public Account and the funding of the NLCPR scheme was being effected through the annual budget exercise. Details of accruals in the pool since inception are given in Table 4:

Table- 4: Details of accruals to the Pool since 1998-99

(Rupees in crore)

Sl. No.	Year	Opening Balance	Amount of accruals	Releases during the year	Closing Balance
1	1998-99 to 2001-02	N/A	5806.07	1605.38 (NEC) 1346.72 (NLCPR) <hr/> 2952.10	2853.97
2	2002-03	2853.97	1339.70	550.00	3643.67
3	2003-04	3643.67	657.24	550.00	3750.91
4	2004-05	3750.91	663.35	650.00	3764.26
5	2005-06	3764.26	1960.12	679.17	5045.21
6	2006-07	5045.21	1311.08	689.83	5666.46
7	2007-08	5666.46	1933.33*	636.00	6963.79

*The figure is provisional and is yet to be certified by Department of Expenditure, Ministry of Finance

The Ministry of DONER stated (February 2010) that ‘the non-lapsable pool exists in notional form and the creation of non-lapsable pool in Public Account would be beneficial for deciding the nature and quantum of projects to be funded. Instead of getting budgetary support for the scheme, the Ministry should be allowed to draw the funds directly from the pool as per need’. The Ministry also stated that it had raised the issue of creating a non-lapsable pool in Public Account at various fora. However, it may be appropriate to assess the overall functioning and role played by NLCPR at this stage, before taking a definitive view on the funding of the NLCPR. Thus even after 11 years of the Cabinet decision the issue of opening the NLCPR Fund in the Public Account of India could not be resolved.

Government must comprehensively examine this issue on priority and should either open a fund for NLCPR in the Public Account of India as per the Cabinet decision of 1997 or suitably amend the programme guidelines for maintenance of NLCPR accounts on proforma basis only.

3.1.2 Gap analysis before setting up of NLCPR

Gap analysis for the Basic Minimum Services (BMS) and infrastructural development was done sector and State-wise for all the NE States in the Shukla Commission Report submitted in March 1997. These gaps were to be filled by way of funding from all sources viz. Central Sector/sponsored schemes, State plan schemes, North Eastern Council etc. The Report did not specifically identify the source of funding for the sector-wise gaps in BMS and infrastructure development. In respect of infrastructure development, only a broad overview of the indicative requirement of funds for various infrastructure development programmes was done in November 1997. The Ministry of DONER did not devise any mechanism to ascertain the gaps to be filled through their funding.

3.1.3 Annual Project Profiles

In terms of the scheme guidelines, the “Annual Profile of Projects²” was to be submitted by each State before 31 December of the previous year, with a comprehensive proposal containing ‘gap analysis’ (included in revised guidelines of 2004) of all major sectors and justification for the listed projects for filling these gaps. This was required to be in consonance with the overall planning process within the States covering Annual and Five year Plans.

Audit conducted a review of 24 Annual priority lists of the eight States for three years viz. from 2005-06 to 2007-08 and observed that in 19 annual profiles of projects, gap analysis was not carried out by the respective States. The project profiles did not contain detailed analysis of existing facilities in the sector, complete justification along with the cost benefit analysis for the particular project. The Ministry approved NLCPR projects without assigning priority with reference to gap analysis as envisaged in the guidelines. No record/data was available to monitor the existing gaps and those filled under various schemes.

The Ministry stated (February 2010) that the State Governments had to submit prioritized lists of infrastructure projects, annually, after analysing the gaps in infrastructure. It had issued a District Infrastructure Index (DII) in September 2009 which would be of help in better targeting of schemes and projects within NER, in order to reduce intra-regional disparities. Since funds for the scheme are released by

² Annual profile of projects should be a comprehensive proposal containing ‘gap analysis’ of all major sectors and justification of the list of projects in fulfilling these gaps. This should be in consonance with the overall planning process within the State, covering Annual Plans and Five Year Plans. The State should also indicate that the project has not been proposed or taken up with other funding mechanism. The list should include write ups as concept papers on all individual projects denoting approximate financial outlay, identification of beneficiaries etc.

the Ministry, it must be ensured by the Ministry that the basic requirements of the scheme are fulfilled before it decides to release funds to the States.

3.2 PROJECT EXECUTION

3.2.1 Status of completed/incomplete projects

(a) Analysis of completed projects

The status of completed projects funded under the NLCPR is depicted in Table 5.

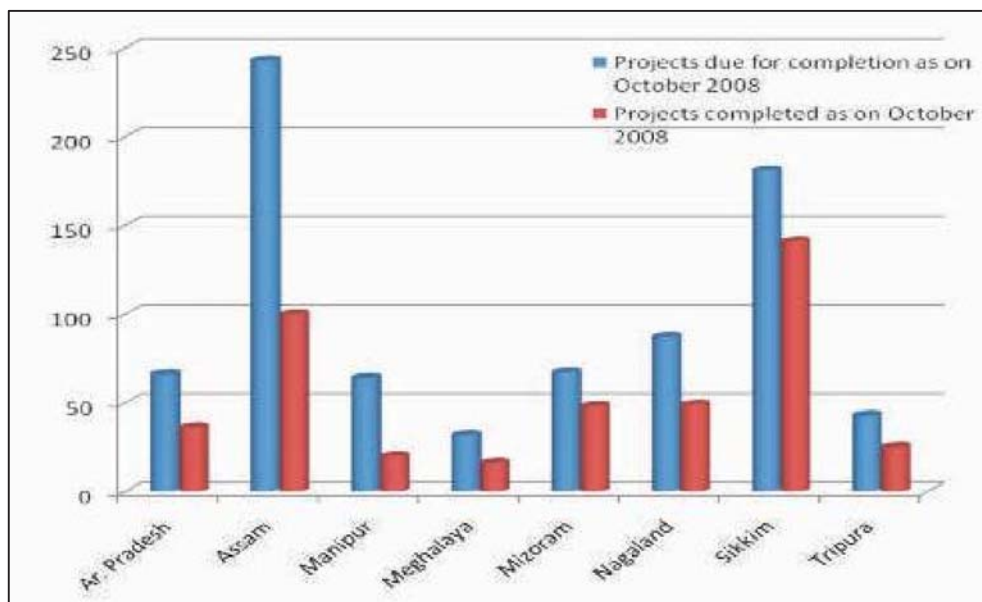
Table-5: Completed projects

Name of State	Projects Sanctioned since 1998 to September 2008	Projects due for completion as on October 2008	Projects completed as on October 2008	Percentage of completed projects
1	2	3	4	5
Arunachal Pradesh	101	66	36	54.55
Assam	295	243	100	41.15
Manipur	92	64	20	31.25
Meghalaya	58	32	16	50.00
Mizoram	79	67	48	71.64
Nagaland	94	87	49	56.32
Sikkim	187	181	141	77.90
Tripura	53	43	25	58.14
Total	959	783	435	55.56

Our analysis of completed projects indicated that:

- As of 30 September 2008, 959 projects with an approved cost of Rs. 7070.38 crore had been sanctioned from the NLCPR. 783 of these projects should have been completed by October 2008 or earlier. However, only 435 projects (56 *per cent*) involving an expenditure of Rs. 1934.49 crore had been completed.
- The performance of Assam and Manipur was far from satisfactory as these States could not complete even half of the projects that had fallen due for completion as of October 2008. The States of Sikkim and Mizoram performed relatively better achieving an overall completion level of 78 *per cent* and 72 *per cent* respectively.

Chart 1- State-wise details of projects due and completed under NLCPR



- Of 435 projects completed upto October 2008, only 210 projects (48.27 per cent) were completed timely as per schedule and remaining 225 projects were delayed with time overruns ranging from 1 month to 69 months as per details given in the Table 6 below:

Table-6: State-wise detail of projects completed with time overrun

Name of State	Projects completed as on October 2008	Projects completed in time	Projects completed with time overrun	Range of delay (in months)
Arunachal Pradesh	36	5	31	7-50
Assam	100	23	77	1-39
Manipur	20	7	13	2-69
Meghalaya	16	3	13	1-38
Mizoram	48	29	19	1-57
Nagaland	49	45	4	3-18
Sikkim	141	95	46	5-26
Tripura	25	3	22	1-60
Total	435	210	225	

(b) Analysis of incomplete projects

The position of incomplete projects is given in Table 7.

Table-7: State-wise details of incomplete projects

Name of State	Projects sanctioned since 1998 to September 2008	Incomplete projects as of October 2008	Projects due for completion as on October 2008	Incomplete projects with time overrun	Percentage of incomplete projects	Dropped / closed
Arunachal Pradesh	101	65	66	30	45.45	0
Assam	295	185	243	143	58.85	10
Manipur	92	72	64	44	68.75	0
Meghalaya	58	42	32	16	50.00	0
Mizoram	79	31	67	19	28.36	0
Nagaland	94	44	87	38	43.68	1
Sikkim	187	29	181	40	22.10	17
Tripura	53	28	43	18	41.86	0
Total	959	496	783	348	44.44	28

Our analysis indicated that:

- Of the **524³** incomplete projects including 28 dropped projects, 348 projects (44.44 *per cent* of 783 projects) were due for completion as of October 2008 or earlier. There were serious slippage s in completion of a large number of projects under the scheme. In fact, in **106 incomplete** projects (20 *per cent*) the entire approved cost of **Rs. 1107.99** crore had been released to the State Governments concerned. Some important projects which were yet to be completed despite complete release of funds by the Ministry were 132 KV Ziro-Daporijo-Along transmission line, Arunachal Pradesh (Rs. 52.81 crore), Champamati Irrigation Project, Assam (Rs. 39.47 crore), Electrification of Tribal villages, Manipur (Rs. 11.28 crore), Primary School building, Meghalaya (Rs. 14.40 crore), Tang junction to Chenmoho road in Nagaland (Rs. 15.13 crore), Augmentation of Gyalshing water supply scheme in Sikkim (Rs. 7.08 crore) and Tribal development project in Tripura (Rs. 28.04 crore). The delay in completion of these projects was more than eight months.
- **28 projects** had been closed/dropped by the States/Ministry. The reasons attributed for closure of these projects were withdrawal of project by the State government for considering them under other Centrally Sponsored Schemes, executing agency reluctant to start the project due to low approved cost and in some cases reasons of closure were not available on records.

³ Total projects (959) – Completed projects (435)=Incomplete projects 524 (496+28)

(c) Status of test checked projects:

Audit reviewed 91 projects with approved cost of Rs. 1399.89 crore. Only 36 projects involving expenditure of Rs. 380.46 crore were completed as of November 2009. Of 36 projects, 21 projects were completed with time overrun ranging 4 months to 47 months. State-wise details of incomplete projects and reasons for delay in completing the projects are discussed below in Table-8.

Table-8: State-wise status of reviewed projects				
State	No. of reviewed projects	Completed projects	Incomplete projects	Reasons for delay in completion of projects
Arunachal Pradesh	10	02	08	<ul style="list-style-type: none"> ➤ Delay by the State Government in submission of UCs, progress reports etc. resulted in delay in release of funds by the Ministry, which further delayed the implementation of the projects. ➤ Delay in transmission of funds to the executing agencies by the State Government ➤ Excessive time taken in the process of tendering, obtaining of statutory clearances, litigation problems etc.
Assam	25	08	17 [In one case completion certificate (CC) awaited]	<ul style="list-style-type: none"> ➤ Short release of State share against its 10 <i>per cent</i> share due during 2005-06 to 2007-08. ➤ Delay in release/non release of funds to executing agencies by the State Government ➤ Non receipt of material in time and forest clearance. ➤ Delay due to law and order problems in the State.
Manipur	10	04	06	<ul style="list-style-type: none"> ➤ Short release of state share and delay in release of central funds to implementing agencies by the State government. ➤ Delay in timely utilization of funds due to law and order problem.
Meghalaya	10	03	07	<ul style="list-style-type: none"> ➤ Delay in transmission of funds to the executing agencies by State Government
Mizoram	09	06	03	<ul style="list-style-type: none"> ➤ Diversion of funds. ➤ Improper planning relating to finalisation of site, frequent revision of estimates. ➤ Slow progress of execution by the executing agency/contractor ➤ Improper planning by the Department ➤ Short release of State share.
Nagaland	10	02	08 (one project abandoned, in one case CC awaited)	<ul style="list-style-type: none"> ➤ Delay in transmission of funds to the executing agencies by State Government ➤ Short release of State share.
Sikkim	08	06	02	<ul style="list-style-type: none"> ➤ Delay by the contractor. ➤ Delay in issue of work order. ➤ Paucity of funds due to higher tender rates.
Tripura	09	05	04	<ul style="list-style-type: none"> ➤ Non release of State share. ➤ Delay in transmission of funds to executing agencies by the State government.
Total	91	36	55	

3.2.2 Sector wise analysis of project implementation of reviewed projects

3.2.2.1 Education Sector

A major project being executed under NLCPR in the Education sector is the Sarva Shiksha Abhiyan (SSA), which is a Central scheme implemented by Ministry of Human Resource Development (HRD). The funding pattern under SSA during the Tenth Plan was 75 *per cent* to be borne by the Centre and 25 *per cent* by the State. Since North Eastern States are Special Category States, they were required to bear only 10% of the State share and the balance 15 *per cent* was to be met by Ministry of DONER. The Ministry, while issuing the sanction orders, specified that the related grant was being given as a special dispensation for the SSA scheme viz., to meet 15 *per cent* of the State share. During 2005-06 and 2006-07, Ministry of DONER supplemented the 15 *per cent* out of 25 *per cent* State share amounting to Rs. 170.78 crore from NLCPR. It was observed that in two States, Arunachal Pradesh (Rs. 14.29 crore) and Assam (Rs. 102.93 crore), a sum of Rs. 117.22 crore was released in 2006-07 for which utilization certificate was awaited as of January 2010.

The other major projects taken up under the Education sector were on account of development/upgradation of infrastructure and facilities at universities, colleges and schools. Audit scrutiny of these projects revealed the following position:

Table-9: Summary of Education projects (other than SSA)

State	Name of reviewed project	Status ⁴ as of November 2009	Audit findings
Arunachal Pradesh	Construction of 200 seated Girls Hostel at J.N. College, Pasighat Project Year: 2005-06 Approved cost: Rs. 5.15 crore Total releases ⁵ : Rs. 4.50 crore Due date for completion: 31.10.07 Implementing Agency : PWD, Pasighat PW Division	Incomplete	i) Physical progress ⁶ 61.36 <i>per cent</i> (as of November 2009). ii) Delay in completion by 25 months from the due date (as on November 2009).
Assam	Infrastructure Development of Assam Textile Institute at Guwahati Project Year: 2005-06 Approved cost: Rs. 7.41 crore Total releases: Rs. 2.34 crore Due date for completion: 30.09.09 Implementing Agency : PWD(R), Assam	Incomplete	i) Physical progress 0 <i>per cent</i> (as of November 2009). ii) Project not taken up in spite of release of Rs. 2.34 crore in September 2006 resulting in idling of funds with the State government. iii) Reason for non start of the

⁴ Projects are treated as complete by the Ministry only after receipt of Completion Certificate from the State Government

⁵ Total releases in all cases are the amount given by the Ministry to the State Government

⁶ Physical progress as intimated by States through Quarterly Progress Reports to the Ministry as of November 2009.

State	Name of reviewed project	Status ⁴ as of November 2009	Audit findings
			work is non finalization of agreement.
Manipur	Infrastructure Development of Manipur University Phase II Project Year: 2004-05 Approved cost: Rs. 3.88 crore Total releases: Rs. 3.17 crore Due date for completion: 31.10.06 Implementing Agency : Manipur University: MU Engineering Cell	Incomplete	i) Physical progress 90 <i>per cent</i> (as of November 2009). ii) Project completion already delayed by 37 months from the due date (as on November 2009).
Meghalaya	Campus Development Project of Building Infrastructure of Thomas Jones Synod College, Jowai Project Year: 2005-06 Approved cost: Rs. 3.37 crore Total releases: Rs. 2.06 crore Due date for completion: 2.04.09 Implementing Agency : Governing Body of the College and Director of Higher Education	Incomplete	i) Physical progress 80 <i>per cent</i> (as of November 2009). ii) Project completion already delayed by 7 months from the due date (as on November 2009). iii) Non-deduction of security deposit from contractor to the tune of Rs. 4.60 lakh.
	Construction of Tikrikilla College Complex, West Garo Hills District Project Year: 2006-07 Approved cost: Rs. 5.43 crore Total releases : Rs. 1.71 crore Due date for completion: 31.12.09 Implementing Agency : Department of Education	Incomplete	Position of physical progress yet to be received by the Ministry from the State.
Mizoram	Infrastructure Development of Mizoram University (additional) Project Year: 2003-04 Approved cost: Rs. 23.26 crore Total releases: Rs. 21.39 crore Due date for completion: 30.06.07 Implementing Agency : CPWD	Incomplete	i) Physical progress 100 <i>per cent</i> but Completion Certificate is still awaited from the State/nodal department (as of November 2009). ii) Completion of the project already delayed by over two years from the due date of completion resulted in cost over run to the tune of Rs. 2.68 crore. iii) Delay in completion was also due to short-releases of fund to executing agency by the State Government.
Nagaland	Sainik School at Punglwa, Kohima Project Year: 2003-04 Approved cost: Rs. 14.07 crore Total releases: Rs. 12.58 crore Due date for completion: 19.03.06 Implementing Agency: National Buildings Construction Corporation (A Government of India Enterprise)	Incomplete	i) Physical progress 67 <i>per cent</i> (as of November 2009). ii) Delay in completion - three years and eight months from the due date (as on November 2009).

State	Name of reviewed project	Status ⁴ as of November 2009	Audit findings
Sikkim	Construction of School Buildings and Rain Water Harvesting for various Schools Project Year: 2006-07 Approved cost: Rs. 11.47 crore Total releases: Rs. 10.04 crore Due date for completion: 7.12.08 Implementing Agency : Human Resources Development Department, Government of Sikkim	Incomplete	i) Physical progress 95 <i>per cent</i> (as of November 2009). ii) Delay in completion by 11 months from the due date (as on November 2009). iii) Delay due to slow progress of works by the contractor.

Most of these projects were delayed and the physical progress in execution of work was extremely slow. There were inordinate delays in release of funds to executing agencies by the State government. For instance, there was a delay of 347 days in release of funds in the project 'Infrastructure Development of Mizoram University', Mizoram, a delay of 335 days in the project 'Infrastructure Development of Manipur University', and a delay of 278 days in the project 'Construction of 200 seats girls hostel, auditorium, etc at Pasighat' in Arunachal Pradesh.

The Ministry stated (February 2010) that the irregularities noticed by Audit in implementation at the State level were being taken up with the respective State Governments.

3.2.2.2 Roads and Bridges

During 2002-03 to 2007-08, 126 road projects were sanctioned in NE region under NLCPR. Of these, 79 projects (1213.94 km) were scheduled to be completed as of October 2008. However, only 34 projects covering 588.62 km were reported completed as of October 2008.

A total of 224 projects, construction of roads (126), bridges (95), porter tracks (3), were sanctioned during the period 2002-03 to 2007-08. Audit studied the execution of 32 projects viz., 14 bridges, 17 roads (construction and improvement of 414.03 km length road) and a porter track (of 95 km length). Only 11 projects had been completed viz., four bridges, six road projects (68.77 km) and the porter track (95 km). 21 projects were yet to be completed.

(i) Delay in completion

In most of these cases, progress of execution was very slow and the projects have been inordinately delayed for periods ranging from one to five years or more. Some of the cases of inordinate delay are discussed below:

- In Assam the ‘Improvement of Bhowraguri Kachugaon Road in Kokrajhar’ project in Bodoland Territorial Council (BTC) was approved at a cost of Rs. 23.73 crore in 2004-05 and was to be completed in December 2007. The project was not completed even after a delay of 23 months and inspite of full release of funds by the Government of India. The physical progress achieved so far was reported to be only *72 per cent*.
- In Assam the ‘Metalling and back-topping of Gossaigaon to Saraibil Road including improvement of existing hard crust and conversion of STP bridge to RCC bridges)’ project was sanctioned in 2004-05 at a cost of Rs. 19.39 crore and was to be completed in March 2007. Though the Government of India had released full amount of Rs. 19.39 crore to the State Government, the project was not completed. Physical progress was *83 per cent* and there was a time overrun of more than 32 months.
- In Meghalaya the ‘Improvement, widening, Strengthening including Reconstruction of Bridges and Culverts of Rymbai-Iapmala-Suchen Road (1-17 km)’ project was approved in 2005-06 at a cost of Rs. 18.77 crore and was to be completed in December 2007. Completion of the project is delayed by more than two years.
- In Mizoram the ‘Lungtian-Mamte Road via Vartek Kai within Lai ADC’ project was approved in 2003-04 at a cost of Rs. 26.65 crore and was to be completed in October 2006. Completion of the project is delayed by more than three years despite release of Rs. 24.77 crore by the Ministry. There were frequent revision of estimates and lack of adequate monitoring and supervision in the execution of the project.

(ii) Delay in release of funds to the executing agencies

In many cases, non-completion of the projects was attributable to delay on the part of authorities concerned in release of funds to the executing agencies. In the State of Assam, delay in release of fund by the State Government to executing agencies was alarming. For instance, there was a delay of 1461 days in the project ‘Construction of RCC Bridge No 20/1 Nalbari Palla road’, delay of 1255 days in ‘Construction of RCC Bridge No.156/2, 159/1, 163/2, 165/3, 172/2, 174/2, 177/1 & 182/2 on Dhodar Ali’, delay of 1058 days in the project ‘Construction of RCC bridge no.2/2 on Haripur Sansarghat Road’, delay of 1020 days in the project ‘Improvement of Bhowraguri Kachugaon road’ and a delay of 1020 days in the project ‘Improvement of Dhamdhama Tupali Subankhata (DTS) Road’.

(iii) Other irregularities

The other irregularities noticed in execution of roads and bridges in NE region were diversion of funds, cost overrun, undue benefit to contractor, idling of material, improper planning, change in specifications, delay in finalization of tenders, contractors' lackadaisical attitude, law and order problems etc. Project-wise details of delays and irregularities noticed are given in **Annex. 2**. Due to non completion of the projects, the inhabitants of the surrounding area were deprived of the intended benefit of the project.

(iv) Case studies

The short comings and irregularities noticed in the implementation of the reviewed projects are discussed in succeeding paragraphs by way of three case studies:

Case study-1: 'Construction of road from Purana Bazar (NH 39 By pass) to Kohima-Bokajan' project in Nagaland



A photograph of incomplete bridge on "Road from Purana Bazar (NH 39 By pass) to Kohima-Bokajan" (October 2008).

PWD awarded the works to three local contractors from 0-20 km against 22 km of road as per approved (November 2004) DPR at a cost of Rs. 18.22 crore (against the total receipt of funds of Rs. 20.43 crore for the work). The PWD Division paid Rs. 16.06 crore in running account bills to the contractors till February 2007. Scrutiny revealed that the department, instead of constructing the balance 2 km road diverted an amount of Rs. 2.56 crore for construction of three different roads, not included in this project. It was observed that even if the 2 km road had been constructed, the road could not have been fully utilized, as the road passes over a river and construction of bridge over the river taken up under another project had not progressed much (October 2008) as can be seen from the photograph given alongside. Thus lack of planning and coordination resulted in idle expenditure of Rs. 16.06 crore for a period ranging almost four years.

Case study-2: 'Upgradation of Dimapur Khopanwala Jalukie-Peren Road (52 km)' project in Nagaland

The project "Construction of Dimapur-Khopanalla-Jalukie-Peren Road" was approved by the Ministry in February 2006. The approved cost of the project was Rs. 36.73 crore and the targeted date of completion of the work was February 2008.

Table-10: Details of award of work from 48 km to 52 km to two contractors

Name of contractor	Name of work	Work order No.	Estimated Value of work order	Upto date payment made
			(Rupees in crore)	
M/s Paneshwar & Sons	34 km to 52 km (18 km)	CE/R&B/NLCPR/05-06 Dated 20.03.2006	15.00	14.29
Shri Charlie Sekhose	48 km to 58.200 km (10.200 km)	CE/R&B/NLCPR/05-06 Dated 20.03.2006	6.21	4.59
Total			21.21	18.88

The stretch from 48 km to 52 km was awarded to both the contractors. The contractors carried out the work and measurements were taken by Executive Engineer, Public Works Division (Roads & Bridges), Peren Division. Payments of Rs. 18.88 crore were made through running account bills to the contractors between November 2007 and March 2008. Thus, awarding of work orders and release of payment for the same stretch of road to two different contractors resulted in over payment of Rs. 3.17 crore*. The Public Works Department stated (November 2008) that the work allotted to the contractors had since been corrected as 32 km to 50 km and 50 km to 60 km in all the relevant records. However, the fact remains that payment for 4 km had already been made to both the contractors.

* Payment made to M/s Panesar & Sons for construction of 18 km road (34 km – 52 km) = Rs. 142936495 (Vr.No.1 dated 20.3.2008)
Amount for construction of 4 km (overlapping) road = Rs. 142936495 x 4 ÷ 18 km
= Rs. 3,17,63,665

Case study-3: Construction of eight RCC bridges on Dhodar Ali road in Sibsagar district in Assam

The project was approved at a cost of Rs. 3.53 crore by the Government of India in September 2004 and the work was administratively approved (July 2005) by the State Government for Rs. 3.51 crore. The Chief Engineer PWD Roads awarded (March 2005) the entire work (bridges and approaches) to a contractor at tender value of Rs. 3.94 crore to be completed in 24 months (by March 2007).

Though the bridge was completed in February 2008, after a delay of 25 months it could not be put to use because the approaches of the bridge remained incomplete as administrative approval was not accorded for the same.

The Ministry stated (February 2010) that the irregularities noticed by Audit in implementation at the State level were being taken up with the respective State Governments. This shows lackadaisical attitude of the Ministry which did not monitor implementation of the schemes properly and also did not initiate prompt action when the matter was pointed out to it in September 2009.

3.2.2.3 Water supply sector

NLCPR projects under this sector involved both rural and urban water supply schemes. Out of 64 projects sanctioned during 2002-03 to 2007-08, 47 projects were due for completion by October 2008 or earlier. However, only 20 projects could be completed by the said date. Audit selected 13 projects for detailed scrutiny and observed that only four projects were completed that too with time overrun of over one year and more. The remaining nine projects are yet to be completed.

(i) Delay in execution of projects and other irregularities

There were inordinate delays in execution of almost all the projects and the pace of execution was very slow. Delays in some of the important projects are discussed below:

- In Meghalaya the 'Jowai Water Supply Project' was approved in 2002-03 at a cost of Rs. 15.41 crore and was to be completed in March 2005. This project has already suffered a time overrun of more than four years and the physical progress achieved in the execution of the project so far is only about 50 *per cent*. The Government of India has already released Rs. 12.30 crore for the project.
- In Manipur the 'Waithou Pat Water Supply Scheme' project was approved in 2004-05 at a cost of Rs. 59.71 crore and an aggregate amount of Rs. 38.54 crore has been released by the Government of India to the State Government for the execution of this project. The project was to be completed in March 2008 but has fallen behind schedule. Completion of the project is already delayed by one year and eight months. The physical progress of the project is reported to be 80 *per cent*.
- In Sikkim the 'Augmentation of water supply scheme for Greater Gangtok Phase-II' project was sanctioned in 2004-05 at a cost of Rs. 24.34 crore. Project was completed in October 2009 after a delay of three years and six months due to delay in execution by the contractor.

Inordinate delays in execution of projects are bound to result in substantial cost overrun apart from depriving the people access to safe drinking water.

Audit also observed inordinate delay in release of funds to executing agencies by the State Governments. For instance, there was delay of 480 days in the project 'Water supply at Dharmanagar' and 510 days in the project 'Water supply at Teliamura' in Tripura. In Nagaland, the State Government delayed release of funds by 246 days in the project 'Water supply scheme for Mon & Chui villages'.

Audit scrutiny also revealed instances of excess expenditure, expenditure on inadmissible components, project completed but not commissioned, parking of funds, non adjustment of advances etc. Project-wise details of delays and irregularities noticed in execution of reviewed projects under water supply sector are given in **Annex. 3.**

(ii) Case studies

Irregularities and short comings noticed in the implementation of some of the reviewed projects are discussed as case studies in succeeding paragraphs:

Case study-1: ‘Augmentation of Water Supply scheme’ at Mao in Manipur

In March 2005, Public Health Engineering Department (PHED) placed five supply orders with M/S Electro Steel Castings Limited, Kolkata for supply of 74,806 metre of Ductile Iron (DI) pipes of various diameters for implementation of the scheme and some other water supply schemes*.

The supplier submitted five proforma invoices amounting to Rs. 5.58 crore in March 2005 for supply of entire quantity of pipes. However, the Department paid the supplier Rs. 5.88 crore (Rs. 4.50 crore as advance in July 2005 and Rs. 1.38 crore as final payment in August 2006) leading to an excess payment of Rs. 30 lakh.

The Department admitted the excess payment and stated that it would take steps to get the refund of the excess payment from the supplier.

* Saikul, Kangpokpi, Maram, Tadubi of Senapati district

Case study-2: ‘Water supply scheme for Mon and Chui villages’ in Nagaland

The project was approved by the Ministry in November 2003 at a cost of Rs. 3.92 crore with the objective of supplying 40 litre per capita per day potable water to Mon and Chui villages. The scheduled date of completion of the project was March 2005.

Scrutiny revealed that though the project was 97 *per cent* completed it could not be commissioned due to a dispute between the water source donor and the beneficiary villages but the Department had not taken effective action to settle the dispute and commission the project.

The guidelines stipulated that all regulatory and statutory clearances like forest and environment, land acquisition etc., should be indicated in the proposal. The Department could not furnish to audit any document in support of having conducted a

survey and interaction with the beneficiaries, land owners etc. The project was included in the priority list for selection under NLCPR without preparation of perspective plan. The State Government also did not prepare a concept paper, which was to be mandatorily furnished with the project report, to the Ministry. Laboratory test check of the quality of the water available at source was also not carried out at any stage. Social impact studies pertaining to the implementation of the project was also not conducted.

Thus, non-settlement of the land dispute between water source donor and the beneficiary villages resulted in non-commissioning of a completed project valuing Rs. 3.66 crore (October 2008) apart from objectives of the scheme remaining unachieved.

Case study-3: Great Silchar Water supply scheme, Assam

The project, which was initially under the State Plan, was approved in 2003 at a cost of Rs. 12.30 crore, and slated for completion by March 2005. The amount released by GOI was Rs. 11.59 crore. Despite funds being available, the work was incomplete. The approved DPR provided for construction of 4 RCC Elevated Service Reservoirs (ESR) of total 2600 cum capacity at different locations, at a height of 14 metre each including inlet and outlet piping, lighting arrester etc at Rs. 2.60 crore. Tender for only one ESR was floated and work was awarded to a contractor in August 2002 (prior to inclusion of the project under NLCPR) while tenders for the other three reservoirs were not invited till July 2008 even after a lapse of six years of administrative approval. The work of one ESR awarded to a contractor was withdrawn in March 2005 as he could not execute the work. The work was not re-tendered till July 2008. None of the four ESRs were constructed resulting in non-provision of adequate water supply from the project. The project was incomplete as of November 2009.

The Ministry stated (February 2010) that the irregularities noticed by Audit in implementation at the State level were being taken up with the respective State Governments.

3.2.2.4 Flood Control and Irrigation Sector

Scrutiny of three out of 13 projects sanctioned during 2002-03 to 2007-08 revealed that two projects had been completed and one project remained incomplete. A summary of these projects is given in Table 11.

Table-11: Summary of Flood and Irrigation projects

Project	Status as of November 2009	Audit findings
Arunachal Pradesh		
Anti Erosion works in Kley river Approved cost Rs. 7.31 crore Amount released Rs. 6.93 crore Due date for completion 31.3.2004 Implementing Agency : Irrigation and Flood Control Department/Water Resources Department	Complete	<ul style="list-style-type: none"> Delay in completion 3 years and 11 months. Inadmissible expenditure on purchase of vehicle and slab making machine of Rs. 9 lakh.
Assam		
Amreng Minor Irrigation Scheme Approved cost: 12.00 crore Amount released: 12.00 crore Due date for completion: 31.3.2005 Implementing Agency : Irrigation Department	Complete	<ul style="list-style-type: none"> Delay in completion by one year and two months. Delay in release of funds to the executing agency by 866 days.
Champamati Irrigation Project Approved cost: 43.85 crore Amount released: 43.85 crore Due date for completion: 31.12.2007 Implementing Agency : Irrigation department, Government of Assam	Incomplete	<ul style="list-style-type: none"> Physical progress 90 <i>per cent</i> (as of November 2009) Delay of 22 months in completion of the project inspite of full release of Ministry's share. Non-acquisition of required land out of State Government resources. Delay in release of funds by Bodoland Territorial Council (BTC) to executing agency (374 days). Cost escalation of Rs. 29.02 lakh paid towards enhanced rates of 20 items. Against receipt of Rs. 39.47 crore from GOI, Rs. 22.80 crore remained unutilized with the State Government.

The Ministry stated (February 2010) that the irregularities noticed by Audit in implementation at the State level were being taken up with the respective State Governments.

3.2.2.5 Power Sector

The power projects being executed under NLCPR broadly fell into two categories:

- Construction/ upgradation of transmission, sub-transmission (33 KV/11KV) and distribution systems; and
- Setting up of small power thermal plants.

An analysis of 13 out of 80 projects sanctioned during 2002-03 to 2007-08 revealed that all the 13 projects were due for completion prior to October 2008. Out of these, 10 projects were completed with time overruns of nine months to three years, two

projects were awaiting completion and one project “22.92 MW Heavy Fuel Oil (HFO) based thermal Power Plant at Dimapur” in Nagaland was abandoned.

Scrutiny of Power projects revealed inadmissible expenditure, cost escalation, diversion of funds, idling of machinery and equipment, non-adjustment of advances, undue benefit to contractor etc. An analysis of irregularities noticed in execution of reviewed projects under power sector is given in **Annex. 4**.

The Ministry stated (February 2010) that the irregularities noticed by Audit in implementation at the State level were being taken up with the respective State Governments.

Case studies

Case study-1: ‘Thermal Power Plant at Dimapur’ in Nagaland

The Union Ministry of Power had approved “22.92 MW HFO based Thermal Power Plant at Dimapur” at a cost of Rs. 105.57 crore in September 2003. The Prime Minister, during his visit to the State (October 2003), announced the inclusion of the project in the special economic package for the State. The Ministry of DONER was asked to meet requirements for this project and in case of non availability of funds, Ministry of Finance/Planning Commission was to be requested for the same. The project was scheduled to be completed by May 2005. Construction of the plant was awarded (March 2004) to M/s Bharat Heavy Electrical Limited (BHEL), Bhopal on turnkey basis. The Ministry of DONER released Rs. 18.86 crore (March 2004) and Rs. 13.14 crore (August 2004). It, however, refused to give the balance funding of Rs. 73.57 crore and requested the State Government to include the project again in the priority list of NLCPR in order to release a fresh sanction. The State Government refused on the ground that since the project was part of the special economic package for the State, the Government of India should be responsible for the funding of the project. If the project was again included in the priority list to be funded under NLCPR, the State would have to compromise on some fresh projects which otherwise might be sanctioned for the State.

Scrutiny of records of the Electrical Transmission Division, Dimapur revealed that the project was foreclosed in May 2005 after incurring Rs. 32 crore towards construction of building and procurement of machinery and equipment. M/s. BHEL handed over the project on ‘as is where is basis’ to the State Government in July 2006. The building constructed and machinery and equipment procured were lying unutilised at site for the last two years as can be seen from the photographs given below.



Idle machinery, equipment (two alternator machines) and building (Type III residential three storied block) of the abandoned project “22.92 MW HFO based thermal Power Plant at Dimapur” (June 2008).

Case study-2: ‘Remodelling of transmission and distribution network of Gangtok Town’ in Sikkim

Guidelines do not permit financing the cost escalation, except where these arise out of change in scope of works not envisaged at the initial stage. Financing of such increased cost upto a limit of 20 *per cent* of the originally approved cost was to be shared equally between the Ministry of DONER and the State Government.

Scrutiny of records of the project revealed that the original approved cost of the project was Rs. 22.44 crore and the revised cost of the project was Rs. 29.88 crore. This indicates that the cost of the project escalated by Rs. 7.44 crore. The cost escalation of the project was due to subsequent revision of the scope of work. The changes in scope of work were necessitated due to conversion of LT overhead line into underground cable system from Birahu Dwar to Convoy Ground, insertion of 11 kv grade cables at Deorali Government quarters sub station and 11 kv 6- pole gang operated structure for spur line at Animal Husbandry & Veterinary Science complex, Deorali etc. Thus, failure of the implementing department to prepare project estimates duly considering the scope of works in their entirety and workability led to unanticipated additional burden of Rs. 7.44 crore on the State exchequer towards cost escalation.

Scrutiny of works execution files also revealed that the work was put to tender (June 2004) by Energy and Power department (E&PD). On receipt of bids (June 2004), post tender negotiation (November 2004) was held with lowest bidder to reduce the rates and thereafter work order was issued to the contractor. Audit noticed that although the contractor agreed (November 2004) to lower rates for four items (viz. (i) Cable trench, (ii) Heat shrink lit suitable for 3x50 sq. mm XLPE cable, (iii) 11 kv Cross Linked Polyethene (XLPE) cable 3x150 sq mm and (iv) 11 kv XLPE cable 3x50 sq m), the E&PD while releasing payment to the contractor was paid at the original offered rates leading to undue benefit of Rs. 21.60 lakh as computed in the Table-12.

Table 12						
Item	Name of work	Rate quoted and actually paid (Rs.)	Rate agreed after negotiation (Rs.)	Excess payment per unit (Rs.)	Quantity	Excess payment (Rs.)
(1)	(2)	(3)	(4)	(5=3-4)	(6)	(7=5x6)
Cable trench	Conversion work along 31 A NH way from MP Golai to below Tadong School	1950	954	996	700	697200
Heat shrink lit suitable for 3x50 sq mm XLPE cable	Conversion of 11 KV HT and OH to UG at Upper Syari	33108	30719	2389	2	4778
11 kv XLPE cable 3x150 sq mm	Realignment of double circuit 11 kv line	3265	1484	1781	450	801450
11 kv XLPE cable 3x50 sq m	Realignment of double circuit KV line	2148	689	1459	450	656550
Total						2159978

Case study 3: ‘Installation of 2X3.15 MVA, 33/11KV substation at Maram’ in Manipur

(i) Purchase of excess line material: As per agreement, the work of stringing line consisted of two items viz. supply of line material and erection of lines. The cost of erection was payable at the rate of 20 *per cent* of the cost of line material. The work was completed (January 2006) at a cost of Rs. 21.17 lakh. However, the Department purchased material in excess of the requirement.

The excess quantity purchased exceeded 50 *per cent* of the requirement, except in the case of bolts and nuts and amounted to Rs. 11.12 lakh. Purchase of such huge material beyond requirement may invite risk of pilferage. There was also no reason on record as to why the material was purchased in excess of requirement.

The Department stated (November 2008) that the material purchased in excess would be utilized in operation and maintenance of lines strung under NLCPR scheme. The reply is not acceptable as funds from NLCPR are meant for creation of infrastructure and not for their maintenance.

(ii) Purchase of equipment: The work consisted of three components viz.(i) construction of sub-station (ii) stringing of lines and (iii) civil works. The work was awarded (September 2003) to M/s Shyama Power (India), Haryana at its tendered amount of Rs. 3.85 crore on turnkey basis.

Scrutiny of the records revealed that in respect of construction of the sub-station component the following items of equipment were procured by the firm from different manufacturing companies at a lower price than what was paid to the firm by the Department. The details are shown below:

Table-13

(Rupees in lakh)

Sl. No.	Particulars of equipment (Name of the manufacturer)	Manufacturer's price*	Amount paid to the firm by the Department	Avoidable expenditure
1	3.15 MVA power transformers (M/s East India Udyog Ltd. Ghaziabad)	18.25	61.15	42.90
2	36 KV isolated with earth blade (M/s Power Line Accessories Ltd. Raipur)	2.20	7.84	5.64
3	36 KV isolated without earth blade (M/sPoer line Accessories Ltd. Raipur)	0.99	3.36	2.37
4	36 KV SF6 circuit breakers (M/s Crompton Greaves Ltd Nasik)	14.41	39.20	24.79
5	30 KV lightening arresters (M/s Crompton Greaves Ltd, Nasik)	2.00	16.13	14.13
Total		37.85	127.68	89.83

* Price including Central Excise duty of 16 per cent, educational cess of 2 per cent, Central sales tax of 4 per cent plus freight charges (taken as 10 per cent of basic cost for Sl. Nos. 2,3,4 & 5 and amount actually paid for Sl. No. 1)

There was nothing on record to establish that the Department made any effort to ascertain the rates of manufacturers to establish the reasonability of these rates and also no negotiations were held with the firm to reduce the rates of these equipments. Thus, an extra expenditure of Rs. 80.85 lakh (Rs. 89.83 lakh minus 10 per cent commission as contractor's profit) could have been avoided, had the Department finalized the tender after ascertaining the manufacturer's price of these equipment.

3.2.2.6 Health Sector

The health sector projects being executed under NLCPR essentially involved construction/upgradation of hospitals or units, medical colleges and training institutions. These projects were mainly sanctioned for improvement in efficiency in delivery and quality of health care services not in a particular State but in the region

as a whole; addition of more specialist services in response to referral needs of the community and other health institutions in the region; putting in place innovative community health programmes; aid in addressing acute shortage of medical personnel in the present and future; improvement in the dropout of students intending to pursue medical education but being compelled to drop out/migrate to other State in absence of medical colleges and provision of higher technical education. An analysis of nine out of 31 projects sanctioned during 2002-03 to 2007-08 revealed that only one project was completed.

(i) Delay in completion of projects

There were inordinate delays in execution of almost all the projects. Some of the important cases are discussed below:

- ‘Assam Medical College (HOPE)’ project was approved in 2002-03 at a cost of Rs. 20.00 crore and was to be completed in December 2005. Completion of the project is delayed by four years depriving medical education and health care facilities to the targeted population of the area.
- In Nagaland the ‘Vitalization of State Referral Hospital’ project was approved in 2003-04 at a cost of Rs. 35.62 crore. The Ministry of DONER has already released Rs. 31.69 crore to the State Government for the implementation of the project. The project was to be completed in March 2005. However, the project has fallen far behind schedule and its completion is already delayed by four years and eight months.
- In Tripura the ‘State Level Para Medical Institute at Agartala’ project was approved in 2005-04 at a cost of Rs. 14.07 crore and was to be completed in March 2008. Completion of the project is already delayed by one year and eight months inspite of release of Rs. 12.85 crore by the Ministry. The delay in completion is attributed to delay in handing over of site by the Directorate of Health and Family Welfare, Tripura to Tripura Housing Board.

Broadly, the reasons for delay in completion were non availability of free site and repeated bandhs (Assam), delay in handing over of site by Health Directorate (Tripura), slow progress of execution by the executing agency (Mizoram), delay in transmission of funds to the executing agencies (Manipur) etc. Non completion of the health projects deprived the people of NE region from receiving efficient and quality health care services as also medical education.

(ii) Delay in release of funds

Inordinate delay in release of funds to executing agencies by the State Government was observed in most of the States. For instance, in Nagaland there was a delay of 549 days in releasing funds for project 'Upgradation of District hospitals'; in Mizoram release of funds was delayed by 737 days in the project 'Six bedded ICU at Civil hospital, Aizawl' and 510 days in the project 'Construction of OPD building at Civil hospital, Aizawl'; in Manipur 424 days delay was noticed in release of funds for two projects namely 'Construction and equipping of 50 bedded hospital at Tamenglong and Senapati districts'; and in Assam a delay of 402 days was observed in release of funds in the project 'Assam Medical College, Dibrugarh'.

(iii) Other irregularities

Scrutiny of health projects also revealed undue benefit to contractor, diversion of funds, inadmissible expenditure on work charged establishment, departmental charges, sales tax and agency charges, loss of interest etc. An analysis of irregularities noticed in execution of reviewed projects under health sector is given in **Annex. 5**.

(iv) Case study: Implementation of Health projects

Manipur: Construction and equipping of 50 bedded hospital at Tamenlong and Senapati district

The NLCPR Committee sanctioned (November 2006) construction of a 50 bedded hospital at each of the hill districts of Senapati, Chandel, Ukhrul and Tamenglong at a total approved cost of Rs. 55.76 crore. Although the Government of India released an amount of Rs. 17.56 crore in November 2006, the State Government released the amount to the implementing agency only in March 2008, after a delay of nearly one and half years. As of November 2008, these works could not be started. The delay would amount to significant set back in enhancing health care to the 5.26 lakh population* of these districts, who would be compelled to travel a distance ranging from 61 km (Senapati district) to 158 km (Tamenglong district) in hilly terrain to come to the State capital for better medical care. The projects were incomplete (November 2009) with physical progress of 7 *per cent* and 30 *per cent* respectively.

* Senapati: 1.56 lakh, Chandel: 1.18 lakh, Ukhrul: 1.41 lakh and Tamenglong: 1.14 lakh as per 2001 census.

The Ministry stated (February 2010) that the irregularities noticed by Audit in implementation at the State level were being taken up with the respective State Governments.

3.2.2.7 Sports Sector

The objective of developing a sports academy in the State of Manipur was to promote sports to an international standard. The Ministry released Rs. 5.81 crore in November 2006 for construction of the National Sports Academy building at Khuman Lampak, Manipur. The amount was drawn in March 2007 and deposited in “8449- Other Deposits”. The amount was withdrawn in June 2007 and Rs. 4.68 crore was deposited with the State Public Works Department (after deducting Rs. 68.22 lakh as departmental charges, Rs. 11.61 lakh as income tax and Rs. 32.51 lakh as local sales tax). Since State PWD had not taken up the work as of March 2008, the State Government asked State PWD (April 2008) to refund the amount deposited with them and decided (May 2008) to entrust the construction work to Manipur Development Society. Thus, despite release of funds, the State Government could not ensure timely execution of work by the executing agency due to lack of inter departmental coordination. As of November 2009, the project was still incomplete registering physical progress of only 50 *per cent*. The delay in completion of the academy led to sportsmen being deprived of training facilities in six disciplines⁷, as envisaged in the DPR.

The Ministry stated (February 2010) that the irregularities noticed by Audit in implementation of the project were being taken up with the State Government of Manipur. The reply of the Ministry indicates that it has not been monitoring progress of execution of projects under NLCPR.

3.2.3 Inadequate transparency and publicity of information about projects

After the approval of a project by the Ministry of DONER, the State Government was required to put up display boards at the project site indicating the date of sanction of project, duration and due date of completion, estimated cost, source of funding, name of contractor and physical targets to be achieved. All the schemes/projects being supported from the Central Pool were to be given wide publicity in local media. Even after completion of the projects, State Governments were required to put a permanent display on sites. In the following projects, the above guidelines were not adhered to by the States.

⁷ Archery, Boxing, Judo, Taekwando, Weightlifting and Wrestling

Table-14: Shortfall in transparency and publicity of information

Name of the State	No. of projects reviewed by Audit	Display board not placed at project site after project approval (No. of projects)	Publicity in local media not given (No. of projects)	Permanent display at site not put after completion of the project (No. of projects)
Arunachal Pradesh	10	2	4	2 out of 4 completed projects
Assam	25	9	17	5 out of 9 completed projects
Manipur	10	7	9	1 out of 4 completed projects
Nagaland	10	7	0	3 out of 3 completed projects
Sikkim	15	8	15	1 out of 2 completed projects
Total	70	33 (47.1 per cent)	45 (64.3 per cent)	12 (54.5 per cent)

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

Ministry stated (February 2010) that it was mandatory for the States to place display boards at the project site and also publicize them widely in local media. The matter was being taken up with the States to ensure compliance of the mandatory provisions in respect of cases where these had not been followed.

CHAPTER IV: FINANCIAL MANAGEMENT

4.1 Financial performance

The position of accruals and releases from the NLCPR fund during last five years is given in the Table below:

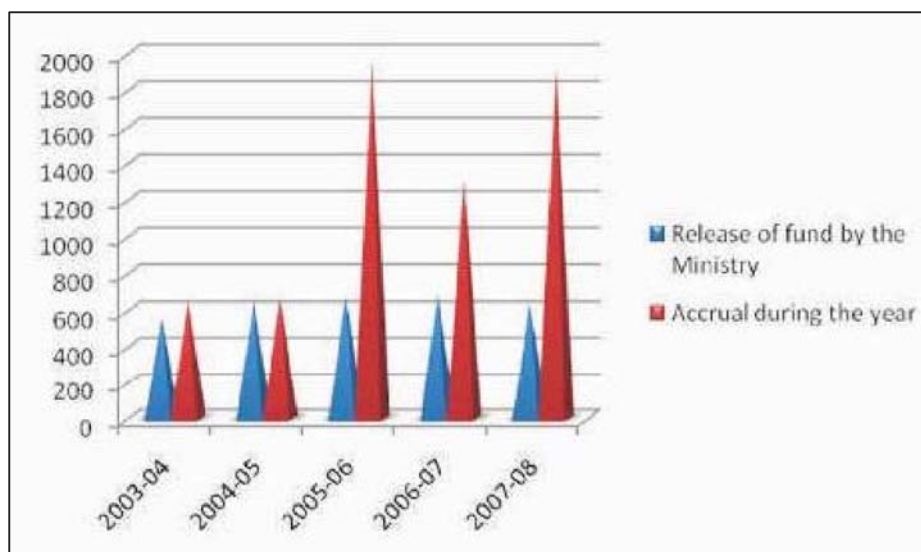
Table-15: Accruals and releases from the NLCPR fund

(Rupees in crore)

Sl. No.	Year	Amount of accruals	Releases during the year
1	2003-04	657.24	550.00
2	2004-05	663.35	650.00
3	2005-06	1960.12	679.17
4	2006-07	1311.08	689.83
5	2007-08	1933.33 *	636.00
Total		6525.12	3205.00

* The figure is provisional and is yet to be certified by Department of Expenditure, Ministry of Finance

Chart 1- Accrual and releases under NLCPR
(Rupees in crore)



The accumulations under the fund have been consistently increasing since inception and stood at Rs. 6963.79 crore as on 31 March 2008. Against the total accrual of Rs. 6525.12 crore in NLCPR during 2003-04 to 2007-08, the aggregate amount released to NE States was only Rs. 3205 crore constituting 49.12 *per cent* of the accruals. Relatively small amount of releases indicate poor implementation of the programme despite availability of funds.

4.2 Delay in release and utilisation of funds

According to the NLCPR guidelines, funds released by the Government of India are to be transferred to executing agencies by State Governments within 30 days. Scrutiny of records of projects test checked revealed that there were delays on the part of the State Governments in transferring the funds to the executing agencies in 51 out of 91 cases reviewed as given in Table 16.

Table-16: Delay in transferring funds to the executing agencies

Period of delay (in months)	Number of projects							
	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Tripura	Total projects
1-6	1	1	1	4	-	1	4	12
6-12	2	1	3	3	1	1	1	12
12-18	-	6	5	-	1	1	2	15
18-24	-	2	-	-	-	-	-	2
24-30	-	4	-	-	1	-	-	5
Above 30	-	5	-	-	-	-	-	5
Total	3	19	9	7	3	3	7	51

The delays were ranged from one month to more than thirty months. Project-wise details of delay in releasing funds to the executing agencies are given in **Annex.6**

Delayed release of funds by the State Governments to the executing agencies adversely impacted implementation of the projects. Further, in terms of the guidelines, funds released by the Government of India were to be utilised within six months (as per pre-revised guidelines up to 6 July 2004) or nine months (after revision of guidelines in July 2004). Audit found that there were delays ranging from two months to 49 months beyond the permissible six/nine months in utilisation of the funds in 43 projects by the States (**Annex 7**). Delay of more than 25 months was noticed in some important projects viz., Vitalisation of State Referral Hospital, Nagaland, Upgradation of District Hospitals in Nagaland, Renovation of Jowai water supply scheme in Meghalaya, Greater Silchar Town water supply scheme in Assam and Improvement of Bhowraguri Kachugaon road in Kokrajhar, Assam. Details of outstanding UCs as on 31 March 2009 were as given in Table 17:

Table-17: Detail of pending Utilization Certificates

(Rupees in crore)				
Sl. no.	State	Amount released upto 2008-09	Amount spent	Amount of UCs pending
1	Arunachal Pradesh	702.94	512.00	190.94
2	Assam	1644.51	1256.52	387.99
3	Manipur	617.83	445.20	172.63
4	Meghalaya	383.82	275.64	108.18
5	Mizoram	529.35	495.77	33.58
6	Nagaland	696.61	578.07	118.54
7	Sikkim	495.22	431.10	64.12
8	Tripura	812.30	724.49	87.81
Total		5882.58	4718.79	1163.79

The Ministry stated (February 2010) that whenever delay in transfer of funds to the executing agency by the State Government was noticed, the State Government was advised to transfer the funds in a timely manner. The guidelines were amended in August 2009 to tighten the provisions and the States had to transfer the funds to executing agencies within 15 days. Area Officers for all eight NE States had been appointed to verify the fact during their visits. As regards utilization of funds, the Ministry stated that the delay in utilization was due to varied reasons which *inter alia*, include the restricted working season due to prolonged rainy season and limitations of technical and professional expertise. The period prescribed for utilization of funds was nine months, which was since revised to 12 months in August 2009.

For timely execution of projects, the Ministry should consider the absorptive capacity and technical and professional expertise of the States/implementing agencies and to rationalize funds flow arrangements, so that minimum unspent/excess amount is left with the implementing agencies.

4.3 States' share under NLCPR

Financial support available to the States under NLCPR was 90 *per cent* of the cost of the project as grant and 10 *per cent* as loan up to 2004-05. Thereafter, only 90 *per cent* grant was released by Government of India and the balance 10 *per cent* was to be contributed by the States. Scrutiny of records for the period 2005-08 revealed that State share aggregating to Rs. 113.93 crore had not been contributed by the respective States as detailed in Table 18:

Table-18: Non-release of State share (2005-08)

(Rupees in crore)

Name of the State	Central share (90%) released by the Ministry	State share (10%) to be released by the State	State share released	Short release of State share /due (col. 3-4)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)
Assam	696.21	77.34	5.02	72.32	In respect of all projects funded during 2005-08.
Nagaland	256.33	28.48	16.24	12.24	In respect of all projects funded during 2005-08
Tripura	198.24	22.03	2.46	19.57	In respect of 6 out of 9 reviewed projects.
Mizoram	35.16	3.66	1.79	1.87	In respect of 3 out of 9 reviewed projects.
Manipur	40.74	4.53	0.005	4.52	In respect of 9 out of 10 reviewed projects.
Meghalaya	25.88	2.87	Nil	2.87	In respect of 6 projects out of 10 reviewed projects.
Arunachal Pradesh	8.02	0.89	0.35	0.54	In respect of 5 projects out of 10 reviewed projects
Total	1260.58	139.8	25.87	113.93	

It was noticed that the State share was not released in some important projects like Government Medical College, Agartala (Tripura), Infrastructure development of Mizoram University, Construction of Motorable suspension bridge over Lohit River to connect Manchal Administrative Circle in Arunachal Pradesh and Construction of Link road from Lohu Nallah to Mukto circle, Arunachal Pradesh. This affected the execution of the projects and most of them are still incomplete.

The Ministry stated (February 2010) that the cases where States were yet to contribute their share were being taken up with the State Governments concerned.

4.4 Non-recovery of loan

In terms of the pre-revised guidelines up to 2004-05, assistance from NLCPR to States was 90 *per cent* of the cost of the project as grant and 10 *per cent* as loan. The loan was to be repaid in 20 annual equal installments together with interest on the outstanding balance commencing from the year following the release of assistance. In the event of default in the repayment of principal and/or interest, penal interest at applicable rates was chargeable on all such overdue installments. During the period from 1998-99 to 2004-05, Department/Ministry of DONER released loans amounting to Rs. 168.20 crore to NE States along with the grant. As per Principal Accounts Office, MHA loans (principal, interest and penal interest on repayment defaults)

amounting to Rs. 31.70 crore were outstanding from NE States as on 31st March 2009. The details are given in Table 19:

Table-19: Un-recovered loan from States

(Rupees in lakh)

State	Loan Amount released	Principal due	Interest due	Penal interest chargeable	Total amount recoverable
(1)	(2)	(3)	(4)	(5)	(6)= (3)+(4)+(5)
Arunachal Pradesh	1492.79	0	0.47	0.01	0.48
Assam	4451.29	458.18	1983.58	53.87	2495.63
Manipur	1519.64	7.50	40.05	3.32	50.87
Meghalaya	954.53	0	1.42	0.04	1.46
Mizoram	2208.50	29.30	130.46	3.47	163.23
Nagaland	2265.83	87.32	353.31	10.49	451.12
Sikkim	1571.75	0.94	1.62	0	2.56
Tripura	2356.01	0	4.93	0.08	5.01
Total	16820.34	583.24	2515.84	71.28	3170.36

4.5 Diversion of NLCPR funds

In terms of the NLCPR guidelines, funds available under the pool are not meant to supplement the normal Plan programmes either of the State Governments or Union Ministries/department/agencies. However, the Ministry of DONER diverted an amount of Rs. 1796.58 crore from NLCPR to fund other schemes resulting in incorrect utilization and shrinkage of the NLCPR pool. Some important cases are discussed below:

4.5.1 Debiting of NEC expenditure of Rs. 1605.38 crore to NLCPR pool

North Eastern Council (NEC), a separate entity under the Ministry of DONER, approves and implements schemes and projects, which benefit two or more States, and has a separate budget for implementing such projects. The Ministry decided (August 2002) to deduct an amount of Rs. 1605.38 crore spent by NEC during 1998-99 to 2001-02 from the NLCPR pool. This decision of the Ministry was against the norms stipulated in the guidelines. Ministry stated in August 2008 that the said expenditure was deducted from the NLCPR accruals since all of it was meant for North Eastern Region. The argument of the Ministry is not convincing as NEC and NLCPR are separate entities with separate budget provisions. Further, the deduction made from the NLCPR also resulted in reduction of annual accruals to the NLCPR funds from a level of approximately Rs. 1700 crore per year to about Rs. 1100 crore. The Committee of Secretaries in February 2007 decided that annual expenditures/outlays of NEC would not be debited to the NLCPR accounts for the next three years and that the decision would be reconsidered thereafter.

The Ministry stated (February 2010) that it did not support such deductions from the pool. Ministry, however, did not explain how it was going to improve the rate of utilization of funds under NLCPR where the amount of annual releases was much lower in comparison to annual accruals to the fund resulting in accumulation of balances under NLCPR.

4.5.2 Shifting of liability of other projects to NLCPR

As per the guidelines, NLCPR funds would be an additionality to ongoing programmes. They are not to be used to substitute a budgeted ongoing project or scheme of the Centre/State Governments. Audit scrutiny, however, revealed that some State projects which were initially taken up by State Governments but were later discontinued/abandoned mainly due to funds constraints were funded subsequently through NLCPR, in violation of NLCPR guidelines indicating poor planning by the States. There were such 11 projects (with NLCPR funding to the tune of Rs. 191.20 crore as of March 2008) as given in Table 20:

Table 20: Details of projects

Sl. no	Name of the State	Name of the Project	Year in which the project was approved	Approved cost of the project	Expenditure already incurred	Funding from NLCPR	Reasons for taking up this project under NLCPR
1.	Assam	Amreng Minor Irrigation Scheme	1998-99	61.54	NA [∅]	12.00	NA
2.	Assam	Dhubri water supply scheme	1985	12.06	1.50	10.07	Due to funds constraint
3.	Assam	Greater Silchar Town water supply	2001-02	13.89	1.50	12.30	NA
4.	Assam	Champamati Irrigation Project	1980-81	147.24	67.42 with physical progress 70%.	43.85 (balance Rs. 79.82 crore to be met from AIBP* under BNY♦)	NA
5.	Meghalaya	Sub-Transmission & Distribution Scheme – Master Plan Distribution of power in Meghalaya	1989-90	74.16	33.24	24.00	Due to funds constraints

[∅] Not available on records

* Accelerated Irrigation Benefit Programme

♦ Bharat Nirman Yojana

Sl. no	Name of the State	Name of the Project	Year in which the project was approved	Approved cost of the project	Expenditure already incurred	Funding from NLCPR	Reasons for taking up this project under NLCPR
				(Rupees in crore)			
6	Meghalaya	Reconstruction of 10 bridges and approaches on Mawphlang – Balat road (Bridge No.9/1)	2002-03	0.80	0.15	1.05	Due to funds constraints
7	Manipur	Construction of bridge over Imphal river at Singjamei	1998-99	1.54	0.23	3.69	NA
8	Sikkim	Chakmakey WSS	2003-04	3.66	0.15	4.62	Due to lack of State funds.
9	Sikkim	Rabdentshe Water harvesting	2003-04	7.35	0.31	12.41	Due to lack of State funds.
10	Sikkim	132 KV transmission line on Melli-Rangit	1998-99	13.73	1.50	27.42	Due to lack of State funds.
11	Sikkim	Construction of ropeway from Namchi to Samdruptshe	2003-04	26.27	4.60	39.79	Due to lack of State funds.
Total				362.24	110.60	191.20	

Utilisation of NLCPR funds towards financing State Plan schemes was contrary to the NLCPR guidelines.

The Ministry stated (February 2010) that the guidelines stipulate that the funds from the pool were not meant to supplement the normal Plan programmes either of the State or Union Ministries. The reply of the ministry confirms the audit contention. It also indicates poor monitoring and failure to enforce scheme guidelines.

4.6 Release of funds by the Ministry on inadmissible components of the projects

In terms of the guidelines, no staff component, either work charged or regular, was to be created by the project implementing authorities from NLCPR funds. As per subsequent policy decision of the Ministry of DONER, components like agency charges, State Government taxes and quality control, departmental charges etc., were not admissible for funding under NLCPR. Scrutiny of records at the Ministry as well as in the States revealed release of Rs. 12.23 crore to States/implementing agencies towards inadmissible components in 27 projects as detailed in Table 21. The amount released on inadmissible components need to be recovered or adjusted from the concerned authorities by the Ministry/State Government.

Table-21: Details of releases made for inadmissible components

Sl. No.	Name of the project	Inadmissible component as per policy decision/ guidelines	Amount released (Rupees in lakh)
Tripura			
1	State level para medical institute	Agency charges	59.92
2	1x21 MW Gas Thermal project at Rokhia (unit no. VIII)	Establishment charges	368.25
Nagaland			
3	Upgradation of district hospitals	Sales tax , work charged establishment charges and department charges	148.41
4	Dimapur to Ganeshnagar road	Quality control	10.62
5	Upgradation of Dimapur.-Khopanala-Jalukie-Peren Road	Departmental charges	13.00
6	Upgradation of Longkhum via Manglemong-Aliba Road	Departmental charges	4.00
7	Upgradation of old Phek via Khuza to Satakha Road	Departmental charges	8.00
8	Upgradation of Road from Rusomo to Kijumetuma.	Departmental charges	88.00
9	Construction of road from Phek to Chozuba	Departmental charges	70.00
10	Construction of Tohok-Chenlaiso-Wangti & Tang Jn.-Chenmoho Road	Departmental charges	6.00
11	Construction of Kiphire-Pungro Road	Departmental charges	5.00
12	Construction of Kiphire-Amahator-Lukhami Road	Departmental charges	13.00
13	Construction of two lane R.C.C. bridge over Dhansiri River in Nagaland	Departmental charges	26.00
Assam			
14	RCC bridge no. 35/2 and 53/2 on Moran Naharkotia road in Dibrugarh distt.	Quality control	0.38
Mizoram			
15	Improvement and widening of Bawngkawn to Durtland road	Work charged establishment	6.64
Manipur			
16	50 bedded district hospital at Tamenglong	Sales tax, agency charges	43.44
17	50 bedded hospital at Senapati district	-do-	43.13
18	50 bedded hospital at Ukhrul	-do-	42.24
19	50 bedded hospital at Chandel	-do-	39.79
20	50 bedded hospital at Jiribam	-do-	47.30
21	Dharamsala building in RIMS	Sales tax	4.83
22	10 PHC and barrack type quarters in valley areas	Sales tax, agency charges	8.86
23	18 PHC in valley areas	-do-	16.31
24	32 PHSC in hill areas	-do-	23.79
25	480 bedded JN hospital	-do-	21.66
26	National Sports Academy at Khuman Lampak	-do-	100.73
27	Infrastructure development of MU (Ph-II)	Sales tax	3.48
Total			1222.78

The Ministry stated (February 2010) that agency charges/departmental charges were admissible under NLCPR and were being sanctioned as per CPWD norms wherever

projects were executed by the agencies other than State Departments. It further stated that there was no restriction on sanction of quality control and sales tax under NLCPR in earlier projects. Reply of the Ministry is not acceptable in view of the fact that as per policy decision of August 2004, sanction on these components had been discontinued and it was noticed in audit that funds for agency charges, sales tax and quality control were released by the Ministry even after the said policy decision. In case of release of departmental charges, funds had been released even to State Departments in the cases cited above.

4.7 Inadmissible expenditure incurred by the States

In terms of the guidelines, NLCPR funds are not to be used for land acquisition cost and staff component. The staff component was to be met from redeployment of surplus manpower in the Department.

Audit, however, observed that inadmissible expenditure of Rs. 28.65 crore was incurred in 53 projects towards payment for pay and allowances/wages, land acquisition, on works not related to the projects and on the components not covered in the project proposals in NE States as shown in the Table 22.

Table-22: Inadmissible expenditure incurred by States

(Rupees in lakh)

State	Inadmissible expenditure on				
	Land acquisition	Wages/pay and allowances	Works not related to the project	Components not provided in the proposal	Total
Arunachal Pradesh	-	152.00	758.00	93.00	1003
Assam	27.39	3.00	-	38.58	68.97
Manipur	-	-	103.71	-	103.71
Mizoram	32.00	23.00	153.00	54.39	262.39
Meghalaya	-	2.53	95.54	37.34	135.41
Nagaland	48.94	302.00	400.04	54.90	805.88
Sikkim	238.29	-	-	124.36	362.65
Tripura	30.00	29.58	29.92	33.76	123.26
Total	376.62	512.11	1540.21	436.33	2865.27

The Project-wise details of inadmissible expenditure are given in **Annex 8**.

The Ministry stated (February 2010) that the issue of inadmissible expenditure observed by Audit was being taken up with the States.

CHAPTER V: MONITORING AND EVALUATION

5.1 MONITORING

Ministry Level

NLCPR guidelines prescribed following measures to be taken by the Ministry for monitoring and evaluation of various projects sanctioned under NLCPR scheme:

- Ministry should nominate a representative to attend the quarterly review meetings of the State;
- Carry out monitoring and evaluation through field inspections by officers of the Ministry, as well as through impact studies, social audits and evaluations conducted by government or through independent agencies at the request of the Ministry.

Audit at the State level, however, revealed that the representative of the Ministry took part in just two out of seven meetings in Nagaland, one out of 14 meetings in Meghalaya, none of the seven meetings held in Sikkim and three out of 17 meetings in Manipur. Minutes of the seven meetings held were not made available in case of Tripura, no meeting was held in Mizoram and in case of Assam no evidence was found to ascertain participation of the Ministry officials in 19 meetings held in that State.

Study of the tour notes in the Ministry disclosed that out of the 91 projects selected for sample study, only 28 projects had been inspected by the officials of the Ministry. Eleven projects were visited more than once and State Governments were advised to complete the projects in time. Four project sites were visited prior to the sanction of the projects. Ministry stated in August 2008 that owing to paucity of staff it had no fixed criteria for number of projects to be inspected by the officers. The Ministry added that a mechanism of quarterly inspections by the Area officers for all the NE States has been put in place from July 2008. The Ministry further stated that the projects were being monitored through quarterly progress reports, utilization certificates, inspection reports of nodal officers, photographs and also through field visits. The reply of the Ministry is not acceptable as monitoring and evaluations done by the Ministry were neither adequate nor effective as was apparent from the deficient financial management and poor completion rate of NLCPR projects discussed in the preceding paragraphs.

State Level

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

- The project-wise progress of implementation was to be reported in the Quarterly Progress Report (QPR) prescribed by the Ministry, which should reach within three weeks after the end of the quarter under report.
- Chief Secretary of the State should hold quarterly meetings to review the progress of implementation of the ongoing projects under NLCPR and make available summary record of such meeting to the Ministry.
- State government should also get the projects inspected periodically.

Audit examination disclosed that these measures were not adequately followed by State Governments:

- Test check of QPRs of 68 projects revealed delays ranging from eight days to 497 days in sending the QPRs. In case of seven projects of Assam, QPRs were not submitted. In case of Nagaland, the State Government prepared UCs and progress reports on the basis of funds released without collecting feedback from the executing agencies.
- The quarterly meetings to review the progress of implementation of the ongoing projects under NLCPR by the Chief Secretaries of the States were not held regularly. Quarterly review meetings were not held in Meghalaya and Mizoram during the period under report.
- Against 282 test checked projects, only eight were inspected (Assam State only), records in respect of 110 projects were not made available (Sikkim, Nagaland, Tripura and Assam) and 164 projects were not inspected. In States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, the projects were not inspected at all by the State Governments.

It is, therefore, evident that monitoring, both at the Ministry and in the State Governments was weak and ineffective. This aspect assumes even greater importance given the slow pace of execution and serious delays in implementation of various projects funded through the NLCPR.

The Ministry stated (February 2010) that it could not depute representatives in all the quarterly review meetings held by State Chief Secretaries because of paucity of staff/officers. The Ministry had now put in place a system of Area Officers for all NE States which would improve the participation of the Ministry in the review meetings

and increase the number of field inspections carried out. Further, to strengthen the monitoring of projects, the appointment of third party monitors was under active consideration of the Ministry and it was also considering carrying out concurrent audit of major projects sanctioned under NLCPR.

Reply of the Ministry is an admission of its failure to carry out proper monitoring in the past.

5.2 EVALUATION

5.2.1 Post implementation survey

The scheme envisaged creation of assets for improvement of both physical and social infrastructure which directly impacts the day to day life of the people of North Eastern Region. Hence it was desirable to conduct a post implementation study to ascertain the efficiency and effectiveness of operation of such infrastructure and to measure its impact on the target population/beneficiaries. No such study was however conducted by any of the States.

5.2.2 Impact not ascertained

The Ministry had carried out an impact assessment study of NLCPR projects through Indian Institute of Management, Lucknow in 2004 in four States, namely, Assam, Manipur, Mizoram and Nagaland for 55 projects, out of which 48 projects were evaluated, as seven were found incomplete. As per the evaluation study, 33 projects (69%) were successful and 15 projects failed to achieve the desired results. The Institute had recommended that the projects which were marginally successful should be closely looked at to improve their impact on people, the beneficiaries of the project must be informed of the projects and its intended benefit through a public medium to bring in transparency in the process of project execution. The project proposal from a user benefit perspective should be endorsed by an external agency which should also do a project performance assessment after the project is complete. Further to strengthen the project completion chances, the State funding commitment should be spent before Ministry funding commences. If the State funding was contingent upon Ministry funding being complete then steps must be taken to ensure that the State funding was made available in time. The report also stated that there was a strong need to streamline and standardize the communication system between Ministry, the State Planning Departments and the Project Implementing Department. Projects classified as failure were to be monitored and appropriate initiative taken to make them successful.

The Planning Commission had also not undertaken any evaluation study of impact of NLCPR. In response to Audit, the Planning Commission stated in November 2008

that projects sanctioned under NLCPR and NEC were being monitored by DONER and NEC. Though the overall implementation of various programmes was being reviewed during Annual Plan discussions of the respective States, there was no coordinated mechanism to have regular monitoring of development objectives of schemes/projects in NER through various windows. As regards the achievement of development objectives against the identified gaps in Basic Minimum Services (BMS) and infrastructure, the Planning Commission stated (November 2008) that such an evaluation was yet to be carried out. The Commission added that conducting an evaluation study on utilization and impact of investment in NER was under active consideration.

Ministry stated (February 2010) that the impact study conducted by IIM Lucknow was not accepted by the NLCPR division of Ministry of DONER since the results of the study were contrary to known facts. However, conducting an evaluation study on utilization and impact of NLCPR projects was under active consideration.

CHAPTER VI: CONCLUSION AND RECOMMENDATIONS

6.1 CONCLUSION

The success of the projects funded through the NLCPR essentially depends on effective implementation of project activities, regular monitoring and efficient financial management. There were inadequacies in all these three key aspects, as has been brought out in this report.

The NLCPR was created in 1998-99 for the speedy development of both physical and social infrastructure in the North-Eastern Region. In the 10th Plan Period (2002-03 – 2006-07) and the first year of the 11th Plan (2007-08), the total expenditure/investment in the North-Eastern Region under various schemes was Rs. 90241.54 crore. This included funding from State Plan, Central Ministries, NEC and the NLCPR. During the same period viz. 2002-03 – 2007-08, NLCPR funding was Rs. 3755 crore which was approximately 4.15% of the total expenditure/investment in the North East. Therefore, NLCPR was not a significant source of funding for infrastructural development in the North East. Moreover, as mentioned earlier, no Reserve Fund on account of NLCPR was created in the Public Account as was originally envisaged.

Execution of projects under NLCPR was also not satisfactory, given that only 435 out of a total of 959 projects sanctioned (as of September 2008) had actually been completed by October 2008 and most of the projects were seriously delayed. While there are certain inherent difficulties involved in project execution in the North-Eastern Region, the current rate of progress raises questions as to whether the NLCPR has been able to achieve its stated objective of the speedy development of infrastructure in the North-Eastern Region. It may, therefore, be appropriate to review the position so as to assess whether the NLCPR needs to be continued in its present form. While the Ministry of DONER plays a significant advocacy role by focusing attention on the North-Eastern Region, it would need to specifically assess the functioning of the NLCPR from the view point of efficiency in operations and in the larger context of its contribution to overall investment in the North-Eastern Region.

6.2 RECOMMENDATIONS

- Ministry may review the further continuance of NLCPR scheme in view of the fact that NLCPR funding constitutes only around four *per cent* of the total expenditure in NE region, and the scheme has failed to achieve its objective of ensuring speedy development of infrastructure in NE States. The funds can still be made available to meet the same objectives either through State Plans or the Central Ministries.
- Pending a decision, the Ministry may in coordination with the State Governments analyze reasons for delayed and incomplete works so as to remove bottlenecks and ensure timely and efficient execution of the projects.
- The annual accruals under NLCPR are much higher in comparison to annual releases from the fund resulting in accumulation of huge surplus balance under NLCPR. Ministry in consultation with State Governments must develop a strategy to improve utilization of funds and accelerate the pace of development in NE region.
- The Ministry may insist upon the States to conduct gap analysis of Basic Minimum services (BMS) and Infrastructural development and submit the same with their proposals to facilitate prioritization in funding of such projects.
- The Ministry needs to strengthen financial management by close monitoring and follow up to ensure that there is no diversion or irregular utilization of NLCPR funds by the State Governments and/or implementing agencies.
- The Ministry/State governments should strengthen controls as well as the inspection and monitoring mechanism at all levels for effective implementation of the projects and ensure quality in work execution.

- Wide publicity must be given by State governments to the projects executed under NCPR to enhance transparency and awareness about such projects.
- Impact studies/surveys could be undertaken especially with reference to achievement of outcomes.

New Delhi

Dated



(A. K. PATNAIK)

**Director General of Audit,
Central Expenditure**

Countersigned

New Delhi

Dated



(VINOD RAI)

Comptroller and Auditor General of India

Annex-1

(Refers to para 2.3)

List of selected projects (91)

Sl. No.	Name of the Project	Date of Approval	Approved Cost (Rupees in crore)	Status *
Arunachal Pradesh				
Education Sector				
1	Construction of 200 seated Girls Hostel at J.N. College, Pasighat	18/10/2005	5.15	Incomplete
2	Sarva Shiksha Abhiyan 2006-07	26/09/2006	14.29	Incomplete
Roads and Bridges sector				
3	Construction of Motorable Suspension Bridge over River Lohit to connect Manchal Administrative Circle (Span 156.55 m)	27/12/2005	13.10	Incomplete
4	Construction of link road from Lhou Nallah to Mukto Circle Headquarter in Tawang District	27/12/2005	18.03	Incomplete
5	Improvement and realignment of Porter Track from Jhang to Sulungthi (95 KMs)	28/10/2002	2.55	Complete
Water Supply sector				
6	Naharlagun Water Supply Scheme	18/02/2003	11.73	Incomplete
7	Potable drinking water supply scheme for the villages of Sille, Rani, Sikabamin, Sika Tode, Oyan at Sile	06/12/2006	17.42	Incomplete
Flood Control and Irrigation sector				
8	Anti-Erosion Works on Kley River under Lower Subansiri District	26/09/2002	7.31	Complete.
Power sector				
9	Construction of 11 KV Transmission line from Hawaii to Kibithu	21/12/2004	2.34	Incomplete
10	132 KV S/C Transmission line from Along to Pasighat	03/08/2005	29.02	Incomplete
Assam				
Education Sector				
11	Sarva Shiksha Abhiyan for Assam (2006-07)	29/06/2006	102.93	Incomplete
12	Infrastructure Development of Assam Textile Institute at Guwahati	12/09/2006	7.41	Incomplete
Flood Control & Irrigation sector				
13	Amrengr Minor Irrigation Scheme, KADC	27/02/2002	12.00	Complete
14	Champamati Irrigation Project	31-10-05	43.85	Incomplete
Health sector				
15	Construction of 100 bedded hospital at Kokrajhar in BTC area	27/01/2005	38.52	Incomplete
16	Assam Medical College (HOPE)	21/03/2003	20.00	Incomplete
Roads and Bridges sector				
17	Improvement of Bhowraguri Kachugaon Road in Kokrajhar	31/12/2004	23.73	Incomplete
18	Construction of RCC Bridge No. 20/1 –Nalbari Palla Road in Nalbari District	20/02/2004	1.44	Incomplete
19	Construction Additional Two Lane Rail-Over-Bridge (ROB) on A.T. Road at Maligaon, Guwahati (Assam)	27/12/2005	13.56	Complete
20	Metalling and back-topping of Gossaigaon to Saraibil Road including improvement of existing hard crust and conversion of STP bridge to RCC bridges)	07/02/2005	19.39	Incomplete

* Status in respect of SSA was as of January 2010

Sl. No.	Name of the Project	Date of Approval	Approved Cost (Rupees in crore)	Status *
21	Construction of Road from Betola Chariali to Sarusajai (Bishnu Rabha Path), Guwahati (Assam)	27/12/2005	7.77	Complete
22	Construction of Kashikotra Bamungaon Bengtol Road	27/12/2005	11.69	Incomplete
23	Construction of RCC Bridge No. 35/2, 53/2 on Moran Naharkatia Road in Tinsukia District with approach	29/07/2004	1.14	Incomplete
24	Construction of RCC Bridge No. 6/1, 7/1, 8/1, 8/2, 9/1, 11/1 and 11/2 on Sepon Suffry Road in Sivasagar District (Assam) with approaches	27/12/2005	4.11	Incomplete
25	Charuali – Nagarijuli Road	18/02/2003	5.38	Incomplete
26	Udalguri – Tamulpur Road, Darrang	18/02/2003	36.32	Incomplete
27	Construction of RCC Bridge No. 38/1, 43/1, 43/3 and 44/2 including approaches and subway on Silchar – Hailakandi Road in Hailakandi District	16/05/2006	3.53	Incomplete
28	Construction of RCC Bridge No. 2/2 – Haripur Sansarghat Road in Nalbari District	20/02/2004	2.26	Incomplete
29	Construction of RCC Bridge No. 156/2, 159/1, 163/2, 165/3, 172/2, 174/2, 177/1 and 182/2 on Dhodar Ali Road in Sibsagar District	30/09/2004	3.53	Complete
30	Improvement of Dhamdhama Tupalia Subankhata (DTS) Road (Metalling and black-topping of remaining stretches including improvement of existing metalled surface)	31/12/2004	13.72	Complete
31	Tangla- Dimakuchi Road	18/02/2003	2.51	Complete
Water Supply sector				
32	Dhubri Town Water Supply Scheme	12/09/2006	10.27	Incomplete
33	Greater Silchar Town Water Supply Scheme	30-01-03	12.30	Incomplete
Power sector				
34	ST&D – Construction of 26 Km 33 KV Agia to Mornoi line with construction of 2X2.5 MVA S/S at Mornoi	18/02/2003	1.63	Complete
35	ST&D – Augmentation of Hailakandi 33 KV S/S from 2X2.5 MVA to 2X5 MVA	18/02/2003	1.20	Complete
Manipur				
Education sector				
36	Infrastructure Development of Manipur University Phase II	29/10/2004	3.88	Incomplete
37	Sarva Shiksha Abhiyan (2006-07)	29/06/2006	3.78	Complete
Health sector				
38	Construction & equipping of 50 bedded hospital at Tamenglong District	30/11/2006	14.37	Incomplete
39	Construction & equipping of 50 bedded hospital at Senapati District	30/11/2006	14.26	Incomplete
Roads and Bridges				
40	Construction of Bridge over Imphal River at Kuyamgei Mang Mapa	30/11/2006	4.71	Incomplete
41	Construction of Singjamei bridge	29/10/2004	3.69	Complete
Water supply sector				
42	Augmentation of water supply scheme at Mao	28/10/2004	5.65	Complete
43	Waithou Pat Water Supply Scheme	23/03/2005	59.71	Incomplete
Power sector				
44	Construction of 33/11, 2x5 MVA sub station at Maram (Senapati District)	17/03/2003	2.81	Complete
Sports sector				
45	Establishment of National Sports Academy at Khuman Lampak Sports Complex, Imphal	30/11/2006	18.43	Incomplete

Sl. No.	Name of the Project	Date of Approval	Approved Cost (Rupees in crore)	Status *
Meghalaya				
Education Sector				
46	Campus Development Project of Building Infrastructure of Thomas Jones Synod College, Jowai	02/11/2005	3.37	Incomplete
47	Sarva Shiksha Abhiyan 2006-07	26/09/2006	8.59	Complete
48	Construction of Tikrikilla College Complex, West Garo Hills District	06/12/2006	5.43	Incomplete
Power sector				
49	Sub Transmission and Distribution Scheme- Master Plan for distribution of power in Meghalaya	30/01/2003	23.19	Complete
50	Construction of 132 kv D/C line from Sarusajai to Byrnihat	10/03/2004	9.78	Complete
Roads and Bridges sector				
51	Reconstruction of Bridges and Approaches on Mawphlang- Balat Road	18/10/2005	9.01	Incomplete
52	Improvement, widening, Strengthening including Reconstruction of Bridges and Culverts of Rymbai-Iapmala-Suchen Road (1-17 km)	28/12/2005	18.77	Incomplete
53	Upgradation of Double Lane and Strengthening of Dkhiah- Sutnga- Saipung- Moulsei- Haflong Road (9 th to 16 th KM)	18/10/2005	4.46	Incomplete
Water Supply sector				
54	Nongpoh Urban Water Supply Scheme	26/03/2007	17.47	Incomplete
55	Jowai Water Supply Project	21/03/2003	15.41	Incomplete
Mizoram				
Education sector				
56	Infrastructure Development of Mizoram University (additional)	20/02/2004	23.26	Incomplete
57	Sarva Shiksha Abhiyan	28/03/2006	5.11	Complete
Health sector				
58	Construction of Out-Patient Department Block, Civil Hospital, Aizawl	21/03/2003	3.71	Incomplete
59	Six bedded ICU at Civil Hospital, Aizawl	21/03/2003	1.42	Complete
Power sector				
60	Power Evacuation from Thermal Power Plant, Bairabi	27/02/2003	4.56	Complete
61	Sub-transmission and Distribution Lines – Lunglei Town	21/10/2002	8.30	Complete
Roads and Bridges sector				
62	Lungtian-Mante Road via Vartek Kai within Lai ADC	21/10/2003	26.65	Incomplete
63	Improvement and widening of Bawngkawn to Durtland Road	21/03/2003	6.81	Complete
Water Supply sector				
64	Greater Mamit Water Supply Scheme	13/10/2003	5.77	Complete
Nagaland				
Roads and Bridges sector				
65	Dimapur to Ganeshnagar Road	30/01/2003	12.12	Incomplete (Completion certificate awaited)
66	Upgradation of Dimapur Khopanal Jalukie Peren Road	10/02/2006	36.73	Incomplete
67	Construction of Road from Purana Bazar (NH-39 Bypass) to Kohima-Bokajan Road	20/09/2004	21.18	Complete

Sl. No.	Name of the Project	Date of Approval	Approved Cost (Rupees in crore)	Status *
Education				
68	Sainik School at Punglwa, Kohima	19/03/2004	14.07	Incomplete
69	Sarva Shiksha Abhiyan (2005-06 & 2006-07)	29/03/2006	9.28	Complete
Health sector				
70	Vitalisation of State Referral Hospital	19/02/2004	35.62	Incomplete
71	Up gradation of District Hospitals	26/02/2004	14.40	Incomplete
Water Supply sector				
72	Water supply schemes for Mon and Chui villages	08/11/2003	3.92	Incomplete
Power sector				
73	22.92 MW HFO based thermal Power Plant at Dimapur	17/03/2004	32.00	Abandoned
Miscellaneous sector				
74	Setting up of State Archive at Kohima	29/06/2006	4.31	Incomplete
Sikkim				
Education Sector				
75	Sarva Shiksha Abhiyan	28/03/2006	2.00	Complete
76	Construction of School Buildings and Rain Water Harvesting for various Schools	08/12/2006	11.47	Incomplete
Power sector				
77	132 kv S/C transmission line from Rangit to Melli with 132/66 kv sub station at Melli	16/01/2002	28.17	Complete
78	Remodelling of transmission and distribution network of Gangtok Town	18/05/2004	22.44	Complete
Roads and Bridges sector				
79	Construction of Rural suspension Foot Bridges (35 No.)	28/02/2002	8.90	Complete
80	Construction of Goshkan Dara Bridge over Teesta at Singtam	15/02/2006	13.38	Incomplete
Water Supply sector				
81	Extension of Gangtok Sewerage Project (Phase-II), Sikkim	21/03/2003	7.00	Complete
82	Augmentation Water Supply Scheme for Greater Gangtok Phase-II in Sikkim	30/07/2004	24.34	Complete
Tripura				
Education Sector				
83	Sarva Shiksha Abhiyan	28/03/2006	14.14	Complete
84	Sarva Shiksha Abhiyan (2006-07)	29/06/2006	10.66	Complete
Health sector				
85	State Level Para Medical Institute at Agartala	17/03/2005	14.07	Incomplete
86	Government Medical College and Hospital at Agartala	10/10/2005	104.51	Incomplete
Roads and Bridges sector				
87	Widening and strengthening of Banikya Chawmohani to Salbagan Road (9 KM)	20/03/2006	4.77	Complete
88	Replacement of two existing Semi Permanent Timber (SPT) bridges in Tripura on Kamalpur-Maracherra- Ambassa Road by RCC bridge	20/03/2006	4.28	Incomplete
Water Supply sector				
89	Drinking water supply scheme for Teliamura	17/03/2003	6.21	Incomplete
90	Drinking Water Supply Scheme for Dharmanagar	27/02/2003	5.49	Complete
Power sector				
91	1x21 MW Gas Thermal project at Rokhia (Unit VIII)	21/05/2004	80.94	Complete
Total			1399.89	

Annex-2

(Refers to para 3.2.2.2)

Roads and Bridges projects

Project details	Status	Audit findings
Arunachal Pradesh		
1. Construction of Motorable Suspension Bridge over River Lohit to connect Manchal Administrative Circle (Span 156.55 m) Project Year: 2005-06 Approved cost: Rs. 13.10 crore Total releases to State by GOI: Rs. 8.25 crore Due date of completion: 31.12.2008 Implementing agency: Public Works Department (PWD)	Incomplete	<ul style="list-style-type: none"> Physical progress[#] of the project was 27.40 <i>per cent</i>. Delay* in completion of project by 11 months. No detailed survey was conducted by PWD before forwarding the DPR of the project. This caused changes in specification of bridge from steel suspension to steel arch bridge due to the presence of rock strata which resulted in cost over run by Rs. 26.29 lakh. The change in the specifications did not have the approval of the Ministry.
2. Construction of link road from Lhou Nallah to Mukto Circle Headquarter in Tawang District Project Year: 2005-06 Approved cost: Rs. 18.03 crore Total releases to State by GOI: Rs. 15.75 crore. Due date of completion: 31.12.2008 Implementing agency: PWD	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 65 <i>per cent</i>. Delay in completion of project 11 months.
3. Improvement and realignment of Porter Track from Jhang to Sulungthi (95 KMs) Project Year: 2002-03 Approved cost: Rs. 2.55 crore Total releases to State by GOI: Rs. 2.55 crore Due date of completion: 29.10.2004 Implementing agency: PWD	Complete	<ul style="list-style-type: none"> Project was completed on 1.06.2007 after a delay of 31 months.
Assam		
4. Improvement of Bhowraguri Kachugaon Road in Kokrajhar Project Year: 2004-05 Approved cost: Rs. 23.73 crore Total releases to State by GOI: Rs. 23.73 crore Due date of completion: 31.12.2007. Implementing agency: PWD (Roads), Kokrajhar Division	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 72 <i>per cent</i>. Delay in completion of project by 23 months. After receipt of funds from the State Government, there was a delay in release of funds by Bodoland Territorial Council (BTC) to executing agency ranging from 30 to 92 days. Reasons for delay were also due to frequent bandhs, labour strikes, and heavy rainfall.

[#] Physical progress of the project in each case is as of November 2009^{*} Delay in completion in each project is calculated from the due date to November 2009.

Project details	Status	Audit findings
<p>5. Construction of RCC Bridge No. 20/1 –Nalbari Palla Road in Nalbari District</p> <p>Project Year: 2003-04 Approved cost: Rs. 1.44 crore Total releases to State by GOI: Rs. 1.14 crore Due date of completion: 30.06.2005 Implementing agency: PWD (Roads), Nalbari Division</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 98 <i>per cent</i>. Delay in completion of project by 53 months.
<p>6. Construction Additional Two Lane Rail-Over-Bridge (ROB) on A.T. Road at Maligaon, Guwahati (Assam)</p> <p>Project Year: 2005-06 Approved cost: Rs. 13.56 crore Total releases to State by GOI: Rs. 12.02 crore Due date of completion: 30.11.2007 Implementing agency: PWD (Roads), Guwahati City Division</p>	Complete	<ul style="list-style-type: none"> Project was timely completed in October 2007. Un-recovered/unadjusted secured advance with the contractor to the tune of Rs. 12.00 lakh as of March 2008. (372 days).
<p>7. Metalling and back-topping of Gossaigaon to Saraibil Road including improvement of existing hard crust and conversion of STP bridge to RCC bridges)</p> <p>Project Year: 2004-05 Approved cost: Rs. 19.39 crore Total releases to State by GOI: Rs. 19.39 crore Due date of completion: 31.03.2007 Implementing agency: PWD (Roads and Bridges), Kokrajhar Division</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 83 <i>per cent</i>. Delay in completion of project by 32 months. Funds of Rs. 458.26 lakh received by BTC from the State Government in May-June 2007, to the executing agencies as on 31.3.2008.
<p>8. Construction of Kashikotra Bamungaon Bengtol Road</p> <p>Project Year: 2005-06 Approved cost: Rs. 11.69 crore Total releases to State by GOI: Rs. 11.69 crore Due date of completion: 27.12.2008 Implementing agency: PWD (Roads), Bogaigaon Division</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 81 <i>per cent</i>. Delay in completion of project by 11 months. After receipt of funds from the State Government, BTC took 100 to 303 days in releasing funds to executing agency.
<p>9. Construction of RCC Bridge No. 35/2, 53/2 on Moran Naharkatia Road in Tinsukia District with approaches</p> <p>Project Year: 2004-05 Approved cost: Rs. 1.14 crore Total releases to State by GOI: Rs. 1.04 crore Due date of completion: 31.12.2005 Implementing agency: PWD (Roads), Dibrugarh Division</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 68 <i>per cent</i>. Delay in completion of project by 47 months. Project was delayed due to contractor's lackadaisical attitude towards completion of work. Non-recovery of secured advance of Rs. 9.00 lakh from contractor as of March 2008. (844 days)

Project details	Status	Audit findings
<p>10. Construction of RCC Bridge No. 6/1, 7/1, 8/1, 8/2, 9/1, 11/1 and 11/2 on Sepon Suffry Road in Sivasagar District (Assam) with approaches</p> <p>Project Year: 2005-06 Approved cost: Rs. 4.11 crore Total releases to State by GOI: Rs. 1.30 crore Due date of completion: 31.05.2007 Implementing agency: PWD (Roads), Sonari Division</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 0 <i>per cent</i>. Delay in completion of project by 30 months. Though the project was approved in December 2005, the tender was accepted in May 2008 after a lapse of two and half years.
<p>11. Charuali – Nagarijuli Road</p> <p>Project Year: 2002-03 Approved cost: Rs. 5.38 crore Total releases to State by GOI: Rs. 4.92 crore Due date of completion: 31.07.2005 Implementing agency: Border Roads Organisation (BRO)</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 43 <i>per cent</i>. Delay in completion of project by 52 months.
<p>12. Udalguri – Tamulpur Road, Darrang</p> <p>Project Year: 2002-03 Approved cost: Rs. 36.32 crore Total releases to State by GOI: Rs. 33.46 crore Due date of completion: 31.03.2008 Implementing agency: BRO</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 57 <i>per cent</i>. Delay in completion of project by 20 months.
<p>13. Construction of RCC Bridge No. 38/1, 43/1, 43/3 and 44/2 including approaches and subway on Silchar – Hailakandi Road in Hailakandi District</p> <p>Project Year: 2006-07 Approved cost: Rs. 3.53 crore Total releases to State by GOI: Rs. 1.11 crore Due date of completion: 30.11.2007 Implementing agency: PWD (Roads), Hailakandi Division</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 0 <i>per cent</i>. Delay in completion of project by 24 months.
<p>14. Construction of RCC Bridge No. 2/2 – Haripur Sansarghat Road in Nalbari District</p> <p>Project Year: 2003-04 Approved cost: Rs. 2.26 crore Total releases to State by GOI: Rs. 1.83 crore Due date of completion: 30.06.2005 Implementing agency: PWD (Roads), Nalbari Division</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 83 <i>per cent</i>. Delay in completion of project by 53 months.

Project details	Status	Audit findings
15. Construction of RCC Bridge No. 156/2, 159/1, 163/2, 165/3, 172/2, 174/2, 177/1 and 182/2 on Dhodar Ali Road in Sibsagar District Project Year: 2004-05 Approved cost: Rs. 3.53 crore Total releases to State by GOI: Rs. 3.21 crore Due date of completion: 31.12.2005 Implementing agency: PWD (Roads), Sonari Division	Complete	<ul style="list-style-type: none"> Project was completed on 18.02.2008 after a delay of 25 months. Non-adjustment of advance of Rs. 7.00 lakh from contractor as of 31.3.2008. (256 days) Though the bridge recorded to have been completed. However, the approaches of the bridge remained incomplete as the administrative approval had not been accorded.. Thus, the RCC bridge could not be put to use.
16. Improvement of Dhamdhama Tupalia Subankhata (DTS) Road (Metalling and black-topping of remaining stretches including improvement of existing metalled surface) Project Year: 2004-05 Approved cost: Rs. 13.72 crore Total releases to State by GOI: Rs. 13.72 crore Due date of completion: 31.03.2007 Implementing agency: PWD (Roads and Bridges), N.K. road Division	Complete	<ul style="list-style-type: none"> Project was completed on 5.09.2008 after a delay of 17 months. After receipt of funds from the State Government, BTC took 121 days in releasing the funds to the executing agency. Project also delayed due to law and order problem and natural constraints like flood, rain etc.
Manipur		
17. Construction of Bridge over Imphal River at Kuyamgei Mang Mapa Project Year: 2006-07 Approved cost: Rs. 4.71 crore Total releases to State by GOI: Rs. 4.12 crore Due date of completion: 28.11.2008 Implementing agency: PWD, Bridge Division	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 65 <i>per cent</i>. Delay in completion of project by 12 months.
18. Construction of Singjamei bridge Project Year: 2004-05 Approved cost: Rs. 3.69 crore Total releases to State by GOI: Rs. 3.35 crore Due date of completion: 31.10.2006 Implementing agency: PWD, Bridge Division	Complete	<ul style="list-style-type: none"> Project was completed on 16.11.2009 after a delay of 36 months. Undue benefit of Rs. 11.91 lakh to the contractor on account of additional payment as hire charges for material needed for staging/formwork as the same was included in the rate quoted by the contractor.
Meghalaya		
19. Reconstruction of Bridges and Approaches on Mawphlang- Balat Road Project Year: 2005-06 Approved cost: Rs. 9.01 crore Total releases to State by GOI: Rs. 7.87 crore Due date of completion: 18.11.2008 Implementing agency: PWD (Roads and Bridges)	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 86 <i>per cent</i>. Delay in completion of project by 12 months. Non-deduction of tax amounting Rs. 6.34 lakh under MVAT Act (Meghalaya Value Added Tax) at source from the contractor.

Project details	Status	Audit findings
<p>20. Improvement, widening, Strengthening including Reconstruction of Bridges and Culverts of Rymbai-Iapmala-Suchen Road (1-17 km)</p> <p>Project Year: 2005-06 Approved cost: Rs. 18.77 crore Total releases to State by GOI: Rs. 16.40 crore Due date of completion: 31.12.2007 Implementing agency: PWD (Roads and Bridges)</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 89 <i>per cent</i>. Delay in completion of project by 23 months. Non-levy of penalty for delayed delivery of materials resulted in undue benefit to the contractor by Rs. 9.81 lakh.
<p>21. Upgradation of Double Lane and Strengthening of Dkhiah- Sutnga-Saipung- Moulsei- Haflong Road (9th to 16th KM)</p> <p>Project Year: 2005-06 Approved cost: Rs. 4.46 crore Total releases to State by GOI: Rs. 3.89 crore Due date of completion: 18.11.2008 Implementing agency: PWD (Roads and Bridges)</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 100 <i>per cent</i> but CC awaited. Delay in completion of project by 12 months. Excess expenditure of Rs. 16.64 lakh due to payment of higher rate preferred by the contractor on carriage materials against the already approved cost estimate by the Ministry.
Mizoram		
<p>22. Lungtian-Mamte Road via Vartek Kai within Lai ADC</p> <p>Project Year: 2003-04 Approved cost: Rs. 26.65 crore Total releases to State by GOI: Rs. 24.77 crore Due date of completion: 31.10.2006 Implementing agency: PWD (Roads and Bridges)</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 90 <i>per cent</i>. Delay in completion of project by 37 months. Project delayed due to improper planning viz., frequent revision of estimates, lack of monitoring, supervision by PWD, Roads and Bridges department. The department had to re-execute the work at a cost of Rs. 135.00 lakh as the work executed by the earlier contractor was proven sub standard. 11 nos. bailey bridges components procured in September 2005 valuing Rs. 146.00 lakh remained unutilized at site for 2 years and 11 months (July 2008). Against the actual achievement of 68 <i>per cent</i> (as of August 2008), the Engineer PWD recorded (November 2007) 97 <i>per cent</i> physical completion and 100 <i>per cent</i> utilization, although Rs. 718.00 lakh was lying unutilized under PW deposit.
<p>23. Improvement and widening of Bawngkawn to Durtland Road</p> <p>Project Year: 2002-03 Approved cost: Rs. 6.81 crore Total releases to State by GOI: Rs. 6.81 crore Due date of completion: 29.05.2004 Implementing agency: PWD (Roads and Bridges)</p>	Complete	<ul style="list-style-type: none"> Project was completed in time in May 2004. The implementing Division issued (May 2003 & February 2004) 23 work orders of 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

Project details	Status	Audit findings
		the CPWD Works Manual. Accepting the audit observation, the Department replied that due to urgency, the work orders were issued without inviting tenders.
Nagaland		
24. Dimapur to Ganeshnagar Road Project Year: 2002-03 Approved cost: Rs. 12.12 crore Total releases to State by GOI: Rs. 11.11 crore Due date of completion: 31.03.2004 Implementing agency: PWD (Roads and Bridges), Dimapur Division	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 100 <i>per cent</i> but CC awaited. Delay in completion of project by 68 months.
25. Upgradation of Dimapur Khopanalala Jalukie Peren Road Project Year: 2005-06 Approved cost: Rs. 36.73 crore Total releases to State by GOI: Rs. 33.06 crore Due date of completion: 29.02.2008 Implementing agency: PWD (Roads and Bridges), Dimapur Division	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 90 <i>per cent</i>. Delay in completion of project by 21 months.
26. Construction of Road from Purana Bazar (NH-39 Bypass) to Kohima-Bokajan Road Project Year: 2004-05 Approved cost: Rs. 21.18 crore Total releases to State by GOI: Rs. 19.25 crore Due date of completion: 31.03.2006 Implementing agency: PWD (Roads and Bridges), Dimapur Division	Complete	<ul style="list-style-type: none"> Project was completed on 29.09.2006 after a delay of six months.
Sikkim		
27. Construction of Rural suspension Foot Bridges (35 No.) Project Year: 2001-02 Approved cost: Rs. 8.90 crore Total releases to State by GOI: Rs. 8.83 crore Due date of completion: 31.03.2005 Implementing agency: Rural Department	Complete	<ul style="list-style-type: none"> Project was completed on 2.05.2006 after a delay of 13 months. Finalisation of new works delayed the completion of the project.
28. Construction of Goshkan Dara Bridge over Teesta at Singtam Project Year: 2005-06 Approved cost: Rs. 13.38 crore Total releases to State by GOI: Rs. 8.40 crore Due date of completion: 15.02.2008 Implementing agency: PWD	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 45 <i>per cent</i>. Delay in completion of project by 21 months. Project delayed as the work order was issued late in January 2007 after receipt of 1st installment. The work was slow during monsoon season as the worksite is in the bank of river Teesta.

Project details	Status	Audit findings
Tripura		
29. Widening and strengthening of Banikya Chawmohani to Salbagan Road (9 KM) Project Year: 2005-06 Approved cost: Rs. 4.77 crore Total releases to State by GOI: Rs. 4.19 crore Due date of completion: 31.03.2008 Implementing agency: PWD (Roads)	Complete	<ul style="list-style-type: none"> Project was completed on 4.08 2009 after a delay of 16 months.
30. Replacement of two existing Semi Permanent Timber (SPT) bridges in Tripura on Kamalpur- Maracherra-Ambassa Road by RCC bridge Project Year: 2005-06 Approved cost: Rs. 4.28 crore Total releases to State by GOI: Rs. 3.74 crore Due date of completion: 31.03.2008 Implementing agency: PWD (Roads)	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 38 <i>per cent</i>. Delay in completion of project by 20 months. Delay in starting the project was due to inordinate delay of 28 months in sending the proposal for land acquisition to the appropriate authority (Jan. 2008). The issue is yet not settled (July 2008) and there was also delay in tender process.

Annex-3

Refers to para 3.2.2.3

Water Supply projects

Project details	Status	Audit findings
Arunachal Pradesh		
1. Naharlagun Water Supply Scheme Project Year: 2002-03 Approved cost: Rs. 11.73 crore Total releases to State by GOI: Rs. 11.04 crore Due date of completion: 28.02.2005 Implementing Agency: Public Health Engineering Department (PHED)	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 100 per cent but Completion Certificate awaited. Delay in completion of project by 57 months. Cost over run of Rs. 3.86 crore provided by the State Govt.
2. Potable drinking water supply scheme for the villages of Silie, Rani, Sikabamin, Sika Tode, Oyan at Sile Project Year: 2006-07 Approved cost: Rs. 17.42 crore Total releases to State by GOI: Rs. 10.49 crore Due date for completion 31.12.2009 Implementing Agency: PHED	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 25 per cent. Pace of progress of project is very slow.
Assam		
3. Dhubri Town Water Supply Scheme Project Year: 2007-08 Approved cost: Rs. 10.27 crore Total releases to State by GOI: Rs. 6.28 crore Due date for completion was 30.9.2008. Implementing Agency: Assam Urban Water supply and Sewerage Board	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 21 per cent. Delay in completion by 14 months.
4. Greater Silchar Town Water Supply Scheme Project Year: 2002-03 Approved cost: Rs. 12.30 crore Total releases to State by GOI: Rs. 11.59 crore Due date of completion was 31.3.2005 Implementing Agency: Assam Urban Water supply and Sewerage Board	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 93 per cent. Delay in completion by 56 months.
Nagaland		
5. Water supply schemes for Mon and Chui villages Project Year: 2003-04 Approved cost: Rs. 3.92 crore Total releases to State by GOI: Rs. 3.66 crore Due date of completion: 31.03.2005. Implementing Agency: PHED, Kohima	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 97 per cent. Delay in completion by 56 months. Delay was mainly due to dispute between water resources donor beneficiary villages.

Project details	Status	Audit findings
Mizoram		
6. Greater Mamit Water Supply Scheme Project Year: 2003-04 Approved cost: Rs. 5.77 crore Total releases to State by GOI: Rs. 5.29 crore Due date of completion: 31.10.2006 Implementing Agency: PHED, Aizwal	Complete	<ul style="list-style-type: none"> Project was completed on 28.09.2007 after a delay of 11 months. Project delayed due to improper planning of the department in finalizing proper site and spending of project funds on non approved items.
Manipur		
7. Augmentation of water supply scheme at Mao Project Year: 2004-05 Approved cost: Rs. 5.65 crore Total releases to State by GOI: Rs. 5.15 crore Due date of completion: 31.10.2006. Implementing Agency: PHED, Manipur	Complete	<ul style="list-style-type: none"> Project was completed on 26.11 2009 after a delay of 36 months. Excess payment of Rs. 30 lakh was made to supplier for supply of Ductile Iron Pipes. The department accepted (November 2008) the excess payment.
8. Waithou Pat Water Supply Scheme Project Year: 2004-05 Approved cost: Rs. 59.71 crore Total releases to State by GOI: Rs. 38.54 crore Due date for completion was 31.3.2008. Implementing Agency: PHED, Manipur	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 80 per cent. Delay in completion by 20 months. The scheme was provided for construction of 3 m wide black top road for a length of 5.58 Km over the embankment around Waithou Pat to facilitate inspection and to promote tourism. The Department awarded (June-July 2007) six works for construction of the road at a cost of Rs. 72.54 lakh, for completion by August 2008. However, as the embankment around Waithou Pat had not been completed, the works could not be taken up till June 2008. Thus, the award of road work before completion of the embankment was indicative of lack of foresight in planning. The Executive Engineer, Monitoring & Evaluation Division, who was executing the scheme at Waithou Pat, parked huge NLCPR funds in DDO bank account (No. 1038412833-SBI, Paona Bazar, Imphal) against the central treasury rules. The retention ranged from Rs. 0.31 crore to Rs. 5.62 crore during 2006-08. This is indicative of lack of financial control.
Tripura		
9. Drinking water supply scheme for Teliamura Project Year: 2002-03 Approved cost: Rs. 6.21 crore Total releases to State by GOI: Rs. 5.72 crore Due date of completion: 31.03.2006. Implementing Agency: PHED	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 100 per cent but CC awaited. Delay in completion of project by 44 months. Project was delayed due to non availability of land, delay in finalisation of tender, delay in issue of work order and delay in finalisation of fresh drawings & designs. Loss of interest of Rs. 7.00 lakh due to unauthorized payment of interest free mobilization advance to the contractor.

Project details	Status	Audit findings
10. Drinking Water Supply Scheme for Dharmanagar Project Year: 2002-03 Approved cost: Rs. 5.49 crore Total releases to State by GOI: Rs. 5.05 crore Due date of completion: 31.03.2006. Implementing Agency: PHED	Complete	<ul style="list-style-type: none"> Project was completed on 5.01.2008 after a delay of 21 months.
Meghalaya		
11. Nongpoh Urban Water Supply Scheme Project Year: 2006-07 Approved cost: Rs. 17.47 crore Total releases to State by GOI: Rs. 15.26 crore Due date for completion is 31.3.2010 Implementing Agency: PHED	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 78.88 per cent.
12. Jowai Water Supply Project Project Year: 2002-03 Approved cost: Rs.15.41 crore Total releases to State by GOI: Rs. 12.30 crore Due date for completion was 31.3.2005 Implementing Agency: PHED	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 50 per cent. Delay in completion of project by 56 months. Non-adjustment of mobilization advance of Rs. 21.85 lakh. Non-deduction of tax amounting Rs. 13.78 lakh under MVAT Act (Meghalaya Value Added Tax) at source from the contractor. Non deduction of TDS of Rs. 1.52 lakh. Non-deduction of security deposit of Rs. 0.74 lakh from contractor. .Excess expenditure of Rs. 38.16 lakh towards of execution of earth work beyond the estimated provision. Excess expenditure of Rs. 19.09 lakh on metalling and black topping which was 40 <i>per cent</i> above the estimated cost.
Sikkim		
13. Augmentation of Water Supply Scheme for Greater Gangtok Phase-II in Sikkim Project Year: 2004-05 Approved cost: Rs. 24.34 crore Total releases to State by GOI: Rs. 22.64 crore Due date of completion: 31.03.2006. Implementing Agency: PHED, Gangtok	Complete	<ul style="list-style-type: none"> Project was completed on 13.10.2009 after a delay of 42 months. Reason for delay in completion of the project was due to delay in execution of works by the contractor.

Annex-4

(Refers to para 3.2.2.5)

Power projects

Project details	Status	Audit findings
Arunachal Pradesh		
<p>1. Construction of 11 KV Transmission line from Hawaii to Kibithu</p> <p>Project Year: 2004-05 Approved cost: Rs. 2.34 crore Total releases to State by GOI: Rs. 2.15 crore Due date for completion: 31.12.2006 Implementing Agency: Department of Power, Govt. of Arunachal Pradesh</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 60 per cent. Delay in completion of the project by 35 months.
<p>2. 132 KV S/C Transmission line from Along to Pasighat</p> <p>Project Year: 2005-06 Approved cost: Rs. 29.02 crore Total releases to State by GOI: Rs. 19.65 crore Due date for completion: August 2008 Implementing Agency: Department of Power, Govt. of Arunachal Pradesh</p>	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 57 per cent. Delay in completion of project by 15 months. Procurement of 59.2 Km Aluminium Conductors- Steel Reinforced(ACSR) conductors of Rs. 165.75 lakh from two local firms in February-March 2007 was lying unutilized as of May 2008. Delay in revising of DPR by State Plan Department (20 months) resulted in cost escalation of the project by Rs. 2.02 crore. (from Rs. 27.00 crore to Rs. 29.02 crore).
Assam		
<p>3. ST&D – Construction of 26 Km 33 KV Agia to Mornoi line with construction of 2X2.5 MVA S/S at Mornoi</p> <p>Project Year: 2002-03 Approved cost: Rs. 1.63 crore Total releases to State by GOI: Rs. 1.63 crore Due date for completion: 31.07.2005 Implementing Agency: Assam State Electricity Board</p>	Complete	<ul style="list-style-type: none"> Project was completed on 29.02.2008 after a delay of 31 months. Project was delayed due to non-receipt of materials in time, non-receipt of forest clearance and hindrances from local people as reported by Assam State Electricity Board. The measurement of work executed was not maintained in the division. As per records, the expenditure incurred was Rs. 71.00 lakh whereas UC furnished to GOI was for Rs. 163 lakh. In the absence of evidence of execution of work submission of UC for Rs.163 lakh appeared irregular.
<p>4. ST&D – Augmentation of Hailakandi 33 KV S/S from 2X2.5 MVA to 2X5 MVA</p> <p>Project Year: 2002-03 Approved cost: Rs. 1.20 crore Total releases to State by GOI: Rs. 0.80 crore Due date for completion: 31.03.2005 Implementing Agency: Assam State Electricity Board</p>	Complete	<ul style="list-style-type: none"> Project was completed on 26.08.2005 after a delay of 4 months

Project details	Status	Audit findings
Nagaland		
<p>5. 22.92 MW HFO based thermal Power Plant at Dimapu</p> <p>Project Year: 2003-04 Approved cost: Rs. 105.27 crore Total releases to State by GOI: Rs. 32.00 crore Due date for completion: May 2005 Implementing Agency: BHEL, Public Sector Unit of GOI</p>	Abandoned	<ul style="list-style-type: none"> Department foreclosed the project in May 2005 after incurring Rs. 32 crore towards construction of building and procurement of machinery and equipment. M/s. BHEL handed over the project on 'as is where is basis' to the department in July 2006. This has resulted in infunctuous expenditure of Rs. 32 crore apart from the objectives of the project remaining unachieved. Further, the condition of the machinery and equipments was also deteriorating due to prolonged exposure to sun and rain.
Mizoram		
<p>6. Power Evacuation from Thermal Power Plant, Bairabi</p> <p>Project Year: 2002-03 Approved cost: Rs. 4.56 crore Total releases to State by GOI: Rs. 4.56 crore Due date for completion: 30.09.2004 Implementing Agency: Power and Electricity Department,</p>	Complete	<ul style="list-style-type: none"> Project was completed in December 2007 after a delay of 39 months. Delay in execution of the project by the contractor and due to diversion of funds.
<p>7. Sub-transmission and Distribution Lines – Lunglei Town</p> <p>Project Year: 2002-03 Approved cost: Rs. 8.30 crore Due date for completion: 14.05.2004 Total releases to State by GOI: Rs. 8.30 crore Implementing Agency: Power and Electricity Department</p>	Complete	<ul style="list-style-type: none"> Project was completed in time in May 2004. Material worth Rs.0.77 lakh were lying unutilized at site. The department accepted the observation.
Manipur		
<p>8. Construction of 33/11, 2x5 MVA sub station at Maram (Senapati District) Project Year: 2002-03 Approved cost: Rs. 2.81 crore Total releases to State by GOI: Rs. 2.81 crore Due date for completion: 31.03.2005 Implementing Agency: Electricity Department, Govt. of Manipur</p>	Complete	<ul style="list-style-type: none"> Project was completed on 14.09.2006 after a delay of 17 months. Idling of material of Rs. 11.11 lakh due to excess purchase of line material (January 2006 to November 2008). The department accepted the observation. Avoidable expenditure of Rs. 80.85 lakh due to finalisation of tender without ascertaining the manufacturer's price for various equipments.
Tripura		
<p>9. 1x21 MW Gas Thermal project at Rokhia (Unit VIII)</p> <p>Project Year: 2004-05 Approved cost: Rs. 80.94 crore Total releases to State by GOI: Rs. 78.06 crore Due date for completion: 31.12.2008 Implementing Agency: Department of Power, Govt. of Tripura</p>	Complete	<ul style="list-style-type: none"> Project was completed in time in November 2007. Non-adjustment of work advance of Rs. 9.00 lakh even after lapse of 31 months from the date of advance. (as on May 2008)

Project details	Status	Audit findings
Meghalaya		
10. Sub Transmission and Distribution Scheme- Master Plan for distribution of power in Meghalaya Project Year: 2002-03 Approved cost: Rs. 23.19 crore Total releases to State by GOI: Rs. 22.84 crore Due date for completion: 30.06.2005 Implementing Agency: Meghalaya State Electricity Board	Complete	<ul style="list-style-type: none"> Project was completed on 8.05.2007 after a delay of 22 months.
11. Construction of 132 KV/C line from Sarusajai to Byrnihat Project Year: 2003-04 Approved cost: Rs. 9.78 crore Total releases to State by GOI: Rs. 9.78 crore Due date for completion: 30.06.2005 Implementing Agency: Assam State Electricity Board	Complete	<ul style="list-style-type: none"> Project was completed on 8.05.2007 after a delay of 22 months
Sikkim		
12. 132 kv S/C transmission line from Rangit to Melli with 132/66 kv sub station at Melli Project Year: 2001-02 Approved cost: Rs. 28.17 crore Total releases to State by GOI: Rs. 28.17 crore Due date for completion: 31.08.2004 Implementing Agency: Department of Power, Govt. of Sikkim	Complete	<ul style="list-style-type: none"> Project was completed on 30.06.2005 after a delay of 10 months. Reasons for delay were revision of work estimate and paucity of funds.
13. Remodelling of transmission and distribution network of Gangtok Town Project Year: 2004-05 Approved cost: Rs. 22.44 crore Total releases to State by GOI: Rs. 21.09 crore Due date for completion: 28.02.2006 Implementing Agency: Department of Power, Govt. of Sikkim	Complete	<ul style="list-style-type: none"> Project was completed on 31.03.2009 after a delay of 37 months. Reasons for delay were paucity of funds due to higher tender rates which escalated the cost of project, execution of works at busy Gangtok Town and high rainfall during most part of the year. Undue benefit to the contractor by Rs. 21.60 lakh due to allowing original rates instead of negotiated rates agreed by the contractor. Cost overrun of Rs. 7.44 crore due to frequent revision of scope of work.

Annex-5
(Refers to para 3.2.2.6)
Health projects

Project details	Status	Audit findings
Assam		
1. Construction of 100 bedded hospital at Kokrajhar in BTC area Project Year: 2004-05 Approved cost: Rs. 38.52 crore Total releases to State by GOI: Rs. 38.52 crore Due date for completion was 31.1.2008. Implementing Agency: NBCC	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 100 <i>per cent</i> but CC awaited. Delay in completion of project by 22 months. Project delayed due to non-availability of free site till January 2006 and repeated bandh calls for about 123 days.
2. Assam Medical College (HOPE) Project Year: 2002-03 Approved cost: Rs. 20.00 crore Total releases to State by GOI: Rs. 18.40 crore Due date for completion: 31.12.2005 Implementing Agency: Empowered Committee at State Level and Institute Project Management Committee	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 99 <i>per cent</i>. Delay in completion of the project by 47 months. Undue benefit to contractor amounting Rs. 9.00 lakh due to non-provisioning of recovery clause of interest in the agreement. Construction of substandard building of surgical complex, morgue building and laundry building at a cost of Rs. 10.36 crore resulted in non-availing the required facilities.
Nagaland		
3. Vitalisation of State Referral Hospital Project Year: 2003-04 Approved cost: Rs. 35.62 crore Total releases to State by GOI: Rs. 31.69 crore Due date for completion was 31.3.2005 Implementing Agency: Directorate of Medical Services	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 85.88 <i>per cent</i>. Delay in completion of the project by 56 months. An amount of Rs. 300.00 lakh was incurred towards clearing past liabilities.
4. Upgradation of District Hospitals Project Year: 2003-04 Approved cost: Rs. 14.40 crore Total releases to State by GOI: Rs. 12.35 crore Due date for completion was 31.12.2005 Implementing Agency: Directorate of Medical Services, Govt. of Nagaland	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 85.91 <i>per cent</i>. Delay in completion of the project by 47 months. Upgradation of 2 out of 10 district hospitals was yet to be completed (as of October 2008).
Mizoram		
5. Construction of Out-Patient Department Block, Civil Hospital, Aizawl Project Year: 2002-03 Approved cost: Rs. 3.71 crore Total releases to State by GOI: Rs. 3.45 crore Due date for completion: 31.03.2006 Implementing Agency: PWD Aizawl	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 90 <i>per cent</i>. Delay in completion of the project by 44 months. There was a deviation from the DPR in down sizing the floor area by 1629.99 Sqm of the OPD block. This resulted in non creation of some of the departments' viz. Radio- therapy. Psychiatry, pain clinic, Surgery, Eye etc. thereby depriving the beneficiaries of the outpatient services and ancillary facilities.

Project details	Status	Audit findings
Manipur		
6. Construction & equipping of 50 bedded hospital at Tamenglong District Project Year: 2006-07 Approved cost: Rs. 14.37 crore Total releases to State by GOI: Rs. 4.53 crore Due for completion by 28.11.2008 Implementing Agency: Directorate of Health Services, Govt. of Manipur	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 7 per cent. Delay in completion of the project by 12 months.
7. Construction & equipping of 50 bedded hospital at Senapati District Project Year: 2006-07 Approved cost: Rs. 14.26 crore Total releases to State by GOI: Rs. 8.98 crore Due for completion by 28.11.2008 Implementing Agency: Directorate of Health Services, Govt. of Manipur	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 30 per cent. Delay in completion of the project by 12 months.
Tripura		
8. State Level Para Medical Institute at Agartala Project Year: 2004-05 Approved cost: Rs. 14.07 crore Total releases to State by GOI: Rs. 12.85 crore Due for completion: 31.3.2008 Implementing Agency: Directorate of Health and Family Welfare, Govt. of Tripura	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 89.54 per cent. Delay in completion of the project by 20 months. The delay occurred due to the Directorate of Health and Family Welfare handing over the site to Tripura Housing Board only in 3/2006 after one year from the date of approval.
9. Government Medical College and Hospital at Agartala Project Year: 2005-06 Approved cost: Rs. 104.51 crore Total releases to State by GOI: Rs. 94.06 crore Due date for completion: November 2009 Implementing Agency: Directorate of Health and Family Welfare, Govt. of Tripura	Incomplete	<ul style="list-style-type: none"> Physical progress of the project was 93.85 per cent. Unauthorised payment of interest free mobilisation advance to the contractor resulted in loss of interest of Rs. 158.00 lakh.

Annex-6

(Refers to para 4.2)

Delay in release of funds to executing agencies

State	Name of the project	Date of release of the funds	Funds released by Govt to States (Rupees in crore)	Date of transmission to the executing agency/Department	Delay in transmission to executing agency/department
Nagaland	Construction of road from Purana Bazar (NH 39 by pass) to Kohima-Bokajan road	20.9.2004	7.41	16.2.2005	119 days
		30.6.2005	8.10	19.9.2005	51 days
	Upgradation of District hospitals in Nagaland	26.9.2006	3.74	10.1.2007	76 days
		26.4.2004	5.12	25.11.2005	549 days
Mizoram	Water Supply scheme for Mon and Chui villages	6.12.2006	7.23	29.3.2007	113 days
		8.11.2003	1.50	23.3.2004	137 days
		3.11.2004	1.50	6.7.2006	246 days
		8.3.2006	0.66	25.7.2006	140 days
	Infrastructure development of Mizoram University	20.2.2004	4.59	2.3.2005	347 days
		30.6.2005	9.16	14.3.2006	254 days
	Six-bedded ICU at Civil Hospital, Aizawl	16.10.2006	7.64	3.4.2007	167 days
		21.3.2003	0.61	4.11.2003	223 days
	Construction of OPD Building at Civil Hospital at Aizawl	31.12.2003	0.81	8.1.2005	737 days
		21.3.2003	0.22	13.8.2003	142 days
Meghalaya	Reconstruction of Bridges and Approaches on Mawphlang Balat Road (10 bridges)	28.10.2004	1.70	23.2.2006	510 days
		7.11.2005	Not available in the state report	13.5.2006	180 days
	Upgradation of double lane and strengthening of Dkiah-Sutnga-Saipung-Moulsei-Haflong Road (9-16 km)	7.11.2005	-do-	24.7.2006	180 days
		28.12.2005	-do-	24.5.2006	150 days
	Campus Development Project of Building Infrastructure of Thomas Jones Synod College	31.1.2006	-do-	14.7.2006	180 days
		26.9.2006	-do-	16.2.2007	180 days
	Sarva Shiksha Abhiyan	28.2.2007	-do-	4.12.2007	270 days
		3.12.2003	-do-	31.3.2004	120 days
Sub-Transmission and Distribution Scheme-Master Plan for distribution of Power in Meghalaya	30.6.2005	-do-	31.1.2006	210 days	
	10.3.2004	-do-	31.3.2005	365 days	

State	Name of the project	Date of release of the funds	Funds released by Govt to States (Rupees in crore)	Date of transmission to the executing agency/Department	Delay in transmission to executing agency/department
Tripura	Sarusajai to Byrnihat in Meghalaya	20.9.2004	-do-	2.9.2005	365 days
	State level para medical college	17.3.2005	-do-	14.12.2005	242 days
	Replacement of 2 nos. existing SPT bridge on Kamalpur-Maracherra Ambassa Road by RCC bridge	29.6.2007	-do-	17.10.2007	80 days
		14.6.2006	-do-	15.10.2007	90 days
	Water supply at Dharamanagar	27.2.2003	-do-	Between 9/03 and 9/04	150 to 510 days
Manipur	Water supply at Teliamura	8.12.2004	-do-	24.2.2005	45 days
		17.3.2003	-do-	Between 2/04 and 9/04	270 to 480 days
	Improvement of Banikya Chowmuhan to Salbagan (9.12 km)	5.6.2006	-do-	8.1.2007	180 days
	Sarva Shiksha Abhiyan for 2005-06	28.3.2006	-do-	11.7.2006	74 days
		28.2.2007	-do-	4.5.2007	35 days
	Installation of sub-station at Maram	7.3.2003	0.84	1.12.2003	239 days
		12.1.2004	1.00	1.9.2004(0.71)	413 days
				13.12.2004(0.04)	
				31.3.2005(0.25)	
		10.2.2005	0.97	2.7.2005(0.57)	215 days
	Augmentation of Water Supply Scheme at Mao			14.7.2005(0.13)	
				13.10.2005(0.26)	
		28.10.2004	2.32	4.7.2005	219 days
		21.10.2005	1.35	27.10.2005	128 days
				17.10.2005	
				28.3.2006	
		12.9.2006	1.48	7.6.2006	534 days
	Construction of bridge over Imphal river at Singjamei			11.8.2006	
				27.12.2006	
				27.3.2006	
				30.3.2008	
		29.10.2004	1.17	15.3.2005 (0.90)	284 days
				8.9.2005 (0.40)	

State	Name of the project	Date of release of the funds	Funds released by Govt to States (Rupees in crore)	Date of transmission to the executing agency/Department	Delay in transmission to executing agency/department
Arunachal Pradesh	Infrastructure development of Manipur University, Phase-II	18.10.2005	1.72	27.10.2005(0.03)	397 days
				21.1.2006(0.90)	
				13.10.2006(0.25)	
				19.12.2006(0.25)	
		5.7.2007	0.34	6.8.2007 (0.12)	115 days
				29.11.2007 (0.34)	
		29.10.2004	1.10	29.10.2005	335 days
		27.12.2005	1.69	2.9.2006(1.66)	219 days
		26.9.2007	0.37	11.6.2008(0.37)	228 days
		24.3.2005	4.59	24.10.2005	339 days
	Waithou Pat Water Supply Scheme			28.3.2006	
		21.6.2006	7.26	5.9.2006	197 days
				31.8.2006	
				27.3.2007	
				3.2.2007	
	Construction of bridge over Imphal river at Kiyamgei Mang Mapa	28.6.2007	11.69	29.11.2007 (4.43)	245 days
				30.3.2008 (5.77)	
		30.11.2006	1.48	20.11.2007	295 days
		30.11.2006	4.53	28.3.2008	424 days
		30.11.2006	4.49	28.3.2008	424 days
	Establishment of National Sports Academy at Khuman Lampak sports Complex	30.11.2006	5.81	23.6.2007	145 days
	Construction of 132 KV S/C Transmission line from Along to Pasighat	18.11.2005	2.70	29.3.2006	102 days
	Anti erosion work of Kley river under lower Subansiri District	26.9.2002	1.00	14.7.2003	249 days
		15.7.2004	2.85	5.12.2004	112 days
		29.3.2006	3.08	28.6.2006	61 days
	Construction of 200 seats girl hostel, auditorium lab etc. in J.N. College Pasighat	7.11.2005	1.76	14.9.2006	278 days
		17.12.2007	1.44	27.3.2008	70 days

State	Name of the project	Date of release of the funds	Funds released by Govt to States (Rupees in crore)	Date of transmission to the executing agency/Department	Delay in transmission to executing agency/department
Assam (Other than BTC projects)	Assam Medical College (HOPE), Dibrugarh	21.5.2003	0.22	20.5.2004	335 days
		17.3.2004	3.79	20.5.2004	34 days
		13.6.2005	9.00	4.10.2005 (3.00) 31.12.2005 (6.00)	83 days 171 days
		17.7.2006	3.70	18.12.2006	124 days
		19.7.2006	1.69	24.9.2007	402 days
		28.2.2001	6.00	29.8.2002 (4.00) 12.9.2003 (2.00)	517 days 866 days
	Amreng Irrigation Project, Diphu	4.8.2003	3.00	12.9.2003 (1.00) 2.3.2005 (2.00)	09 days 546 days
		31.12.2004	3.00	2.3.2005 (1.00) 6.3.2006 (2.00)	31 days 400 days
		24.2.2004	0.74	4.6.2007 (0.11) 10.8.2007 (0.17) 25.3.2008 (0.41)	1166 days 1233 days 1461 days
		27.12.2005	4.21	17.7.2006 (3.18) 19.10.2006 (1.03)	173 days 267 days
	Construction of Addl. Two Lane Rail Over Bridge (ROB) on A.T. Road at Maligaon	20.12.2006	7.81	16.2.2007 (4.05) 23.3.2007 (0.23) 4.6.2004 (1.50) 17.8.2007 (1.76) 28.3.2008 (1.25)	29 days 64 days 137 days 231 days 435 days
		27.12.2005	2.45	20.7.2006	176 days
		29.12.2006	4.48	22.3.2007	54 days
		20.2.2004	1.83	22.7.2005 (0.10) 30.11.2005 (1.16) 12.2.2007 (0.06)	488 days 619 days 1058 days
	Construction of RCC Bridge No.35/2 and 53/2 on Moran Naharkatia Road	29.7.2004	1.04	30.11.2005 25.10.2006	459 days 788 days
	Construction of RCC Bridge No.156/2, 159/1, 163/2, 165/3, 172/2, 174/2, 177/1 and 182/2 on Dhodar Ali	20.9.2004	3.21	30.11.2005 (1.23) 18.12.2006 (0.33) 6.3.2007 (1.19) 12.7.2007 (0.46) 28.3.2008 (0.22)	407 days 790 days 868 days 996 days 1255 days

State	Name of the project	Date of release of the funds	Funds released by Govt to States (Rupees in crore)	Date of transmission to the executing agency/Department	Delay in transmission to executing agency/department
Assam BTC Projects	Construction of RCC Bridge No.6/1, 7/1, 8/1, 8/2, 9/1, 11/1 and 11/2 on Sepon Suffry Road	27.12.2005	1.30	Not released as on 31.3.2008	796 days
	Construction of RCC Bridge No.38/1, 43/1, 43/3 and 44/2 including approaches etc. on Silchar Hailakandi Road	16.5.2006	1.11	Not released as on 31.3.2008	656 days
	Dhubri Town Water Supply Scheme	14.9.2006	3.23	24.3.2008	534 days
	Greater Silchar Town water Supply Scheme	30.1.2003	3.59	15.7.2003	137 days
	Augmentation of Infrastructure Development of Assam Textile Institute at Guwahati	21.5.2004	5.81	18.3.2005(1.00) 16.12.2005(3.00) 21.3.2006(1.81)	271 days 543 days 638 days
		6.8.2007	2.19	27.2.2008	175 days
		14.9.2006	2.34	Not released as on 31.3.2008	535 days
	Sarva Shiksha Abhiyan 2005-06, 2006-07	28.3.2006	27.70	27.2.2007	306 days
	Champamati Irrigation Project	29.6.2006	72.84	27.2.2007	214 days
		31.10.2005	19.73	16.2.2007	443 days (Delay in releasing to BTC)
		31.12.2004	2.95	17.11.2007	1020 days (Delay in releasing to BTC)
	Improvement of Bhowraguri Kachugaon Road	14.3.2007	2.65	17.11.2007	218 days (Delay in releasing to BTC)
		31.12.2004	11.96	17.11.2007	1020 days (Delay in releasing to BTC)
		26.3.2007	10.60	17.11.2007	206 days (Delay in releasing to BTC)
	MBT of Gosaigaon Sariali Road	7.2.2005	10.41	7.5.2007	790 days (Delay in releasing to BTC)
	Construction of Kashi Kotra Bamungain Bengtoli Road	27.12.2005	5.26	7.5.2007	527 days (Delay in releasing to BTC)

Annex-7

(Refers to para 4.2)

Delay in utilization of funds by State Governments (As of November 2008)

Sl. No.	Name of the Project	State	Approved cost	Releases as of November 2008	Amount of installment	No. & date of installment	Date of receipt of UC	Delay in utilisation of funds (delay beyond utilization period)
1.	132 KV S/C Transmission line from Along to Passighat in Arunachal Pradesh	Arunachal Pradesh	2901.96	1080.00	270	First 11/2005 Second 12/2007	3/2007	8 months
2.	Anti Erosion Work in Kley River in Lower Subansiri District	Arunachal Pradesh	731.00	692.82	100.00	first 9/2002	Not yet received	2 months
3	Naharlagun Nirjuli Water Supply Scheme	Arunachal Pradesh	1173.00	1104.04	586.00	First 2/2003	10/2004	12 months (against prescribed 6 months) 15 months (against prescribed 6 months)
4	Potable drinking water supply for the villages of Sille, Rani, Sikabamin, Sika Tode, Oyan at Sile	Arunachal Pradesh	1742.42	548.66	First 548.66	22.12.2006	1.4.2008 shows unspent balance Rs. 89.71 lakh	6 months
5	Construction of 200 seated girls hostel, auditorium, lab, security fencing etc. for J.N. College at Pasighat	Arunachal Pradesh	515.11	319.84	First 175.84	7.11.2005	5/2007	10 months
6	Construction of Motorable Suspension Bridge over River Lohit to connect Manchal Administrative Circle (Span 156.55m	Arunachal Pradesh	1309.79	412.59	First 412.59	28.12.2005	3/2008 UC of Rs. 323.61 lakh	18 months
7	Construction of link road from Lhou Nallah to Mukto circle HQ via Mirba, Gomkelling and Serjong in Tawang	Arunachal Pradesh	1802.97	567.91	First 567.91	28.12.2005	3/2007	6 months

Sl. No.	Name of the Project	State	Approved cost	Releases as of November 2008	Amount of installment	No. & date of installment	Date of receipt of UC	Delay in utilisation of funds (delay beyond utilization period)
8	RCC Bridge no. 20/1, Nalbari Palla Road, Nalbari distt.	Assam	144.36	113.74	74.36	First 2/2004	8/2008	49 months (against prescribed six months)
9	Construction of RCC bridge 2/2 on Haripur Sansarghat Road in Nalbari district	Assam	226.37	182.99	126.37	First 2/2004	8/2006	25 months (against prescribed six months)
					56.62	Second 9/2006	UC not yet received	18 months
10	Infrastructure development of Assam Textile Institute	Assam	741.49	233.57	233.57	First 9/2006	UC not yet received	18 months
11	Dhubri Water supply scheme	Assam	1026.53	323.20	323.20	First 9/2006	UC not yet received	18 months
12	Great Silchar Town water supply	Assam	1230.00	1159.00	581.00	Second 21.5.2004	12/2007	37 months (against prescribed six months)
					218.82	Third 6.8.2007	UC not yet received	7 months
13	C/o RCC bridge on 38/1,43/1,43/3 and 44/2 on Silchar Hailakandi road in Hailakandi district	Assam	353.15	111.24	111.24	First 6/2006	UC not yet received	21 months
14	C/o RCC bridge no. 35/2 and 53/2 on Moran Naharkotia road in Dibrugarh distt with approaches	Assam	114.16	104.20	40.28	First 7/2004	1/2006	10 months
					63.92	Second 7/2006	UC not yet received	20 months
15	C/O RCC bridge no. 6/1,7/1,8/1,9/1,11/1 and 11/2 on Sepon Suftry road in Sibsagar district	Assam	411.17	129.52	129.52	First 12/2005	UC not yet received	27 months
16	Champamati Irrigation Project (BTC project)	Assam	4385.00	3946.50	1973.25	First 10/2005	10/2007	16 months
					1973.25	Second 12/2007	UC not yet received	3 months

Sl. No.	Name of the Project	State	Approved cost	Releases as of November 2008	Amount of installment	No. & date of installment	Date of receipt of UC	Delay in utilisation of funds (delay beyond utilization period)
17	Metalling and blacktopping of Gossaigaon to Sarabail road including improvement of existing hard crust and conversion of STP bridge to RCC bridges	Assam	1939.00	1849.00	1041.19	First 2/2005	8/2007	22 months
18	Improvement of Bhowraguri Kachugaon road in Kokrajhar	Assam	2373.45	2255.66	1195.50	First 12/2004	3/2008	31 months
19	Kashikotra Bamungaon Bengtol road	Assam	1169.00	1052.10	526.45	First 12/2005	3/2008	19 months
20	Sub Transmission and Distribution Scheme Master Plan for distribution of power in Meghalaya	Meghalaya	2319.00	2283.42	1538.80	Second 12/2003	5/2005	12 months (against prescribed six months)
21	Improvement, widening, strengthening of bridges and culverts of Rymbai- Lampalala- Suchen road	Meghalaya	1877.49	1640.53	591.41	First 12/2005	12/2006	4 months
22	Nongpoh (Urban) water supply scheme	Meghalaya	1746.72	550.21	550.21	First 3/2007	6/2008	7 months
23	Reconstruction of 10 bridges & approaches on Mawphlang- Balat road	Meghalaya	900.53	283.50	283.50	First 11/2005	6/2007	11 months
24	Renovation of Jowai water supply scheme	Meghalaya	1541.00	1229.60	400.00	Second 9/2003	9/2006	31 months (against prescribed six months)
25	Replacement of two existing Semi Permanent Timber (SPT) bridges on Kamalpur-Maracherra-Ambassa road by RCC bridge	Tripura	428.00	134.75	134.75	First 6/2006	3/2008	13 months
26	State Level Para Medical Institute at Agartala	Tripura	1407.24	1284.75	492.00	First 3/2005	6/2007	19 months
27	Drinking water supply for Teliamura	Tripura	621.00	571.70	310.00	First 3/2003	2/2005	18 months (against prescribed six months)
					242.18	Second 3/2005	4/2007	17 months

Sl. No.	Name of the Project	State	Approved cost	Releases as of November 2008	Amount of installment	No. & date of installment	Date of receipt of UC	Delay in utilisation of funds (delay beyond utilization period)
28	Infrastructure Development of Mizoram University	Mizoram	2500.00	2313.3	764.10	Fourth 10/2006	UC not yet received	17 months
29	OPD building at Civil Hospital, Aizwal	Mizoram	371	245.32	22.46	First 21.3.2003	3/2004	6 months (against prescribed six months)
					153.32	Second 30.6.2004	7/2005	7 months (against prescribed six months)
					169.54	Last 28.10.2005	UC not yet received	28 months
30	Construction of Lungtian- Mamte via Vartek Kai road	Mizoram	2664.53	2477	744	Fourth 17.3.2005	12/2006	12 months
					533.45	Last 6.3.2007	UC not yet received	12 months
31	Construction and equipping of 50 bedded hospital at Tamenglong distt.	Manipur	1436.72	452.57	452.57	First 30.11.2006	UC not yet received	15 months
32	Construction and equipping of 50 bedded hospital at Senapati Distt.	Manipur	1426.10	449.22	449.22	First 30.11.2006	UC not yet received	15 months
33	Infrastructure development of Manipur University- Phase-II	Manipur	388.96	316.51	169.10	Second 27.12.2005	2/2007	4 months
					37.41	Third (Last) 9/2007	UC not yet received	6 months
34	Establishment of National Sports Academy at Khuman Lampak sports complex	Manipur	1843.17	580.60	580.60	First 30.11.2006	UC not yet received	15 months
35	Construction of bridge over Imphal river at Kuyamgei Mang Mapa	Manipur	471.22	148	148	First 30.11.2006	12/2007	4 months
36	Installation of 2x5 MVA 33 KV sub station at Maram (Senapati distt.)	Manipur	281.33	281.33	100	Second 12.1.2004	3/2005	9 months (against prescribed six months)

Sl. No.	Name of the Project	State	Approved cost	Releases as of November 2008	Amount of installment	No. & date of installment	Date of receipt of UC	Delay in utilisation of funds (delay beyond utilization period)
37	State Archives at Kohima	Nagaland	430.95	135.75	135.75	First 30.8.2006	UC not yet received	18 months
38	Upgradation of Dimapur-Khopanala-Jalukie-Peren road	Nagaland	3673.29	3305.95	1052.57	Fourth (last) 13.9.2007	UC not yet received	6 months
39	Water supply scheme for Mon and Chui villages of Nagaland	Nagaland	392	366.22	66.22	Third (last) 8.3.2006	UC ending march 2007 showed unspent balance 7.50 lakh	4 months
40	Sainik School at Punglwa	Nagaland	Main 1407.42	1258.95	281.48	First 19.3.2004	9/2005	12 months (against prescribed six months)
					312.73	Third 7.9.2006	UC not yet received	18 months
			False ceiling 58.58	51.87	51.87	First & last 27.9.2007	Not received till Sept.2008	5 months
41	Upgradation of district hospitals	Nagaland	1440	1234.69	511.90	First 26.2.2004	9/2006	25 months (against prescribed six months)
42	Vitalisation of State Referral Hospital	Nagaland	3561.56	3170.00	1724.85	First 2/2004	2/2007	31 months (against prescribed six months)
43	Construction of Goshkan Dara bridge over Teesta at Singtam	Sikkim	1337.57	839.70	421.20	First 21.2.2006	3/2008	16 months

Annex-8

(Refers to para 4.7)

Inadmissible expenditure

(Rupees in lakh)

Sl. No.	Name of the State	Name of the Project	Diverted to /inadmissible expenditure on	Amount involved
1.	Arunachal Pradesh	132 KV SC Transmission line from Along to Pasighat	For renovation of 33 KV line from Liromba to Tai. (Works not related to the project.)	8.00
			Purchase of vehicle and computer accessories. (Components not provided in the proposal)	11.00
2	Arunachal Pradesh	Anti erosion work on clay river under lower Subansiri District	Minor Irrigation and Flood Control Works. (Works not related to the project.)	10.00
			Purchase of vehicle and slab making machine. (Components not provided in the proposal)	9.00
3	Arunachal Pradesh	Potable drinking water supply scheme for the villages of Sille, Rani, Sikatode and Oyan at Sille	Water supply Scheme under ARWSP. (Works not related to the project.)	50.00
			Wages to work charged staff. (In contravention of guidelines)	4.00
4	Arunachal Pradesh	Construction of link road from Lohou Nallah to Mukta Circle	Implementation of various schemes under State Plan Schemes. (Works not related to the project.)	15.00
			Wages to work charged staff. (In contravention of guidelines)	10.00
5	Arunachal Pradesh	Construction of Motorable suspension bridge over river Lohit to connect MAC	Wages to work charged staff. (In contravention of guidelines)	14.00
6	Arunachal Pradesh	Construction of 200 seated Girls Hostel, Auditorium, Laboratory, Security Fencing etc. in J.N. College Pasighat	Wages to work charged staff. (In contravention of guidelines)	43.00
7	Arunachal Pradesh	Improvement and re-alignment of porter track from Jung to Sulungthi	Wages to work charged staff. (In contravention of guidelines)	1.00
8	Arunachal Pradesh	Road from NH-52 (A) Nirjuli to Sagalee. SH: Improvement of Doimukh Town Road	Restoration of Doimukh town Road. (Works not related to the project.)	135.00
9	Arunachal Pradesh	Improvement/construction of road from Sangalee to Saking (50km)	Improvement of various roads and infrastructure development of Divisional Building and maintenance of assets. (Works not related to the project.)	459.00
			Purchase of vehicles and excavators, computer spare parts and other miscellaneous items. (Components not provided in the proposal)	70.00
10	Arunachal Pradesh	Improvement of ropad from Palizi to Trinizino (17 km) in West Kameng district	Improvement of Dirang-Taweng road & repair renovation of chief engineer office (WZ) chamber. (Works not related to the project.)	62.00
			Wages to work charged staff. (In contravention of guidelines)	32.00

Sl. No.	Name of the State	Name of the Project	Diverted to /inadmissible expenditure on	Amount involved
11	Arunachal Pradesh	Vivekananad Kendriya Vidayala Kitpi in Tawang District	Construction of old building and construction of museum, library at Tawang Monastery. (Works not related to the project.)	9.00
			Wages to work charged staff. (In contravention of guidelines)	2.00
12	Arunachal Pradesh	Opening of Ramakrishna Sarada Mission School for Girls at Khaso (Dirang)	Construction of roads stadium to Zemithan and renewal of road surface from Dirang to Tawang. (Works not related to the project.)	10.00
			Purchase of fuels and repair of vehicles (Components not provided in the proposal)	3.00
13	Arunachal Pradesh	Anti Erosion works on Noa Dehing River to protect Namsai and Lakhang circle	Wages to work charged staff. (In contravention of guidelines)	35.00
14	Arunachal Pradesh	Water supply at Lumia township	Wages to work charged staff. (In contravention of guidelines)	4.00
15	Arunachal Pradesh	Infrastructure and strengthening of secondary facilities at general hospital, Naharlung	Wages to work charged staff. (In contravention of guidelines)	6.00
16	Arunachal Pradesh	Construction of rope way from Tawang monastery to Ani Gompha	Wages to work charged staff. (In contravention of guidelines)	1.00
17	Assam	Greater Silchar Water supply scheme	Land acquisition. (In contravention of guidelines)	27.39
18	Assam	Assam Medical College (HOPE)	Pay and allowances of staff. (In contravention of guidelines)	3.00
			Procurement of medical equipments not provided in DPR. (Components not provided in the proposal)	38.58
19	Manipur	Withou Pat water supply scheme	Irilbung water treatment plant. (Works not related to the project.)	40.00
20	Manipur	Procurement of medical equipments for five community health centres	Trauma centre at Jawaharlal Nehru Hospital, Porompat. (Works not related to the project.)	63.71
21	Mizoram	OPD block Civil Hospital, Aizawl	Salary of work charged employees. (In contravention of guidelines)	2.91
22	Mizoram	Construction of sub-transmission & distribution lines Lunglei town	Payment of outstanding liabilities of Tuipang Small Hydel project at Saiha (Works not related to the project.)	20.00
			Augmentation of 132 KV sub station at Khawiva. (Works not related to the project.)	133.00
			Procurement of materials not covered under DPR. (Components not provided in the proposal)	16.75
			Salary of work charged employees. (In contravention of guidelines)	20.09
23	Mizoram	Evacuation of power from Thermal Power Project – Bairabi	Land compensation for Thermal hydro project. (In contravention of guidelines)	32.00
24	Mizoram	Greater Mamit water supply scheme	Items not provided in the project proposal. (Components not provided in the proposal)	37.64
25	Meghalaya	Improvement, widening, strengthening including reconstruction of bridges and culverts of Rymbai Impala	Land clearance, heavy dredging. (Works not related to the project.)	3.65

Sl. No.	Name of the State	Name of the Project	Diverted to /inadmissible expenditure on	Amount involved
		Suchen Road 1-17 Km.		
26	Meghalaya	Thomas Jones Synod College	Structural work upto 4 th floor against ground floor. (Works not related to the project.)	91.89
27	Meghalaya	Upgradation of double lane and strengthening of Dkhiaha Sutanga Saipung Moulsei Hatlong Road 9-16 Km	Clearance of land slip, providing, laying, spreading, compacting stone aggregates. (Components not provided in the proposal)	10.80
28	Meghalaya	Improvement widening including metalling and black topping of Dakhiaha Sutanga Saipung Moulsei Hatlong Road 29-44 Km	Clearance of land slip and cutting road side drains, improvement of curves by widening. (Components not provided in the proposal)	8.93
29	Meghalaya	Reconstruction of 10 bridges and approaches on Mawphlang balat road	Purchase of photocopier, widening including improvement, restoration works. (Components not provided in the proposal)	8.09
			Wages to work charged staff. (In contravention of guidelines)	2.53
30	Meghalaya	Renovation of Jowai Water supply scheme	Clearance/reclearance of land slip and reconstruction of road side drains/catch water drains. (Components not provided in the proposal)	9.52
31	Nagaland	Upgradation of Dimapur-Khopanala- Jalukie- Peren road	Hume pipes issued to other works not relating to NLCPR. (Works not related to the project.)	77.06
			Purchase of 10 vehicles. (Components not provided in the proposal)	54.90
			Work charged staff salary. (In contravention of guidelines)	36.00
32	Nagaland	Construction & Upgradation of Road from old Phek via Khuza to Satakha under NLCPR	Work charged staff salary. (In contravention of guidelines)	45.00
33	Nagaland	Water supply scheme for Mon & Chui villages	Work charged staff salary. (In contravention of guidelines)	7.00
34	Nagaland	Dimapur-Ganeshnagar Road	Work charged staff salary.(In contravention of guidelines)	214.00
35	Nagaland	Dimapur Niuland Road	Work charged staff salary. (In contravention of guidelines)	
36	Nagaland	Construction of road from Purana Bazar (NH 39 By pass) to Kohima Bokajan	Diverted to other road project. (Works not related to the project.)	256.00
37	Nagaland	Not provided	Land compensation made by EE, PHE, Store Division, Dimapur and EE, Electrical Transmission Division, Dimapur from NLCPR funds (In contravention of guidelines)	48.94
38	Nagaland	Augmentation of water supply at Dimapur	Payment of interest to contractors for works not related to NLCPR project (Works not related to the project.)	66.98
39	Sikkim	Extension of Gangtok Sewerage scheme phase-II	Purchase of 1 vehicle. (Components not provided in the proposal)	5.59
40	Sikkim	Augmentation of Gangtok Water Supply Scheme	Purchase of 1 vehicle. (Components not provided in the proposal)	5.57
41	Sikkim	Augmentation of water supply of greater Rangpoo	Purchase of 1 vehicle. (Components not provided in the proposal)	5.95

Sl. No.	Name of the State	Name of the Project	Diverted to /inadmissible expenditure on	Amount involved
42	Sikkim	Multistage pumping project	Purchase of 5 vehicles. (Components not provided in the proposal)	21.72
43	Sikkim	132 KV transmission line from LLHP to Sherathang	Purchase of 6 vehicles. (Components not provided in the proposal)	31.81
44	Sikkim	Major overhauling 2x6 MW hydel generation station at lower Lagyap hydel project	Purchase of 3 vehicles. (Components not provided in the proposal)	16.27
45	Sikkim	132 KV transmission line from Sagbari – Geyzing – Pelling	Purchase of 7 vehicles. (Components not provided in the proposal)	37.45
46	Sikkim	Construction of Ropeway Namchi, South Sikkim	Payment of land compensation. (In contravention of guidelines)	42.68
47	Sikkim	Construction of Ropeway at Deorali, East Sikkim	Payment of land compensation. (In contravention of guidelines)	0.19
48	Sikkim	132 KV Transmission line from Bulbuley to Sherathang Nathula	Payment of land compensation. (In contravention of guidelines)	9.91
49	Sikkim	132 KV transmission line from Sagbari – Geyzing – Pelling	Payment of land compensation. (In contravention of guidelines)	15.51
50	Sikkim	Multistage water pumping from river Rangeet	Payment of land compensation. (In contravention of guidelines)	170.00
51	Sikkim	Extension of Gangtok Sewerage scheme phase-II	Wages to work charged staff. (In contravention of guidelines)	29.58
		Augmentation of Gangtok Water supply scheme		
		Construction of Goskhan Dara bridge over river Teesta		
52	Tripura	Replacement of 2 existing SPT bridges by RCC structure on Kamalpur-Maracherra-Ambassa road	Replacement of SPT bridge no.1 by RCC box cell culvert on lemboo-mayacherri village road. (Works not related to the project)	12.71
			CSS claim for purchase of bitumen and tor steel for other works (Works not related to the project)	17.21
53	Tripura	Water supply scheme at Teliamura	Land acquisition. (In contravention of guidelines)	30.00
			Expenditure on extra items. (Components not provided in the proposal)	33.76
Total				2865.27

Glossary

DONER	Development of North Eastern Region
AIBP	Accelerated Irrigation Benefit Programme
BE	Budget Estimates
BHEL	Bharat Heavy Electricals Limited
BMS	Basic Minimum Services
BRO	Border Roads Organisation
BNY	Bharat Nirman Yojana
BTC	Bodoland Territorial Council
CC	Completion Certificate
CPWD	Central Public Works Department
CS	Central Scheme
CSS	Centrally Sponsored Scheme
DDO	Drawing and Disbursing Officer
DII	District Infrastructure Index
DPERNECAD	Development Planning, Economic Reforms and North Eastern Council Affairs Department
DPR	Detailed Project Report
DTS	Dhamdhama Tupali Subankhata
E&PD	Energy and Power department
ESR	Elevated Service Reservoirs
GBS	Gross Budgetary Support
GOI	Government of India
HFO	Heavy Fuel Oil
HP	Hume pipe
HRD	Human Resource Development
ICU	Intensive Care Unit
IIM	Indian Institute of Management
MA	Mobilization Advance
MHA	Ministry Home Affairs
MU	Manipur University
NE	North East
NEC	North Eastern Council
NER	North Eastern Region
NH	National Highway
NLCPR	Non-lapsable Central Pool of Resources
OPD	Out Patient Department
PAC	Public Accounts Committee
PC	Planning Commission
PHED	Public Health Engineering Department
PWD	Public Works Department
QPR	Quarterly Progress Report
RCC	Reinforced Cement Concrete
RE	Revised Estimates
RMDD	Rural Management and Development Department
SPT	Semi Permanent Timber
SSA	Sarva Shiksha Abhiyan
SSR	Secondary Service Reservoirs
UC	Utilisation Certificate
XLPE	Cross Linked Polyethylene