

# OVERVIEW



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This Audit Report has been prepared in four Chapters. Chapters I to III deal with Social Sector, Economic Sector and Economic Sector (State Public Sector Enterprises) respectively. Chapter IV deals with follow up of Audit Reports.

This Report contains eight Compliance Audit paragraphs including a Subject Specific Compliance Audit paragraph on implementation of the **Chief Minister's Social Assistance Scheme** and two Performance Audit *viz* (i) **Development and Promotion of Horticulture in the State of Meghalaya** and (ii) **Direct Benefit Transfer in Meghalaya**. The findings are based on the audit of certain selected programmes and activities of the Government departments and Public Sector Enterprises.

According to the existing arrangements, draft audit findings are sent by the Accountant General (Audit) to the concerned Secretaries of the State Government with a request to furnish replies within six weeks. In respect of five compliance audit paragraphs in this report, no response was received from the concerned Secretaries to the State Government.

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

## SOCIAL SECTOR

### Compliance Audit Paragraph

#### Social Welfare Department

The Chief Minister's Social Assistance Scheme (CMSAS) was launched in Meghalaya after enactment of the Chief Minister's Scheme for Social Assistance to the Infirm, Widows and the Disabled Rules, 2012. The aim of the scheme is to provide social security by giving financial assistance in the form of pension to Infirm, Single Mothers and Persons with Disabilities (PwD), belonging to poor and marginalised sections of the society, having an income not exceeding ₹ 36000/-per annum.

Audit on implementation of CMSAS covering the period from 2017-18 to 2020-21 (upto July 2020) was conducted during April 2021, to assess whether the scheme implementation was consistent with scheme guidelines and intended objectives are achieved. For the purpose of this audit, three districts (out of eleven) were selected and from the three selected districts, eight CDPO blocks were selected.

Implementation of CMSAS in the three selected districts has been found deficient in many respects. There was undue delay in payment of pension/assistance since there was delay in release of funds by the Directorate of Social Welfare and CDPOs. Payments to the beneficiaries were made through bearer cheque, a system fraught with risk of payments not reaching the enlisted beneficiary. Audit also noticed deficiencies in record maintenance, including maintenance of beneficiary data which resulted in double payments and irregular payments to beneficiaries already availing benefits under other Schemes. In the overall analysis, audit concluded that the implementation

of CMSAS was fraught with these deficiencies, in a big measure, due to non-implementation of the Scheme in DBT mode, which would have helped in streamlining the procedure of identification/registration of beneficiaries, processing of payments to the intended beneficiaries and minimising the intermediary levels in transfer of funds.

(Paragraph 1.2)

### **Public Health Engineering Department**

In implementing the projects under Greater Shillong Water Supply Project, Public Health Engineering Department prepared Detailed Project Reports without ascertaining the actual distance of stone and sand quarries and resulting in excess payment of ₹ 1.71 crore on account of lump sum price being paid for carriage of stone chips and sand, instead of actual distance based carriage.

(Paragraph 1.3)

## **ECONOMIC SECTOR**

### **Performance Audit**

#### **(A) Performance Audit on ‘Direct Benefit Transfer in Meghalaya’.**

The Performance Audit was taken up to assess whether (i) the infrastructure, organisation and management of DBT Cell was adequate and effective, and whether necessary process of re-engineering was done for implementation of DBT so as to minimise a) intermediary levels b) delay in payments to intended beneficiaries and c) pilferage and duplication.

The Performance Audit brought out that despite the State DBT Cell being constituted in May 2016, is yet to formulate any mechanism/guidelines/norms to identify/classify a scheme to be a DBT eligible scheme and is also yet to develop any Web based IT applications or application of Information and Communication Technology (ICT) for any Scheme to facilitate the scheme to DBT compliant. The State DBT Portal launched on 4 August 2017 on the URL <http://megdbt.gov.in/> onboarded 79 schemes (February 2022) implemented through 15 Departments. However, the State DBT Cell is yet to develop any module to validate the information/data entered in the Portal by the implementing department/agency. Besides, the State DBT Cell had not provided any technical support to the DBT schemes implementing departments/agencies in the State.

The Performance Audit also brought out instances of double payment of pension benefits, payment of pension benefits to deceased beneficiaries, delay in release of pension money at various levels, which thereby led to delayed payment of monthly pension to the IGNOAPS beneficiaries, a test-checked scheme. In respect of another test-checked scheme *viz* Pradhan Mantri Awaas Yojana-Grameen (PMAY-G), various deficiencies such as selection of beneficiaries and allotment of houses not being made

as per the priority list, absent of trigger in the AwaasSoft to detect the anomalies and raise red flags, delays in completion of houses, *etc.*, were observed.

(Paragraph 2.2)

**(B) Performance Audit on ‘Development and Promotion of Horticulture in the State of Meghalaya’.**

The Performance Audit was taken up to analyse the effectiveness of planning process, efficient provision, and effective utilisation of funds for the overall Development and Promotion of Horticulture in the State and to assess whether these had resulted in increased acreage of horticultural crops and diversification of horticultural production.

The Performance Audit brought out that Perspective Plan, though prepared, was neither submitted to the GoI nor formed the basis of preparation of the Annual Action Plans during 2015-16 to 2019-20. Base-line survey to determine status of horticultural production, potential and demand was also not conducted. In the absence of any baseline survey, there was no way to benchmark the targets and timelines.

The overall Financial Management of funds allocated to the Directorate under the HMNEH and under various State schemes was highly deficient. During the period from 2015-16 to 2019-20, the Directorate could utilise only ₹ 83.32 crore (35 *per cent*) out of total availability of ₹ 237.63 crore. The unspent balance ranged from 46 to 88 *per cent* and as on 31 March 2020, an amount of ₹ 37.90 crore was lying as unspent balance. Fund received from the GoI were retained at various levels and to reach the Implementing Agency, it took an average of 83 to 267 days. The delay in release of funds to the Implementing Agency by the State Government and Directorate had resulted to short release of GoI’s share amounting to ₹ 120.69 crore. Delay in submission of UCs against the funds received under SPA, had also resulted in non-release of ₹ 13.50 crore of GoI share.

The Area, production and productivity remained the same at about 1.10 lakh ha, 8 lakh MT and 0.31 lakh Kg/ha respectively inspite of implementation of HMNEH and State Schemes during the period 2015-20. Due to non-establishment of Nurseries as per approved AAP, the targeted production could not be achieved. There was a high likelihood that there was over reporting and under reporting of achievements, as the progress reports under HMNEH and HAPIS data were not congruent, besides the fact that the data available with the Directorate could not be relied upon. The PA also brings out instances of Planting Material being supplied much beyond the planting season, thus rendering the whole exercise redundant. Planting Materials were procured from unaccredited Nurseries (private suppliers) in violation of the scheme Guidelines, despite availability of 10 Accredited Nurseries in the State. The State is yet to set up Seed Certifying Agency. Thus, the quality of Planting Material procured from private suppliers could not be ensured. Planting Material was purchased from Private suppliers at a higher rate compared to that of Government farms, which led to excess expenditure of ₹ 21.49 lakh.

Joint Physical Verification of 41 Poly houses under HMNEH and 24 Polyhouses under VDS and FDS revealed that 10 (24 *per cent*) and 7 (*per cent*) Polyhouses respectively

were found not utilised for cultivation purpose due to various reasons like having been abandoned by the farmer, damaged/in bad condition due to lack of maintenance or by storm, *etc.* Further, all the 65 beneficiaries surveyed during the JPV stated the problems in procurement of inputs (planting material, fertilizers, pesticides, *etc.*), lack of knowledge about appropriate varieties, inadequate disease-free planting material and lack of availability of authentic variety of the planting material. It was also observed that the utilisation of Pack houses were for other purposes and not for storage of horticulture crops. Out of the 23 Pack houses (valued ₹ 46 lakh) taken up for Physical verification, 18 Pack houses (78 *per cent*) costing to ₹ 36 lakh, were utilised for other purposes like storage of construction material, kitchen, tea stall, *etc.*, and not for storage of horticulture crops for which they were constructed. All the 23 beneficiaries present during the JPV attributed this to non-availability of adequate/ sufficient raw material/ finished products for storage throughout the year.

(Paragraph 2.3)

### Compliance Audit Paragraphs

#### Agriculture & Farmers' Welfare Department

Idle expenditure of ₹ 22.24 crore on creation of Integrated Farmers' Market Complex at Ampati, South West Garo Hills under Special Plan Assistance (SPA) due to failure of Director of Horticulture and Garo Hills Autonomous District Council to make the market functional even after 47 months since its completion.

(Paragraph 2.4)

#### Public Works Department

Recovery of forest royalty on stone and sand at a lesser rate by DPIU/PIU implementing the PMGSY schemes resulted in undue financial benefit of ₹ 1.14 crores to eight contractors.

(Paragraph 2.5)

Construction of 60m BUG bridge and 15m RCC bridge without approach roads in a road from Haldibari to Rochonpara road resulted in injudicious expenditure of ₹ 4.29 crore.

(Paragraph 2.6)

## ECONOMIC SECTOR (PUBLIC SECTOR ENTERPRISES)

### Functioning of State Public Sector Enterprises

As on 31 March 2020, the State of Meghalaya had 18 SPSEs (17 working and one non-working), which included 16 Government companies and two Statutory Corporations. As on 31 March 2020, the investment of the State Government (capital and long-term loans) in 18 SPSEs was 2,874.44 crore consisting of 92.84 *per cent* (₹ 2668.50 crore) towards capital and 7.16 *per cent* (₹ 205.94 crore) towards long-term loans. The

combined investment of State and Other Stakeholders as on 31 March 2020 in SPSEs under various important sectors stood at ₹ 6766.54 crore. The investment was highest in the Power Sector SPSEs (₹ 6,287.60 crore) followed by Manufacturing Sector SPSEs (₹ 199.83 crore).

**(Paragraphs 3.1.1 & 3.1.2)**

As per the information furnished by the SPSEs, during 2019-20 the State Government has provided budgetary support of ₹ 263.53 crore in the form of capital (₹ 135.53 crore), long-term loans (₹ 2.70 crore) and grants/subsidy (₹ 125.30 crore).

**(Paragraph 3.1.3)**

As per the information available as on 30 September 2020, 17 working SPSEs had arrears of total 29 accounts ranging from one to four years. The highest arrears of four accounts related to Meghalaya Transport Corporation and Forest Development Corporation of Meghalaya Limited.

**(Paragraph 3.1.5)**

### Compliance Audit Paragraphs

#### **Meghalaya Industrial Development Corporation Limited**

Payment of Additional Retirement Benefit and encashment of Commuted Leave on superannuation in addition to the Retirement Gratuity and Encashment of Earned Leave during 2015-16 to 2019-20 resulted in irregular expenditure of ₹ 3.52 crore.

**(Paragraph 3.2)**

#### **Meghalaya Mineral Development Corporation Limited**

MMDC has not earned any revenue from operations after it stopped its commercial activities in 2012-13. However, the Mining and Geology Department continued to provide Grant-in-aid (GIA) to MMDC for its existence.

**(Paragraph 3.3)**

Failure of the MMDC/State Government to take action on the Reports prepared by the consultant resulted in infructuous expenditure of ₹ 3.50 crore and creating additional liability of ₹ 0.35 crore incurred towards engagement of the consultancy firm.

**(Paragraph 3.4)**

#### **Meghalaya Transport Corporation**

Delays in remittance of Employees Provident Fund contribution to the Employees Provident Fund Organisation resulted in avoidable expenditure of ₹ 2.55 crore towards payment of interest and damages.

**(Paragraph 3.5)**

### **Follow up of Audit observations**

Analysis of the position of outstanding paragraphs showed that 3,318 paragraphs relating to the period from 1988-89 to March 2020 were outstanding of which, 1,631 paragraphs were more than four years old.

**(Paragraph 4.1)**

As of June 2021, the departments concerned did not submit *suo motu* explanatory notes in respect of eight Performance Audits and 25 Compliance Audit Paragraphs out of 23 Performance Audits and 98 Compliance Audit Paragraphs awaiting discussion by Public Accounts Committee relating to Audit Reports from the years 2010-11 to 2018-19.

**(Paragraph 4.3)**

Review of 17 Reports of the PAC involving 15 Departments presented to the Legislature between April 1995 and March 2020, revealed that none of these Departments had submitted the ATNs to the PAC as of March 2020. Similarly, review of six Reports of COPU involving four Departments, *viz* Transport, Commerce & Industries, Tourism and Power presented to the Legislature between April 2008 and March 2020 revealed that out of 18 ATNs received, seven had been sent to the Assembly Secretariat as of March 2020.

**(Paragraph 4.5)**