

CHAPTER – III
ECONOMIC SECTOR

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ECONOMIC SECTOR

3.1 Introduction

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

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

Table-3.1: Department-wise budget provision and expenditure

(₹ in crore)

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

Source: Appropriation Accounts: 2018-19

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

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

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

COMPLIANCE AUDIT PARAGRAPHS

PUBLIC WORKS DEPARTMENT

3.2 Irregular construction of PMGSY road

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

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

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

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

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

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

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



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

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

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

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

Recommendations

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

TOURISM DEPARTMENT

3.3 Idle Expenditure

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

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

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

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

Table-3.2: Details of component-wise expenditure

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

Source: Departmental records

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

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

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

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

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

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

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



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

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

Recommendation

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

