



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

**for the year ended 31 March 2018**



**लोकहितार्थं सत्यनिष्ठा**  
**Dedicated to Truth in Public Interest**

**GOVERNMENT OF MEGHALAYA**  
***Report No. 3 of 2019***



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

**for the year ended 31 March 2018**

**GOVERNMENT OF MEGHALAYA**

*Report No. 3 of 2019*



## TABLE OF CONTENTS

PARAGRAPH	PARTICULARS	PAGE(S)
	Preface	v
	Executive Summary	vii
<b>CHAPTER I – GENERAL SECTOR</b>		
1.1	Introduction	1
1.2	Performance Audit of Management of Prisons in Meghalaya (Prisons Department)	2
1.3	Irregular release of Discretionary Grants to MLAs (Meghalaya Legislative Assembly Secretariat)	17
<b>CHAPTER II – SOCIAL SECTOR</b>		
2.1	Introduction	19
2.2	Avoidable expenditure (Health and Family Welfare Department)	20
2.3	Failure to operationalise the Blood Storage Units and Blood Component Separation Laboratory (Health and Family Welfare Department)	21
2.4	Infructuous expenditure due to non-completion of five Water Supply Schemes (Public Health Engineering and Power Departments)	23
<b>CHAPTER III – ECONOMIC SECTOR</b>		
3.1	Introduction	27
3.2	Performance Audit of Implementation of rural connectivity projects with NABARD loans (Public Works (Roads & Bridges) Department)	28
3.3	Utilisation of 13 <sup>th</sup> Finance Commission grants (Agriculture and Public Health Engineering Departments )	44
3.4	Extra expenditure due to irregular selections of firms (Agriculture Department)	48
3.5	Admittance of subsidy claims (Commerce and Industries Department)	50
3.6	Wasteful expenditure (Community & Rural Development Department)	52
<b>CHAPTER IV – ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)</b>		
4.1	Functioning of Public Sector Undertakings	55

<b>CHAPTER V – FOLLOW UP OF AUDIT OBSERVATIONS</b>		
5.1	Failure to submit <i>suo motu</i> explanatory notes	65
5.2	Discussion of Audit Reports by PAC/COPU	65
5.3	Response of the departments to the recommendations of the PAC/COPU	65
5.4	Outstanding Inspection Reports and Paragraphs	66
5.5	Committees for disposal of outstanding audit observations	67

<b>APPENDICES</b>		
		Page(s)
Appendix - 1.3.1	Statement showing details of financial assistance distributed by the MLAs out of the Discretionary Grants	69
Appendix - 2.3.1	Statement showing expenditure incurred on procurement of equipment for the BSUs and BCSL	70
Appendix - 3.2.1	Statement showing details of selected projects	71
Appendix - 3.2.2	Statement showing list of incomplete works along with the reasons for the delay	74
Appendix - 3.2.3	Statement showing avoidable expenditure due to non-enforcement of defect liability clause	76
Appendix - 3.2.4	Statement showing details of works executed but not provided in the DPRs	77
Appendix - 3.2.5	Statement showing details of important items of works provided in the DPR but not executed	79
Appendix - 3.2.6	Statement showing excess/undue payments to contractors	80
Appendix - 3.4.1	Statement showing details of bids received from firms for supply of five species of Bamboo planting material	81
Appendix - 3.4.2	Statement showing details of bids received from firms for supply of Agar planting material	83
Appendix - 3.4.3	Statement showing extra avoidable expenditure incurred by procuring planting material of Bamboo at higher rate	85
Appendix - 3.4.4	Statement showing extra avoidable expenditure incurred by procuring planting material of Agar at higher rate	86
Appendix - 3.5.1	Details of subsidies released in respect of applications received prior to notification of MIIPS, 2016	87
Appendix - 4.1.1	Statement showing investments made by State Government in PSUs whose accounts were in arrears	89
Appendix - 4.1.2	Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2018	90





## **PREFACE**

*This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Meghalaya 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 Meghalaya under the General, Social, and Economic Sectors including Health and Family Welfare, Public Health Engineering, Power, Public Works, Agriculture, Commerce and Industries, Community and Rural Development, Prisons, Finance, and Meghalaya Legislative Assembly Secretariat. Audit observations on Revenue Sector of the Government of Meghalaya are covered in a separate Report on Revenue Sector.*

*The cases mentioned in this Report are those which came to notice in the course of test audit of accounts for the year 2017-18, 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 2017-18 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.*



# **EXECUTIVE SUMMARY**



---

## EXECUTIVE SUMMARY

This Report contains chapters on General, Social and Economic Sectors comprising two Performance Audits, eight compliance audit paragraphs and a paragraph on functioning of Public Sector Undertakings. The findings are based on the audit of certain selected programmes and activities of the Government departments and Public Sector Undertakings.

According to the existing arrangements, draft audit findings are sent by the Principal Accountant General (Audit) to the concerned Secretaries of the State Government with a request to furnish replies within six weeks. Replies were received from the State Government to both the Performance Audits and all eight compliance audit paragraphs in this Report.

A synopsis of the important findings contained in this Report is presented below:

### GENERAL SECTOR

#### Performance Audit

#### **Performance Audit of Management of Prisons in Meghalaya**

Performance Audit of Management of Prisons in Meghalaya revealed several deficiencies with regard to management of prisons in Meghalaya. There was more occupancy than capacity with overcrowding of inmates in four out of five district jails in the State due to lodging the convicts and under trial prisoners together and prolonged detention of people without trial, especially in Shillong and Jowai district jails. Construction of new jails was delayed, forcing the inmates of the existing jails to live in inhuman conditions without safe drinking water and adequate number of toilets. Young offenders were housed along with adult offenders. There was shortage of security staff and absence of proper security infrastructure such as CCTVs, search lights *etc.*, and security staff were not adequately trained. Convicts were not issued uniforms and Counsellors and female doctors were not available in any of the district jails. Educational programmes were not made available for the inmates. State Advisory Board and Sentence Review Board, which are meant to improve the functioning of the Prisons have not been constituted in the State. The Board of Visitors, which was responsible to look after the welfare of the prisoners, neither made monthly visit to the district jails nor held any meetings to discuss the related issues. The Assam Jail Manual, 1894 as adopted by Meghalaya has not been updated and does not reflect and address contemporary issues.

State Government needs to bring about reforms in the prisons and ensure that prisoners are provided with the basic minimum amenities to live with dignity. Literacy programmes should be encouraged and correctional services should be put in place to ensure that the prisoners start a new life after serving out their sentence.

**(Paragraph 1.2)**

### **Compliance Audit Paragraph**

Members of Legislative Assembly did not submit utilisation certificates in respect of discretionary grants amounting to ₹ 10.73 crore in violation of the scheme guidelines.

**(Paragraph 1.3)**

## **SOCIAL SECTOR**

### **Compliance Audit Paragraphs**

Due to non-execution of Annual Maintenance Contract for maintenance of MRI machine, the Department incurred an avoidable expenditure of ₹ 1.50 crore towards its repair besides depriving the patients the benefit of its services for almost three years.

**(Paragraph 2.2)**

Failure to operationalise the Blood Storage Units and Blood Component Separation Laboratory resulted in non-achievement of the objective of strengthening blood bank services.

**(Paragraph 2.3)**

Lack of urgency in completing civil works of water supply schemes by Public Health Engineering Department and its inability to coordinate with Meghalaya Power Distribution Corporation Limited to ensure timely availability of power, resulted in denial of piped water to targeted population for six to eight years, despite incurring an expenditure of ₹ 2.22 crore.

**(Paragraph 2.4)**

## **ECONOMIC SECTOR**

### **Performance Audits**

#### **Performance Audit of 'Implementation of rural connectivity projects with NABARD loans'**

Performance audit of NABARD funded rural connectivity projects brought out several lacunae in planning, prioritisation and execution of roads and bridge works. Project proposals and DPRs were not submitted on time to avail of funding from NABARD. DPRs were not comprehensive and were not prepared based on site survey, resulting in deviations from designs and sanctioned estimates. Payments were released to contractors without proper scrutiny of bills and records leading to undue financial benefit to the latter. Projects were also shown as 'physically completed' without executing important items of works provided for in the DPRs. Five out of the six Divisions sampled in Audit did not test the material before its utilisation for the RIDF works. Monitoring and follow-up was inadequate and the project completion certificates/reports were also not submitted. Impact of these projects on the socio-economic development of the rural areas where these were implemented, was not carried out during the five year period of audit coverage.

NABARD, on its part, failed to scrutinise the project plans and proposals for compliance with its guidelines and monitor the effective implementation of the projects funded by it to the envisaged standards.

**(Paragraph 3.2)**

### **Compliance Audit Paragraphs**

Audit of utilisation of 13 Finance Commission (13 FC) funds by the State revealed that funds recommended by 13 FC under 'State Specific Needs' category were not received in full due to non-submission of utilisation certificates by the State on time. Fulfillment of the objective of increasing the production of top quality planting material of horticulture crops within four years could not be verified in audit. Further, Public Health Engineering Department could not complete augmentation of water supply schemes in Tura even after seven years of receiving administrative approval, despite availability of 13 FC funds.

**(Paragraph 3.3)**

Agriculture Department incurred an extra expenditure of ₹ 2.60 crore by awarding contracts to firms that had quoted higher rates for supply of bamboo and agar planting materials, despite their failure to submit requisite documents. Besides, it also extended undue favour to the firms by issuing supply orders even where they had not bid for a particular species.

**(Paragraph 3.4)**

Applications for subsidy claims of ₹ 5.41 crore under Meghalaya Industrial & Investment Promotion Scheme (MIIPS), 2016 were irregularly admitted even before the MIIPS was notified.

**(Paragraph 3.5)**

Poor project formulation led to wasteful expenditure of ₹ 66.68 lakh and non-achievement of objectives of generating cleaner energy and creating sustainable livelihood opportunities for rural community.

**(Paragraph 3.6)**





# CHAPTER-I

## GENERAL SECTOR



## CHAPTER I: GENERAL SECTOR

### 1.1 Introduction

This Chapter of the Audit Report deals with the audit findings relating to various departments of the State Government under General Sector.

During 2017-18, against a total budget provision of ₹ 2590.31 crore, a total expenditure of ₹ 2439.74 crore was incurred by eight departments under the General Sector. The department-wise details are given in the table below:

**Table 1.1.1: Budget provision and expenditure of major departments**  
(₹ in crore)

Sl. No.	Name of Department	Budget provision (Original and Supplementary)	Expenditure
1.	Finance	1370.72	1393.00
2.	Home/Police/Jail	797.71	715.62
3.	Election	72.63	61.89
4.	Transport	51.56	31.17
5.	Printing & Stationery	31.19	27.34
6.	Law	73.38	45.40
7.	Assembly Secretariat	91.40	79.33
8.	Chief Minister's Secretariat, Secretariat Administrative Department, Personnel, including Passport	101.72	85.99
	<b>Total</b>	<b>2590.31</b>	<b>2439.74</b>

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts.

During the year, an expenditure of ₹ 2084.26 crore was test checked in audit (including funds pertaining to previous years audited during the year). Significant observations arising out of these are brought out in this Chapter through one performance audit of 'Management of Prisons in Meghalaya' and one compliance audit paragraph.

## PERFORMANCE AUDIT PRISONS DEPARTMENT

### 1.2 Performance Audit of 'Management of Prisons in Meghalaya'

#### 1.2.1 Introduction

Prisons are an important and integral part of criminal justice system. Their management and administration falls exclusively under the jurisdiction of the State Government as per the Seventh Schedule of the Constitution of India. At the inception of the State of Meghalaya in 1972, there were only two district jails - at Shillong and Tura. The district wise status of jails as of March 2018 is given below.

Map 1 – Status of district jails in Meghalaya



#### 1.2.2 Organisational Structure

All the prisons in the State function under the Prisons Department, administered by the Commissioner & Secretary to the Government of Meghalaya (GoM). The Director General of Prisons (DGP) is the head of all the prisons and is assisted by one Assistant Inspector General, Prisons. Each of the prisons is headed by a Superintendent.

#### Audit Framework

#### 1.2.3 Audit Objectives

Performance audit of 'Management of Prisons' was carried out with the objective of assessing the following:

- whether the living conditions of the prisoners are compatible with human dignity in all aspects such as accommodation, hygiene, sanitation, food, clothing, medical facilities, etc.,

- whether safe detention of prisoners is ensured, in terms of housing them in proper buildings, adequacy of security infrastructure, and availability of trained security staff, and
- whether appropriate measures were initiated for reform and rehabilitation of prisoners.

#### **1.2.4 Audit Criteria**

Prisons in India are governed by the Prisons Act, 1894. In Meghalaya, the State Government follows the Assam Jail Manual, 1894 as adopted by it in 1972. Audit findings were benchmarked against these sources of criteria.

#### **1.2.5 Scope and Methodology of Audit**

Performance audit was carried out during May-August 2018 and covered the functioning of prisons in the State during the five-year period 2013-14 to 2017-18. Audit methodology involved scrutiny of records in the offices of the Commissioner & Secretary and the DGP, Meghalaya at the State level; office of the Executive Engineer, PWD (Buildings), Shillong at the division level, and the three selected district jails at the local level. In addition to the scrutiny of records, a joint physical verification of prison facilities was carried out by the Audit Team along with the Superintendents of the concerned sampled jails. Photographic evidence was obtained to substantiate audit findings, where required.

Audit objectives, criteria, scope and methodology were discussed with the Commissioner & Secretary, Prisons in an Entry Conference in May 2018. After the conclusion of audit, findings were discussed with the State Government and departmental officers in an Exit Conference in November 2018. The responses of the State Government during the Exit Conference and their written replies received in December 2018 – January 2019 have been incorporated in the report at appropriate places.

#### **1.2.6 Audit sample**

Prisons are established at three levels – Central jail at the State level, District jail at the district level and Sub jail at the taluka level. There are generally various other types of prisons such as women’s jail, open jail, special jail, borstal (juvenile) jail, *etc.* There are only district jails and one juvenile jail in Meghalaya. Out of the five district jails, three (at Shillong, Jowai and Williamnagar) were selected for audit based on probability proportional to size without replacement method, with size being the number of inmates (both convicts and under trial persons).

## 1.2.7 Audit Findings

Significant findings are discussed in the succeeding paragraphs.

### Audit objective-1 Living conditions of prisoners

#### 1.2.7.1 Overcrowding in jails

The Supreme Court had, in February 2016, emphasised that Article 21 of the Constitution requires a life of dignity for all persons, and lamented that little appears to have changed on the ground as far as prisoners are concerned. It considered the issue of their health, hygiene, food, clothing, rehabilitation, *etc.* and ruled that, “prisoners, like all human beings, deserve to be treated with dignity.”

The five district prisons of Meghalaya can accommodate 595 male and 55 female inmates. While the space/cells earmarked for female inmates was adequate in view of fewer number of women, audit scrutiny revealed overcrowding of male inmates *vis-à-vis* the capacity of prison in all the district jails. The prison-wise capacity and occupancy of male inmates during the period covered by audit is given below:

**Table 1.2.1: Prison capacity and number of male inmates housed in the prisons**

Sl No	Name of jails	Prison Capacity for male inmates	Number of male inmates housed (as on 31 March of the year)				
			2014	2015	2016	2017	2018
1	District Jail, Shillong	155	401	369	374	375	347
2	District Jail, Williamnagar	40	33	72	54	49	33
3	District Jail, Jowai	120	222	148	166	184	175
4	District Jail, Tura	190	253	196	218	159	138
5	District Jail, Nongpoh	90	--	--	--	69	75
	<b>Total</b>	<b>595</b>	<b>909</b>	<b>785</b>	<b>812</b>	<b>836</b>	<b>768</b>

Source: Departmental Figures.

As can be seen above, all the district jails except Nongpoh jail, were overcrowded during the audit coverage period with inter year variations, with district jails Shillong and Jowai being overcrowded by over 140 - 220 *per cent* respectively, compared to the capacity of the prison. As of end of March 2018, the total number of inmates in all the district jails except Nongpoh, has reduced compared to the previous year. To ease the overcrowding of district jail, Shillong, construction of a new jail at West Khasi Hills, Nongstoin was sanctioned (March 2003) at an estimated cost of ₹ 6.26 crore and was targeted for completion by March 2007. It was yet to be completed (July 2018) despite the lapse of over 15 years<sup>1</sup>, as the State Government has not sanctioned the revised estimates for its construction.

Similarly, to ease the overcrowding at district jails of Jowai and Tura, the DGP, Meghalaya proposed (March & September 2014) construction of new district jails at East Jaintia Hills, Khliehriat and South West Garo Hills, Ampati. State Government, however, was yet to accord approval to the proposals (August 2018). Thus, despite

<sup>1</sup> Mention was made in Paragraph 2.2 of the Report of the Comptroller & Auditor General of India, for the year ended 31 March 2013, Government of Meghalaya (Report No 2).

overcrowding in four out of five district jails, the State Government did not take any initiative either to complete the construction of Nongstoin jail or to construct any other district jail during the five year period 2013-18.

In response, the Department stated (January 2019) that the sanction and administrative approval for ₹ 27.60 crore for construction of district jail in West Khasi Hills, Nongstoin was accorded by the State Government in January 2019 and that, the process of tendering for the work has been initiated. It was further stated that action for acquisition of land for construction of a new district jail in East Jaintia Hills, Khliehriat was initiated. To a specific query during the exit conference as to why the prisoners have not been shifted from overcrowded prisons to less crowded prisons, the Department stated (January 2019) that it has initiated the transfer of convicts from Shillong jail to Nongpoh jail.

### 1.2.7.2 Insufficient space to accommodate inmates

Assam Jail Manual, as adopted by the Government of Meghalaya, specifies the requirement for accommodation of sleeping wards as a superficial area<sup>2</sup> of 36 sq ft per prisoner and lateral ventilation<sup>3</sup> of 540 cu ft per prisoner. The actual average superficial area and lateral ventilation available per prisoner in the three sampled district jails is given below:

**Table 1.2.2: Availability of space per prisoner as of March 2018**

Name of Jail	Superficial area per prisoner			Lateral ventilation per prisoner		
	As per Assam Jail Manual	As per prison capacity	As per prison occupancy	As per Assam Jail Manual	As per prison capacity	As per prison occupancy
District Jail, Shillong	36 sq ft	36	17	540 cu ft	604	287
District Jail, Williamnagar		17	25		186	282
District Jail, Jowai		22	17		224	166

Source: Information furnished by the Department.

During the joint physical verification of the district jails by the Audit team along with the departmental representatives, it was observed that overcrowding has caused shortage of sleeping berths for the inmates of district jails at Shillong and Jowai, with several inmates being forced to sleep underneath the already occupied sleeping berths as can be seen from the photographs given below.

<sup>2</sup> Superficial area of a building is measured between inside faces of external walls with no deduction for partitions, stairwells, lift, etc.

<sup>3</sup> Lateral ventilation is the cubic capacity per prisoner.



*Sleeping area underneath the already occupied sleeping berths in district jail, Shillong*

*Sleeping area underneath the already occupied sleeping berths in district jail, Jowai*

The Department accepted the audit observation and stated (December 2018 & January 2019) that the jails were constructed more than three decades ago and proper guidance and norms for 'prisons buildings' were not available in the Assam Jail Manual as adopted by Meghalaya. The reply is incorrect, as Clause 701 of the Assam Jail Manual, 1894 specifically provides for minimum space for accommodation during incarceration.

The shortage of space was further exacerbated by lodging under trial prisoners (UTPs) and young offenders (between the age of 18 and 21 years) along with the convicts for prolonged periods. The details of actual number of UTPs *vis-à-vis* convicts in the sampled district jails are given below:

**Table 1.2.3: No. of UTPs and convicts as of March 2018**

District jail	Male		Total No of inmates	Total no of UTPs
	No of convicts	No of UTPs		
Shillong	40	317	357	317 (89%)
Williamnagar	11	22	33	22 (67%)
Jowai	10	166	176	166 (94%)
<b>Total</b>	<b>61</b>	<b>505</b>	<b>566</b>	<b>505 (89%)</b>

The Prisons Act, 1894 specified in Chapter V relating to 'discipline of prisoners' that, 'unconvicted criminal prisoners shall be kept apart from convicted criminal prisoners'. However, as can be seen from the details tabulated above, the UTPs form about 89 *per cent* of the prisoners and far outnumber the convicts. Audit scrutiny revealed that the UTPs were detained for prolonged periods. For instance, the period of confinement of UTPs in district jail Shillong ranged from one month to almost six years. In Williamnagar jail, it was from one month and up to three years. The UTPs in Jowai jail were in prison for periods ranging from one month to about two years. Prolonged detention of UTPs has not only resulted in delayed justice, but has also led to overcrowding in the jails and deprived prisoners of basic minimum facilities, including toilets.



### 1.2.7.3 Young offenders housed with other inmates

Section 27 of the Prisons Act, 1894 mandates that male, female inmates, under-trial prisoners and young offenders should be housed in separate sections of the prison. MPM, 2016 also stipulates that young offenders (between the ages of 18 and 21 years) should not be confined in prisons meant for adult offenders and that, there should be separate institutions for them where, in view of their young and impressionable age, they shall be given treatment and training suited to their special needs of rehabilitation.

Scrutiny of records along with joint physical verification of sampled district jails revealed that although male and female inmates were housed separately, young offenders were lodged together with adult offenders and the under trial prisoners (UTPs) were also quartered with the convicts. Age profile of the inmates in the three district jails sampled is shown below:

**Table 1.2.4: Category wise distribution of prisoners in the test checked district jails**

Name of District Jail	Number of prisoners as of March 2018	Age <sup>4</sup> between 18 to 21 years			Age above 21 years		
		Convicts	UTPs	Total	Convicts	UTPs	Total
District Jail, Shillong	357	1	61	62	39	256	295
District Jail, Williamnagar	33	5	9	14	6	13	19
District Jail, Jowai	176	--	16	16	10	150	160

Source: Figures collected from the test checked district jails.

There was nothing on record to indicate that the district jails had a mechanism to segregate young offenders at the time of their admission. The State has not taken any action to set up separate cells/institutions to segregate the UTPs and young offenders.

The Department stated (December 2018) that the matter regarding segregation of young offenders would be looked into.

***Recommendation: Construction of District Jail, Nongstoin should be expedited to ease overcrowding in the other jails and land acquisition for a new district jail at East Jaintia Hills, Khliehriat may be taken up in right earnest. State Government should consider setting up jails in all the districts and accelerate the trial of UTPs in a time bound manner. Efforts may be made to separately house the UTPs and young offenders from the convicts in the meanwhile, to avoid any undesirable adverse influence on their impressionable minds.***

<sup>4</sup> Age taken as on date of the inmates admission to prison.

**Audit objective – 2 Safe detention of prisoners**

**1.2.7.4 Availability of security infrastructure**

During the audit coverage period of 2013-18, two incidents of jail break took place in the State.

- One UTP escaped from district jail, Tura in August 2013. As per the Magisterial inquiry report (September 2013), the escape of the UTP was facilitated by insufficient height of the boundary wall, lack of security infrastructure like metal detectors, CCTV cameras, search lights and acute shortage of security staff. The report emphasised the need to increase the number of security personnel deployed and their training. As per the Action Taken Report submitted (August 2014) by the Assistant Inspector General of Prisons to the State Government, the height of the boundary wall has been increased and metal detectors and search lights have been issued.
- Five UTPs escaped from district jail, Williamnagar in May 2015 by overpowering the security personnel at the main gate. The Superintendent, Williamnagar jail stated that the incident could have been prevented, if adequate number of security staff was available for duty at the prison.

The State Government ordered a Magisterial inquiry in to the incidents of jail break in 2013. The Magisterial inquiry report (September 2013) attributed the escape of UTPs from district jail Tura, to insufficient height of the boundary wall, lack of security infrastructure like metal detectors, CCTVs, search lights and acute shortage of security staff. In its response to audit report, the Department stated (December 2018) that it had taken adequate action on the recommendations contained in the inquiry report.

Scrutiny of records in the three selected district jails (August 2018) revealed that the security infrastructure continued to be inadequate even after five years of the Magisterial inquiry report, as shown below:

**Table 1.2.5: Status of security infrastructure in District Jails**

Recommendations of Magisterial inquiry report	District Jail, Shillong	District Jail, Williamnagar	District Jail, Jowai
Search lights should be available	Not available	Not available	Not available
Door frame metal detectors should be made available	Metal detector is available but not utilised. Hand held detectors are available and are being used.	Metal detector is available but not functioning since July 2015. Hand held detectors are available and are being used.	Metal detector is available but not functioning since August 2015. Hand held detectors are available and are being used.
Walkie talkies should be made available	Available	Available	Available

Source: Information furnished by the test checked district jails.

The Department stated (December 2018) that metal detectors were not required since hand held detectors were available. The reply has to be seen in the light of the fact that metal detectors were procured due to the perceived requirement, but were either not functional or not utilised.

### 1.2.7.5 Deployment of security staff in the jails

In Meghalaya, the security personnel for the prisons consist of unarmed branch (Head Warders and Warders) and the armed branch (Havildars & Naiks). In addition, police personnel were also posted in all the district jails to augment their security.

The MPM, 2016 suggests a ratio of one guard for every six prisoners, to be followed in all three shifts. The actual position of security staff *vis-à-vis* the suggested number of staff by MPM is given below:

**Table 1.2.6: Availability of security personnel *vis-a-vis* norms in test checked district jails**

District Jail	Requirement <sup>5</sup> of security staff as per MPM	Sanctioned strength of security staff	Actual Men in position	No. of police personnel deployed (Battalion)	Total deployment	Shortage as per MPM norm (in per cent)
Shillong	179	65	52	29	81	98 (55%)
Williamnagar	17	33	29	36	65	--
Jowai	88	34	26	31	57	31 (35%)

Source: Information furnished by the test checked district jails.

As can be seen from the table above, the district jails at Shillong and Jowai were operating with a shortage of 55 and 35 *per cent* respectively. The shortage of security staff at district jails, Shillong and Jowai was further aggravated because of overcrowding. Shortage of staff was one of the reasons attributed to the jail break incidents in District Jail, Tura during August 2013.

The Department stated (January 2019) that the proposal to create more posts of guarding staff was turned down due to financial crunch in the State.

### 1.2.7.6 Training of security staff

Warders are primarily the guarding personnel within the jail premises. They are entrusted with responsibilities such as carrying out implementation of all rules relating to guarding of the jail, conducting searches, counting of prisoners, maintaining discipline *etc.* Assam Jail Manual<sup>6</sup> mandates that the Warders should be put through a course of thorough training before they are sent out to an affiliated jail.

There were six Havildars, 17 Naiks, seven Head Warders and 77 Warders in the three sampled district jails as of March 2018. Scrutiny of records in these three district jails revealed the following:

- The Department does not have a dedicated training facility. Only 23 armed branch officials (Havildars & Naiks) received training at the 1<sup>st</sup> Meghalaya Police Battalion during their induction into the Department. No further training was imparted to them.

<sup>5</sup> Number of security personnel required = (No of inmates÷6) X 3 shifts.

<sup>6</sup> Rule 181 of the Assam Jail Manual, 1894 as adopted by Meghalaya.

- The remaining 84 Head Warders/Warders did not receive any training. Even induction training was not imparted to them.

Despite the Magisterial inquiry report attributing lack of training as one of the reasons that facilitated the escape of prisoners, the Department has not prepared any action plan for imparting training to prison officers and staff during the years 2013-18. While it did not have a dedicated training facility, the Department could have tied up with other training institutes or send their staff for training outside the State.

The Department stated (December 2018) that until reserve posts of Warders is created, it would be difficult to depute staff for training. The reply only reiterates the existing 'status quo' whereby prisons in the State will continue to be guarded by untrained staff. In view of the escape of an under-trial prisoner mentioned above, the Department should consider training of staff on a rotation basis.

#### **1.2.7.7 Availability of closed circuit television cameras (CCTVs)**

The Supreme Court directed (July 2015) the State Governments to install CCTV cameras in all the prisons within a period of two years *i.e.* by July 2017. Scrutiny of records revealed that CCTV cameras were installed in district jail, Shillong at a cost of ₹ 34.09 lakh in June 2014. During joint physical verification (May 2018) with Superintendent of Prison, it was seen that nine out of 25 CCTV cameras installed were not functioning. There was nothing on record to show the date on which these CCTV cameras stopped working and whether any action has been taken by Jail authorities to have these repaired.

As regards the other four district jails, the DGP, Meghalaya invited quotations for installation of CCTV cameras on three occasions (November 2014, June 2015, and September 2016), but these were subsequently cancelled due to procedural errors<sup>7</sup>. The DGP invited quotations once again in May 2017, but contract was not awarded as of date of audit (August 2018). Thus, delay in finalisation of the tendering process by the Department led to delay in installation of CCTV cameras in the remaining four district jails.

The Department stated in reply (December 2018 and January 2019), that the defective CCTVs have been repaired and installation of CCTVs in the remaining four district jails was under process.

***Recommendation: Adequate number of trained security staff and infrastructure such as CCTVs, metal detectors, search lights etc., should be provided at all the prisons to ensure adequate security and prevent incidents of jail breaks.***

---

<sup>7</sup> (i) *November 2014*: Tender was cancelled as the Department did not have requisite fund; (ii) *June 2015*: The technical sub-committee also opened the price bid instead of opening the technical bid only; and (iii) *September 2016*: Government cancelled the bid as prior approval was not taken.

---

<b><i>Minimum standards of treatment of prisoners</i></b>
---

<b>1.2.7.8 Prisoners' uniforms and oral hygiene</b>
---

Assam Jail Manual states that every convict should wear prison uniform. During July 2016, the DGP, Meghalaya instructed the Superintendents of the three sampled district jails of Shillong, Jowai and Williamnagar to call for quotations for supply of uniforms for convicts, and toothpaste and toothbrush for all inmates. This was however, not done. During an interview of the prisoners lodged in district jails Shillong and Jowai in the presence of jail authorities, 91 (out of 100 inmates) complained about non-availability of toothpaste and toothbrush.

In district jail, Williamnagar, although uniforms were issued to the convicts, none of them was wearing them during the joint physical verification carried out by Audit team (May 2018) with the jail authorities. The Department stated (December 2018) that instructions would be issued to the Superintendents to call for tenders for supply of prisoners uniforms, toothpaste and toothbrush. Further status in this regard has not been intimated (April 2019).

<b>1.2.7.9 Availability of Medical care personnel</b>
---

The Supreme Court, while examining the inhuman conditions of prisons in India, directed (15 September 2017) the State Governments to appoint Counsellors and support persons for counselling purposes, particularly for first time offenders. As of March 2018, in the three sampled district jails, the Superintendents of Jails stated that 55 inmates<sup>8</sup> were experiencing substance-related addictive disorders. However, only District Jail, Jowai had engaged a Psychiatrist from the nearby district hospital for providing counselling to the prisoners. The other two sampled district jails have not made similar arrangement.

While the female convicts (District Jail, Shillong-10, District Jail, Jowai-01, District Jail, Nongpoh-02) were lodged in separate barracks, female Medical Officer was not available in any of the district jails even on call. Of the three sampled district jails, only the District Jail at Williamnagar had a female attendant, while the remaining two district jails had only male attendants.

***Recommendation: It is recommended that the Department should take up the matter with the respective district hospitals to ensure that female Medical officers and Psychiatrists visit the district jails periodically, or are made available on call to look after the medical needs of female inmates and substance addicts.***

The Department stated in reply (December 2018), that request has been sent to the concerned District Medical & Health Officer to depute a Psychiatrist and one female doctor at least once a week.

---

<sup>8</sup> District Jail, Shillong-50; District Jail, Jowai-5

### **1.2.7.10 Testing of food and water supplied to inmates**

Rule 381 of the Assam Jail Manual, 1894 stipulates weekly inspection of food by the Superintendent and the Medical Officer to ensure that quality food in the right quantities reaches the prisoners. The results of such inspections were to be recorded in their minute books. Audit scrutiny revealed the following:

- Records of food inspections were not available in any of the three sampled district jails. In response (July 2018), the authorities in all three district jails stated that the Medical Officers inspected the food served to the inmates as and when the need arose. There were however no reports of inspections in any of these district jails.
- During the last five years, district jail, Jowai tested the drinking water only once in October 2017. No such test was conducted by the district jails at Shillong and Williamnagar. Out of 115 inmates interviewed in the three jails, 100 inmates (87 per cent) expressed their dissatisfaction with the quality of potable water.

In the light of the above facts, the Department should ensure that testing of food and water supplied are carried out at regular intervals, so that the inmates are not exposed to the risk of unhygienic food and contaminated water. In reply (December 2018), the Department assured that necessary instructions would be issued to the Superintendents to ensure inspection of the food as per the provisions of the Assam Jail Manual, 1894. Regarding the quality of drinking water, the Department stated that it was supplied by Public Health Engineering Department (PHED) and was fit for human consumption. It was however, assured that steps would be taken to ensure that PHED tests the quality of water supplied to the inmates.

***Recommendation: Basic amenities should be made available to the inmates, to enable them to live with good health and dignity.***

## **Audit objective – 3 Reform and rehabilitation of prisoners**

### **1.2.7.11 Education of prisoners**

The Parliamentary Standing Committee on Modernisation of Prisons recommended (2009) facilitating correspondence courses in the prisons and award of degrees/diplomas after successful completion of their course. The MPM, 2016 also specifies that the education policy for prisoners should aim at making every illiterate prisoner literate and developing educational qualification of prisoners by providing teachers for running and guiding the adult educational programmes in prisons. The services of NGOs could also be obtained in running the education programmes.

Audit scrutiny of the prisoners' records showed that a total of 8266 inmates entered into the prison system in the three sampled district jails during 2013-18. Out of these, 1887 (23 per cent) were illiterate, 4879 (59 per cent) had elementary education and 1500 (18 per cent) were matriculates and above.

The Department did not initiate any education programme in any of the prisons. There was no collaboration with NGOs for imparting education or providing vocational training to prisoners to help them rehabilitate after serving their sentences.

Audit however, noticed that despite the absence of educational support, during the period from 2013-18, one prisoner from District Jail, Williamnagar successfully cleared the Class X and XII examination in 2015 and 2017 respectively. During the prisoners' interview conducted by Audit team in the presence of the jail authorities, 16 inmates (14 *per cent*) out of 115 stated that they were interested in pursuing further studies.

The Department expressed (December 2018) difficulty in providing education since permission from the Court, Meghalaya Board of Secondary Education and district administration has to be obtained. The reply is not acceptable since there are several avenues to educate the prisoners and the Parliamentary Standing Committee on Modernisation of Prisons in its 142<sup>nd</sup> report submitted in 2009 has also recommended that there should be an effort to achieve total literacy among prisoners across the country.

#### **1.2.7.12 Payment of Prisoners wages**

Scrutiny of records revealed that the Department regularly revises the rates at which wages are to be paid to prisoners on the basis of minimum wages approved by Labour Department, Government of Meghalaya. From December 2017 onwards, the amounts to be paid to prisoners ranged between ₹ 132.30<sup>9</sup> per day for unskilled labour to ₹ 164.50 per day for highly skilled labour. During 2013-18, in the three selected district jails, an amount of ₹ 23.58 lakh was sanctioned, of which, an amount of ₹ 11.42 lakh was disbursed. The remaining amount pertained to those prisoners who had not been released from jail.

During November 2017, the DGP instructed all the five district jails to open bank accounts for all the prisoners (convicts and UTPs) to enable transfer of wages earned by them. However, bank accounts have not been opened for prisoners in any of the three sampled district jails. The jail authorities stated that the reason for delay in opening the bank accounts was lack of documents as required by the banks and that record of prisoners' wages were being maintained in wage payment register.

The Department accepted the audit observation (December 2018) and stated that the district jails of Jowai and Tura have since opened accounts for convicted prisoners and that the process was on in the other districts.

<sup>9</sup> The amount fixed was 70 *per cent* of the wages approved by Labour Department.

### **1.2.7.13 Consideration for premature release of prisoners**

Assam Jail Manual<sup>10</sup> requires the State Government to constitute a Permanent Advisory Board/State Level Committee to recommend premature release of life convicts in appropriate cases.

In the three district jails selected for audit, it was seen that there were 14 inmates who were sentenced to life imprisonment. It was, however observed during audit that Permanent Advisory Board/State Level Committee/Sentence Review Board had not been constituted in the State (June 2018). Further, as per records furnished by the Department, no life convict has been considered for premature release during 2013-18.

During the exit conference (December 2018), the Department admitted that the Permanent Advisory Board/State Level Committee and Sentence Review Board were yet to be constituted and assured that steps would be taken shortly to constitute the Sentence Review Board.

### **1.2.7.14 Constitution of State Advisory Board and Board of Visitors**

MPM, 2016, suggests that the State should constitute a State Advisory Board, headed by the Minister-in-charge, to advise the Department on matters relating to correctional work in prisons, rehabilitation of inmates, redressal of grievances of prisoners and to review and suggest measures for the development of programmes for the treatment of prisoners, including education, vocational training and productive work. State Government had not constituted any State Advisory Board as of date of audit (June 2018).

As per the Supreme Court Judgement (September 2017), all State Governments were required to constitute a Board of Visitors (BoV) in each district. The task of the BoV included the following:

- Monitoring the correctional work in Prisons, with special attention to the degree and quality of training and the effectiveness of infrastructure/facilities in the Prisons.
- Suggesting new avenues leading to improvement in correctional work.
- Going into individual or collective grievances of prisoners and providing redressal in consultation with the prison authorities.

One of the main tasks of the members of the BoV was to attend to the quality and quantity of prison diet, condition of the kitchen and hospital, sanitary arrangements, aspects of vocational training and literacy programme. During audit, it was noticed that though the BoVs have been constituted in all the five district jails in the State, the BoV of district jails of Williamnagar and Jowai did not hold any meeting or visit the jails. In respect of district jail, Shillong, its BoV members visited the jail thrice during

---

<sup>10</sup> Rule 826 to 936 of the Assam Jail Manual, 1894.



2017-18 but did not discuss the issues relating to the diet of the prisoners, or vocational training and literary programmes.

***Recommendation: The Department needs to take advantage of having an institutional arrangement conducive to speedy decision making by setting up a high powered State Advisory Board. The BoVs should be pro-active in suggesting measures for overall development of the prisoners.***

#### **1.2.7.15 Amendment to Assam Jail Manual as adopted by Meghalaya**

Prison administration in India has been subjected to intense review by the higher judiciary in the last few decades. In a number of judgements on various aspects of prison administration, the Supreme Court of India has laid down three broad principles:

- A person in prison does not become a non-person;
- A person in prison is entitled to all human rights within the limitations of imprisonment; and
- There is no justification in aggravating the suffering already inherent in the process of incarceration.

These principles have serious implications for prison administration. Keeping in view the directions given by the Supreme Court<sup>11</sup> and also taking into account the recommendations of various Committees<sup>12</sup> over the last sixty years regarding the need for bringing about uniformity in laws relating to prisons, the GoI formulated the MPM, 2003 (revised in 2016) and required all the State Governments to adopt it. Paragraph 28.29 of the Manual also envisages that each State Government should formulate its own State Prisons Manual on the lines indicated in the MPM so as to adequately cater to the indigenous conditions, without diluting the concept of basic uniformity in law and procedures. The Supreme Court, in its Ruling on Writ Petition (Civil) No.406/2013 on ‘inhuman conditions in 1382 Prisons’ in February 2016, tasked the Ministry of Home Affairs with conducting an annual review of the implementation of MPM 2016.

Meghalaya amended the Assam Jail Manual, 1894 (as adopted by it) once during May 2014 to incorporate provisions relating to ‘Care and development of children staying in jails along with their mothers who were either under-trial or convicts’ in accordance with the direction issued by the Supreme Court<sup>13</sup>. It has however, not amended its Manual to incorporate the provisions of the MPM, 2016. The Manual in the present form, does not reflect and address contemporary issues and needs to be updated on priority.

<sup>11</sup> Ramamurthy Vs State of Karnataka (1996).

<sup>12</sup> All India Jail Manual Committee (1957); Working Group on Prisons (1972); All India Prison Reforms Committee, 1982-83; All India Group on Prison Administration, Security and Discipline (1986) and National Expert Committee on Women Prisoners (1987).

<sup>13</sup> R.D. Upadhyay Vs State of A.P. and Ors AIR 2006SC1946.

The Department stated in reply (December 2018), that the review of the Assam Jail Manual, 1894 would be taken up after finalisation of the Supreme Court's Prisons Reform Committee recommendations.

***Recommendation: State Government should take steps to revise the Prison Manual of the State to bring in prison reforms.***

<b>1.2.8</b>	<b>Conclusion</b>
--------------	-------------------

Performance Audit of Management of Prisons in Meghalaya revealed several deficiencies. There was more occupancy than capacity with overcrowding of inmates in four out of five district jails in the State due to lodging the convicts and under trial prisoners together and prolonged detention of people without trial, especially in Shillong and Jowai district jails. Construction of new jails was delayed, forcing the inmates of the existing jails to live in inhuman conditions without safe drinking water and adequate number of toilets. Young offenders were housed along with adult offenders. There was shortage of security staff and absence of proper security infrastructure such as CCTVs, search lights *etc.* and security staff were not adequately trained. Convicts were not issued uniforms and Counsellors and female doctors were not available in any of the district jails. Educational programmes were not made available for the inmates. State Advisory Board and Sentence Review Board, which are meant to improve the functioning of the Prisons have not been constituted in the State. The Board of Visitors, which was responsible to look after the welfare of the prisoners, neither made monthly visit to the district jails nor held any meetings to discuss the related issues. The Assam Jail Manual, 1894 as adopted by Meghalaya has not been updated and does not reflect and address contemporary issues.

State Government needs to bring about reforms in the prisons and ensure that prisoners are provided with the basic minimum amenities to live with dignity. Literacy programmes should be encouraged and correctional services should be put in place to ensure that the prisoners start a new life after serving out their sentence.

## COMPLIANCE AUDIT PARAGRAPH

### MEGHALAYA LEGISLATIVE ASSEMBLY SECRETARIAT

#### 1.3 Irregular release of Discretionary Grants to MLAs

**Members of Legislative Assembly did not submit utilisation certificates in respect of discretionary grants amounting to ₹ 10.73 crore in violation of the scheme guidelines.**

Government of Meghalaya, Parliamentary Affairs Department issued (5 February 2010) guidelines for implementation of discretionary grants (DG) to all the 60 Members of Legislative Assembly (MLAs). As per the guidelines, the allocation of funds for DG would depend on the amount sanctioned by the Government and may vary from year to year depending on availability of funds. The DG were meant for meeting the immediate requirements of the beneficiaries depending on their economic conditions and needs. As such, the operation of the DG was at the discretion of the MLAs. The sanctioned amount of DG was to be placed at the disposal of the Meghalaya Legislative Assembly Secretariat for disbursement to all MLAs as per their entitlement. The Assembly Secretariat was also responsible for keeping accounts of expenditure incurred on DG.

The guidelines further provided the following.

- Release of DG for the subsequent year would depend on submission of the Utilisation Certificate (UC) by the MLAs.
- The amount to be distributed to each beneficiary was not to exceed ₹ 1500 in each case.
- Each MLA has to compile the list of beneficiaries and the amount distributed to each of them during the year and issue a certificate to that fact. The consolidated statement is to be submitted to the Secretary of the Legislative Assembly.
- On receipt of such utilisation certificates and the Applications/Actual Payee Receipt (APR), the Secretary of the Legislative Assembly has to ensure that the expenditure incurred complies with the requirement of these guidelines.

During the four year period 2014-15 to 2017-18, the Parliamentary Affairs Department sanctioned an amount of ₹ 11.40 crore as discretionary grant to the 60 MLAs.

Scrutiny of records (February 2018) of the Assembly Secretariat revealed that out of the 60 MLAs to whom DG were released, only six<sup>14</sup> MLAs submitted UCs for ₹ 0.67 crore for the years 2014-18 against an amount of ₹ 11.40 crore released during the same period. UCs for the balance amount of ₹ 10.73 crore were not submitted by the MLAs even as of December 2018.

<sup>14</sup> Between two and five MLAs in a given year.

The year-wise details of DG sanctioned to the MLAs, UCs received and outstanding is given below (details in **Appendix – 1.3.1**).

**Table 1.3.1: Details of DG sanctioned to MLAs and UCs submitted**

(₹ in lakh)

Year	DG per MLA	Number of MLAs	DG released	No. of MLAs who furnished UCs	Amount of UCs submitted	Outstanding amount of UC
2014-15	3.00	60	180.00	5	15.00	165.00
2015-16	4.00	60	240.00	5	20.00	220.00
2016-17	4.00	60	240.00	4	16.00	224.00
2017-18	8.00	60	480.00	2	16.00	464.00
<b>Total</b>			<b>1140.00</b>		<b>67.00</b>	<b>1073.00</b>

Despite the MLAs not submitting the UCs, the Secretary, Meghalaya Legislative Assembly continued to release the DG even during the subsequent years. No action was taken to withhold further release of DG and ensure submission of UCs as per the provisions of the prescribed guidelines.

Further, even the UCs/APRs submitted by the six MLAs for the years 2014-18 **Appendix – 1.3.1** revealed the following irregularities:

- None of the MLAs who submitted UCs adhered to the monetary limit of ₹ 1500 per beneficiary fixed as per guidelines.
- Out of six MLAs, four either did not submit APRs<sup>15</sup> or submitted only partial APRs in support of the expenditure in violation of the guidelines.

No action was taken by the Secretary, Meghalaya Legislative Assembly either to enforce adherence to the monetary limit or for submission of APRs by the MLAs as required by the guidelines. There was also nothing on record to show that the Secretary, Meghalaya Legislative Assembly had taken action to seek enhancement of the monetary limit set by the guidelines.

On this being pointed out (November 2018), the Secretary, Meghalaya Legislative Assembly replied (December 2018) that the Assembly Secretariat had written to the MLAs to furnish the UCs as early as possible and that the matter of enhancing the monetary limit of ₹ 1500 per beneficiary has been taken up with the Government. The response does not address the issue as to why guidelines for implementation of discretionary grants were not complied with and why he continued to irregularly release the DG without obtaining UCs/APRs of previously released funds from the MLAs.

<sup>15</sup> 1. Shri John Leslee K Sangma (2017-18); 2. Shri Michael T. Sangma (2014-15 and 2015-16); 3. Shri S.C. Marak (2014-15 and 2016-17); 4. Shri Sanbor Shullai (partially during 2015-16 and fully during 2016-17).

## **CHAPTER-II**

### **SOCIAL SECTOR**



## CHAPTER II: SOCIAL SECTOR

### 2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2018 deals with the audit findings relating to various departments of the State Government under Social Sector.

The names of the major State Government departments and the net budget provision and expenditure of the State Government under Social Sector during the year 2017-18 are given in the table below:

**Table 2.1.1: Budget provision and expenditure of major departments**

(₹ in crore)

Sl. No.	Name of Department	Budget Provisions (Original and Supplementary)	Expenditure
1.	Education, Sports & Youth Affairs & Arts and Culture	2044.97	1735.19
2.	Health & Family Welfare	744.04	702.48
3.	Public Health Engineering	567.13	496.61
4.	Urban Development	288.62	53.12
5.	District Council Affairs and Social Welfare	503.04	390.06
6.	Labour	52.52	35.51
7.	Housing	70.99	15.93
8.	Revenue	30.42	28.91
<b>Total</b>		<b>4301.73</b>	<b>3457.81</b>

*Source: Budget Estimates, Appropriation Acts and Appropriation Accounts.*

The audits were conducted during 2017-18 involving expenditure of ₹ 3,183.45 crore (including expenditure pertaining to previous years) of the State Government under Social Sector. The major observations under Social Sector detected in audit during the year 2017-18 are given in subsequent paragraphs.

## COMPLIANCE AUDIT PARAGRAPHS

### HEALTH AND FAMILY WELFARE DEPARTMENT

#### 2.2 Avoidable expenditure

**Due to non-execution of Annual Maintenance Contract for maintenance of MRI machine, the Department incurred an avoidable expenditure of ₹ 1.50 crore towards its repair besides depriving the patients the benefit of its services for almost three years.**

MDoNER, accorded administrative approval (August 2012) for procuring a 'Magnetic Resonance Imaging (MRI) machine' for Civil Hospital, Shillong' at ₹ 4.98 crore, to be funded in the ratio of 90:10 between GoI and Government of Meghalaya (GoM). The Hospital Management Society<sup>1</sup> (HMS), Civil Hospital, Shillong was to procure and install the MRI machine at Civil Hospital, Shillong.

After following the tendering procedures, HMS accepted (19 December 2012) the lowest bid of ₹ 5.17 crore offered by M/s Philips Electronics India Ltd. (M/s Philips) and entered into an agreement (22 March 2013) with the firm for supply, installation and commissioning of the MRI machine. The agreement stipulated that M/s Philips would provide warranty for the machine for a period of two years from the date of commissioning of the machine and a comprehensive Annual Maintenance Contract (AMC) for another five years after the warranty period, on payment of additional amount by the State Government.

Scrutiny of records (April 2018) of HMS revealed that the MRI machine was commissioned on 1 October 2013. However, HMS did not sign the AMC contract with the supplier, pending approval from the State Government.

Meanwhile, three months prior to the expiry of the warranty period, M/s Philips offered (July 2015) HMS an AMC for ₹ 38.60 lakh, which included delivery of liquid helium for the MRI machine. The MRI machine stopped functioning on 14 October 2015 shortly after the end of the two years' warranty period. On 8 December 2015, M/s Philips brought to the notice of HMS that the MRI machine was lowering in 'helium level' with the risk of the magnet getting quenched and reminded that the warranty period was over. M/s Philips also informed HMS that the cost of reviving a quenched magnet would be very high, and the machine would not be repaired in the absence of an AMC, post warranty period.

Despite the caution of M/s Philips, HMS did not enter into an AMC and on 20 February 2016, the magnet of the MRI machine was found quenched and required replacement. In August 2017, GoM sanctioned ₹ 1.89 crore for repair of the MRI

<sup>1</sup> Hospital Management Society, Civil Hospital, Shillong is a society registered under Meghalaya Societies Registration Act, 12 of 1983 on 21 February 2006.



machine and it was repaired (28 June 2018) at a cost of ₹ 1.89 crore which included a warranty for a period of one year<sup>2</sup> only.

By not entering into an AMC and allowing the MRI machine to become non-functional, the Department also incurred an avoidable expenditure of ₹ 1.50 crore (₹ 1.89 crore - ₹ 38.60 lakh) besides depriving the patients the benefit of its services for almost three years (October 2015-June 2018).

On this being pointed out, the Additional Chief Secretary, Health and Family Welfare Department, Meghalaya, stated (November 2018) that AMC could not be entered in to initially, as the Company demanded 100 *per cent* payment in advance which required processing for sanction. The reply is not acceptable, as the Department had two years of warranty period (October 2013 to September 2015) to plan for the AMC and process the case. Further, the Government had sufficient time (four months) before the expiry of warranty period of the MRI machine when AMC was offered.

Thus, the Department's failure to enter into an AMC contract for an expensive item like an MRI machine, which enhances the accuracy of diagnostic services significantly, led to avoidable expenditure of ₹ 1.50 crore, besides denial of required services to the patients for almost three years.

### **2.3 Failure to operationalise the Blood Storage Units and Blood Component Separation Laboratory**

**Failure to operationalise the Blood Storage Units and Blood Component Separation Laboratory resulted in non-achievement of the objective of strengthening blood bank services.**

Availability of blood storage/transfusion units at referral hospitals is essential for providing emergency obstetric care services. As of April 2011, out of 10 District Hospitals (DH)/ Civil Hospitals (CH) and 29 Community Health Centres (CHCs) in the State, only seven blood storage units (BSUs)<sup>3</sup> and one Blood Component Separation Laboratory<sup>4</sup> (BCSL) were functional in Meghalaya. In order to provide obstetric care closer to the community by strengthening the blood bank services, State Government decided to establish BSUs at 11 health facilities<sup>5</sup> and BCSL at Tura Civil Hospital under NRHM.

The pre-requisites for making the BSUs functional are as follows:

- A. approval of the licensing authority (Licensing and Controlling Authority, Government of Meghalaya);
- B. construction/provision of a building with a minimum area of 10 sq.mtrs;
- C. posting of technical staff<sup>6</sup>; and

<sup>2</sup> From 28 June 2018 to 27 June 2019.

<sup>3</sup> Pasteur Institute Shillong, Tura Civil Hospital (CH), Jowai CH, Nongpoh CH, Mairang DH, Ampati Community Health Centre (CHC) and Williamnagar CH.

<sup>4</sup> At Pasteur Institute, Shillong.

<sup>5</sup> Two District Hospitals and nine CHCs.

<sup>6</sup> Medical Officer and Technician.

D. procurement of equipment (such as blood bank refrigerator, binocular microscope, table top centrifuge, etc.).

Audit scrutiny revealed that the Meghalaya State Health Society (MSHS) constructed (June 2012-July 2014) additional rooms and procured (November 2016-March 2017) the necessary equipment (detailed at **Appendix-2.3.1**) for establishing BSUs/ BCSL in the selected health facilities (DH/CH and CHCs). The status of these is given below:

**Table 2.3.1: Status of proposed BSUs/BCSL**

Sl. No.	Name of Health facility	Infrastructure planned and created/ equipment procured for BSU/ BCSL	Expenditure (₹ in lakh)	Status of BSUs/ BCSL as on September 2018
1	Mairang DH	Equipment procured.	10.01	License obtained and made operational.
2	Ampati CHC		10.01	
<b>Total expenditure on functional BSUs</b>			<b>20.02</b>	
1	Baghmara DH	Equipment procured.	10.01	Non-functional, as not applied for license yet.
2	Khliehriat CHC		10.01	
3	Pynursla CHC		10.01	
4	Tura CH (BCSL)		7.07	
5	Dalu CHC	Additional Room constructed and equipment procured.	14.01	Non-functional, as not applied for license yet.
6	Phulbari CHC		14.01	
7	Sohra CHC		14.01	
8	Laskein CHC	Additional room constructed.	5.00	Non-functional for want of specialised manpower, required equipment and license.
9	Riangdo CHC		5.00	
10	Resubelpara CHC		4.00	
<b>Total expenditure on non-functional BSUs/ BCSL</b>			<b>93.13</b>	

It was further observed that the equipment procured for eight DH/ CHCs and one BCSL was commissioned (November 2016 and March 2017) at these health facilities and all the equipment commissioned had a warranty of two years from the date of their commissioning. However, licences to operationalise these has not even been applied for and the warranty period of all these expired (the latest being March 2019) without these being utilised even once.

Thus, additional infrastructure created and equipment procured for nine BSUs in DH/CHCs and one BCSL at Tura at a total cost of ₹ 0.93 crore were lying idle for want of procurement of equipment, posting of specialised manpower and license to run the BSUs/ BCSL. Besides, the objective of providing obstetric care closer to the community by strengthening blood bank services in the State was defeated.

On this being pointed out (November 2018), the Health and Family Welfare Department admitted (March 2019) that licenses were yet to be obtained.

## PUBLIC HEALTH ENGINEERING AND POWER DEPARTMENTS

### 2.4 Infructuous expenditure due to non-completion of five Water Supply Schemes

**Lack of urgency in completing civil works of water supply schemes (WSSs) by PHED and its inability to coordinate with MePDCL to ensure timely availability of power, resulted in denial of piped water to targeted population for six to eight years, despite incurring an expenditure of ₹ 2.22 crore.**

Water supply schemes (WSSs) are implemented by the Public Health Engineering Department (PHED) for supply of potable water to the consumers in adequate<sup>7</sup> quantity. As per the current practice, the concerned Division of PHED approaches the Meghalaya Power Distribution Corporation Limited (MePDCL) for providing power for water supply, followed by a joint inspection for preparation of cost estimates. Thereafter, advance payment is made by the PHE Division concerned to MePDCL for execution of the work.

Under the Rural Water Supply Division (RWSD), Jowai, there were seven on-going pumping WSSs, sanctioned between March 2008 and March 2017, which required electricity for supplying water to the intended population. Scrutiny of records (March 2018) of the RWSD, Jowai revealed that out of these seven on-going WSSs<sup>8</sup>, five WSSs, sanctioned between March 2008 and March 2011 at a cost of ₹ 3.15 crore were not completed even after incurring an expenditure of ₹ 2.22 crore and after six to eight years of their stipulated date of completion. The status of these five WSSs as of August 2018 is shown in the table below.

**Table 2.4.1: Details of five Water Supply Schemes under RWSD, Jowai as on March 2018**  
(₹ in crore)

Name of the WSS	Date of commencement	Scheduled date of completion	Estimated cost	Expenditure incurred	Physical progress (%)
Cham Cham	March 2008	March 2010	0.93	0.86	95
Sakhain Moolimen	March 2008	March 2010	0.50	0.43	90
Musniang Jondang	March 2011	March 2012	0.48	0.40	75
Umrasiang	March 2009	March 2011	0.58	0.24	85
Umlatdoh	March 2010	March 2012	0.66	0.27	80
<b>Total</b>			<b>3.15</b>	<b>2.22</b>	

As per the quarterly progress reports (QPRs) of the RWSD, Jowai, the non-completion of these projects was attributed to non-supply of power by the MePDCL. The default of MePDCL in providing the supply of power to these five WSSs was pointed out (August 2018) to MePDCL and their reply was received on September 2018.

<sup>7</sup> As per the DPRs each of the WSSs was designed to supply water at the rate of 40 litre of per capita per day.

<sup>8</sup> The stipulated date of completion of two WSSs viz Pynthorlangtein-Muphlang and Moosakhia were March 2019 and March 2020 respectively.

Cross verification of the reply of MePDCL with the records of the Division revealed that the quarterly reports of PHE Division attributing non-completion of the WSSs to MePDCL were not entirely correct and that the Division was also responsible for not completing the schemes on time. Audit scrutiny revealed the following reasons for the delay in completing these five WSSs:

**a) Cham Cham Water Supply Scheme**

MePDCL had completed installation of transformer and power line for the Cham Cham WSS during November 2014. It had however, not charged (August 2018) the power line. On this being pointed out by Audit, MePDCL started supplying power (November 2018) for the project (after four years of completing the electrical works). MePDCL did not furnish any reasons for the delay. Scrutiny also revealed that while the Executive Engineer, RWSD, Jowai had completed (March 2010) most of the civil works, the works of laying the distribution system was yet to be completed (January 2019).

**b) Sakhain Moolimen Water Supply Scheme**

The installation of 25 KVA transformer for the Sakhain Moolimen WSS was completed by MePDCL in 2011. PHE Division however, increased the scope<sup>9</sup> of electrical works and made payment of ₹ 5.31 lakh to MePDCL in April 2014 for this increased scope of work. This was, however, not yet taken up by MePDCL. In reply to an audit observation, MePDCL stated (18 August 2018) that because of re-organisation of the sub-divisions, the work got oversights and that the work would be taken up soon. Audit, however, noticed that while most of the civil works were completed<sup>10</sup> by March 2012, the work of laying the distribution system was yet to be completed (January 2019).

**c) Musniang Jondang Water Supply Scheme**

MePDCL was yet to start the electrification work for the Musniang Jondang WSS even though RWSD, Jowai had made a payment of ₹ 5.32 lakh to MePDCL for the work in December 2015. In reply to an audit observation, MePDCL stated (18 August 2018) that the electrification works for Musniang Jondang WSS would be undertaken once the materials had been received. No reason was furnished for the delay in receiving the material. Audit, however noticed that while the civil works were completed by February 2018, the work of installing the pump set was yet to be completed (January 2019).

---

<sup>9</sup> PHE requested for 3 Phase 4W LT Line Extension.

<sup>10</sup> Construction of (i) Raw intake structure, (ii) Raw water pump house, (iii) Pump Operator & Chowdiker's Quarters, (iv) Sump Well, (v) RCC slow sand filter, (vi) RCC clear water reservoir, (vii) Zonal reservoir and Laying of (i) Raw water pumping main & (ii) Clear water gravity main.

#### d) Umraasiang and Umlatdoh Water Supply Schemes

For the Umraasiang and Umlatdoh WSSs, MePDCL did not submit any estimates for the electrical works in spite of issue of reminders (May 2013, January 2015, February 2015 and June 2016) by Sub-Divisional Officer and Executive Engineer, RWSD, Jowai, PHE Division. Audit noticed that while the civil works such as construction of intake structure, RCC slow sand filter, clear water reservoir were completed by February 2013, the works such as construction of raw water pump house, zonal reservoir, laying of clear water gravity mains, distribution systems and zonal reservoirs for both the WSSs were yet to be completed (January 2019) by the Executive Engineer, RWSD, Jowai, PHE Division.

In summary, audit observed that there was a lackadaisical approach by MePDCL in providing power for the WSSs and the PHE Department in completing even the civil works of the five WSSs within their stipulated date of completion. There was also lack of coordination between the PHE Department and MePDCL to ensure timely completion of project. Though PHE Department had made payments to MePDCL for the electrical works for three of the WSSs<sup>11</sup>, MePDCL failed to complete the electrical works in a time bound manner. MePDCL had not commenced the work for Sakhain Moolimen and Musniang Jondeng WSSs and had started supplying (November 2018) power for Cham Cham WSS after a delay of four years only after the issue was pointed out by Audit. In spite of this inordinate delay, PHE had not reported the delay at Government level for resolving the issues. Thus, an expenditure of ₹ 2.22 crore incurred on these five WSS projects remained unfruitful (March 2018) as the schemes remained incomplete. The rural population of the areas concerned State were deprived of organised water supply and were dependent on their traditional water sources like well and spring tap chamber.

On this being pointed out (October 2018), the Government stated (January 2019) that the work on the five WSS was in progress and will be made functional by March 2019. Further audit enquiry of the status in this regard revealed that the five WSS were not made functional as of May 2019. In respect of power supply to the WSS, the Additional Chief Engineer (Electrical), MePDCL stated (July 2019) that the power supply to Cham Cham, Sakhain Moolimen and Musniang Jondang WSS had been completed and fresh estimates for Umraasiang and Umlatdoh WSS will be prepared if required. Intimation regarding whether the works relating to laying of distribution system of Cham Cham WSS & Sakhlain Moolimen WSS and works of installing the pump set of Musniang Jondang WSS was, however yet to be received (July 2019) Moreover, the replies gave no reasons for delay by MePDCL in providing power to the WSSs.

<sup>11</sup> Cham Cham WSS, Sakhain Moolimen WSS and Musniang Jondeng WSS.



# **CHAPTER-III**

## **ECONOMIC SECTOR**





## CHAPTER III: ECONOMIC SECTOR

### 3.1 Introduction

This Chapter deals with the audit findings relating to various departments of the State Government under Economic Sector.

During 2017-18, against a total budget provision of ₹ 4,998.34 crore, the total amount expended by 13 departments of the State under Economic Sector was ₹ 2,779.15 crore. The department-wise details of budget and expenditure are given in the table below:

**Table 3.1.1: Budget provision and expenditure of major departments**

(₹ in crore)

Sl. No.	Name of Department	Budget provisions (Original and Supplementary)	Expenditure
1.	Public Works	853.84	619.70
2.	Agriculture	587.61	263.96
3.	Planning	499.27	97.12
4.	Community & Rural Development	1589.79	993.10
5.	Power	258.84	149.35
6.	Forest	176.62	144.75
7.	Industries	193.14	143.77
8.	Mining & Geology	105.49	102.25
9.	Fisheries	61.13	19.17
10.	Co-operation	31.24	24.58
11.	Soil Conservation	453.54	77.95
12.	Animal Husbandry and Veterinary	145.83	119.92
13.	Tourism	42.00	23.53
		<b>4998.34</b>	<b>2779.15</b>

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

During the year, an expenditure of ₹ 2,508 crore was test checked in audit (including funds pertaining to previous years audited during the year). Significant observations arising out of these are brought out in this Chapter through one performance audit on 'Implementation of rural connectivity projects with NABARD loans' and five compliance audit paragraphs.

The major audit observations relating to departments in Economic Sector during the year 2017-18 are discussed in the succeeding paragraphs.

## PERFORMANCE AUDIT

### PUBLIC WORKS (ROADS AND BRIDGES) DEPARTMENT

#### 3.2 Performance Audit of Implementation of rural connectivity projects with NABARD loans

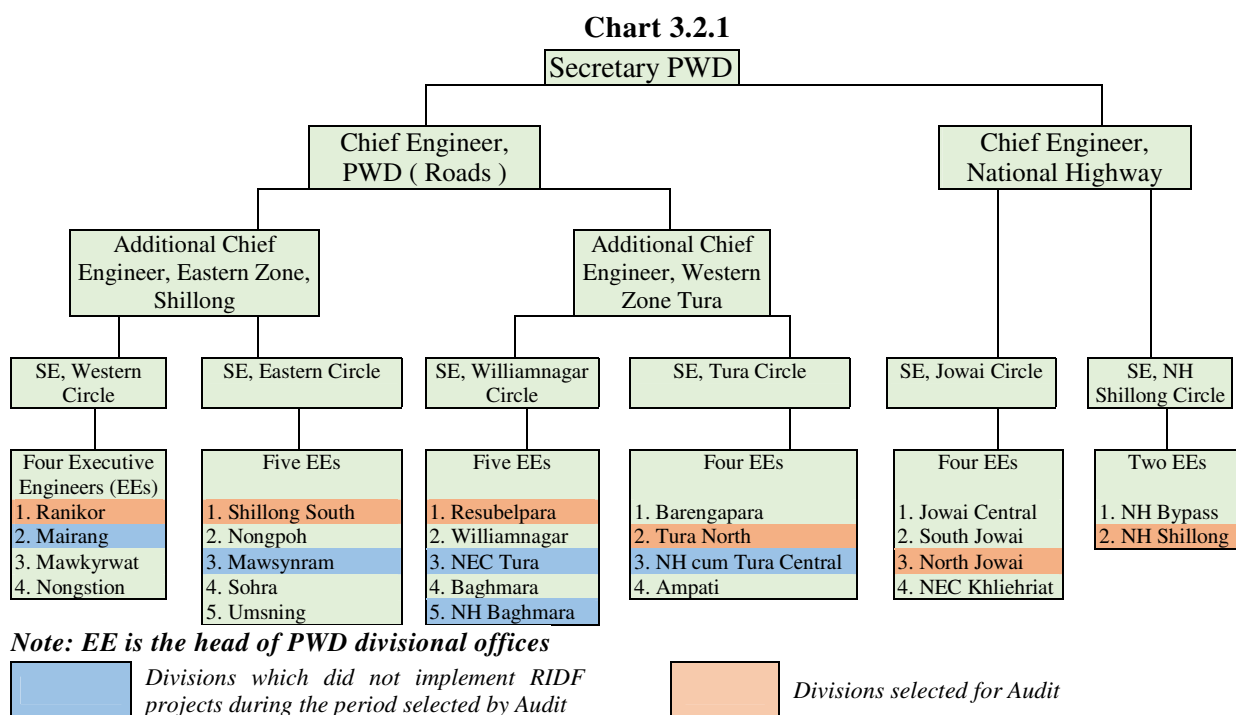
##### 3.2.1 Introduction

GoI introduced Rural Infrastructure Development Fund (RIDF) in 1995-96 under National Bank for Agriculture and Rural Development (NABARD) with the objective of providing loans for projects which were taken up but remained incomplete due to inadequate resources with State Governments. The eligible activities for NABARD loans are classified under three broad categories *viz.* agriculture and related sectors, social sector and rural connectivity sector. The activities covered under rural connectivity are rural roads and bridges.

NABARD provides loans under RIDF up to 90 *per cent* of the cost of a project for rural connectivity. The balance 10 *per cent* has to be borne by the State Government. The corpus of RIDF is allocated to the States on the basis of a prescribed criteria<sup>1</sup>. The loans from NABARD are interest bearing with a repayment period of seven years.

##### 3.2.2 Organisational set up

Public Works Department (PWD) of Meghalaya is the implementing department for rural connectivity projects funded under RIDF. The organogram of the department is given below.



<sup>1</sup> Normative allocation is arrived at taking into consideration i) rural population, ii) geographical area, iii) composite infrastructure development index, iv) utilisation index; and v) inverse of rural credit–deposit ratio.

The Executive Engineer (EE) under the administrative control of the Chief Engineer (CE), National Highways (NH), also reports to the CE, PWD (Roads) for projects related to RIDF being executed by them.

### **Audit Framework**

#### **3.2.3 Audit objectives**

Performance audit of projects implemented with NABARD loans was taken up to assess whether:

- State Government has prepared appropriate plans to ensure coverage of rural areas through road connectivity;
- projects were executed within the approved cost and time and complied with NABARD guidelines and applicable standards; and,
- adequate quality control and monitoring mechanism was in place.

#### **3.2.4 Audit Criteria**

Audit findings were benchmarked against the following sources of criteria:

- NABARD guidelines for selection of projects relating to roads and bridges and terms and conditions of loans;
- State Schedule of Rates (SOR) for Roads & Bridges and Indian Road Congress (IRC) specifications;
- Meghalaya Financial Rules, 1981 and notifications/directions issued by GoI and State Government from time to time.

#### **3.2.5 Scope and methodology of Audit**

Audit was carried out during May-June 2018 and covered the implementation of rural connectivity projects through NABARD loans in the State during the five year period 2013-14 to 2017-18. Audit methodology involved test check of records of the State Finance Department, Chief Engineer (CE), PWD (Roads & Bridges), Regional Office of NABARD, Shillong and six executing divisions responsible for implementation of projects for ensuring rural connectivity. In addition to the scrutiny of records, joint physical verification of 12 projects was carried out along with the departmental officials and photographic evidence was obtained where appropriate.

Audit objectives, criteria, scope and methodology were discussed (May 2018) in an Entry Conference with the Planning, PWD and Finance Departments of Government of Meghalaya. After conclusion of Audit, the draft Report was issued (September 2018) to State Government for response. However, replies of the Government have not been received. Audit findings were discussed with the State Government (Finance, Planning and Public Works Departments) and NABARD in an Exit Conference held in December 2018 and the replies furnished by State Government and views expressed during the Exit Conference were incorporated in the report at appropriate places.

### 3.2.6 Audit sample

Details of divisions and projects selected for audit are as follows.

#### Stage I

Five districts (East Khasi hills, South West Khasi hills, West Garo hills, North Garo hills and West Jaintia hills) were selected from among the three regions (Khasi hills, Garo hills and Jaintia hills) of the State

#### Stage II

Six out of 19 works divisions from among the sampled districts were selected for audit based on probability proportional to size without replacement method, with total expenditure as the measure of size

#### Stage III

Out of the 69 projects approved for NABARD funding in the sampled divisions, 40 projects (37 roads and 3 bridges) were selected for detailed scrutiny. Twenty of these were completed projects and 20 were in progress

---

The details of the 40 projects selected for audit are given in **Appendix – 3.2.1**. Together, they account for ₹ 77.85 crore out of the total sanctioned amount of ₹ 271.05 crore for the NABARD funded projects in Meghalaya.

### Audit findings

Significant findings of audit relating to implementation of NABARD funded roads and bridges are discussed below.

### 3.2.7 Planning

Comprehensive planning is imperative for expansion and upgradation of roads and bridges network for providing connectivity to all habitations and ensuring speedy development and integration of rural areas. It also facilitates assessment of future requirement of roads in the State keeping in view growth of traffic and existing status of different categories of roads.

NABARD guidelines envisage survey by the State Government and preparation of a Master Plan, indicating the status of existing road network in the State and priority index for selection of road projects. This is especially necessary, considering that the road network in the State is also constructed/ strengthened/ expanded with funding from Ministry of Development of North Eastern Region (MoDoNER) (Non Lapsable Central Pool of Resources, North Eastern Council), PMGSY, *etc.*

RIDF guidelines provide for submission of Detailed Project Reports (DPRs) containing technical and financial parameters, drawings, designs, maps *etc.* while planning for availing of NABARD loans. The DPRs for the prioritised projects based on the Master Plan should be submitted by the implementing department of the State Government to NABARD through the Nodal Department.

Scrutiny of records revealed that the State Government had neither prepared a Master plan, nor was there any streamlined procedure for identification, prioritisation and selection of the projects for assistance under RIDF. The DPRs for the projects were approved by NABARD even though the projects did not flow from the Master Plan as



envisaged in the guidelines. In the absence of a systematic procedure for prioritisation and identification of RIDF projects, the viability of the projects was not ensured from the perspective of significant positive linkages of infrastructure to economic growth and poverty alleviation as discussed in the succeeding paragraph.

### 3.2.7.1 Sanctioned projects not connected with all weather roads (pucca roads) at both ends

As per RIDF guidelines, selection of road projects should ensure connectivity of the road with *pucca* roads (black topped) at both ends. The scheme guidelines also stipulated that implementation of the projects sanctioned under RIDF scheme would facilitate construction of all weather *pucca* roads.

During the joint physical verification of 12 projects, it was observed that three roads and one bridge projects were sanctioned without ensuring connectivity with *pucca* roads at both ends. Details of the roads and the bridge projects are given below:

<p><b>Name of project:</b> Improvement including Metalling Black Top (MBT) of Pasyih-Pamluti-Pammanik road (2.00 km) under RIDF-XXII</p> <p><b>Project cost:</b> ₹ 1.77 crore.</p> <p><b>Division:</b> North Jowai Division</p> <p><b>Audit observations:</b> The stretch of road ended in the middle of a private paddy field at Ch. 2000 m.</p>	 <p>Photograph taken on 25 July 2018</p>
<p><b>Name of project:</b> Improvement including MBT of a road from Gimigre Old Model to Bollochiring village, (length -2.00km) under RIDF-XX</p> <p><b>Project cost:</b> ₹ 1.60 crore.</p> <p><b>Division:</b> Tura North Division</p> <p><b>Audit observations:</b> The stretch of road ended with a kutchha road at Ch. 2000 m.</p>	 <p>Photograph taken on 5 June 2018</p>
<p><b>Name of project:</b> Construction including MBT of a road from Rajaballa to Haripur via Khasiabari (0.00-5.17 km), under RIDF-XXII</p> <p><b>Project cost:</b> ₹ 2.40 crore.</p> <p><b>Division:</b> Tura North Division</p> <p><b>Audit observations:</b> The stretch of road ended with a kutchha road at Ch. 5170 m.</p>	 <p>Photograph taken on 5 June 2018</p>

<p><b>Name of work:</b> Construction of missing bridge from 4<sup>th</sup> Km of Mawkneng-Nongspung Road to Laitnongrem village (Span 10m) under RIDF-XX</p> <p><b>Project cost:</b> ₹ 0.60 crore.</p> <p><b>Division:</b> Shillong South Division</p> <p><b>Audit observations:</b> The bridge was not connected with all weather roads. The connecting roads on both sides of the bridge were kutchra roads.</p>		
<p>Photographs taken on 6 July 2018</p>		

The above cases illustrate that the intended objective of providing *pucca* road (black topped) connectivity at both ends was not fully achieved. In response, the CE, PWD stated (July 2018) that the RIDF projects were usually selected based on economic importance of projects *viz.* to connect to market places or agricultural land and for improvement of the condition of the existing roads in such areas.

The reply of CE does not address the issue of responsibility for non-preparation of a master plan, priority list and selection of projects to ensure that such issues do not crop up after sanctioning the projects. The DPRs were also not comprehensive, and did not address these issues.

### 3.2.8 Physical Achievement

#### 3.2.8.1 Status of physical progress of RIDF projects

Projects for rural connectivity under RIDF have been implemented in the State since 1996 and as of March 2018, 593 projects (roads: 463 and bridges:130) with cumulative length of roads of 1598.29 km have been sanctioned. Of these, 131 projects (roads:122 and bridges: 9) were sanctioned by NABARD during the review period *i.e.* from 2013-14 to 2017-18. The tranche-wise physical performance achieved by the State with NABARD funding during 2013-18 is shown below:

**Table :3.2.1 Physical achievement of the State during 2013-14 to 2017-18**

Tranche No. & Year	No. of sanctioned projects		No. of projects completed		No. of on-going Projects	
	Roads	Bridges	Roads	Bridges	Roads	Bridges
<b>XIX 2013-14</b>	No projects for 'Roads & Bridges' were sanctioned during the year					
<b>XX 2014-15</b>	39	03	33	02	06	01
<b>XXI 2015-16</b>	No projects for 'Roads & Bridges' were sanctioned during the year					
<b>XXII 2016-17</b>	42	03	Not due	Not due	Not due	Not due
<b>XXIII 2017-18</b>	41	03	Not due	Not due	Not due	Not due
<b>Total</b>	<b>122</b>	<b>09</b>	<b>33</b>	<b>2</b>	<b>06</b>	<b>01</b>
<b>Grand Total</b>	<b>131</b>		<b>35</b>		<b>7</b>	

Out of 131 projects, 89 projects pertaining to tranches XXII and XXIII were not due for completion by March 2018. Although 131 projects were approved by NABARD for execution, only 42 projects (Tranche XX) were due for completion by March 2018. Out

of these, 35 projects were completed on time and the remaining 7 projects could not be completed within the stipulated timeframe prescribed by NABARD.

Out of the sampled 40 projects (37 roads and 3 bridges) for audit, 20 projects were completed and 20 were in progress as of March 2018. Out of the completed projects, seven projects were completed with delays ranging from 30 to 210 days. Even the on-going projects have crossed their stipulated date of completion by 30 to 540 days. The reasons for the delay in completion of the projects were not available on record.

### **3.2.8.2 Delay in submission of project proposals**

During 2013-18, the State Government submitted proposals for 175 projects (roads & bridges) estimated to cost ₹ 366.34 crore. NABARD approved 131 projects out of these and sanctioned ₹ 271.05 crore (90 *per cent* of the project cost) as interest bearing loan. The balance 44 projects costing ₹ 95.29 crore were not sanctioned due to non-fulfilment of the prescribed criteria.

Scrutiny of records revealed that NABARD has not sanctioned any project during 2013-14 and 2015-16 due to the failure of the State Government to submit the requisite proposals/DPRs on time. NABARD informed (26 July 2013) the State Government that it had allocated ₹ 100 crore under RIDF for the year 2013-14 and asked for submission of the project proposals by 30 September 2013. The Planning Department however, took 59 days to direct (23 September 2013) the implementing departments to submit the project proposals. PWD took 78 days to submit (11 December 2013) the project proposals (without DPRs) to the Government of Meghalaya and the DPRs were submitted to NABARD in a piece-meal manner. Even the first batch of 35 DPRs was submitted after the closure of the financial year on 28 April 2014, nearly seven months after the stipulated date, and the last batch of 2 DPRs was submitted on 2 September 2014, thus resulting in ₹ 100 crore set aside by NABARD for the State, being unutilised.

Similarly, an amount of ₹ 150 crore was allocated to the State under RIDF for the year 2015-16 and Planning Department directed (9 July 2015) all the implementing departments to submit their proposals by 14 August 2015. It was only after another 152 days that the Planning Department specifically directed (9 December 2015) PWD to submit proposal to the extent of ₹ 35 crore before 14 December 2015. However, PWD submitted 24 DPRs estimated to cost ₹ 35.77 crore to NABARD on 26 March 2016, *i.e.* after 107 days of receiving the specific direction from the Planning Department.

Thus, due to the apathy and lack of urgency on the part of the Planning and Public Works Departments in submitting the project proposals to NABARD on time, projects worth ₹ 135 crore for establishing rural road connectivity were not considered by NABARD for approval. Reason for such indifferent attitude from these departments was not available on record.

During the exit conference (December 2018), both the Departments accepted that due to delay in submission of project proposals, no project was sanctioned during 2013-14. In respect of 2015-16, NABARD stated (August 2018) that only one project proposal for

construction of a mini hydel project at an estimated cost of ₹115 crore was received from the State Government.

### **3.2.8.3 Delay in completion of projects**

As per NABARD guidelines, rural connectivity projects involving RIDF loan below ₹ 50 crore are to be completed within 2-3 years.

Scrutiny of records of the CE, PWD (Roads & Bridges) revealed that 10 projects estimated to cost ₹ 47.51 crore and sanctioned under RIDF during 1999-2001 to 2009-10 were yet to be completed as of August 2018. An expenditure of ₹ 35.81 crore was incurred (August 2018) on these projects with '0 to 99 per cent' physical progress of the works.

CE, PWD (Roads & Bridges) attributed (April 2019) the delay in completion of projects to (i) delays in approval of revised estimates due to increase in volume of works (two projects), (ii) faulty design (five projects), (iii) law and order problem (one project), (iv) higher rate quoted by contractor (one project) and (v) issue of forest clearance (one project). The details are shown in **Appendix 3.2.2**. The reply indicates that the DPRs were not prepared in a comprehensive manner based on actual site survey.

As the implementation of projects was delayed beyond three years from the date of administrative approval, these projects were no longer eligible for NABARD loan under RIDF for their completion and the State Government will have to complete these projects out of its own resources. Moreover, there is a likelihood of further cost escalation of these projects due to the delay. During the exit conference (December 2018), the Department accepted the audit observation and stated that it would look into the issue. However, there was no positive change in the physical progress of the aforesaid projects as of April 2019.

Thus, due to delays in completion of these projects owing to avoidable reasons such as faulty design, non-approval of REs, lack of forest clearance, *etc.*, the expenditure of ₹ 35.81 crore incurred on these incomplete projects is yet to bear fruit.

## **3.2.9 Financial Management**

### **3.2.9.1 Submission of incorrect reimbursement claims to NABARD**

Paragraph 2 (d) and (e) of Annexure IV of Hand Book on RIDF provides that NABARD will disburse the loan amount on a monthly basis on submission of Statement of Expenditure (SoE) incurred by the Government in the execution of the work and drawal applications were to be submitted based on actual execution of work and expenditure incurred.

Audit observed that in respect of five completed projects, the State Government had forwarded reimbursement claim of ₹ 4.94 crore up to March 2018 to NABARD against the actual expenditure of ₹ 3.93 crore, of which ₹ 3.54 crore (90 per cent of the total expenditure) was reimbursable by NABARD. The amount so claimed was sanctioned and reimbursed by NABARD without verifying the correctness of the claim resulting in



excess reimbursement of loans of ₹ 1.40 crore against the five completed projects, leaving no scope for adjustment against them. The details of this excess reimbursement are shown in the table below:

**Table :3.2.2 Table showing excess reimbursement by NABARD**

(₹ in crore)

Sl. No	Name of Project	Project Cost	Actual Expenditure as on March 2018	NABARD share	State share	Amount reimbursement by NABARD as of March 2018	Excess reimbursement
1	Impl. i/c MBT of Mynso-Shangpung road at 2 <sup>nd</sup> , 3 <sup>rd</sup> , 9 <sup>th</sup> & 10 <sup>th</sup> Km (North Jowai Division)	1.80	1.21	1.09	0.12	1.62	0.53
2	Impl. i/c MBT of Pynursla Nongri road 17 <sup>th</sup> to 21 <sup>st</sup> Km (L=5 Km) (Shillong South Division)	2.00	1.49	1.34	0.15	1.76	0.42
3	Impl. i/c MBT of Mawmyrsiang road (0-2.00 Km) (Shillong South Division)	0.80	0.45	0.41	0.05	0.66	0.26
4	Construction of missing bridge from 4 <sup>th</sup> Km of Mawkneng Nongspung Rd to Laitnongrem village (Span-10m) (Shillong South Division)	0.60	0.46	0.41	0.05	0.54	0.13
5	Construction i/c MBT of Mawklot-Wahladew road. (NH Shillong Division)	0.40	0.32	0.29	0.03	0.36	0.07
	<b>Total</b>	<b>5.60</b>	<b>3.93</b>	<b>3.54</b>	<b>0.39</b>	<b>4.94</b>	<b>1.40</b>

As can be seen from the above table, the mechanism of reimbursing loans by NABARD without verifying the correctness of the claims was against the spirit of RIDF guidelines. Audit also noticed that the State Finance Department failed to scrutinise the claims before their submission to NABARD. Thus, due to submission of wrong claims by the PWD and failure on the part of State Finance Department to examine the genuineness of the claims led to availing of excess loan amount.

### **3.2.10 Non-compliance with RIDF Guidelines**

#### **3.2.10.1 Non inclusion of clause for defect liability period**

RIDF guidelines stipulate that the State Government should incorporate a clause in the tender that the contractors/firms shall be responsible for the defect liability period preferably for three years and in no case less than two years after the projects are completed.

Scrutiny of records of 40 works selected by Audit showed that PWD did not incorporate the defect liability clause in any of its Notices Inviting Tenders (NITs) and only stated that tenders would be subsequently drawn up in 'Form F2<sup>2</sup>'. The 'Form F2' however, contained only a general clause for maintenance of upto three months after completion of the work. PWD also failed to include the defect liability clause in the contracts executed with the successful bidders.



Picture showing the repair work undertaken (Nov – Dec 2017) at a cost of ₹1.70 lakh after the work 'Widening i/c MBT of existing pavement of Shillong Peak Road - under RIDF-XX' which was completed in December 2016. Date of joint physical verification: 07.08.2018

Further audit examination of records showed that in five out of the 40 projects, an expenditure of ₹ 37.87 lakh was incurred towards restoration of the defects found in the execution of works, which were found within less than one year of completion of the work (**Appendix – 3.2.3**). The repairing / restoration works were awarded to different contractor(s) and the expenditure was borne by the Divisions out of State funds due to non-inclusion of defect liability clause in these agreements. NABARD has also not instituted any mechanism to verify whether the defect liability clause was incorporated in the tender/agreement by the PWD.

A joint physical verification (June 2018) of the work 'Improvement including MBT of a road from AMPT road to Haribanga village via Bholarbita (0.300 Km) under RIDF-XX' under Tura North Division, revealed that although the project was physically completed (February 2017), it had developed potholes at many stretches and needed repairs. Since the Division has not incorporated the defect liability clause as per guidelines of NABARD, the cost of repairs would have to be borne with the help of the States' own meagre resources.



Picture showing broken road in the work 'Improvement i/c MBT of a road from AMPT road to Haribanga village via Bholarbita (0.300 Km) under RIDF-XX' which was completed during February 2017. Date of joint physical verification: 05.06.2018

During the exit conference (December 2018), the Department confirmed the facts and stated that henceforth, the defect liability clause would be incorporated.

The CE, PWD (Roads & Bridges) is responsible for ensuring compliance with NABARD guidelines regarding inclusion of defect liability clause in all agreements to avoid undue burden of repairing/ restoration cost incurred by the Department. This benefit granted to

<sup>2</sup> 'Form F2' is a standard format of agreement executed between the PWD divisions and the selected contractors in the State of Meghalaya.

the contractors not only absolved them of the liability in case of low quality construction, but also increased the financial burden of State Government for repair works.

### 3.2.11 Implementation Issues

#### 3.2.11.1 Deviations from DPRs

As per Meghalaya Financial Rules (MFR), 1981 it is necessary to obtain administrative approval of the department concerned and technical sanction of PWD before taking up any work. Rule 246 of MFR, 1981 also stipulates that a revised administrative approval has to be obtained if there are material deviations from the original proposals, even if there is no increase in cost. Further, as per NABARD's guidelines, the State Government is to ensure that the project is completed as per the approved technical design and in case of any deviation/changes, NABARD should be informed in advance, justifying the need for change.

Scrutiny of records of 40 projects selected for audit revealed material deviations from the DPRs. However, there was nothing on record to justify the deviations. Revised DPRs were not prepared and got approved from the competent authority where there were deviations and NABARD was not kept in the loop with regard to the deviations. NABARD neither had a system in place to seek certification from the PWD, nor did it check any completed project to satisfy itself that the works were implemented as per the approved DPRs. The details of these deviations are given below:

- In 23 out of 40 projects, different items of works amounting to ₹ 221.74 lakh which were not provided for in the sanctioned DPRs were executed by all the six divisions selected for audit (**Appendix – 3.2.4**).
- Five projects were declared as 'physically completed' even though some of the important items of works such as cross drainage (box culvert) and drain', Hume pipe culverts, 'retaining wall', 'construction of slab drain' etc., estimated to cost ₹ 63.75 lakh as per the DPRs were not executed (**Appendix – 3.2.5**).

The EEs of the divisions concerned stated that works were executed as per the site conditions. The reply is not acceptable, as the DPRs should have been prepared based on the site conditions after a proper survey. If any deviations were necessitated during execution, these should have been documented with proper justification, and approval of the competent authority should have been taken for the revised estimates. Clearly, DPRs were not prepared with the required rigour and neither the State Government nor NABARD seem to have given adequate attention to this aspect.

The Department stated in the exit conference (December 2018), that clarification/reply relating to material deviation from the DPRs as pointed out in the above paragraph would be submitted to Audit after going through the report. Department's reply, however, has not been received (April 2019).

### 3.2.11.2 Undue benefit to contractors

As per the provisions of Meghalaya Financial Rules (MFR), 1981<sup>3</sup> if a contract does not specify the rates to be paid for several classes of work, but merely states that the estimated rates or a certain percentage below or above it will be allowed, it should be seen that the standard rates adopted are those of the sanctioned estimates which were in force at the time of execution of the agreement. The MFR, 1981 also stipulates that payment made through running bills are to be adjusted in the final bill.

Scrutiny of payment vouchers revealed that in three Divisions<sup>4</sup>, payments were made to contractors against five works without proper scrutiny of bills and relevant records. Lack of proper scrutiny led to extension of undue financial benefit of ₹ 45.09 lakh to the contractors as detailed below:

- The work ‘Strengthening and improvement of pavement of Bajengdoba – Jangrapara road at (3<sup>rd</sup>, 4<sup>th</sup> & 5<sup>th</sup> Km) including Gokulgre Approach road, (under RIDF –XX) was awarded at a cost of ₹ 122.48 lakh in April 2017 by EE, Tura North Division to the contractor (Shri G. Marak) at 15 *per cent* above the Schedule of Rates (SOR) 2011-12. On completion of the work, payment was made at a higher rate resulting in undue financial benefit of ₹ 29.71 lakh<sup>5</sup> to the contractor.
- The EE, Tura North Division paid (31 March 2017) ₹ 5 lakh to a contractor (Shri Pinju S. Sangma) through ‘Hand Receipt’<sup>6</sup> for the work ‘Providing close bamboo for walling consisting of 65m-75m dia bamboo *etc.*’ against the main work ‘Construction i/c MBT of a road from Rajaballa to Haripur *via* Khasiabari (0.00-5.17 km), under RIDF-XXII. On completion of the work, the contractor submitted a final bill for ₹ 6 lakh, which was paid (June 2017) by the Division without adjusting the amount of ₹ 5 lakh paid through hand receipt.
- Construction i/c MBT of an Internal road at Pynursla village (L=0.473km) (under RIDF-XX), NH Division, Shillong was awarded in March 2015 to a contractor (Shri D Marbaniang) at a tendered rate of ₹ 60.20 lakh. The contractor completed the work in August 2016 and was paid the entire amount of ₹ 60.19 lakh without ensuring the mandatory deduction/recovery of ₹ 2.03 lakh on account of VAT, forest royalty, labour cess, *etc.*
- Improvement including MBT of a road from Moulakandi to Goladighi road (2 Km) (under RIDF-XXII), was awarded to a contractor (Smti Gonola Sangma) in September 2015 (MBT at chainage 500-750m) at a tendered cost of ₹ 6 lakh. The contractor completed the work only upto WBM Grade-III<sup>7</sup> at

---

<sup>3</sup> Note 1 below Rule 316 and Rule 321 of MFR, 1981.

<sup>4</sup> Tura North, NH Division Shillong and Jowai North.

<sup>5</sup> Amount payable as per SOR 2011-12: ₹ 87.20 lakh; Amount paid: ₹ 116.91 lakh.

<sup>6</sup> Simple form of voucher intended to be used for small miscellaneous payments and advances.

<sup>7</sup> The works executed by the contractor were (i) compacting original ground, (ii) GSB, (iii) WBM grade-2 & 3, and (iv) carriage charges of aggregate stone.

a cost of ₹ 3.86 lakh. The EE, Tura North Division made payment to her twice on the same running bill (voucher Nos.182 dated 28 June 2016 and 268 dated 30 September 2016) resulting in an excess payment of ₹ 3.86 lakh. Further, against the main work, three contractors who had tendered as per SOR rate, executed 5615.485 cum of earthwork. The EE, Tura North Division however, paid them at the rate of ₹ 362 per cum instead of the DPR rate of ₹ 329 per cum resulting in excess payment of ₹1.85 lakh to the three contractors.

- For the work ‘Improvement including Metalling and Black Topping of Internal Road at Khanduli Village (3.568 Km) under RIDF-XX’, North Division, Jowai issued (March 2015) work orders to three contractors<sup>8</sup> at their tendered rate of ₹ 12.50 lakh (₹ 3.50 lakh, ₹ 5.00 lakh and ₹ 3.50 lakh respectively). The contractors completed the work in January 2016 and were paid in full. For one of the items of work ‘Providing and laying reinforced cement concrete pipe NP3 etc.-25 nos.’, the three contractors were however, paid at the rate of ₹ 21,391 per metre instead of the SOR rate of ₹ 10,790 per metre, which resulted in excess payment of ₹ 2.65 lakh (₹ 10601 x 25).

The details of the excess/undue payments of ₹ 45.09 lakh to the contractors are given in **Appendix-3.2.6**.

All the above cases point to lack of internal controls and accountability at various levels within PWD. While the amounts involved are not very significant, these reflect systemic weaknesses and indifference or possible collusion of the concerned officials.

The EEs concerned and the Accounts Officers are responsible for ensuring payment for the works done at correct rates as per work orders/agreements. Since both these officials had failed in doing their assigned tasks as per rules/orders/contracts/procedure, the matter needs to be investigated and responsibility fixed on the erring officials.

In the exit conference (December 2018), the EE, Tura North Division stated that the excess payment has been recovered from the contractors and no double payment was made to one contractor (Smti Gonola Sangma) for the work ‘Improvement including MBT of a road from Moulakandi to Goladighi road (2 Km) under RIDF-XXII’. However, no documentary evidence of recovery was furnished. The Department stated that the matter would be examined and necessary reply will be furnished but the reply had not yet been furnished (March 2019).

<sup>8</sup> Shri Niasanki Dkhar, Shri Kis Suna and Shri Dawyo Dkhar.

### 3.2.11.3 Road work remained incomplete due to litigation

As per RIDF guidelines, projects involving arbitration/litigation should not be taken up.

It was observed that the project 'Improvement i/c MBT of a road from Gimigre Old Model to Bollochiring (0.00-2.00km) under RIDF-XX. (Tura North Division) which was administratively approved (January 2015) at an estimated cost of ₹ 1.60 crore was completed (March 2016) at a cost of ₹ 1.68 crore. Scrutiny of records revealed that one of the items of the work viz. 'construction of box cell culvert' was also shown as completed at a cost of ₹ 13.76 lakh. During the joint physical verification (June 2018), the asset was found lying abandoned and the road was being used through a temporary subway. The officials from the Division informed that the culvert could not be utilised due to land dispute.



The work 'box cell culvert' against the main work 'Improvement i/c MBT of a road from Gimigre Old Model to Bollochiring (0.00-2.00km) under RIDF-XX' constructed at a cost of ₹ 13.76 lakh remained unutilised as the approach road could not be constructed due to land dispute.  
Date of JPV: 05/06/2018

During the exit conference (December 2018), the Department stated that the land issue has been resolved and the work would commence soon. However, it was yet to start (April 2019).

## 3.2.12 Monitoring and Evaluation

### 3.2.12.1 Quality control testing

In August 2014, NABARD reviewed the implementation of projects through RIDF loans in Meghalaya and flagged several issues with the State Government involving poor quality of works and lack of quality control mechanism, absence of a system for testing and recording the test results, non-maintenance of site visit book, the need for better monitoring of projects, etc.

Scrutiny revealed that the Chief Engineer, PWD (Roads), other than directing (September 2014) all the Divisions to comply with the instructions, had made no effort to assess the status/ensure compliance with NABARD's directions. Consequently, the lacunae pointed out by NABARD continued to exist over the following five years, as brought out in Audit.

As per NABARD guidelines, the State Government is required to ensure that a well-equipped laboratory system is available for exercising effective quality control. The guidelines also prescribe the norm and frequency of testing of materials like stone aggregates, stone chips, cement, sand, water, etc. for the RIDF works and the results of all quality control tests and observations to be systematically recorded.

In Meghalaya, a Road Research Laboratory (RRL) was set up in 1977 under PWD for testing the quality of material to be used for the works such as stone aggregates, stone chips, sand, strength of concrete, testing of soil, moisture content, *etc.*

During audit, it was observed that none of the six sampled Divisions had tested the materials as per norms and at frequency prescribed by NABARD guidelines before using these in the RIDF works. The EE, Shillong South Division stated (July, 2018) that stone aggregate was tested before using in the road work while the EE, Resubelpara Division furnished the test reports of materials against the selected works.

The test reports however did not indicate the laboratory where the materials were tested. Moreover, though the Department had its own RRL, none of the Divisions which furnished the test report had utilised the services of their own laboratory. NABARD had expressed concern about poor quality of work and absence of quality control mechanism in the State (2012-13). The Department however, did not take adequate action to effectively address these issues.

During the exit conference (December 2018), the Department stated that, for testing the quality of the materials, there are laboratories at the district level and also the ones of the contractors executing the projects. It, however, stated that the test results were not documented at the divisional level and assured that henceforth, it would be done.

### **3.2.12.2 High Power Project Monitoring Committee and District Level Review Committees**

A High Power Project Monitoring Committee (HPPMC) under the Chairmanship of the Chief Secretary of the State and comprising heads of all implementing Departments and NABARD was required to review and monitor the progress of expenditure and implementation of projects financed by NABARD loan under RIDF. While the HPPMC did meet during the audit coverage period, the frequency at which it monitored the progress of the projects was not in accordance with NABARD guidelines.

Similarly, as per NABARD guidelines, a District Level Review Committees (DLRC) were also required to be constituted for monitoring the project progress at field level. No such Committee was formed at the district level. The CE, PWD (Roads) stated (July 2018) that the works were monitored regularly by the SEs, EEs, AEEs, and JEs at the field level. The reply is not acceptable due to the fact that while regular monitoring by the SEs, EEs, AEEs, and JEs is part of the Department's routine monitoring mechanism, the NABARD guidelines require that a DLRC be constituted for monitoring the project progress at field level. Further, NABARD had also pointed out about the need for more frequent monitoring by the implementing departments.

During the exit conference, the Nodal Department (Planning Department) stated that no directive was received from NABARD for constitution of DLRC. NABARD however stated that the requirement for constitution of DLRC was provided in the guidelines and there was a need for issuing directives in this regard.

As per NABARD guidelines, the State Government has to submit Project Completion Report (PCR) for each of the sanctioned projects within one month of its completion.

During the audit coverage period of 2013-14 to 2017-18, out of 40 projects selected for Audit, 20 projects executed by six Divisions were physically completed between June 2015 and May 2017. None of the Divisions, however, had submitted the PCRs.

Due to the default in submitting the PCR, NABARD relaxed the condition (June 2017) and decided that the Implementing Department could submit a Project Completion Certificate (PCC) in simple format immediately on completion of physical work and a detailed PCR within six months from the date of submission of PCC. Even after relaxation of this condition, only Ranikor Division has submitted (August 2018) PCC and PCR for one project which was completed during March 2017.

In response to Audit query, two<sup>9</sup> Divisions stated that the delay in submission of PCC and PCR was due to non-clearance of financial liabilities of the contractors. The reply was, however, not entirely correct as the PCC was to be submitted on completion of the physical work.

During exit meeting (December 2018), the Department stated that although projects were physically completed, since the final bills were not cleared, PCRs could not be submitted within the prescribed time frame. The attention of the Department was drawn to the fact that PCRs can be submitted on physical completion of the work irrespective of its financial achievement.

### **3.2.12.3 Monitoring lapses by NABARD**

RIDF funded projects have to comply with NABARD guidelines and a separate checklist was provided by NABARD to ensure compliance in this regard. Audit noticed several lapses on the part of NABARD while approving projects for funding. It approved funding for projects despite non-preparation of a Master Plan by the Government of Meghalaya and absence of an efficient procedure for identification, prioritisation and selection of projects. It did not verify the correctness of claims of the State and reimbursed loan of ₹ 4.94 crore against the actual expenditure of ₹ 3.54 crore on five completed projects submitted by Government of Meghalaya. NABARD failed to ensure that the tenders for execution of projects included a clause of 'defect liability period of 2-3 years' as provided in the guidelines. It did not also ensure that the quality control testing of materials like stone aggregates, stone chips, cement, sand *etc.* was carried out as per the scheme guidelines. Further, NABARD failed to ensure constitution of District Level Review Committees by the State Government for monitoring of projects at field level as provided in the scheme guidelines.

It was the responsibility of NABARD to scrutinise the projects to verify compliance with its guidelines, so that the lapses mentioned in the preceding paragraphs did not occur/recur. Its failure to do so resulted in perpetuation of such lapses.

---

<sup>9</sup> Jowai North and Shillong South divisions.



### **3.2.13 Conclusion**

Performance audit of NABARD funded rural connectivity projects brought out several lacunae in planning, prioritisation and execution of roads and bridge works. Project proposals and DPRs were not submitted on time to avail of funding from NABARD. DPRs were not comprehensive and were not prepared based on site survey, resulting in deviations from designs and sanctioned estimates. Payments were released to contractors without proper scrutiny of bills and records leading to undue financial benefit to the latter. Projects were also shown as ‘physically completed’ without executing important items of works provided for in the DPRs. Five out of the six Divisions sampled in Audit did not test the material before its utilisation for the RIDF works. Monitoring and follow-up was inadequate and the project completion certificates/reports were also not submitted. Impact of these projects on the socio-economic development of the rural areas where these were implemented, was not carried out during the five year period of audit coverage.

NABARD, on its part, failed to scrutinise the project plans and proposals for compliance with its guidelines and monitor the effective implementation of the projects funded by it to the envisaged standards.

## COMPLIANCE AUDIT PARAGRAPHS

### AGRICULTURE AND PUBLIC HEALTH ENGINEERING DEPARTMENTS

#### 3.3 Utilisation of 13<sup>th</sup> Finance Commission grants

The 13<sup>th</sup> Finance Commission (13 FC) was constituted by the President of India under Article 280 of the Constitution of India on 13 November 2007 to recommend the proportion of sharing the tax revenue between the Centre and the States and devolution of grants-in-aid (GIA) to the States and Local Bodies during the period 2010-15.

The 13 FC recommended and the GoI allocated the following GIA to the Government of Meghalaya for the period 2011-15.

**Table 3.3.1 Category of 13 FC grants**

Sl. No.	Category of grants	13 <sup>th</sup> FC Grants	
		Received	Utilised
1	State Specific Needs	162.50	157.97
2	State Disaster Response Fund and Capacity Building	77.86	77.86
3	Local Bodies	160.61	140.06
4	Elementary Education	40.00	40.00
5	Environment related grants	105.04	105.04
6	Grants for improving outcomes	31.87	27.92
7	Maintenance of roads and bridges	101.00	101.00
8	Revenue Deficit	2810.85	2810.85
	<b>Total</b>	<b>3489.73</b>	<b>3460.70</b>

(₹ in crore)

To ensure effective utilisation of the funds in implementing various socio-economic developmental programmes, the State Government constituted a High Level Monitoring Committee (HLMC) headed by the Chief Secretary (June 2010) at the Apex level with the Principal Secretaries/ Commissioners & Secretaries of Finance, Planning, and other relevant departments as members. The Finance Department was designated as the nodal department.

Utilisation of 13 FC grants was scrutinised in Audit during June-August 2018 with the objective of ascertaining whether the State Government formulated and implemented specific schemes for socio-economic development of the State and utilised the grants to the optimum for this purpose.

Audit sample involved selection of **State Specific Needs (SSN)** given at Sl. No. 1 in Table 3.3.1 and 2 out of the 7 schemes under this category relating to horticulture infrastructure and water supply schemes for detailed scrutiny as given below:

Table 3.3.2: Audit sample

Details	No of schemes	Selected in audit	Total funds released	(₹ in crore)
				Total expenditure on selected schemes
Horticulture infrastructure	18	8	19.00	7.36
Augmentation of Tura water supply scheme	1	1	37.50	37.49

Significant audit findings that emerged from a scrutiny of the sampled projects and the related documents are given below.

### 3.3.1 Horticulture infrastructure

State Government sought funds from 13 FC for upgradation of its existing infrastructure to promote expansion of horticulture, including traditional horticulture and plantation crops. Against a recommended grant of ₹ 38 crore for the purpose by 13 FC, GoI released only ₹ 19 crore due to non submission of utilisation certificates (UCs) on time by the State.

The scheme involved establishing planting material hubs across the State. Out of the 11 districts in Meghalaya, seven districts have implemented this scheme. Audit sampled the implementation of the scheme in three of these districts (East Khasi Hills, West Garo Hills & West Jaintia Hills) and observed the following.

GoI provided 100 *per cent* grant for establishment of ‘planting material hubs’ through 13 FC funds. The guidelines issued by the Director of Horticulture (May 2012) envisaged creation of planting material hubs (PMHs) for increasing production of top quality planting material for various horticulture crops within the next four years throughout the State. To achieve this goal, the following norms were laid down for the planting material hubs:

- on-ground work plan and modalities of local implementation were to be formulated;
- to gauge the impact of the scheme and evaluate progress, baseline data on the availability and type of planting materials was required to be collated and recorded with 2010-11, being treated as the base year;
- all sources of mother/parent stock used for propagation are to be recorded along with an inventory of planting material in the planting material hubs;
- PMHs were to maintain proper records of all infrastructure components and land utilisation plan, details of technically qualified staff in the nursery, *etc*; and
- the hubs should work towards voluntary recognition and certification of their facilities by the National Horticulture Board (NHB).

In the three districts selected for audit, the Director of Horticulture released ₹ 7.50 crore, between February 2013 and August 2014, to three District Horticulture Officers (DHOs) for establishing eight PMHs. The details of the amount released and expenditure incurred there against by these eight PMHs are shown below:

**Table 3.3.3: Details of project implemented by the three districts selected for audit**

(₹ in lakh)

Districts	Name of the project	Amount released	Date of release	Expenditure
East Khasi Hills	Floriculture PMH, Upper Shillong	80.00	13/02/13	77.15
	Potato PMH, Experimental Research Station, Upper Shillong	70.00		70.00
	Temperate fruits PMH, Govt. Fruit Garden, Shillong	150.00		138.46
	Vegetable PMH, Govt. Fruit Garden, Shillong	100.00		86.02
<b>Total A</b>		<b>400.00</b>		<b>371.63</b>
West Garo Hills	Floriculture planting material hub (PMH), Sangsanggre, Tura	100.00	13/02/13 and	111.71
	Cashew-nut PMH, Rangmalgre	150.00	28/07/14	152.55
<b>Total B</b>		<b>250.00</b>		<b>264.26<sup>10</sup></b>
West Jaintia Hills	Floriculture PMH, Thadlaskein, Jowai	50.00	28/07/14	50.00
	Temperate fruits PMH, Thadlaskein, Jowai	50.00		49.95
<b>Total C</b>		<b>100.00</b>		<b>99.95</b>
<b>Total A to C</b>		<b>750.00</b>		<b>735.84</b>

Source: Records from District Horticulture Offices.

Audit scrutiny revealed that the works were taken up without fulfilling the prescribed norms. The three DHOs did not prepare the baseline data, the on-ground work plan and modalities for implementation of the scheme. Further, none of these eight planting material hubs in the three districts maintained any records on sources of mother/parent stock used for propagation, infrastructure component, land utilisation plan, *etc.* Although, the PMHs were to seek voluntarily certification from the NHB, none of these had done so.

As an indicator of their achievement, the three DHOs produced records showing earnings of ₹ 0.95 crore<sup>11</sup> from eight PMHs between 2013-14 and 2017-18. However, in the absence of baseline data and failure to seek certification of the quality of their planting material hubs from the NHB, fulfillment of the objective of increasing the production of top quality planting materials of various horticulture crops within four years could not be verified or measured in Audit.

Principal Secretary (Finance) directed Director, Horticulture in November 2018 to furnish replies to audit observations with justification. The replies were, however, awaited (April 2019).

<sup>10</sup> The excess expenditure of ₹ 14.26 lakh was met out of interest earned out of this fund.

<sup>11</sup> DHO, East Khasi Hills ₹ 84.78 lakh during 2013-18; West Jaintia Hills ₹ 7.34 lakh during 2015-18 and DHO, West Garo Hills ₹ 2.86 lakh during 2016-18.

### 3.3.2 Augmentation of Tura Phase I and II water supply scheme

Thirteenth FC had recommended a grant of ₹ 50 crore for augmenting the depleting source of water supply scheme (WSS) in Tura and to cater to the needs of drinking water to the households due to rapid expansion of towns in the district. The State however, received only ₹ 37.50 crore during 2011-12 to 2014-15 as it could not complete the planned items of work and furnish UCs within the award period. Audit scrutiny of the implementation of the scheme revealed the following.

The project was administratively approved in October 2011 and technical sanction was also accorded in the same month. The project was to tap the Daribok stream located at a distance of 29 km from Tura town, as the source for the WSS and was to be completed in three years. The project was implemented by PHE Division, Tura and the entire fund of ₹ 37.50 crore was released to the Division between March 2012 and March 2017.

Scrutiny of records revealed that even before the work was tendered (March 2012), the NGOs of East Garo Hills opposed the project on the ground that if water was tapped from the Daribok stream, which was the main tributary of Simsang river, the discharge of the Simsang river itself would reduce drastically with adverse effect on the flora and fauna of the area. The Division however, went ahead with the tendering and awarded the work (November 2012) at a cost of ₹ 16.10 crore with a stipulation to complete it within three years.

The contractor completed the construction of RCC weir and approach road to the weir at a cost of ₹ 75.61 lakh by May 2013 and abandoned the work thereafter, due to the intensification of opposition to the project from the NGOs. The Division explored Ganolsa stream of the Ganol river in West Garo Hills District as an alternative source for the WSS and directed (December 2014, February 2015 and May 2015) the Contractor to execute the balance work leaving aside the disputed site. The Contractor however, refused to execute the work as he was apprehensive about its completion and possible loss to him due to the delay in the work. In the circumstances, the Additional Chief Engineer (Western Zone) finally cancelled (November 2015) the work order. Between March 2012 and February 2016 the Division executed 80 *per cent* of the work at an additional expenditure of ₹ 36.74 crore and exhausted the fund of ₹ 37.50 crore, released for the project.

Thus, the project, which was to be completed in three years (2011-14), with 13 FC funds, remained incomplete even after the lapse of seven years (August 2018) from the date of administrative approval (October 2011), despite availability of funds. Considering the escalation in the cost of material and wages, the cost of the project is likely to be higher than the originally sanctioned cost. The PHED stated in December 2018 that it plans to take up the balance work through North East Special Infrastructure Development Scheme funds.

## COMPLIANCE AUDIT PARAGRAPHS

### AGRICULTURE DEPARTMENT

#### 3.4 Extra expenditure due to irregular selection of firms

**Agriculture Department incurred an extra expenditure of ₹ 2.60 crore by awarding contracts to firms that had quoted higher rates for supply of bamboo and agar planting materials, despite their failure to submit requisite documents. Besides, it also extended undue favour to the firms by issuing supply orders even where they had not bid for a particular species.**

Agriculture Department, Government of Meghalaya issued financial sanction (2014-15 to 2016-17) for implementation of the scheme 'Organic plantation of Bamboo and Agar for sustainable livelihood towards sustainable ecology'. The Director of Horticulture (DoH) issued (June 2015) Notice Inviting Tenders (NIT) for supply of 'Planting Material of Bamboo (PMB) and Planting Material of Agar (PMA)'. As per the terms and conditions of the NIT, the bids were to be supported by (i) Technical literature/ brochure of the Bamboo/ Agar species; (ii) Copy of Income Tax and Sales tax documents; (iii) Proof of satisfactory execution of previous orders; (iv) Certificate of incorporation/ proprietorship; (v) Self attested certificate to ensure that the company/ firm meets the eligibility criteria; and (vi) Trading license in case of a Non-tribal.

In response to the NIT, 19 firms (listed as Firms 1 to 19 in **Appendix - 3.4.1**) submitted bids for supply of PMB and 20 firms (listed as Firms 1 to 20 in **Appendix - 3.4.2**) submitted bids for supply of PMA. The Tenders Committee of the Horticulture Department (July 2015) rejected the bids of 13 and 16 Firms which had tendered for PMB and PMA respectively, due to their failure to support their bids with all the relevant documents listed in the NIT.

Audit scrutiny (October 2018) of records of DoH revealed that not only the rejected Firms, but none of the Firms had submitted all the relevant documents listed in the NIT. Out of the rejected bids, two firms (Firms 7 and 8) had quoted the lowest (L-1) rate for supply of PMB<sup>12</sup> and one firm (Firm-5) had quoted the L-1 for supply of PMA (**Appendix - 3.4.1 and Appendix - 3.4.2**).

Between August 2015 and July 2017, the DoH procured 12.60 lakh units of five bamboo species from four firms<sup>13</sup> at a cost of ₹ 5.29 crore at L-2 and L-3 rates and 9.60 lakh units of planting material of Agar from three firms (Firms 1, 3 and 4) at a cost of ₹ 3.32 crore at L-2 rate. Since the firms with lowest price bid were disqualified, the Department incurred an extra expenditure of ₹ 2.60 crore on purchase of PMB (₹ 1.58 crore) and PMA (₹ 1.02 crore) from firms that had also not fulfilled all the eligibility criteria. Details are given in **Appendix - 3.4.3 and Appendix 3.4.4**.

<sup>12</sup> (i) Dendrocalamus Hamiltonii, (ii) Banbusa Balcooa, (iii) Banbusa Nutans, (iv) Banbusa Tulda and (v) Banbusa Vulgaris.

<sup>13</sup> (i) M/s P.Laloo; (ii) M/s Limberth M. Sangma; (iii) M/s Fridina Shira; and, (iv) M/s North Bengal Floritech.

Even against these purchases, Audit noticed issues of irregular procurement and extension of undue benefit to different Firms as detailed below:

- Three species of PMB<sup>14</sup> valuing ₹ 4.51 crore were procured at L-2 rates from four firms (Firms 2 to 4 and 6) although they had not submitted bids for these species.
- Two species of PMB<sup>15</sup> valuing ₹ 3.08 crore were procured at L-1 rates from four firms (Firms 2 to 4 and 6) although they had not bid for these species.

Thus, the decision of the Committee to reject the bids of the Firms that had offered the lowest rates on the ground that some of the documents listed in the NIT were not submitted, and selecting Firms which had also failed to submit the requisite documents and have quoted higher rates, or not quoted at all, had not only violated the principle of providing a level playing field, but has also resulted in the Department incurring an extra expenditure of ₹ 2.60 crore.

Further, the action of issuing supply order to Firms despite non-submission of bids for particular species, amounts to extending undue favour to them. The Department's rationale for entrusting the supply of planting material to these Firms, when they were not actually dealing in supply of the relevant material, was not available on record.

On this being pointed out, the Director stated (10 October 2018 and 11 December 2018), that the rate and the firms were approved by the 'Tender Committee' headed by the DoH and that, the Tender Committee may not have approved the other firms since they had not submitted the technical literature and other self-attested certificates listed in the NIT. The reply however did not address the issue of not evaluating the bidders on equal criterion devised by the Department itself for selection of firms.

The matter was reported to the Government (December 2018). The Government endorsed (June 2019), the reply of the DoH.

Thus, the action of the Department in selecting Firms for supply of planting material at higher rates and procurement of certain material from firms though they had not submitted bids for the same, calls for investigation by Vigilance Department and fixing of responsibility for causing loss to the State Government.

---

<sup>14</sup> Dendrocalamus Hamiltonii, Banbusa Tulda and Banbusa Vulgaris.

<sup>15</sup> Dendrocalamus asper and Dendrocalamus giganteus.

## COMMERCE AND INDUSTRIES DEPARTMENT

### 3.5 Admittance of subsidy claims

#### **Applications for subsidy claims of ₹ 5.41 crore under MIIPS were irregularly admitted even before the MIIPS was notified.**

The Government of Meghalaya notified the Meghalaya Industrial & Investment Promotion Scheme (MIIPS), 2016 on 23 May 2017 in pursuance of Meghalaya Industrial & Investment Promotion Policy 2012. The Scheme was introduced with a view to accelerating the industrial development and other investments in the State. Under the MIIPS, new industrial units as well as units undergoing substantial expansion were eligible for a host of subsidies such as capital investment subsidy, interest subsidy, subsidy on cost of DG sets, pollution control measures, quality control measures, etc. The Scheme came into effect retrospectively from 21 December 2012 and would remain in force upto 20 December 2022.

Clause 9 of MIIPS prescribes the procedure for availing subsidy under the scheme. As per the procedure, the industrial units have to submit their applications in the prescribed format to the concerned District Commerce & Industries Centre (DC&IC) after commencement of commercial production/operation for obtaining the 'Eligibility Certificate'. The application for claiming subsidy for 'Eligibility Certificate' is to be scrutinised by the concerned DC&IC and forwarded with recommendations to the Directorate of Commerce & Industries (DC&I). The DC&I is the competent authority to issue the 'Eligibility Certificate'. Thereafter, the industrial units have to submit the applications for benefits under the Scheme along with copy of the eligibility certificate and other requisite documents within one year from the date of commencement of commercial production/operation for subsidy claim under State Capital Investment /Quality Control Measures/Reimbursement of Stamps Duty & Registration Fees/Refund of CST/Pollution Control Measures/DG Sets *etc.* The applications for the Interest Subsidy and Power Tariff Subsidy are to be submitted within one year from the date of incurring expenditure. Claims submitted after the above timeline become time-barred and not to be entertained.

Scrutiny of records of DC&I (May – July 2018), revealed that four<sup>16</sup> DC&ICs allowed 16 industrial units to submit subsidy claims of ₹ 5.41 crore<sup>17</sup> during the period from 18 December 2013 to 08 May 2017 under the MIIPS even before the Scheme was notified (23 May 2017) (**Appendix – 3.5.1**). The DC&ICs irregularly processed these subsidy claims and forwarded the same to DC&I, which in turn recommended payment of subsidy and placed them before SLC. The SLC approved these claims between 30 August 2017 and 14 November 2017.

<sup>16</sup> Ri-Bhoi District (Nongpoh), East Khasi Hills District (Shillong), Jaintia Hills District (Jowai) and North Garo Hills District (Resubelpara).

<sup>17</sup> Capital Investment Subsidy claims under the MIIPS in respect of eight units have been excluded in this Paragraph.



Audit further observed that in the case of six<sup>18</sup> out of the 16 industrial units, the DC&ICs admitted the claims for subsidy even before they were granted the Eligibility Certificates. Furthermore, all the 16 industrial units were irregularly granted the Eligibility Certificates under MIIPS before 23 May 2017 (date of notification of the Scheme). Had these applications been accepted after MIIPS was notified, all the claims would have become time-barred.

Department's action of granting the Eligibility Certificates even before notifying the scheme and admitting the subsidy claims of these 16 industrial units led to irregular grant of subsidy benefits of ₹ 5.41 crore.

On this being pointed out, the State Government replied (December 2018) that there was delay in finalisation of MIIPS and the industrial units which were eligible for subsidy claims, on their own submitted the claim applications as per the draft format prepared by the DC&I. The Government also stated that the applications were not processed till finalisation of MIIPS. The Government, however, admitted that there was a procedural lapse in receiving the applications before notification of the Scheme, but it contended that there was no irregularity as the subsidy claims were not processed and no financial benefits were released prior to notification of the Scheme. In respect of the subsidy claim of ₹ 52.08 lakh by M/s Supertech Conbrit Industries (Serial No. 16 of **Appendix 3.5.1**), the Government accepted (November 2018) that the claim had been submitted after a period of one year from the date of commencement of commercial production and therefore, the claim was time-barred.

The Government's argument that the industrial units submitted the subsidy applications in draft format and no subsidy was granted before the date of notification of Scheme is not acceptable as the DC&I issued the Eligibility Certificates, which was a prerequisite for admitting the subsidy claims, to these industrial units even before the notification of the Scheme. Thus, allowing subsidy claims for ₹ 5.41 crore amounted to grant of undue benefit to ineligible industrial units.

---

<sup>18</sup> Serial No. 3,5,8,10,14 and 15 of **Appendix – 3.5.1**.

## COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT

### 3.6 Wasteful expenditure

**Poor project formulation led to wasteful expenditure of ₹ 66.68 lakh and non-achievement of objectives of generating cleaner energy and creating sustainable livelihood opportunities for rural community.**

Meghalaya State Rural Livelihood Society (MSRLS<sup>19</sup>) initiated (2012-13) 'Pine Needle Briquetting' (PNB) project' in collaboration with Mawmluh Cherra Cement Limited (MCCL), Sohra to produce pine needle briquettes. The project aimed at generating cleaner energy by using the briquettes to partially substitute use of coal in the cement production process at MCCL and creating sustainable livelihood opportunities for the rural community of the State. The PNB project involved mobilising communities for supply of pine needles in bales to the briquetting unit and converting them into briquettes by Briquetting<sup>20</sup> Machine to be set up at MCCL factory premises. As per the Detailed Project Report (DPR), the PNB project would be profit making with 12 tonnes briquettes of raw material (pine needle and saw dust) being used every day to produce briquettes. The DPR estimated the cost of raw material and transportation at ₹ 1500 and ₹ 200 per tonne, respectively.

Administrative approval was accorded (November 2012) by the Community & Rural Development Department (C&RDD) for ₹ one crore out of which ₹ 51 lakh was released to MSRLS. The latter in turn released ₹ 41.40 lakh to MCCL for setting up the Briquetting Plant. Further, based on the request from MSRLS and MCCL, Meghalaya Basin Development Authority (MBDA<sup>21</sup>) released (August 2013) ₹ 31 lakh<sup>22</sup> to MCCL for the PNB project. The PNB project was started in February 2013 and out of the total release of ₹ 72.40 lakh (₹ 41.40 lakh + ₹ 31.00 lakh), MCCL spent ₹ 66.68 lakh on machinery, civil works, raw material, stores & spares, *etc.* and had a balance of ₹ 5.72 lakh in bank (March 2018).

Scrutiny of records (November 2016) of MSRLS revealed that the cement plant of MCCL, which was producing cement though a 'wet process', became in-operational from August 2014 and consequentially the PNB project also became idle. During the period that the PNB project was functional, MCCL could procure only 12 tonnes of pine needles at a cost of ₹ 0.24 lakh<sup>23</sup>. Accordingly C&RDD after discussion with MCCL (June 2016) decided to abandon the PNB project on the grounds that (a) the cost of

<sup>19</sup> MSRLS is the nodal agency of the Community & Rural Development (C&RD) Department, Government of Meghalaya set up to redress poverty in the rural area by focusing on the livelihood of the poor and vulnerable and there by empower them.

<sup>20</sup> Briquetting is the process of converting low bulk density biomass into high density and energy concentrated briquettes.

<sup>21</sup> MBDA seeks to address inclusive growth with a focus on rural poverty alleviation, employment generation and livelihood through the Integrated Basin Development and Livelihood Promotion Programme.

<sup>22</sup> Fund released from 'Gap Funding Scheme, 2011-12' under the 'Integrated Basin Development and Livelihood Programme'.

<sup>23</sup> 11,784 kg of pine needles valuing ₹ 23,568 at the rate of ₹ 2 per Kg. The period during which these procurements were made was not furnished though called for (April 2018).

production was higher than the sale price and it was not possible to run the project economically; (b) the briquettes were no longer required by the MCCL since it had changed its process of production of cement from ‘wet process’ to ‘dry process’. Since shifting the heavy machinery from the present site was expensive, the Department permitted MCCL to make use of it or dispose it.

Further examination of records however, revealed that the Department had failed *ab initio* to adequately assess the viability of the PNB project leading to its failure. The DPR had estimated the cost of raw material at ₹ 1500 a tonne. However, the suppliers of pine needles did not find even the offered rate of ₹ 2000 per tonne remunerative, and were unwilling to supply the raw material. Against the projected consumption of 12 tonnes of raw material per day in the DPR, MCCL could procure only 12 tonnes of raw material at a cost of ₹ 0.24 lakh during the 18 months that the PNB project was operational. Further, while the DPR estimated the cost of transportation at ₹ 200 per tonne, according to MCCL, the landed cost of pine material alone at Sohra was ₹ 4500 to ₹ 5300 per tonne.

The issue of change of process of production by MCCL was also not valid. Although the process of production was changed with effect from 26 September 2016, MCCL was aware of the impending change, as it had taken a decision to change its cement production process from wet process to dry process in the year 2005 itself.

On this being pointed out, the Chief Executive Officer, MSRLS replied (August 2018) that the MCCL did not inform the MSRLS about the change in the process of production. The Managing Director (MD), MCCL stated (February 2019) that the PNB project was not economically viable due to high cost of procurement of raw material and transportation. He further stated that though the pine briquettes might find usage in the new ‘dry process’ cement plant, the issue of economic viability remained unchanged.

Thus, execution of PNB project based on unrealistic DPR, which was economically not viable *ab initio*, led to an expenditure of ₹ 66.68 lakh incurred on the project becoming wasteful. Besides, the objectives of the project to generate cleaner energy and create sustainable livelihood opportunities for the rural community were not fulfilled.



# **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

As of 31 March 2018, there were 17 PSUs (15 Government Companies and 2 Statutory Corporations) in Meghalaya as detailed below:

**Table 4.1.1: Total number of PSUs as on 31 March 2018**

Type of PSUs	Working PSUs	Non-working PSUs	Total
Government Companies <sup>1</sup>	14	1	15
Statutory Corporations	2	Nil	2
<b>Total</b>	<b>16</b>	<b>1</b>	<b>17</b>

None of these companies was listed on the stock exchange. During the year 2017-18, no new PSU was incorporated and no existing PSU was closed down. The working PSUs registered an aggregate turnover of ₹ 1,136.88 crore as per their latest finalised accounts as of September 2018. A significant portion of this turnover (90 per cent) was contributed by four power sector companies (₹ 1,025.14 crore).

The working PSUs incurred an overall loss of ₹ 410.17 crore as per their latest finalised accounts as on 30 September 2018 as compared to the aggregate loss of ₹ 266.27 crore incurred as of September 2017. The increase in the losses during 2017-18 was mainly because of increase of ₹ 134.80 crore in the net losses of power sector companies during 2017-18 from ₹ 234.92 crore (2016-17) to ₹ 369.72 crore (2017-18). The Return on Equity (RoE<sup>2</sup>) in respect of 7 out of the 16 working PSUs was (-) 0.92 per cent as per their latest finalised accounts as on 30 September 2018. The accumulated losses (₹ 1,797.29 crore) of the remaining nine<sup>3</sup> working PSUs had completely eroded their share capital (₹ 1,077.58 crore) as per their latest finalised accounts. Hence, RoE of these nine PSUs could not be worked out.

As of 31 March 2018, there was one non-working PSU<sup>4</sup> involving an investment of ₹ 4.72 crore, that had been lying defunct since 2006. This is critical as the investment in non-working PSU do not contribute to the economic growth of the State.

#### 4.1.2 Accountability framework

Audit of the financial statements of a Company in respect of financial years commencing on or after 1 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

<sup>1</sup> Government companies include other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013.

<sup>2</sup>  $ROE = \{(\text{Net Profit after tax} - \text{Preference Dividend}) \div \text{Shareholders' Fund}\} \times 100$ ;  
where, Shareholders' Fund = Paid up Share Capital + Free Reserves and Surplus – Accumulated Losses – Deferred Revenue Expenditure.

<sup>3</sup> Sl. No. A1, A2, A4, A6, A7, A10, A12, A13 & B15 of Appendix 4.1.2.

<sup>4</sup> Meghalaya Electronics Development Corporation Limited.

commenced earlier than 1 April 2014 continued to be governed by the Companies Act, 1956.

#### **4.1.2.1 Statutory Audit**

The financial statements of a Government Company are audited by the Statutory Auditors, appointed by the Comptroller and Auditor General of India (CAG). These financial statements are subject to supplementary audit by the CAG under the provisions of Section 143(6) of the Act.

Audit of Statutory Corporations is governed by their respective legislations. Out of two Statutory Corporations in Meghalaya, CAG is the sole auditor for Meghalaya Transport Corporation. In respect of the other Corporation (*viz.* Meghalaya State Warehousing Corporation), the audit is conducted by Chartered Accountants and supplementary audit is done by CAG.

#### **4.1.2.2 Role of Government and Legislature**

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executives and Directors on the Board of these PSUs are appointed by the Government.

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. Similarly, the Annual Reports of Statutory Corporations along with the Separate Audit Reports of CAG are required to be placed before the Legislature as per the stipulations made under their respective governing Acts. The Audit Reports of CAG are submitted to the State Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

### **4.1.3 Stake of Government of Meghalaya**

State Government has a huge financial stake in these PSUs. This stake is of mainly three types:

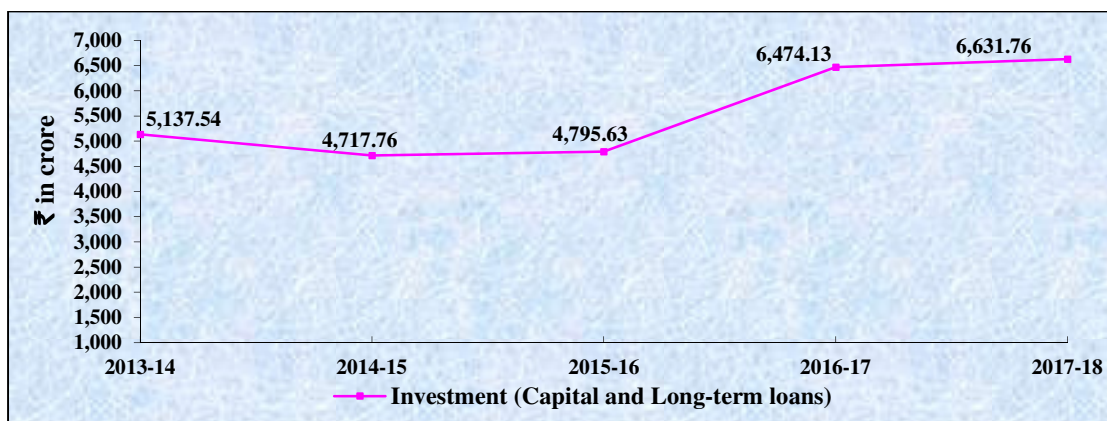
- **Share Capital and Loans-** In addition to the share capital contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.



#### 4.1.4 Investment in PSUs

As on 31 March 2018, the investment (capital and long-term loans) in 17 PSUs was ₹ 6,631.76 crore<sup>5</sup>. The total investment consisted of 69.10 per cent towards capital and 30.90 per cent in long-term loans. The investment has grown by 29.08 per cent from ₹ 5,137.54 crore in 2013-14 to ₹ 6,631.76 crore in 2017-18 as shown below:

Chart 4.1.1: Total investment in PSUs



There was a significant increase (₹ 1,836.13 crore) in investment in PSUs during the last two years due to increase in the investment in power sector companies during 2016-17 (equity: ₹ 162.74 crore and loans: ₹ 1,501.85 crore) and 2017-18 (equity: ₹ 230.87 crore). The sector wise summary of investments in the PSUs as on 31 March 2018 is given below:

Table 4.1.2: Sector-wise investment in PSUs as on 31 March 2018

(₹ in crore)

Name of Sector	Government/Other <sup>6</sup> Companies		Statutory Corporations	Total Investment
	Working	Non-Working	Working	
Power	6,187.31	0.00	0.00	6,187.31
Manufacturing	165.22	4.72	0.00	169.94
Infrastructure	159.69	0.00	0.00	159.69
Service	7.96	0.00	95.94	103.90
Agriculture & Allied	2.45	0.00	0.00	2.45
Miscellaneous	5.11	0.00	3.36	8.47
<b>Total</b>	<b>6,527.74</b>	<b>4.72</b>	<b>99.30</b>	<b>6,631.76</b>

The leap in investment in power sector was mainly on account of borrowings availed by two power sector companies<sup>7</sup> for construction of three hydro power projects (₹ 1,368.35 crore) and implementation of two GoI schemes (₹ 148.42 crore) namely, Restructured Accelerated Power Development Reform Programme (R-APDRP) and Rajiv Gandhi Gramin Vidyutikaran Yojna (RGGVY). There was no significant variation in the investments in other sectors during the last five years.

<sup>5</sup> Investment figures are provisional and as per the information provided by the PSUs as none of the 17 PSUs has finalised accounts for 2017-18 as of September 2018.

<sup>6</sup> 'Other Companies' as referred to under Section 139 (5) and 139 (7) of the Companies Act, 2013.

<sup>7</sup> Meghalaya Power Generation Corporation Limited and Meghalaya Power Distribution Corporation Limited.

#### 4.1.5 Special support and returns during the year

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 three years ended 2017-18 are given below:

**Table 4.1.3: Details of budgetary support to PSUs**

(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	1	3.31	3	38.90	4	90.47
2.	Loans given from budget	1	100.31	4	10.43	3	1.38
3.	Grants/Subsidy from budget	6	(G) 18.82 (S) 6.21	6 3	(G) 68.76 (S) 28.37	8 2	(G) 104.86 (S) 6.00
	<b>Total Outgo<sup>8</sup> (1+2+3)</b>	<b>8</b>	<b>128.65</b>	<b>11</b>	<b>146.46</b>	<b>13</b>	<b>202.71</b>
4.	Guarantees issued during the year	Nil	Nil	1	325.00	Nil	Nil
5.	Guarantee Commitment (Cumulative)	6	993.85	3	1,136.78	3	1087.78

Source: As furnished by Companies/Corporations.

(G): Grants; (S): Subsidies

During 2017-18, the budgetary outgo to PSUs was higher by 38 per cent at ₹ 202.71 crore as compared to the previous year due to significant budgetary support of ₹ 137.26 crore provided to four power sector companies during 2017-18 in the form of equity (₹ 37.37 crore), loans (₹ 1.38 crore) and grants/subsidy (₹ 98.51 crore). Major portion (₹ 125 crore) of this budgetary support was provided to Meghalaya Power Distribution Corporation Limited through the holding company (Meghalaya Energy Corporation Limited) by way of grant (₹ 93.75 crore) and equity (₹ 31.25 crore) for implementation of GoI scheme, viz, Ujwal DISCOM Assurance Yojna (UDAY)<sup>9</sup>.

Further, to enable the PSUs obtain financial assistance from banks and financial institutions, State Government provides guarantees subject to the prescribed limits and charges a guarantee fee from the PSUs concerned. The guarantee fee so charged varies from 0.25 per cent to one per cent as decided by the State Government. The cumulative guarantee commitment of the State Government against the borrowing of the PSUs decreased from ₹ 1,136.78 crore (2016-17) to ₹ 1,087.78 crore (2017-18) due to repayment of State Government guaranteed bank loan (₹ 49 crore) by Meghalaya Power Distribution Corporation Limited.

#### 4.1.6 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

<sup>8</sup> Actual number of PSUs, which received equity, loans, grants/subsidies from the State Government.

<sup>9</sup> Ujwal DISCOM Assurance Yojana (UDAY) is a Government of India Scheme aimed at financial turnaround and revival of state power distribution companies.

should carry out reconciliation of differences. The position in this regard as of 31 March 2018 is given below:

**Table 4.1.4: Variation between Finance Accounts and records of PSUs**

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs <sup>10</sup>	Difference
Equity	2,519.82	2,501.78	18.04
Loans	Not available <sup>11</sup>	171.55	Cannot ascertain
Guarantees	775.19	768.99	6.20

Source: As per the Finance Accounts and information furnished by the Companies/Corporations.

From the table above, it can be seen that there were unreconciled differences in the figures of equity (₹ 18.04 crore) and guarantees outstanding (₹ 6.20 crore) as per the two sets of records. The differences in equity occurred in respect of seven PSUs<sup>12</sup> and some of the differences were pending reconciliation since 2012-13. Though the Principal Secretary, Finance Department, Government of Meghalaya as well as the management of the PSUs concerned were apprised regularly about the differences and the need for early reconciliation was impressed upon, no significant progress was noticed in this regard. A core committee comprising the officers from Principal Accountant General (Audit) and Principal Accountant General (Accounts & Entitlements) was also formed to reconcile the above differences. The core committee in a meeting held (April 2018) with the representatives of four power sector companies<sup>13</sup>, which involved the major differences, had impressed upon the entities concerned to provide the requisite documents in support of investment made by State Government so as to incorporate in the Finance Accounts.

#### 4.1.7 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 in accordance with the provisions of Section 96(1) of the Act. Failure to do so may attract penal provisions under Section 99 of the Act. Similarly, in case of Statutory Corporations, their accounts are to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Table below provides the details of progress made by the working PSUs in finalisation of their annual accounts as on 30 September 2018.

<sup>10</sup> Information provided by PSUs and includes only the investment made by State Government.

<sup>11</sup> State Government's loans to PSUs are extended through the Government Departments. Hence, the PSU-wise figures of State Government loans are not available in the Finance Accounts.

<sup>12</sup> Forest Development Corporation Limited, Meghalaya Industrial Development Corporation Limited, Meghalaya Energy Corporation Limited, Meghalaya Handloom & Handicraft Development Corporation Limited, Meghalaya Basin Management Agency, Meghalaya Transport Corporation and Meghalaya Infrastructure Development & Finance Corporation Limited.

<sup>13</sup> Meghalaya Energy Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Distribution Corporation Limited and Meghalaya Power Transmission Corporation Limited.

**Table 4.1.5: Position relating to finalisation of accounts of working PSUs**

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Number of Working PSUs	15	15	16	16	16
2.	Number of accounts finalised during the year	9	13	35	13	30
	<b>Number of accounts in arrears</b>	<b>58</b>	<b>60</b>	<b>43<sup>14</sup></b>	<b>46</b>	<b>32</b>
3.	Extent of arrears (numbers in years)	1 to 15	1 to 16	1 to 14	1 to 11	1 to 7

As can be seen from the table above, the number of accounts in arrears was highest (60 accounts) during 2014-15. The situation has improved significantly thereafter, on account of increase in the number of accounts finalised by the working PSUs during 2015-16 and 2017-18. As on 30 September 2018, total 32 accounts of 16 working PSUs were in arrears for 1 to 7 years. Out of the total arrears of 32 accounts for 2017-18, 17 accounts pertained to 4 PSUs<sup>15</sup>.

Timely finalisation of accounts is important for the State Government to assess the financial health of the PSUs, avoid financial misappropriation and mismanagement, ensure safety of Government equity, *etc.* 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. The Principal Accountant General (Audit) has been taking up the matter regularly with the Chief Secretary of Meghalaya and the administrative departments concerned for liquidating the arrears of accounts of PSUs.

#### **4.1.8 Investment made by State Government in PSUs**

State Government invested an amount aggregating ₹ 243.80 crore in 13 PSUs {equity: ₹ 124.82 crore (4 PSUs), loans: ₹ 6.40 crore (4 PSUs) and grants ₹ 112.58 crore (8 PSUs)} during the years for which the accounts of these PSUs had not been finalised as detailed in **Appendix 4.1.1**. In the absence of finalisation of 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.

In addition to the above, there were arrears of 11 accounts (2007-08 to 2017-18) as on 30 September 2018, in respect of the sole non-working PSU, which became defunct in 2006 and had been in the process of liquidation since June 2011. The State Government needs to expedite the liquidation process to wind up the above mentioned non-working PSU.

The Government may consider setting up a special cell under the Finance Department to oversee the expeditious clearance of arrears of accounts of PSUs. Where there is lack of staff expertise, Government may consider outsourcing the work relating to

<sup>14</sup> Including two years' accounts of a newly added Company at serial no. A-5 of **Appendix 4.1.2** which were pending finalisation.

<sup>15</sup> Forest Development Corporation Limited (7 accounts); Meghalaya Transport Corporation (4 accounts); Meghalaya Tourism Corporation Limited (3 accounts); and, Meghalaya Handloom & Handicrafts Development Corporation Limited (3 accounts).

preparation of accounts and take punitive action against financial heads responsible for arrears of accounts.

#### 4.1.9 Performance of PSUs as per their latest finalised accounts

The financial position and working results of working Government Companies and Statutory Corporations are detailed in **Appendix 4.1.2**. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. **Table 4.1.6** below provides the details of working PSUs turnover and State GDP for a period of five years ending 2017-18.

**Table 4.1.6: Details of working PSUs turnover *vis-à-vis* State GDP**

Particulars	₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover <sup>16</sup>	430.20	640.05	935.69	1,108.66	1,136.88
State GDP <sup>17</sup>	22,938.00	23,235.00	25,767.00	28,445.76	31,636.42
Percentage of Turnover to State GDP	1.88	2.75	3.63	3.90	3.59

As can be seen from the above table, there was an overall increase of ₹ 706.68 crore in the PSUs turnover during the last five years from ₹ 430.20 crore (2013-14) to ₹ 1,136.88 crore (2017-18). This increase was mainly on account of overall growth of ₹ 495.88 crore in the turnover of four power sector companies<sup>18</sup> from ₹ 529.26 crore (2014-15) to ₹ 1025.14 crore (2017-18). Despite this increase, the overall percentage of PSUs turnover to State GDP reversed the increasing trend and dropped from 3.90 per cent (2016-17) to 3.59 per cent (2017-18) indicating decline in the contribution of PSUs turnover to State GDP.

##### 4.1.9.1 Erosion of capital due to losses

The paid-up capital and accumulated losses of 16 working PSUs as per their latest finalised accounts as on 30 September 2018 were ₹ 4,395.95 crore and ₹ 2,164.62 crore respectively (**Appendix 4.1.2**). Analysis of investment and accumulated losses of these PSUs revealed that the accumulated losses (₹ 1,797.29 crore) of nine<sup>19</sup> working PSUs had completely eroded their paid-up capital (₹ 1,077.58 crore). Accumulation of huge losses by these PSUs had eroded public wealth, which is a cause of serious concern.

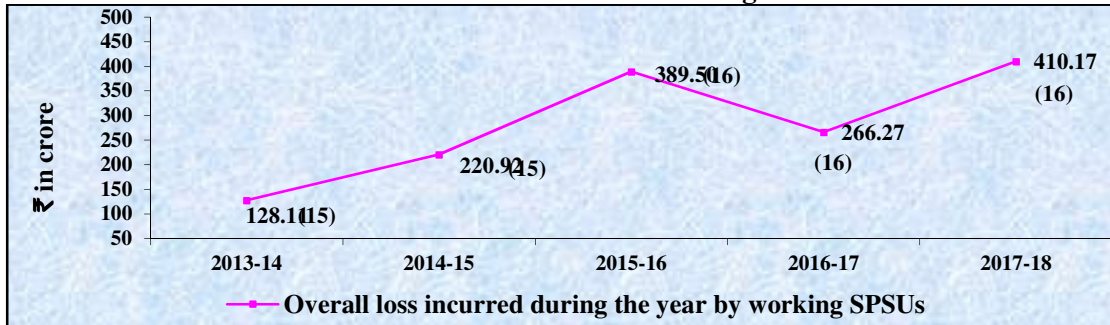
The overall position of losses incurred by the working PSUs during 2013-14 to 2017-18 as per their latest finalised accounts as on 30 September of the respective year has been depicted below in **Chart 4.1.2**.

<sup>16</sup> Turnover of working PSUs as per the latest finalised accounts as on 30 September of the respective year.

<sup>17</sup> Source: Ministry of Statistics & Programme Implementation, Government of India.

<sup>18</sup> Meghalaya Energy Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Distribution Corporation Limited and Meghalaya Power Transmission Corporation Limited.

<sup>19</sup> Sl. No. A1, A2, A4, A6, A7, A10, A12, A13 & B15 of **Appendix 4.1.2**.

**Chart 4.1.2: Overall losses of working PSUs**


(Figures in brackets show the number of working PSUs in respective years)

From the **Chart** above, it can be observed that during four out of five years (excepting 2016-17), the overall losses of working PSUs had shown an increasing trend. The highest losses of the working PSUs (in last five years) were incurred during 2015-16 (₹ 389.50 crore) and 2017-18 (₹ 410.17 crore), which were contributed by the power sector companies to the extent of 94 *per cent* (₹ 365.30 crore) and 90 *per cent* (₹ 369.72 crore) respectively. There was reduction in the losses of power sector companies during 2016-17 from ₹ 365.30 crore (2015-16) to ₹ 234.92 crore (2016-17), which had corresponding impact of reducing the overall losses of working PSUs from ₹ 389.50 crore (2015-16) to ₹ 266.27 crore (2016-17).

During 2017-18, out of 16 working PSUs, 4 PSUs earned profits of ₹ 8.94 crore while 11 PSUs incurred losses of ₹ 419.11 crore. The remaining one PSU (Meghalaya Basin Management Agency) was functioning on ‘no profit no loss’ basis. The main contributors to losses were Meghalaya Power Distribution Corporation Limited (₹ 343.21 crore), Meghalaya Power Generation Corporation Limited (₹ 19.88 crore), Meghalaya Energy Corporation Limited (₹ 14.78 crore) and Mawmluh Cherra Cements Limited (₹ 32.20 crore). The profit was mainly contributed by Meghalaya Power Transmission Corporation Limited (₹ 8.15 crore).

#### 4.1.9.2 Key parameters

Some of the key parameters of PSUs performance as per their latest finalised accounts as on 30 September of the respective year are given below.

**Table 4.1.7: Key Parameters of PSUs**

Particulars	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Return on Capital Employed ( <i>per cent</i> )*	(-) 4.09	(-) 6.83	(-) 4.80	(-) 3.30	(-) 6.42
Debt	1,126.21	1,310.44	1,231.99	1,418.51	1,756.87
Turnover <sup>20</sup>	430.20	640.05	935.69	1,108.66	1,136.90
Debt/ Turnover Ratio	2.62:1	2.05:1	1.32:1	1.28:1	1.55:1
Interest Payments	31.52	41.98	137.13	139.90	154.94
Accumulated losses	358.41	576.93	1,113.47	1,533.80	2,182.97

\*Negative figures in all the five years under reference.

From the above table, it can be seen that during the period 2013-18, the return on capital employed was negative in all the years.

<sup>20</sup> Turnover of working PSUs as per the latest finalised accounts as on 30 September of the respective year.

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can signal too much of debt against the income of PSUs from core activities. Thus, the PSUs having lower DTR are more likely to successfully manage their debt servicing and repayments. As can be seen from the above table, there was an overall improvement in the DTR in the last five years from 2.62:1 (2013-14) to 1.55:1 (2017-18), which indicated a positive position of PSUs to service their long-term debts. The improvement in DTR was mainly due to consistent growth in PSU-turnover, which increased by 164 *per cent* during last five years from ₹ 430.20 crore (2013-14) to ₹ 1,136.90 crore (2017-18).

During the period of five years, the PSUs debt has also increased by ₹ 630.66 crore (56 *per cent*) from ₹ 1,126.21 crore (2013-14) to ₹ 1,756.87 crore (2017-18). This had correspondingly increased the interest expenditure of PSUs from ₹ 31.52 crore (2013-14) to ₹ 154.94 crore (2017-18), which was also one of the factors contributing towards increase in the accumulated losses of PSUs during the five years.

There was no recorded information about the existence of any specific policy of the State Government on payment of minimum dividend by the PSUs. As per their latest finalised accounts as on 30 September 2018, four PSUs<sup>21</sup> earned aggregate profit of ₹ 8.94 crore. None of these PSUs, however, has declared any dividend during 2017-18.

#### **4.1.10 Impact of Audit Comments on Annual Accounts of PSUs**

During October 2017 to September 2018, 12 working companies have forwarded 29 audited accounts to the Principal Accountant General (Audit). Of these, 19 accounts of 10 Companies were selected for supplementary audit while 10 accounts of three<sup>22</sup> Companies were issued 'non-review certificates'. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of the comments of statutory auditors and CAG are given below:

<sup>21</sup> Meghalaya Power Transmission Corporation Limited, Meghalaya Government Construction Corporation Limited, Meghalaya Mineral Development Corporation Limited and Meghalaya State Warehousing Corporation Limited.

<sup>22</sup> Meghalaya Infrastructure Development and Finance Corporation Limited, Meghalaya Handloom & Handicraft Development Corporation Limited and Meghalaya Basin Management Agency.

**Table 4.1.8: Impact of audit comments on working Companies**

(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	4	3.31	1	1.48	2	0.13
2.	Increase in loss	16	95.69	1	1.00	7	61.31
3.	Non-disclosure of material facts	8	1,877.13	7	4,736.04	12	332.52
4.	Errors of classification	5	572.68	4	164.51	8	570.28

Source: As per latest finalised annual accounts of PSUs.

During the year, the statutory auditors had qualified the accounts of all 12 Companies (29 accounts). In addition, CAG has also issued qualified certificate on all 19 accounts of 10 companies selected for supplementary audit. No adverse certificates or disclaimers were issued by the statutory auditors or CAG on any of the accounts during the year. The compliance of companies with the Accounting Standards (AS) remained inadequate as there were 81 instances of non-compliance with AS relating to 24 accounts of 9 companies.



# **CHAPTER-V**

## **FOLLOW UP OF AUDIT OBSERVATIONS**



## CHAPTER V FOLLOW UP OF AUDIT OBSERVATIONS

### 5.1 Failure to submit *suo motu* explanatory notes

The Reports of the Comptroller and Auditor General of India are prepared and presented to the State Legislature. To ensure accountability of the Executive to the issues contained in these Audit Reports, the Public Accounts Committee (PAC) of the Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned Administrative Departments within one month of presentation of the Audit Reports in the State Legislature. The position of *suo motu* explanatory notes not received as on 30 September 2018 is shown in the table below:

**Table 5.1.1: Explanatory notes not received (as on 30 September 2018)**

Year of Audit Report	Date of placement of Audit Report in the State Legislature	Total performance audits (PAs) and Paragraphs in the Audit Reports		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2010-11	23 March 2012	3	14	Nil	1
2011-12	9 October 2013	2	13	Nil	5
2012-13	16 June 2014	3	12	1	4
2013-14	24 September 2015	3	16	Nil	2
2014-15	23 March 2016	3	13	Nil	5
2015-16	24 March 2017	3	9	1	5
2016-17	27 September 2018	3	7	1	1
<b>Total</b>		<b>20</b>	<b>84</b>	<b>3</b>	<b>23</b>

### 5.2 Discussion of Audit Reports by PAC/COPU

Of the 20 PAs and 84 compliance audit paragraphs listed in table 5.1.1 above, as of 30 September 2018, the PAC discussed 11 compliance audit paragraphs and the Committee on Public Undertakings (COPU) discussed 10 paragraphs. While the PAC had not discussed a single PA, the COPU discussed 2 PAs that featured in the Audit Reports for the period 2010-11 to 2016-17.

### 5.3 Response of the departments to the recommendations of the PAC/COPU

The Administrative Departments were required to take suitable action on the recommendations made in the Report of the PAC/COPU presented to the State Legislature. Following the circulation of the Reports of the PAC/COPU, the departments were to prepare action taken notes (ATNs) indicating action taken or proposed to be taken on the recommendations of the PAC/COPU and submit them to the Assembly Secretariat. The PAC specified the time frame for submission of ATNs as six weeks upto its 32<sup>nd</sup> Report (December 1997) and six months in its 33<sup>rd</sup> Report (June 2000).

Review of 17 Reports<sup>1</sup> of the PAC involving 15 Departments<sup>2</sup> presented to the Legislature between April 1995 and March 2017, revealed that none of these Departments had sent the ATNs to the Assembly Secretariat as of March 2018.

Similarly, review of five Reports of COPU involving four Departments, viz Transport, Commerce & Industries, Tourism and Power presented to the Legislature between April 2008 and March 2017 also revealed that none of these Departments had sent the ATNs to the Assembly Secretariat as of March 2018.

Thus, the fate of the recommendations contained in the Reports of the PAC/COPU and whether they were being acted upon by the Administrative Departments could not be ascertained in audit.

During 2017-18, PAC/ COPU did not submit any Reports to the State Legislature.

#### **5.4 Outstanding Inspection Reports and Paragraphs**

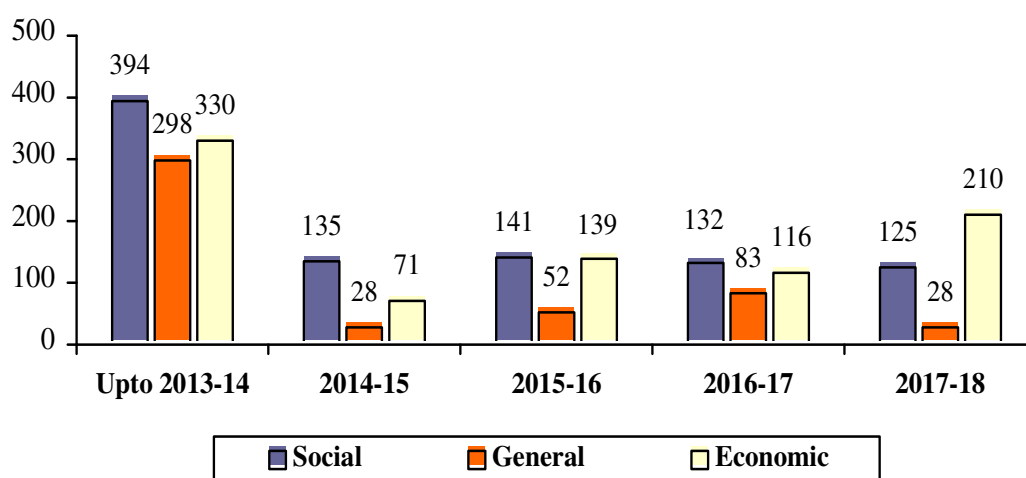
The Meghalaya Financial Rules, 1981 provide for prompt response by the Executive to the Inspection Reports (IRs) issued by the Accountant General (Audit) of the State (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies and lapses noticed during inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Heads of the Department by the AG through a half-yearly report in respect of pending IRs to facilitate monitoring of the Audit observations and for taking appropriate corrective action.

At the end of June 2019, 2725 paragraphs pertaining to General, Social and Economic Sectors for the period 1988-89 to 2018-2019 were outstanding. The year-wise break-up of the outstanding paragraphs upto 2017-18 is given below:

---

<sup>1</sup> Between April 1995 and December 1997 (10 reports), in June 2000 (one report), April 2005 (one report), April 2007 (one report), March 2010 (one report), March 2011 (one report), March 2012 (one report) and March 2017 (one report).

<sup>2</sup> Containing recommendations on 59 paragraphs of Audit Reports.

**Chart 5.1: Number of Outstanding paragraphs**

## 5.5 Committees for disposal of outstanding audit observations

The following Committees have been formed at the Government level to review the follow up action on Audit Reports and explanatory notes.

### 5.5.1 Apex Committee

An Apex Committee (State Audit and Accounts Committee) has been formed (August 2009) at the State level under the Chairmanship of Chief Secretary to review the progress in disposal of outstanding audit observations, timely furnishing of explanatory notes to PAC/ COPU, other accounts or audit related matters, *etc.* The Apex Committee was to meet at half yearly intervals.

During 2017-18, one Apex Committee meeting was held on 1<sup>st</sup> November 2017 wherein, the Chief Secretary directed all the Administrative Departments to convene the Departmental Audit and Accounts Committee meeting to review the matters relating to outstanding audit observations, pending IRs, reconciliation of Accounts and other audit related matters.

### 5.5.2 Departmental Audit & Accounts Committee

Departmental Audit and Accounts Committees (DAAC) have been formed (August 2009) by all departments of the Government under the Chairmanship of the Departmental Secretary to review the progress in disposal of pending IRs, audit matters pertaining to Public Sector Undertakings, follow up action on Audit Reports and explanatory notes to PAC/COPU, *etc.* The DAAC were to hold meetings quarterly.

During 2017-18, eight DAAC meetings were held with the Secretariat Administration, Soil & Water Conservation, Agriculture and Planning Departments, where eight IRs and 79 paragraphs were settled.

### 5.5.3 Audit Committees

For expeditious settlement of outstanding audit observations and IRs, the State Government constituted 'Audit Committees' consisting of Secretary to the State Government in the Administrative Department concerned, a senior officer from the Finance Department and a representative of the Principal Accountant General (Audit). During 2017-18, eight Audit Committee meetings were held with Education, Co-operation, Community & Rural Development, Public Works, Public Health Engineering, Water Resources and District Council Affairs Departments and Meghalaya Energy Corporation Limited, where 26 IRs and 393 paragraphs were settled.

Shillong  
The 28 October 2019



(STEPHEN HONGRAY)  
Principal Accountant General (Audit),  
MEGHALAYA

Countersigned

New Delhi  
The 31 October 2019



(RAJIV MEHRISHI)  
Comptroller and Auditor General of India

# APPENDICES





## Appendix – 1.3.1

## Statement showing details of financial assistance distributed by the MLAs out of the Discretionary Grants

(Reference: Paragraph 1.3)

Sl No	Name of the MLA	Year	No. of beneficiaries	Range of financial assistance given to beneficiaries	Whether APR submitted	Remarks/Activities involved
1.	Shri Hopeful Bamon	2014-15	29	5,000 to 15,000	Yes	All the beneficiaries were given financial assistance beyond the prescribed limit of ₹ 1,500.  List of beneficiaries not submitted. Only UC for ₹ 8.00 lakh was furnished
		2015-16	33	5,000 to 10,000	Yes	
		2016-17	40	10,000	Yes	
		2017-18	55	5,000 to 20,000	Yes	
2.	Shri John Leslee K Sangma	2014-15	8	10,000 to 60,000	Yes	
		2015-16	11	3,000 to 1,00,000	Yes	
		2016-17	9	25,000 to 50,000	Yes	
		2017-18	NA	NA	No	
3.	Shri Michael T. Sangma	2014-15	12	20,000 to 50,000	Yes	
		2015-16	19	10,000 to 50,000	Partially <sup>1</sup>	
4.	Shri Winnerson D. Sangma	2014-15	6	50,000	Yes	
		2015-16	8	50,000	Yes	
5.	Shri S.C. Marak	2014-15	17	2,000 to 50,000	No	The MLA submitted only a statement showing DG distributed to 17 beneficiaries.
		2016-17	30	1,000 to 60,000	No	The MLA submitted only a statement showing DG distributed to 30 beneficiaries. Out of the 30 beneficiaries, 27 were given financial assistance beyond the prescribed limit of ₹ 1,500.
6.	Shri Sanbor Shullai	2015-16	165	500 to 4,00,000	Partially <sup>2</sup>	The MLA submitted an amalgamated statement showing financial help of ₹ 25.15 lakh (which included DG of ₹ 4.00 lakh and contribution of ₹ 17.51 lakh from his salary) distributed to 165 beneficiaries. Out of the above, only ₹ 0.22 lakh was distributed to 19 beneficiaries within the limit of ₹ 1,500 set by the guidelines.
		2016-17	68	1,000 to 26,440	No	The MLA submitted an amalgamated statement showing financial help of ₹ 4.59 lakh (which included DG of ₹ 4.00 lakh and contribution of ₹ 0.59 lakh from his salary) extended to 68 beneficiaries. Out of the above only ₹ 0.14 lakh was distributed to 12 beneficiaries within the limit of ₹ 1,500 set by the guidelines.
<b>Grand Total</b>			<b>510</b>			

<sup>1</sup> The MLA submitted APRs of ₹ 3.90 lakh against UC of ₹ 4.00 lakh submitted.

<sup>2</sup> The MLA submitted APRs of ₹ 4.00 lakh only from 24 beneficiaries.

**Appendix – 2.3.1**

**Statement showing expenditure incurred on procurement of equipment for the BSUs and BCSL**

**(Ref.: Paragraph 2.3)**

(A) Equipment for BSUs	Purchase Order date	Date of installation /commissioning	Rate of equipment	Cost of 8 equipment	Warranty valid up to	Remarks
Tube Sealer	05/09/2016	11/2016	139020	1112160	11/2018	Out of the equipment purchased for eight BSUs only two are functional (BSU Mairang & BSU Ampati)
Blood Transport Box	05/09/2016	11/2016	9338	74704	11/2017	
Incubator	05/09/2016	11/2016	94500	756000	11/2018	
Binocular Microscope	05/09/2016	11/2016 & 12/2016	40950	327600	11/2017 & 12/2017	
Bench Top Centrifugal	05/09/2016	11/2016 & 12/2016	89964	719712	11/2018 & 12/2018	
Deep Freezer	05/09/2016	11/2016 & 12/2016	42000	336000	11/2018 & 12/2018	
Split Air Conditioner 1.5 Ton	05/09/2016	11/2016 & 12/2016	66675	533400	11/2017 & 12/2017	
DG Set 10 KVA	25/07/2016	01/2017	348697	2789576	01/19	
Blood Bank Refrigerator	05/09/2016	12/2016; 02/2017; 03/2017	170194	1361552	12/2018; 02/2019; 03/2019,	
<b>Total cost (A)</b>			<b>1001338</b>	<b>8010704</b>		
<b>(B) Equipment for BCSU</b>						
Sterile Connecting Device	05/09/2016	11/2016	706650	706650	11/2018	Purchased for Blood Component Separation Unit Tura, which was Non-functional till date and license have neither been applied nor issued to it.
<b>Total cost (B)</b>			<b>706650</b>	<b>706650</b>		
<b>Total cost (A+B)</b>			<b>1707988</b>	<b>8717354</b>		

## Appendix – 3.2.1

Statement showing details of selected projects  
(Ref.: Paragraph 3.2.6)

(₹ in lakh)

Sl. No.	Implementing Division	RIDF Tranche	Year of sanction	Sl. No.	Name of Schemes	Project Cost	Schedule date of completion	Status	Date of Completion	Expdr. upto 31.03.2018
1	NH Shillong	XX	2014-15	1	Construction i/c MBT of Mawklot-Wahladew road	40.00	August 2015	Completed	February 2016	31.83
		XX	2014-15	2	Construction i/c MBT of internal Road at Pynursla village Phase-I	100.00	September 2016	Completed	August 2016	87.43
		XXII	2016-17	3	Construction including metalling and blacktopping of Umkor Nenggate internal road (0.94 Km)	200.00	February 2017	Ongoing	80%	200.00
		XXII	2016-17	4	Extension including improvement of internal roads at Nongkseh area Construction including metalling and blacktopping of internal roads at Dongsohra	89.95	May 2017	Ongoing	90%	89.95
		XXII	2016-17	5	Widening including metalling and blacktopping of of existing pavement of Shillong Peak road. (Portion from Ch. 0.00 to 1500.00 m to single lane pavement )	40.00	February 2017	Completed	February 2017	40.00
2	North Jowai	XX	2014-15	6	Impt. i/c MBT of internal Road at Khanduli (L=3.568 Km)	247.80	NA	Ongoing	91%	144.86
		XX	2014-15	7	Impt. i/c MBT of Namdong Areas internal Road (L=3.77 Km)	198.26	October 2016	Completed	NA	200.29
		XX	2014-15	8	Impt. i/c MBT of Mynso-Shangpung road at 2 <sup>nd</sup> , 3 <sup>rd</sup> , 9 <sup>th</sup> & 10 <sup>th</sup> Km	180.00	December 2016	Completed	March 2016	121.46
		XX	2014-15	9	Rehabilitation of Raliang-Sahnsniang road (12.00-16.00 Km)	180.00	June 2016	Completed	June 2017	177.18
		XXII	2016-17	10	Improvement including Metalling and blacktopping of Pasyih Pamluti Pamanik road (2 Km)	177.00	November 2018	Ongoing	95%	108.62
		XXII	2016-17	11	Construction of internal road at Barato village including metalling and Blacktopping ( 2 Km)	180.00	September 2018	Ongoing	60%	75.75
3	Ranikor	XX	2014-15	12	Impt. i/c MBT of internal village road from Upper Rajapara to Shipapara (0-2.88 Kms) including construction of Bridge 1/1	200.00	April 2017	Completed	March 2016	200.00
		XXII	2016-17	13	Improvement including Metalling and blacktopping of a road from MBGM to Mawpyllun via Alekawareng including construction of bridges (3 nos)	1098.63	April 2019	Ongoing	45%	373.61
		XXII	2016-17	14	Construction including Metalling and blacktopping of a road from Shipapara to Nayapara (0- 5.093 Km) including construction of 3	970.00	Mary 2019	Ongoing	25%	165.01

Sl. No.	Implementing Division	RIDF Tranche	Year of sanction	Sl. No.	Name of Schemes	Project Cost	Schedule date of completion	Status	Date of Completion	Expdr. upto 31.03.2018
					minor bridges with total span of 23.11 Rm					
4	Resubelpara	XX	2014-15	15	Conversion of SPT Bridge No.3/4 to permanent RCC Bridge on Dudhnoi bridge to Kharkutta via Jambal road (Span= 1x21.75 m)	163.00	NA	Ongoing	95%	159.02
		XX	2014-15	16	MBT of Kharkutta internal link road from Kharkutta-Wageasi road to Kharkutta PHC via Rewasing (L= 0.85 Km)	39.40	February 2016	Completed	NA	42.42
		XX	2014-15	17	Impt. i/c MBT of Chilpara to Dudhnoi bridge (L= 1.20 Km)	60.46	April 2015	Completed	October 2015	62.74
		XXII	2016-17	18	Construction including Metalling and blacktopping from Rajasimla to Panchimari connecting Kharkutta to Rangjuli road	350.00	November 2018	Ongoing	50%	200.00
5	Shillong South	XX	2014-15	19	Impt. i/c MBT of Pynursla Nongjri Road 17 <sup>th</sup> to 21 <sup>st</sup> Km (L=5 Km)	200.00	November 2016	Completed	December 2015	149.26
		XX	2014-15	20	Impt. i/c MBT of Road from Thainthynroh to Umsohmat (L=3Km)	150.00	May 2016	Completed	March 2016	140.01
		XX	2014-15	21	Impt. i/c MBT of Sohphoh-Pyrton road (0-2.00 Km)	80.00	NA	Completed	NA	79.86
		XX	2014-15	22	Impt. i/c MBT of Mawmyrsiang road (0-2.00 Km)	80.00	May 2016	Completed	NA	44.99
		XX	2014-15	23	Construction of missing bridge from 4 <sup>th</sup> Km of Mawkneng Nongspung Rd to Laitnongrem village (Span-10m)	60.00	September 2016	Completed	February 2017	45.50
	Shillong South	XXII	2016-17	24	Improvement including Metalling and blacktopping of Lyngkhoi- Laitlyngkhoi road (2.42 Km)	260.00	December 2017	Ongoing	23%	192.76
		XXII	2016-17	25	Improvement including Metalling and blacktopping of the remaining length of Krang Marbaniang road (1.63 Km)	100.00	November 2018	Ongoing	90%	75.24
		XXII	2016-17	26	Strengthening including Metalling and Blacktopping of approach road from NH-44(E) to Lower Baniun to connect NH-40 to lower portion of Baniun Ch:0.00 -1500.00m of approach road to Baniun Sepngi	70.00	February 2018	Ongoing	30%	50.21
		XXII	2016-17	27	Strengthening including Metalling and Blacktopping of internal road to different localities of Mylliem village at Ch:0.00 - 750.00m of approach road to Demthring including construction of V-shaped Drain at Ch: 550.00m -750.00m	37.00	February 2018	Ongoing	50%	37.00
		XXII	2016-17	28	a) Construction of a road from Wahmahen to Kohphet (0.55 Km) b) Metalling and Blacktopping of an approach road from Lumpyllon to Wahkajied(1 Km) c) Improvement of riding quality	180.00	August 2017	Completed	June 2017	171.44

Sl. No.	Implementing Division	RIDF Tranche	Year of sanction	Sl. No.	Name of Schemes	Project Cost	Schedule date of completion	Status	Date of Completion	Expdr. upto 31.03.2018
					of a road from Weilyngkut Bazar to Nongur Kohphet (2.50 Km) d) Improvement including Metalling and blacktopping of Weilyngkut Mawprem road (3 Km)					
6	Tura North	XX	2014-15	29	Construction i/c MBT of Pedaldoba to Raksngre road (missing link)	120.00	March 2017	Completed	May 2017	139.73
		XX	2014-15	30	Impt. i/c MBT of a road from Gimigre Old Model to Bollochiring (2.00 Km)	160.00	March 2016	Completed	October 2016	167.77
		XX	2014-15	31	Strengthening and Improvement of pavement of Bajengdoba Jangrapara road (3 <sup>rd</sup> , 4 <sup>th</sup> & 5 <sup>th</sup> Kms including Gokulgre approach road.	120.00	October 2018	Completed	October 2018	88.15
		XX	2014-15	32	Dame Bibra (NH-57) Phase-I (Impt. i/c MBT of 28 <sup>th</sup> of NH-51 to Rongronghat via Raja Apal at 6 <sup>th</sup> , 7 <sup>th</sup> & 8 <sup>th</sup> Km) (Total length = 3.00 Km)	150.00	May 2016	Completed	June 2016	150.00
		XX	2014-15	33	Impt. i/c MBT of a road from Kalchangapara to Rom Bazar	95.00	April 2016	Completed	January 2016	96.93
		XX	2014-15	34	Impt. i/c MBT of a road from AMPT road to Haribanga village via Bholarbita (L= 0.3.00 Km)	135.00	September 2016	Ongoing	96%	131.61
		XX	2014-15	35	Impt. i/c MBT of a road from Moulakandi to Goladighi road (2 Km)	100.00	September 2016	Ongoing	60%	102.73
		XXII	2016-17	36	Construction of SPT bridge into permanent RCC bridge on Bajengdoba - Jangrapara road including approaches and subways	500.00	May 2019	Ongoing	70%	367.49
		XXII	2016-17	37	Construction including Metalling and blacktopping of a road from Rajaballa to Haripur via Khasiabari (0-5.17 Km)	240.00	October 2018	Ongoing	75%	159.00
		XXII	2016-17	38	Improvement including Metalling and blacktopping of Raksamgre to Bollongigitok road	145.41	October 2018	Ongoing	75%	95.75
		XXII	2016-17	39	Rehabilitation of road from Chamaguri to Laskarpara road via Damasiga, Deosali and Boldampitbari	137.78	November 2018	Ongoing	70%	111.35
		XXII	2016-17	40	Improvement including Metalling and blacktopping of extension of Paham village of Bholarbita Bangalkata NEC road via Moulakandi starting from AMPT (NEC) road to Bangalkata (1.50 Km)	150.00	October 2018	Ongoing	70%	84.23
<b>Total</b>						<b>7784.69</b>				<b>5161.18</b>

**Appendix – 3.2.2**  
**Statement showing list of incomplete works along with the reasons for the delay**  
**(Ref.: Paragraph-3.2.8.3)**

(₹ in lakh)

Sl. No.	Name of project	Cost (₹ in lakh)	Year/ tranche	Division	Date of AA	Due date of completion*	Physical progress (since when)	Financial progress	Strength of delay	Reason for the delay	Date of last payment
1	Construction of an approach road from 22 <sup>nd</sup> Km of MBGM road to Mawlongbah village (3.757 Km)	71.48	1999-01 (RIDF-V)	Ranikor	19/10/2000	October 2003	75% (3/2005)	75.87	14 yrs 10 months	Due to increase work, revised estimate was submitted. Sanction of the RE was still awaited.	3/2005
2	Construction of a road from 22 <sup>nd</sup> Km of Umthli-Maweit road to Nonglanglieh village. (3.50 Km).	47.37	-do-	Nongstoin	28/11/2007	November 2010	85% (3/2006)	45.74	7 yrs 9 months	Due increase in volume of work. Sanction of RE was awaited.	3/2008
3	Construction of Major Bridge over river Umiam at Shella to connect Mawsmi - Shella Road and Balat Shella Road.	577.48 RE 967.25	2003-04 (RIDF-IX)	Sohra	26/02/2009	February 2012	44% (9/2009)	479.35	6 yrs 6 months	Re-designing of the bridge structure to account for high flood level.	3/2010
4	Construction of weak bridge No. 74/1 on Mawphlang-Balat road including subway.	83.87	2005-06 (RIDF - XI)	Mawsynram	31/10/2006	October 2009	0% (4/2007)	18.53	8 yrs 10 months	Proposed bridge required redesigning to increase the abutment height as silting along the river bed was very high.	6/2013
5	Reconstruction of bridge No. 11/3 on Garobadha-Selsella-Balachanda road with approaches.	147.47	-do-	Ampati	26/09/2006	September 2009	50% (6/2010)	88.18	8 yrs 11 months	Redesign of Well foundation was required.	6/2013
6	Reconstruction of bridge No. 15/1 with approaches and subways on Garobadha-Selsella-Balachanda Road.	120.91	-do-	Ampati	26/09/2006	September 2009	50% (9/2011)	88.99	8 yrs 11 months	Work stopped as redesign of the well foundation was required.	3/2017
7	Reconstruction of BUG bridge No.30/3 over Daji river on 12th mile of T.D. road to Chokpot.	227.75	2006-07 (RIDF - XII)	Baghmara	20/11/2007	November 2010	97% (3/2016)	239.02	7 yrs 9 months	The delay has lead to cost overrun and at present only Bridge approaches was remaining.	3/2016
8	Improvement including Metalling & Black Topping (on improvement works) at Mawlong - Mawshamok Road. (6.40 Km)	205.71	2007-08 (RIDF - XIII)	Sohra	21/03/2005	March 2008	99% (3/2012)	237.69	15 yrs 5 months	After improvement works at some stretches, forest clearance was to be obtained. Sanction of RE was awaited	3/2010
9	Construction of Nongstoin – Darengiri to Maweit Road (Improvement including M.B.T. of Umthli-Maweit-Mawmarin-Nongkulang road ( 6-15 Km)	252.95	2008-09 (RIDF – XIV)	Nongstoin	31/03/2006	March 2009	85% (3/2012)	237.30	9 yrs 5 months	Tender for balance work of 2.35 Km was invited but due to high rate quoted by contractor the same was not allotted.	12/2012

Sl. No.	Name of project	Cost (₹ in lakh)	Year/ tranche	Division	Date of AA	Due date of completion*	Physical progress (since when)	Financial progress	Strength of delay	Reason for the delay	Date of last payment
10	Construction of major bridge over river Myntdu on Dawki-Muktapur-Borghat road. (Span 180.00m)	2626.19	2009-10 (RIDF – XV)	South Jowai	31/03/2010 & 20/07/2016	March 2013	91% (12/2016)	2070.18	5 yrs 5 months	Due to change in scope of foundation works and less working season for bridge works.	9/2017
	<b>Total</b>	<b>4750.95</b>						<b>3580.85</b>			

\*Due date of completion is 3 (three) years from the issue of Administrative Approval as per NABARD's Guideline.

**Appendix – 3.2.3**  
**Statement showing avoidable expenditure due to non enforcement of defect liability clause**  
**(Ref.: Paragraph 3.2.10.1)**

(₹ in lakh)

Sl. No.	Division	Name of work	Date of commencement/completion	Repair/restoration works carried out against of work	Date of commencement/ completion of the repair restoration	Avoidable expenditure (₹ in lakh)	Detail of payment (Vr. No. & date)
1.	Tura North	Construction i/c MBT of Pedaldoba to Raksngre Road (missing link)	04/09/15 20/05/17	Rectifying damaged road formation i/c protection work and cutting of earth for filling side berm.	* 02/09/16 05/03/17	16.98	Vr. 329 dt. 22/12/2016 & Vr. 384 dt. 31/3/2017
2.		Improvement i/c MBT of a road from Gimigre Old Model to Bollochiring (0.00-2.00km) under RIDF-XX	18/09/15 03/11/15	Earthwork at chainage 100-200m  For providing earthen shoulder and Jute bags palasiding for protection of damaged side berm, etc.	16/10/15 15/12/15 17/08/16 23/09/16	1.20 5.99	Vr.No.491 of 12/2015 Vr. No.261 of 9/2016
3.	Shillong South	Improvement i/c MBT of a road from Thainthynroh to Umsohmat RIDF-XX	05/11/15 05/07/17	Construction of GSB.	20/10/16/ 03/12/16	3.98	Vr. 319 & 320 dt. 28/02/2017
4.	Resubelpara	Conversion of SPT Bridge No.3/4 to permanent RCC Bridge To Kharkuta via Jambal Road (Span-1 x 21.75m) under RIDF XX	24/04/15 15/12/17	Construction of temporary protection work at approach road.	** 03/03/17 29/03/17 11/12/17 16/12/17 15/01/18 30/01/18	8.02	Vr. No.95 of 03/2017; 126 of 12/2017 & 106 of 03/2018
5.	NH division, Shillong	Widening i/c MBT of existing pavement of Shillong peak road (portion 0-1500m) to standard single lane pavement under RIDF-XXII	04/11/16 20/12/16	Restoration of rain cuts with soil, moorum, gravel, etc. and construction of unlined surface drain.	06/11/17 20/12/17	1.70	Vr. No.261 of 12/2017
<b>Total</b>						<b>37.87</b>	

(Sources: records of the selected projects)

\* The date of commencement and completion was not on record. The work was given to two contractors and the last measurement dates are taken as the date of completion.

\*\* The work was allotted to three contractors.



**Appendix-3.2.4**  
**Statement showing details of works executed but not provided in the DPRs**  
**(Ref.: Paragraph 3.2.11.1)**

Sl. No.	Name of Schemes	Tranche	Implementing Division	List of items of works executed but not provided in the DPR	Amount (₹ in lakh)
1	Construction including metalling and blacktopping of Umkor Nenggate internal road (0.94 Km)	XXII	NH Shillong	Construction of protection wall, constr. of RCC Railing and constr. of PCC side drains.	4.78
2	Widening including metalling and blacktopping of existing pavement of Shillong Peak road. (Portion from Ch. 0.00 to 1500.00 m to single lane pavement )	XXII		Restoration work and constr. of unlined surface drain.	1.70
3	Construction of internal road at Barato village including metalling and Blacktopping ( 2 Km)	XXII	North Jowai	Construction of slab drain.	8.00
4	Rehabilitation of Raliang-Sahnsiang road (12.00-16.00 Km)	XX		Stripping of excess soil from the shoulder....Making up loss of materials on shoulder and constr. of hill side drains.	1.45
5	Improvement including Metalling and Blacktopping Shangpung Road at 2 <sup>nd</sup> , 3 <sup>rd</sup> , 9 <sup>th</sup> , and 10 <sup>th</sup> under RIDF- XX	XX		Widening of sharp curve, Improvement of curve & sight distance.	15.96
6	Improvement including Metalling and blacktopping of a road from MBGM to Mawpyllun via Alekawareng including construction of bridges (3 nos)	XXII	Ranikor	Earthwork in excavation, providing temporary restoration work, clearing of land slip, <i>etc.</i>	25.62
7	Construction including Metalling and blacktopping of a road from Shipapara to Nayapara (0- 5.093 Km) including construction of 3 minor bridges with total span of 23.11 Rm	XXII		Providing temporary restoration work.	21.92
8	Improvement i/c MBT of internal village road from Upper Rajapara to Shipapara (0-2.88 Kms) including construction of Bridge 1/1	XX		Slip clearance, hills side drain, earthwork, dressing and lowering of side berm, widening of site distance and constr. of safe passing place.	26.97
9	Conversion of SPT Bridge No.3/4 to permanent RCC Bridge on Dudhnoi bridge to Kharkutta via Jambal road (Span= 1x21.75 m)	XX	Resubelpara	Temporary protection work at approach road.	8.01
10	Impt. i/c MBT of Chilpara to Dudhnoi bridge (L= 1.20 Km)	XX		Earth filling and restoration work.	11.34
11	MBT of internal link road from Kharkutta-Wageasi road to Kharkuta PHC via Rewasing (L=0.85km) under RIDF-XX	XX		Earth filling.	11.34
12	Strengthening including Metalling and Blacktopping of internal road to different localities of Myllem village at Ch:0.00 - 750.00m of approach road to Demthring including construction of V-shaped Drain at Ch: 550.00m -750.00m	XXII	Shillong South	Construction of Granular Sub Base (GSB) at Ch. 0.00-750.00m.	1.73
13	Improvement i/c MBT of Sohphoh-Pyrton road (0-2.00 Km)	XX		Land slip work at 1st half of 1st km and 2nd km.	3.31
14	Improvement i/c MBT of Mawmyrsiang road (0-2.00 Km)	XX		Construction of hills side drain.... and MBT at turning places.	3.10

Sl. No.	Name of Schemes	Tranche	Implementing Division	List of items of works executed but not provided in the DPR	Amount (₹ in lakh)
15	Construction of missing bridge from 4 <sup>th</sup> Km of Mawkneng Nongspung Rd to Laitnongrem village (Span-10m)	XX		Construction of GSB.	4.47
16	Construction i/c MBT of Pedaldoba to Raksngre road (missing link)	XX	Tura North	Rectifying damaged roads formation i/c protection work and cutting of earth for filling side berm.	12.66
17	Dame Bibra (NH-57) Phase-I (Impt. i/c MBT of 28 <sup>th</sup> of NH-51 to Rongronghat via Raja Apal at 6 <sup>th</sup> , 7 <sup>th</sup> & 8 <sup>th</sup> Km) (Total length = 3.00 Km)	XX		Earth filling at different chainage of 6th, 7th & 8th km, construction of s/o HP culverts, slab drains, construction of unlined surface drain, construction of embankment.	30.47
18	Improvement i/c MBT of a road from Kalchangapara to Rom Bazar	XX		Construction of sub-grade earthen shoulder. Supply of well graded GSB materials, supply of empty gunny bag, cement bag, coarse sand and excavation of road way in soil using manual means.	7.78
19	Construction including Metalling and blacktopping of a road from Rajaballa to Haripur via Khasiabari (0-5.17 Km)	XXII		Installation and fixing of Bamboo spur and providing and laying of Jute bag.	7.96
20	Improvement i/c MBT of a road from AMPT road to Haribanga village via Bholarbita (L= 0.3.00 Km)	XX		Haulage of materials by Tipper.	4.12
21	Improvement including Metalling and blacktopping of Raksamgre to Bollongigitok road	XXII		Installation and fixing of Bamboo spur and providing and laying of Jute bag.	1.99
22	Improvement including Metalling and blacktopping of extension of Paham village of Bholarbita Bangalkata NEC road via Moulakandi starting from AMPT (NEC) road to Bangalkata (1.50 Km)	XXII		Installation and fixing of Bamboo spur and providing and laying of Jute bag.	4.01
23	Impt. i/c MBT of a road from Gimigre Old Model to Bollochiring (2.00 Km)	XX		Earthwork at Ch.1265-1380; 1610-1645; 1715-1750; 1820-1890; 1925-1960.	3.05
<b>Total</b>					

Sources: Records of selected projects in the selected divisions

## Appendix-3.2.5

Statement showing details of important items of works provided in the DPR but not executed  
(Ref.: Paragraph 3.2.11.1)

(₹ in lakh)

Sl. No.	Name of Schemes	Project Cost	Tranche	Division	Date of completion	Non-execution of work	Item of works not executed
1	Construction including Metalling and Blacktopping of Pedaldoba to Raksngre Road (missing link)	120.00	XX	North Tura	15.05.17	35.72	Cross drainage (Box culvert) and Drain.
2	Construction including MBT of Umkor Nenggate internal road under RIDF	200.00	XXII	NH Shillong	Oct./ 2017	5.78	Hume pipe culverts (02) at chainage 385.00m & 690.00m.
						6.23	Item No. 83 (i) "Excavation of hilly area by manual mean including cutting and trimming of side slopes etc." under the work component.
3	Construction i/c MBT of Mawklot-Wahladew Road (RIDF-XX)	40.00	XX	NH Shillong	February/ 2016	3.80	Earthwork in excavation, earthwork in filling, roadside drain, constr. of slab drain and R/Wall, etc. at chainage 410.00 to 500.00 Rm.
4	Improvement including Metalling and Blacktopping of internal village road from Upper Rajapara to Shipapara (0-2.88 Km) including construction of Br. 1/1 under RIDF-XX for the year 2014-15	200.00	XX	Ranikor	March/ 2016	9.77	Retaining Wall at 1 <sup>st</sup> Km.
5	Improvement including Metalling and Blacktopping of a road from Thainthynroh to Umsohmat (L= 0 – 3 Km) under RIDF-XX	150.00	XX	Shillong South	March/ 2016	2.45	Excavation in soil in hilly areas etc.' under item No.2.1, 2496.38 cum.
<b>Total</b>						<b>63.75</b>	

**Appendix-3.2.6**

**Statement showing excess/undue payments to contractors**

**(Ref.: Paragraph 3.2.11.2)**

**(₹ in lakh)**

Sl. No.	Division	Name of the project	Total payment made	Excess payment	Remarks
1		Strengthening and improvement of pavement of Bajengdoba – Jangrapara road at (3 <sup>rd</sup> , 4 <sup>th</sup> & 5 <sup>th</sup> Km) including Gokulgre Approach road, under RIDF-XX	29.70	29.70	The work was allotted at 15 per cent above SOR 2011-12 for Roads and Bridge Works for Tura and Williamnagar Circle. Contractor was paid as per SOR 2014-15.
2	Tura North	'Providing close bamboo for walling consisting of 65mm-75m dia bamboo, etc' for the work construction i/c MBT of a road from Rajaballa to Haripur via Khasiabari (0.00-5.17 km), under RIDF-XXII	11.00	5.00	₹ 5.00 lakh was paid to Shri Pinju S. Sangma vide hand receipt dated 31/03/2017 as advance. On completion, ₹ 6.00 lakh was again paid against the final bill without adjusting the advance.
3		'Construction of MBT work at chainage 500.00-750.00m' against the work 'Improvement including MBT of a road from Moulakandi to Goladighi road (2 Km) under RIDF-XXII'	3.86	3.86	The contractor, Smti Gonola Sangma completed valuing ₹ 3.86 lakh. The division made payment to her vide Vr. No.182 dated 28/06/2016. It again paid ₹ 3.86 lakh for the same item of work vide Vr. No.268 dated 30/09/2016.
		Improvement including MBT of a road from Moulakandi to Goladighi road (2 Km) under RIDF-XXII	1.85	1.85	As per DPR, the rate for earthwork was ₹ 329.00/ cum. Payment was made to three contractors at the rate of ₹ 362.00/ cum resulting in excess payment of ₹ 1,85,311 to the three contractors.
4	NH Division, Shillong	Construction i/c MBT of an Internal road at Pynursla village (L=0.473km) under RIDF-XX	60.19	2.03	The contractor was paid ₹ 60.19 lakh between March 2015 and December 2016 without deducting VAT, Forest Royalty, Labour cess, etc. amounting to ₹ 2.03 lakh.
5	Jowai North	Improvement including Metalling and Black Topping of Internal Road at Khanduli Village (3.568 Km)	2.65	2.65	For the work "Providing and laying reinforced cement concrete pipe NP3 etc." three contractors were paid at the rate of ₹ 21391.00 per metre instead of the SOR rate of ₹ 10790.00 per metre resulted in excess payment of ₹ 2.65 lakh (₹ 1060.00 x 25 ) to the contractors.
<b>Total</b>			<b>109.25</b>	<b>45.09</b>	

(Sources: Records of selected projects)

**Appendix-3.4.1**  
**Statement showing details of bids received from firms for supply of five species of**  
**Bamboo planting material**  
**(Reference: Paragraph 3.4)**

Name of firm	Rate quoted for bamboo species							Remarks
	Dendro-calamus Hamiltonii	Banbusa Balcooa	Banbusa Nutans	Banbusa Tulda	Banbusa Vulgaris	Dendro-calamus Asper	Dendro-calamus giganteus	
Sheel Biotech Ltd (Firm-1)	₹ 48	₹ 46	₹ 47	-	-	₹ 45	-	The firm was selected though it did not submit a copy the trading licence at the time of the bid. It was given an opportunity to produce the same.
M/s P.Laloo (Firm-2)	-	₹ 33	₹ 33	-	-	-	-	The firm was selected though it did not submit proof of satisfactory execution of previous order.
M/s Limberth M. Sangma (Firm-3)	-	₹ 33	₹ 33	-	-	-	-	-
M/s Fridina Shira (Firm-4)	-	₹ 35*	-	₹ 30*	₹ 50*	-	₹ 75*	-
				₹ 29#	₹ 48#	-	₹ 73#	
School of Livelihood & Rural Development (Firm-5)	-	₹ 35.25*	-	₹ 30.25*	₹ 50.20*	-	-	-
		₹ 33.25#	-	29.25#	₹ 48.15#	-	-	
M/s North Bengal Floritech (Firm-6)	-	₹ 36.30 to ₹ 38.30*	-	₹ 36.30 to ₹ 38.30*	-	-	-	The firm was selected though it did not submit proof of satisfactory execution of previous order.
		₹ 34.30 to ₹ 37.30#	-	₹ 34.30 to ₹ 37.30#	-	-	-	
Meghastar Marketing (Firm-7)	₹ 32	₹ 32	₹ 32	₹ 32	₹ 32	-	-	Did not submit technical literature.
M/s Garo Hills Nursery (Firm-8)	-	₹ 25	₹ 25	₹ 25	-	-	-	Did not submit technical literature and self-attested certificate.
M/s Phira Enterprise (Firm-9)	-	₹ 35	-	-	-	-	-	Did not submit technical literature, self-attested certificate and proof of satisfactory execution of previous order.
Green India Nursery (Firm-10)	The firm was rejected as it did not submit self-attested certificate and proof of execution of previous order. Audit noticed that the firm only quoted for bamboo tissue culture and seedling without mentioning the name of the species							
M/s T.S. Shangdiar (Firm-11)	Reason for rejection was not recorded. Audit noticed that the firm had only quoted for bamboo tissue culture without mentioning the name of the species and for local stump.							
S.R. Crop Science Pvt. Ltd (Firm-12)	The firm was rejected as it did not submit trading license, certificate of dealership, Court fee stamp, FOR rate was not submitted. Audit noticed that the firm only quoted for bamboo tissue culture and seedling without mentioning the name of the species							
Vikash Enterprise (Firm-13)	The firm was rejected as it did not submit technical literature and document relating to dealership of nursery was not submitted. Audit noticed that the firm had quoted for stump only.							

Name of firm	Rate quoted for bamboo species							Remarks
	Dendro-calamus Hamiltonii	Banbusa Balcooa	Banbusa Nutans	Banbusa Tulda	Banbusa Vulgaris	Dendro-calamus Asper	Dendro-calamus giganteus	
M/s Shingly Nongkhlaw (Firm-14)	The firm was rejected as it did not submit Court fee stamp and proof of satisfactory execution of previous order. Audit noticed that the firm only quoted for stump instead of tissue culture.							
M/s Zika Industries (Firm-15)	The firm was rejected as it did not submit proof of satisfactory execution of previous order, self attested certificate and technical literature. Audit noticed that the firm only quoted for only indigenous species.							
M/s South West Enterprise (Firm-16)	The firm was rejected as it did not submit proof of satisfactory execution of previous order, self attested certificate and technical literature. Audit noticed that the firm had quoted for bamboo tissue culture and stump without mentioning the name of the species.							
M/s Hills Enterprise (Firm-17)	The firm was rejected as it did not submit proof of satisfactory execution of previous order, self attested certificate and technical literature. Audit noticed that the firm had quoted only for stump.							
M/s Chitmang Enterprise (Firm-18)	The firm was rejected as it did not submit proof of satisfactory execution of previous order, self attested certificate and technical literature. Audit noticed that the firm had quoted only for stump.							
M/s D. Nongsiej (Firm-19)	The firm was rejected as it did not submit copies of Income tax, sales tax certificates, proof of satisfactory execution of previous order, self attested certificate and technical literature. Audit noticed that the firm had quoted only for stump.							
	L1-Firm 7 L2-Firm 1	L1-Firm 8 L2-Firm 7 L3-Firms 2&3	L1-Firm 8 L2-Firm 7 L3-Firms 2&3	L1-Firms 8 & 7 L2-Firm 4 L3-Firm 5	L1-Firm 1	L1-Firm 4		

\* = For Tura, Ampati, Williamnagr & Baghmara

#= For Shillong, Resubelpara & Nongpoh

## Appendix-3.4.2

## Statement showing details of bids received from firms for supply of Agar planting material

(Reference: Paragraph 3.4)

Name of firm	Rate quoted	Species for which quoted	Remarks	
Iaijop Enterprise (Firm-1)	₹ 55	Aquilara malaccensis (2 ft)	The firm was selected though it did not submit proof of satisfactory execution of previous order and self-attested certificate.	
JSV International (Firm-2)	₹ 55	Aquilara malaccensis / agilocha Assam	The firm was selected though it did not submit proof of satisfactory execution of previous order and dealership certificate on imported plant.	
	₹ 100	Aquilara khasiana Myanmar		
	₹ 55	Aquilara malaccensis / agilocha Indonesia		
M/s Fridina Shira (Firm-3)	₹ 35*	Aquilara malaccensis (2 ft)	The firm was selected though it did not submit proof of satisfactory execution of previous order.	
	₹ 34#			
	₹ 28*	Aquilara khasiana (2 ft)	The firm was selected though it did not submit proof of satisfactory execution of previous order.	
	₹ 27#			
School of Livelihood & Rural Development (Firm-4)	₹ 35.25*	Aquilara malaccensis (2ft)	The firm was selected though it did not submit proof of satisfactory execution of previous order.	
	₹ 34.25#			
	₹ 28.15*	Aquilara khasiana		
	₹ 27.15#			
M/s Phira Enterprise (Firm-5)	₹ 25	Aquilara	1-2 ft	The firm was not selected as it did not submit proof of satisfactory execution of previous order, self-attested certificate, copy of income and sales tax certificate and technical literature.
	₹ 14	agilocha	1-1.15 ft	
	₹ 24	Aquilara	1-2 ft	
	₹ 12	malaccensis	1-1.15 ft	
	₹ 16	Aquilara khasiana		
	₹ 16	Aquilara beccariana		
	₹ 17	Aquilara rastrata		
Vikash Enterprise (Firm-6)	₹ 15	Aquilara khasiana	2 ft	The firm was not selected as it did not submit proof of satisfactory execution of previous order and self-attested certificate.
	₹ 10		1-1.5 ft	
M/s Shingly Nongkhaw (Firm-7)	₹ 9	Jati Sanch (Plains)	18-24 inch	The firm was not selected as it did not submit proof of satisfactory execution of previous order. Audit noticed that the firm offered to supply a different species.
	₹ 20		30-40 inch	
	₹ 10	Bhola Sanch (Hills)	18-24 inch	
	₹ 21		30-40 inch	
M/s Hills Agency (Firm-8)	₹ 25	Aquilara agilocha		The firm was not selected as it did not submit proof of satisfactory execution of previous order and self-attested certificate.
M/s D. Nongsiej (Firm-9)	₹ 10	Aquilara agilocha		The firm was not selected as it did not submit proof of satisfactory execution of previous order and self-attested certificate.
M/s P.Laloo (Firm-10)	₹ 18	2-3 ft (species not mentioned).		The firm was not selected as it did not submit proof of satisfactory execution of previous order.
	₹ 9	1-1.5 ft (species not mentioned).		
M/s Limberth M. Sangma (Firm-11)	₹ 18	2-3 ft (species not mentioned).		The firm was not selected as it did not submit proof of satisfactory execution of previous order, self-attested certificate and technical literature.
	₹ 9	1-1.5 ft (species not mentioned).		
M/s Garo Hills Nursery (Firm-12)	₹ 15	2 ft (species not mentioned).		The firm was not selected as it did not submit proof of satisfactory execution of previous order, self-attested certificate and technical literature.
	₹ 18	2.5 to 3 ft (species not mentioned).		

Name of firm	Rate quoted	Species for which quoted	Remarks
Green India Nursery (Firm-13)	₹ 18	Species not mentioned.	The firm was not selected as it did not submit proof of satisfactory execution of previous order and self-attested certificate.
M/s RS Kharbani (Firm-14)	₹ 14	Species not mentioned	The firm was not selected as it did not submit proof of satisfactory execution of previous order, self-attested certificate and technical literature.
Smti Leony Rynjah (Firm-15)	₹ 25 to ₹ 30	Species not mentioned	The firm was not selected as it did not submit proof of satisfactory execution of previous order, self-attested certificate, copy of income and sales tax certificate.
H Khongiong (Firm-16)	₹ 23 to ₹ 31	Species not mentioned	The firm was not selected as it did not submit proof of satisfactory execution of previous order, self-attested certificate, copy of income and sales tax certificate, certificate of dealership and technical literature. Audit noticed that the firm did not mention the species.
M/s Zika Industries (Firm-17)	₹ 11	Species not mentioned	The firm was not selected as it did not submit proof of satisfactory execution of previous order. Audit noticed that the firm did not mention the species.
M/s South West Enterprise (Firm-18)	₹ 18	Species not mentioned	The firm was not selected as it did not submit proof of satisfactory execution of previous order and self-attested certificate.
M/s Chitmang Enterprise (Firm-19)	₹ 25	Species not mentioned	The firm was not selected as it did not submit proof of satisfactory execution of previous order, self-attested certificate, and technical literature.
Smti Banylla Kshiar (Firm 20)	₹ 26 to ₹ 35	Species not mentioned	The firm was not selected as it did not submit proof of satisfactory execution of previous order, self-attested certificate, copy of income and sales tax certificate, certificate of dealership and technical literature.
	<b>L1-Firm 5</b> <b>L2-Firm 3</b> <b>L3-Firm 4</b>		

\* = For Tura, Ampati, Williamnagr & Baghmara

#= For Shillong, Resubelpara & Nongpoh



## Appendix-3.4.3

## Statement showing extra avoidable expenditure incurred by procuring planting material of Bamboo at higher rate

(Reference: Paragraph 3.4)

(Amount in ₹)

Bamboo species	Supply order issued to	Period of supply order	Purchased			Audit analysis			Remarks
			Quantity purchased	Rate at which procured	Amount at which procured	Lowest rate offered by rejected firms	Difference in rate per unit	Amount of extra avoidable expenditure	
D. Hamiltonii	Firms 2 to 4 and 6	August 2015 to July 2017	623611	48	29933328	32	16	9977776	L-1 bidder was rejected. There was also no recorded reason for not issuing supply order to Firm-1 being the L-2 bidder. The supply orders were, however given to Firms 2 to 4 and 6 at L-2 rate even though these Firms had not bid for the species.
B. Balcooa	Firms 2 and 3	June-16	120000	33	3960000	25	8	960000	L-1 and L-2 bidders were rejected. Supply order were given to Firms 2 and 3 at L-3 rate as bid by them.
B. Nutans	Firms 2 and 3	June-16	87000	33	2871000	25	8	696000	
B. Tulda	Firms 2 to 4	June 2016 to July 2017	71000	29	2059000	25	4	284000	L-1 bidder was rejected. Supply orders were given at L-2 rate as bid by Firm 4.
			184000	30	5520000	25	5	920000	
B. Vulgaris	Firms 2 to 5	June-16	64000	48	3072000	32	16	1024000	Supply orders valuing ₹ 0.66 crore and ₹ 0.86 crore respectively were also given to Firms 2 & 3 even though they had not bid for the species.
			110000	50	5500000	32	18	1980000	
<b>Sub total A</b>			<b>1259611</b>		<b>52915328</b>			<b>15841776</b>	
D. asper	Firms 2 to 4	Nov-16	100000	45	4500000	45	-	-	There was no recorded reason for not issuing supply order to Firm-1 being the L-1 bidder. Supply order were given at L-1 rate to Firms 2 to 4 even though these Firms had not bid for the species .
D. giganteus	Firms 2 and 4	Aug-15 to Jul-17	168000	73	12264000	-	-	-	Firm-4 was the L-1 bidder. Supply order valuing ₹ 0.82 crore, ₹ 1.31 crore and ₹ 0.50 respectively were however, given to Firms 2, 3 and 6 at L-1 rate even though they had not bid for the species.
D. giganteus	Firms 2 to 4 and 6	Aug-15 to Jul-17	501057	75	37579275	-	-	-	
<b>Sub total B</b>			<b>769057</b>		<b>54343275</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total A + B</b>			<b>2028668</b>		<b>107258603</b>			<b>15841776</b>	

**Appendix-3.4.4**

**Statement showing extra avoidable expenditure incurred by procuring planting material of Agar at higher rate**

**(Reference: Paragraph 3.4)**

**(Amount in ₹)**

Sl. No.	Supply order issued to	Period of supply order	Purchased			Audit analysis			Remarks
			Quantity	Rate	Amount	Lowest rate offered by rejected firms	Difference in rate	Amount of extra avoidable expenditure	
1.	Iaijop Enterprise, Shillong	Sept-2015	50000	35	1750000	24	11	550000	The firm was selected though it did not submit proof of satisfactory execution of previous order and self-attested certificate. It had also quoted a rate of ₹ 55 per unit of planting material.
			200000	34	6800000	24	10	2000000	
2.	M/s Fridina D Shira, Tura	Aug-2015 to Sept-2015	360000	35	12600000	24	11	3960000	The firm was selected though it did not submit proof of satisfactory execution of previous order.
			100000	34	3400000	24	10	1000000	
3.	School of Livelihood & Rural Development	Aug-2015 to Sept-2015	150000	35	5250000	24	11	1650000	The firm was selected though it did not submit proof of satisfactory execution of previous order. It had also quoted a rate of ₹ 35.25 and ₹ 34.25 per unit of planting material.
			100000	34	3400000	24	10	1000000	
<b>Grand Total</b>			<b>960000</b>		<b>33200000</b>			<b>10160000</b>	

## Appendix-3.5.1

## Details of subsidies released in respect of applications received prior to notification of MIIPS, 2016

(Reference: Paragraph 3.5)

Sl. No.	DCIC	Name of the Unit	Category	Date of commencement of commercial production	Date of issue of Eligibility Certificate	Date of application for subsidies	Subsidy paid (₹ In lakh)	
1.	Ri-bhoi, Nongpoh	F.W. Ferro Tech Pvt. Ltd.	Medium	04.08.2015	05.11.2015	8.6.2016	Investment:	37.43
							Interest:	4.19
							C.S.T:	2.16
2.		M/s. K.K. Beverages Pvt. Ltd.	Small	08.04.2014	02.06.2014	16.6.2014	C.S.T:	1.18
3.		M/s. K.R. Polymers	Medium	08.05.2014	06.11.2014	08.10.2014	QCM:	7.43
							DG Set:	4.91
4.		M/s. Nezone Pipes & Structures	Large	07.01.2013	20.03.2014	18.12.2013	Interest:	8.54
							CST:	11.39
							PCM:	9.31
							QCM:	16.01
							DG Set:	7.96
5.	M/s. NTL Steels	Large	09.01.2013	20.03.2014	18.12.2013	Interest:	6.59	
						CST:	6.39	
						PCM:	4.99	
						QCM:	1.45	
6.	M/s. Pioneer Carbide Pvt. Ltd.	Medium	11.03.2015	10.08.2015	08.02.2016	Interest:	4.09	
						CST:	8.02	
						PCM:	2.5	
7.	M/s. Umadutt Industries Ltd.	Medium	25.09.2014	06.07.2015	07.07.2015	Interest:	9.25	
						CST:	5.66	
8.	M/s. Grover Carbonic Pvt. Ltd	Small	20.08.2016	10.08.2017	08.05.2017	Investment:	75.00	
						CST:	4.51	
						QCM:	5.00	
9.	M/s. Marda Industries Pvt. Ltd.	Large	10.06.2016	02.12.2016	8.5.2017	Interest:	6.32	
						CST:	10.49	
						DG Set:	4.38	
						PCM:	1.56	
10.	M/s CMJ Breweries Ltd.	Large	18.10.2014	21.05.2015	25.02.2015	Interest:	10.70	
						CST:	48.37	
						QCM:	8.25	
						D.G. Set:	20.78	
11.	East Khasi Hills, Shillong	M/s. Ess Bee Industries	Small	20.09.2015	18.07.2016	18.7.2016	Investment:	41.59
							Development:	0.26
							Power Tariff:	1.20
							Service Connection:	0.19

Sl. No.	DCIC	Name of the Unit	Category	Date of commencement of commercial production	Date of issue of Eligibility Certificate	Date of application for subsidies	Subsidy paid (₹ In lakh)	
							Women and PCP:	5.00
12.	East Khasi Hills, Shillong	M/s. Synod Sepngi Training cum Production Centre	Small	02.05.2016	22.12.2016	31.3.2017	Investment:	27.56
							Power Tariff:	0.08
							Service Connection:	0.20
13.		M/s. O. Kharkongor Stone Cutting & Polishing	Small	06.10.2015	17.12.2015	17.6.2016	Investment:	14.32
							Development :	0.45
							Service Connection:	0.26
14.		M/S A.M. Information Technology Solutions	Small	01.03.2017	27.10.2017	30.03.2017	Women and PCP:	4.77
							Investment:	9.74
							Women and PCP:	3.24
15.	Jaintia Hills District, Jowai	M/s. Star Cement Meghalaya Ltd. (New Unit)	Large	30.01.2013	27.02.2014	27.1.2014	Interest:	10.27
							QCM:	8.71
16.	North Garo Hills, Resubelpara	M/s. Supertech Conbrit Industries	Small	01.11.2014	14.11.2016	6.12.2016	Investment:	40.21
							CST:	4.18
							D.G. Set:	7.69
<b>Total</b>								<b>541.14</b>

\*Capital Investment Subsidies claimed and paid to units at sl. No. 3,4,5,6,9, 10 and 16 are commented separately in *paragraph 2.4*.

## Appendix-4.1.1

## Statement showing investments made by State Government in PSUs whose accounts were in arrears

(Reference: Paragraph 4.1.8)

(Figures in columns 4 &amp; 6 to 8 are ₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid up capital <sup>3</sup>	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
<b>A</b>	<b>Working Government Companies</b>						
1.	Forest Development Corporation of Meghalaya Limited (FDCM)	2010-11	1.97	2011-12 to 2017-18	-	-	0.11 <sup>4</sup>
2.	Meghalaya Industrial Development Corporation Limited (MIDCL)	2015-16	91.59	2016-17 and 2017-18	50.00	-	-
3.	Mawmluh Cherra Cements Limited (MCCL)	2016-17	162.90	2017-18	-	5.02	-
4.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2016-17	2.32	2017-18	-	-	2.70
5.	Meghalaya Energy Corporation Limited (MeECL)	2015-16	2,004.40	2016-17 and 2017-18	66.46 <sup>5</sup>	-	-
6.	Meghalaya Power Generation Corporation Limited (MePGCL)	2016-17	796.78	2017-18	-	0.36	2.13
7.	Meghalaya Power Distribution Corporation Limited (MePDCL)	2016-17	811.62	2017-18	-	0.51	93.75
8.	Meghalaya Power Transmission Corporation Limited (MePTCL)	2016-17	421.19	2017-18	-	0.51	2.63
9.	Meghalaya Tourism Development Corporation Limited (MTDCL)	2014-15	7.96	2015-16 to 2017-18	-	-	9.62 <sup>6</sup>
10.	Meghalaya Handloom & Handicraft Development Corporation Limited (MHHDC)	2014-15	1.50	2015-16 to 2017-18	0.50	-	-
11.	Meghalaya Basin Management Agency (MBMA)	2016-17	0.05	2017-18	-	-	1.14
<b>Total A (Working Government Companies)</b>			<b>4302.28</b>		<b>116.96</b>	<b>6.40</b>	<b>112.08</b>
<b>B</b>	<b>Working Statutory corporations</b>						
12.	Meghalaya Transport Corporation (MTC)	2013-14	88.08	2014-15 to 2017-18	7.86 <sup>7</sup>	-	-
13.	Meghalaya State Warehousing Corporation (MSWC)	2016-17	3.36	2017-18	-	-	0.50
<b>Total B (Working Statutory Corporations)</b>			<b>91.44</b>		<b>7.86</b>	<b>--</b>	<b>0.50</b>
<b>Grand Total (A + B)</b>			<b>4,393.72</b>		<b>124.82</b>	<b>6.40</b>	<b>112.58</b>

<sup>3</sup> Paid up Capital as per latest finalised accounts.<sup>4</sup> ₹ 0.68 crore in 2011-12, ₹ 1.75 crore in 2012-13, ₹ 1.75 crore in 2013-14, ₹ 1.75 crore in 2014-15, ₹ 1.75 crore in 2015-16, ₹ 1.65 crore in 2016-17 and ₹ 1.65 crore in 2017-18.<sup>5</sup> ₹ 29.09 crore in 2016-17 and ₹ 37.37 crore in 2017-18.<sup>6</sup> ₹ 3.46 crore in 2015-16 and ₹ 6.16 crore in 2017-18.<sup>7</sup> ₹ 1.75 crore in 2014-15, ₹ 3.31 crore in 2015-16 and ₹ 2.80 crore in 2017-18.

## Appendix-4.1.2

## Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2018

(Reference: Paragraph 4.1.9)

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

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 <sup>8</sup>	Capital employed <sup>9</sup>	Return on capital employed <sup>10</sup>	Percentage of return on capital employed	Man-power
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>A. WORKING COMPANY</b>													
<b>AGRCULTURE AND ALLIED</b>													
1.	Forest Development Corporation of Meghalaya Limited (FDCML)	2010-11	2016-17	1.97	0	-5.45	3.46	-0.02	0.00	-3.48	-0.02	-	41
2.	Meghalaya Bamboo Chips Limited (MBCL)	2015-16	2017-18	0.48	1.16	-1.44	-	-0.39	0.00	0.20	-0.39	-195	NIL
	<b>Sector Wise Total</b>			<b>2.45</b>	<b>1.16</b>	<b>-6.89</b>	<b>3.46</b>	<b>-0.41</b>	<b>0.00</b>	<b>-3.28</b>	<b>-0.41</b>	<b>0.00</b>	<b>41</b>
<b>INFRASTRUCTURE</b>													
3.	Meghalaya Industrial Development Corporation Limited (MIDCL)	2015-16	2018-19	91.59	3.25	-45.99	0.58	-0.59	5.65 (IL)	48.85	-0.59	-1.21	83
4.	Meghalaya Government Construction Corporation Limited (MGCCCL)	2016-17	2018-19	0.75	0	-8.66	72.51	0.38	0.01 (DP)	-7.91	0.39	-4.93	105

<sup>8</sup> DP: Decrease in profits; IL: Increase in losses.<sup>9</sup> Capital employed represents Shareholders' Fund plus Long Terms Borrowings.<sup>10</sup> Return on capital employed has been worked out by adding back the interest charged to profit and loss account to the profit and loss for the year.

1	2	3	4	5	6	7	8	9	10	11	12	13	14
5.	Meghalaya Infrastructure Development and Finance Corporation Limited	2016-17	2017-18	1.00	0	-0.12	0	-0.04	0	0.88	-0.04	-4.55	2
	<b>Sector Wise Total</b>			<b>93.34</b>	<b>3.25</b>	<b>-54.77</b>	<b>73.09</b>	<b>-0.25</b>	<b>5.65(IL) 0.01(DP)</b>	<b>41.82</b>	<b>-0.24</b>	<b>-0.57</b>	<b>190</b>
<b>MANUFACTURING</b>													
6.	Mawmluh Cherra Cement Limited (MCCL)	2016-17	2017-18	162.90	120.40	-169.33	13.90	-32.20	15.63 (IL)	128.24	-23.15	-18.05	336
7.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2016-17	2017-18	2.32	0	-6.68	0	0.30	0	-4.36	0.30	Not workable	17
	<b>Sector Wise Total</b>			<b>165.22</b>	<b>120.40</b>	<b>-176.01</b>	<b>13.90</b>	<b>-31.90</b>	<b>15.65 (IL) 0.01(DP)</b>	<b>123.88</b>	<b>-22.85</b>	<b>-18.45</b>	<b>353</b>
<b>POWER</b>													
8.	Meghalaya Energy Corporation Limited (MeECL)	2015-16	2017-18	2004.4	0	-114.35	0	-14.78	24.07 (IL)	1890.05	-14.78	-0.78	269
9.	Meghalaya Power Generation Corporation Limited (MePGCL)	2016-17	2018-19	796.78	999.76	-200.16	236.97	-19.88	0	1596.38	75.62	4.74	710
10.	Meghalaya Power Distribution Corporation Limited	2016-17	2018-19	811.62	537.23	-1492.04	686.61	-343.21	0	-143.19	-304.15	Not workable	1827
11.	Meghalaya Power Transmission Corporation Limited (MePTCL)	2016-17	2018-19	421.19	86.26	-6.35	101.56	8.15	0	501.10	19.27	3.85	362
	<b>Sector Wise Total</b>			<b>4033.99</b>	<b>1623.25</b>	<b>-1812.90</b>	<b>1025.14</b>	<b>-369.72</b>	<b>24.07 (IL)</b>	<b>3844.34</b>	<b>-224.04</b>	<b>-5.83</b>	<b>3168</b>

1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>SERVICE</b>													
12.	Meghalaya Tourism Development Corporation Limited (MTDCL)	2014-15	2017-18	7.96	7.64	-9.55	12.01	-1.90	0	6.05	-1.70	-28.10	318
	<b>Sector Wise Total</b>			<b>7.96</b>	<b>7.64</b>	<b>-9.55</b>	<b>12.01</b>	<b>-1.90</b>	<b>0.00</b>	<b>6.05</b>	<b>-1.70</b>	<b>-28.10</b>	<b>318</b>
<b>MICELLANEOUS</b>													
13.	Meghalaya Handloom & Handicrafts Development Corporation Limited (MHHDC)	2014-15	2018-19	1.50	0.39	-4.51	0.09	-0.37	0	-2.62	-0.37	Not workable	9
14.	Meghalaya Basin Management Agency	2016-17	2017-18	0.05	0	0	0	0	0	0.05	0	0.00	362
	<b>Sector Wise Total</b>			<b>1.55</b>	<b>0.39</b>	<b>-4.51</b>	<b>0.09</b>	<b>-0.37</b>	<b>0.00</b>	<b>-2.57</b>	<b>-0.37</b>	<b>Not workable</b>	<b>371</b>
	<b>Total A (All sector wise working Government Companies)</b>			<b>4304.51</b>	<b>1756.09</b>	<b>-2064.63</b>	<b>1127.69</b>	<b>-404.55</b>	<b>45.35(IL) 0.01(DP)</b>	<b>4010.24</b>	<b>-249.61</b>	<b>-6.22</b>	<b>4441</b>
<b>B. WORKING STATUTORY CORPORATION</b>													
<b>SERVICE</b>													
15.	Meghalaya Transport Corporation (MTC)	2013-14	2015-16	88.08	0	-99.63	8.41	-5.73	4.40 (IL)	-11.55	-5.73	Not workable	248
	<b>Sector Wise Total</b>			<b>88.08</b>	<b>0.00</b>	<b>-99.63</b>	<b>8.41</b>	<b>-5.73</b>	<b>4.40 (IL)</b>	<b>-11.55</b>	<b>-5.73</b>	<b>Not workable</b>	<b>248</b>
<b>MISCELLANEOUS</b>													
16.	Meghalaya State Warehousing Corporation	2016-17	2018-19	3.36	0	-0.36	0.78	0.11	0.12 (DP)	3	0.11	3.67	9
	<b>Sector Wise Total</b>			<b>3.36</b>	<b>0.00</b>	<b>-0.36</b>	<b>0.78</b>	<b>0.11</b>	<b>0.12 (DP)</b>	<b>3</b>	<b>0.11</b>	<b>3.67</b>	<b>9</b>



1	2	3	4	5	6	7	8	9	10	11	12	13	14
	<b>Total B (All sector wise working Government Companies)</b>			91.44	0.00	-99.99	9.19	-5.62	4.40 (IL) 0.12 (DP)	-8.55	-5.62	Not workable	257
	<b>Grand Total (A+B)</b>			4,395.95	1,756.09	-2,164.62	1,136.88	-410.17	49.75 (IL) 0.13 (DP)	4,001.69	-255.23	-6.38	4698
<b>C. NON-WORKING GOVERNMENT COMPANY</b>													
<b>MANUFACTURING</b>													
17.	Meghalaya Electronics Development Corporation Limited	2006-07	2015-16	4.72	0.78	-18.35	0.02	-0.66	0	-12.85	-0.66	Not workable	0
	<b>Sector Wise Total</b>			4.72	0.78	-18.35	0.02	-0.66	0.00	-12.85	-0.66	Not workable	0
	<b>Total C (All sector wise working Government Companies)</b>			4.72	0.78	-18.35	0.02	-0.66	0.00	-12.85	-0.66	Not workable	0.00
	<b>Grand Total (A+B+C)</b>			4,400.67	1,756.87	-2,182.97	1,136.90	-410.83	49.75 (IL) 0.13 (DP)	3,988.84	-255.89	-6.42	4698





**© COMPTROLLER AND  
AUDITOR GENERAL OF INDIA  
[www.cag.gov.in](http://www.cag.gov.in)**

**[www.agmegh.cag.gov.in](http://www.agmegh.cag.gov.in)**