

Laid before the Legislature on

**Report of the
Comptroller and Auditor General of India
on
Social, General, Economic and Revenue Sectors**

for the year ended 31 March 2019

Government of Mizoram
(Report No. 2 of 2021)

TABLE OF CONTENTS		
Particulars	Paragraph	Page(s)
Preface	-	v
Overview	-	vii
CHAPTER-I		
SOCIAL SECTOR		
Introduction	1.1	1
Planning and Conduct of Audit	1.2	1
PERFORMANCE AUDIT		
Sports and Youth Services Department		
Development of Sports Sector in Mizoram	1.3	2
COMPLIANCE AUDIT PARAGRAPH		
Mizoram Youth Commission		
Fraudulent expenditure on fictitious trainees	1.4	26
CHAPTER-II		
GENERAL SECTOR		
Introduction	2.1	31
PERFORMANCE AUDIT		
Law and Judicial Department		
Development of Infrastructure Facilities for the Judiciary	2.2	32
COMPLIANCE AUDIT PARAGRAPHS		
General Administration Department (Aviation Wing)		
Irregular appointment of Drawing & Disbursing Officer, irregularities in execution of works and temporary misappropriation of money	2.3	53
Non-realisation of Passenger Service Fee	2.4	55
CHAPTER-III		
ECONOMIC SECTOR		
Introduction	3.1	57

TABLE OF CONTENTS		
Particulars	Paragraph	Page(s)
COMPLIANCE AUDIT PARAGRAPHS		
Public Works Department		
Irregular construction of PMGSY road	3.2	58
Tourism Department		
Idle Expenditure	3.3	60
CHAPTER-IV		
ECONOMIC (PUBLIC SECTOR UNDERTAKINGS) SECTOR		
Functioning of Public Sector Undertakings	4.1	63
CHAPTER-V		
REVENUE SECTOR		
Trend of revenue receipts	5.1	73
Analysis of arrears of revenue	5.2	76
Arrears in assessment	5.3	77
Evasion of tax detected by the Department	5.4	77
Pendency of refund cases	5.5	78
Audit planning	5.6	78
Results of audit	5.7	78
Coverage of this Report	5.8	78
COMPLIANCE AUDIT PARAGRAPHS		
Taxation Department		
Non-levy of tax	5.9	79
Concealment of Turnover	5.10	81
Under-assessment of tax	5.11	83
Suppression of Opening Stock	5.12	84
Transport Department		
Suspected misappropriation of Government revenue	5.13	85

TABLE OF CONTENTS			
Particulars	Paragraph	Page(s)	
CHAPTER-VI			
FOLLOW UP OF AUDIT OBSERVATIONS			
Non-submission of <i>suo moto</i> Action Taken Notes	6.1	87	
Response to audit observations and compliance thereof by the Executive	6.2	87	
Response of departments concerned to the draft audit paragraphs	6.3	88	
Audit Committee Meetings	6.4	89	
APPENDICES			
Appendix No.	Title	Paragraph	Page(s)
Appendix-1.1	Statement showing details of sports projects implemented in the State during 2014-15 to 2018-19	1.3.9.1	91
Appendix-1.2	Statement showing the details of grounding of projects	1.3.9.2	95
Appendix-1.3	Statement showing the details of utilisation of coaches from SYSD	1.3.14	96
Appendix-1.4	Statement showing the District Headquarters'-wise list of trainees	1.4	97
Appendix-2.1.1	Comparative statement of Estimates, Annual Action Plan and Expenditure under CSS for development of judicial infrastructure in Mizoram during 2014-15 to 2018-19	2.2.6 (A)	102
Appendix-2.1.2	Statement showing details of material procured under e-Courts MMP but found lying idle during physical verification	2.2.11.1	104
Appendix-4.1.1	Summarised financial position and working results of Government Companies as per their latest finalised accounts as on 30 September 2019	4.1.2.1, 4.1.6, 4.1.8, 4.1.8.2, 4.1.8.3 and 4.1.9	105

TABLE OF CONTENTS			
Particulars		Paragraph	Page(s)
Appendix-4.1.2	Statement showing Rate of Real Return on Government Investment	4.1.9	106
Appendix-5.1.1	Statement showing evasion of tax by 10 dealers due to concealment of turnovers and not assessed by the assessing officers	5.10	107

PREFACE

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Mizoram under Article 151 of the Constitution of India.

The Report contains significant results of the performance and compliance audit of the departments of the Government of Mizoram under the Social, General, Economic and Revenue Sectors including Sports and Youth Services Department, Mizoram Youth Commission, Law and Judicial, Public Works, Tourism, Taxation and Transport Departments.

The cases mentioned in this Report are those which came to notice in the course of test audit of accounts for the year 2018-19, as well as those which came to notice in earlier years, but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2018-19 have also been included, wherever necessary.

The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

Overview

This Audit Report has been prepared in six Chapters. Chapters I to V deal with Social Sector, General Sector, Economic Sector, Economic Sector (Public Sector Undertakings) and Revenue Sector respectively. Chapter VI deals with cases of follow up of Audit Reports.

This Report contains 14 paragraphs including 10 Compliance Audit Paragraphs and four paragraphs of Chapter VI. Performance Audits on “**Development of Sports Sector in Mizoram**” and “**Development of Infrastructure Facilities for the Judiciary**” are also included in the Report. The draft audit paragraphs and draft Performance Audit Reports were sent to the Principal Secretary/ Commissioner of the Departments concerned with a request to furnish replies within six weeks. The views of the Government have been incorporated wherever received. The audit findings were also discussed in Exit Conferences held with the representatives of the Government of Mizoram and their views were duly acknowledged in the Report. A synopsis of the important findings contained in the Report is presented below.

SOCIAL SECTOR

Performance Audit

Performance Audit on ‘Development of Sports Sector in Mizoram’

The Performance Audit (PA) on Development of Sports Sector in the State has brought out significant areas for improvement. During the period 2014-19, the Sports Department did not have benefit of any policy directions for development of sports and sports infrastructure. Out of the total budgetary allocation of ₹171.42 crore, the Department incurred an expenditure of ₹171.91 crore during 2014-19. The Department regularly transferred funds to the Public Account to avoid lapse of funds. Projects continued to fail to meet the completion deadlines due to delays in release of funds to the implementing agencies and execution delays.

Out of the 39 sanctioned projects implemented during the period, which included 24 projects sanctioned prior to 2014-15, 28 projects had been completed and 11 projects are still on-going. Out of the 28 projects completed during the period, 23 projects were completed with delays ranging from one to 55 months from their schedule completion date. Further, out of the 11 on-going projects, four projects are on-going beyond their scheduled date of completion as on 31 March 2019. There were administrative delays in clearing the project proposals due to delays in grant of Administrative Approval, tendering and issue of work orders as well as delays in the construction phase of works.

Testing of the newly laid synthetic football turf at Chhangphut was not ensured to draw an assurance that the contractor has indeed supplied the turf, which conformed to the standards of FIFA two star. The football ground at Lunglei and athletic track at Kolasib were not constructed as per the required standards. Further, the Department made payment of ₹80.31 lakh to contractors for unexecuted works, in absence of physical verification of works by the Departmental officials.

The Sports Department needs to coordinate with other executing Departments like Rural and Urban Development Departments, to ensure that sports infrastructure facilities are built as per required technical specifications.

Joint physical verification showed that completed sports infrastructure was lying idle due to non-handing over of the facilities to the Department, lack of routine upkeep and non-posting of staff and coaches. Instances of idle infrastructure were Multipurpose Indoor Hall at Sazaikawn; Sports Centre at Phulpui and the diving pool in Aquatic Complex at ITI Veng, Aizawl. This not only deprived sportspersons and trainees benefits of the facilities created but also wastage of public money. Besides, sports academies did not have medicine doctors and nutritionists and proper facilities for the sports trainees. Cash incentives were awarded to sportspersons, in infraction of the Rules and without adequate documentation. The Department had not hired sufficient sportspersons and coaches during the period which was the main reason for idle infrastructure not put to use especially in district places.

Monitoring of projects remained deficient. Neither were Monitoring Committees constituted nor were the meetings held at regular intervals as per the scheme guidelines.

Recommendations

- *The financial management in the Department requires to be more efficient by ensuring fund releases on time and timely payments. The practice of transferring funds to the Public Account requires to be stopped forthwith and payment to vendors should not be made in cash.*
- *The Department needs to monitor the approvals for major projects and construction schedule of the projects very closely to avoid delays. The works may be monitored through physical visits and timely reports from the executing agencies to ensure completion of facilities on time.*
- *It may be ensured that payments for work are made after physical verification of the completion of all items included in the estimates and contract. Departmental action be taken against officers committing irregularities in works and release of payments on incomplete works.*
- *In order to assure adherence to specific technical standards, in projects, the non-works departments should get the works estimates vetted and approved by the competent authority in Sports Department.*
- *There should be an institutionalised coordination mechanism between Sports and Youth Services Department (SYSD) and the executing agencies to ensure that the sports infrastructure facilities conform to the technical specifications and to avoid duplicity.*

- *The completed projects should be handed over to appropriate authorities without any delay and used optimally for the intended purposes by augmenting resources on infrastructure, maintenance and deployment of coaches/ trainees.*
- *The Sports Academies and Training Centres require support in terms of medicine doctors and nutritionists and adequate facilities for trainees. The Department may ensure posting of doctors and nutritionists in the academies or ensure their regular visits to these centres. They may ensure provision of basic facilities for trainees in the Academies.*
- *Cash incentives to meritorious sportspersons may be strictly regulated as per Rules and extant procedures.*
- *The State Government needs to speed up the process of recruitment of sportspersons as per the Instructions on recruitment and promotion of sportspersons to address the shortage of manpower at various sports facilities in the State.*

(Paragraph 1.3)

Compliance Audit Paragraph

Mizoram Youth Commission

The Commission incurred fraudulent expenditure of ₹113.92 lakh on purported training conducted for fictitious State Government employees.

Recommendations

- *The Government needs to further investigate the case and fix responsibility of the officers concerned for training not imparted to staff but fraudulent payments made to non-existent Government servants and take appropriate disciplinary action.*
- *They may issue instructions to Treasury Officers/ Departments/ Bodies of the Government, prohibiting drawal of cash for any payments out of Government funds.*

(Paragraph 1.4)

GENERAL SECTOR

Performance Audit

Performance Audit on ‘Development of Infrastructure Facilities for the Judiciary’

The performance Audit on the Centrally Sponsored Scheme (CSS) on Development of Infrastructure Facilities for the Judiciary and e-Courts Mission Mode Project (MMP) in the State has shown that the Schemes were executed without adequate planning. The Department did not take advantage of Government of India (GoI) funds available to improve the judicial infrastructure in the State. Out of eight districts, five districts did

not have separate Court buildings while judicial quarters were available in only three districts. Demands for construction of court houses, judicial houses and renovation works, included in the Annual Action Plans (AAPs) of the Department projected an outlay of ₹178.34 crore for the period 2014-19 but the State received ad-hoc funds from GoI in the form of lumpsum grants of only ₹44.92 crore. Under the CSS 'Development of Infrastructure Facilities for the Judiciary', the State Government released ₹50.69 crore to Public Works Department (PWD) (including its own share of ₹5.77 crore) for taking up construction projects during the period. The State Government released its matching share of ₹2.89 crore for the years 2012-13 and 2013-14 with a delay of 774 days and 580 days respectively while it did not release State Matching Share (SMS) of ₹2.11 crore for the years 2014-15 and 2015-16.

It is seen that subsequent to receipt of lumpsum funds, the works were not prioritised or revisited as per actual requirement. Works which were proposed in the AAPs were not taken up while works which were not included in the AAPs were taken up for execution. Similarly, no renovation/ restoration works were taken up while there were concrete proposals in the AAPs for such works. Preparation of AAPs remained ad-hoc, without any assessment of requirement of infrastructure.

Similarly, under e-Courts MMP, requirement of hardware, software and other equipments as well as prevalent court infrastructure was not taken into account before procurement of the equipments. As a consequence, the hardware and equipments remained idle, which runs the risk of obsolescence and wasteful expenditure.

Funds of ₹26.59 lakh earmarked for construction of projects was diverted on hire and purchase of vehicles and ₹3.14 crore was transferred to Public Account to avoid lapse of funds. Since works were executed by PWD on behalf of Law and Judicial Department, there was no formal and institutionalised mechanism of coordination between the two departments to ensure adequate value for money and timeliness in execution of projects. Contracts were outsourced to third parties by the PWD contractors, there was use of sub-standard materials in construction, deviations in approved designs, *etc.*

During physical verification of Information Technology (IT) infrastructure procured under e-Courts MMP, Audit observed that IT hardware procured for ₹97.88 lakh remained idle due to absence of enabling infrastructure in the courts. Items were bought on the basis of funds received from the e-Committee of the Supreme Court rather than on an actual assessment of requirement and availability of conducive environment for its utilisation.

Video conference facility between the Magistrates and under trial prisoners remained non-functional in four districts due to lack of internet facility depriving both the parties the benefit of the facility. Provisions for data security, disaster mitigation, electricity back up, fire fighting equipments, *etc.* were found to be deficient in the Courts. Digitisation of case records remained a non-starter and monitoring of the two schemes remained deficient.

Recommendations

(a) Development of Infrastructure Facilities for the Judiciary:

- *need based Action Plan for successful implementation of the scheme;*
- *free and fair competition in inviting tenders for works and also adhere to the terms and conditions of the agreement;*
- *timely utilisation of the funds and submission of the Utilisation Certificates; and*
- *proper monitoring of the works being executed.*

(b) E-Courts Mission Mode Project:

- *proper assessment of requirement of IT hardwares/ softwares for each Court and utilisation of the materials procured for effective implementation of project;*
- *fruitful utilisation of IT related hardwares already procured in other courts;*
- *security protocols on logical and physical access with disaster mitigation measures;*
- *regular update of cases on the National Judicial data Grid; and*
- *provision of internet facilities in Jails for utilisation of Video Conference facilities by the Judiciary.*

(Paragraph 2.2)

Compliance Audit Paragraphs

General Administration Department (Aviation Wing)

The Department allowed the Principal Consultant, appointed on contractual basis, to function as Drawing and Disbursing Officer (DDO) in violation of extant State Government's orders as well as observations of the State Finance Department. They failed to ensure compliance to extant rules and procedures in award of works and as well as withdrawal of money from the Government accounts before execution of works. Besides, there was temporary misappropriation of Government money by the Principal Consultant.

Recommendation

- *The Government may take necessary steps for vesting of DDO powers to regular employees in terms of their own instructions. The Department may also take appropriate action against the Principal Consultant for temporary misappropriation of Government money. They may also fix responsibility for the works irregularities mentioned in the para.*

(Paragraph 2.3)

The Department failed to realise Passenger Services Fees of ₹6.34 crore due from Air India Limited.

Recommendation

- *The State Government needs to make more serious efforts to realise Passenger Services Fees due from Air India. Efforts should be made to improve passenger facilities at the Airport for overall passenger comfort.*

(Paragraph 2.4)

ECONOMIC SECTOR

Compliance Audit Paragraphs

Public Works Department

The Department took up construction of a road at an estimated cost of ₹19.68 crore to connect a non-existent village (Builum under Kolasib District) which was relocated due to construction of a Dam. The road work on which expenditure of ₹11.32 crore was incurred was irregular being violative of the Pradhan Mantri Gram Sadhak Yojana (PMGSY) guidelines.

Recommendations

- *The State Government may immediately explore the possibility of utilising the already created asset to connect other habitations. It may also institute enquiry for faulty Detailed Project Report (DPR) prepared, vetted and sent to GoI for release of funds for a road to connect a non-existent village, without reconciling habitation data in Online Management, Monitoring and Accounting System (OMMAS).*
- *The State Government may revise and reconcile the habitation data in OMMAS to avoid such recurrences in future.*
- *The State Government may fix responsibility for the incorrect DPR prepared for the work and resultant malfeasance and irregularity committed.*

(Paragraph 3.2)

Tourism Department

The State Institute of Hotel Management (SIHM) constructed at a cost of ₹ eight crore could not be made functional since the last seven years due to non-posting of teaching and non-teaching staff and non-provision of required equipments.

Recommendation

- *The State Government may ensure posting of personnel to the SIHM, on priority and procure the required equipments to make the Institute functional. Until it is made functional with permanent staff, the Government may make temporary arrangements for utilising the facility created.*

(Paragraph 3.3)

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

Functioning of Public Sector Undertakings

As on 31 March 2019, the State of Mizoram had six Public Sector Undertakings (PSUs) (all working Government companies) in which, the investment of the State Government (capital and long-term loans) in five PSUs (excluding one PSU where State Government has no direct investment) was ₹63.48 crore consisting of ₹54.04 crore (85.13 per cent) towards capital and ₹9.44 crore (14.87 per cent) towards long-term loans. The losses of three of these PSUs (accumulated losses of ₹44.28 crore) had completely eroded the State's investment in their paid-up capital (₹41.23 crore) as per their latest finalised accounts.

(Paragraphs 4.1.1 and 4.1.2.1)

The State Government has provided budgetary support during the year of ₹4.54 crore in the form of grants to Zoram Industrial Development Corporation Limited (₹2.83 crore) and Mizoram Food and Allied Industries Corporation Limited (₹1.71 crore) mainly to meet their salaries and other establishment expenditure.

(Paragraph 4.1.4)

The paid-up capital and accumulated losses of six working PSUs as per their latest finalised accounts were ₹58.61 crore and ₹57.10 crore respectively. During 2018-19, out of six working PSUs, one PSU (Zoram Industrial Development Corporation Limited) earned profit of ₹2.54 crore while remaining five PSUs incurred aggregate losses of ₹2.87 crore.

(Paragraph 4.1.8.2)

REVENUE SECTOR

Compliance Audit Paragraphs

Taxation Department

Tax of ₹5.73 crore was not levied on two works contractor dealers in absence of any mechanism for cross verification with tax deductors.

Recommendations

- *Audit noticed non-levy of tax in one case, the Department needs to review all cases of major works contractors and assess their returns.*
- *The Department needs to put in place a cross verification mechanism and get list of contractors/ contracts from all State Government agencies and bring the contractors under tax.*

(Paragraph 5.9)

Concealment of turnover by ten dealers remained undetected leading to non-levy of tax of ₹2.98 crore, besides penalty leviable.

Recommendations

- *Audit noticed non-levy of tax in selected cases, the Department needs to review all such cases and recover the dues, if any, along with the penalty and interest leviable.*
- *The Department needs to put in place an institutionalised mechanism to ensure that the non-filing of returns are tracked, appropriate action is initiated against the defaulting dealers and taxes due to the Government are recovered on priority.*

(Paragraph 5.10)

Under-assessment of tax of ₹27.04 lakh of a dealer due to closing balance of stock not carried forward in accounts.

Recommendation

- *The Department may speed up to complete all pending assessments as per instruction issued in March 2017 and also the recovery of the assessed tax.*

(Paragraph 5.11)

Suppression of opening stock by three dealers led to non-levy of tax of ₹1.11 crore.

Recommendation

- *Government needs to establish a mechanism to verify the sales of the dealers with the concerned line departments in respect of works contract to ascertain the actual tax element. Further, the Government needs to fix responsibility of the Assessing Officers who failed to comply with the provisions of the Mizoram Valued Added Tax (MVAT) Act, which resulted in evasion of tax.*

(Paragraph 5.12)

Transport Department

There was a suspected misappropriation of Government revenue of ₹44.85 lakh due to non-accountal/ deposit of receipts under Motor Vehicles Act.

Recommendation

- *Government needs to investigate the matter and evolve a mechanism to reconcile the computerised day-end-report and the cash book. Further, the Government needs to fix responsibility on the District Transport Officer (DTO) also for short accountal of revenue in the cash book and short deposit of revenue into the Government Account and take appropriate action for the misappropriation of Government money.*

(Paragraph 5.13)

CHAPTER – I
SOCIAL SECTOR

CHAPTER-I

SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2019 deals with the findings on audit of State Government Departments under Social Sector.

During 2018-19, 13 departments under the Social Sector incurred an expenditure of ₹3,368.71 crore against budget provisions of ₹3,878.93 crore. Department-wise details of budget provision and expenditure incurred there-against are shown in **Table-1.1**.

Table-1.1: Department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Budget Allocation (BA)	Expenditure	Percentage of Expenditure to BA
1.	School Education	1,269.73	1,121.50	88.33
2.	Medical and Public Health Services	754.34	576.85	76.47
3.	Urban Development and Poverty Alleviation	602.03	549.43	91.26
4.	Water Supply and Sanitation	386.10	369.45	95.69
5.	Higher and Technical Education	323.44	275.45	85.16
6.	Social Welfare	219.96	176.68	80.32
7.	Local Administration	139.77	132.74	94.97
8.	Disaster Management and Rehabilitation	65.16	55.17	84.67
9.	Sports and Youth Services	50.77	49.79	98.07
10.	Labour, Employment, Skill Development and Entrepreneurship	25.91	22.10	85.30
11.	Information and Public Relations	19.72	18.75	95.08
12.	Art and Culture	16.10	15.57	96.71
13.	Personnel and Administrative Reforms	5.90	5.23	88.64
Total		3,878.93	3,368.71	

Source: Appropriation Accounts: 2018-19

The overall savings under Social Sector was 13.15 *per cent* against the budget allocation. Barring Medical Health and Family Welfare Department where the utilisation was 76 *per cent*, all other departments managed to utilise more than 80 *per cent* of the funds allocated to them.

1.2 Planning and Conduct of Audit

Audit process commences with the assessment of risks faced by various departments of Government. The risk criteria involve expenditure incurred, criticality/ complexity of activities, level of delegated financial powers, assessment of overall internal controls, *etc.*

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the offices with a request to furnish replies within one month of receipt of the IRs with a copy to the next higher authority. On the basis of response, audit findings are either settled or further action for compliance is advised. Significant audit

observations arising out of these IRs are processed for inclusion in the Audit Report. The Audit Report is submitted to the Governor of the State under Article 151 of the Constitution of India for being tabled in the State Legislature.

During 2018-19, Audit test-checked an expenditure of ₹1,486.87 crore, including funds related to previous years by State Government pertaining to Social Sector.

This Chapter contains one Performance Audit and a Compliance Audit Paragraph.

PERFORMANCE AUDIT

SPORTS AND YOUTH SERVICES DEPARTMENT

1.3 Performance Audit on 'Development of Sports Sector in Mizoram'

1.3.1 Introduction

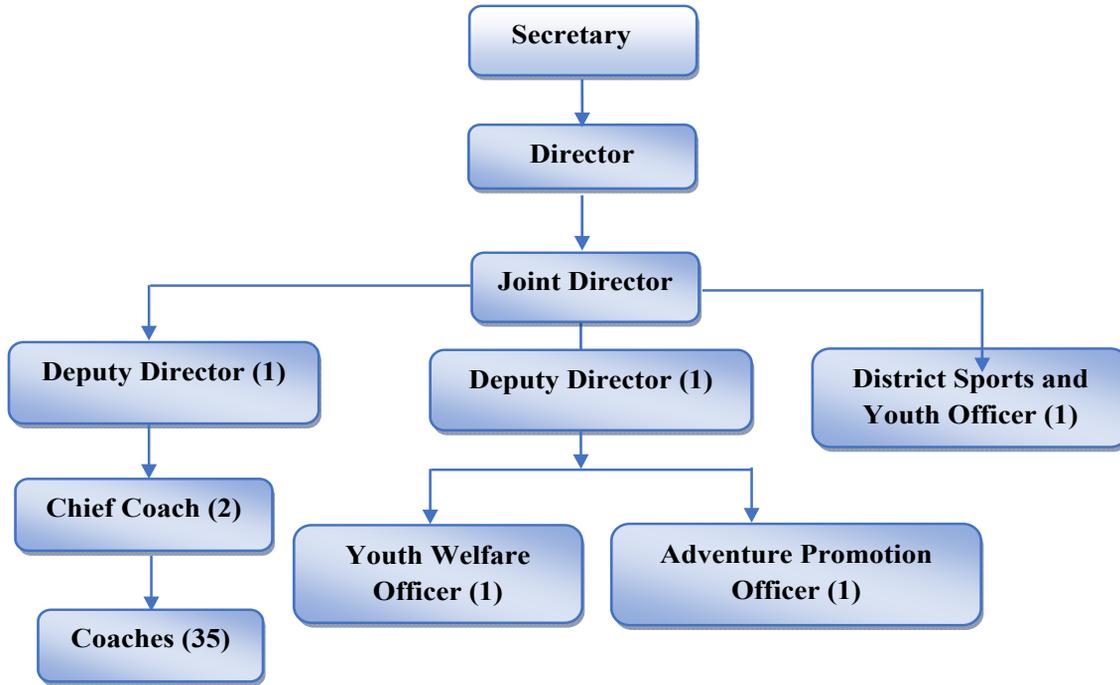
Activities relating to Sports and Physical Education are essential components of human resource development, which promote good health, comradeship and a spirit of friendly competition, which, in turn, has positive impact on the overall development of personality of the youth. Excellence in sports enhances the sense of national achievement and pride. Sports also provide beneficial recreation, improve productivity and foster social harmony and discipline.

1.3.2 Accountability Framework

Sports and Youth Services Department (SYSD) was established in 1986 for promoting and developing sports in the State. The SYSD is responsible for formulation and implementation of all policies relating to sports, administration and maintenance of sports academies, hostels, sports complexes, coordination with other departments for development of sports, providing budgetary support to various Sports Associations, providing incentives/ awards to outstanding sportspersons, promotion of research and scientific study on sports, training of coaches, imparting coaching at various levels, providing sports infrastructure including distribution and arrangement of equipment to educational and village level institutions and other stakeholders and organising of sports competition at various levels.

The Secretary to the Government of Mizoram (GoM) is the administrative head of SYSD. The Department functions under the control of the Director, assisted by Joint Director and two Deputy Directors. The District Sports and Youth Officer heads the only district office at Lunglei. Organogram of SYSD in Mizoram is shown in **Chart-1.1**:

Chart-1.1: Organisational chart of SYSD

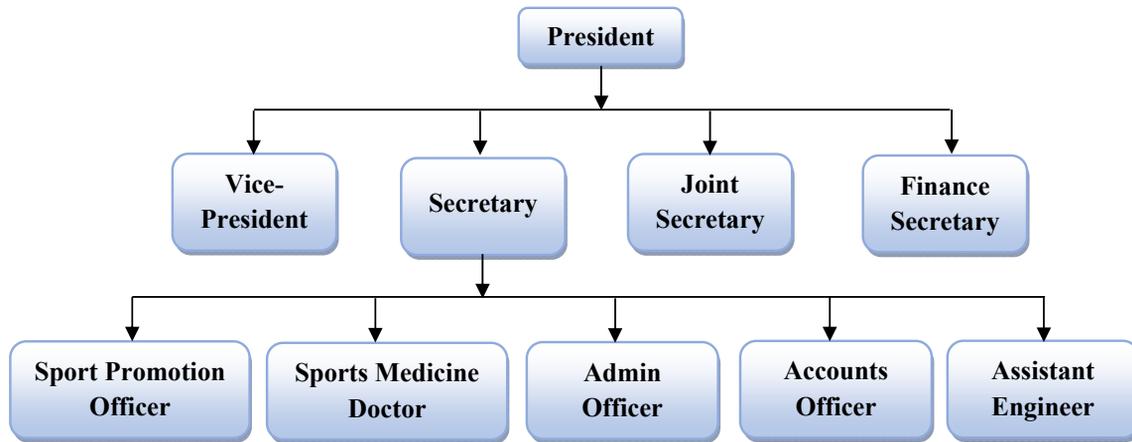


The Mizoram State Sports Council (MSSC), an autonomous body¹, was established in April 1976 before Mizoram attained statehood (February 1987). The duties and responsibilities of MSSC includes creation and maintenance of sports infrastructure, coaching and training of players, development of coaches, officials and volunteers, distribution of sports goods and equipment to stakeholders, organising competitions and participation at regional, national and international competitions. MSSC functions as an implementing agency for creation of sports infrastructure in the State.

The Minister in-charge of Sports Department is the ex-officio President of the Council. The Vice-President, Secretary, Joint Secretary and Finance Secretary assist the President. The Secretary is the Chief Executive Officer of MSSC, assisted by Sports Promotion Officer, Administrative Officer, Accounts Officer, Sports Medicine Doctor and Assistant Engineer. Organogram of MSSC in Mizoram is shown in **Chart-1.2**:

¹ State Government, Department of Sports and Youth Services regulates MSSC. However, the functioning of the Council is regulated by the MSSC Act, 2002

Chart-1.2: Organisational chart of MSSC



Audit noticed that there were no clearly defined roles and responsibilities of MSSC and SYSD as both were responsible for imparting coaching at various levels and distribution of sports goods and equipment. Audit noticed lack of co-ordination between MSSC and SYSD while imparting coaching and distribution of sports goods and equipment, as discussed later in the Performance Audit (PA).

1.3.3 Audit Objectives

- The development and promotion of sports was effective and efficient to achieve excellence in sports;
- The planning for creation of sports infrastructure and utilisation of funds for development of sports sector was efficient and effective;
- Maintenance and utilisation of sports infrastructure created was efficient; and
- The quality control and monitoring mechanism in place was adequate.

1.3.4 Audit Criteria

- National Sports Policy 2001;
- General Financial Rules, 2005 and 2017, Central Treasury Rules and Receipt and Payment Rules;
- Central Public Works Department (CPWD) Manual;
- State Schedule of Rates (SOR) and Analysis of Rates;
- Handbook on Field of Play² and Specifications for Sports Infrastructure;
- Instructions/ Orders/ Notifications/ Office Memorandums issued by the GoM and Government of India (GoI) from time to time; and
- Guidelines of schemes/ projects.

² Field of play is the specification for playgrounds, courts, athletic tracks, etc. prescribed by the respective International Federations

1.3.5 Scope of Audit and Sample selection

The Performance Audit (PA) covered the period from 2014-15 to 2018-19. It also includes on-going projects sanctioned prior to 2014-15, which were completed or were on-going during 2014-15 to 2018-19. The PA involved scrutiny of records in the following offices:

- Office of the Director, Sports and Youth Services Department;
- Office of the Secretary, MSSC;
- Three Public Works Department (PWD) divisions; and
- Office of the Director, Urban Development and Poverty Alleviation (UD&PA) Department.

Seventeen³ out of 39 sports infrastructure related projects⁴ (43 *per cent*) were selected based on Probability Proportional to Size Without Replacement (PPSWOR) sampling method with size measure as total expenditure incurred for each project.

1.3.6 Audit Methodology

Audit methodology involved issue of requisitions and examination of records, issue of audit observations, examination of response to audit observations, joint inspection of completed projects and issue of draft report to the State Government for their response.

Audit process started with an Entry Conference (30 April 2019) with the Additional Secretary to the GoM, SYSD, Joint Secretary to the GoM, Finance Department and Joint Secretary to the GoM, UD&PA Department, wherein audit objectives, scope, methodology and criteria were discussed.

Audit findings were discussed in an Exit Conference held on 18 March 2020 with Additional Secretary (Sports and Youth Services Department), Under Secretary (Finance Department) and Administrative Officer (Mizoram State Sports Council). The State Government furnished replies on the PA related to Sports and Youth Services Department, Urban Development and Poverty Alleviation Department and Mizoram State Sports Council. However, replies pertaining to the Public Works Department was awaited (April 2020). The replies furnished by State Government and views expressed during the Exit Conference have been incorporated in the Report appropriately, whenever received.

1.3.7 Acknowledgement

The office of the Accountant General (Audit), Mizoram acknowledges the co-operation and assistance extended to the audit party by the SYSD, PWD, UD&PAD and MSSC during the conduct of this PA.

³ Out of 17 selected projects, 11 projects were sanctioned prior to 2014-15, out of which nine projects were completed and two projects were on-going during the period 2014-19

⁴ 31 projects were executed by Mizoram State Sports Council, five projects were executed by Public Works Department, two projects were executed by Urban Development and Poverty Alleviation Department and one project by Social Welfare Department

Audit Findings

The findings of the PA on the “Development of Sports Sector in Mizoram” are discussed in the succeeding paragraphs.

1.3.8 Planning

A comprehensive planning with clear defined objectives is required for development of adequate sports infrastructure, its sustenance and optimum utilisation of the available sports facilities. It facilitates identification and plugging of gaps in resources thereby providing requisite support to talented sports persons in the fields of coaching, quality sports goods, nutritionist and medical facilities and to assess the future requirements needed for development and promotion of sports.

1.3.8.1 State Sports Policy

As per the National Sports Policy, 2001, the Central Government, in conjunction with the State Government, the Indian Olympic Association (IOA) and the National Sports Federation will collectively pursue the twin objectives of “Broad-basing” of Sports and “Achieving Excellence in Sports at the National and International levels”. While broad-basing of sports will, primarily remain the responsibility of the State Governments, the Union Government will actively supplement their efforts in this direction and for tapping the latent talent, including in the rural and tribal areas. In order to achieve these objectives both at the National level as well as in the State level, it is necessary for each State to formulate the State Sports Policy in line with the National Sports Policy.

Audit noticed that the Government adopted the State Sports Policy only in November 2019. Thus, the State was bereft of holistic development of sports and achievement of goals and objectives during the audit coverage period.

1.3.8.2 Lack of coordination amongst departments for development of sports

SYSD has the expertise to construct playground, courts, *etc.* with the required technical specifications of the particular sports. It is important that the field of play recommended by the respective International Sports Federation is adhered to accustom the sports persons to the international standards of competition.

It is observed that Urban Development and Poverty Alleviation Department (UD&PAD) and Rural Development Department (RDD) executed sports infrastructure related projects included sports complexes, tennis courts, indoor stadia, *etc.* However, there was no institutionalised coordination mechanism with the SYSD to ensure that the required technical specifications for various sports facilities were complied with by these two executing departments. As a result, there were instances of duplicity in execution of playfields at New Sachan and Sumasumi and non-adherence to technical specifications of different sports disciplines which is highlighted in the PA Report.

1.3.9 Physical achievements

1.3.9.1 Status of physical progress of projects

During 2014-19, 24 projects sanctioned prior to 2014-15 and 15 projects sanctioned during 2014-19, were implemented from various sources, at an approved cost of ₹219.07 crore as detailed in **Appendix-1.1**. Year-wise physical achievements under various schemes as on 31 March 2019 are:

Table-1.2: Physical achievement of the State during 2014-15 to 2018-19

Year of sanction	No. of sanctioned projects	Approved Cost (₹ in crore)	On-going Projects		Completed projects	
			Total projects	Of which, No. of delayed projects	Total Projects	Of which, No. of delayed projects
Prior to 1 April 2014	24	125.69	3	3	21	19
2014-15	5	30.81	---	--	5	3
2015-16	Nil	---	---	--	---	--
2016-17	4	37.85	3	1	1	1
2017-18	5	16.72	4	--	1	--
2018-19	1	8.00	1	--	---	---
Total	39	219.07	11	4	28	23

Source: Departmental records

Out of the 39 projects implemented during 2014-15 to 2018-19, 28 projects were completed and 11 projects are on-going and out of the 15 projects sanctioned during 2014-15 to 2018-19, seven projects were completed and eight projects are on-going. Out of the seven projects completed, four projects were completed with delays ranging from five to twenty-six months while one out of eight on-going projects is already delayed as on 31 March 2019.

As on 01 April 2014, there were 24 on-going projects, of which, 21 projects were completed and three are still on-going as on 31 March 2019. Out of the 21 completed projects, 19 projects were completed with delays ranging from one to 55 months while the remaining three projects are on-going beyond their scheduled date of their completion as on 31 March 2019.

1.3.9.2 Delays in commencement of projects

As per North Eastern Council (NEC) and Non-Lapsable Central Pool of Resources (NLCPR) guidelines, the State Government shall ensure that the implementing Department/ executing agency completes all codal formalities and awards the work within a period of three months from the date of sanction. Further, Urban Sports Infrastructure Scheme (USIS) order stipulates that the sanctioned project must start within one month from the date of receipt of the funds.

Scrutiny of 14 projects (**Appendix-1.2**) and time taken to complete necessary procedural formalities revealed the following:

Table-1.3: Timeframe for completion of procedural formalities

Procedural formalities	No. of project-wise adherence to timeframe				
	No delay	< 6 months delay	> 6 months and < 1 year delay	> 1 year delay	Total
Administrative Approval (AA)	1	3	2	0	6*
Tendering	4**	7	2	1	14
Issue of Work Order	1	7	4	2	14

Source: Departmental records

* Administrative Approval for eight projects were not accorded

** No Administrative Approval was obtained in three projects

It is evident from the above table that eight projects were executed without obtaining Administrative Approval (AA) while five projects were accorded AA with delays ranging from two to nine months. Notice Inviting Tenders (NITs) for 10 projects were floated with delays ranging from one to sixteen months. Out of 14 projects, the Department could commence only one project within the stipulated timeframe. Implementation of projects without obtaining AA is a serious failure and reflects poorly on the project management system in the Department.

Inordinate delays in completing the procedural formalities not only adversely affected the commencement but also completion of projects within the stipulated time frame. As a result, eight projects were completed with delays ranging from nine to forty-seven months and five on-going projects have crossed the stipulated date of completion as per the work orders. This may have implications on the overall cost of the projects.

Recommendation: The State Government may identify the bottlenecks and ensure that timelines at various stages are strictly followed by Administrative Departments and implementing agencies.

1.3.10 Financial management

1.3.10.1 Receipt and utilisation of fund

The year-wise details of fund released by the State Government and expenditure incurred towards development of sports sector during 2014-15 to 2018-19 is shown in **Table-1.4:**

Table-1.4: Receipt and utilisation of fund

(₹ in crore)

Year	Budget allocation			Expenditure			Excess (+)/ Savings (-)
	Plan	Non-plan	Total	Plan	Non-plan	Total	
2014-15	27.98	7.76	35.74	23.38	7.76	31.14	(-) 4.60
2015-16	19.03	6.46	25.49	24.11	6.50	30.61	5.12
2016-17	19.21	5.64	24.85	19.20	5.63	24.83	(-) 0.02
2017-18	34.18	---	34.18	34.18	---	34.18	0.00
2018-19	51.16	---	51.16	51.15	---	51.15	(-) 0.01
Total	151.56	19.86	171.42	152.02	19.89	171.91	0.49

Source: Detailed Appropriation Accounts of respective years and departmental records

It is seen from the table-1.4 that against funds of ₹171.42 crore allocated by the State Government for development and promotion of Sports Sector, an expenditure of ₹171.91 crore was incurred during 2014-19. It was also observed that there was an excess expenditure of ₹5.12 crore during 2015-16 mainly due to carry forward of Non Lapsable Central Pool of Resources (NLCPR) Scheme funds of ₹5.09 crore from 2014-15 which was expended during 2015-16.

It is further observed that the Department irregularly transferred funds to the Public Account (under non-interest bearing 'K'-Deposits) every year to avoid lapse of funds. The funds so transferred were utilised in subsequent years. Overall, funds of ₹29.02 crore were transferred to Public Account during the five years (17 per cent of the budget allocation). This was irregular being in violation of the Appropriation Act but also artificially inflated the figures of expenditure during respective years.

1.3.10.2 Delay in release of funds

NEC and NLCPR guidelines stipulated that the State Government must transfer funds released by NEC/ NLCPR to the implementing agency/ project authority within 30 days from the date of release of funds.

The delay in release of Central share and State Matching Share (SMS) by the State Government during 2014-15 to 2018-19 are shown in the following table:

Table-1.5: Delay in release of Central share and SMS by GoM

(₹ in crore)

Year	Receipt from GoI	No delay	Amount transferred with delay ranging					
			> one month and < six months		> six months and < 12 months		> one year	
			Central	SMS	Central	SMS	Central	SMS
2014-15	2.11	---	0.32	---	1.79	---	---	0.28
2015-16	16.30	1.53	8.63	---	1.53	0.26	4.61	1.49
2016-17	3.45	---	3.24	---	0.21	0.44	---	---
2017-18	9.92	1.38	8.44	0.94	0.10	---	---	---
2018-19	6.16	---	4.23	0.47	1.93	0.23	---	---
Total	37.94	2.91	24.86	1.41	5.56	0.93	4.61	1.77

Source: Departmental records

Scrutiny of sanction orders of GoI/ State's Finance Department issued during 2014-15 to 2018-19 revealed that out of ₹37.94 crore released by GoI, ₹2.91 crore was released to the implementing departments within the stipulated period of 30 days. Out of the remaining ₹35.03 crore, the State's Finance Department released ₹24.86 crore to the implementing departments with delays ranging between one and six months and there were delays ranging between more than six months and twelve months in release of ₹5.56 crore while there were delays of more than one year in release of ₹4.61 crore.

Similarly, the State's Finance Department released SMS of ₹2.34 crore to the implementing departments with delays ranging between one to 12 months while there were delays of more than one year in release of ₹1.77 crore. This had an adverse effect on timely execution and completion of projects.

1.3.11 Project Implementation

1.3.11.1 Technical sanction beyond delegated powers for execution of works

GoM, Finance Department's Notification (March 2013) pertaining to the powers for execution of works by non-works department having technical personnel delegated powers to technical wing headed by the officer of the level of Assistant Engineer (AE) to execute works up to ₹30 lakh⁵. Further, for construction of Reinforced Cement Concrete (RCC) storied building or complex structures or all works costing more than ₹15 lakh, the estimates should be scrutinised and technically sanctioned by Chief Engineer (CE), PWD.

MSSC has a technical wing headed by AE who is assisted by three Junior Engineers (JE) to implement projects in the State. During the period 2014-15 to 2018-19, MSSC had executed 30 projects estimated between ₹ one crore to ₹ thirteen crore and one project estimated at ₹50 lakh.

It was observed that out of 31 projects, though MSSC was technically competent to execute only one project, which was within the delegated powers for execution of work as per the financial limitations mentioned in the order, the estimates of three projects were technically vetted and countersigned by the CE, PWD while 27 projects were executed without handing over the projects to State PWD.

Thus, MSSC implemented projects in contravention to the State Government's existing norms for execution of works by non-works departments also depriving checks at the higher levels to ensure quality of work and integrity of estimates.

The Government while accepting the fact stated (March 2020) that the MSSC in certain cases executed the works without technical vetting and counter-signature to avoid delays.

The reasons put forward by the Government is not based on facts as all the works executed/ being executed by MSSC, completed as well as on-going, were delayed.

Recommendation: *The State Government may ensure that Technical Sanctions are obtained by the executing agency from competent authority before execution of projects and ensure that their own instructions are adhered to by all bodies.*

Execution of Works

1.3.11.2 Laying of synthetic football turf at Chhangphut playground-Payment without quality testing

The Ministry of Youth Affairs and Sports (MoYAS) approved (July 2013) the project "Laying of artificial football turf at Chhangphut playground" estimated at ₹450 lakh under USIS. The work was awarded (August 2013) to M/s Lushai Engineers Pvt. Ltd. at a tendered value of ₹412 lakh which included ₹9.98 lakh for testing of the Soccer Pro

⁵ Revised to ₹70 lakh vide Notification No. G. 17012/1/2010-F.Est/147 dated 12 July 2017

MS 60 Federation Internationale De Football Association (FIFA) two star⁶ artificial turf. The MSSC certified that the contractor had completed the laying of artificial turf at Chhangphut playground in October 2014 as per specification in the agreement.

On examination of records, Audit noticed that MSSC paid ₹9.98 lakh to the firm without any testing of the artificial turf from FIFA accredited laboratory, which assesses the quality, durability and risk factor of the turf. Without any testing done by the FIFA accredited laboratory, it could not be ascertained whether the installed artificial turf at Chhangphut playground conformed to the standards of FIFA two star.

The Department may ensure that FIFA testing is done for quality control purposes.

1.3.11.3 Shortcomings in standard specification

The Urban Development and Poverty Alleviation Department (UD&PAD) implemented construction of four sports complexes in the State with an outlay of ₹84.50 crore during the period 2014-15 to 2018-19. The details of the projects are given in the table below:

Table-1.6: Details of sports complex implemented by UD&PAD

(₹ in crore)

Name of the sports complex	Sanctioned date	Sanctioned cost	Expenditure	Details of completion	
				Scheduled	Actual
Construction of Stadium Complex at Serchhip	31.03.2009	15.25	15.25	06.08.2012	30.05.2018
Construction of Sports Stadium at Champhai	04.09.2013	22.39	22.36	14.09.2015	31.12.2016
Construction of Sports Stadium at Lunglei	04.09.2013	24.18	24.08	15.05.2016	---*
Construction of Sports Complex at Kolasib	08.10.2014	22.68	22.68	15.08.2016	30.09.2018

Source: Information furnished by UD&PAD

* Though the project was completed, due to non-issue of completion certificate date of completion was not on record

The projects were sanctioned by the Ministry of Housing and Urban Affairs under the scheme of 10 per cent lump sum provision for the benefit of North Eastern Region including Sikkim. The Ministry appointed the National Building Construction Corporation (NBCC) for execution of the project in Mizoram. The State Government is the nodal agency and was responsible for appraisal and approval of the Detailed Project Reports (DPRs) prepared by NBCC, submission of Utilisation Certificates (UCs) and overall monitoring of the projects.

FIFA prescribes the playing field with a dimension of 100-110m (L) and 64-75m (B) with an auxiliary area⁷ of 5m on all sides reducing at an angle to 3m near the corner flag. Similarly, International Association of Athletics Federation (IAAF) prescribes the inside lane of a 400m standard athletic track to have a length of 400m along its theoretical line of running⁸

⁶ FIFA recommended two star is professional category artificial turf intended for clubs and national teams playing competitive matches

⁷ Auxiliary area: The free space required on all sides of the field for safety of the players as well as for unrestricted run-up for corner kicks and throw-ins

⁸ The theoretical line of running is measured at a distance of 0.30m from the kerb

with safety zones measuring not less than one metre on the inside and outside and a run out length of 17 meters for 100 meter track.

During physical inspection of the sports complexes with the Department and NBCC officials, it was observed the auxiliary areas of football field at Serchhip and Lunglei were inadequate raising concern for the safety of players and restricted run-ups for corner kicks and throw ins. Similarly, 400m athletic tracks at Champhai and Lunglei have a running length of 390m and 364m respectively and outside lane of Champhai athletic track and inside lane of Kolasib athletic track had no safety zones of one metre and were adjacent to the fence. Likewise, 100m athletic track at Champhai had a run out length of only 9.60m. Further, synthetic running track at Champhai Sports Stadium was bloated at several places making it unfit for any training or competition.

It was further noticed that in case of football field at Lunglei, the DPR was prepared in line with that of FIFA specifications. In the case of the athletic track at Kolasib, there was no provision for safety zones in the DPR and thus, the shortcoming was attributable to faulty execution.

Thus, the deficient infrastructure created which was not as per technical norms deprived sportspersons of the full benefit of the assets and the Department spent resources on substandard infrastructures.



Athletic track in Kolasib



Football field in Lunglei

While accepting the audit findings, the Government stated (January 2020) that the required specification could not be adhered due to land constraints. The Government should have ensured availability of suitable land before taking up projects so that sports facilities in the sports complex are not compromised on technical requirements.

Recommendation: *The State Government needs to ensure co-ordination between the nodal line department and other departments executing sports infrastructure projects so as to avoid overlapping of projects. They may also ensure that technical specifications are adhered to in creation of sports infrastructure.*

1.3.11.4 Payments made for un-executed works

Scrutiny and physical verification by audit of three projects implemented by MSSC viz., Construction of Indoor Stadium at Electric Veng, Construction of multi-purpose Indoor Hall at Mualpui and Improvement of Aquatic Complex at ITI Veng revealed that payments and expenditure of ₹80.31 lakh was incurred for un-executed works as given in the table below:

Table-1.7: Details of payments made for un-executed works

(₹ in lakh)

Name of the Project	Description of works not executed	Amount paid for un-executed works	Remarks
Construction of Indoor Stadium at Electric Veng	Ground floor: Parking facility First floor: Table tennis room and gymnasium	29.50	<p>The Construction of indoor stadium at Electric Veng, Aizawl was sanctioned (November 2012) for an estimated cost of ₹493.63 lakh. The project included parking of vehicles (Ground floor), table tennis, gymnasium (First floor) and basketball court, volleyball court (Second floor).</p> <p>MSSC paid ₹430.58 lakh as per bill of quantities and certified that the project was completed (June 2018) in accordance with the specification mentioned in the Agreement.</p> <p>Physical inspection of the project by audit revealed that the execution of ground floor and first floor amounting to ₹29.50 lakh was not completed except for beams and slabs. The un-executed works in the ground and first floor is now being constructed by PWD under New Economic Development Policy (NEDP) with an estimated amount of ₹40 lakh.</p> <p>The Government's reply (March 2020) was silent on the non-executed works, certification of work as complete and entire payment released despite the incomplete works.</p>
Construction of multi-purpose Indoor Hall at Mualpui	Acoustic treatment (Phase-II) for ceiling	21.81	<p>The acoustic treatment and protection wall with steel net was shown as executed as per Measurement Books (MBs) and payments were made (November 2017 and December 2018 respectively). However, on physical inspection, it was not found to be in place in the Indoor Hall.</p> <p>The Government stated (March 2020) that the fund meant for acoustic treatment was utilised to replace the materials of the ceiling with woollen and shade net, while, the fund meant for protection wall with steel net was utilised to replace the perforated tiles with special polymer turf. However, the payments were shown as incurred for un-executed works and there was no documentary evidence for execution of the substituted items of works as stated by the Government.</p>
	Protection wall with steel net	20.00	

Name of the Project	Description of works not executed	Amount paid for un-executed works	Remarks
Improvement of Aquatic Complex at ITI Veng	Construction of additional diving platform (3m)	9.00	The additional diving platform (3m) shown as executed departmentally with expenditure of ₹ Nine lakh, was found to be not in place in the Aquatic Complex. The Government stated (March 2020) that due to huge landslide, the fund meant for diving platform was utilised for constructing retaining wall. However, the payments were shown as incurred for diving platform and there was no documentary evidence for execution of the said retaining wall.
Total		80.31	

Source: Departmental records

Thus, MSSC made payments of ₹80.31 lakh for works which were never executed. Besides, it was irregular to divert project funds for other items of works not sanctioned as per original approvals given. In all the above instances, there was no evidence of the SE/ EE or any senior officers having done physical verification of the completed works. Responsibility needs to be fixed on the erring officials for such serious lapses and appropriate action taken against them.

Recommendation: The Department's senior/ supervisory officers should regularly monitor and physically inspect the projects to ensure works that are executed as per the design and specification and payments are made for works actually executed.

1.3.11.5 Sports infrastructure lying idle

The State Government should plan the creation of sports infrastructure keeping in view the size of the community and accessibility of the infrastructure by the public to ensure optimum utilisation.

During joint physical inspection (August-September 2019) of the sports complexes along with departmental officials to assess the utilisation of infrastructures, the following were noticed:

A. Construction of multi-purpose indoor hall at Sazaikawn

The project was sanctioned (June 2013) by the Ministry of Youth Affairs and Sports (MoYAS) at an estimated cost of ₹600 lakh and was scheduled to be completed by September 2015. The project envisaged to offer sports facilities for coaching camps, organising national level competitions in various indoor games.

The MSSC completed construction of multi-purpose indoor hall at Sazaikawn in August 2017. However, the multi-purpose indoor hall was not handed over to any authority/ associations/ committees nor was it put to use by the Department. Further, the play area for different indoor sports disciplines were not demarcated and no designated

caretaker/ manager was posted to look after the routine maintenance of the indoor hall. As such, the multi-purpose indoor hall was lying idle even after a lapse of two years since its completion. Non-utilisation would lead to further deterioration in the quality of the asset and entail additional cost for upkeep.



Multi-purpose indoor hall at Sazaikawn

The Government in its reply (March 2020) claimed that the Multi-purpose Indoor Hall is presently utilised for regular coaching and hosting State level championship.

The reply of the Government is not based on facts as the newly constructed venue was not utilised for State Games held during December 2019 and no documentary evidence was produced for coaching camps being held at the venue.

B. Construction and establishment of sports centre at Phulpui

The project was sanctioned (October 2011) by NEC at an estimated cost of ₹394 lakh and scheduled to be completed on July 2014. The project envisaged to provide football ground, basketball court, volleyball court, indoor stadium for badminton, training hostel for 30 players and holding inter-state, nation-wide sports events/ festivals.

MSSC completed construction (June 2017) of sports centre at Phulpui with an expenditure of ₹394 lakh and the sports centre was handed over to Phulpui Local Council (April 2018) after a lapse of almost one year from the date of completion.

During physical inspection (September 2019), it was noticed that all the facilities provided at the sports centre were unutilised by the village people. The indoor hall consisting of one badminton court had broken window panes and missing bathroom fittings. The indoor hall lighting was also not working and the hall was left unlocked. The football ground, pavilion, hostel facilities, basketball court and volleyball court were also left unutilised with overgrown grasses on the field and courts leaving the facilities in a dilapidated state. The Department did not facilitate the village council by arranging coaches, trainers for utilisation of training and hostel facilities.



Football ground



Volleyball court



Basketball court



Dormitory for players

The Government stated (March 2020) that the sports complex is presently utilised by the youth of the villages and conducting zonal football competitions. The Department's reply was unverifiable.

C. Construction of diving pool and platforms in Aquatic Complex at ITI Veng, Aizawl

The construction of *Federation Internationale De Natation* (FINA) diving pool at Aquatic Complex, ITI Veng costing ₹169.22 lakh was sanctioned by GoM on March 2013 and was scheduled to be completed by September 2014. The diving pool was constructed with a pool capacity of 21m (L) x 21m (B) x 5m (H) and was completed (February 2017) with an expenditure of ₹169.22 lakh.

Thereafter, GoM sanctioned (November 2017) ₹30 lakh for construction of diving platform with diving heights of 3m, 5m and 7.50m for the diving pool as depicted in the photograph placed alongside. The diving platform was executed during December 2017 - March 2018.

During physical inspection (September 2019), it was noticed that the diving pool at Aquatic Complex, ITI Veng had not been utilised by the Aquatic Association for training and tournaments.

The Government while accepting the audit observation replied (March 2020) that the diving pool was unutilised as no qualified trainers for diving were available in the State.



Since the pools require timely and extensive maintenance, the Department should have made adequate and timely arrangements for posting qualified trainers. Prolonged non-utilisation would not only deteriorate the facility but also increase maintenance cost.

Recommendation: *The State Government may ensure optimum utilisation of sports infrastructure once created, by providing all requirements including trainers/ coaches and monitoring the utilisation of infrastructure created.*

1.3.12 Sports Academies

The presence of quality training systems in the form of high-performance academies and centre of excellence that provides access to world-class equipment and facilities is highly beneficial to athletes and coaches. Sports academies are meant to give specialised training, nutritious diet and adequate and modern sports facilities for creating international level sports persons.

1.3.12.1 Status of sports academies/ training centres in the State

The State Government set up three residential academies/ training centres for specialised training to sports persons in respect of four disciplines shown in **Table-1.8**. Apart from these State run academies/ training centres, Sports Authority of India (SAI) has three training centres for eight disciplines in Mizoram.

Table-1.8: Details of sports academies/ training centres in the State

Sl. No.	Name of the academy/ training centre	Year of establishment	Discipline	Category of trainees	Intake capacity
1.	Boys Hockey Academy, Kawnpui, Kolasib	2009	Hockey	U-12 boys	22 every 3 years
2.	Regional Sports Training Centre, Saidan, Kolasib	2009	Football/ Boxing/ Wrestling	U-14 boys	22 every 3 years
3.	SYS Football Academy, Lunglei	2015	Football	U-17 boys	22 every 2 years

Source: Survey of respective academies/ training centres

Audit observed that none of the academies/ training centres had sports medicine doctor and nutritionist deputed by the Department. The State has posted sports medicine doctor and nutritionist in MSSC. However, the sports medicine doctor had visited the academies/ training centres only once during the period 2014-15 to 2018-19 and the nutritionist had never visited these academies/ training centres.

It was seen that the SYS Football Academy at Lunglei did not have any infrastructure of its own. The trainees were accommodated in a makeshift old cinema hall which was in dilapidated state with water leaking from the roof. The kitchen and dining hall was arranged in the corridor of the cinema hall. The SYS Football Academy did not have a training field and were utilising the public playground of the town.



Accommodation for trainees in cinema hall

Moreover, the SYS Football Academy is proposed to be shifted to State Sports Academy at Zobawk, the construction of which is halted since December 2017 due to implementation issues as discussed in succeeding paragraph.

1.3.12.2 State Sports Academy at Zobawk, Lunglei - Incomplete project

The Ministry of Development of North Eastern Region (MoDoNER) approved (August 2010) the project “Construction of State Sports Academy at Zobawk” at an estimated cost of ₹17.51 crore with a completion time frame of 24 months (July 2012) under NLCPR. The project envisaged to create a centre of excellence by providing systematic and scientific training facility to young talented sportsperson in different field of sports. The State Sports Academy at Zobawk was planned to have hostels for trainees, staff quarters, guest house, administrative building, indoor stadium, football ground, hockey ground, tennis court, volleyball court, running track, shooting range, archery range, pit for high jump, long jump and pole vault.

The work was awarded (June 2012) for ₹16.45 crore after a delay of almost two years from the approval of the project and the agreement was signed with the contractor⁹ in February 2013 with a delay of more than nine months due to uncertainty of the applicable Mizoram Value Added Tax (MVAT) rates on the part of the contractor.

Scrutiny revealed that the detailed working drawings and structural drawings were issued to the contractor on a piece-meal basis with substantial delays as shown below:

Table-1.9: Details of delay in issue of drawing to the contractor

Drawings	Work Component	Date	Delay from Work Order date
Structural drawings ¹⁰	Quarters Type I, III and IV	22.01.2014	1 year 7 months 15 days
	Administrative Building, Canteen and Pavilion, Girls and Boys Hostel		
Working drawings ¹¹	Boys and Girls Hostel	14.03.2014	1 year 9 months 7 days
	Quarters Type I, III and IV	19.03.2014	1 year 9 months 12 days
	Administrative Building, Canteen and Pavilion, Boys Hostel	23.04.2015	2 years 10 months 16 days
Layout report	Track and Fields	09.12.2016	4 years 6 months 2 days

Source: Departmental records

It can be seen that the delays in finalisation of the structural, working drawings and layout of tracks and fields ranged from 19 to 54 months from the date of issuance of work order.

Due to this, the contractor requested for foreclosure of the agreement after executing works amounting to ₹6.98 crore as it was not financially feasible to execute the project. The Department terminated (August 2016) the contract agreement.

The Department retendered (December 2016) the remaining works and awarded (January 2017) the work to a new contractor for ₹10.53 crore. The work which was restarted in January 2017 and was on-going as of December 2020.

⁹ R. Sangkhuma, Khatla

¹⁰ Structural drawings are utilised for execution of structure of the building like beams, slabs, steel reinforcement, etc.

¹¹ Working drawings are prepared after structural drawings are ready and is utilised for execution of works for completion of work

It was further noticed that the Department excluded six components¹² of the project amounting to ₹1.60 crore while nine components¹³ of work were left incomplete (₹0.99 crore) and two components¹⁴ of work (₹0.06 crore) were not executed at all by the second contractor. The total area of the Indoor Stadium was reduced from 3,009 sqm. to 2,400 sqm. Further, the second contractor could execute works only for ₹9.47 crore up to December 2020. As total funding for the project amounting to ₹16.45 crore was exhausted, the Department has calculated an additional requirement of ₹7.42 crore for completion of the balance work.

Thus, the construction of State Sports Academy which was envisaged to be the only standard sports academy and centre of excellence in the State for SYS Football Academy and other sports discipline remains incomplete even after nine years of the approval of the project, mainly due to delays attributable to the Department coupled with poor project management and monitoring of the project.



State Sports Academy at Zobawk

Recommendations

1. *The State Government needs to take stock of this project with a view to complete the balance work of State Sports Academy in a defined timeframe, so that the needs of talented sports persons from various disciplines are catered to.*
2. *Responsibility should be fixed for inordinate delays at various levels, which led to time and cost-overrun.*

1.3.13 Irregularities in award of Cash Incentives to sports persons

The Mizoram Sports Incentives Cash Award Rules for cash award to the winners of medals in National and International Competitions in recognised sports disciplines was introduced by GoM during 2001. As per the Rules, incentives are awarded to winners of first, second or third position in International or National Championship recognised by respective National Federation affiliated to Indian Olympic Association. Officials, manager, coach will be entitled to receive *25 per cent* of the award applicable to the sports persons. For the purpose of awarding the cash incentive in a championship or tournaments, the GoM

¹² Electric Connection, External electrical works and solar street light system, External Water Supply, Water Supply pump, Guest House and Canteen/ Retail Stall

¹³ Football ground, hockey ground, tennis court, volleyball court, running track, shooting range, indoor stadium, Internal road and footpath and internal electrification

¹⁴ Playground fencing and archery range

sanctioned ₹3.07 crore for award of cash incentive to 1,884 sports persons winning medals during the period 2014-15 to 2018-19 as per the following details:

Table-1.10: Details of cash incentives awards to sports persons and officials

Year	No. of awardees	Amount (₹ in lakh)
2014-15	393	41.75
2015-16	607	56.95
2016-17	367	79.44
2017-18	515	93.56
2018-19	02	35.00
Total	1,884	306.70

Source: Departmental records

On review of the incentives awarded by SYSD to sports persons and officials during 2014-19, it was noticed that payment of ₹8.49 lakh was made to 59 sports persons who had not won any medals or had already been awarded incentive for the medal won or had been awarded incentives for higher achievement against actual achievement. Further, ₹1.87 lakh was paid to 34 sports persons/ officials who had not participated or accompanied the team in tournaments. Extra incentive of ₹21.68 lakh was awarded to 91 sports persons/ officials by awarding incentives more than once to the same sports persons/ official for multiple medals won in a particular Championship or Tournament in contravention to the Mizoram Sports Incentives Cash Award Rules. In case of 16 sports persons/ officials who were paid ₹4.24 lakh, name of the tournament in which these players have won medals were not on record. Moreover, 12 sports persons/ officials who had achieved higher rank/ position in the tournament were awarded incentive for lower rank/ position. Thus, payments made of ₹36.28 lakh had various irregularities and could not be vouched as correct.

The Government stated (January 2020) that cash incentives were awarded based on the application received from the sports persons which were duly certified by the state level sports associations. The Government's reply that award of cash incentive merely based on application of sports persons without scrutiny of the merit certificates as well as participation of the sports persons or any other verification before making payments, was unacceptable.

Recommendation: The State Government should ensure proper scrutiny of documentary evidence before award of cash incentives to sports persons.

1.3.14 Coaching arrangement in the State

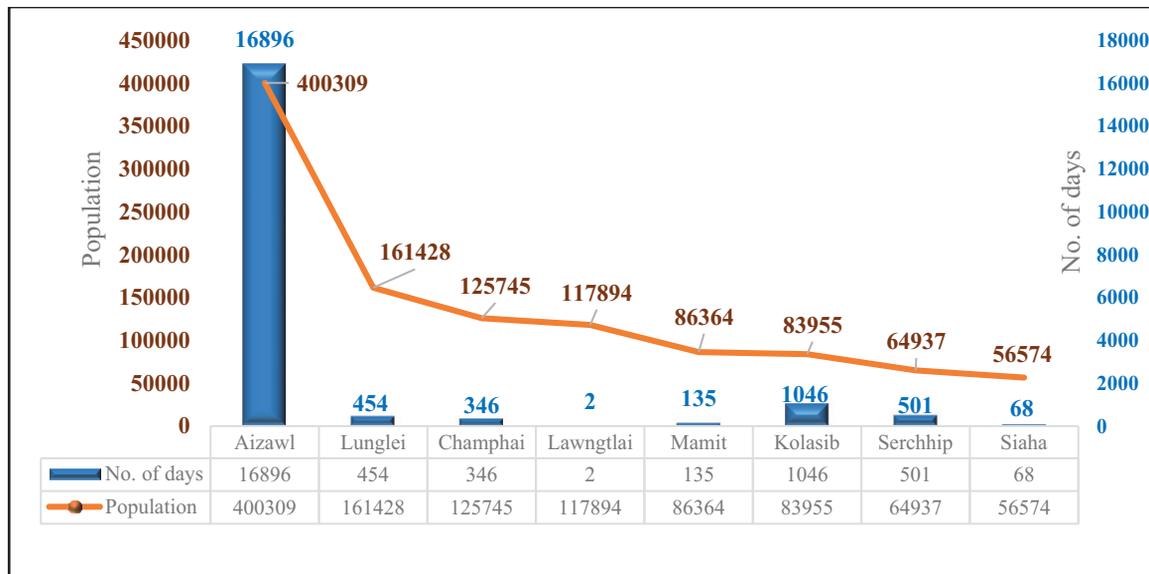
Sports coaches assist athletes in developing their potential by providing guidance to the athlete in life and their chosen sport. They are responsible for training athletes in a sport discipline by analysing their performances, giving inputs, instructions in new relevant skills and techniques and by providing encouragement.

The State had 54 coaches (35 coaches in SYSD and 19 coaches in MSSC) to train sports persons pertaining to 19 sports disciplines. Thirty nine coaches were stationed in Aizawl and seven coaches were posted in three districts¹⁵ for providing regular coaching activities

¹⁵ No(s). of coaches in – Kolasib District: 2, Lunglei District: 4 and Serchhip District: 1

in the district while there were no coaches available in other four districts¹⁶. Six coaches were deputed for imparting coaching at three academies in Kolasib, Lunglei and Serchhip and two coaches were posted as District Sports and Youth Officer at Champhai and Kolasib Districts on an *ad-hoc* basis. During the period 2014-15 to 2018-19, the coaching activities provided by the Department were mostly concentrated in Aizawl followed by Kolasib, Serchhip, Lunglei and Champhai Districts while three districts namely, Siaha, Mamit and Lawngtlai were deprived of adequate coaching activities as shown in **Chart-1.3**.

Chart-1.3: Details of district-wise coaching vis-à-vis population



Source: Departmental records and Mizoram Statistical Handbook 2018

On review of coaching arrangement provided in the State, we noticed that the Department had not formulated any systematic coaching plans for providing focused training through coaching camps and regular round the year training. The non-residential coaching camps and round the year training though provided, were based on requisition and demands from sports associations, schools and villages.

MSSC started (2016-17) providing round the year coaching in various sports academies/ training centres/ indoor stadiums and the coaches employed in MSSC were fully utilised in providing trainings throughout the year. However, it was observed that most of the coaches employed in SYSD were engaged in coaching activities for a length of time, which was mostly less than six months during the period 2014-15 to 2018-19 (**Appendix-1.3**).

For professional coaching activities in the State, grade I and II coaches must be a graduate of recognised university with diploma from National Institute of Sports (NIS) in the respective disciplines while grade III coaches must be a matriculate with diploma from NIS in the respective disciplines. Further, for upgradation of coaching skills, coaches are required to undergo periodic training and refresher courses.

It was noticed that 17 out of 54 coaches did not meet the educational qualification requirement or were not holding NIS diploma and only 16 out of 54 coaches had attended training and refresher courses during 2014-15 to 2018-19.

¹⁶ Champhai, Mamit, Lawngtlai and Siaha

Recommendation: The State Government needs to adopt a systematic approach for imparting coaching, ensure optimum utilisation of coaching resources available and also increase the availability of coaches in district places.

1.3.15 Sports Achievement of the State

State Government's intervention in creation of sports infrastructure, establishment and administration of standard sports academies, providing coaching facilities, providing high quality sports equipment and goods, etc. are instrumental in generating national/international class sports persons and earning of laurels at different levels of competition.

The overall achievements of the State in different levels of competition during the period 2014-15 to 2018-19 are shown in the table below:

Table-1.11: Overall achievement of the State during the period 2014-15 to 2018-19

Year	International			National			Regional		
	Gold	Silver	Bronze	Gold	Silver	Bronze	Gold	Silver	Bronze
2014-15	8	4	12	70	69	97	23	29	34
2015-16	12	6	4	78	57	63	32	29	24
2016-17	21	10	8	73	37	54	9	10	15
2017-18	24	14	15	52	39	60	14	23	46
2018-19	84	35	32	72	52	51	40	32	45
Total	149	69	71	345	254	325	118	123	164

Source: Records of the MSSC and sports associations

During the period 2014-15 to 2018-19, the State has nurtured talented sports persons in the field of football, weightlifting, hockey and table tennis, which resulted in outstanding achievements in International and National level competitions as shown below:

Table-1.12: Outstanding achievements of sports persons from Mizoram

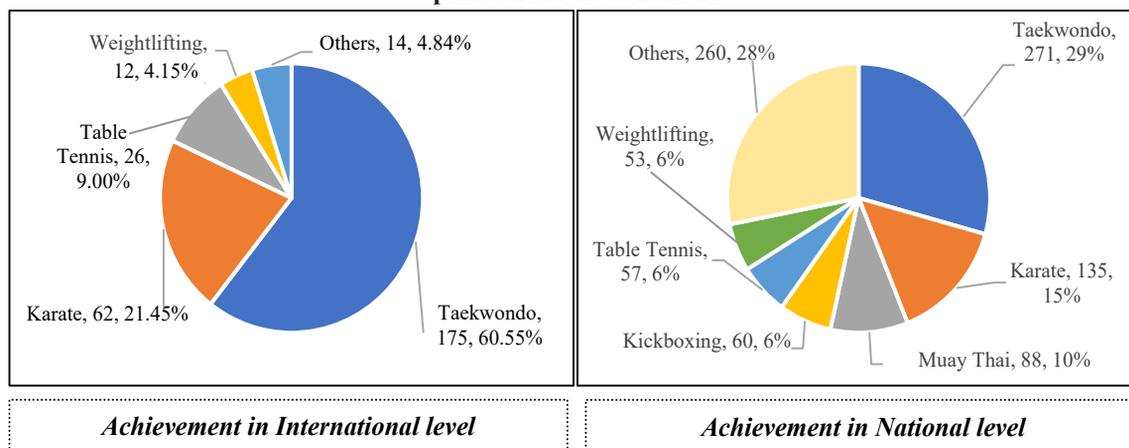
Discipline	Name/ Nos. of the player	Outstanding achievements
Football	3 players 21 players 42 players	Representing Indian National team Representing the Indian Super League Representing the Indian League
Hockey	Lalremsiami	The player represents the Indian Women's Hockey team who has won one gold and three silver medals for the country. Also, she is the first Mizo player to win a medal at the Asian Games.
Weightlifting	Jeremy Lalrinunga	The player has won four gold, five silver and one bronze medals in major international events. His recent big achievement being gold medallist in Youth Olympic Games at Argentina.
Table Tennis	Jeho Himnakulhpuingheta	The player has won four gold medals, four silver medals and six bronze medals in International events under Cadet, Sub-Junior and Junior category.

Source: Records of the MSSC and sports associations

1.3.16 Achievement of the State at International and National level competitions

During the period 2014-15 to 2018-19, the disciplines where the State's achievement was higher at International and National competitions are shown in **Chart-1.4:**

Chart-1.4: Achievement of the State in International and National level competitions during the period 2014-15 to 2018-19



Source: MSSC and sports association records

Out of 32 recognised sports discipline in the State, sports persons from the State have won 289 medals in nine sports at International level competitions while 924 medals were won in 21 sports disciplines at National level competitions during the period 2014-15 to 2018-19. The State had a higher percentage of achievement in Taekwondo, Karate, Table Tennis, Muay Thai and Weightlifting in International and National level competitions.

1.3.17 Recruitment of Meritorious Sports persons

Incentives provide recognition and financial security to distinguished sports persons, during and after their sporting careers, and also motivate the youth in the serious pursuit of sports activities. National Sports Policy provides for job reservation for sports persons as per the prescribed categories. In addition, the Policy also provides for adequate assistance to the sports persons *viz.*, insurance cover and medical treatment in the event of such eventuality/requirement.

Audit observed that the State Government had not formulated any norm or policy with respect to the recruitment of sports persons during the period from 2014-19. Further, the State Government had not carried out any gap analysis or survey on the requirement of coaches and instructors for various sports disciplines in the State. They took on contract eight coaches for various sports disciplines during the period 2014-19 and had recruited only two coaches in 2019-20 under direct recruitment.

However, the State Government has issued comprehensive instructions¹⁷ on recruitment and promotion of meritorious sports persons in November 2019 and has made provision for reservation of five *per cent* of the vacancies in Group 'B', 'C' and 'D' posts falling within the direct recruitment quota for meritorious sports persons.

¹⁷ Department of Personnel and Administrative Reforms (General Service Wing), Government of Mizoram Office Memorandum No. A-12032/1/2019-P&AR (GSW) dated 14 November 2019

1.3.18 Monitoring

Existence of regular monitoring is an effective tool for efficient implementation of schemes undertaken to promote the growth and development of sports and games in the State. Moreover, it also helps in detection of any deviation and ensures corrective action for future planning.

USIS guidelines stipulates that a monitoring committee comprising of representative from MoYAS, SAI regional sub-centre, GoM and one engineer from executing agency needs to be constituted to monitor the execution of projects under the scheme. Although, the GoM constituted (May 2013) a monitoring Committee, only one out of four projects implemented by the Department during 2014-15 to 2018-19 under the scheme was monitored by the Committee.

Further, NEC guidelines stipulate that department-wise monitoring committees headed by the Administrative Head of the Department concerned is to be constituted to oversee the implementation of NEC projects on quarterly basis. The Department implemented 11 NEC projects during the period 2014-15 to 2018-19, however, no such Committee was constituted to oversee the monitoring of NEC projects.

Moreover, NLCPR guidelines stipulated that there should be quarterly meetings to review the progress of implementation of NLCPR projects. The department had implemented seven NLCPR projects during the period 2014-15 to 2018-19, however, only four such meetings were conducted to review the progress of the projects under NLCPR.

Though the department stated that regular field visits were carried out by the officials and engineers of the department to inspect the quality and progress of on-going works, monitoring needs to be institutionalised as required by the scheme guidelines.

Recommendation: *The State Government needs to strengthen the monitoring mechanism and to review the progress of works at regular intervals.*

1.3.19 Conclusion

The PA on Development of Sports Sector in the State has brought out significant areas for improvement. During the period 2014-19, the Sports Department did not have benefit of any policy directions for development of sports and sports infrastructure. Out of the total budgetary allocation of ₹171.42 crore, the Department incurred an expenditure of ₹171.91 crore, during 2014-19. The Department regularly transferred funds to the Public Account to avoid lapse of funds. Projects continued to fail to meet the completion deadlines due to delays in release of funds to the implementing agencies.

Out of the 39 sanctioned projects implemented during the period, which included 24 projects sanctioned prior to 2014-15, 28 projects had been completed and 11 projects are still on-going. Out of the 28 projects completed during the period, 23 projects were completed with delays ranging from one to 55 months from their schedule completion date. Further, out of the 11 ongoing projects, four projects are ongoing beyond their scheduled date of completion as on 31 March 2019. The delays were due to project proposals not cleared on time due to administrative delays in grant of AA, tendering and issue of work orders and subsequent execution delays by contractors and lack of monitoring of projects by Departmental Officials.

Testing of the newly laid synthetic football turf at Chhangphut was not ensured to draw an assurance that the contractor has indeed supplied the turf, which conformed to the standards of FIFA two star. The football ground at Lunglei and athletic track at Kolasib were not constructed as per the required standards. Further, the Department made payment of ₹80.31 lakh to contractors for unexecuted works, in absence of physical verification of works by the Departmental officials.

The Sports Department needs to coordinate with other executing Departments like Rural and Urban Development Departments, to ensure that sports infrastructure facilities are built as per required technical specifications.

Joint physical verification showed that completed sports infrastructure was lying idle due to non-handing over of the facilities to the Department, lack of routine upkeep and non-posting of staff and coaches. Instances of idle infrastructure were Multipurpose Indoor Hall at Sazaikawn; Sports Centre at Phulpui and the diving pool in Aquatic Complex at ITI Veng, Aizawl. This not only deprived sportspersons and trainees benefits of the facilities created but also wastage of public money. Besides, sports academies did not have medicine doctors and nutritionists and proper facilities for the sports trainees. Cash incentives were awarded to sportspersons, in infraction of the Rules and without adequate documentation. The Department had not hired sufficient sportspersons and coaches during the period which was the main reason for idle infrastructure not put to use especially in district places.

Monitoring of projects remained deficient. Neither were Monitoring Committees constituted nor were the meetings held at regular intervals as per the scheme guidelines.

1.3.20 Recommendations

1. The financial management in the Department requires to be more efficient by ensuring fund releases on time and timely payments. The practice of transferring funds to the Public Account requires to be stopped forthwith and payment to vendors should not be made in cash.
2. The Department needs to monitor the approvals for major projects and construction schedule of the projects very closely to avoid delays. The works may be monitored through physical visits and timely reports from the executing agencies to ensure completion of facilities on time.
3. It may be ensured that payments for work are made after physical verification of the completion of all items included in the estimates and contract. Departmental action be taken against officers committing irregularities in works and release of payments on incomplete works.
4. In order to assure adherence to specific technical standards, in projects, the non-works departments should get the works estimates vetted and approved by the competent authority in Sports Department.
5. There should be an institutionalised coordination mechanism between SYSD and the executing agencies to ensure that the sports infrastructure facilities conform to the technical specifications and to avoid duplicity.
6. The completed projects should be handed over to appropriate authorities without any delay and used optimally for the intended purposes by augmenting resources on infrastructure, maintenance and deployment of coaches/ trainees.

7. *The Sports Academies and Training Centres require support in terms of medicine doctors and nutritionists and adequate facilities for trainees. The Department may ensure posting of doctors and nutritionists in the academies or ensure their regular visits to these centres. They may ensure provision of basic facilities for trainees in the Academies.*
8. *Cash incentives to meritorious sportspersons may be strictly regulated as per Rules and extant procedures.*
9. *The State Government needs to speed up the process of recruitment of sportspersons as per the Instructions on recruitment and promotion of sportspersons to address the shortage of manpower at various sports facilities in the State.*

COMPLIANCE AUDIT PARAGRAPH

MIZORAM YOUTH COMMISSION

1.4 Fraudulent expenditure on fictitious trainees

The Commission incurred fraudulent expenditure of ₹113.92 lakh on purported training conducted for fictitious State Government employees

Mizoram Youth Commission¹⁸ (MYC), an autonomous body of the Government of Mizoram (GoM) under Labour, Employment, Skill Development and Entrepreneurship Department, submitted (November 2016) a project proposal titled “Course on Computer Concept plus (CCC Plus) for Group C and D employees of the Government of Mizoram” to the Ministry of Development of North Eastern Region (DoNER), Government of India (GoI) under the scheme ‘Capacity Building and Technical Assistance’, for imparting training to 1,500 Group C & D employees of the GoM, for ₹1.33 crore. The main objective of the project was to enhance the Information Technology (IT) skills and capabilities of Group C & D employees.

Audit scrutiny (February–March 2019) of records of Secretary, MYC showed that the MYC prepared the estimated cost of the training programme on lumpsum basis without any rationale for the rates mentioned against each sub-component. Component-wise breakup of the proposed training cost was as follows:

Table-1.13: Component-wise Breakup of the Training Cost

Name of component	Total amount proposed (₹ in lakh)	Remarks
Training cost	75.60	₹40 per hour per candidate (₹40 x 126 hrs. x 1,500)
Study material	22.50	₹1,500 per trainee (₹1,500 x 1,500)
TA/ DA	31.50	₹2,100 per trainee (₹2,100 x 1,500)
Advertisement	3.00	--
Total	132.60	--

Source: Project proposal forwarded by MYC

The Ministry of DoNER, GoI sanctioned (March 2017) a grant of ₹1.33 crore to the Mizoram Youth Commission (MYC) for the Project and released ₹1.32 crore in two instalments¹⁹ to

¹⁸ A Body Corporate established under the Mizoram Youth Commission Act, 2008 in April 2008

¹⁹ ₹99.45 lakh as 75 per cent in March 2017 and ₹32.41 lakh in as 25 per cent January 2018

MYC. As per the terms and conditions laid out in the sanction order, the training program was to commence within two months from the date of sanction *i.e.* from May 2017. Further, the date of commencement and completion was required to be intimated to the Ministry of DoNER. However, MYC did not intimate the Ministry about the schedule, showing the date of commencement and completion of the training.

Further scrutiny showed that MYC spent the sanctioned amount of ₹1.32 crore between April 2017 and May 2018 on the following components:

Table-1.14: Details of Component-wise Expenditure

Proposed Amount		Actual Expenditure		No. of trainees
Name of component	Amount (₹ in lakh)	Name of component	Amount (₹ in lakh)	
1	2	3	4	5
Training cost	75.60	Trainers' Incentives	63.15	1,499
Study material	22.50	Exam fees	8.85	
TA/ DA	31.50	Training materials	25.50	
Advertisement	3.00	Refreshment	31.50	
Total	132.60	Advertisement	2.86	
<i>Less: Short release</i>	<i>0.74</i>			
Total release	131.86	Total	131.86	1,499

Source: MYC's records

The above expenditure was claimed to have been incurred for imparting training to 1,499 trainees²⁰ drawn from 48 departments/ offices (**details at Appendix-1.4**) of GoM during April 2017 to May 2018. The MYC claimed to have organised 19 training programmes of 21 days each in five District Headquarters *viz.* Aizawl, Champhai, Lunglei, Kolasib and Siaha as detailed below:

Table-1.15: District-wise training details

Sl. No.	Name of the District headquarters'	Period of training	No of training programmes conducted	No. of employees
1.	Aizawl	April 2017 to April 2018	10	500
2.	Champhai	May to August 2017	2	250
3.	Lunglei	May to October 2017	3	300
4.	Kolasib	May to July 2017	2	200
5.	Siaha	May to October 2017	2	249
Total		--	19	1,499

Source: MYC's records

Detailed scrutiny of records showed cases of fraudulent payments made for training of fictitious participants and preparation of false bills.

²⁰ One trainee is missing in the training list (Sl. No. 32) in respect of Siaha for September 2017

1.4.1 Fraudulent payment to fictitious persons

As per the sanction order of the DoNER, training was to be imparted to 1,500 Group-‘C’ and ‘D’ State Government employees in batches of 30 for 21 working days each.

The MYC provided loose attendance sheets to Audit as supporting documents for having provided the training to 1,499 employees. On initial cross-verification of a random sample of the trainees with the departments from which, they were shown to have been nominated, it was found that 389 trainees were not on the rolls of the parent departments concerned. Therefore, the sample was expanded to include all the 48 departments/ offices of the State Government to verify whether the persons claimed to have been trained by the MYC, actually belonged to those departments and whether they have received the training imparted by the MYC.

Against the verification requests issued to 48 departments, replies have been received from 45 departments. All the 45 departments/ offices stated that none of the 1,300 trainees shown as their nominees, were on the rolls of the concerned departments, except for seven employees, who were on the rolls of Environment, Forest and Climate Change Department (two employees), Labour, Employment, Skill Development and Entrepreneurship Department (four employees) and Public Health Engineering Department (one employee). However, two of these seven employees were also not nominated for the training as per Environment, Forest and Climate Change Department’s reply. The replies from the remaining three Departments accounting for 199 trainees (Food, Civil Supplies and Consumer Affairs Department-62 trainees; Health and Family Welfare Department-51 trainees and Public Works Department-86 trainees) are awaited.

Thus, the claim of the MYC for imparting training to employees of GoM was not credible and was bogus.

The MYC stated (February 2020) that the list of trainees was obtained from the various Trade Unions of Mizoram *viz.* National Trade Union of Mizoram (NTUM), Centre of Indian Trade Union, Mizoram (CITUM) and Mizoram Labour Organisation (MLO), *etc.* and the list was accepted in good faith without any spot verification or scrutiny of trainees due to absence of requisite provision.

The reply of the MYC is not acceptable as there is no rationale for obtaining the list from the Trade Unions in view of the fact that the scheme was meant for imparting training to Group C and D employees of the State Government so as to enhance their computer/ IT skills and make them eligible for promotions. Further, the officials shown to be employees of the State Departments were not found on the rolls of the parent departments concerned.

1.4.2 Drawal of money through self cheques

It was seen that the entire sanctioned fund of ₹131.86 lakh was withdrawn from the bank account through self-cheque and the payments were made for the different items of expenditure by cash. As such, there was risk of misappropriation due to lack of mechanism for systemic trail of the payments made.

Thus, the expenditure of ₹113.92 lakh shown to have been incurred on purported training of 1,295 trainees was fraudulent.

Recommendations

1. *The Government needs to further investigate the case and fix responsibility of the officers concerned for training not imparted to staff but fraudulent payments made to non-existent Government servants and take appropriate disciplinary action.*
2. *They may issue instructions to Treasury Officers/ Departments/ Bodies of the Government, prohibiting drawal of cash for any payments out of government funds.*

CHAPTER – II
GENERAL SECTOR

CHAPTER-II

GENERAL SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2019 deals with the findings on audit of State Government Departments under General Sector.

During 2018-19, against a total budget provision of ₹3,981.21 crore, a total expenditure of ₹2,533.26 crore was incurred by 13 departments under the General Sector. Department-wise details of budget provision and expenditure incurred there-against is shown in **Table-2.1**.

Table-2.1: Department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Budget Allocation (BA)	Expenditure	Percentage of Expenditure to BA
1.	Finance	2,347.92	1,016.23	43.28
2.	Home	717.03	697.70	97.30
3.	District Councils and Minority Affairs	438.45	428.64	97.76
4.	General Administration	226.80	159.52	70.34
5.	Secretariat Administration	127.50	113.70	89.18
6.	Law and Judicial	44.79	43.30	96.67
7.	Legislative Assembly	30.91	28.08	90.84
8.	Printing and Stationery	16.19	15.49	95.68
9.	Governor	9.89	9.76	98.69
10.	Mizoram Public Service Commission	8.67	8.39	96.77
11.	Vigilance	7.39	7.30	98.78
12.	Council of Ministers	4.99	4.53	90.78
13.	Parliamentary Affairs	0.68	0.62	91.18
Total		3,981.21	2,533.26	

Source: Appropriation Accounts: 2018-19

The overall savings under General Sector was 36.37 per cent against the budget allocation. Barring Finance Department and General Administration Department where the utilisation was 43 and 70 per cent respectively, all other departments managed to utilise more than 89 per cent of the funds allocated to them.

During 2018-19, expenditure of ₹1,652.43 crore including funds pertaining to previous years of State Government under General Sector were test checked in audit. This Chapter includes one Performance Audit and two Compliance Audit Paragraphs, as discussed in the following paragraphs.

PERFORMANCE AUDIT

LAW AND JUDICIAL DEPARTMENT

2.2 Performance Audit on 'Development of Infrastructure Facilities for the Judiciary'

2.2.1 Introduction

Development of infrastructure for judiciary is primarily the responsibility of the State Governments. However, the Central Government has been augmenting the efforts and resources of states for construction of court buildings and residential accommodation for judicial officers/ judges covering District and Subordinate Courts since 1993-94 through Development of Infrastructure facilities for the Judiciary, a Centrally Sponsored Scheme (CSS). During the five-year period 2012-17, the scope of the scheme encompassed construction of new court buildings, upgradation or renovation of existing court buildings and provision of residential quarters for judicial officers. Government of India (GoI) extended (November 2017) the Scheme up to March 2020; further including provisions of barrier free access to senior citizens and persons with disability (PwD) and for safety measures in courts.

Further, as part of judicial reforms, it was decided to upgrade Information and Communication Technology (ICT) infrastructure in the courts, through implementation of e-Courts, as part of the National e-Governance Plan (NeGP). It was initiated (2007) as a Mission Mode Project (MMP) with the objective of helping judicial administration in streamlining their day-to-day activities, providing information to the litigants in a transparent manner and providing judges with easy access to legal and judicial databases.

Authorities responsible for implementation of the two schemes in the State are:

CSS for Development of Infrastructure facilities for the Judiciary	e-Court MMP
The Law & Judicial Department, headed by the Secretary to the Government of Mizoram, provides facilities in terms of buildings, manpower and other infrastructure to the courts. The State Public Works Department (PWD) is responsible for construction and maintenance of court buildings and residential quarters for Judicial Officers.	The Gauhati High Court, Aizawl Bench was the implementing agency for the project and the State Government is responsible for undertaking all the activities for sustainability of the project.

The funding pattern for 'Development of Infrastructure Facilities for the Judiciary' in respect of the North Eastern Region (NER) States is 90:10 between the Central and State Governments. The 'e-Courts MMP' is fully funded by Central Government.

Law and Judicial Department (L&JD) in Mizoram was established in the year 1972. In the past, the Department directly administered all District Judiciaries in the State. Consequent to separation²¹ of the Judiciary from the Executive, the District Judiciary is under the administrative control of the Gauhati High Court²². The offices of the Advocate General, Registrar General of Marriages and the Mizoram State Law Commission are under the administrative control of the L&JD.

²¹ w. e. f. July 2008

²² The Gauhati High Court, Aizawl Bench was established on 05 July 1990

In Mizoram, there are two Judicial Districts viz. (i) Aizawl Judicial District covering Aizawl, Champhai, Kolasib, Serchhip and Mamit Districts and (ii) Lunglei Judicial District covering Lunglei, Siaha and Lawngtlai Districts. The District Courts are situated at the Deputy Commissioners' complexes. In 2014-15, which is the starting year of audit scope, Kolasib and Mamit Districts had their own separate Court buildings while construction of District Court building was on-going in Serchhip District. Thus, out of eight Districts, five Districts viz. Aizawl, Champhai, Lunglei, Lawngtlai and Siaha Districts were yet to function in separate Court buildings. During 2014-15 to 2018-19, construction of court buildings at Aizawl and Siaha was taken up and the construction work was still on-going. Further, in Aizawl, Lunglei and Siaha Districts, there were Judicial Quarters while the remaining five Districts viz. Champhai, Mamit, Kolasib, Serchhip and Lawngtlai Districts had no Judicial Quarters. During 2014-15 to 2018-19, construction of quarters at Lawngtlai and Siaha was taken up and the construction work was still on-going. The status of judicial infrastructure in Mizoram is as shown in the table below:

Table-2.2.1: Status of Judicial infrastructure in Mizoram in 2014-15

Sl. No.	District	District Courts			Judicial Quarters		
		Sanctioned strength of Judicial Officers ²³	Men-in-Position	No of Court rooms	Sanctioned strength of Staff	Men-in-Position	No of quarters available
1.	Aizawl	18	14	15	94	64	14
2.	Champhai	07	05	02	22	11	00
3.	Mamit	04	02	03	12	04	00
4.	Serchhip	04	02	01	12	04	00
5.	Kolasib	07	05	03	19	07	00
6.	Lunglei	08	06	06	43	27	04
7.	Lawngtlai	03	02	02	16	04	00
8.	Siaha	04	03	03	16	07	02
Total		55	39	35	234	128	20

Source: Department's records

2.2.2 Accountability Framework

The Gauhati High Court, Aizawl Bench is the highest court of justice in the State with jurisdiction over eight districts. There are eight District and Sessions judge courts and other subordinate courts located within the State.

The Law & Judicial Department, headed by the Secretary to the Government of Mizoram, provides facilities in terms of buildings, manpower and other infrastructure to the courts.

The Law & Judicial Department, Government of Mizoram was responsible for preparation of plans, defining scope of works, providing clear sites and funds and monitoring of works at District and State Level.

In respect of the implementation of e-Courts MMP, the e-Committee at Supreme Court of India was involved in policy planning and providing strategic direction and guidance for

²³ Judicial Officers from Sub Divisional Judicial Magistrate to District and Session Judge

the effective implementation of the project. The Gauhati High Court, Aizawl Bench was the implementing agency for the project and the State Government was responsible for undertaking all the activities for sustainability of the project.

The Gauhati High Court, Aizawl Bench is to be assisted by the High Court Computer Committee (HCCC) headed by Chief Justice, Central Project Coordinator (CPC) at High Court, District Court Computer Committees (DCCC) headed by District Judge and a nodal officer for each district and sub divisional court complexes. The CPC was to coordinate with the e-Committee and the vendors, Connectivity Providers, State Data Centre, *etc.* for implementation of all the tasks entrusted by the e-Committee.

Audit Framework

2.2.3 Audit Objectives

The objective of GoI for development of judicial infrastructure as well as e-Courts was to liquidate the pendency in cases and improve the efficiency in performance of the judicial system. A performance audit of implementation of both these schemes *viz.*, ‘Development of Infrastructure Facilities for Judiciary’ and ‘e-Courts Mission Mode Project’ was carried out to assess whether:

- the plan for improving the physical and ICT infrastructure of the Courts was adequate;
- the funds provided for improving the physical and ICT infrastructure of the Courts was adequate and whether the funds were utilised in a timely manner;
- the creation and up-gradation of the physical and ICT infrastructure of the Courts was executed economically, efficiently and effectively; and
- the monitoring and evaluation mechanism for effective implementation of the schemes was adequate.

2.2.4 Audit Criteria

Audit findings were benchmarked against the criteria from the following sources:

- The guidelines for Centrally Sponsored Scheme for development of infrastructure facilities for the Judiciary;
- Policy and Action Plan of the e-Courts Mission Mode Project Phase-II;
- General Financial Rules, 2005 and 2017;
- Central Treasury Rules;
- Central Public Works Department (CPWD) Manual;
- Standard Schedule of Rates of the States; and
- Orders and instructions of the Central and the State Governments.

2.2.5 Scope of Audit and Methodology

Performance Audit (PA) of implementation of ‘Development of Infrastructure Facilities for the Judiciary’ and e-Court MMP was carried out between July 2019 and October 2019 and covered the implementation of both these schemes during the five-year period 2014-19.

Audit methodology involved examination of relevant records at the office of the Secretary to the Government of Mizoram. All eight new projects (construction of two court buildings/six residential quarters²⁴) taken up during 2014-19 out of eight districts of Mizoram were verified.

For selection of district/ subordinate courts, a minimum of 30 *per cent* of the total number of the districts of the State were selected on the basis of 'Probability Proportional to Size Without Replacement' with size measure as amount of expenditure incurred under e-Courts and the sampled units were synchronised for both the schemes (i) e-Courts and (ii) Development of Infrastructure Facilities for the Judiciary.

Details of selected units covered under this PA are given in **Table-2.2.2**. Relevant records in the office of the Registrar General, Gauhati High Court, Aizawl Bench were also examined.

Table-2.2.2: District and subordinate courts, DLSA selected for Performance Audit on 'Development of Infrastructure Facilities for the Judiciary'

(in number)

Particulars	Total in the State	Selected for detailed scrutiny	Particulars/ Remarks
No. of districts in the State	08	03	Aizawl, Siaha and Lawngtlai districts
District Legal Services Authority (DLSA)	08	01	Aizawl district
District and Subordinate Courts	08	03	All the district courts and subordinate courts of selected three districts

Apart from scrutiny of records of the sampled offices, joint physical inspection of the projects along with the departmental representatives was also conducted.

The PA commenced with an Entry Conference (16 July 2019) with the Secretary, Law and Judicial Department, Under Secretary, Finance Department and the representatives of the Gauhati High Court, Aizawl Bench, wherein the audit objectives, audit criteria and methodology were discussed. The draft report relating to implementation of CSS, was issued to the Secretary, Law and Judicial Department, Government of Mizoram in January 2020. The audit findings, conclusions and recommendations were discussed with the Deputy Secretary, Law and Judicial Department, Under Secretary, Finance Department and the representatives of the Gauhati High Court, Aizawl Bench and Mizoram PWD in an Exit Conference held on 16 March 2020. The Law and Judicial Department and the Mizoram PWD did not furnish any reply on the PA as of December 2020. However, the Registrar, Gauhati High Court, Aizawl Bench furnished (January 2020) the reply on the Audit observations related to e-Court projects. Views and responses of the Registrar, Gauhati High Court, Aizawl Bench and the concerned Departments were duly incorporated in the report, at appropriate places.

Audit Findings

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

²⁴ Court Buildings at Aizawl, Siaha and residential quarters at Siaha, Lawngtlai

2.2.6 Planning

A. In-adequate planning in Development of judicial infrastructure

The guidelines/ revised guidelines for implementation of CSS for development of infrastructure facilities for the judiciary provided that the concerned Department in the State Government dealing with judicial infrastructure shall submit proposals in prescribed format each year to the Department of Justice, Government of India (GoI) for seeking financial assistance for new and on-going projects. Demands for grants should be based on the action plan developed for construction of Court buildings and residential accommodations of Judicial Officers of District and Subordinate Courts.

Accordingly, the L&J Department prepared Annual Action Plans (AAPs) for the years from 2014-15 to 2018-19 with a total outlay of ₹178.34 crore for construction of District Courts, Judicial Quarters and renovation/ extension works and forwarded the same to the Ministry. Based on the proposal submitted by the State Government, GoI released ₹44.92 crore during 2014-19. The State Government released funds of ₹50.69 crore, including its State Matching Share (SMS) of ₹5.77 crore, to the PWD for execution of projects during 2014-19 and the total expenditure was ₹37.32 crore. Details of AAPs and actual expenditure are shown in **Appendix-2.1.1**.

Scrutiny of Action Plans revealed that there was a lack of proper assessment of requirements of judicial infrastructure during preparation of the AAPs. No revised AAPs or year-wise priority list of works were prepared based on funds released by the GoI. Hence, the AAPs were unrealistic and works were found to be not executed as per AAP as illustrated below:

- The Ministry allocated ₹44.92 crore out of ₹178.34 crore proposed in the AAPs during 2014-19. The reasons for non-approval/ release of funds as per AAPs were not communicated. Moreover, there was no record showing the communication between the Administrative Department and the Technical Department for prioritisation of works as per need and availability of funds.
- The Department took up the construction work of one court building which was still on-going. Further, a total of six residential quarters were taken up of which, two residential quarters were completed during the period and the remaining four were on-going.
- The estimate for construction of District Court Building at Aizawl was ₹24.29 crore against which, the Department proposed only ₹7.53 crore in the AAP 2014-15 and no further proposals were made during 2015-19. However, expenditure of ₹15.50 crore²⁵ was incurred till March 2019.
- Despite inclusion in the AAP, the Department did not get the estimates for construction of District Court Buildings at Lawngtlai, Chawngte and Champhai prepared and there was no further activity during the period.
- Though proposal for construction of Judicial Quarters at Kolasib were not included in the AAPs, expenditure of ₹5.03 crore was incurred during 2015-16.
- For renovation/ extension works, there was a proposal of ₹1.82 crore in the AAPs for the years 2014-19, however, no expenditure was incurred.

²⁵ Court Buildings at Aizawl, Siaha and residential quarters at Siaha, Lawngtlai

While accepting the facts, the Government stated in the Exit Conference (March 2020) that survey/ assessment of judicial infrastructure was not carried out and analysis of project estimates were not carried for preparing AAPs. It was also stated that works were taken up on priority basis with the available funds. The contention of the Government/ Department could not be accepted as there was no record of communication between the administrative and executing departments to show that the works were taken up on priority basis.

Thus, the Department was not serious in creating infrastructure for the Judiciary, with proper planning despite Central funds being available to them.

Recommendation: *The Government may prepare AAPs as per actual requirement of judicial infrastructure in the State with proper surveys and get estimates prepared and sanctioned for taking up the works.*

B. In-adequate planning in e-Courts Mission Mode Project

As per Policy Document²⁶, the project was to be implemented in three years²⁷. This was extended (04 August 2015) to four years or till completion of the project by the Ministry. Chapter-2 of the Policy Document laid down the model for finance and procurement under the project wherein the functions of infrastructure procurement and its deployment was entrusted to the High Courts. Further, the total requirement of hardware to be procured was to be proposed by the High Court based on the number of Courts/ Court Complexes identified²⁸ in the State. Accordingly, the requirement of funds was to be calculated and transferred to the High Court by the Department of Justice.

Various activities to be taken up under the project were as given below:

- Creation of ICT infrastructure for additional Courts to be created during the project period;
- Provisioning of video conferencing facility between under trial prisoners and magistrate with video monitoring;
- Installation of wireless internet facility in Supreme Court and High Court complexes;
- Infrastructure upgradation for centralised facility;
- Manpower and training;
- Upgradation of centralised facility; and
- Digital Archive of record room and library management system.

During audit, it was observed that requirement of hardware/ software to be procured was not identified for each Courts/ Court Complexes by the Gauhati High Court, Aizawl Bench. During the period 2015-19, the Gauhati High Court, Aizawl Bench proposed (November 2017) two action plans on varied activities including renovation of ICT rooms and connectivity of the District Courts and Jails amounting to ₹11.04 crore (₹3.05 crore plus ₹7.99 crore) but the proposal was not accepted by the e-Committee of the Supreme Court. Though, the scheme was being implemented since 2015-16, it was still on-going as on April 2020.

²⁶ Policy Document for Phase-II of the e-Courts Project

²⁷ 1st year for procurement of infrastructure; 2nd & 3rd years for software/ knowledge intensive activities, scanning/ digitisation

²⁸ Three categories A, B and C. Courts in dilapidated/ rented buildings would be considered with a yardstick of one year of duration of the court expected to be there in such building

Thus, it could not be ascertained in audit whether procurement of materials under e-Courts MMP was in line with the actual requirements of the Courts in the State. Further, in absence of year-wise implementation plan, Audit could not ascertain the activities to be taken up each year and their completion in time.

While agreeing with the audit observation, the Registrar, Gauhati High Court, Aizawl Bench stated (January 2020) that the e-Committee of the Supreme Court of India determines the requirements, prepares the estimates and number of items to be procured for each State and all procurements were made as per funds accorded by the e-Committee of the Supreme Court of India. This is an acknowledgement of the fact that proposals and releases under the Scheme were not based on actual requirements of the Courts. As a consequence, it was observed that many hardware, display monitors, etc. were lying unutilised in various courts, as discussed later in the PA.

Recommendation: The Gauhati High Court, Aizawl Bench should identify its actual requirement of hardware/ software for procurement and ensure timely submission of Plans.

2.2.6.1 Status of projects taken up

The number of judicial infrastructure projects proposed in the Action Plans in the sampled districts and status of the works as on June 2019 is shown in the table below:

Table-2.2.3: Status of project taken up

Year	No. of projects proposed		No. of projects taken up		No. of projects completed		No. of projects on-going for five years	
	Court	Quarters	Court	Quarters	Court	Quarters	Court	Quarters
2014-15	4	3	--	--	--	--	--	--
2015-16	1	1	--	2	--	--	--	--
2016-17	2	9	--	--	--	--	--	--
2017-18	2	3	1	4	--	1	--	--
2018-19	2	1	--	--	--	1	1*	

Source: Law and Judicial Department records

* Construction of Aizawl District Court

The status of projects taken up in the sampled districts is given the table below:

Table-2.2.4: Status of judicial infrastructure projects executed during 2014-19 in the sampled districts

(₹ in crore)

Name of District & Name of works	Estimated cost	Funds released	Target date of		Actual Commencement	Progress as on June 2019	
			Commencement	Completion		Physical	Financial
District Court, Aizawl	24.29	16.91	15.01.2016	15.01.2019	08.02.2016	70	15.50
District Court, Siaha	18.01	14.16	10.09.2018	21.03.2021	10.09.2018	45	3.82
District Court, Lawngtlai	NA	0.00	--	--	--	--	0.00
Judicial Quarters, Siaha	1.96	1.96	30.06.2018	30.06.2019	30.06.2018	67	0.95

Name of District & Name of works	Estimated cost	Funds released	Target date of		Actual Commencement	Progress as on June 2019	
			Commencement	Completion		Physical	Financial
Judicial Quarters, Lawngtlai			--				
(i) Grade-I	1.11	6.54	12.06.2017	12.06.2018	--	--	2.45
(ii) Grade-II	1.03		12.06.2017	12.06.2018	12.06.2017	87	
(iii) Grade-III	1.26		12.06.2017	12.06.2018	12.06.2017	100 ²⁹	
(iv) Type-I & II	1.39		12.06.2017	12.06.2018	--	--	
(v) Type III	1.10		12.06.2017	13.06.2018	12.06.2017	87	
Miscellaneous	0.66		--	--	--	--	
Total	50.80	39.57	--	--	--	--	22.72

Source: Department's record

As shown in table above, out of nine works (three District Court buildings and six Judicial Quarters) proposed in the sampled districts, six works (two District Court buildings and four Judicial Quarters) were executed out of which five works were scheduled to be completed between June 2018 and June 2019. However, only one work was completed on 22 January 2019 with time overrun of six months. In the remaining four works, there was physical progress ranging from 45 to 87 per cent as of June 2019 and there was delay of 12 months from the scheduled date of completion in three projects.

2.2.7 Financial Performance of Scheme for development of infrastructure facilities

The Ministry of Law and Justice, GoI while informing (29 April 2014 and 23 May 2014) that Utilisation Certificates (UCs) for all financial assistances up to 2012-13 were still pending, instructed the State Government to furnish UCs for the CSS funds for the year 2012-13 and 2013-14 along with the UCs of the State Matching Share (SMS).

The funds received, expenditure incurred on Development of Infrastructure Facilities for the Judiciary under CSS during 2014-15 to 2018-19 are shown below:

Table-2.2.5: Position of funds received under infrastructure development of the Judiciary and expenditure incurred

(₹ in crore)

Year	Amount as per action plan	Funds received			Expenditure	Submission of UCs	
		CSS	SMS	Total		Amount	Date
2014-15	21.71	10.85	0.00	10.85	0.00	10.85	15.02.2016
2015-16	14.54	8.13	2.89	11.02	6.86	-	-
2016-17	44.14	0.00	0.00	0.00	1.87	-	-
2017-18	69.33	20.00	2.22	22.22	17.64	20.00	21.03.2018
2018-19	28.62	5.94	0.66	6.60	10.95	5.94	18.03.2019
Total	178.34	44.92	5.77³⁰	50.69	37.32	36.79	-

Source: Department's records

²⁹ Civil work component was completed on 22 January 2019

³⁰ ₹2.89 crore SMS for the years 2012-13 and 2013-14 received during 2015-16

From the above, it can be seen that out of ₹50.69 crore (CSS-₹44.92 crore plus SMS-₹5.77 crore) received during 2014-15 to 2018-19, expenditure of ₹37.32 crore was incurred against which UCs for ₹36.79 crore were submitted to the GoI leaving a balance of UCs for ₹0.53 crore pending for submission to the Ministry.

Further, the State Government released SMS of ₹2.89 crore for the year 2012-13 and 2013-14 only in 2015-16 after a delay of 774 days and 580 days respectively. The State Government had not released SMS of ₹2.11 crore as of March 2020 against the CSS of ₹18.98 crore received during 2014-15 and 2015-16.

The Government stated in the Exit Conference that delays in release of SMS were due to non-availability of funds with the State.

Further, the position of funds released by the GoM to the implementing agency and the expenditure incurred during 2014-15 to 2018-19 in the sampled districts is shown in table below:

Table-2.2.6: Project wise details of sanctioned cost, expenditure incurred during 2014-19, scheduled completion date and their status as of June 2019 in the sampled districts

(₹ in crore)

Sl. No.	Type of construction	Name of Court complex/ Location	Project cost	Funds released	Expenditure	Scheduled date of completion	Status as of June 2019
1.	Court building	Aizawl	24.29	16.91	15.50	January 2019	Not fully completed
2.		Siaha	18.01	14.16	3.82	March 2021	
3.	Residence	Lawngtlai	6.54	6.54	2.45	June 2018	
4.		Siaha	1.96	1.96	0.95	June 2019	
Total			50.80	39.57	22.72		

Source: Department's records

From the above, it can be concluded that against the total funds released of ₹39.57 crore, only ₹22.72 crore had been utilised affecting timely completion of the projects.

2.2.7.1 Diversion of funds

As per Section-4.1.5 of CPWD Manual, 2014, contingencies can be utilised for construction of site office, engagement of watch and ward staff and works like surveying, material testing, estimating, structural design, drawings, models and other field requirements, etc.

During test check of records of the EE, PWD, Aizawl and Lunglei Building Divisions, it was observed that a total expenditure of ₹26.59 lakh (₹16.59 lakh on contingency charges plus ₹10.00 lakh for construction of family Court building, Aizawl) was incurred on hiring and procurement of vehicles as given in the following table:

Table-2.2.7: Expenditure from contingency charges

(₹ in lakh)

Sl. No.	Name of construction work	Voucher No.	Date	Amount	Purpose
1.	Judicial Quarter Grade-II, Lawngtlai	531	04.06.2019	4.80	Hiring of MZ 02(A) 6082
2.	Judicial Quarter Grade-III, Lawngtlai	534	04.06.2019	4.80	Hiring of MZ 03 7767
3.	Judicial Quarter Type-III, Lawngtlai	533	04.06.2019	0.40	Hiring of MZ 01 J-8405
4.	Judicial Quarter Type-III, Lawngtlai	542	21.06.2019	3.34	Contribution for purchase of vehicle
5.	District Court Aizawl	14	20.06.2019	3.25	
6.	Family Court, Aizawl	14	20.06.2019	10.00	
Total				26.59	

Source: Department's record

The Government stated (April 2020) that a provision of one *per cent* of the estimated cost was meant for quality control and payment of vehicle hiring charges for monitoring was made out of this provision. It was also stated that the balance amount accumulated under this provision was used for procurement of vehicle. The reply is not acceptable since the funds meant for construction of Family Court, Aizawl were diverted for meeting expenditure on hiring and procurement of vehicles under the guise of contingency charges.

Thus, the EE diverted funds meant for construction of Family Court, Aizawl and contingency charges, for meeting expenditure on hiring and procurement of vehicles, which was irregular.

2.2.7.2 Excess release and parking of funds

Administrative approval of ₹654.00 lakh for construction of five Judicial Quarters at Lawngtlai was accorded (15 March 2016) by the State Government. The Chief Engineer, PWD, Building Division accorded (05 January 2017) Technical sanction of ₹569.76 lakh. However, the EE, PWD, Lunglei Building Division, surveyed (18 July 2017) the site and reported that the allocated land was not sufficient for construction of five quarters and proposed construction of three quarters only, and expenditure sanction of ₹339.47 lakh³¹ was accorded (March 2016) and the three quarters were being constructed.

Before the finalisation of sites for construction of the remaining two quarters, expenditure sanction for ₹314.53 lakh (₹654.00 lakh - ₹339.47 lakh) was accorded in February 2019. Since the amount could not be utilised for the purpose, the entire fund of ₹314.53 lakh was withdrawn and was parked³² in Public Account under 'not bearing interest' K-Deposit. This is not only violation of the Appropriation Act but also artificially showed the expenditure as incurred.

The Government while admitting the fact stated (April 2020) that five numbers of Judicial Quarters could not be constructed as private land owners asserted their claims on some portions of the land resulting in depositing the amount in K-Deposit. However, the reply was silent on the reason for not surrendering the funds to the Government.

³¹ CSS - ₹50.24 lakh and SMS - ₹289.23 lakh

³² vide challan number 15312 of 28.03.2019

2.2.8 Funding for e-Court Mission Mode Project

The funds received and submission of UCs under the e-Courts MMP Phase-II are shown below:

Table-2.2.8: Funds released and UCs submitted under e-Courts MMP

(₹ in crore)

Year	Funds released by		Funds utilised and UCs submitted to the Ministry by the High Court, Aizawl Bench
	GoI	GoM	
2015-16	0.71	0.00	0.00
2016-17	2.19	0.71	0.71
2017-18	3.35	2.82	0.21
2018-19	0.13	2.73	2.99
2019-20	0.00	0.00	1.67
Total	6.38	6.26	5.58

Source: Gauhati High Court, Aizawl Bench

It can be seen from the table above that out of the total sanctioned amount of ₹6.38 crore received by the State, the Finance Department, GoM released ₹6.26 crore with the balance of ₹0.12 crore unreleased. Out of the released funds, UCs for ₹5.58 crore was submitted to the GoI. It observed that the State did not receive any further money. It is also seen that GoM released no amount in 2014-15, though an amount of ₹71.00 lakh was received from GoI. Apart from 2018-19, the funds released by GoM were not commensurate with those received from GoI.

2.2.9 Project Implementation – Development of judicial infrastructure under CSS

2.2.9.1 Execution of contract works by third parties

As per clause Notice Inviting Tender and contract agreement, subletting of works to third parties was not allowed.

The E-in-C, PWD, GoM accorded (between April 2015 and April 2018) approval for restricted tendering of the works for construction of District Courts and Judicial Quarters citing the reason as ‘urgent nature’ of works. Notice Inviting Tender (NIT) for restricted tendering was called and the contractors were selected accordingly. In the course of audit, it was observed that the selected contractors authorised third parties with power of attorney (PoA) on their behalf to execute the contract works and to engage or discharge labour, sign the agreement, sign bill, receive cheques/ payments.

The MPWD instead of taking action against the originally selected contractors, allowed the third party contractors to execute the works without verifying their registration status, eligibility and technical competence.

The Government stated (April 2020) that the selected contractors engaged another person as a work manager by granting PoA to manage the work physically and financially as the contractors could not be always present at the work site due to remoteness. The reply of the Department is not acceptable as the PoA authorised the third parties not only to execute

the works on behalf of the contractors but also devolving on them, defacto responsibilities of the original contractors.

Recommendation: *The Government should ensure that works are executed by the contractors as per agreement and proscribe execution of works by third parties.*

2.2.9.2 Use of unapproved materials

As per Section A 38 and A 39 of the tender and agreement document, the issue and consumption of cement and iron bars to works shall be regulated and proper accounts maintained. The nominal mass, tensile strength, bend test, re-bend test, etc. for iron bars had to be checked with specimen provided by the contractor. The contractor should procure 33/ 43 Grade cement and TMT Bars conforming to relevant BIS Codes from reputed manufacturers approved by Ministry of Industry and Ministry of Steel, GoI respectively. The brands approved by MPWD were:

Cement: ACC, L&T, JPRewa, Vikram, Shri Cement, Birla Jute & Cement Corporation of India.

Steel: SAIL, TISCO, RINL.

Test check of records of the EE, PWD, Building Divisions, Aizawl and Lunglei for procurement of cement and iron rods submitted by the contractors in the construction works at Lawngtlai and Siaha³³ showed that the materials were purchased locally.

During joint field visit, it was found that:

- (i) unapproved brands of cements - Valley Strong and unapproved brands of iron rods – X Tech 500 and Tiger TMT were used in the construction of Judicial Quarters at Siaha, and
- (ii) in Aizawl District Court, unapproved brands of iron rods *i.e.* KAY2 500 were found at the construction sites. Storage of materials was not proper and the iron rods were found rusted.

The Architect, MPWD during an inspection found out that unapproved materials *viz.* Star cement, Mital Gold TMT 500 Fe bars were used in the construction of Judicial Quarters at Lawngtlai; black tiger cement, X Tech Fe 500 Fe Iron rods were used in Judicial Quarters, Siaha; and Dalmia OPC (cement) and Ladygold TMT (iron bars) had been used in the construction of District Court, Aizawl. Further, the District and Session Judge, Lunglei Judicial District also reported (June 2019) that the works at Lawngtlai were below standards and the buildings were not fit for occupation.

The Government while agreeing to the Audit observation stated (April 2020) that it was not always possible to obtain the approved materials due to remoteness of the work sites.

Thus, purchase and use of unapproved materials from local suppliers is not only irregular but also compromised in the quality of the works.

Recommendation: *The Government should regularly monitor and insist on strict quality control norms to ensure that only approved and quality materials are used in works.*

³³ Vouchers for procurement of materials were not submitted by the contractor in respect of construction of District Court building, Aizawl

2.2.10 Delays in execution of works

The requirement for construction of District Court, Aizawl and Judicial Quarters at Lawngtlai and Siaha was submitted during 2010-11. However, preparation of the estimates by the State PWD, administrative approval of the works took long period of time due to which the works could be executed only from 2016-17 onwards, after a lapse of five years.

The Government while agreeing to the Audit observation stated (April 2020) that proposal and submission of estimate, etc. was the responsibility of the PWD, but administrative approval of the work is beyond the control of PWD.

2.2.10.1 Non-recovery of compensation for delay in completion of works

Clause 2 & 3 (ii) of PWD's clauses of contract stipulates that if the contractor fails to complete the work in time, compensation for delay of work shall be computed @ 1.5 per cent per month of delay subject to a maximum of 10 per cent of the tendered value of works.

The EE, PWD, Building Division, Lunglei executed the civil works components of the works through contractors. Hindrance Registers maintained by the contractor had not recorded any physical obstruction to the works but, there was delay in completion to the extent of 322 days, 225 days and 321 days in completion of construction work of Grade-II, Grade-III and Type-III quarters at Lawngtlai respectively. In absence of the extension of time granted by the competent authority, the delay in completion of the works was irregular and the contractors were liable to pay compensation of ₹29.19 lakh as per agreement.

The Government while agreeing to the Audit observation stated (April 2020) that extension of time was granted based on hindrance registers by the contractor and there was no question of levying compensation for delay. The reply of the Department was not acceptable as the hindrance registers did not record any hindrance to the above mentioned works.

Thus, though the contractors were liable to pay a compensation of ₹29.19 lakh for delay in completion of works, the Department had not taken steps for recovery as per the terms and conditions of agreement.

Recommendation: Necessary action may be taken to recover the compensation amount due for delay of work.

2.2.10.2 Delay in execution of electrical works

For electrical works, the EE, PWD, Electrical Division, Lunglei was responsible for preparation of estimates and execution of the works for which, 12.50 per cent of the total estimated cost allocated for electrical works was to be transferred by PWD, Building Division, Lunglei to the PWD, Electrical Division, Lunglei.

Test check of records of the EE, PWD, Building Division, Lunglei showed that approved design and estimates for electrical works and the stipulated period for execution was not on record. Against the total estimated cost of ₹33.80 lakh for electrical works in three Judicial Quarters, only a sum of ₹12.00 lakh for one quarter was transferred (July 2018) to the EE, PWD, Electrical Division, Lunglei.

Further, the fund required for electrical works in the remaining Judicial Quarters Grade-II and Type-III were yet to be transferred to the electrical division even after a lapse of five months from the date of completion of the civil works.

The Government while agreeing with the Audit observation stated (April 2020) that there was delay in commencement of electrical works as funds were received in September 2019. The works were started and two quarters were ready for occupation as of January 2020.

Thus, due to delay in completion of electrical works, the Judicial Quarters scheduled for completion in June 2018 could not be handed over till the date of Audit.

Recommendation: *Necessary steps may be taken to ensure execution of the electrical works and completion of the projects in time.*

2.2.10.3 Deviation from approved design

As per Clause 36 (i) of the agreement, the contractor should engage one Civil Engineer, BE and one civil engineering diploma holder, each with minimum experience of five years in the project. The design approved for Judicial Quarter Grade-I, Siaha had provision for double height³⁴ living room at the ground floor.

It was observed in audit that, in deviation from the approved design, the contractor had constructed RCC floor above the living room. However, the estimate was not revised and approval of the deviation by competent authority was also not obtained. During joint field visit, it was found that the contractor had not engaged any civil engineer or civil engineering diploma holder. Thus, the works had been executed as per the know-how of the labourers and necessary action was not taken up to ensure deployment of site engineer by the contractor.

The Government stated (April 2020) that the modifications of the drawings were done as desired by the client department. However, the reply was not acceptable due to lack of supporting documents *i.e.* proposal for changes in the drawing by the client department and revised estimate approved by competent authority.

Recommendation: *Necessary action may be taken up against the contractor for not adhering to the agreement and the design/ estimate be revised with approval of the competent authority.*

2.2.11 Project Implementation of e-Courts Mission Mode Project

2.2.11.1 Non-utilisation of infrastructure procured

Chapter 2, Clause 5 of the Policy and Action Plan Document Phase-II of the e-Courts Project states that financial disbursement arrangements will be made conducive to optimum decentralisation and effectively eliminate delays in project implementation. Further, Clause 10 *ibid* envisages that warranty period and obsolescence for computer hardware will be taken as three and five years respectively. Again, for identification of Courts, Clause 11 states that the inclusion of Courts in dilapidated/ rented buildings would be considered with a yardstick of one year of duration of the Court expected to be there in such building. Thus, the Courts which are expected to be shifted to new/ other building in less than a year, will

³⁴ No RCC flooring above the room at the first floor level

be considered only after being shifted. The Ministry, while releasing funds stated that the funds released and expenditure therefrom shall be part of the State Government Accounts.

During 2016-19, the Central Project Coordinator (CPC), Gauhati High Court, Aizawl Bench procured Information Technology (IT) related hardwares worth ₹557.83 lakh for all the district courts/ subordinate courts. However, it was observed in Audit that there was no separate Court building in the sampled districts and yet procurement of IT hardware/software was made for the courts whose status of construction is given as under:

Sl. No.	Name of District & Name of works	Scheduled date of		Actual date of commencement	Physical status as of June 2019
		Commencement	Completion		
1.	District Court, Aizawl	15.01.2016	15.01.2019	08.02.2016	70 per cent
2.	District Court, Siaha	10.09.2018	21.03.2021	10.09.2018	45 per cent
3.	District Court, Lawngtlai	The plan for construction was abandoned			

It can be seen from the table above that procurement was made for these Districts before completion of the Court buildings. Thus, the warranty of the materials would expire in three years and become obsolete in five years. Moreover, procurement of materials for District Court, Lawngtlai, the construction of which was abandoned was totally against the norms of financial propriety.

During physical verification (September 2019) in the sampled districts, it was found that IT materials worth ₹97.88 lakh³⁵ were found lying idle as detailed in **Appendix-2.1.2**. Some of the photographic evidences of the idle infrastructures are shown below:



Kiosk at District Court, Lawngtlai



HDMI & USB cables, webcam, etc. at Siaha District Jail



HDMI & USB cables, webcam, etc. at Lawngtlai District Jail



Solar batteries stored at Server room in Lawngtlai District Court



1 KV UPS, Samsung LED at Aizawl Central Jail



Miscellaneous items at Siaha District Court

Thus, it is evident from the above that the materials were procured without assessing the actual requirement of each of the Courts. This had resulted in an idle expenditure of ₹97.88 lakh.

³⁵ Aizawl: ₹45.10 lakh, Lawngtlai: ₹20.26 lakh and Siaha: ₹32.52 lakh

The Registrar, Gauhati High Court, Aizawl Bench stated (January 2020) that the IT hardwares were procured as per allotment of the e-Committee of the Supreme Court of India. The hardware were kept/ stored for future use due to inadequate infrastructure at present. The reply could not be accepted as materials were procured without immediate requirement and the warranty of the un-utilised materials would expire in three years and become obsolete in five years.

Recommendation: *The Registrar, Gauhati High Court, Aizawl Bench may ensure that procurement of materials is based on actual requirement and the equipments/ hardware already procured may be fruitfully utilised in other Courts.*

2.2.11.2 Video conference facility

Video conferencing facility between under trial prisoners and magistrate is one of the major components of the e-Courts MMP. Phase-I of the project included provision of Video Conferencing (VC) for Jails.

It was noticed in the sampled Jails that the hardware/ software received to facilitate video conferencing were not put to use due to non availability of internet connection. It was also noticed in Audit that the CPC, Gauhati High Court, Aizawl Bench proposed (November 2017) for utilisation of funds to the Joint Registrar-cum-Central Project Coordinator, Gauhati High Court, Guwahati for internet connectivity of District Courts and Jails in Mizoram with an estimate of ₹6.08 crore. However, the proposal was not accepted without any recorded reason. Further, it was also noticed that though a fund of ₹25.87 lakh was available since November 2017 as per the estimate³⁶ for providing internet connection in the District Court complexes, the Gauhati High Court, Aizawl Bench did not incur the expenditure. Thus, the District Courts as well as the Jails were not provided with internet connection under the e-Courts MMP to facilitate video conferencing between the under trial prisoners and the magistrate during the audit period. However, VC facility have been made available (January 2021) in Aizawl, Lunglei, Champhai and Kolasib district courts while it is yet to be provided in the remaining four district courts.

The Registrar, Gauhati High Court, Aizawl Bench while agreeing to the audit observation, stated (January 2020) that a centralised contract was issued from Delhi for Fibre Optic WAN internet connectivity to all the District Court Complexes across the country, in lieu of BSNL leased line connection.

Thus, video conferencing facility between the under-trial prisoners and the magistrate was yet to be implemented due to non-installation of internet connectivity in jails.

Recommendation: *Internet connectivity may be provided at the Courts and Jails to facilitate video conferencing between the under trial prisoners and the magistrate.*

2.2.11.3 Software for Judicial Officers vis-à-vis Training

The e-Courts MMP emphasised computerisation of the Courts. To ensure uniformity and standardisation of software across the country, action plan of the e-Courts MMP restrict

³⁶ Estimate of the service provider - Bharat Sanchar Nigam Limited (BSNL) for multiprotocol label switching (MPLS) - virtual private networks (VPNs)

use of software other than FOSS³⁷ across the country. The e-Committee of the Supreme Court of India issued (04 May 2011) instructions for installation and use of *Ubuntu-Linux* Operating System (OS) only in the judiciary. The Principal Seat, Gauhati High Court, Guwahati further directed (21 May 2011) all High Courts under its jurisdiction for immediate installation of *Ubuntu-Linux OS* and furnish a report to the e-Committee. In conformity to the above instructions, all the Computers purchased/ supplied under the project were pre-installed with *Ubuntu-Linux OS* and FOSS office suite “Libre Office”. Further, for smooth and effective implementation of the system operating software of *Ubuntu-Linux OS* and FOSS, training of the Judicial Officers and staff was required to be undertaken.

It was seen in audit that all the PCs were running with Microsoft Windows Operating System and Microsoft Office Suite. Further, in terms of capacity building for the works during the period from April 2014 to March 2019, 19 Judicial Officers including two Master trainers were given *Ubuntu-Linux* related trainings. Audit observed that the pre-installed *Ubuntu-Linux OS* and the bundled Software were not utilised and instead the pre-installed OS was substituted with un-authorised and non-licensed version of Microsoft Windows and MS Office software without official sanction. This is against the stipulation of the project and instructions of the e-Committee of the Supreme Court of India.

The Registrar, Gauhati High Court, Aizawl Bench while agreeing with the observation stated (January 2020) that due to unfamiliarity, lack of adequate knowledge and practical difficulties faced by many Judicial Officers with *Ubuntu OS*, Microsoft Windows were installed on their own convenience.

Recommendation: *Optimum utilisation of knowledge acquired in the training and use of Ubuntu OS may be ensured.*

2.2.11.4 Data security and disaster mitigation policies

It is a generally accepted practice to implement a fire safety/ disaster management protocol in case of force majeure incidents. Physical access control is an integral part of any IT enabled environment as it safeguards the equipment from tampering and minimises the risk of unauthorised access to sensitive data. For the operation of any IT based system which is dependent on network connectivity and power supply for its smooth functioning, it is important that there is uninterrupted power supply for continuous network linkage. Usage of anti-virus programmes is an effective tool for protection of computer systems from malicious software like viruses, trojans, hacker tools, etc.

The following details indicate that access security and disaster mitigation have not been prioritised as there were no existing safeguards for the server rooms.

Table-2.2.9: Details of Security and disaster mitigation policies availability

Sl. No.	Security protocols	Status of availability in the Courts			
		Gauhati High Court, Aizawl Bench	District Court, Aizawl	District Court, Saha	District Court, Lawngtlai
1.	Security protocols for physical access to server rooms	No	No	Yes	No

³⁷ FOSS: Free and open-source software

Sl. No.	Security protocols	Status of availability in the Courts			
		Gauhati High Court, Aizawl Bench	District Court, Aizawl	District Court, Siaha	District Court, Lawngtlai
2.	Physical barriers in place for access to server rooms	No	No	Yes	No
3.	Security protocols for physical access to computer systems	No	No	No	No
4.	Standardised policies for installation and updation of anti-virus, software and firewalls	No	-	-	-
5.	Firefighting equipment such as smoke detectors and fire extinguisher	No	No	No	No
6.	Backup/ mirror server	Yes, but manual backup	Yes, but manual backup	No	No
7.	Access log to server	No	No	No	No
8.	Specification for server rooms to minimise damage in the event of natural disasters such as fires, earthquakes, etc.	No	No	No	No
9.	Backup for electric supply	2KVA UPS	5 KVA Diesel Generator and 3 KVA UPS	Generator set and UPS	5 KVA Diesel Generator and Solar Energy
10.	Documentation of downtimes of servers	No	No	No	No
11.	Physical damage to servers during audit period	No	No	Yes, but not documented	No

Source: Departmental records

Besides the security and the disaster mitigation, mention may also be made of the following irregularities observed in audit:

- i. In Siaha District Court, ICT room is also used as a store room.
- ii. In Lawngtlai District Court, ICT room is used for storing the Solar batteries only and the Server is placed in open space in the General room.
- iii. In Siaha and Lawngtlai District Courts, Kiosks are not installed which were kept in the store/ General room.
- iv. In Aizawl District Court, Kiosks were seen to be installed and functioning but printers are not installed as envisaged in the Policy and Action Plan of the e-Courts MMP.

The CPC, Gauhati High Court, Aizawl Bench while agreeing to the Audit observation stated in the exit conference that due to non-availability of own Court buildings, data security and disaster mitigation policy could not be prioritised and ensured.

Thus, the existing physical and logical access controls for IT security, disaster mitigation plan and data backup policy was inadequate.

Recommendation: Physical and logical security/ access controls, disaster mitigation and data backup plan may be ensured.

2.2.11.5 Digitisation of Court cases

The scope of e-Courts MMP *inter alia* is to create Court management system through digitisation, document management, judicial knowledge management and learning tools management and envisages scanning/ digitisation of cases records with the latest technologies with the aim to move towards paperless Courts.

The Gauhati High Court, Aizawl Bench submitted (23 October 2017) proposal of ₹181.65 lakh to GoM for digitisation of Court cases. The Finance Department, allocated ₹181.65 lakh (₹113.00 lakh and ₹68.65 lakh in October 2018 and January 2019 respectively) and released ₹90.83 lakh in June 2019.

During audit it was found that expenditure of only ₹5.77 lakh was incurred during August 2019 and September 2019 towards salary of staff and no steps were seen to be taken for scanning and digitisation of case records till the period of audit (October 2019).

As per information furnished by the sampled Courts, the status of Court cases as per manual record under Aizawl Judicial District³⁸, Lunglei Judicial District³⁹ and the pending cases as recorded by Gauhati High Court, Aizawl Bench are given in the following table:

Table-2.2.10: Status of pending Court cases

Year	Status of pending Court cases as maintained manually by						Status of pending Court cases of the two Judicial Districts as per Gauhati High Court, Aizawl Bench	
	Aizawl Judicial District		Lunglei Judicial District		Total		Criminal	Civil
	Criminal	Civil	Criminal	Civil	Criminal	Civil		
2014-15	1,716	1,709	166	151	1,882	1,860	2,114	1,681
2015-16	2,230	2,124	253	176	2,483	2,300	2,110	1,727
2016-17	2,327	1,909	292	151	2,619	2,060	2,437	1,832
2017-18	2,473	2,232	286	197	2,759	2,429	2,708	2,142
2018-19	2,810	2,662	332	378	3,142	3,040	3,010	2,122

Source: Department's record

It can be seen from the above table that the status of Court cases were totally different which is attributable to non-updating and timely uploading of the status of pending cases in the National Judicial Data Grid (NJDG).

Thus, the objective of digitisation of the case records is yet to be achieved.

The Registrar, Gauhati High Court, Aizawl Bench stated (January 2020) that in depth study of the physical case record management system is being taken up and necessary steps will be taken up to complete the project in the scheduled timeline of February 2021.

³⁸ Aizawl, Kolasib, Champhai, Mamit and Serchhip

³⁹ Lunglei, Siaha and Lawngtlai

Recommendation: Steps may be taken to expedite the digitisation of the court cases with regular update in the NJDG.

2.2.12 Monitoring

2.2.12.1 Monitoring and evaluation mechanism under CSS

As per the CSS guidelines (May 1999) and revised guidelines (April 2017) for development of infrastructure facilities for the judiciary, there should be a State Level Monitoring Committee (SLMC) headed by the Chief Secretary, which will submit quarterly progress report of the projects to the Department of Justice. The District Level Monitoring Committee (DLMC) headed by the District Magistrate will submit quarterly progress reports to the SLMC. In addition, the High Court Level Monitoring Committee in the State headed by the Portfolio Judge will review the physical and financial progress of the works every six months and have the responsibilities for overall monitoring, ensuring the quality standards of works and timely completion of projects. Further, data and photographs were to be uploaded/ updated regularly to the Department of Justice for geo-tagging and online monitoring of the physical progress of the projects.

The L&JD, GoM constituted (04 August 2010) State Level Committee (SLC) headed by the Chief Secretary and District Level Committees (DLC) for Aizawl and Lunglei headed by the respective District Judges to monitor the development of judicial infrastructure in the State. The High Court Level Monitoring Committee (HCLMC) was chaired by a Portfolio Judge of the Gauhati High Court, Aizawl Bench.

Audit observed that Quarterly Progress Reports either by the DLC or the SLC were not available on record. Half yearly review of physical and financial progress of the works was also not found on record. However, data and photographs for geo-tagging and online monitoring of the physical progress of the projects were uploaded/ updated through Nyaya Vikas mobile applications from time to time.

Thus, in absence of the required reports the effectiveness of the monitoring mechanism for implementation of the projects, quality of the works executed and adherence to the project timelines could not be ensured.

The Government accepted (March 2020) the facts in the exit conference.

2.2.12.2 Monitoring and evaluation mechanism under e-Court MMP

As per policy and action plan 3(3) of the e-Courts MMP, there should be a CPC and District Court Computer Committee (DCCC) at the District Levels with active participation, supervision and guidance to implement the Project components on time and to deliver the service as per the Litigants' Charter.

The Gauhati High Court, Aizawl Bench constituted (16 September 2015) DCCC and a Nodal Officer for both Aizawl Judicial District and Lunglei Judicial District to monitor the implementation of e-Courts MMP. However, there was no revision of the DCCC or Nodal Officer inspite of transfers and postings to other District/ Judicial Districts. Also, there was no record showing monitoring being done either by the DCCC or the Nodal Officer.

Thus, in absence of the active participation, supervision and guidance of the DCCC or the nodal officer, the implementation of the e-Courts projects could not be completed on time to deliver the required services.

The Gauhati High Court, Aizawl Bench accepted (March 2020) the facts in the exit conference.

Recommendation: *Monitoring mechanism may be strengthened for effective implementation of the projects on time.*

2.2.13 Conclusion

The performance Audit on the CSS on Development of Infrastructure Facilities for the Judiciary and e-Courts MMP in the State has shown that the Schemes were executed without adequate planning. The Department did not take advantage of GoI funds available to improve the judicial infrastructure in the State. Out of eight districts, five districts did not have separate Court buildings while judicial quarters were available in only three districts. Demands for construction of court houses, judicial houses and renovation works, included in the AAP of the Department projected an outlay of ₹178.34 crore for the period 2014-19 but the State received ad-hoc funds from GoI in the form of lumpsum grants of only ₹44.92 crore. Under the CSS 'Development of Infrastructure Facilities for the Judiciary', the State Government released ₹50.69 crore to PWD (including its own share of ₹5.77 crore) for taking up construction projects during the period. The State Government released its matching share of ₹2.89 crore for the years 2012-13 and 2013-14 with a delay of 774 days and 580 days respectively while it did not release SMS of ₹2.11 crore for the years 2014-15 and 2015-16.

It is seen that subsequent to receipt of lumpsum funds, the works were not prioritised or revisited as per actual requirement. Works which were proposed in the AAP were not taken up while works which were not included in the AAPs were taken up for execution. Similarly, no renovation/ restoration works were taken up while there were concrete proposals in the AAP for such works. Preparation of AAPs remained ad-hoc, without any assessment of requirement of infrastructure.

Similarly, under e-Courts MMP, requirement of hardware, software and other equipments as well as prevalent court infrastructure was not taken into account before procurement of the equipments. As a consequence, the hardware and equipments remained idle, which runs the risk of obsolescence and wasteful expenditure.

Funds of ₹26.59 lakh earmarked for construction of projects was diverted on hire and purchase of vehicles and ₹3.14 crore was transferred to Public Account to avoid lapse of funds. Since works were executed by PWD on behalf of Law and Judicial Department, there was no formal and institutionalised mechanism of coordination between the two departments to ensure adequate value for money and timeliness in execution of projects. Contracts were outsourced to third parties by the PWD contractors, there was use of sub-standard materials in construction, deviations in approved designs, etc.

During physical verification of IT infrastructure procured under e-Courts MMP, Audit observed that IT hardware procured for ₹97.88 lakh remained idle due to absence of enabling infrastructure in the courts. Items were bought on the basis of funds received from

the e-Committee of the Supreme Court rather than on an actual assessment of requirement and availability of conducive environment for its utilisation.

Video conference facility between the Magistrates and under trial prisoners remained non-functional in four districts due to lack of internet facility depriving both the parties the benefit of the facility. Provisions for data security, disaster mitigation, electricity back up, fire fighting equipments, *etc.* were found to be deficient in the Courts. Digitisation of case records remained a non-starter and monitoring of the two schemes remained deficient.

2.2.14 Recommendations

Apart from the recommendations given under individual paragraphs, it is recommended that the Departments/ High Courts ensure:

(a) Development of Infrastructure Facilities for the Judiciary:

- *need based Action Plan for successful implementation of the scheme;*
- *free and fair competition in inviting tenders for works and also adhere to the terms and conditions of the agreement;*
- *timely utilisation of the funds and submission of the Utilisation Certificates; and*
- *proper monitoring of the works being executed.*

(b) E-Courts Mission Mode Project:

- *proper assessment of requirement of IT hardwares/ softwares for each Court and utilisation of the materials procured for effective implementation of project;*
- *fruitful utilisation of IT related hardwares already procured in other courts;*
- *security protocols on logical and physical access with disaster mitigation measures;*
- *regular update of cases on the National Judicial data Grid; and*
- *provision of internet facilities in Jails for utilisation of Video Conference facilities by the Judiciary.*

COMPLIANCE AUDIT PARAGRAPHS

GENERAL ADMINISTRATION DEPARTMENT (AVIATION WING)

2.3 Irregular appointment of Drawing & Disbursing Officer, irregularities in execution of works and temporary misappropriation of money

The Department allowed the Principal Consultant, appointed on contractual basis, to function as Drawing and Disbursing Officer in violation of extant State Government's orders as well as observations of the State Finance Department. They failed to ensure compliance to extant rules and procedures in award of works and as well as withdrawal of money from the Government accounts before execution of works. Besides, there was temporary misappropriation of Government money by the Principal Consultant

As per Government of Mizoram Office Memorandum⁴⁰ (August 2008) on guidelines of Engagement of Employees on contractual basis, no engagement on contract basis should be

⁴⁰ Department of Personnel & Administrative Reforms (DP&AR), Government of Mizoram Office Memorandum No. G.11021/2/92 PAR/ (ARW) dated 07 August 2008

made against such post(s) having financial powers and a contract employee should neither be delegated with financial powers nor assigned the work of Drawing and Disbursing Officer (DDO) unless there are overriding considerations in public interest justifying such assignment.

The Principal Consultant of the General Administration Department (GAD) (Aviation Wing) was appointed (January 2019) on contractual basis by the GAD and as per the notification for the appointment, he shall exercise the powers of Head of the Department while Deputy Controller, Aviation Wing shall be the DDO.

In response to the proposal of the GAD to appoint the Principal Consultant, Aviation Wing as Head of the Department, the Finance Department observed vide I.D No. FIN (E) 1096/2018 dated 08 April 2019, 'Upon examination of the proposal, there was no justification for delegation of financial powers to the Principal Consultant in the proposal to overrule the above mentioned OM of DP&AR (ARW)'. The Department further stated that 'regarding the issue of Drawing and Disbursing Officer, Rule 142 of the Central Treasury Rules provides that any Head of the Department or Head of Office is competent to declare any gazetted officer under their control as Drawing and Disbursing Officer'.

Further, the Finance Department observed (25 April 2019) that the General Administration Department (GAD) is advised to furnish sufficient justification for delegation of financial power to the contractual employee since OM dated 07 August 2008 prohibits delegation of financial powers to such employees.

In the meantime, the Principal Consultant declared (24 April 2019) himself as Head of the Department as well as DDO, despite clear observations of the Finance Department, that the Principal Consultant could not and should not be delegated financial powers, since he was not a permanent gazetted employee. Hence, the appointment of a contractual officer to be the Head of the Department and Drawing and Disbursing Officer violated the above quoted Rules and Government notification.

(ii) As per Section 2.1(2) of CPWD Manual, no work should normally be commenced or any liability thereon incurred until an administrative approval has been obtained, a properly prepared detailed estimate has been technically sanctioned and where necessary expenditure sanction has been accorded and allotment of funds made.

Further, as per Rule 139 of General Financial Rules (GFRs), 2017, preparation of detailed designs and estimates shall precede any sanction for works. Open tenders will be called for works costing more than ₹five lakh. Execution of Contract Agreement or Award of work should be done before commencement of the work.

Scrutiny of records relating to works taken up in the Department showed that General Administration Department awarded (March 2019) four works costing ₹1.01 crore to M/s Architecture, Interior and Engineering (AIE), Aizawl, Mizoram without inviting tenders, violating Rule 139 of GFRs. Following were the details:

Table-2.3.1: Details of works awarded without call of tender

Sl. No.	Name of work	Estimated cost of work	Amount drawn
		(₹ in lakh)	
1.	Construction of Helipad at Darlawn and Sakawrdai (₹9.00 lakh each)	18.00	18.00
2.	Beautification of Lengpui Airport	10.00	9.90
3.	Construction of Stone Masonry Retaining Wall at Mualpui Helipad	65.65	65.65
4.	Repair of residential Staff quarter at Lengpui	7.00	7.00
Total		100.65	100.55

Moreover, the Department issued work orders on 08 and 09 March 2019 to the contractor, who prepared estimates only for two works (Serial Nos. 2 and 3) for which, technical sanction was also not obtained from the competent authority in violation of CPWD Manual.

It was further noticed that the Department prepared final bill for the works and the entire funds were withdrawn (March 2019) before execution of the works and was deposited (March 2019) in the account of the construction firm in violation of Rule 100 (2) of the Central Government Account (Receipts and Payments) Rules, 1983, which stipulates that no money shall be drawn from Government Account unless it is required for immediate disbursement and drawal of money from Government Account in anticipation of demands or to prevent the lapse of budget grants is not permissible.

Later on, the firm was verbally instructed to retain ₹0.25 crore and return the rest in 'cash' to the Principal Consultant, Aviation Wing, GAD. The money so refunded was deposited (April 2019) in the personal bank account of the Principal Consultant. Subsequently, the Principal Consultant transferred (08 May 2019) the funds in the bank account of the GAD (Aviation Wing). Further, the actual final bill for construction of Retaining wall at Malpui Helipad was submitted by the contractor in August 2019 while the construction of Helipad at Darlwan and Sakawrdai were on-going (December 2019).

Thus, the Department failed to ensure compliance to extant rules and procedures in award of works and withdrew money from the Government accounts, before execution of the works. Further, callous attitude of the Department towards compliance to rules and procedures led to temporary misappropriation of Government money by the Principal Consultant.

Recommendation

The Government may take necessary steps for vesting of DDO powers to regular employees in terms of their own instructions. The Department may also take appropriate action against the Principal Consultant for temporary misappropriation of Government money. They may also fix responsibility for the works irregularities mentioned in the para.

2.4 Non-realisation of Passenger Service Fee

The Department failed to realise Passenger Services Fees of ₹6.34 crore due from Air India Limited

Passenger Services Fees (PSF) is levied and collected under Rule 88 of the Indian Aircraft Rules, 1937 by licensee from embarking passengers. It has two components, namely,

Security Component and Facilitation Component. Security Component is utilised for incurring the expenditure in respect of the Aviation Security Force deployed at the airports and related equipment. The Facilitation Component is appropriated by the airport operator(s) towards services provided to the passengers at the airport.

We noticed that the management of the Lengpui Airport realised ₹5.56 crore as PSF out of the total due of ₹10.21 crore during the period 2014-15 to 2018-19. The remaining dues of ₹4.65 crore which were due from Air India, remained outstanding in spite of several reminders to Air India Limited to clear the total dues of ₹6.34 crore. There was no response from Air India for on payment of the dues.

Further, the revenue realised from flight operators as PSF were not appropriated into the security and facilitation components as only ₹1.16 crore was appropriated for the purpose of facilitation and security of the passengers during 2014-19.

Due to short receipt of PSF and under utilisation of the amount, many facilities were not made available to the passengers optimally, as brought out in a user satisfaction survey of passengers at Lengpui airport, conducted by audit during October/ November 2019. The results of the survey showed:

- a) Out of 149 respondents, 58 *per cent* were not satisfied with the cooling system of the terminal building. Some of the points highlighted by the respondents include the need for installation of air conditioners especially during summertime and prevention of odour/ bad smell in the departure lounge;
- b) Out of 139 respondents, 56 *per cent* were unsatisfied with the number of power outlets available for charging of electronic gadgets such as mobile phones and laptops within the terminal building;
- c) Out of 104 respondents, 52 *per cent* were unaware of the medical facilities available at the airport;
- d) Out of 118 respondents, 33 *per cent* expressed dissatisfaction with the prepaid cab/ private taxi services citing reason of overpricing; and
- e) 77 to 93 *per cent* of the respondents expressed satisfaction with the facilities like parking, Inner Line Permit (ILP) issuance, gerontology services, ATM facilities and general courtesy.

Recommendation

The State Government needs to make more serious efforts to realise Passenger Services Fees due from Air India. Efforts should be made to improve passenger facilities at the Airport for overall passenger comfort.

CHAPTER – III
ECONOMIC SECTOR

CHAPTER-III

ECONOMIC SECTOR

3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2019 deals with the findings arising from audit of State Government Departments under Economic Sector (other than Public Sector Undertakings).

During 2018-19, against a total budgetary provision of ₹3,743.09 crore, an expenditure of ₹2,976.82 crore was incurred by 16 departments under the Economic Sector. Department-wise details of budget provision and expenditure incurred is shown in **Table-3.1**.

Table-3.1: Department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Budget Allocation (BA)	Expenditure	Percentage of Expenditure to BA
1.	Public Works	1,384.34	1,078.24	77.89
2.	Power and Electricity	700.50	694.04	99.08
3.	Food, Civil Supplies and Consumer Affairs	306.38	248.72	81.18
4.	Rural Development	449.84	224.30	49.86
5.	Agriculture	257.98	203.52	78.89
6.	Commerce and Industries	133.77	113.12	84.56
7.	Planning and Programme Implementation	144.19	107.97	74.88
8.	Horticulture	90.58	83.26	91.92
9.	Animal Husbandry and Veterinary	83.48	74.19	88.87
10.	Land Resources, Soil and Water Conservation	33.45	32.99	88.87
11.	Tourism	31.03	30.61	98.65
12.	Irrigation and Water Resources	59.63	25.57	42.88
13.	Co-operation	22.80	21.49	94.25
14.	Sericulture	21.08	17.96	85.20
15.	Fisheries	16.83	16.64	98.87
16.	Information and Communication Technology	7.21	4.20	58.25
Total		3,743.09	2,976.82	

Source: Appropriation Accounts: 2018-19

The overall savings under Economic Sector was 20.47 per cent against the budget allocation. The Rural Development Department, Irrigation and Water Resources Department, and Information and Communication Department utilised 50, 43 and 58 per cent respectively of the allocated funds, whereas all other Departments managed to utilise more than 75 per cent of the funds allocated to them.

During the year, an expenditure of ₹1,952.33 crore, including funds pertaining to previous years of State Government under Economic Sector (other than Public Sector Undertakings) was test checked in Audit.

The Chapter includes two Compliance Audit Paragraphs as discussed in the following paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

PUBLIC WORKS DEPARTMENT

3.2 Irregular construction of PMGSY road

The Department took up construction of a road at an estimated cost of ₹19.68 crore to connect a non-existent village (Builum under Kolasib District) which was relocated due to construction of a Dam. The road work on which expenditure of ₹11.32 crore was incurred was irregular being violative of the PMGSY guidelines

As per Para 1.6.1 of Pradhan Mantri Gram Sadhak Yojana (PMGSY) Operation Manual, the primary objective of the PMGSY is to provide connectivity, by way of an all-weather road to the eligible unconnected habitations in rural areas generally so as to enable access to the nearest market centre, in such a way that:

- habitations with a population of 1,000 persons and above are covered in the First Stage.
- all habitations with a population of 500 persons and above are covered in the next stage. In respect of the hill States (North-East, Sikkim, Himachal Pradesh, Jammu and Kashmir and Uttaranchal) and the desert areas as well as Tribal (Schedule V) areas, the objective would be to connect habitations with a population of 250 persons and above.

The State Government forwarded a proposal (2016) for construction of a road to connect Builum village to the nearest connected village of Rengtekawn in Kolasib district. As per the Detailed Project Report (DPR), Builum village was having a population of 360 and was situated in Thingdawl Block under Kolasib District. The nearest feasible connected village was Rengtekawn under Kolasib District from where the road was therefore proposed to be constructed. The total length of the proposed road was 12.57 kms for an estimated amount of ₹19.68 crore. It was further mentioned in the DPR that Builum village is mentioned in the Core Network as Link Route No. L-22 and in Priority No.-II in the comprehensive New Connectivity Priority List under Kolasib District.

Based on this project proposal for “Construction of Rengtekawn-Builum Road”, the Ministry of Rural Development, Government of India cleared (09 April 2018) the project under PMGSY with a total cost of ₹19.68 crore and a five years’ maintenance fund of ₹1.38 crore. The sanction accorded by GoI was subject to the condition that State should reconcile all the habitation data on Online Management, Monitoring and Accounting System (OMMAS) before tendering of works.

Our scrutiny (July 2019) showed that as per the official record of the State Government (Deputy Commissioner, Kolasib), Builum village got submerged by Serlui ‘B’ Hydel Project reservoir and the residents of the village had already been relocated at Bawktlang (New Builum), near Rengtekawn by paying compensation to the villagers during 2007. As such, the proposal for connecting Builum village submitted in 2016 was grossly incorrect

considering that the village no longer existed. Further, the construction was on-going and 10.80 kms of roadworks up to Granular Sub Base (GSB) level have been completed at a cost of ₹11.32 crore (February 2021).



Further, Joint Physical Verification (12 December 2019) along with the representatives from the office of the Deputy Commissioner, Kolasib and the Office of the Executive Engineer, Public Works Department showed that the village had been completely submerged in water and the present households, having 38 persons, who were original residents of old Builum village along with 25 persons who had settled there after assessment of compensation/ relocation, are residing at a distance of 500 meters away from the submerged Builum village.

On this being pointed out, the State Government in its reply (November 2019) stated that the village of Builum still exists with 15 households, who are refusing to be relocated and are permanently settled in the village. Government also appended a certificate issued by the Deputy Commissioner, Kolasib in support of households still residing in the village.

The reply of the Government only substantiates the fact that the proposal was forwarded to connect a non-existent village. Besides, the road was proposed only for 38 inhabitants of displaced Builum village as against the normative requirement of 250 inhabitants.

Thus, the construction of road to a non-existent village was in contravention of the PMGSY guidelines thereby, defeating the objective of the Scheme.

Recommendations

1. *The State Government may immediately explore the possibility of utilising the already created asset to connect other habitations. It may also institute enquiry for faulty DPR prepared, vetted and sent to GoI for release of funds for a road to connect a non-existent village, without reconciling habitation data in OMMAS.*
2. *The State Government may revise and reconcile the habitation data in OMMAS to avoid such recurrences in future.*
3. *The State Government may fix responsibility for the incorrect DPR prepared for the work and resultant malfeasance and irregularity committed.*

TOURISM DEPARTMENT

3.3 Idle Expenditure

The State Institute of Hotel Management constructed at a cost of ₹ eight crore could not be made functional since the last seven years due to non-posting of teaching and non-teaching staff and non-provision of required equipments

The Ministry of Tourism (MoT), Government of India (GoI) accorded (October 2007) administrative approval and financial sanction of ₹10 crore (₹eight crore for construction and ₹ two crore for equipment) for setting up of State Institute of Hotel Management (SIHM), at Bung Bangla⁴¹, Mizoram, Aizawl and released ₹ eight crore in two equal instalments⁴² to the State Tourism Department for this purpose during 2007-12.

As per the terms and conditions of the sanction - (i) the project was to be implemented through the CPWD or the State PWD or the State Construction Corporation; (ii) the funds from 2nd instalment were to be released, after the SIHM has been registered as an Autonomous Body of the State Government and (iii) the project was to be completed within a period of two years from the date of this sanction *i.e.* by September 2009.

SIHM was registered (August 2008) under Mizoram Societies Registration Act, 2005 and the works were entrusted (September 2008) to the State Public Works Department (PWD) and the fund was transferred to the PWD. The fund was utilised for the following components:

Table-3.2: Details of component-wise expenditure

Sl. No.	Name of work components	Details of the buildings	Date of:		Amount (₹ in crore)
			Commencement	Completion	
1.	Architectural fee	--	--	--	0.24
2.	Administrative and Academic Block (AAB)	RCC Structure (M-20) with 3-storey of 2,174 Sqm	05.02.2009	30.09.2013	4.34
3.	Boys Hostel Block (BHB)-A	RCC Structure (M-20) with 4-storey of 867.24 Sqm			1.87
4.	Girls Hostel Block (GHB)-A	RCC Structure (M-20) with 3-storey of 468.27 Sqm			1.25
5.	Courtyard Development	--			0.30
Total					--

Source: Departmental records

Scrutiny (August - September 2018) of the records of the Director, Tourism Department revealed that the institute remained non-functional (May 2020) due to improper planning and project management, mainly due to non-recruitment of Teaching and Non-Teaching faculty.

The Tourism Department incurred an expenditure of ₹ eight crore on construction of the SIHM and the construction work was completed in September 2013. The Public Works

⁴¹ Initially the site was in Ailawng, Aizawl, later on it was shifted to Bung Bangla due to non-availability of requisite five acres freehold Government land

⁴² 1st installment released in October 2007: ₹400 lakh and 2nd installment released in July 2011: ₹400 lakh

Department handed over the completed assets viz. AAB, BHB and GHB to the Tourism Department in May 2015. The assets, however, were unoccupied and the premiere institute was non-functional as of May 2020.

The Department proposed (January 2013) creation of 22 posts comprising of the Principal, Teaching and Non-Teaching faculty for managing the SIHM. Subsequently, Department of Personnel and Administrative Reforms (DoPAR) (Administrative Reforms Wing), GoM reduced (June 2013) the number of posts to 19. In August 2019, GoM approved 32 posts for operationalising SIHM. Further, the Government/ Department did not take any initiative for release of the balance amount of ₹ two crore for equipment from the Union Ministry. It was also noticed that no steps was also taken by the State Government to furnish and equip the SIHM.

Joint site inspection (October 2019) by Audit with the departmental staff revealed that the condition of the constructed buildings (blocks) had deteriorated with the passage of time as depicted in the photograph. This would eventually entail additional funds on upkeep of the asset.



The matter was reported to the State Government (November 2019). The Government in their reply admitted (February 2020) that due to non-approval of proposals for creation of skeletal teaching and non-teaching staff, the Institute could not function from a rented building as decided in a Review Meeting held in 2008. Since the proposal has been approved by the State Cabinet, the Recruitment Rule (RR) was under finalisation.

Thus, it is seen from the sequence of events discussed above that there was complete lack of proper planning and project management, which led to inordinate delay in operationalisation of SIHM. The entire asset created with expenditure of ₹ eight crore has remained idle for over seven years since it was handed over to the Department in May 2015 due to non-appointment of teaching and non-teaching staff and non-setting up of the required equipment. Moreover, due to non-operation of the institute, the benefits envisaged from the scheme could not be availed by the intended beneficiaries.

Recommendation

The State Government may ensure posting of personnel to the SIHM, on priority and procure the required equipments to make the Institute functional. Until it is made functional with permanent staff, the Government may make temporary arrangements for utilising the facility created.

CHAPTER – IV

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

CHAPTER-IV

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

4.1 Functioning of Public Sector Undertakings

4.1.1 Introduction

The State Public Sector Undertakings (PSUs) consist of the State Government Companies and Statutory Corporations. The PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and the State economy. As on 31 March 2019, there were six PSUs (all working Government companies) in Mizoram as detailed in **Table-4.1.1**:

Table-4.1.1: Total number of PSUs as on 31 March 2019

Type of PSU	Working PSUs	Non-working PSUs	Total
Government Companies ⁴³	6	0	6
Total	6	0	6

None of these companies were listed on the stock exchange which means that the shares of the PSUs cannot be traded in the stock exchange. During the year 2018-19, no new PSU was incorporated and no existing PSU was closed down.

4.1.2 Investment in PSUs

4.1.2.1 State Government's investment in PSUs

The State's investment in its PSUs was by way of share capital/ loans and special financial support by way of grants.

As of 31 March 2019, the investment by the Government of Mizoram (capital and long-term loans) in five⁴⁴ out of six PSUs was ₹63.48 crore⁴⁵ as detailed in **Table-4.1.2**:

Table-4.1.2: Details of State's investment in PSUs

(₹ in crore)

Year	Equity Capital	Long term Loans	Total
2018-19	54.04	9.44	63.48
2014-15	54.04	10.44	64.48

The State Government's investment as on 31 March 2019 consisted of ₹54.04 crore (85.13 *per cent*) towards equity capital and ₹9.44 crore (14.87 *per cent*) in long-term loans as against 83.81 *per cent* (capital) and 16.19 *per cent* (long-term loans) as on 31 March 2015.

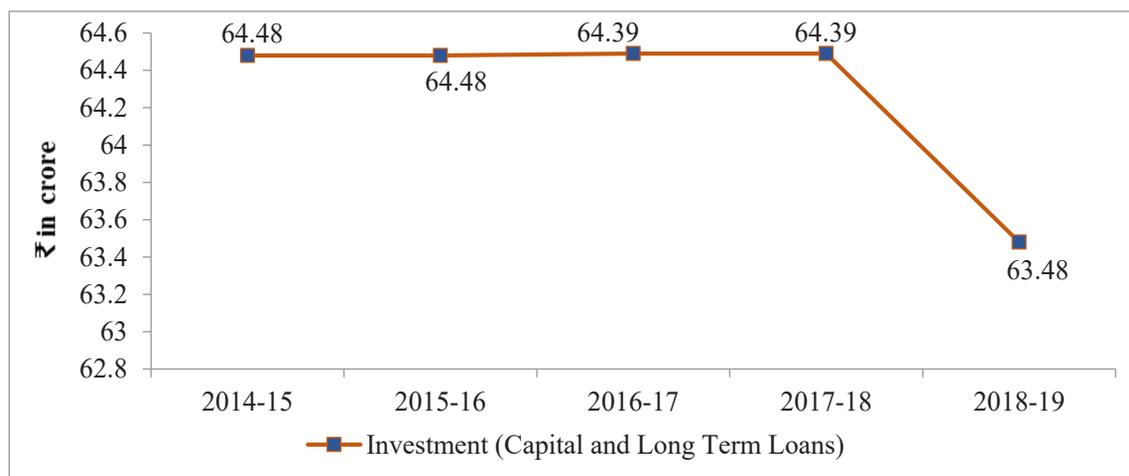
⁴³ Government Companies includes other companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013

⁴⁴ Excluding one PSU (Mizoram Mineral Development Corporation Limited), which is subsidiary of another Government Company (Zoram Industrial Development Corporation Limited) and had no direct investment from the GoM

⁴⁵ The figures of investment are provisional and as provided by the PSUs as none of the six PSUs had finalised their accounts for 2018-19 as of September 2019

A graphical presentation of State Government's investment in PSUs during last five years (2014-15 to 2018-19) has been given in **Chart-4.1.1**:

Chart-4.1.1: State's total investment in PSUs



As can be noticed from the **Chart** above, the State Government's investment in PSUs during last five years has declined by 1.55 *per cent* from ₹64.48 crore in 2014-15 to ₹63.48 crore as of 31 March 2019 due to reduction (₹one crore) in the loans of Mizoram Handloom and Handicrafts Development Corporation Limited.

During 2018-19, out of five working PSUs⁴⁶ where State Government had made direct investment, four PSUs incurred losses and only one PSU (Zoram Industrial Development Corporation Limited) earned profit (₹2.54 crore) as per their latest finalised accounts (**Appendix-4.1.1**). However, this profit making PSU had not declared any dividend. There was no recorded information about the existence of any specific policy of the State Government regarding payment of minimum dividend by the PSUs.

The State Government's investment (historical value) in the five PSUs mentioned above had eroded by 0.24 *per cent* in 2018-19 and the losses of three⁴⁷ out of these five PSUs (accumulated losses of ₹44.28 crore) had completely eroded the State's investment in their paid-up capital (₹41.23 crore) as per their latest finalised accounts.

4.1.2.2 Total Sector-wise investment in PSUs

Total investment of State Government and Other Stakeholders (Central Government, Holding companies, Banks, Financial Institutions, *etc.*) in PSUs in various important sectors of economy at the end of 31 March 2015 and 31 March 2019 has been given in **Table-4.1.3**.

⁴⁶ Excluding one PSU (Serial No. 6 of **Appendix-4.1.1**), which is subsidiary of another Government Company (Serial No. 2 of **Appendix-4.1.1**) and had no direct investment from the State Government

⁴⁷ Serial No. 1, 2 and 4 of **Appendix-4.1.1**

Table-4.1.3: Sector-wise details of total investments in PSUs

(₹ in crore)

Sector	Number of PSUs	Total Investment	
		2014-15	2018-19 ⁴⁸
Agricultural Marketing	1	6.45	6.45
Financing	1	38.46	45.46
Manufacturing	2	27.45	27.45
Miscellaneous	2	11.24	10.24
Total	6	83.60	89.60

It can be seen from the **Table** above that as compared to 2014-15, the combined investment of State Government and Other Stakeholders during 2018-19 increased in Financing sector by ₹ seven crore (18.20 *per cent*) on account of increase (₹ seven crore) in long term loans of Zoram Industrial Development Corporation Limited.

4.1.3 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the Finance Department and the PSUs concerned should carry out reconciliation of differences. The position in this regard as on 31 March 2019 is given in **Table-4.1.4**.

Table-4.1.4: Equity, loans, guarantees outstanding as per the Finance Accounts *vis-à-vis* records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	6.99	54.04	47.05
Loans	Not available	9.44	9.44
Guarantee	30.38	28.49	1.89

Source: Finance Accounts 2018-19 and PSUs' records

As on 31 March 2019, there were unreconciled differences in the figures of equity (₹47.05 crore), loans (₹9.44 crore) and guarantees (₹1.89 crore) as per two sets of records. The differences occurred in respect of all five PSUs⁴⁹ where State Government had made direct investment and reconciliation of these two sets of figures has been pending for more than ten years.

Regarding the Loan figures as per State Finance Accounts, the Finance Department disburses the loans to various Departments of the State Government for different sectoral activities and booked the amount sector-wise in the Finance Accounts. In turn, the Departments disburse these loans to respective PSUs functioning under their administrative control. Hence, the details of the State Government loans provided to various PSUs are not available in the State Finance Accounts.

⁴⁸ The figures of investment are provisional and as provided by the PSUs as none of the six PSUs had finalised their accounts for 2018-19 as of September 2019

⁴⁹ Excluding PSU at Serial No. 6 of *Appendix-4.1.1* which is subsidiary of another Government Company (Serial No. 2 of *Appendix-4.1.1*) and had no direct investment from the State Government

Though the Principal Secretary, Finance Department, Government of Mizoram as well as the Management of the PSUs concerned were appraised regularly about the differences impressing upon the need for early reconciliation, no significant progress was noticed in this regard.

The State Government and the PSUs concerned may take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of financing the PSUs and the Finance Accounts be updated.

4.1.4 Special support and guarantees to PSUs during the year

The State Government provides financial support to PSUs in various forms through annual budgetary allocations. The details of budgetary outgo towards equity, loans and grants/subsidies in respect of PSUs for five years ended 2018-19 are given in **Table-4.1.5**:

Table-4.1.5: Details of budgetary support to PSUs

(₹ in crore)

Particulars	2014-15		2015-16		2016-17		2017-18		2018-19	
	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
Equity Capital outgo from budget	1	1.69	-	-	-	-	-	-	-	-
Loans given from budget	-	-	-	-	-	-	-	-	-	-
Grants provided	4	12.64	3	9.92	4	6.88	2	5.17	2	4.54
Total Outgo (1+2+3)	5	14.33	3	9.92	4	6.88	2	5.17	2	4.54
Guarantees issued during the year	-	-	-	-	-	-	-	-	-	-
Guarantee Commitment (Cumulative)	2	23.63	1	22.68	1	24.93	1	27.34	1	28.49

Source: As furnished by the state PSUs

As can be seen from the **Table** above, the budgetary support provided by State Government to PSUs decreased from ₹14.33 crore in 2014-15 to ₹4.54 crore in 2018-19. During last five years (2014-19), the State Government has not provided any budgetary support in the form of equity capital and long term loans except the equity contribution of ₹1.69 crore provided to one PSU during 2014-15. During 2018-19, the budgetary assistance of ₹4.54 crore in the form of grants/ subsidy was provided mainly to meet the salaries and other establishment expenditure of two PSUs⁵⁰. The State Government did not provide equity assistance to any PSUs during 2018-19.

Government of Mizoram (GoM) provides guarantee under Mizoram Guarantee Act, 2011 for PSUs to avail long term borrowings from Banks and other financial institutions. During 2018-19, Guarantee commitments of ₹28.49 crore were outstanding pertaining to one PSU (Zoram Industrial Development Corporation Limited).

⁵⁰ Zoram Industrial Development Corporation Limited (₹2.83 crore) and Mizoram Food and Allied Industries Corporation Limited (₹1.71 crore)

4.1.5 Accountability framework

The audit of the financial statements of a Company in respect of financial years commencing on or after 01 April 2014 is governed by the provisions of the Companies Act, 2013 (Act) and audit of the financial statements in respect of financial years that commenced earlier than 01 April 2014 continued to be governed by the Companies Act, 1956. The new Act has brought about increased Regulatory Framework, wider Management responsibility and higher Professional Accountability.

4.1.5.1 Statutory Audit/ Supplementary Audit

Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG) audit the financial statements of a Government Company. In addition, CAG conducts the supplementary audit of these financial statements under the provisions of Section 143(6) of the Act.

4.1.5.2 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Government appoints the Directors of the Board of these PSUs.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this purpose, the Annual Reports of State Government Companies together with the Statutory Auditors' Reports and comments of the CAG thereon are required to be placed before the Legislature under Section 394 of the Act.

4.1.6 Arrears in finalisation of accounts

The financial statements of the companies are required to be finalised within six months after the end of the financial year *i.e.* by September end to comply with the provisions of Section 96(1) of the Act. Failure to do so may attract penal provisions under Section 99 of the Act. Timely finalisation of accounts is important for the State Government to assess the financial health of the PSUs and to avoid financial misrepresentation and mismanagement. Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money going undetected apart from violation of the provision of the Companies Act, 2013.

Table-4.1.6 provides the details of progress made by the working PSUs in finalisation of their annual accounts as on 30 September 2019.

Table-4.1.6: Position relating to finalisation of accounts of working PSUs

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Number of PSUs	6	6	6	6	6
Number of accounts finalised during current year	1	15	15	2	2
Number of working PSUs with arrears in accounts	6	6	6	6	6
Number of accounts in arrears	38	29	20	24	28
Extent of arrears in years	1 to 13	2 to 10	1 to 7	2 to 8	1 to 9

As could be noticed from the **Table** above, the number of PSU accounts in arrears had reduced from 38 Accounts (2014-15) to 20 Accounts (2016-17) due to finalisation of 30 Accounts by the PSUs during 2015-16 and 2016-17. During subsequent two years (2017-19), two PSUs finalised only four Accounts and consequently, the backlog of PSU accounts increased to 28 Accounts as on 31 March 2019.

During 2018-19, out of the six working PSUs, two PSUs⁵¹ had finalised two Annual Accounts. Non-Review Certificates were issued on both the accounts of two PSUs. None of the PSUs had prepared its up-to-date accounts (2018-19) as of 30 September 2019. The earliest accounts in arrears were since 2009-10 (nine Accounts), which related to Zoram Electronics Development Corporation Limited as detailed in **Appendix-4.1.1**.

The administrative departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by the PSUs within the stipulated period.

The Accountant General, Mizoram had been regularly pursuing with the Chief Secretary of Mizoram and the administrative departments concerned for liquidating the arrears of accounts of PSUs. However, the State Government and the PSUs concerned could not address the issue to clear pendency of accounts of the PSUs in a time bound manner.

Recommendations

1. The State Government may ensure clearance of arrears and set the targets for individual PSUs, which may be monitored.
2. The PSUs may get the figures of equity and loans reconciled with the State Government Departments and clear their arrear of accounts.

4.1.7 Investment by State Government in PSUs whose accounts are in arrears

The State Government invested ₹27.69 crore in four PSUs (equity: ₹0.25 crore and grants: ₹27.44 crore) during the years for which the accounts of these PSUs had not been finalised as detailed in **Table-4.1.7**.

Table-4.1.7: Investment by State Government in PSUs having accounts in arrears

(₹ in crore)

Sl. No.	Name of PSU	Accounts finalised up to	Details of Accounts in arrears		Investment made by State Government during the period for which accounts are in arrears		
			Period	Number	Equity	Grants	Total
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	2011-12 to 2018-19	08	0.25	1.12	1.37
2.	Zoram Industrial Development Corporation Limited	2016-17	2017-18 to 2018-19	02	-	5.50	5.50
3.	Zoram Electronics Development Corporation Limited	2009-10	2010-11 to 2018-19	09	-	8.42	8.42
4.	Mizoram Food and Allied Industries Corporation Limited	2014-15	2015-16 to 2018-19	04	-	12.40	12.40
Total					0.25	27.44	27.69

Source: Information as furnished by the PSUs

⁵¹ Zoram Industrial Development Corporation Limited (2016-17) and Mizoram Handloom and Handicrafts Development Corporation Limited (2017-18)

In the absence of finalised accounts and their subsequent audit, it cannot be verified if the investments made and the expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not.

The Government may take special steps for expeditious clearance of arrears of accounts of PSUs. Until the accounts are made current, Government may consider not giving further financial assistance to such companies.

4.1.8 Performance of PSUs as per their latest finalised accounts

The financial position and working results of working PSUs are detailed in **Appendix-4.1.1**. **Table-4.1.8** provides the comparative details of working PSUs turnover and State GDP for a period of five years ending 2018-19.

Table-4.1.8: Details of working PSUs turnover vis-a-vis State GDP

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover ⁵²	17.42	5.86	3.77	17.58	13.87
State GDP ⁵³	12,498.69	13,373.83	17,191.91	19,475.69	22,192.07
Percentage of Turnover to State GDP	0.14	0.04	0.02	0.09	0.06

Source: Latest finalised accounts, Economics and Statistics Department

From the **Table** above, it can be seen that contribution of PSU turnover to the State GDP has reduced from 0.14 *per cent* (2014-15) to 0.06 *per cent* (2018-19) during last five years. This was mainly due to the overall decline of ₹3.55 crore (20.38 *per cent*) in PSU turnover from ₹17.42 crore (2014-15) to ₹13.87 crore (2018-19). Turnover decreased in all the sectors except the Financing sector. The major decrease of ₹8.89 crore (91.93 *per cent*) was in Manufacturing sector from ₹9.67 crore (2014-15) to ₹0.78 crore (2018-19). In Financing sector, however, the PSU turnover increased by ₹5.72 crore (80.68 *per cent*) from ₹7.09 crore (2014-15) to ₹12.81 crore (2018-19).

4.1.8.1 Key parameters

Some other key parameters of PSUs performance as per their latest finalised accounts as on 30 September of the respective year are given in **Table-4.1.9**.

Table-4.1.9: Key Parameters of PSUs

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt	22.68	23.46	30.68	30.68	31.87
Turnover ⁵⁴	17.42	5.86	3.77	17.58	13.87
Debt/ Turnover Ratio (DTR)	1.30:1	4.00:1	8.14:1	1.75:1	2.30:1
Interest Payments	0.07	0.06	0.02	0.02	0.02
Accumulated losses	57.89	57.89	62.09	59.14	57.10

Source: Latest finalised accounts

⁵² Turnover of working PSUs as per their latest finalised accounts

⁵³ Information furnished by the Directorate of Economics and Statistics, Government of Mizoram

⁵⁴ Turnover of working PSUs as per the latest finalised accounts as on 30 September of the respective year

Debt-Turnover Ratio

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can signal of having too much of debt against the income of PSUs from core activities. Thus, the PSUs having lower DTR are more likely to comfortably manage their debt servicing and repayments.

PSU Debt

As could be seen from the **Table** above, the PSU debt during the period of five years, has increased by ₹9.19 crore (40.52 per cent) from ₹22.68 crore (2014-15) to ₹31.87 crore (2018-19). On the other hand, the PSU turnover during the five years had declined by ₹3.55 crore (20.38 per cent) from ₹17.42 crore (2014-15) to ₹13.87 crore (2018-19). Consequently, there was overall deterioration in the DTR in last five years from 1.30:1 (2014-15) to 2.30:1 (2018-19). Further, the accumulated losses of the PSUs during the five years (2014-19) have recorded marginal decrease of ₹0.79 crore (1.36 per cent) from ₹57.89 crore (2014-15) to ₹57.10 crore (2018-19).

4.1.8.2 Erosion of capital due to losses

The paid-up capital and accumulated losses of six working PSUs⁵⁵ as per their latest finalised accounts as on 30 September 2019 were ₹58.61 crore and ₹57.10 crore respectively (**Appendix-4.1.1**).

The Return on Equity⁵⁶ (RoE) in respect of two working PSUs⁵⁷ was (-) 5.45 per cent as per their latest finalised accounts. The accumulated losses (₹44.46 crore) of remaining four PSUs has completely eroded their paid-up capital (₹41.38 crore) as detailed in **Table-4.1.10**:

Table-4.1.10: PSUs with primary erosion of paid-up capital

(₹ in crore)

Sl. No.	Name of PSU	Latest finalised accounts	Paid up capital	Accumulated loss
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	5.45	6.91
2.	Zoram Industrial Development Corporation Limited	2016-17	15.78	16.46
3.	Mizoram Food and Allied Industries Corporation Limited	2014-15	20.00	20.91
4.	Mizoram Mineral Development Corporation Limited ⁵⁸	2014-15	0.15	0.18
Total			41.38	44.46

Source: Latest finalised accounts of PSUs

The accumulated losses of PSUs had eroded public wealth, which is a cause of serious concern and the State Government needs to review the working of these PSUs to either improve their profitability or close their operations.

⁵⁵ Including PSU at Serial No. 6 of **Appendix-4.1.1**, which is subsidiary of another Government Company (Serial No. 2 of **Appendix-4.1.1**) and had no direct investment from the State Government

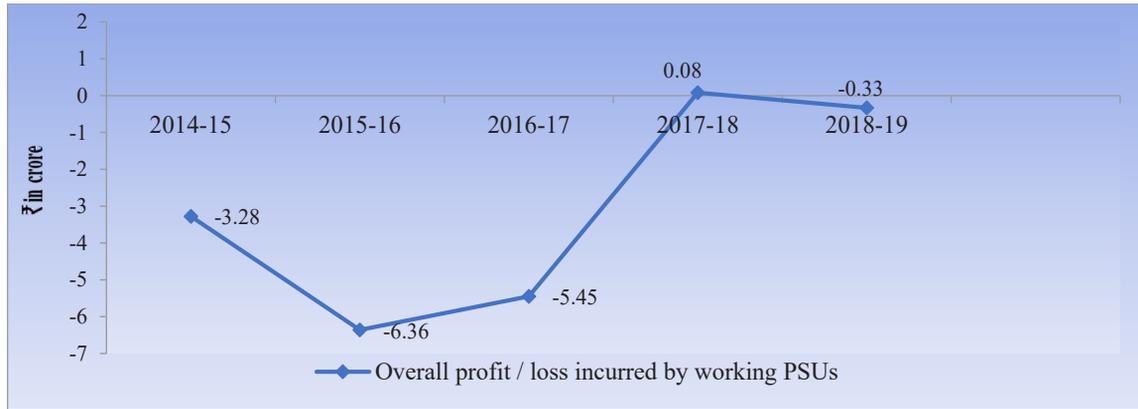
⁵⁶ Return on Equity = Net Profit after taxes less preference dividend ÷ Shareholders' Fund/ Equity; Where, Shareholders' Fund/ Equity represents 'Paid up Share Capital plus Free Reserves and Surplus minus Accumulated Loss minus Deferred Revenue Expenditure'

⁵⁷ Serial No. 3 and 5 of **Appendix-4.1.1**

⁵⁸ 'Mizoram Mineral Development Corporation Limited' is a subsidiary of 'Zoram Industrial Development Corporation Limited' and had no direct investment from the State Government

The overall position of profit/ losses incurred by the working PSUs during 2014-15 to 2018-19 as per their latest finalised accounts as on 30 September of the respective years has been depicted in **Chart-4.1.2:**

Chart-4.1.2: Overall profit (+)/ losses (-) of working PSUs⁵⁹



From the **Chart** above, it can be seen that during the last five years, PSUs earned profits (₹0.08 crore) during one year (2017-18) only and incurred losses during the remaining four years ranging between ₹6.36 crore (2015-16) and ₹0.33 crore (2018-19). The profits (₹0.08 crore) earned by the PSUs during 2017-18 were mainly due to profits aggregating ₹2.94 crore earned by Zoram Industrial Development Corporation Limited (₹1.66 crore) and Mizoram Handloom and Handicrafts Development Corporation Limited (₹1.28 crore).

During the year 2018-19, out of six working PSUs, one PSU (Zoram Industrial Development Corporation Limited) earned profit of ₹2.54 crore while remaining five PSUs incurred aggregate losses of ₹2.87 crore. The details of major contributors to profits and losses of working PSUs are given in **Table-4.1.11:**

Table-4.1.11: Major Contributors to profits and losses of working PSUs

(₹ in crore)

Name of PSU	Latest finalised accounts	Profit (+)/ loss (-)
Contributors to profit		
Zoram Industrial Development Corporation Limited	2016-17	(+) 2.54
Contributors to losses		
Mizoram Food and Allied Industries Corporation Limited	2014-15	(-) 1.59
Mizoram Agricultural Marketing Corporation Limited	2010-11	(-) 1.02

4.1.8.3 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures the long term profitability and efficiency of the total capital employed by a company. Companies create value when they generate returns on the capital employed. ROCE is an important decision metric for long term lenders. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed⁶⁰.

⁵⁹ As per the latest finalised accounts as on 30 September of the respective years

⁶⁰ Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure

During 2018-19, the overall Capital Employed in six working PSUs as per their latest accounts was ₹33.38 crore. The ROCE of the PSUs ranged from (-) 158.73 *per cent* (Mizoram Agricultural Marketing Corporation Limited) to (+) 8.76 *per cent* (Zoram Industrial Development Corporation Limited⁶¹). Further, out of six working PSUs, two PSUs⁶² had negative Capital employed and hence, their ROCE was not workable (**Appendix-4.1.1**).

4.1.9 Return on Investment on the basis of Present Value of Investment

The Rate of Real Return (RORR) measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for their time value. To determine the RORR on Government Investment in the State PSUs, the investment of State Government in the form of equity, interest free loans and grants/ subsidies given by the State Government for operational and management expenses less the disinvestments (if any), has been considered and indexed to their Present Value (PV) and summated. The RORR is then calculated by dividing the 'profit after tax' (PAT) of the PSUs by the sum of the PV of Government investment.

During 2018-19, out of the five⁶³ working PSUs where State Government had made direct investment, four PSUs incurred loss and only one PSU⁶⁴ earned profit (**Appendix-4.1.1**). On the basis of return on historical value, the State Government investment eroded by 0.24 *per cent* during 2018-19. On the other hand, as per the RORR where the PV of investment is considered, the State Government investment eroded by 0.18 *per cent* as shown in **Appendix-4.1.2**. This difference in the percentage of investment erosion was on account of the adjustment made in the investment amount for time value of money.

⁶¹ The only PSU with positive ROCE

⁶² Serial No. 4 and 6 of **Appendix-4.1.1**

⁶³ Excluding one PSU (at Serial No. 6 of **Appendix-4.1.1**), which is subsidiary of another Government Company (Serial No. 2 of **Appendix-4.1.1**) and had no direct investment from the State Government

⁶⁴ Zoram Industrial Development Corporation Limited

CHAPTER – V
REVENUE SECTOR

CHAPTER-V

REVENUE SECTOR

5.1 Trend of revenue receipts

5.1.1 The tax and non-tax revenue raised by Government of Mizoram during the year 2018-19, State's share of net proceeds of divisible Union taxes and duties and Grants-in-aid from Government of India (GoI) during the year and corresponding figures for the preceding four years are given in the following table.

Table-5.1: Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue raised by State Government						
1.	Tax revenue	266.52	358.41	441.81	545.91	726.69
	Non-tax revenue	241.96	297.63	365.22	390.65	449.95
	Total	508.48	656.04	807.03	936.56	1,176.64
Receipts from GoI						
2.	State's share of net proceeds of divisible Union taxes and duties	910.67	2,348.11	2,800.63	3,097.05	3,502.96
	Grants-in-aid	4,091.95	3,672.25	3,790.64	4,546.59	4,359.88
	Total	5,002.62	6,020.36	6,591.27	7,643.64	7,862.84
3.	Total Revenue Receipts of State Government (1 + 2)	5,511.10	6,676.40	7,398.30	8,580.20	9,039.48
4.	Percentage of 1 to 3	9.23	9.83	10.91	10.92	13.02

Source: Finance Accounts: 2018-19

The above table indicates that during the year 2018-19, revenue raised by State Government (₹1,176.64 crore) was 13.02 per cent of its total revenue receipts. The balance receipts (₹7,862.84 crore) constituting 86.98 per cent of total receipts during 2018-19 were from GoI.

5.1.2 Details of Budget Estimates (BEs) and tax revenue raised during the period from 2014-15 to 2018-19 are given in the following table.

Table-5.2: Details of tax revenue

(₹ in crore)

Head of Accounts	Year										Percentage of increase/decrease (-) in 2018-19 over 2017-18
	2014-15		2015-16		2016-17		2017-18		2018-19		
	BEs	Actuals	BEs	Actual	BEs	Actuals	BEs	Actual	BEs	Actuals	
Taxes on Sales, Trade, etc.	218.08	211.95	232.66	247.04	225.00	307.81	285.00	242.85	307.80	135.93	(-) 44.03
State Goods and Services Tax	---	---	---	---	---	---	---	169.76	50.00	454.73	167.87
State Excise	3.47	4.91	35.68	60.60	43.08	72.26	51.50	65.83	59.40	65.34	(-) 0.74
Taxes on Vehicles	22.24	17.03	23.57	19.44	23.61	25.75	23.84	31.58	25.74	38.36	21.47
Land Revenue	5.20	11.06	11.90	8.88	11.90	8.58	10.01	8.29	10.81	8.64	4.22
Stamps and Registration fees	0.07	3.72	0.12	3.57	8.72	3.26	9.16	3.20	9.89	4.43	38.44
Taxes on Goods and Passengers	4.00	2.56	4.24	2.71	3.18	7.90	3.20	7.83	3.50	4.71	(-) 39.85
Other Taxes	17.33	15.29	18.95	16.17	15.70	16.25	15.00	16.57	16.20	14.55	(-) 12.19
Total	270.39	266.52	327.12	358.41	331.19	441.81	397.71	545.91	483.34	726.69	33.12

Source: Finance Accounts and Annual Financial Statement of respective years

State's own tax revenue increased by 33.12 *per cent* in 2018-19 over 2017-18. Revenue receipts on account of Taxes on sales, trades, *etc.* decreased by ₹106.92 crore (44.03 *per cent*) in 2018-19 over 2017-18 due to introduction of Goods and Services Tax (GST) since 01 July 2017, which was accounted for separately. Receipts on account of GST were ₹454.73 crore which registered an increase of ₹284.97 crore (167.87 *per cent*) over the previous year.

The tax revenue on Vehicles registered an increase of 21.47 *per cent* in 2018-19 over the previous year due to increase in number of vehicles registered during the year. Receipts from Taxes on Goods and Passengers witnessed a decrease of ₹3.12 crore (39.85 *per cent*) over the previous year. Similarly, Receipts from state excise witnessed a slight decrease of ₹0.49 crore (0.74 *per cent*) over the previous year due to less receipts under 'Foreign Liquors and Spirits' and 'Fines and confiscations'.

5.1.2.1 State Goods and Services Tax

Goods and Services Tax (GST) was implemented with effect from 01 July 2017 on supply of goods or services or both. GST is concurrently administered by the Union (Central GST) and the States (State GST) on supply within the State while Integrated Goods and Services Tax (IGST) is levied on inter-state supply of goods or services or both.

The Central Goods and Services Tax Act, 2017, the Mizoram State Goods and Services Tax Act, 2017 and the Integrated Goods and Service Tax Act, 2017 and allied Rules of all the three Acts are applicable in the State of Mizoram.

Goods and Services Tax Network (GSTN), a Non-Government Company set up by Government of India provides both front-end and back-end services to Mizoram being a Model-II State. Front-end services provided to taxpayers for registration, return filing, payment of tax and back-end services include approval of registration, taxpayer detail viewer, refund processing, MIS reports, *etc.*

Implementation of GST necessitated smooth transitional provisions, which enables migration of all existing businesses to the new regime. The transitional provisions have been specifically incorporated in all the three GST Acts/ Rules.

5.1.2.1.1 Registrations under GST

As per the GST Act, every taxpayer with turnover of above ₹10 lakh (enhanced to ₹20 lakh with effect from 01 April 2019 in respect of dealer dealing with sale of goods only) has to be registered under GST. During transition period, the Department had to deal with migration of existing dealers as well as approval of new registrations. The due date for migration of existing dealers was February 2019.

The category wise registrations under GST as on March 2019 have been given in **Table-5.3**:

Table-5.3: Registered taxpayers under GST

Types of Taxpayers	Number of dealers	Percentage of total
Normal Taxpayers ⁶⁵	6,003	84.18
Tax Deductors at source	1,062	14.89
Tax Collectors at source	44	0.62
Corporation Taxpayers	20	0.28
Input Service Distributors	2	0.03
Total Registrants	7,131	100

Source: Information as provided by State Taxation Department and CGST, Aizawl

The total registrations under GST in Mizoram as on March 2019 were 7,131 of which, normal taxpayers accounted for 84.18 *per cent*, tax deductors at source accounted for 14.89 *per cent* and others⁶⁶ (including TCS, Corporate taxpayers and ISD) accounted for 0.93 *per cent*.

5.1.2.1.2 Division of Dealers between Central and State Government

As per the recommendation⁶⁷ of GST Council, administrative control of over 90 *per cent* of the dealers with turnover less than ₹1.50 crore shall vest with the State tax administration and 10 *per cent* with the Central tax administration. In respect of dealers with turnover of ₹1.50 crore and above, the administrative control shall be divided in the ratio of 50 *per cent* each for the Central and State tax administration. The division of taxpayers as notified in Mizoram up to March 2019 are shown below.

Table-5.4: Division of dealers between Centre and State Government

Jurisdiction	Number of dealers		Total
	Turnover above ₹1.5 crore	Turnover below ₹1.5 crore	
Centre	82	1,710	1,792
State	671	4,348	5,019
Total	753	6,058	6,811

Source: Information as provided by State Taxation Department and CGST, Aizawl

5.1.2.1.3 Filing of Returns under GST

As per Mizoram Goods and Services Tax Rules⁶⁸, 2017 (MGST Rules, 2017) regular taxpayers were required to file monthly returns⁶⁹ in GSTR-1, GSTR-2 and GSTR-3, whereas composition taxpayers were required to file quarterly returns in GSTR-4. However, the provisions of the rules could not be implemented due to issues relating to information technology infrastructure. Accordingly, filing of GSTR-2 and GSTR-3 were postponed and regular taxpayers are required to file GSTR-1 and GSTR-3B and composition dealers were to file GSTR-4 quarterly.

⁶⁵ Including composite taxpayers and casual taxpayers

⁶⁶ As on March 2019, there was no registrations under Non-Resident Taxable Person (NRTP) and Online Information Database Access and Retrieval services (OIDAR)

⁶⁷ Circular dated 20 September 2017

⁶⁸ Rule 59, 60 and 61

⁶⁹ GSTR-1: containing outward supply, GSTR-2: Auto populated from GSTR-1 showing inward supply of the dealer and GSTR-3: Summarised details of outward and inward supplies of a dealer during the month along with amount of GST liability

The trends of filing of GSTR-1 and GSTR-3B for the period from April 2018 to March 2019 in Mizoram have been depicted in **Table-5.5**:

Table-5.5: Filing pattern of GSTR-1 and GSTR-3B

Month	GSTR-1	GSTR-3B
April, 2018	1,054	5,062
May, 2018	1,096	4,743
June, 2018	1,123	4,823
July, 2018	1,160	4,895
August, 2018	1,185	4,971
September, 2018	1,185	5,053
October, 2018	1,173	5,177
November, 2018	1,234	5,284
December, 2018	1,256	5,350
January 2019	1,244	5,402
February 2019	1,244	5,494
March 2019	1,314	5,630
Total	14,268	61,884

Source: Information as provided by State Taxation Department and CGST, Aizawl

5.1.3 The details of non-tax revenue receipts during the period 2014-15 to 2018-19 are given in the following table:

Table-5.6: Details of non-tax revenue

(₹ in crore)

Head of account	2014-15		2015-16		2016-17		2017-18		2018-19		Percentage of increase/decrease (-) in 2018-19 over 2017-18
	BE	Actual									
Interest receipts	19.88	19.88	20.00	30.73	21.20	48.34	22.26	51.14	24.04	57.68	12.79
Power	144.36	144.36	162.00	166.35	172.00	200.11	181.00	213.10	198.70	270.23	26.81
Others	77.18	77.72	87.83	100.55	85.86	116.77	93.67	126.41	101.11	122.04	(-) 3.46
Total	241.42	241.96	269.83	297.63	279.06	365.22	296.93	390.65	323.85	449.95	15.18

Source: Finance Accounts and Annual Financial Statement of respective years

Non-tax revenue constituted between 4.39 and 4.98 *per cent* of the total revenue receipts during the last five years. During 2018-19, non-tax revenue recorded a growth of 15.18 *per cent* over the previous year. There was a steady increase in non-tax revenue from ₹241.96 crore in 2014-15 to ₹449.95 crore in 2018-19 with the major contributors being Power (₹270.23 crore) and Interest Receipts (₹57.68 crore).

5.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2019 on some principal heads of revenue amounted to ₹48.00 crore out of which, ₹0.70 crore was outstanding for more than five years, as detailed below:

Table-5.7: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2019	Amount outstanding for more than five years as on 31 March 2019
1.	Taxes/ VAT on Sales, Trades, etc.	45.88	0.70
2.	Taxes on Professions, Trades, Callings and Employment, etc.	0.65	0.00
3.	Taxes on Entertainment	0.30	0.00
4.	Land Revenue	1.17	0.00
Total		48.00	0.70

Source: Information furnished by the Taxation, Land Revenue and Settlement Departments

Information on total amount outstanding and amount outstanding for more than five years as on 31 March 2019 for taxes on vehicles, passengers and goods was not furnished by the Transport Department, though called for (January 2020).

5.3 Arrears in assessment

The details of cases pending at the beginning of the year, cases due for assessment, cases disposed of during the year and number of cases pending finalisation at the end of the year as furnished by the Taxation Department in respect of Sales Tax, Motor Spirit Tax, Luxury Tax and Tax on Works Contracts are shown below:

Table-5.8: Arrears in assessments

Head of account	Opening balance as on 01 April 2018	New cases due for assessment during 2018-19	Total assessments due	Cases disposed of during 2018-19	Closing balance as on 31 March 2019	Percentage of disposal
0040-Taxes on Sales, Trades, etc.	2,810	514	3,324	763	2,561	22.95

Source: Information furnished by the Taxation Department

It can be seen from the above table that out of 3,324 assessments due, the disposal was 763 (22.95 per cent) at the end of the year 2018-19.

The Department should take necessary action to complete the assessment in a time bound manner.

5.4 Evasion of tax detected by the Department

The details of cases of tax evasion detected by the Taxation Department, cases finalised and demands for additional tax raised as reported by the Department are given below:

Table-5.9: Evasion of tax

Name of tax/ duty	Opening balance as on 01 April 2018	Cases detected during the year 2018-19	Total	Cases in which assignments/ investigation completed and additional demand including penalty, etc. raised during 2018-19		Number of pending cases as on 31 March 2019
				No. of cases	₹ in crore	
Sales Tax/ VAT	400	137	537	128	3.08	409

Source: Departmental figures

Information on evasion of tax detected by the Transport Department had not been furnished, though called for (January 2020).

5.5 Pendency of refund cases

The details relating to the number of refund cases pending at the beginning of 2018-19, claims received during the year, refunds allowed during the year and the cases pending at the close of 2018-19 as reported by the Taxation Department are given below:

Table-5.10: Details of pendency of refund cases

Sl. No.	Particulars	Sales Tax/ VAT	
		No. of Cases	Amount
1.	Claims outstanding at the beginning of the year	20	0.034
2.	Claims received during the year	08	0.286
3.	Refunds made during the year	08	0.286
4.	Balance outstanding at the end of year	20	0.034

(₹ in crore)

Source: Information furnished by the Taxation Department

Thus, the number of cases pending at the close of the year remained the same.

5.6 Audit planning

The unit offices are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis. The risk criteria involved scrutiny of budget speech, white paper on State finances, Reports of the Finance Commission, recommendations of the Taxation Reforms Committee, analysis of the revenue earnings, tax administration, etc.

During the year 2018-19, there were 144 auditable units, of which 18 units were planned and 10 units had been audited, which was seven *per cent* of the total auditable units.

5.7 Results of audit

Position of local audit conducted during the year

Records of 10 units of Taxation; Land Revenue and Settlement and Geology and Mineral Resources Departments were test-checked during 2018-19. Test check revealed short levy of penalty/ short levy of mutation fee/ MVAT/ license fee aggregating ₹30.17 crore in 60 out of 97 cases. Of these, the Departments concerned recovered ₹0.93 crore relating to the previous years in 24 cases.

5.8 Coverage of this Report

This Chapter contains five paragraphs involving a money value of ₹10.54 crore. The Departments/ Government have accepted audit observations involving ₹4.07 crore. Out of this amount, ₹0.37 crore was recovered (January 2020).

COMPLIANCE AUDIT PARAGRAPHS

TAXATION DEPARTMENT

5.9 Non-levy of tax

Tax of ₹5.73 crore was not levied on two works contractor dealers in absence of any mechanism for cross verification with tax deductors

As per Section 48(1) of the Mizoram Valued Added Tax Act, 2005 the Government is to issue notification in the Official Gazette for a scheme of composition subject to such conditions and restrictions as may be provided therein. Accordingly, Government of Mizoram issued (May 2015) a gazette notification for Composition Scheme for Work Contract through which such dealers were permitted to pay four *per cent* of the total aggregate value of the works contracts received or receivable by him subject to the condition that:

1. The dealer who elects to compound the tax for any year under this Schemes shall submit an application to the Prescribed Authority, within thirty days from the commencement of the Scheme or within thirty days from the date of the commencement of the business of works contract, if such business of works contract commences after the commencement of the Scheme.
2. The dealer has to pay tax and file returns within the prescribed period.
3. The dealer opting for composition of tax under this Scheme shall be subject to all other provisions of the Mizoram Value Added Tax Act, 2005 and the Rules made thereunder and the terms and conditions contained in this Scheme.
4. The option once exercised shall be final and cannot be revoked by the dealer during the year.

For failure to furnish correct and complete returns, the dealer is liable to pay penalty not exceeding twice the amount of tax assessed under Section 31(7)(b) of the Act *ibid*. As per Section 33 of the Mizoram Value Added Tax (MVAT) Act, 2005 no assessment of the dealer shall be made after expiry of five years from the end of the tax period to which the assessment relates.

5.9.1 Test check of records (February 2019) of the Deputy Commissioner of State Tax (DCST⁷⁰), Kolasib Zone, Kolasib revealed that a works contract dealer⁷¹ furnished his return showing receipts of ₹110.65 crore as received/ receivable out of the works contract during the period October 2015 to June 2017. Being a composite tax payer as per the Composite Tax Scheme, the dealer had not paid any tax. The dealer was liable to pay tax of ₹4.43 crore as a composite tax payer.

While accepting the observation, the DCST, Kolasib, stated (February 2019) that the dealer will be assessed and challans showing deposit will be furnished in due course.

5.9.2 Test check of records (February 2019) of the DCST, Kolasib Zone, Kolasib revealed that another works contract dealer⁷² furnished returns showing gross turnover of

⁷⁰ Erstwhile Assistant Commissioner of State Tax

⁷¹ M/s Coastal Projects Limited, TIN-15502427034

⁷² M/s Bhartia Infra Projects Limited, TIN-15503146046

₹3.74 crore during the period from October 2016 to March 2017 and claimed to have paid ₹0.13 crore as tax deduction at source without any supporting document. The tax payable was ₹0.26 crore as worked out below:

Table-5.11: Details of Tax Payable

Sl. No.	Particulars	Amount (in ₹)
1.	Gross turnover return by the dealer	3,74,03,201
2.	Deduction on account of Labour charges	1,78,47,711
3.	Taxable amount (1-2)	1,95,55,490
4.	Tax payable at the rate of 13.5 per cent of Taxable amount	26,39,991

Thus, without support of the challan showing tax deduction at source, the dealer is liable to pay a tax of ₹0.26 crore.

Further, for the quarter April-June 2017, the dealer disclosed ₹26.11 crore as received out of the contract and the tax payable as a composite tax payer was declared at ₹1.04 crore which was shown as tax deduction at source (TDS). However, there was a certificate of tax deduction at source of ₹0.58 crore but the challans showing deposit was not on record and details for claiming TDS of remaining ₹0.46 crore was also not found on record. Hence, the dealer is found to have not paid a tax of ₹1.30 crore (₹0.26 crore plus ₹1.04 crore).

While accepting the observation the DCST, Kolasib stated (February 2019) that the dealer will be assessed and challans showing deposit would be furnished in due course.

The Government stated (December 2019) that both the firms have completed their works contract and all means of communication have gone and could not be located. It was also stated that partial (without mentioning the amount) tax payment were traced out from the office of the Commissioner of State Tax, but shifting of the office and huge stacking of files around made it impossible to identify challans. It was further stated that though challans for payment of tax could not be produced to audit, a mandatory system was followed by the Kolasib zone to verify payment of tax by the firms at the time of filing returns through checking of tax invoices by the Inspector of Taxes.

The reply of the Government is evasive and also contradicts the reply furnished by the DCST, Kolasib. The claim of the department about the existence of a process to verify the payment of tax is not tenable as the details of tax payments in the dealers' returns were left blank. Further, no step was taken to assess the dealers and levy the tax due from them even after completion of the contract works, as stated in the reply.

Thus, non-levy of tax of ₹5.73 crore (₹4.43 crore plus ₹1.30 crore) and penalty not exceeding ₹11.46 crore needs to be recovered from the dealer.

Recommendations

1. Audit noticed non-levy of tax in one case, the Department needs to review all cases of major works contractors and assess their returns.
2. The Department needs to put in place a cross verification mechanism and get list of contractors/ contracts from all State Government agencies and bring the contractors under tax.

5.10 Concealment of Turnover

Concealment of turnover by ten dealers remained undetected leading to non-levy of tax of ₹2.98 crore, besides penalty leviable

Section 33 of the Mizoram Value Added Tax (MVAT) Act, 2005 prohibits audit assessment of dealers after expiry of five years from the end of the tax period to which the assessment relates. The Commissioner of Taxes, Government of Mizoram vide notification in March 2017 directed all assessing authorities to complete all pending Audit Assessment cases under MVAT Act before 08 September 2017. For furnishing incomplete and incorrect returns, the dealer is liable to pay penalty not exceeding twice the amount of tax assessed under section 31(7) (b).

Test check of records (November-December 2018 and January 2019) of the Deputy Commissioner of State Tax (DCST⁷³), South and North Zone, Aizawl revealed that 10 dealers⁷⁴ were not assessed for the period between August 2011 and June 2017. The reasons for non-assessment of the dealers were not on record. It was seen that out of the 10 dealers, five dealers⁷⁵ had not furnished any return, whereas five dealers⁷⁶ had partially furnished returns to the taxation authority.

Scrutiny of records further revealed that these 10 dealers had purchased and imported taxable goods worth ₹6,407.29 lakh from outside the State as evidenced from e-Waybills and Form-C. Of the above, only five dealers⁷⁷ had declared their purchases as ₹3,577.47 lakh and against which sale of ₹4,181.26 lakh was declared by these five dealers in their returns. Thus, there was concealment of purchase turnover of ₹2,829.82 lakh as detailed in **Appendix-5.1.1**.

Further, taking the closing stock of seven dealers, who had furnished partial returns/ had not furnished returns till June 2017, as 'nil', the taxable turnover of sale at purchase value of these 10 dealers is worked out at ₹7,205.43 lakh as detailed in the following table:

Table-5.12: Taxable turnover of dealers who have submitted their returns partially

(₹ in lakh)

Name of the Zone	No. of Dealers	Period not assessed	Particulars	Rate (per cent)		Total
				5	13.5	
DCST, South Zone, Aizawl	08	August 2011 to June 2017	Opening stock	43.41	43.58	86.99
			Purchase (Inter-State)	958.69	3,033.47	3,992.16
			Taxable Sale	999.57	3,073.15	4,072.72
			Closing stock	2.53	3.90	6.43
			Tax payable	49.98	414.88	464.86
			Tax paid	2.03	260.25	262.28
			Evasion of Tax	47.95	154.63	202.58

⁷³ Erstwhile Assistant Commissioner of State Tax

⁷⁴ (1) L.T. Enterprise (TIN-15502494025), (2) Chhani Store (TIN-15502535047), (3) Biaki Enterprise (TIN-15502560006), (4) Sangi Store (TIN-15502435017), (5) Sangi Store (TIN-15502539087), (6) City Force (TIN-15500131063), (7) Lalat (TIN-15120349084), (8) Aaron Enterprise (TIN-15120014032), (9) Mana Motors (TIN-15500410040) and (10) Lena Enterprise (TIN-1510193083)

⁷⁵ (1) L.T. Enterprise, (2) Chhani Store, (3) Biaki Enterprise, (4) Sangi Store and (5) Sangi Store

⁷⁶ (1) City Force, (2) Lalat, (3) Aaron Enterprise, (4) Mana Motors and (5) Lena Enterprise

⁷⁷ (1) City Force, (2) Lalat, (3) Aaron Enterprise, (4) Mana Motors and (5) Lena Enterprise

Name of the Zone	No. of Dealers	Period not assessed	Particulars	Rate (per cent)		Total
				5	13.5	
DCST, North Zone, Aizawl	02	April 2015 to June 2017	Opening stock	478.80	795.12	1,273.92
			Purchase (Inter-State)	1,010.99	1,404.14	2,415.13
			Taxable Sale	1,366.75	1,765.96	3,132.71
			Closing stock	122.99	433.30	556.29
			Tax payable	68.34	238.40	306.74
			Tax paid	51.93	159.47	211.40
			Evasion of Tax	16.41	78.93	95.34

Thus, there was a concealment of sale of ₹3,024.17 lakh (₹7,205.43 lakh minus ₹4,181.26 lakh) with consequential evasion of tax of ₹297.92 lakh at purchase value. Besides the tax liability, these 10 dealers were also liable to pay penalty not exceeding ₹595.84 lakh.

On this being pointed out, the DCST, South Zone, Aizawl stated (April 2019) that out of eight dealers under the South Zone, two dealers viz., M/s Biaki Enterprise and M/s Lalat had been assessed to pay a tax of ₹24.68 lakh including penalty of ₹0.30 lakh and ₹109.21 lakh including penalty of ₹0.50 lakh respectively. It was also stated that in respect of the remaining six dealers, action is being initiated for assessment of the dealers. However, report on the payment of tax from the two dealers assessed and completion of audit assessment in respect of the remaining six dealers is awaited (November 2020).

In respect of the North Zone, Aizawl the DCST stated (May 2019) that the dealer viz., M/s Lena Enterprise had been assessed to pay a tax of ₹19.60 lakh including penalty of ₹0.14 lakh. It was also stated that the dealer M/s Mana Motors was issued notice of hearing for assessment. However, report on the payment of tax by the assessed dealer and completion of audit assessment of the remaining one dealer is awaited (November 2020).

The Government stated (December 2019) that in response to the Audit observation all ten dealers were assessed for payment of tax and penalty of ₹323.53 lakh as shown below:

Table-5.13: Details of assessment of dealers

(₹ in lakh)

Sl. No.	Name of the Zone	Name of Dealer and TIN	Tax payable as worked in Audit (in per cent)		Total	Amount of tax including penalty assessed by the tax authority	Amount realised at the instance of Audit	Amount outstanding
			5.00	13.50				
1.	DCST, South Zone, Aizawl	L.T. Enterprise, 15502494025	9.14	0.00	9.14	11.05		11.05
2.		Chhani Store, 15502535047	5.21	0.00	5.21	5.75		5.75
3.		Biaki Enterprise, 15502560006	23.22	0.00	23.22	24.68		24.68
4.		Sangi Store, 15502435017	5.26	0.00	5.26	5.80		5.80
5.		Sangi Store, 15502539087	4.84	0.00	4.84	5.33		5.33
6.		City Force, 15500131063	0.00	42.71	42.71	45.24		45.24
7.		Lalat, 15120349084	0.02	101.60	101.62	109.21		109.21
8.		Aaron Enterprise, 15120014032	0.26	10.32	10.58	7.88	7.88	0.00

Sl. No.	Name of the Zone	Name of Dealer and TIN	Tax payable as worked in Audit (in per cent)		Total	Amount of tax including penalty assessed by the tax authority	Amount realised at the instance of Audit	Amount outstanding
			5.00	13.50				
9.	DCST, North Zone, Aizawl	Mana Motors, 15500410040	(-) 0.24	78.95	78.95	88.99	10.00	78.99
10.		Lena Enterprise, 1510193083	16.65	(-) 0.02	16.65	19.60	19.60	0.00
Total			64.36	233.56	297.92	323.53	37.48	286.05

Thus, there was an outstanding demand of tax of ₹286.05 lakh including the penalty, for recovery. However, the realisation of demand raised was not received (January 2020).

Recommendations

1. Audit noticed non-levy of tax in selected cases, the Department needs to review all such cases and recover the dues, if any, along with the penalty and interest leviable.
2. The Department needs to put in place an institutionalised mechanism to ensure that the non-filing of returns are tracked, appropriate action is initiated against the defaulting dealers and taxes due to the Government are recovered on priority.

5.11 Under-assessment of tax

Under-assessment of tax of ₹27.04 lakh of a dealer due to closing balance of stock not carried forward in accounts

As per Section 29(3) of the Mizoram Value Added Tax (MVAT) Act, 2005 if a registered dealer has filed the return in respect of any tax period within the prescribed time and the return so filed is found to be in order, it shall be accepted as self-assessment subject to adjustment of any arithmetical error apparent on the fact of the said return. Further, for failure to furnish correct and complete returns, the dealer is liable to pay penalty not exceeding twice the amount of tax assessed under Section 31(7)(b) of the Act *ibid*.

Test check of records (January 2019) of the DCST, North Zone, Aizawl revealed that the Assessing Officer (AO) while assessing a dealer⁷⁸ accepted (February 2018) that the business of the dealer was closed and there was no transaction during 2013-14 to June 2017 and treated the assessment as self-assessed without realising any tax.

Scrutiny of records, however, revealed that the dealer had a closing stock of ₹194.47 lakh during 2012-13 as per Assessment but the AO failed to bring this stock as opening stock for the assessment year 2013-14. By adding three *per cent* profit on the escaped turnover as was adopted by the AO in the assessment year 2012-13, the taxable turnover of the dealer should be ₹200.30 lakh having tax effect of ₹27.04 lakh at the tax rate of 13.5 *per cent*.

Thus, the dealer was under-assessed for a tax of ₹27.04 lakh. The dealer is also liable to pay penalty not exceeding of ₹54.08 lakh.

On this being pointed out, the DCST, North Zone, Aizawl re-assessed (March 2019) and levied a tax of ₹27.04 lakh. The reason for non-levy of the penalty amount was not on record.

⁷⁸ M/s John Overseas, TIN-15110020002

The Government confirmed (December 2019) the fact of levy of tax ₹27.04 lakh without citing the reason for not levying the penalty. However, report on realisation of the tax assessed is awaited (November 2020).

Thus, there was under-assessment of ₹27.04 lakh and leviable penalty not exceeding ₹54.08 lakh.

Recommendation: The Department may speed up to complete all pending assessments as per instruction issued in March 2017 and also the recovery of the assessed tax.

5.12 Suppression of Opening Stock

Suppression of opening stock by three dealers led to non-levy of tax of ₹1.11 crore

The Commissioner of Taxes, Government of Mizoram vide notification in March 2017 directed all assessing authorities to complete all pending Audit Assessment cases under MVAT Act before 08 September 2017. For furnishing incomplete and incorrect returns, the dealer is liable to pay penalty not exceeding twice the amount of tax assessed under section 31(7)(b).

Test check of records (November-December 2018 and January 2019) of the Deputy Commissioners of State Tax (DCST), South Zone and North Zone, Aizawl revealed that three dealers⁷⁹ were not assessed for the period between April 2017 and June 2017. The reason for non-assessment of the dealers was not on record. Scrutiny of the returns furnished by the three dealers revealed that their closing stock in March 2017 was ₹1,270.29 lakh (₹610.00 lakh taxable at five per cent plus ₹660.29 lakh taxable at 13.50 per cent). However, this closing stock was irregularly shown as ₹65.94 lakh (₹8.40 lakh taxable at five per cent plus ₹57.54 lakh taxable at 13.50 per cent) in the opening stock as on April 2017 resulting in irregular suppression of taxable stock amounting to ₹1,204.35 lakh (₹601.60 lakh taxable at five per cent plus ₹602.75 lakh taxable at 13.50 per cent). This irregular suppression of taxable stock by three dealers resulted in evasion of tax of ₹1.11 crore (₹0.30 crore at five per cent plus ₹0.81 crore at 13.50 per cent) as worked out below:

Table-5.14: Details of irregular suppression of taxable stock by three dealers

(₹ in lakh)

Name of the Zonal office	Name of dealer and TIN	Closing stock as in March 2017		Opening stock in April 2017		Difference/suppressed stock		Tax payable on the suppressed stock at purchase value	
		5%	13.50%	5%	13.50%	5%	13.50%	5%	13.50%
DCST, South Zone, Aizawl	L. M. Store, 15501369027	3.87	290.22	0.00	0.00	3.87	290.22	0.19	39.18
	RTP Business Enterprise, 15120003019	606.13	111.24	8.40	14.47	597.73	96.77	29.89	13.06
DCST, North Zone, Aizawl	M/s E. R. Enterprise, 15500385081	0.00	258.83	0.00	43.07	0.00	215.76	0.00	29.13
Total		610.00	660.29	8.40	57.54	601.60	602.75	30.08	81.37
Total in component wise		1,270.29		65.94		1,204.35		111.45	

Source: Departmental records

⁷⁹ (1) DCST, South Zone, Aizawl: (a) L. M. Store, TIN-15501369027 and (b) RTP Business Enterprise, TIN-15120003019; (2) DCST, North Zone, Aizawl: (c) E. R. Enterprise, TIN-15500385081

Thus, due to irregular suppression of taxable stock by three dealers, there was evasion of tax of ₹1.11 crore. Besides, for failure to furnish complete and correct returns, these dealers were also liable to pay penalty not exceeding ₹2.23 crore.

On this being pointed out, the DCST, South Zone, Aizawl stated (April 2019) that Audit assessments (February and March 2019) have been initiated against two dealers.

While re-assessing (March 2019) the third dealer, the DCST, North Zone, Aizawl did not consider the period beyond March 2017 thus, failing to assess the stock of ₹215.76 lakh which was suppressed in the opening balance of April 2017 as initially pointed out by Audit.

The Government stated (December 2019) that assessment of the dealer viz. M/s L. M. Store is under process. The other two dealers viz. M/s RTP Business Enterprise and M/s E. R. Enterprise were assessed and a tax of ₹55.22 lakh⁸⁰ including penalty of ₹1.40 lakh⁸¹ respectively were levied on the dealer. However, the AOs in their assessment, increased the closing stock as on June 2017 against the dealers' return from ₹36.76 lakh to ₹157.25 lakh in respect of M/s RTP Business Enterprise and from ₹43.07 lakh to ₹109.13 lakh in the case of M/s E.R. Enterprise without any recorded reason. Further, payment of the assessed tax in both the assessed dealers is awaited (January 2021).

Recommendation: Government needs to establish a mechanism to verify the sales of the dealers with the concerned line departments in respect of works contract to ascertain the actual tax element. Further, the Government needs to fix responsibility of the Assessing Officers who failed to comply with the provisions of the MVAT Act, which resulted in evasion of tax.

TRANSPORT DEPARTMENT

5.13 Suspected misappropriation of Government revenue

There was a suspected misappropriation of Government revenue of ₹44.85 lakh due to non-accountal/ deposit of receipts under Motor Vehicles Act

As per Rule 6(1) of the Central Government Account (Receipts and Payments) Rules, 1983 (being followed by the Government of Mizoram), all moneys received by or tendered to Government officers on account of revenues or receipts or dues of the Government shall, without undue delay be paid in full into the accredited bank for inclusion in Government Accounts.

As per the procedure followed at District Transport Offices, cash counter officials collect the taxes and fees and accordingly enter the receipts in the computerised system. At the end of the day, cash counter officials generate computerised daily report and submit it to the Cashier along with the cash receipts. The Cashier verifies the cash submitted with that of the computerised daily report and enters the amount in the cashbook. The District Transport Officer (DTO) checks the cash book daily and the cash receipts are immediately deposited into Government Account through challans which are also signed by the DTO.

Test check (May 2019) of records of DTO, Siaha revealed that as per computerised day-end report⁸² a revenue of ₹515.40 lakh was collected during 2012-13 to 2018-19. Out of this, receipts of ₹471.51 lakh were shown in the cash book maintained by the DTO and there were no entries for the balance of ₹43.89 lakh.

⁸⁰ Assessment of Tax: M/s RTP Business Enterprise - ₹34.66 lakh and M/s E. R. Enterprise - ₹20.56 lakh

⁸¹ Penalty: M/s RTP Business Enterprise - ₹One lakh and M/s E. R. Enterprise - ₹0.40 lakh

⁸² An MIS report of Vahan and Sarathi softwares that shows the daily transactions recorded in the system

Further, out of the total receipts shown in the cash book, receipts of ₹463.47 lakh was deposited into Treasury by challans. The details of revenue receipts, their deposit in Government Account and closing balance reflected in the cash book are given below:

Table-5.15: Details of revenue receipts, their deposit in Government Account and closing balance reflected in the cash book

(Amount in ₹)

Year	Opening balance as per cash book on revenue collection	Amount of taxes and fees collected as per day-end record	Total Receipts	Amount deposited into Government Account	Closing balance		Revenue deposited	
					as per cash book on revenue collection	Actual	Short	Excess
1	2	3	4 [= 2 + 3]	5	6	7	8 [= 6 - 7]	9 [= 7 - 6]
2012-13	0	72,46,024	72,46,024	60,20,999	0	12,25,025	12,25,025	0
2013-14	0	69,86,743	69,86,743	56,62,379	27,485	13,24,364	12,96,879	0
2014-15	27,485	59,30,732	59,58,217	48,11,268	58,528	11,46,949	10,88,421	0
2015-16	58,528	74,54,976	75,13,504	66,50,407	600	8,63,097	8,62,497	0
2016-17	600	78,15,518	78,16,118	66,59,525	3,83,582	11,56,593	7,73,011	0
2017-18	3,83,582	85,53,176	89,36,758	88,34,483	66,811	1,02,275	35,464	0
2018-19	66,811	75,52,506	76,19,317	77,08,195	7,07,866	88,878	0	7,96,744
Total		515,39,675	520,76,681	463,47,256	--	--	52,81,297	7,96,744

Source: Departmental records

It can be seen from the above table that there was a short deposit of revenue of ₹44.85 lakh during 2012-18 without any recorded reasons, and the DTO had failed to ensure the accountability of these receipts which remained outside of the Government Account violating the Rules.

Thus, DTO, Siaha failed to reconcile the receipts accounted for in the cash book with that of the computerised day-end report generated from Vahan and Sarathi softwares resulting in suspected misappropriation of Government Revenue of ₹44.85 lakh.

On this being pointed out in audit, the Government stated (January 2020) that there was a serious clerical error in the amount of taxes and fees collected and the act of providing the wrong data to Audit was seriously dealt with. It was also stated that as per the cash book, a revenue of ₹471.51 lakh was collected and ₹463.48 lakh was deposited with a short deposit of ₹0.98 lakh. The Department further added that show cause notices had been issued (November 2019) to four officials of DTO, Siaha.

The reply of the Government is silent about the mismatch between the cash book and the computerised day-end report and whereabouts of the funds not accounted for in the cash book. Besides, the DTO cannot abdicate his responsibility for such grave failure of control in the office, as he was responsible for daily checking of the Cashbook.

Recommendation: Government needs to investigate the matter, and evolve a mechanism to reconcile the computerised day-end-report and the cash book. Further, the Government needs to fix responsibility on the DTO also for short accountal of revenue in the cash book and short deposit of revenue into the Government Account and take appropriate action for the misappropriation of Government money.

CHAPTER – VI

FOLLOW UP OF AUDIT OBSERVATIONS

CHAPTER-VI

FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Non-submission of *suo moto* Action Taken Notes

With a view to ensuring accountability of the Executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC) of Mizoram, issued (May 2000) instructions for submission of *suo moto* Action Taken Notes (ATNs) on all paragraphs and reviews featured in the Audit Report within three months of its presentation to the Legislature. For submission of the ATNs on its recommendations, the PAC has provided six months' time.

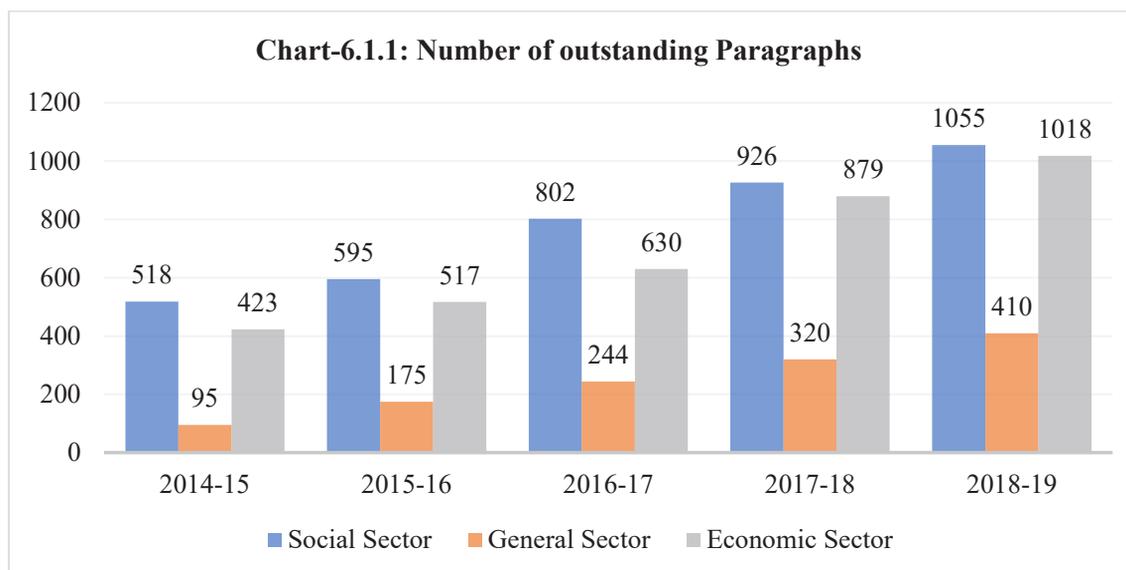
A review of follow up action on submission of *suo moto* ATNs disclosed that there was pendency in replies in respect of the Audit Reports for the years 2012-13 to 2016-17. The Audit Report for the year 2017-18 was laid on the table of the State Legislature on 21 November 2019.

6.2 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspection of Government Departments to verify on a test-check basis if proper books of accounts and records are maintained as per the prescribed rules and procedures. These inspections are followed by the issuance of Inspection Reports (IRs) to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/ orders of the Government provide for prompt response by the Executive to the IRs. The Heads of Offices and next higher authorities are required to rectify the defects promptly as per the Audit observations and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Accountant General.

6.2.1 Outstanding Inspection Reports and Paragraphs

Details of outstanding paragraphs pertaining to Social, General and Economic (Non-PSUs) Sectors during the last five years are as follows:



6.2.2 Revenue Sector

At the end of June 2019, 123 IRs issued up to December 2018 containing 378 paragraphs with a money value of ₹90.55 crore were outstanding. The position in this respect for the preceding two years is given in the table below:

Table-6.1: Details of outstanding IRs under Revenue Sector

Particulars	June 2017	June 2018	June 2019
Numbers of outstanding IRs	129	133	123
Number of outstanding audit observations	344	368	378
Amount involved (₹ in crore)	67.13	74.38	90.55

6.2.2.1 Recovery of accepted cases

The details of paragraphs included in the Audit Reports of the last five years and those accepted by the Department and amount recovered are given in the following table:

Table-6.2: Details of Paragraphs included in the Audit Reports and recovery made there against by Taxation Department

(₹ in crore)

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered as on 31 March 2019	Cumulative position of recovery of accepted cases
2013-14	5	2.38	4	1.95	0.14	0.14
2014-15	4	4.15	4	4.15	0.15	0.29
2015-16	5	3.63	4	1.61	0.02	0.31
2016-17	6	3.16	4	2.14	--	0.31
2017-18	3	2.06	3	2.05	0.15	0.46
Total	23	15.38	19	11.90	0.46	--

It could be seen from the above table that during the last five years, the Taxation Department had accepted 19 paragraphs having a money value of ₹11.90 crore; out of which, only ₹0.46 crore had been recovered as on 31 March 2019.

The Department needs to evolve a strong mechanism to monitor and ensure recovery of accepted cases.

6.3 Response of departments concerned to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General to the Principal Secretaries/ Secretaries of the departments concerned, drawing their attention to audit findings with a request to send their response within six weeks. Non-receipt of replies from departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Thirteen draft paragraphs proposed to be included in the Audit Report 2018-19, were sent to Principal Secretaries/ Secretaries of the respective Departments for their responses. Government response was received in respect of five draft paragraphs which have been incorporated at appropriate places. No response was received from the Government for the remaining draft paragraphs.

6.4 Audit Committee Meetings

State Government had constituted (04 September 2013) Audit Committees to consider and take measures for timely response and speedy settlement of outstanding IRs/ paragraphs pending in various Departments.

During 2018-19, Audit Committee Meeting (ACM) in respect of Transport Department under Revenue Sector was held on 11 May 2018. During the ACM, 34 Inspection Reports (IRs) consisting of 79 paragraphs pertaining to 11 audit entities had been discussed and six IRs and 25 paragraphs had been settled.

Government may ensure that Audit Committees meet regularly to review, discuss, settle and take action on audit observations.

Aizawl

The 16 August, 2021

(SARAT CHATURVEDI)

Principal Accountant General, Mizoram

Countersigned

(GIRISH CHANDRA MURMU)

New Delhi

The 26 August, 2021

Comptroller and Auditor General of India

APPENDICES

Appendix-1.1

Statement showing details of sports projects implemented in the State during 2014-15 to 2018-19

(Reference: Paragraph-1.3.9.1)

SL No.	Project Name & Details	Funding Agency/ Implementing Agency	Approved Cost	Date of Approval funding agency	Funds Released			Total Expenditure	Scheduled date of completion as per work order	Actual date of completion	Delay (months)	Status of project
					Central share	State Matching share	Total					
1.	Construction of State Sports Academy at Zobawk, Lunglei	NLCPR PWD	1,751.24	02.08.2010	1,480.90	164.55	1,645.45	1,644.96	22.06.2014	---	Delayed	On-going
2.	Construction of Mini Sports Complex, Lengpui	NEC MSSC	470.00	02.12.2010	435.83	34.17	470.00	470.00	07.03.2013	25.05.2017	51	Completed
3.	Construction of Indoor Stadium at Keitum	NLCPR PWD	173.75	23.12.2010	153.91	12.17	166.08	166.08	20.03.2013	31.03.2017	49	Completed
4.	Construction of Indoor Stadium at Bungtlang	NLCPR PWD	173.75	23.12.2010	149.47	16.61	166.08	166.08	31.10.2014	31.03.2017	29	Completed
5.	Construction and Establishment of Sports Centre at Phulpui, Aizawl	NEC MSSC	394.00	12.10.2011	354.60	39.40	394.00	394.00	03.07.2014	08.06.2017	36	Completed
6.	Construction of Multipurpose Indoor Hall at Mualpui, Aizawl	USIS MSSC	600.00	19.10.2011	600.00	Nil	600.00	600.00	08.10.2014	23.04.2015	7	Completed
7.	Construction of Multi Sports Centre at Muallungthu	NEC MSSC	377.00	16.11.2011	339.30	37.67	376.97	376.97	07.09.2013	05.03.2018	55	Completed
8.	Construction of Multi-level Parking, Community Centre and Office Complex at Aizawl North	NLCPR PWD	1,298.26	15.12.2011	991.09	110.11	1,101.20	880.96	27.07.2015	---	20	On-going
9.	Construction of Multipurpose Sports Centre for Northern Region of Mizoram at Darlawn	NEC MSSC	359.17	07.09.2012	323.25	35.92	359.17	359.17	14.04.2016	21.07.2017	15	Completed

Audit Report on Social, General, Economic and Revenue Sectors for the year ended 31 March 2019

Sl. No.	Project Name & Details	Funding Agency/ Implementing Agency	Approved Cost	Date of Approval funding agency	Funds Released			Total Expenditure	Scheduled date of completion as per work order	Actual date of completion	Delay (months)	Status of project
					Central share	State Matching share	Total					
10.	Construction of Indoor Stadium at Electric Veng, Aizawl	NEC MSSC	493.63	23.11.2012	444.27	49.36	493.63	493.63	17.03.2015	01.06.2018	39	Completed
11.	Construction of Swimming Pool at Lawibual	SPA MSSC	400.00	11.03.2013	400.00	Nil	400.00	400.00	14.09.2015	02.02.2017	17	Completed
12.	Construction of Lungsen Playground, Lunglei	SPA MSSC	165.00	11.03.2013	165.00	Nil	165.00	165.00	25.04.2014	24.06.2014	2	Completed
13.	Construction of Boxing Hall at Ramhlun Sports Complex, Aizawl	SPA MSSC	150.00	11.03.2013	150.00	Nil	150.00	150.00	04.04.2015	18.03.2015	No delay	Completed
14.	Construction of Zotlang Sports Complex (Basketball and Tennis Court), Aizawl	SPA MSSC	100.00	11.03.2013	100.00	Nil	100.00	100.00	09.03.2015	09.03.2015	No delay	Completed
15.	Construction of Table Tennis and Powerlifting hall at Kawltheihuan	SPA MSSC	100.00	11.03.2013	100.00	Nil	100.00	100.00	03.04.2014	07.07.2014	3	Completed
16.	Construction of 5 nos. of Indoor Stadium	SPA MSSC	141.50	26.03.2013	141.50	Nil	141.50	141.50	06.05.2014	20.08.2015	16	Completed
17.	Construction of Playground in 6 nos. District of Mizoram	SPA MSSC	601.30	26.03.2013	601.30	Nil	601.30	601.30	20.01.2014	05.05.2014	4	Completed
18.	Installation of Gymnasium at 3 nos. Indoor Halls in Mizoram	SPA MSSC	120.00	26.03.2013	120.00	Nil	120.00	120.00	10.06.2013	04.07.2013	1	Completed
19.	Laying of Synthetic Football Turf at Chhangphut Playground, Champhai	USIS MSSC	450.00	16.07.2013	450.00	Nil	450.00	450.00	25.12.2013	20.10.2014	10	Completed
20.	Construction of Multipurpose Indoor Hall at Sazaikawn, Lunglei	USIS MSSC	600.00	16.07.2013	600.00	Nil	600.00	600.00	23.09.2015	30.08.2017	24	Completed

Sl. No.	Project Name & Details	Funding Agency/ Implementing Agency	Approved Cost	Date of Approval funding agency	Funds Released			Total Expenditure	Scheduled date of completion as per work order	Actual date of completion	Delay (months)	Status of project
					Central share	State Matching share	Total					
21.	Construction of Zauva Sailo Memorial Tennis Centre, Lunglei	NLCPR MSSC	426.00	11.09.2013	383.40	42.60	426.00	340.79	31.03.2019	---	Delayed	On-going
22.	Sports Infrastructure Development of Hachhek at Mizoram	NEC MSSC	489.86	01.10.2013	440.87	48.98	489.85	475.58	10.04.2016	19.12.2018	33	Completed
23.	Construction of Indoor Stadium at Chandmani, Lunglei	NLCPR PWD	496.19	18.02.2014	414.08	45.74	459.82	459.82	28.05.2016	31.12.2016	7	Completed
24.	Construction of Sports Complex at Kolasib	Ministry of HUA UD & PA	2,268.43	08.10.2014	2,268.43	Nil	2,268.43	2,268.43	15.08.2016	30.09.2018	26	Completed
25.	Construction of Sports Stadium at Zotlang, Champhai	Ministry of HUA UD & PA	2,238.69	04.09.2013	2,238.69	Nil	2,238.69	2,238.69	14.09.2015	31.12.2016	16	Completed
26.	Construction of Semi-Indoor Stadium at ATC Court, Aizawl	SPA MSSC	100.80	24.03.2015	100.00	Nil	100.00	100.00	12.10.2016	07.03.2017	5	Completed
27.	Construction of Playground in various Districts within Mizoram	SPA MSSC	108.00	24.03.2015	108.00	Nil	108.00	108.00	26.05.2016	14.01.2016	No delay	Completed
28.	Construction of Saron Veng Sports Centre, Aizawl	SPA MSSC	500.00	24.03.2015	500.00	Nil	500.00	500.00	18.05.2017	04.02.2017	No delay	Completed
29.	Construction of two nos. Indoor Climbing Wall at Aizawl	SPA MSSC	103.50	24.03.2015	103.50	Nil	103.50	103.50	31.10.2016	18.03.2017	5	Completed
30.	Construction of Youth Recreation Centre cum Amalgamated Office Complex for Sports & Youth Services Department at New Secretariat Complex, Aizawl	NEC MSSC	1,040.42	28.04.2016	832.00	---	832.00	500.06	08.12.2018	---	Delayed	On-going

Audit Report on Social, General, Economic and Revenue Sectors for the year ended 31 March 2019

Sl. No.	Project Name & Details	Funding Agency/ Implementing Agency	Approved Cost	Date of Approval funding agency	Funds Released			Total Expenditure	Scheduled date of completion as per work order	Actual date of completion	Delay (months)	Status of project
					Central share	State Matching share	Total					
31.	Construction of Multipurpose Sports Complex at Aizawl West, Joint YMA Field, Vaivakawn	NEC MSSC	1,016.88	02.06.2016	816.75	---	816.75	30.06.2019	---	Still time	On-going	
32.	Construction of Multipurpose Hall at Silphir	NEC MSSC	1,277.79	26.09.2016	1,277.79	Nil	1,277.79	02.08.2019	---	Still time	On-going	
33.	Laying of Synthetic Football Turf at Lawngtlai Playground, Lawngtlai	USIS MSSC	450.00	23.03.2017	450.00	Nil	450.00	19.01.2017	24.08.2018	19	Completed	
34.	Laying of Artificial Turf at Saitual	NEC MSSC	538.81	28.07.2017	431.60	---	431.60	13.11.2019	---	Still time	On-going	
35.	Laying of Artificial Turf at Hnahthial	NEC MSSC	682.90	04.08.2017	547.00	---	547.00	15.11.2019	---	Still time	On-going	
36.	Construction of Mini Sports Complex, Sakawrdai	NLCPR MSSC	350.00	25.10.2017	126.00	35.00	161.00	16.01.2020	---	Still time	On-going	
37.	Construction of Multi-Purpose cum Indoor Stadium, Near DC Bungalow, Lunglei	Ministry of Tribal Affairs DC, Lunglei	50.00	2017-18	50.00	---	50.00	---	30.03.2019	NA	Completed	
38.	Construction of Sports Guest House at Mualpui	NEDP MSSC	50.00	13.03.2018	---	50.00	50.00	02.04.2019	---	Still time	On-going	
39.	Construction of Sports Hostel (Block I and II)	NEDP MSSC	800.00	20.09.2018	---	800.00	800.00	25.09.2020	---	Still time	On-going	

Note: Projects highlighted in 'Bold' represents projects that were selected through sampling

Appendix-1.2
Statement showing the details of grounding of projects
(Reference: Paragraph-1.3.9.2)

Sl. No.	Name of the Project	Date of sanction of project by GoI	Date of Administrative Approval	Date of Notice Inviting Tender	Date of issue of work order
1.	Improvement of Chhangphut Playground	01.06.2013	Not accorded	23.07.2013	19.08.2013
2.	Construction of Indoor stadium at Electric Veng, Aizawl	23.11.2012	27.08.2013	23.08.2013	16.09.2013
3.	Sports Infrastructure Development of Hachhek area in Mizoram	01.10.2013	25.07.2014	14.08.2014	08.10.2014
4.	Construction of multipurpose indoor hall at Mualpui	19.10.2011	Not accorded	13.04.2012	08.06.2012
5.	Construction of Mini sports complex, Sakawrdai	25.10.2017	Not accorded	23.11.2017	16.01.2018
6.	Construction of multipurpose indoor hall at Szaikawn	01.06.2013	Not accorded	04.09.2013	23.09.2013
7.	Construction and establishment of sports centre at Phulpui, Aizawl	12.10.2011	21-03-2012	04.07.2012 11.05.2012	16.07.2012 03.07.2012
8.	Construction of Zauva Sailo memorial centre, Lunglei	11.09.2015	Not accorded	21.12.2015	14.01.2016
9.	Construction of multipurpose Sports Complex at Aizawl West, Joint YMA field, Vaivakawn	02.06.2016	Not accorded	08.11.2016	29.12.2016
10.	Construction of Youth recreation centre cum amalgamated office complex for SYS Department at New Secretariat Complex, Aizawl	28.04.2016	Not accorded	03.11.2016	08.12.2016
11.	Construction of Indoor Stadium at Chanmari, Lunglei	18.02.2014	12.05.2014	21.10.2014	18.11.2014
12.	Construction of State Sports Academy at Zobawk, Lunglei	02.08.2010	29.07.2011	19.08.2011	07.06.2012
13.	Construction of Multi-level Parking, Community Centre and Office Complex at Aizawl North	15.12.2011	03.09.2012	09.07.2013	04.10.2013
14.	Construction of Indoor Stadium at Bungtlang	23.12.2010	Not accorded	31.03.2011	09.01.2012

Appendix-1.3
Statement showing the details of utilisation of coaches from SYSD
(Reference: Paragraph-1.3.14)

Sports discipline	Name of the coach	Coaching imparted/ officiating (in days)				
		2014-15	2015-16	2016-17	2017-18	2018-19
Volleyball	P. C. Lalhriatpuia	113	111	102	238	76
	Lalhmingsiangi Sailo	110	101	71	--	22
	Lalrinliana Royte	33	11	73	32	17
Sepaktakraw		5	5	0	17	11
Athletics	C. Lalroliana	87	78	75	118	71
Fencing	Lalmuanpuii	212	128	8	137	162
Taekwondo	Lalmangaihsangi	120	31	24	--	--
	Joseph Thansanga	48	87	86	89	124
	Joseph Lalsiama	6	19	123	76	15
Football	Vanlalthlanga	237	15	--	91	--
	H. C. Zartzoliana	5	--	--	--	--
	C. Lalrinsanga	91	62	166	77	2
	Lalbulliana	14	6	15	--	--
	R. Lalnunsangi	19	38	119	--	10
	Lalthawmawia	--	6	--	--	--
	R. Lalmuankima	--	7	--	--	--
	Lizzy Lalhmingsangi	--	7	--	53	--
Cricket	H. Lalruatsanga	--	--	--	62	115
Weightlifting	Malsawma Khiangte	--	--	9	84	0
Judo	Madhu Chhetri	5	35	0	--	--
	Lalrengpuia	--	--	--	99	61
Archery	H. Ramdinpuia	173	25	20	0	0
Table Tennis	Lalsangliana Hmar	78	0	0	102	13
Basketball	Samuel Lalthlamuana	173	181	110	237	123
	H. Laldinsanga	196	320	181	179	16
Wrestling	C. Lalhmunfela	57	35	7	107	90
Badminton	Lalbiaksangi	161	96	23	92	0
	Zosiamliana	238	93	27	202	45
Wushu	Ramluahpuia	60	65	5	194	111
Hockey	F. Vanlalveni	59	118	132	91	57
	K. Lalthlengliana	9	9	16	--	--
	Lalrothuami	23	9	18	51	42
	R. Lalnunmawii	57	85	25	51	75
	Lalzawnchhungi	61	38	8	5	25
	Lalrampari	--	12	--	--	4
	Lalruatfela Zote	--	--	16	32	--
Boxing	Vulthavunga	81	151	37	127	95
	C. Vanlalchhuanga	110	121	105	206	186
	Lalfakzuala	7	105	--	0	58
	R. Lalbiaksangi	4	158	20	173	71

Appendix-1.4
Statement showing the District Headquarters'-wise list of trainees
(Reference: Paragraph-1.4)

Name of the District Headquarters	Name of the Department/ Office	No. of Trainee
A. Aizawl	Public Works Department	21
	Economics and Statistics	5
	Election Department	9
	Disaster Management and Rehabilitation	5
	Fisheries Department	4
	Co-Operation Department	5
	Soil and Water Conservation Department	11
	Printing and Stationeries Department	6
	Power and Electricity Department	19
	Social Welfare Department	12
	Taxation Department	11
	Vigilance Department	5
	Urban Development and Poverty Alleviation Department	8
	Tourism Department	14
	Sainik Welfare and Resettlement	7
	Trade and Commerce, Commerce and Industries Department	4
	Sports and Youth Services	14
	Animal Husbandry and Veterinary Department	11
	Health and Family Welfare Department	11
	Public Health Engineering Department	20
	Fire and Emergency Services Department	6
	Chief Engineer, Public Works Department	4
	Mizoram Board of School Education	5
	State Planning and Implementation Board	4
	Information and Public Relation Department	21
	School Education Department	4
	Higher and Technical Education Department	3
	Art and Culture Department	12
	Mizoram Public Service Commission	4
	Deputy Commissioner	7
	Transport Department	15
	District Institute for Education and Training	4
	Environment, Forests and Climate Change Department	13
State Council of Educational Research and Training	3	
Local Administration Department	8	
Excise and Narcotics Department	7	

Name of the District Headquarters	Name of the Department/ Office	No. of Trainee
	Agriculture Department	12
	Horticulture Department	15
	Food, Civil Supply and Consumer Affairs' Department	11
	State Institute of Rural Development	5
	Rural Development Department	11
	Accounts and Treasuries Department	3
	Personnel and Administrative Reforms	4
	Finance Department	4
	Political and Cabinet	7
	Industries, Commerce and Industries Department	9
	Irrigation and Water Resources Department	11
	Library, Art and Culture Department	5
	General Administration Department	4
	Home Department	23
	Land Revenue and Settlement Department	10
	Labour, Employment, Skill Development and Entrepreneurship Department	4
	Law and Judicial Department	6
	Planning and Programme Implementation	4
	Information and Communication Technology Department	3
	Sericulture Department	6
	Home (Prison) Department	10
	Government Aizawl College	2
	Government T. Romana College	2
Government Hrangbana College	4	
Government Aizawl Law College	3	
Total (A)		500
B. Champhai	District Rural Development Agency	13
	District Civil Supply Officer	6
	Deputy Commissioner	24
	Divisional Forest Officer	17
	Public Health Engineering Department	16
	Power and Electricity Department	9
	Excise and Narcotics Department	6
	Chief Medical Officer	5
	District Agriculture Officer	5
	District Veterinary Officer	6
	District Horticulture Officer	11
	Public Works Department	13
	District Education Officer	16
	Sports and Youth Services	11
Mizoram Police Radio Organisation	20	

Name of the District Headquarters	Name of the Department/ Office	No. of Trainee
	District Urban Development Officer	7
	Soil and Water Conservation Department	6
	District Sericulture Officer	14
	Home (Prison) Department	7
	Tourism Department	6
	Child Development Project Officer	6
	Home (Police) Department	5
	District Information and Public Relation Officer	5
	District Local Administration Department	6
	Block Development Officer	4
	Minor Irrigation, Irrigation and Water Resources Department	6
	Total (B)	
C. Lunglei	Chief Medical Officer	17
	District Horticulture Officer	12
	District Transport Officer	16
	District Civil Supply Officer	14
	District Education Officer	9
	District Urban Development Officer	12
	Public Works Department	19
	Mizoram Police Radio Organisation	12
	Power and Electricity Department	20
	Home (Police) Department	10
	District Rural Development Agency	17
	Divisional Forest Officer	10
	Deputy Commissioner	14
	Local Administration Department	6
	District Sericulture Officer	11
	Soil and Water Conservation Department	5
	Home (Prison) Department	5
	Tourism Department	13
	Child Development Project Officer	5
	Sports and Youth Services	14
	Fire and Emergency Services Department	7
	District Veterinary Officer	6
	District Information and Public Relation Officer	7
	District Agriculture Officer	11
Public Health Engineering Department	11	
Excise and Narcotics Department	6	
Block Development Officer	11	
Total (C)		300

Name of the District Headquarters	Name of the Department/ Office	No. of Trainee
D. Kolasib	District Forest Officer	14
	Deputy Commissioner	18
	Power and Electricity Department	9
	District Education Officer	9
	Public Works Department	14
	Excise and Narcotic Department	7
	Home (Police) Department	13
	Public Health Engineering Department	5
	Block Development Officer	4
	District Agriculture Officer	5
	District Veterinary Officer	5
	District Horticulture Officer	6
	State Institute of Rural Development	3
	District Civil Supply Officer	8
	Local Administration Department	7
	District Urban Development Officer	12
	District Sericulture Officer	8
	Soil and Water Conservation Department	7
	District Rural Development Agency	11
	Chief Medical Officer	8
	Home (Prison) Department	4
	Sports and Youth Affairs Department	4
	Tourism Department	6
Minor Irrigation, Irrigation and Water Resources Department	5	
Child Development Project Officer	5	
Chief Judicial Magistrate Office	3	
	Total (D)	200
E. Siaha	Public Works Department	15
	Public Health Engineering Department	11
	Power and Electricity Department	10
	Block Development Officer	9
	Excise and Narcotics Department	5
	Divisional Forest Officer	17
	Deputy Commissioner	12
	District Education Officer	17
	District Horticulture Officer	5
	Chief Medical Officer	10
	District Rural Development Agency	16
	Urban Development and Poverty Alleviation	6

Name of the District Headquarters	Name of the Department/ Office	No. of Trainee
	District Transport Officer	5
	District Civil Supply Officer	17
	Industry, Commerce and Industries Department	5
	Home (Police) Department	15
	Legal Metrology Department	6
	Accounts and Treasuries Department	10
	District Court	4
	District Forest Officer	6
	Home (Prison) Department	5
	District Local Administration Department	13
	District Sericulture Officer	13
	Child Development Project Officer	7
	Tourism Department	4
	Land Revenue	6
Total (E)		249
Grand Total (A + B + C + D +E)		1,499

Source: MYC's records

Appendix-2.1.1
Comparative statement of Estimates, Annual Action Plan and Expenditure under CSS for development of judicial infrastructure in Mizoram during 2014-15 to 2018-19
(Reference: Paragraph-2.2.6 (A))

(₹ in lakh)

Sl. No.	Name of works	Estimate	2014-15		2015-16		2016-17		2017-18		2018-19		Total	
			AAP ⁸³	Exp.	AAP	Exp.	AAP	Exp.	AAP	Exp.	AAP	Exp.	AAP	Exp.
(A) Construction of Court Building:														
1.	Aizawl	2,429.05	753.00	0.00	182.81	0.00	164.65	0.00	720.77	0.00	482.20	753.00	1,550.43	
2.	Lawngtlai	0.00	221.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00	1,021.00	0.00	
3.	Chawngte	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	
4.	Champhai	0.00	0.00	0.00	0.00	0.00	3,917.00	0.00	0.00	0.00	0.00	3,917.00	0.00	
5.	Siaha	1,803.40	0.00	0.00	0.00	0.00	0.00	1,895.00	0.00	382.53	0.00	1,895.00	382.53	
	Total	4,232.45	1,074.00	0.00	800.00	182.81	164.65	5,812.00	720.77	0.00	864.73	7,686.00	1,932.96	
(B) Construction of Judicial Officers' Quarters:														
1.	Lawngtlai	654.00	207.00	0.00	654.00	0.00	0.00	0.00	110.44	0.00	134.99	861.00	245.43	
2.	Champhai	67.15	537.00	0.00	0.00	0.00	0.00	496.00	67.15	0.00	0.00	1,033.00	67.15	
3.	Serchhip	422.70	171.00	0.00	0.00	0.00	21.89	315.00	400.81	0.00	0.00	486.00	422.70	
4.	Mamit	465.13	0.00	0.00	0.00	0.00	0.00	310.00	465.13	0.00	0.00	310.00	465.13	
5.	Kolasib	502.73	0.00	0.00	502.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	502.73	
6.	Siaha	196.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	95.32	196.60	95.32	
	Total	2,308.31	915.00	0.00	654.00	502.73	21.89	1,121.00	1,043.53	0.00	230.31	2,690.00	1,798.46	
(C) Renovation/ Extension/ Addition:														
1.	Renovation of Quarters, Lunglei	0.00	9.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.00	0.00	
2.	Renovation of Quarters, Siaha	0.00	6.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	0.00	

⁸³ AAP - Annual Action Plan

Sl. No.	Name of works	Estimate	2014-15		2015-16		2016-17		2017-18		2018-19		Total	
			AAP ⁸³	Exp.	AAP	Exp.	AAP	Exp.	AAP	Exp.	AAP	Exp.	AAP	Exp.
(C) Renovation/ Extension/ Addition:														
3.	Renovation of Court building, Siaha	0.00	25.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00
4.	Extension of Court building, Siaha	0.00	35.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35.00	0.00
5.	Additional Court room, Champhai	0.00	107.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	107.00	0.00
	Total	0.00	182.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	182.00	0.00
	Grand Total	6,540.76	2,171.00	0.00	1,454.00	685.54	4,414.00	186.54	6,933.00	1,764.30	2862.00	1,095.04	17,834.00	3,731.42

Source: Departmental records

Note: There were no project-wise details of AAPs of ₹4,414.00 lakh and ₹2,862.00 lakh for the years 2016-17 and 2018-19 respectively

Appendix-2.1.2
Statement showing details of material procured under e-Courts MMP but found lying idle during physical verification

(Reference: Paragraph-2.2.11.1)

Name of District Court	Items	Date of Inspection	Quantity (in Nos.)	Rate (in ₹)	Total Cost (in ₹)
(A) Aizawl	Thin Client with Display Board	11.09.2019	23	39,444.30	9,07,219.00
	Desktop Computer		86	33,028.20	28,40,425.20
	UPS		113	4,130.00	4,66,690.00
	Printers		14	21,120.00	2,95,680.00
Total (A)					45,10,014.20
(B) Siaha	Thin Client	16.09.2019	6	39,444.30	2,36,666.00
	CPU (Acer and HP)		24	30,500.00	7,32,000.00
	Computer Monitors		40	33,028.20	13,21,128.00
	UPS 600VA		30	4,130.00	1,23,900.00
	Printers lexmark MFD		5	21,120.00	1,05,600.00
	Display Board with thin client		1	39,444.30	39,444.30
	Server Rack		1	5,89,928.00	5,89,928.00
	Information Kiosk		1	103840.00	103840.00
Total (B)					32,52,506.30
(C) Lawngtlai	Thin Client	19.09.2019	4	39,444.30	1,57,777.00
	CPU (Acer and HP)		14	30,500.00	4,27,000.00
	Computer Monitors		14	33,028.20	4,62,394.80
	UPS 600VA		16	4,130.00	66,080.00
	Printers lexmark MFD		5	21,120.00	1,05,600.00
	Display board with thin client		1	39,444.30	39,444.30
	Server Rack		1	5,89,928.00	5,89,928.00
	Projector with Screen		1	62,720.00	62,720.00
	External HDD		1	11,092.00	11,092.00
	Information Kiosk		1	103840.00	103840.00
Total (C)					20,25,876.10
Grand Total (A+B+C)					97,88,396.60

Source: Departmental records

**Appendix-4.1.1
Summarised financial position and working results of Government Companies as per their latest finalised accounts
as on 30 September 2019**

(Reference: Paragraphs-4.1.2.1, 4.1.6, 4.1.8, 4.1.8.2, 4.1.8.3 and 4.1.9)

(Figures in columns (5) to (12) are ₹ in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Sl. No.	Sector/ name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed ⁸⁴	Return on capital employed ⁸⁵	Percentage of return on capital employed	Manpower
Working Government Companies													
SECTOR: AGRICULTURAL/MARKETING													
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	2015-16	5.45	2.09	(-) 6.91	0.28	(-) 1.02	-	0.63	(-) 1.00	(-) 158.73	9
Sector Wise Total						(-) 6.91	0.28	(-) 1.02	-	0.63	(-) 1.00	(-) 158.73	9
SECTOR: FINANCING													
2.	Zoram Industrial Development Corporation Limited	2016-17	2017-18	15.78	29.68	(-) 16.46	12.81	2.54	-	29.00	2.54	8.76	37
Sector Wise Total						(-) 16.46	12.81	2.54	-	29.00	2.54	8.76	37
SECTOR: MANUFACTURING													
3.	Zoram Electronics Development Corporation Limited	2009-10	2016-17	7.23	-	(-) 6.59	0.00	(-) 0.24	-	0.64	(-) 0.24	(-) 37.50	0
4.	Mizoram Food and Allied Industries Corporation Limited	2014-15	2016-17	20.00	-	(-) 20.91	0.78	(-) 1.59	-	(-) 0.91	(-) 1.59	**	22
Sector Wise Total						(-) 27.50	0.78	(-) 1.83	-	(-) 0.27	(-) 1.83	**	22
SECTOR: MISCELLANEOUS													
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2017-18	2018-19	10.00	0.10	(-) 6.05	0.00	(-) 0.01	-	4.05	(-) 0.01	(-) 0.25	3
6.	Mizoram Mineral Development Corporation Limited	2014-15	2016-17	0.15	-	(-) 0.18	0.00	(-) 0.01	-	(-) 0.03	(-) 0.01	**	0
Sector Wise Total						(-) 6.23	0.00	(-) 0.02	-	4.02	(-) 0.02	(-) 0.50	3
Grand Total						(-) 57.10	13.87	(-) 0.33	-	33.38	(-) 0.31	(-) 0.39	71

Source: Records furnished by PSUs

⁸⁴ Capital employed represents Shareholders' fund plus long term borrowings

⁸⁵ Return on capital has been worked out by adding back the 'interest' charged to profit and loss account to the 'net profit' or 'net loss' for the year

Appendix-4.1.2
Statement showing Rate of Real Return on Government Investment

(Reference: Paragraph-4.1.9)

Financial Year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net interest free loan given by the State Government during the year	Interest free loan converted into equity during the year	Grants/subsidies given by the State Government for operational and administrative expenditure	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings/profit after tax (PAT) for the year*
A	B	C	D	E	F	G	H = C+D+E+F+G	I = B+H	J	K = I x (1+J/100)	L = I x J/100	M
Upto 13-14**	-	54.04	0.00	0.00	40.59	0.00	94.63	94.63	5.30	99.65	5.02	-
2014-15	99.65	0.00	0.00	0.00	12.64	0.00	12.64	112.29	5.03	117.94	5.65	- 3.28
2015-16	117.94	0.00	0.00	0.00	9.92	0.00	9.92	127.86	5.70	135.15	7.29	- 6.36
2016-17	135.15	0.00	0.00	0.00	6.88	0.00	6.88	142.03	5.20	149.42	7.39	- 5.45
2017-18	149.42	0.00	0.00	0.00	5.17	0.00	5.17	154.59	4.84	162.07	7.48	0.08
2018-19	162.07	0.00	0.00	0.00	4.54	0.00	4.54	166.61	5.04	175.01	8.40	- 0.32
		54.04			79.74		133.78					

* worked out in respect of five PSUs where State Government made direct investment on the basis of profit/ loss as per their latest finalised accounts

** These are cumulative figures upto 2013-14 for Columns C, D, E, F, G and H

Year	Total earnings/loss in 2018-19	Investment by the State Government as per total of the column H above	Return on State Government investment on the basis of historical value	Present value of State Government investment at the end of 2018-19	Real return on State Government investment considering the present value of investments
	A	B	C	D	E
2018-19	- 0.32	133.78	A*100/B	Value of column K of above table	A*100/D
			- 0.24	175.01	- 0.18

Source: Records furnished by PSUs

Appendix-5.1.1
Statement showing evasion of tax by 10 dealers due to concealment of turnovers and not assessed by the assessing officers
(Reference: Paragraph-5.10)

Sl. No.	Name of the Zone	Name of Dealer & TIN	Period not assessed	Opening stock		Purchase (Inter-State)		Taxable Sale at purchase value i.e. Opening stock + Purchase - Closing Stock		Closing stock		Tax paid		Tax payable as worked in Audit		Remarks
				5%	13.50%	5%	13.50%	5%	13.50%	5%	13.50%	5%	13.50%	5%	13.50%	
1.		L. T. Enterprise, 15502494025	10/ 2015 to 06/ 2017	0.00	0.00	182.78	0.00	182.78	0.00	0.00	0.00	0.00	0.00	9.14	0.00	Return not filed from registration i.e. 10/ 2015
2.		Chhani Store, 15502535047	11/2015 to 06/ 2017	0.00	0.00	104.29	0.00	104.29	0.00	0.00	0.00	0.00	0.00	5.21	0.00	Return not filed from registration i.e. 11/ 2015
3.		Biaki Enterprise, 15502560006	11/ 2015 to 06/ 2017	0.00	0.00	464.31	0.00	464.31	0.00	0.00	0.00	0.00	23.22	0.00	Return not filed from registration i.e. 11/ 2015	
4.	DCST, South Zone, Aizawl	Sangi Store, 15502435017	09/ 2015 to 06/ 2017	0.00	0.00	105.21	0.00	105.21	0.00	0.00	0.00	0.00	5.26	0.00	Return not filed from registration i.e. 09/ 2015	
5.		Sangi Store, 15502539087	11/ 2015 to 06/ 2017	0.00	0.00	96.85	0.00	96.85	0.00	0.00	0.00	0.00	4.84	0.00	Return not filed from registration i.e. 11/ 2015	
6.		City Force, 15500131063	08/ 2011 to 06/ 2017	0.00	0.00	0.00	323.49	0.00	323.49	0.00	0.00	0.96	0.00	42.71	0.00	Return not submitted since 12/ 2013
7.		Lalat, 15120349084	04/ 2013 to 06/ 2017	0.43	1.26	0.00	2,627.74	0.43	2,629.00	0.00	0.00	253.32	0.02	101.60	0.00	Return not submitted since 03/ 2016
8.		Aaron Enterprise, 15120014032	04/ 2016 to 06/ 2017	42.98	42.32	5.25 ⁸⁶	82.24 ⁸⁷	45.70	120.66	2.53	3.90	2.03	5.97	10.32		

⁸⁶ Total purchase: ₹6,10,788 – damaged/ goods returned: ₹85,486 = ₹5,25,302
⁸⁷ Total purchase: ₹84,36,535 – damaged/ goods returned: ₹2,12,869 = ₹82,23,666

Audit Report on Social, General, Economic and Revenue Sectors for the year ended 31 March 2019

Sl. No.	Name of the Zone	Name of Dealer & TIN	Period not assessed	Opening stock		Purchase (Inter-State)		Taxable Sale at purchase value i.e. Opening stock + Purchase - Closing Stock		Closing stock		Tax paid		Tax payable as worked in Audit		Remarks
				5%	13.50%	5%	13.50%	5%	13.50%	5%	13.50%	5%	13.50%	5%	13.50%	
9.	DCST, North Zone, Aizawl	Mana Motors, 15500410040	04/ 2017 to 06/ 2017	106.00	792.64	59.11	1,404.14	46.64	1,763.48	118.42	433.30	2.57	159.12	(-)0.24	78.95	
10.		Lena Enterprise, 1510193083	04/ 2015 to 06/ 2017	372.80	2.48	951.88	0.00	1,320.11	2.48	4.57	0.00	49.36	0.35	16.65	(-) 0.02	
Total				522.20	838.70	1,969.68	4,437.61	2,366.32	4,839.11	125.52	437.20	53.96	419.72	64.36	233.56	