

# **CHAPTER-II**

# **ECONOMIC SECTOR**



## CHAPTER-II

### ECONOMIC SECTOR (Other than State Public Sector Undertakings)

#### 2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 deals with the findings of an audit of the State Government under Economic Sector (other than Public Sector Undertakings).

The names of the State Government Departments and the total budget allocation and expenditure of the State Government under Economic Sector (other than PSUs) during the year 2015-16 are given in the following table:

Table-2.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditures
1.	Planning & Programme Implementation	410.66	53.91
2.	Agriculture	218.08	66.88
3.	Horticulture	99.94	67.21
4.	Soil and Water Conservation	22.88	21.56
5.	Animal Husbandry and Veterinary	69.02	59.05
6.	Fisheries	21.77	19.61
7.	Co- operation	24.56	30.33
8.	Rural Development	399.68	329.18
9.	Industries	74.11	68.54
10.	Sericulture	19.10	18.54
11.	Tourism	29.88	28.83
12.	Trade and Commerce	19.35	14.04
13.	Public Works	488.76	490.23
14.	Minor Irrigation	98.18	17.14
15.	Information & Communication Technology	20.32	10.25
<b>Total</b>		<b>2,016.29</b>	<b>1,295.30</b>

Source: Appropriation Accounts, Government of Mizoram, 2015-16

#### 2.2 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, the level of delegated financial powers, assessment of overall internal controls etc.

After completion of the audit of each unit, Inspection Reports containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, either audit findings are settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Report, which is submitted to the Governor of State under Article 151 of the Constitution of India.

The audits conducted during 2015-16 involved an expenditure of ₹ 89.90 crore out of the total expenditure of ₹ 1,295.26 crore of the State Government under Economic Sector (other than Public Sector Undertakings). This Chapter contains findings on the performance audit of 'Implementation of New Land Use Policy (NLUP)'.

## **PERFORMANCE AUDIT**

### **PLANNING AND PROGRAMME IMPLEMENTATION DEPARTMENT**

#### **2.3 Implementation of New Land Use Policy**

New Land Use Policy (NLUP) is the Flagship Programme of Mizoram funded under Additional Central Assistance launched on 14 January 2011. The main objectives of the programme were to wean away the farmers from the destructive practice of shifting cultivation, to attain self-sufficiency in production of rice and to afforest the land. A Performance Audit on New Land Use Policy revealed the following significant findings:

#### ***Highlights***

**The baseline survey results were not shared with Village Level NLUP Committee. Village level/District level plans were not prepared. No compact area was identified and as a consequence land-based trades were scattered over wide areas.**

*(Paragraph 2.3.7)*

**The selection of beneficiaries to be done by the VLNC was actually done by the NLUP Apex Body. In the selected sample districts audit identified at least 1400 ineligible beneficiaries.**

*(Paragraph 2.3.7)*

**Due to delay in the release of cash assistance to the beneficiaries for more than three years, the timely implementation of the programme could not be ensured.**

*(Paragraph 2.3.8.1)*

**In order to avoid lapse of budgetary grants the NLUP funds were kept in Civil Deposits at the end of each financial year.**

*(Paragraph 2.3.8.3)*

**Due to improper planning and adhoc execution major objectives of the scheme: putting an end to *jhum* cultivation, attaining self-sufficiency in production of rice, afforestation etc., could not be achieved**

*(Paragraph 2.3.9)*

**There was an excess expenditure of ₹ 159.73 lakh in the procurement of geomembrane; ₹ 119.19 lakh in the procurement of Common Carp fish seed under the Fisheries Department.**

*(Paragraph 2.3.11)*

### **2.3.1 Introduction**

The traditional slash-and-burn driven method of cultivation in highland areas popularly known as *jhumming* was an integral part of the socio-cultural life of Mizo farmers. The *jhumming cultivation* is not only adversely affecting the national objective of sustainable and inclusive environmental development; but is also, highly destructive for much of the forest cover and a land consuming method. This age-old practice of farming has also contributed to climate change, biodiversity loss, reduced timber supply, siltation, soil degradation and change of forest vegetation and grassland. Moreover, production of food grains and other vegetables being yielded under this cultivation was very low; which resulted in the dependence on other States for food stock.

To wean away from the destructive agricultural practice, the State government proposed a flagship programme - 'New Land Use Policy' (NLUP) to bring a revolutionary change in the livelihood status of the people by engaging them in various sustainable ventures both in the farm and non-farm sectors. NLUP programme was approved by GoI in July 2010 with an outlay of ₹ 2,873.13 crore including beneficiaries contribution of ₹ 346.15 crore. The target number of families was fixed at 1.20 lakh families and were to be covered within five years starting from 2010-11. The different trade/activities under the NLUP are generally designed to be completed within three years. The implementation was divided in four phases based on the number of beneficiaries to be covered in a particular phase. The phase periods differed for different trade/activities depending upon their implementation.

#### **2.3.1.1 Aims and Objectives of New Land Use Policy**

The main objective of NLUP as envisaged in the NLUP Manual are as follows:

- To put an end to wasteful shifting cultivation.

- To develop all sustainable land for Wet Rice Cultivation to attain self-sufficiency in rice and vegetables.
- To re-afforest the land and to save those lands allocated to the NLUP beneficiaries so as to regenerate the ecosystem to help stabilise the climatic changes wrought by global warming, rejuvenate the flora and fauna and make Mizoram a better place to live in.
- To ensure that all the farmers had a land of their own so that each pursues a permanent means of livelihood under Agriculture (and allied sectors), Industry or Animal Husbandry sector.
- To set up a marketing infrastructure under NLUP to have a viable commercial outlet for the successful farmers and beneficiaries for their products.

#### **2.3.1.2 Target Group under the New Land Use Policy**

Target Group under NLUP Manual includes -

- The permanent inhabitants of Mizoram who are *bonafide* Indian citizens.
- Families who eke out subsistence livelihood from *jhumming*.
- Families not depending on *jhumming* but having no permanent trade for their livelihood.
- Only those families who have set up an independent household for at least one year would be eligible for assistance under NLUP, other conditions remaining the same.
- Ongoing projects are undertaken individually or as a group under Centrally Sponsored Scheme (CSS) which are deemed economically viable may be continued under NLUP as convergence/gap-filling measures.

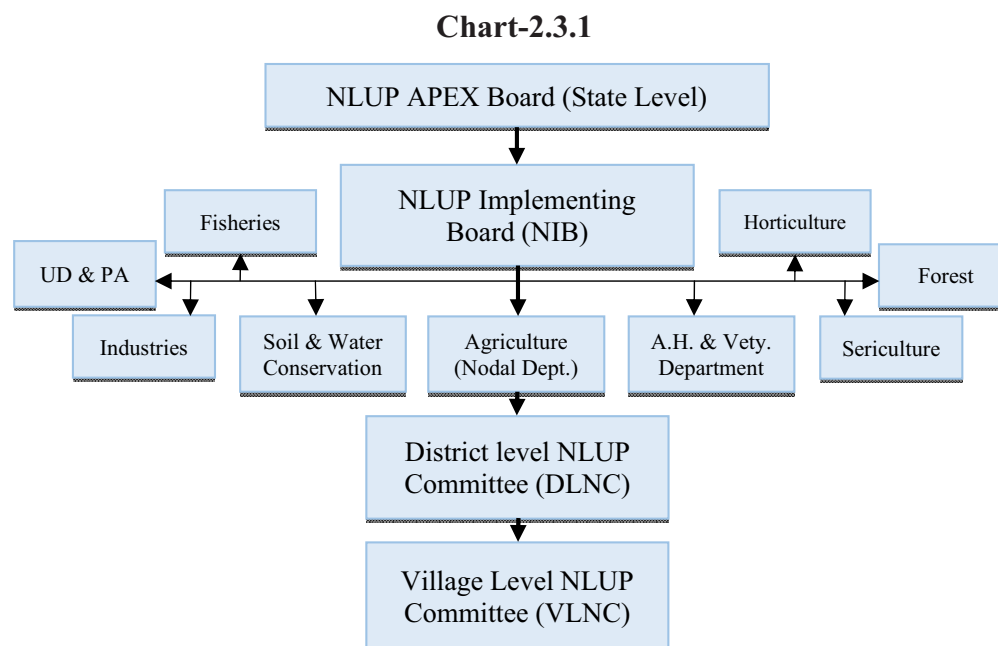
The annual income ceiling for a family to be eligible for assistance under NLUP was (i) not exceeding ₹ One lakh for families living in the urban areas and (ii) not exceeding ₹ 50,000 for families living in the rural areas.

Under NLUP there are different kinds of trades/activities that can be opted by the beneficiaries. The total amount of grant (financial assistance) was fixed approximately at ₹ one lakh per beneficiary. Depending on the trade/activity, more than this amount may also be granted. The grant was to be released in instalments depending on trade/activity opted for. The grant would be in cash, kind or both.

#### **2.3.2 Organisational Structure**

To facilitate integrated planning, coordinated implementation and monitoring, a three tier body was constituted in March 2009 by the State Government.

The Organisational Chart showing the various agencies associated with the implementation of the programme in the State is given below:



The schemes under each sector were being implemented by the nine Line Departments. Agriculture Department was designated as the Nodal Department. Nodal Officer in each Department of the rank of Joint Director or above had an exclusive responsibility for feasibility/viability of the project, including project formulation, implementation, monitoring, co-ordination, *etc.* The details of functions and functionaries of the NLUP in the three-tier system have been discussed in **Appendix-2.3.1**.

### 2.3.3 Audit Objectives

The performance audit was undertaken to assure that-

- Planning for implementation of various components of the policy was drawn to achieve the policy objective in an economic, efficient and effective manner;
- Allocated fund was used economically and efficiently to achieve the desired objectives;
- Programme has been implemented in economical and efficient manner and the main objective of putting an end to the uneconomic and destructive practice of shifting cultivation was achieved; and
- Monitoring and evaluation system at the Village, District and State level have been effectively functioning to ensure proper implementation of the scheme in an economical and efficient manner and as per prescribed norms.

### 2.3.4 Audit Scope and methodology

The performance audit on the Implementation of the NLUP was conducted during May to September 2016 covering the period from 2011-12 to 2015-16.

Considering the financial implications four Line Department *viz.* Agriculture, Animal Husbandry & Veterinary, Environment & Forests and Fisheries Departments were selected for detail examination of records. Similarly, out of the eight Districts in Mizoram, considering the geographical location of the Districts, four Districts (*viz.* Aizawl, Kolasib, Saiha and Mamit) were selected by Judgemental Sampling method based on the number of families practising *jhum* cultivation and the number of families having no permanent source of livelihood. Out of a total of ten blocks in these four districts, 110 villages belonging to seven blocks were selected for detailed examination.



The performance audit involved scrutiny of records of Planning Department, NLUP Apex Board, NLUP Implementing Board (NIB), four line departments and District Commissioner Offices at four sample Districts. The audit methodology also involved field visit by the audit party along with departmental officials for joint inspection of villages for interaction with the beneficiaries through photographic evidence and questionnaires duly authenticated by the departmental officials.

Audit commenced after an Entry Conference held on 27 April 2016 with the participation of the Secretary, NLUP Implementing Board and Heads of the Line Departments, wherein audit objectives, scope and criteria were discussed.

The draft report was forwarded to all implementing Departments and NLUP Implementing Board on 18 October 2016 for their responses. An Exit Conference was held on 7 December 2016 with the Additional Secretary, Agriculture Department (Nodal Department), Secretary, NLUP Implementing Board and the Member Secretary, State Planning Board wherein audit findings and observations were discussed. NLUP Implementing Board had furnished their response on 16 December 2016. The report has been finalised after considering the replies of NLUP Implementing Board to the audit observations and deliberations in the Exit Conference.

### **2.3.5 Audit Criteria**

The audit criteria were drawn from the following sources:

- New Land Use Policy Manual (2009).
- Rural Land Use Plan for New Land Use Project.
- Budget and Fund Release Orders of GoI.
- Calendar of Works for different trade/activities under NLUP.
- NLUP Project Detail Action Plan. Land Use Plan for Villages issued by NIB.



- Order/instructions of State Government to the line departments for selection of beneficiaries and for the effective implementation of the project including sanction orders.
- General Financial Rules (GFR) and Receipt and Payment Rules.

### 2.3.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of Officers and Staff of NIB, District Commissioners, line Departments. We also appreciate the support of District, Block and Village level authorities in the sampled Districts in the course of the Performance Audit.

### AUDIT FINDINGS

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

### 2.3.7 Planning

Considering the fact that the NLUP is a wider concept to bring in a fundamental change in the age-old practices of *jhum* cultivation and strengthening other trade, cultivation and afforestation, the programme required that the farmers should be assured of self-sustaining livelihoods with institutional support for handholding of beneficiaries in time of need and technical guidance. The concept involved nine line departments through multifarious activities incorporating from agriculture, animal husbandry, veterinary, fisheries, forest, and other related trade activities. All these different activities, being implemented simultaneously by the nine departments needed an implementing strategy, progress review and varied interactions with technical experts to make the NLUP exercise a success. A robust plan that could have assessed the ground situation and requirements of the targeted beneficiaries including financial, technical, socio-economic and administrative was an inescapable requirement.

As per provided in the NLUP manual, for implementation Village Level NLUP Committee (VLNC) was responsible for

- Preparation of land use plan for the whole village,
- Demarcation of forest reserved area, individual land and community land,
- Identification and selection of compact area for cultivation,
- Selection of beneficiaries as well as allotment of land to beneficiaries, and
- Preparation of village level project, action plan, implementation plan *etc.*

As per NLUP Manual, VLNC was to identify the Compact Areas, which means ‘One Village One Crop’, for all land based trades/activities in respect of each village so as to ensure that the products of the farmers would be easily transported for marketing and not lost out in open market.

Audit noticed several shortcoming and lapses in the planning process which are elaborated in the following paragraphs.

### 2.3.7.1 Selection of beneficiaries

The NLUP Manual envisaged that a careful survey was required to be carried out for selecting the beneficiaries and trade/activities on a need-based basis. The survey should be conducted with care and precision so that correction would not be made at a later date in the data so collected. The survey should be submitted to the NIB and the selection of the beneficiaries be conducted by the VLNC.

It was noticed in audit that the implementation of NLUP included a baseline survey and selection of beneficiaries. The survey was conducted through Young Mizo Association (YMA) to identify beneficiaries and trades/activities covering 813 villages of the State. This survey identified 1,59,528 families as eligible for assistance under the programme. As per the manual, this selection was supposed to be carried out by the VLNC, instead NLUP Apex Board selected (April 2010) 1.20 lakh families for assistance in five years. The basis on which selection of beneficiaries were made by NLUP Apex Board was not available in the records produced to audit.

NIB stated (December 2016) that the selection of beneficiaries was done by the VLNC keeping in view the guidelines and baseline survey report. The reply is not acceptable as there was nothing on record to show that VLNC was involved in selection of beneficiaries or that the beneficiary survey was shared with VLNC.

### 2.3.7.2 Selection of ineligible beneficiaries

As per NLUP Manual, beneficiaries should be selected from the defined 'Target Group' under NLUP. It was noticed that 1,389 complaints were received regarding irregularities in selection of beneficiaries. Out of 52,066 beneficiaries of the four sampled districts, audit interacted (June-August 2016) with 7942 beneficiaries. The interaction with beneficiaries revealed that 1400 ineligible beneficiaries were selected as shown in the following table which revealed that adequate due diligence was not adhered to.

Table-2.3.1

Sl. No.	Particulars of ineligible beneficiaries	Aizawl	Kolasib	Mamit	Saiha	Total
1.	Government servant	37	09	09	12	67
2.	Pensioner	132	16	38	27	213
3.	Higher income than eligibility limit of ₹ 50,000 in Rural and ₹ 1.00 lakh in Urban areas	466	383	168	103	1,120
<b>Total</b>		<b>635</b>	<b>408</b>	<b>215</b>	<b>142</b>	<b>1,400</b>

During the Exit Conference, the NIB stated that they have redressed these complaints to the extent possible. Further, it also assured that appropriate action would be taken on all beneficiaries selected in violation of the criteria laid down in the NLUP Manual and feedback would be given to audit on the action taken.

However, action taken in this regard and feedback was yet to be received (February 2017).

#### **2.3.7.3 Formation of land use plan, demarcation of land and identification of compact area**

It was noticed in audit that land use plan for the whole village as envisaged was not prepared and also, demarcation of forest reserved area, individual land and community land was not carried out.

As a result, VLNC could not identify the compact area and the financial assistance to the beneficiaries by the line departments was given without fulfilling this condition. This resulted in the scattering of the land-based trades/activities over wide areas and multiple trades practised in a single village.

NIB stated (December 2016) that necessary instructions had been issued for compact area/ cluster approach for creating land use plans to implement the concept of 'One Village One Crop' system. Further, the compact area could not materialise due to certain constraints such as frequent changes of trades by the beneficiaries and beneficiaries' list as well as the absence of crop-based and land-based plan.

#### **2.3.7.4 Frequent change of trades by the beneficiaries**

As per NLUP Manual, the trade-wise list of beneficiaries was to be prepared before the implementation of the scheme. It was observed in audit that there were frequent changes of trade in the list of beneficiaries prepared by either the NIB or the district level authorities. This has resulted in a delay in disbursement of assistance to the beneficiaries.

NIB stated (December 2016) that after finalisation of beneficiaries, trades for the beneficiaries were finalised at the district level which was submitted both to the NIB and the concerned line departments and there was no question of starting implementation without finalising trade-wise beneficiaries.

The reply of the NIB is not acceptable as the trade-wise list of beneficiaries stated to have been finalised before starting the implementation of the programme, was not strictly followed and many changes had been made, which delayed the implementation of the NLUP.

#### **2.3.7.5 Village level project, action and implementation plans**

It was noticed in audit that village level action and implementation plans, which were to be the basis for the formulation of the State level action plan and implementation plan, were not prepared at the village level. Action Plans were prepared at the State Level only.

Thus, *ad-hoc* implementation of the scheme without proper survey and involvement of the stakeholders has impacted the implementation of the scheme.

### **2.3.8 Financial Management**

NLUP was financed by the fund provided by GoI through the State Budget. The flow of fund was from GoI to the Finance Department of the State Government which released the fund to the concerned implementing line departments. Funds were transferred from the State level account of the line departments to the district level body and then to the account of the concerned villages.

Against the approved outlay of ₹ 2873.13 crore, GoI released between October 2010 and September 2014, ₹ 1526.14 crore as Additional Central Assistance (ACA) to the State Government. No fund was released during 2015-16. Against this, ₹ 1518.03 crore was booked as expenditure though the actual expenditure was much less and unused funds were drawn and kept in Civil Deposits. Deficiencies and irregularities in financial management noticed during audit have been discussed in the following paragraphs.

#### **2.3.8.1 Distribution of cash assistance without following calendar of works**

Under NLUP, there are different kinds of trades/activities that can be opted by the beneficiaries. The assistance was to be released according to trade/activity, in instalments. As per the NLUP manual, the Implementing Department was to carefully prepare a Calendar of Works for each trade, as per which the beneficiaries under the NLUP were to operate their trade/activities and assistance was to be released to the beneficiaries as per the Calendar of Works.

Calendar of Works for different trades/activities under NLUP were prepared during 2010 (Revised 2011) for implementation of the various trades/activities. The minimum amount of assistance as the 1<sup>st</sup> instalment in the Calendar of Works was ₹ 20,000 per beneficiary, except for some trades under Industries Department, where 1<sup>st</sup> instalment was fixed between ₹ 7400 and ₹ 45,000 per beneficiary.

It was noticed in audit that between September and October 2013 all nine line departments extended assistance aggregating ₹ 41.57 crore to 41,605 beneficiaries of third and fourth Phase as first instalment at the rate of ₹ 10,000 per beneficiary instead of ₹ 20,000 as per Calendar of Works. Though ₹ 205.84 crore was available in the civil deposits, no further instalment was released in 2014-15 and second instalments were released during 2015-16.

Arbitrary disbursement of assistance in first instalment as well as a delay in the release of subsequent instalments of assistance adversely affected the whole cycle of the implementation of the programme. Pigsties for piggery and rearing houses for poultry constructed from the first instalments were already in a dilapidated condition by the time the second instalment for procurement of piglets, chicks and animal feeds was released.



**Photograph showing dilapidated pigsty constructed out of first instalment**

Also, in land based trades, the forest cleared for plantation out of first instalment was rendered unfit for plantation as there was overgrowth by the time the second instalment was released. Random/delay in the release of cash assistance defeated the purpose of assistance.

During the Exit Conference, NIB accepted (December 2016) the random distribution of assistance in 2013 and stated that distribution of such cash assistance has since been discontinued, which had led to the improper implementation of the programme. It ascribed the delay in implementation to Assembly/Parliamentary/Village Council elections.

#### **2.3.8.2 Non-recovery of interest-free loan**

As per the Government Notification on the system of management of NLUP funds, five inputs and their corresponding infrastructures were identified in order to develop infrastructure input required by the beneficiaries as given in the following table:

**Table-2.3.3**

<b>Sl. No.</b>	<b>Inputs</b>	<b>Corresponding infrastructure</b>
1.	Planting materials	Nursery
2.	Fish fingerlings	Fish Seed Farm
3.	Piglets	Piglet multiplication Centre
4.	Chicks	Hatchery and Brooder Farms
5.	Animals Feed	Feed Mills and Fodder Production centre

Interest-free loan of ₹ 6.46 crore was disbursed between February 2011 and March 2014 to 30 beneficiaries (**Appendix-2.3.2**) against mortgage of Land Settlement Certificates (LSCs)<sup>1</sup> to meet the cost of inputs for the development of infrastructure of different trades. As per the agreements between the beneficiaries and the implementing departments/NIB, the loans were

<sup>1</sup> Land Settlement Certificate is a legal land record document that gives permanent ownership rights on land to an individual. Land settlement certificate can be for the residential plot/ shop/ stall or an agricultural plot. Land settlement certificate is inheritable and transferable.

to be repaid fully between March 2012 and September 2017. In the case of failure, LSCs were to be surrendered to the State Government by the beneficiaries.

It was noticed that NIB did not maintain separate account as well as separate Saving Bank account for the recovered loan amount. Further, out of ₹ 6.46 crore loan disbursed, only ₹ 0.94 crore had been recovered leaving ₹ 5.02 crore unrecovered (March 2016) as per the following table:

**Table-2.3.4**

(₹ in lakh)

Sl. No	Loan issued by	To whom loan was given	Purpose of loan	Year of issue	Loan Amount	Recovery up to March 2016		
						Due	Recovered (period of recovery)	Outstanding
1.	NLUP Implementing Board	Samuel TEA factory	Purchase of tea leaves from farmers	2013	57.77	57.77	1.00 (March 15)	56.77
		CDAR	Purchase of turmeric from farmers	2013	50.00	50.00	-	50.00
		Mizoram Broom India	Procurement and processing of broom	2012	30.00	30.00	-	30.00
		M/s LZ Industries	Procurement of agarbatti from beneficiaries	2012	10.00	10.00	-	10.00
		Hnamchh-antu Pawl	Procurement and processing of broom	2012-14	230.00	230.00	30.00 (Feb. to Apr.15)	200.00
<b>Sub- Total</b>					<b>377.77</b>	<b>377.77</b>	<b>31.00</b>	<b>346.77</b>
2.	Horticulture Department	08 Individuals	Development of nursery	2012-13	100.00	100.00	57.00 (Oct. 13 to Sept. 15)	43.00
<b>Sub- Total</b>					<b>100.00</b>	<b>100.00</b>	<b>57.00</b>	<b>43.00</b>
3.	Animal Husbandry & Veterinary Department	17 Individuals	For development of piglet multiplication centres	2011-12	168.00	119.00	6.39 (April 13 to June 14)	112.61
<b>Sub- Total</b>					<b>168.00</b>	<b>119.00</b>	<b>6.39</b>	<b>112.61</b>
<b>Total</b>					<b>645.77</b>	<b>596.77</b>	<b>94.39</b>	<b>502.38</b>

It can be seen from the table above that though the loans were to be recovered on a yearly basis, recovery had not been started for more than two years. It was also noticed that the purpose for which these funds were provided was not achieved as many private entrepreneurs reported failure of their business and non-functioning of the created facilities. The State Government had not monitored the utilisation of loan by the beneficiaries. Further, the State Government did not take appropriate action to recover the interest-free loan amount from the loanees nor

did the beneficiaries surrender the LSCs to the State Government. The chances of recovery of these loans are remote as the Government has not yet initiated any action.

Accepting the fact, NIB claimed (December 2016) that in spite of the initial problem, there was a gradual improvement especially in the recovery of loans from nursery developers, piglet multiplication centre owners and few others. It further added that the loanees had been given a time for repayment till September 2017 (for Pig Multiplication Centre owners) and if the loanees would fail to make payment, NIB would invoke provisions under Mizoram Public Demand Recovery Act for recovery of the loans. NIB also intimated (November 2016) that the instruction had since been issued to open a Separate Account and separate Savings Bank Account.

The reply is not acceptable because there was no improvement in recovery and only 18 per cent of the amount recoverable has actually been recovered (March 2016).

### 2.3.8.3 Non-compliance with Central Treasury Rules

According to Rule 290 of the Central Treasury Rules, Vol.-I which is being followed by the State Government, no money shall be drawn from Government Account unless it is required for immediate disbursement. Also as per the said Rule, no money should be drawn at the end of the year to avoid lapse of budget grants.

The following observations were noticed in audit:

- **Unutilised funds kept in civil deposits:**

Out of ₹ 1,526.14 crore received from the State Government during 2011-16, the concerned line departments kept ₹ 897.91 crore in the Government accounts under Civil Deposit during 2010-15. The fund so kept could not be utilised for the implementation of the NLUP in time due to which the timeframe of implementation had to be rescheduled. However, during 2011-16, the line departments withdrew ₹ 673.64 crore leaving a balance of ₹ 224.27 crore as of March 2016. The details of fund kept in Civil Deposit by the line departments and withdrawal from the Civil Deposit from time to time are shown in the following table:

**Table-2.3.5**

(₹ in crore)

Year	Deposit	Withdrawal
2010-11	68.50	0
2011-12	91.44	103.35
2012-13	189.28	83.43
2013-14	342.85	162.98
2014-15	205.84	140.70
2015-16	0	183.18
<b>Total</b>	<b>897.91</b>	<b>673.64</b>

This indicates, apart from poor financial management, the Government was not depicting actual expenditure under NLUP.

While accepting the facts, NIB stated (December 2016) that the delay in the release of the fund was because of Village Council/Assembly/Parliamentary elections and an unsatisfactory cash balance of the State to meet full liabilities of some departments in bulk. However, the reply was silent on corrective actions undertaken to ensure the withdrawal and the utilisation of fund for the specified purpose in time.

- **Maintenance of large cash balance:**

Since April 2011, NIB drew money without the immediate need of expenditure thereby leaving heavy cash balances in the cash chest every month ranging from ₹ 0.10 crore to ₹ 1.64 crore. This practice is fraught with the risk of misappropriation/misuse.

While accepting the facts, NIB stated (December 2016) that the holding of huge cash was due to advances drawn for works taken up but not recorded in the cashbook, entries in cashbook were made only when final bills were paid and delay in adjustment of expenditure already incurred. It further added that they had taken remedial measures (*viz.* stopping of advance payment, adoption of the system of preparing first and final bill, verification of daily and monthly cash balance) which would reduce the practice of retaining heavy cash balance.

#### **2.3.8.4 Diversion of fund for Learn and Earn in Japan**

GoI sanction guidelines provide that the State Government should utilise the funds only for the purpose for which it was approved.

The Secretary, Labour, Employment & Industrial Training requested (January 2016) the Secretary NIB to extend a temporary loan of ₹ 1.65 crore for assistance to 15 students who would be provided placement/job linked skill training in Kokoro College, Nagasaki, Japan through North Eastern Educational Consultants, Mizoram. The money was to be repaid as soon as the Finance Department would concur the proposal of the Labour, Employment & Industrial Training Department. On the basis of the request, the Secretary, NIB released (29 January 2016) ₹ 1.65 crore to the Secretary, Labour, Employment & Industrial Training by diverting the fund from NLUP. However, the amount had not been repaid as of September 2016.

While accepting the fact, the NIB stated (December 2016) it had been pursuing the matter and that due to non-allocation of the fund by the Finance Department, the Department of Labour, Employment and Industrial Training could not repay the money till date.

#### **2.3.9 Programme Implementation and Achievement of Targets**

The basic concept of NLUP was to help the individual farmer in sustaining his livelihood so that he would not be solely dependent on shifting cultivation. As discussed earlier, although nine line departments implemented the schemes under NLUP, only the schemes implemented



through Agriculture, Fisheries, Animal Husbandry and Veterinary and Environment and Forest Departments were selected in Audit for detailed examination. The audit has observed several deficiencies in the implementation of these activities. These are discussed in the succeeding paragraphs.

### 2.3.9.1 Targets *vis-à-vis* achievements by the sampled departments

Audit scrutiny in the sampled departments revealed that non-scientific assessment of targets led to disconnect between scheme wise setting of targets and actual implementation as shown in the following table:

**Table-2.3.6: Departmental targets and achievements during 2010-15**

(Physical Numbers of beneficiaries : Financial ₹ in crore)

Year	Target					Total	Achievement (percentage)
	2010-11	2011-12	2012-13	2013-14	2014-15		
<b>Agriculture Department</b>							
Physical	12,340	12,340	12,340	12,340	12,340	31,600	20,322 (64)
Financial	77.24	77.24	77.24	77.24	77.24	386.20	193.85 (50)
<b>Animal Husbandry and Veterinary Department</b>							
Physical	5,200	3,415	3,415	3,415	3,415	18,860	37,047 (196)
Financial	10.00	44.60	44.60	44.60	44.60	188.40	361.87 (192)
<b>Environment and Forest Department</b>							
Physical	5,179	1,391	1,390	1,390	1,390	10,740	3,197 (30)
Financial	29.00	19.60	19.60	19.60	19.60	107.40	3397 (32)
<b>Fisheries Department</b>							
Physical	1,200	450	450	450	450	3000	3,392 (113)
Financial	600	600	600	600	600	3000	37.48 (125)

Scrutiny of the records revealed that though year-wise targets were provided, year-wise achievements of the scheme was not available with these departments.

It can be observed from the above table, that the Agriculture Department and Environment & Forests Department failed to achieve their targets. On the other hand, Fisheries Department and Animal Husbandry & Veterinary Department had over achieved their targets. This may be due to the fact that assessment of the number of beneficiaries for a particular trade was done at the state level, without the involvement of the VLNC.

Further, the departments have not devised any system for providing continuous support to the beneficiaries for ensuring their sustainability. Without a feedback mechanism, the planning for subsequent phases also could not be improvised.

NIB confirmed (December 2016) that the excess number of beneficiaries was due to shifting of beneficiaries from one trade to another and that the beneficiaries had the final choice as to which trade they would opt for.

### 2.3.9.1 Infrastructure development for input sufficiency

Director, Animal Husbandry & Veterinary Department accorded (24 March 2011) expenditure sanction of ₹ 4.42 crore under infrastructure development component out of which ₹ 2.20 crore was sanctioned for the creation of infrastructure for Piglet production, as shown in the following table:

**Table-2.3.7**

Sl. No.	Particulars	Amount (₹ in lakh)	Objective
1.	Government Pig Farm at Selesih	20.00	To be upgraded to 100 sows unit each.
2.	Government Pig Farm at Lungpher	20.00	
3.	Government Pig Farm at Thenzawl	20.00	
4.	16 Piglet Multiplication Centres <i>i.e.</i> private breeders @ ₹ 10 lakh	160.00	To be operated in Public Private Partnership (PPP) mode with 25 sows unit each
<b>Total</b>		<b>220.00</b>	-

Source: Departmental records

The Director, Animal Husbandry & Veterinary Department submitted (in May 2013) Utilisation Certificate for ₹ 4.42 crore wherein it was stated that the conditions of the grant-in-aid had been duly fulfilled.

However, during the joint physical verification of the Pig Multiplication Centres, it was noticed (August 2016) that out of the 16 Pig Multiplication Centres, only 11 Centres were operational, four Centres were abandoned while one Centre was not operated. Thus, the main objective of production and supply of piglets through Pig Multiplication Centres was not fully achieved.

During the joint physical verification (August 2016) of Pig Farm Thenzawl, it was noticed that the farm had three pens with only 19 sows against the required capacity of 100 sows. It was stated that outbreak of Porcine Reproductive & Respiratory Syndrome (PRRS) virus had an impact on production and supply of piglets to the NLUP beneficiaries.



**Dry and Pregnant Pen**



**Weaners' Pen**

**Pig Breeding Farm, Thenzawl**

Accepting the fact, NIB stated (December 2016) that efforts were made to encourage the NLUP beneficiaries and other piggery farmers to produce piglets to meet the local demand.

#### **2.3.9.2 Production and sale of Piglets**

During 2012-13, the Government Pig Farms and Pig Multiplication Centres produced and sold 3,810 piglets (823 piglets by Government Pig Farms and 2,987 piglets by Pig Multiplication Centres) to NLUP beneficiaries against the requirement of 42,768 piglets. Only 8.90 *per cent* of the requirement of piglets could be met during the first Phase of implementation of NLUP.

NIB stated (December 2016) that due to the outbreak of PRRS virus in 2013, it was necessary that these farms were emptied for some period, disinfected properly and repopulated with fresh stock. Hence, the production of piglets could not be done in the aftermath of the disease outbreak.

The fact remains that due to the outbreak of PRRS virus in 2013, the Pig Multiplication Centres and Government Pig Farms could not supply piglets to NLUP beneficiaries. This has happened, as the Government was not equipped to control and eradicate the virus at the time of its outbreak in 2013.

Thus, the expenditure of ₹ 2.20 crore incurred towards infrastructure for production of piglets proved to be unfruitful due to non-availability of the piglets to the beneficiaries.

#### **2.3.10 Deficiencies in Procurement by Line Departments**

Different activities/trades implemented by the individual departments to achieve the overall objective of the NLUP. The audit has observed several deficiencies in the procurement procedure for these activities in the sampled Departments as discussed below.

##### **2.3.10.1 Fisheries Department**

Under the programme implemented by Fisheries Department, the beneficiaries were supplied fish seeds in kind. Funds were also provided for government fish farm for the development of essential infrastructure inputs. Shortcomings/irregularities notice in the implementation of schemes undertaken by Fisheries Department are discussed below:

- **Procurement of Geomembrane**

The Secretary, NIB sanctioned and released ₹ 209.68 lakh to the Fisheries Department during 2013-15 for procurement/fitting of Geomembrane<sup>2</sup> at three Fish Seed Farms.

The Director, Fisheries Department issued (between 30 September 2013 and 08 April 2015) three Work Orders totalling ₹ 208.74 lakh to M/s Wetcomb Shalimar International, New Delhi for supply and laying/fitting of 750 microns HDPE Geomembranes @ ₹ 725 per sqm between

<sup>2</sup> Geomembrane is very low permeability synthetic membrane liner or barrier used to control fluid migration in a human-made project, structure, or system such as reservoirs, lagoons and water ponds. Geomembranes are made from relatively thin continuous polymeric sheets.

February 2014 and May 2015 without following the tendering process. The work was executed by the firm through its local dealers/agents, M/s Mapuia Enterprise and M/s Laltanpuii. However, it was observed in audit that M/s Cee Vee Enterprise, another authorised dealer of M/s Wetcomb Shalimar International, had supplied the same material, at a rate, which was approximately four times lower to the Director, Horticulture Department at different destinations. Extra cost involved in the purchase by Fisheries Department was ₹ 159.73 lakhas shown in the following table:

**Table-2.3.8**

Sl. No.	Name of Farm (District)	Area (Sq. m)	Rate as per Work Order (per Sq. m.)	Rate as quoted for Horticulture Department (per Sq. m.)	Difference in rate (in ₹)	Excess amount (₹ in lakh)
1.	Ngengpui, (Lawngtlai)	1,044.52	₹ 725	₹ 186.66	538.34	5.62
2.	Tamdil (Aizawl)	7,740.00	₹ 725	₹ 165.00	560.00	43.34
3.	Thenzawl (Serchhip)	20,009.00	₹ 725	₹ 171.38	553.62	110.77
<b>Total</b>						<b>159.73</b>

*Source: Departmental records*

It was also noticed during field visits that no record/register showing the actual quantity of materials received were maintained. As such audit could not verify the quantity supplied and fitted by the contractor. Further, it was noticed that only 19,605.84 sqm (39 ponds) had been fitted/laid with geomembranes against the total requirement of 28,793.52 sq. metre (48 ponds) *i.e.* 68 per cent of the total requirement.

- **Procurement of Common Carp fish seed**

NLUP Input Purchase Board in its meeting (10 October 2014) decided to implement a Pilot Project on Paddy cum Fish Culture in Champhai and Serchhip Districts under the infrastructure component of NLUP and procured Common Carp fish seeds (80-100 mm) @ ₹ 4.40 per fingerling from M/s Zoram Fish Seed Production Centre and M/s Mizofa Fish Seed Farm. ₹ 35.20 lakh was approved (October 2014) to be met from the budget of NIB, which was later increased to ₹ 41.36 lakh (August 2015). In total, 9.40 lakh fish seeds were procured.

In May 2015, the Secretary, NIB sanctioned ₹ 121.50 lakh towards procurement of Common Carp Fish seed (80-100 mm) for distribution to all the Districts. The Director, Fisheries Department, Aizawl issued supply orders (May 2015) for procurement of 27.61 lakh Common Carp fish seeds which was then procured during June-July 2015.

It was noticed in audit that the State Purchase Advisory Board (SPAB) under *Rashtriya Krishi Vikas Yojana* (RKVY) had approved (March 2015) different rates for Common Carp fish seed

(80-100 mm). The procurement at a higher rate without analysis, justification and comparison resulted in an excess expenditure of ₹ 119.19 lakh as given in the following table:

**Table-2.3.9**

District	Rate approved by SPAB under RKVY (in ₹)	No of fish seed (in lakh)	Expenditure (₹ in lakh)	Excess expenditure (₹ in lakh)
Champhai	1.30	4.91	21.60	15.22
Serchhip	1.00	4.49	19.76	15.27
<b>Sub-Total</b>		<b>9.40</b>	<b>41.36</b>	<b>30.49</b>
Aizawl	1.30	3.00	13.20	9.30
Kolasib	1.00	5.00	22.00	17.00
Mamit	1.00	5.00	22.00	17.00
Serchhip	1.00	3.00	13.20	10.20
Champhai	1.30	3.11	13.69	9.65
Lunglei	1.30	3.00	13.20	9.30
Lawngtlai	1.30	3.50	15.40	10.85
Saiha	1.70	2.00	8.80	5.40
<b>Sub-Total</b>		<b>27.61</b>	<b>121.49</b>	<b>88.70</b>
<b>Grand Total</b>		<b>37.01</b>	<b>162.85</b>	<b>119.19</b>

Source: Departmental Records

### 2.3.10.2 Animal Husbandry and Veterinary Department

Under the programme implemented by Animal Husbandry and Veterinary Department, the beneficiaries were provided with supply of piglets, chicks, etc. along with funds (financial assistance) to develop infrastructure.

- **Procurement of piglets through private supplier:**

During the second phase of implementation of NLUP by Animal Husbandry and Veterinary Department, 7,006 beneficiaries were selected under Piggery Trade. As per the Calendar of Works ₹ 24,000 per beneficiary was allocated towards the cost of eight piglets (two female and six fattener piglets) at the rate of ₹ 3,000 per piglet. State Purchase Advisory Board of Animal Husbandry and Veterinary Department decided (20 April 2015) to reduce the number of piglets per beneficiary from eight to six and the rate of piglets increased to ₹ 5,000 per piglet. In the minutes of the meeting, it was recorded that 14,012 piglets had already been supplied to the beneficiaries. For the supply of the remaining piglets (four piglets per beneficiary at the rate of ₹ 5,000 per piglet), a private supplier<sup>3</sup> was selected. Between October 2014 to November 2015 a total amount of ₹ 13.51 crore was released to the Supplier for the supply of piglets.

On interaction with 468 beneficiaries in four sample districts during field visit (Saiha, Aizawl, Kolasib and Mamit Districts), it was found that the Supplier had supplied 1,872 piglets, out

<sup>3</sup> Shri C. Vanlalhmuaka of Zotlang, Champhai

of which 689 piglets died (36.81 per cent) resulting in loss of ₹ 34.45 lakh as given in the following table:

**Table-2.3.10**

Sl. No	District	Number of			Loss	
		Beneficiaries interacted	Piglets supplied	Piglets died	Amount (₹ in lakh)	Percentage
1.	Aizawl	226	904	281	14.05	31.08
2.	Kolasib	60	240	95	4.75	39.58
3.	Mamit	68	272	122	6.10	44.85
4.	Saiha	114	456	191	9.55	41.89
<b>Total</b>		<b>468</b>	<b>1,872</b>	<b>689</b>	<b>34.45</b>	<b>36.81</b>

Similar instances of death of piglets supplied to other beneficiaries and in other districts cannot be ruled out.

NIB in their reply (December 2016) stated that the exact cause of death could not be ascertained as the piglets were in the hands of the beneficiaries. Also, they had not received any report of such high mortality rate. The Government needs to identify the reason for this high mortality of the piglets supplied and must redress the problem to ensure that the purpose of the scheme is achieved.

### **2.3.10.3 Environment & Forest Department**

Shortcomings/lapses noticed in procurement by Environment and Forest Department are discussed in the following paragraphs.

- **Procurement of Tissue Culture Seedlings:**

3,193 beneficiaries were selected from first phase to fourth phase for Bamboo Plantation (100 tissue culture seedlings @ ₹ 28 per seedling) the requirement for which was 3,19,300 seedlings. The Chief Conservator of Forests issued a supply order (March 2011) for the supply of tissue culture seedlings to M/s Growmore Biotech Ltd., Hosur, Tamil Nadu at the rate of ₹ 22.50 per plant.

It was noticed that the Department procured 1,36,700 tissue culture seedlings (about 43 per cent) in excess of requirement resulting in excess expenditure of ₹ 0.31 crore. Reasons for excess procurement and the details of distribution of tissue culture seedlings procured in excess were not on record.

Further, an additional amount of ₹ 0.17 crore was utilised by the Environment and Forest Department for transportation and hardening process even though there was a separate provision for transportation from the nursery to planting site.

Thus, the Environment & Forests Department incurred an avoidable excess expenditure of ₹ 0.48 crore towards procurement of Tissue Culture Seedlings.

Deficiencies in procurement show lack of vision in planning and point out the fact that the NIB did not ensure that proper fiscal propriety was exercised by the line departments. The gap between planning and execution of schemes needs to be bridged by the Board for effective implementation.

### 2.3.11 Monitoring and Evaluation

As per NLUP manual, monitoring of the scheme at the village, district and state level were to be done by the monitoring cell. However, it was observed that the monitoring cell of NLUP; despite being formed, were not functioning satisfactorily at all three levels of implementation of NLUP.

It was observed in the audit that due to lack of monitoring at the field/village level, the Government could not ensure that land-based trades/activities were carried out in one compact area in respect of one village. Also, the monitoring cells at the State and District levels have not taken any corrective measure in order to ensure the cultivation of crops in a compact area so that the products of farmers could be easily transported and market accessibility ensured.

As there was no monitoring after distribution of cash assistance and inputs, the NIB could not ascertain that the beneficiaries have utilised the assistance for the purpose for which given. Further, there was no follow-up action to ascertain whether the inputs supplied like piglets, chicks *etc.* were productive and beneficial to the beneficiaries. Thus, the NIB did not have correct information about the high mortality rate of the supplied piglets as discussed in Paragraph 2.3.10.2. The Government needs to ensure that proper feedback and monitoring of the beneficiaries is done to ensure that the scheme is achieving its desired objectives. Redressal of problems in implementation of the scheme can also then take place to improve its implementation.

### 2.3.12 Extent of achievement of objectives

Deficiencies in the achievement of the stated objectives of NLUP were noticed in audit, these have been discussed in the following paragraphs.

- **Impact of NLUP on *jhum* cultivation:**

One of the objectives of NLUP was weaning away *jhum* cultivators from the destructive practice of shifting cultivation (*jhum*). During 2010-11, the total area under *jhum* cultivation in Mizoram was 28,562 hectare which had declined to 20,064 hectares by 2014-15. The year wise decrease in area under *jhum* cultivation in Mizoram during the implementation of NLUP is given in the following table:

**Table-2.3.11**

Year	2010-11	2011-12	2012-13	2013-14	2014-15
Area under <i>jhum</i> in hectare	28,562	25,826	24,706	22,633	20,064
Decrease ( <i>per cent</i> )	---	9.58	4.34	8.39	11.35
<i>Jhum</i> cultivators	68,433	62,472	58,755	58,991	60,338

- It was observed that the list of targeted beneficiaries under NLUP did not specify the number of *jhum* cultivators earmarked for financial assistances. In the absence of such details, audit could not draw an assurance that *jhum* cultivators were given priority in the selection process and all the *jhum* cultivators had been covered under NLUP.
- Table 2.3.12 shows that overall only 14 *per cent* of the cultivators has given up the practice.
- The Government has not set up adequate monitoring and feedback mechanism to ensure fruitful utilisation of funds and achievement of objectives of the scheme.

In the absence of structured feedback set up, Audit has interacted with 7,954 beneficiaries (15.22 *per cent*) of the total 52,249 beneficiaries in the four sampled districts during field visits to assess extent of the implementation of the scheme. The results of the interview are as detailed in the following table.

**Table-2.3.12**

Number of trade beneficiaries						<i>Jhum</i> Cultivators		
Total	Interviewed	Continuing in trade	Own trade	Ineligible	Sustained livelihood	Practicing	Discontinued	Continued
<b>Horticulture</b>								
9,054	948	915	25	138	13	622	176	446
<b>Environment &amp; Forest</b>								
529	95	95	Nil	14	Nil	80	7	73
<b>Agriculture</b>								
7,456	829	829	132	148	114	581	134	447
<b>Animal Husbandry And Veterinary</b>								
19,106	2,575	2,522	323	522	158	798	242	556
<b>Fisheries</b>								
1,749	376	374	18	130	18	226	48	178
<b>Soil and Water Conservation</b>								
6,403	743	740	2	46	52	549	406	143
<b>Sericulture</b>								
949	47	46	13	Nil	13	9	3	6
<b>Industries</b>								
7003	2341	2321	860	402	374	176	61	115
<b>52,249</b>	<b>7,954</b>	<b>7,842</b>	<b>1,373</b>	<b>1,400</b>	<b>742</b>	<b>3,041</b>	<b>1,077</b>	<b>1,964</b>
<i>Percentage of interviewed</i>		<i>98.60</i>	<i>17.26</i>	<i>17.60</i>	<i>9.33</i>	<i>38.23</i>	<i>13.54</i>	<i>24.69</i>



As can be seen from the above table that out of the interviewed beneficiaries;

- About 18 *per cent* of the beneficiaries were ineligible,
- Further, about 38 *per cent* practiced *jhum* cultivation before the commencement of the programme and,
- Of these 38 *per cent*, only one third had given up the *jhum* cultivation practice after five years of the implementation.

Considering the fact that only 9 *per cent* were able to sustain their livelihood from the trade, **the State Government needs to focus on targeting the *jhum* cultivators and providing them support by coordinated approach and proper planning.**

NIB stated (December 2016) that as of now Mizoram agriculture is predominantly dependant on *jhum* and NLUP programme succeeded in making a breakthrough to progressively wean away farmers from *jhum* practice. More tangible results would be forthcoming in the near future.

It was also observed that the Government has signed (November 2014) agreement with a firm<sup>4</sup> to provide an Integrated Data management Suite to create a master data base of the beneficiaries. The data would be used for conducting impact analysis. The data creation is at present going on. Audit welcome the initiatives of the Government for establishing a feedback mechanism and reiterates that **there is a need to take proper action to streamline feedback mechanism so that the Government comes to know the extent of the achievement of the scheme and take remedial action to improve its implementation so that the main objectives of the scheme; to wean away the farmers from *jhum* cultivation and to provide sustainable livelihood through effective trade support are achieved.**

- **Self-sufficiency in rice**

One of the objectives of NLUP was to attain self-sufficiency in rice production by developing suitable land for wet rice cultivation (WRC). The year-wise production and import of rice during the last five years are shown in the following table:

**Table-2.3.13**

(Figure in MT)

Year	Rice production in the State			Import	Total consumption	Percentage of import
	WRC	Jhum	Total			
2011-12	26,250	26,644	52,894	1,36,195	1,89,089	72.03
2012-13	30,572	27,128	57,700	1,33,552	1,91,252	69.83
2013-14	33,323	25,671	58,994	1,58,871	2,17,865	72.92
2014-15	37,096	23,583	60,679	1,55,208	2,15,887	71.89
2015-16	37,634	24,343	61,977	1,36,389	1,98,366	69.00

As can be seen from the table, the yearly production of rice in the State had increased by 20 *per cent* from 52,894 MT in 2011-12 to 61,977 MT in 2015-16 in five years. The production

<sup>4</sup> Radiant Integrity Techno Solutions Pvt. Ltd.

of rice from WRC has increased from 26,250 MT in 2011-12 to 37,634 MT in 2015-16 (43 *per cent*). The contribution of WRC in total rice production of the State had also witnessed an increase from about 50 *per cent* in 2011-12 to 60 *per cent* in 2015-16. However, this increase was not able to meet the increasing demand for rice during this period and percentage contribution of import from other States remained around 70 *per cent* at 1.36 lakh MT per year. This indicated that the State was not able to reduce imports. Achievement of self-sufficiency in production of rice in the near future was also remote.

While accepting the fact, the Government stated during the Exit Conference (December 2016) that due to lack of resources, *i.e.* arable land for cultivation of rice, the targets of attaining self-sufficiency in production of rice and vegetables could not be achieved. They added that the Government has initiated steps to increase production of rice through System of Rice Intensification.

- **Afforestation of land and environmental impact assessment**

One of the main objectives of NLUP was to afforest the land to regenerate the ecosystem. This would help stabilise the climate changes wrought by global warming, rejuvenate the flora and fauna and make Mizoram a better place to live in. It was envisaged to increase the total forest reserve area of the State from 38 to 80 *per cent* of the total geographical area and the very dense forest area from 133 to 14,761 Sq. km.

It was noticed in audit that the State Government had constituted an NLUP Committee on Afforestation only in May 2015. However, the State Government had not allocated any fund for afforestation so far (September 2016).

Thus, due to inaction on the part of the Government, the objective of NLUP to regenerate the forest and to increase the forest coverage to 80 *per cent* of the geographical area of the State had not been achieved.

NIB stated (December 2016) that the Action Plan for Afforestation Programme was submitted by the NLUP Committee on Afforestation in August 2015. However, the target could not be achieved as no allocation of the fund was made for afforestation. The reply, however, did not clarify as to why the Action Plan was not approved even after the lapse of more than one year.

Further, the actual environmental impact of the programme had not been assessed by the State Government.

While accepting the fact, the NIB stated (December 2016) that the first comprehensive programme for afforestation of Mizoram was prepared in December 2010. The concept note was discussed four times in the NLUP Apex Board meeting. Though the programme was approved in the fourth meeting, the program could not be implemented till date due to various critical issues like Tribal Forest Access Rights and other related issues including cultivation in *jhum* lands. As a result, environment impact assessment could not be conducted till date.

- **Land Use Plan and Land reforms**

The NLUP aimed at formulating a Land Use Plan for the entire state. This was to be undertaken by earmarking land for the rain forest, community forest, cultivation under NLUP, habitation, industrial area, etc. Audit observed that even VLNC has not formulated land use plan for the individual villages which would be the basis for the formulation of the State plan.

Further, NLUP envisaged implementation of Land Reforms for the whole State. As a part of land reforms, following activities were to be undertaken *viz.* (i) the survey was to be conducted for the whole state and land records prepared; (ii) new landholding system and new ownership pattern were to be introduced, and (iii) new tenancy law would be formulated and enacted.

Scrutiny of the records revealed no steps have been taken as regards land plans and land reforms.

### **2.3.13 Conclusion**

The main objective of NLUP was to put an end to wasteful shifting cultivation/*jhumming*. During 2010-11 *i.e.* before the commencement of NLUP, the number of *jhum* cultivators in Mizoram was 68,433 families, the number of farmers who practised *jhum* cultivation had reduced to 60,338 during 2014-15. This shows that NLUP had not achieved its objective of putting an end to *jhum* cultivation though there has been a marginal reduction in the number of farmers practising *jhum* cultivation.

Though total yearly production of rice in the State had increased and also the contribution of WRC in total rice production of the State had also witnessed an increase from about 50 *per cent* in 2011-12 to 60 *per cent* in 2015-16, this increase was not even able to meet the increasing demand for rice during this period. Percentage contribution of import from other States remained around 70 *per cent* during the period and the State was not able to reduce imports.

Though the total area under *jhum* cultivation had decreased by 11.35 *per cent* during 2010-11 to 2014-15, 60,000 farmers were still dependent on *jhum* cultivation in the State. The Government has not initiated any action to fulfil its object of increasing the total Forest Reserve Area to 80 *per cent* of the State's geographical area.

The financial management was deficient and unspent amounts were kept in Civil Deposit and in the bank account. This amount was shown as spent, which was irregular. There were instances of extra expenditure in the procurements made under the programme.

Lack of monitoring led to a frequent change of beneficiaries and trades. There was delay in completion of the programme. The desired objective for which NLUP was taken up had not been achieved in any stated areas.

### **2.3.14 Recommendations**

The State Government may consider to:

- conduct survey of the land as visualised in NLUP which would facilitate the formation of the land use plan for the whole state and help in the location of the compact area for land-based activities.
- involve Village level NLUP Committee in selection of beneficiaries and their trade and also in the formulation of village plan, based on which the State Plan would be formulated
- ensure timely release of assistance to the beneficiaries and monitor its outcome for achieving programme objectives and implement the programme in time in order to ensure the desired objective is achieved.
- follow prescribed rules and procedures with respect to financial management for the purchase of goods and while entering into contract/agreement with any firm.

## FOLLOW UP OF AUDIT OBSERVATIONS

### 2.4 Non-submission of *suo moto* Action Taken Notes (ATNs)

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), issued (May 2000) instructions for submission of *suo-moto* ATNs on all paragraphs and reviews featured in the Audit Report within three months of its presentation to the Legislature. For submission of the Action Taken Notes (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 the various departments of the State Government had submitted *suo-moto* replies in respect of all paragraphs/performance audits that had featured in the Audit Reports up to the year 2010-11 but there was delay in submission in respect of the Audit Reports for the years 2011-12 to 2013-14. The Audit Report for the year 2014-15 was laid on the table of the State legislative assembly on 31 August 2016, replies were awaited (February 2017).

### 2.5 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspections of Government Departments to test-check the transactions and verify the maintenance of significant accounting and other records as per the prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) issued to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/orders of the Government provide for a prompt response by the Executive to the IRs issued by the Accountant General within a month of issuance of IRs.

As of March 2016, a review of the outstanding IRs issued during 2008-16 revealed that 517 paragraphs relating to 123 IRs remained outstanding as shown in the following table:

**Table-2.5.1**

Name of the Sector	Opening Balance (upto 2013-14)		Addition during the year 2014-15		Disposal during the year 2014-15		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Economic (other than PSUs)	106	423	37	225	20	131	123	517

### 2.6 Audit Committee Meetings

The State Government had notified (04 September 2013) constitution of an Audit Committee to consider and take measures for timely response and speedy settlement of outstanding paragraphs of Inspection Reports lying in different departments.

During 2015-16, five audit committee meetings were held in which 269 paragraphs were settled.

