



# Report of the Comptroller and Auditor General of India

## on Civil, Revenue and Commercial

for the year ended 31 March 2011  
(Report No. 2)



**GOVERNMENT OF MIZORAM**



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## PREFACE

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters - I, II, III, IV and V of this Report deals with the findings of performance audit, audit of transactions and integrated audit in various Departments including the Public Works Department, Revenue Receipts, audit of Government Companies, Statutory Corporations of the State Government for the year 2010-2011.*
3. *The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2010-11 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2010-11 have also been included wherever necessary.*
4. *The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*

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## OVERVIEW

This Report contains 16 Audit Paragraphs (excluding three general paragraphs) and three Performance Reviews and one Chief Controlling Officer based Audit. According to the existing arrangements, copies of the draft audit paragraphs, draft performance reviews and draft Integrated Audit were sent to the concerned Secretary to the State Government by the Principal Accountant General (Audit) with a request to furnish replies within six weeks. The Secretaries were also reminded for replies. Besides, a demi-official letter was also sent to the Chief Secretary to the State Government on the issues raised in the draft audit paragraphs, draft performance reviews etc., for effective inclusion of the views/comments of the Government in the Audit Report. Despite such efforts, replies were not received in respect of one performance review, one Chief Controlling Officers based Audit and six audit paragraphs from the concerned Principal Secretaries/Secretaries to the State Government.

### 1. Performance Review

#### Elementary Education

The Government of India had formulated the National Education Policy in the year 1986 and Right to Education Act in 2009 which *inter-alia* provided Universal Elementary Education of good quality for education to children in the age group 6-14 years through provision of schools with appropriate infrastructure within an approachable distance. The Sarva Shiksha Abhiyan (SSA) was launched in 2001 to achieve the goal of Universal Elementary Education through a time-bound integrated approach, in partnership with states and Right to Education Act, 2009 was introduced in the State only during March 2011. Mid Day Meal (MDM) programme was also launched with an aim to give a boost to the universalisation of primary education by increasing enrolment, retention and attendance and simultaneously improving the nutritional status of students in primary classes. The programme was further extended to students of middle schools.

Performance Review on Elementary Education has revealed some positive points especially with specific reference to the uninterrupted implementation of MDM despite constraints in terms of flow funds and foodgrains for the scheme. However, Elementary Education program in the State, the stakeholders and the program managers of Elementary Education in the State are still faced with an uphill task in bringing about qualitative outcome of this vital program. There were number of areas that reflect poor implementation at the ground level contributing to the overall deficiencies in program execution. The performance of SSA in the State revealed that due deficiencies in planning at Village and District level which was to be based on realistic projection of need assessment of the districts. In the absence of effective monitoring and supervision, there were flaws in record keeping and maintenance of accounts and handling of funds at different levels of execution of programme. Owing to the absence of any proper

norms of sanctioned strength of teachers and rationalisation of existing teachers at schools, many schools continued to remain overstaffed. Despite sufficient funds in hand throughout the years, the SSA Mission has not achieved the goal of retention of all children of 6-14 age groups due to flawed planning and identification of OoSC along with diversion of major chunk of fund meant for the purpose. The SSA Mission also failed to function effectively in the Autonomous District mainly due to interference of Autonomous District Council members. Inclusion of private schools run by religious organisations among the beneficiaries of SSA and MDM, resulted in substantial portion of expenditure being incurred for providing Free Text book and MDM to ineligible children of private schools. The civil works executed under SSA remains an area of concern where instances of diversion of funds, substandard works and improper handling of funds by different authorities were a recurring feature. The implementation of the School Computer Education was highly unsatisfactory due mainly to the defective contractual agreement with private firm. The internal control and monitoring of programme still remains largely ineffective due to poor staffing of internal audit cell.

(Paragraph-1.1)

## 2. Audit of Transactions

### *Fraud/Misappropriation/Loss*

#### **Health & Family Welfare and School Education Department**

Failure in exercising routine checks while preparing bills by one DDO of H&FW and two DDOs of School Education Department resulted in excess drawal of ₹ 9.91 lakh.

(Paragraph-2.1)

#### **Environment and Forests Department**

The Divisional Forest Officer incurred doubtful expenditure of ₹ 53 lakh even before the completion of location survey for the Plantation.

(Paragraph-2.2)

#### **Land Revenue and Settlement Department**

In the absence of pronouncement of awards, the Collector, Kolasib District unauthorisedly disbursed an interest of ₹ 43.51 lakh and a solatium of ₹ 127.59 lakh with an excess payment of interest of ₹ 31.15 lakh and solatium of ₹ 81.98 lakh. Also much ahead of the finalisation of draft award, the Collector disbursed ₹ 104.18 lakh to 12 persons, out of which ₹ 40.95 lakh was disbursed to seven persons, who were not interested in the land.

(Paragraph-2.3)

### General Administration Department

The Sinlung Hills Development Council drew an amount of ₹ 1.75 crore from the Government Treasury through false bills before execution of works of which an amount of ₹ 86.43 lakh was unauthorisedly utilised for execution of 156 unapproved works.

(Paragraph-2.4)

*Excess payment/Wasteful/Unfruitful Expenditure etc.*

### Animal Husbandry and Veterinary Department

The Department incurred an unauthorised expenditure of ₹ 57 lakh without maintaining basic records.

(Paragraph-2.5)

*Violation of Contractual obligation/ undue favour to Contractors/ Avoidable expenditure/ Doubtful expenditure*

### Public Health Engineering Department

Grant of interest free mobilisation advance of ₹ 10.49 crore in violation of codal provisions led to undue financial advantage to a contractor resulting in corresponding loss of ₹ 0.35 crore towards interest.

(Paragraph-2.6)

### Health and Family Welfare Department

Out of central assistance of ₹ 10 crore for upgradation of Civil Hospital, Aizawl, the National Rural Health Mission unauthorisedly diverted an amount of ₹ 8.12 crore, incurred a doubtful expenditure of ₹ 0.54 crore and rendered an undue benefit to a firm by granting interest free mobilisation advance of ₹ 1.13 crore.

(Paragraph 2.7)

*Idle expenditure*

### Horticulture Department

Non-utilisation of 500 MT capacity of warehouse-cum-cold storage commissioned in November 2005 rendered the expenditure of ₹ 1.06 crore infructuous for over five years.

(Paragraph 2.8)

**Regularity issues and other points**

**Home Department**

The Department failed to realise the deployment charges of ₹ 2.64 crore from eight different organisations/agencies for deployment of Home Guards.

**(Paragraph-2.9)**

**Land Revenue and Settlement Department**

The Collector, Serchhip District irregularly awarded a compensation of ₹ 1,421.53 lakh for payment to two persons interested against the entitled compensation of ₹ 1,257.36 lakh as per claims preferred by them, which resulted in an excess payment of ₹ 164.17 lakh.

**(Paragraph-2.10)**

Construction of Hydro Electric Power Project was severely affected in terms of time overruns due to the abnormal delay in acquisition proceedings of land.

**(Paragraph-2.11)**

Suspension of construction of 60 MW Hydro Electric Project on Tuirial River, due to irregular pronouncement of Awards for payment of huge amount of compensation of ₹ 25.02 crore to private individuals notwithstanding the fact that the proposed Project actually within under Government Reserved Forest Area.

**(Paragraph-2.12)**

**3. Chief Controlling Officers based Audit on Public Health Engineering Department**

Public Health Engineering Department is responsible for providing adequate and safe drinking water to the rural and urban population as well as hygienic sanitation facilities in the State. Apart from the coverage of remaining uncovered habitations with safe drinking water system, the Department is committed to promote sustainability of safe drinking water system and to institutionalize water quality monitoring and surveillance system. The Department is also engaged in improving the quality of life of the rural people and also to provide privacy and dignity to women through Total Sanitation Campaign.

A performance review of Chief Controlling based Audit on Public Health Engineering Department revealed shortfalls in achieving the programme objectives owing largely to the deficiency in

planning. Deficiency in planning in turn impinged on the financial management of the schemes and projects, which is conspicuously apparent in the persistent recurrence of savings in each successive years between 2006-11 revealing the Departments incapacity to absorb funds released by GoI which is clearly reflected in the trend of rush of expenditure in the last quarter of the financial year, and worst still, leading to huge amounts being parked in PW Deposits. Diversion of funds to operations and maintenance revealed that the Department had digressed in its application of funds for purposes it was sanctioned thereby affecting vital programme elements like Water Quality measures, which has serious public health implications. There were cases of manpower remaining virtually idle during 2006-11 in the Ground Water and Quality Control Division arising out of the failure of the Department to plan and provide the requisite and laboratory equipment for the technical hands in position to work on is an obvious instance of inefficiencies in HR management. There were some positives in the effort of the Department in program execution especially with reference to capacity building and sensitisation drive through IEC strategies, however, the review has flagged glaring aberration in the material procurement process and serious deviation from the basic canons of financial propriety especially with reference to purchase of GI pipes by the Department. Materials were procured and payments made beyond the scope of delegated powers by the Head of Department and without obtaining the approval of the State Purchase Advisory Board. Absence of independent program evaluation, poor and deficient monitoring activity and absence of internal control mechanism revealed shortfalls in achieving the programme objectives of the Department.

(Paragraph-3.1)

#### 4. Revenue Receipts

The total revenue receipts of the Government of Mizoram in 2010-11 were ₹ 2,855.37 crore as against ₹ 2,963.51 crore during 2009-10. The revenue raised by the State from tax receipts during 2010-11 was ₹ 130.44 crore and from non-tax receipts was ₹ 146.72 crore. State's share of divisible Union taxes and grants-in-aid from the Government of India were ₹ 451.66 crore and ₹ 2,126.55 crore, respectively. Thus, the revenue raised by the State Government was 9.71 per cent of the total revenue receipts.

(Paragraph-4.1)

#### Performance Review

**A review on 'Cross Verification of Declaration Forms in Inter State Trade and Commerce' revealed the following:**

The maintenance of stock and issue registers of declaration forms, to safeguard mis-utilisation, was improper. The stock registers meant for issue to dealers only contained the quantity issued without showing the opening balance, quantity received and closing balance.

(Paragraph-4.2.8.2.2)

The ACT, South Zone, Aizawl irregularly retained 14 declaration form 'C' in the departmental custody, although the same were shown to have been issued to dealers.

**(Paragraph-4.2.8.2.4)**

There was probable mis-utilisation of 18 missing declaration form 'C' in two zones (Aizawl North and Kolasib).

**(Paragraph-4.2.8.2.7)**

The information related to issue of Declaration forms to the dealers was not uploaded in the TINXSYS website and the data available in the website was not utilised by the Department for cross verifying the correctness of the Declaration forms.

**(Paragraph-4.2.8.2.9)**

Short account of goods worth ₹ 10.09 crore purchased at concessional rate through use of declaration forms resulted in short levy of tax of ₹ 1.29 crore.

**(Paragraph-4.2.12)**

There was an evasion of tax of ₹46.44 lakh and non-imposition of penalty of ₹ 46.44 lakh due to fraudulent utilisation of invalid and obsolete forms by six unregistered dealers

**(Paragraph-4.2.14)**

## **Audit of Transactions**

### **Taxation Department**

The Department failed to levy and realise a tax of ₹ 15.15 crore from two dealers for the years 2008-2011.

**(Paragraph-4.3)**

A dealer concealed sales turnover of ₹ 2.37 crore for which tax of ₹ 29.63 lakh along with penalty not exceeding ₹ 59.26 lakh was leviable.

**(Paragraph-4.4)**

Two dealers were not levied with tax of ₹ 9.25 lakh due to escapement of turnover of ₹ 58.82 lakh in assessment.

**(Paragraph-4.5)**

## 5. Government Commercial and Trading Activities

### 5.1 Overview of State Public Sector Undertakings

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of the State Government companies are audited by Statutory Auditors appointed by Comptroller and Auditor General (C&AG) of India. These accounts are also subject to supplementary audit conducted by C&AG. As on 31 March 2011, the State of Mizoram had five working PSUs, which employed 271 employees. These PSUs registered a turnover of ₹ 1.72 crore for 2010-11 as per the latest finalised accounts. This turnover was equal to 0.03 *per cent* of State GDP indicating insignificant place in the State economy. The PSUs incurred a loss of ₹ 4.86 crore and had accumulated losses of ₹ 49.20 crore as per their latest finalised accounts.

#### Investment in PSUs

As on 31 March 2011, the investment (Capital and Long Term Loans) in five PSUs was ₹ 90.63 crore. It grew by over 18.05 *per cent* from ₹ 76.77 crore in 2005-06.

#### Performance of PSUs

All five state PSUs were incurring losses continuously during the period between 2005-06 and 2010-11. Zoram Industrial Development Corporation Limited ranked first among the PSUs in incurring Losses followed by Mizoram Food and Allied Industries Corporation Limited during this period.

The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of three latest Audit Reports of C&AG shows that the State PSUs incurred losses to the tune of ₹ 27.27 crore which were controllable. There is tremendous scope to improve the functioning of PSUs and reduce losses. The PSUs can discharge their role efficiently if they are financially self reliant. There is a need for professionalism and accountability in functioning of PSUs.

#### Arrears in accounts

Five working PSUs had arrear of 24 accounts as of September 2011. Arrears need to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of account, if necessary.

### Performance Review

#### Performance Audit on Power Distribution Activities of Power and Electricity Department, Government of Mizoram

A Performance Audit on Power Distribution Activities of Power and Electricity Department of Government of Mizoram was conducted for the period 2006-07 to 2010-11 to ascertain if the

Department was able to adhere to the aims and objectives stated in the National Electricity Policy (NEP) and Plan and to examine how far the distribution reforms have been achieved.

### Working Results

The realisation per unit though increased from ₹ 2.09 to ₹ 2.39 (14.35 *per cent*), the cost per unit increased from ₹ 5.38 to ₹ 6.04 (12.27 *per cent*) during the audit period. The negative contribution per unit came down by as much as 72.06 *per cent* during the same period.

### Distribution Network Planning

As compared to the growth of connected load of 179.58 MW in 2006-07 to 243 MW in 2010-11 (35.31 *per cent*), the increase in transformer capacity was only 9.79 *per cent* from 163.35 MVA to 179.35 MVA. Thus, the increase in distribution capacity could not match the pace of growth in consumer demand.

### Implementation of Centrally Sponsored Schemes

As on 31 March 2006, out of 707 villages in the State (2001 Census), 570 villages were electrified (80.62 *per cent*). Under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), the Department targeted 137 villages for new and another 570 villages for intensive electrification. Against this target the achievement till March 2011 was 53 villages (38.69 *per cent*) where new distribution network had been laid but energisation was pending and intensive electrification in 221 villages (38.77 *per cent*), respectively. The execution of the programme was delayed resulting in non-achievement of target of 100 *per cent* electrification of villages before 31 March 2010 as envisaged in NEP.

### Operational Efficiency

Sub-transmission & Distribution losses remained in excess of norms fixed by CEA. The excess losses over the norms were 57.72 million units in 2010-11 costing ₹ 13.80 crore. The Department purchased ₹ 0.90 crore worth of excess quantity of Aerial Bunched Cables over their requirement.

### Billing Efficiency

Energy billed during the audit period, 2006-07 to 2010-11 ranged between 63.01 to 75.08 *per cent* of the total energy available for sale. Assessed sales constituted 3.74 to 9.75 *per cent* of the energy billed during the same period.

### Financial Management

Cross Subsidy continued to be at unsustainable levels in respect of all categories of consumers other than domestic sector.

There was inordinate delay in filing ARR/Tariff Petition for the years 2009-10 and 2010-11 and getting Electricity Regulatory Commission's approval for the same. The Department could not revise Tariff in time which resulted in loss of ₹ 24.32 crore.

### Conclusions and Recommendations

This performance audit revealed absence of comprehensive long term plan for enhancing distribution capacity keeping in view the growth in demand and separate Annual Plans, poor and delayed preparation of Detailed Project Reports leading to the funding agencies delaying and ultimately curtailing the quantum of assistance, delays in execution of projects, *etc.* The performance audit report contains seven recommendations aimed at improving the operational efficiency of the Department to make itself sustaining.

**(Paragraph-5.2)**

### Audit of Transactions

#### Power and Electricity Department

Failure of P&E Department in getting registered under Central Sales Tax (CST) Act and availing concessional rate of CST on interstate purchases by issue of 'C' Forms, caused avoidable expenditure of ₹ 2.37 crore.

**(Paragraph-5.3)**



# CHAPTER-I

## PERFORMANCE REVIEW

### SCHOOL EDUCATION DEPARTMENT

#### 1.1 ELEMENTARY EDUCATION

##### *Highlights*

*The Government of India had formulated the National Education Policy in the year 1986 and Right to Education Act in 2009 which inter-alia provided Universal Elementary Education of good quality for education to children in the age group 6-14 years through provision of schools with appropriate infrastructure within an approachable distance. The Sarva Shiksha Abhiyan was launched in 2001 to achieve the goal of Universal Elementary Education through a time-bound integrated approach, in partnership with states and Right to Education Act, 2009 was introduced in the State only during March 2011. Mid day Meal programme was also launched with an aim to give a boost to the universalisation of primary education by increasing enrolment, retention and attendance and simultaneously improving the nutritional status of students in primary classes. The programme was further extended to students of middle schools. A performance audit of Elementary Education in Mizoram revealed certain shortcomings in the implementation of programmes due to improper planning, handling of funds, deployment of teachers, diversion of funds, interference by external bodies, inclusion of ineligible beneficiaries, sub standard execution of works, inefficient monitoring etc.*

*The following are the significant findings of the review:*

**The planning process under SSA was not on need based assessment with the inputs from district level units.**

*(Paragraph 1.1.7)*

**Due to absence of proper staffing norms and rationalisation on deployment of teachers in schools, an excess of 2,883 and 4,625 teachers were deployed against the requirement in Primary School and Upper Primary Schools respectively.**

*(Paragraph 1.1.9.5)*

**A fund to the tune of ₹ 14.95 crore ranging between 29 to 79 per cent of the available funds meant for implementation of Out of School Children intervention was irregularly diverted towards payment of honorarium to Education Volunteers during 2006-11.**

*(Paragraph 1.1.9.3)*

**The District SSA authority, Lawngtlai did not observe all the codal procedures, while implementing the civil works, appointment of Education Volunteers and MDM cooks due to unauthorised interference by the member of the LADC.**

*(Paragraph 1.1.9.10.1 and 1.1.9.10.2)*

**In Lunglei district, utilisation of ₹ 77.83 lakh in respect of Child Friendly Elements fund could not be verified in Audit due to failure on the part of District Project Office, SSA Lunglei in production of records.**

*(Paragraph 1.1.9.12.3)*

### **1.1.1 Introduction**

Elementary Education in India is the foundation on which the development of every citizen and the nation as a whole hinges. The Government of India formulated the National Education Policy in 1986 and Right to Education Act in 2009, which *inter-alia* provided Universal Elementary Education (UEE) of good quality for education to children in the age group 6-14 years through provision of schools with appropriate infrastructure within an approachable distance. The Government of India further launched (2001-2002) Sarva Shiksha Abhiyan (SSA) in partnership with the State Governments and Local Self Government to attain UEE covering the entire country in a mission mode. In Mizoram, SSA was launched in 2001 with the registration of Mizoram Sarva Shiksha Abhiyan Rajya Mission under the Societies Registration Act. With the introduction of Right to Free and Compulsory Education (RTE) Act, 2009, the Government has made Free and Compulsory Education till the completion of Elementary Education the right of every citizen, the Act was, however, launched in the State during March 2011 only. Further, Mid Day Meal programme also started functioning in the State from 15 August 1995 by way of distribution of raw rice/cooked meals to students of Primary and Upper Primary schools.

In Mizoram, Directorate of School Education has been vested with the responsibility of formulating and implementing elementary education in the State. During 2010-11, there were 1,821 Primary schools<sup>1</sup> and 1,353 Upper Primary schools<sup>2</sup> in Mizoram with enrolment of 1,66,152 and 69,318 respectively.

### **1.1.2 Organisational Set-up**

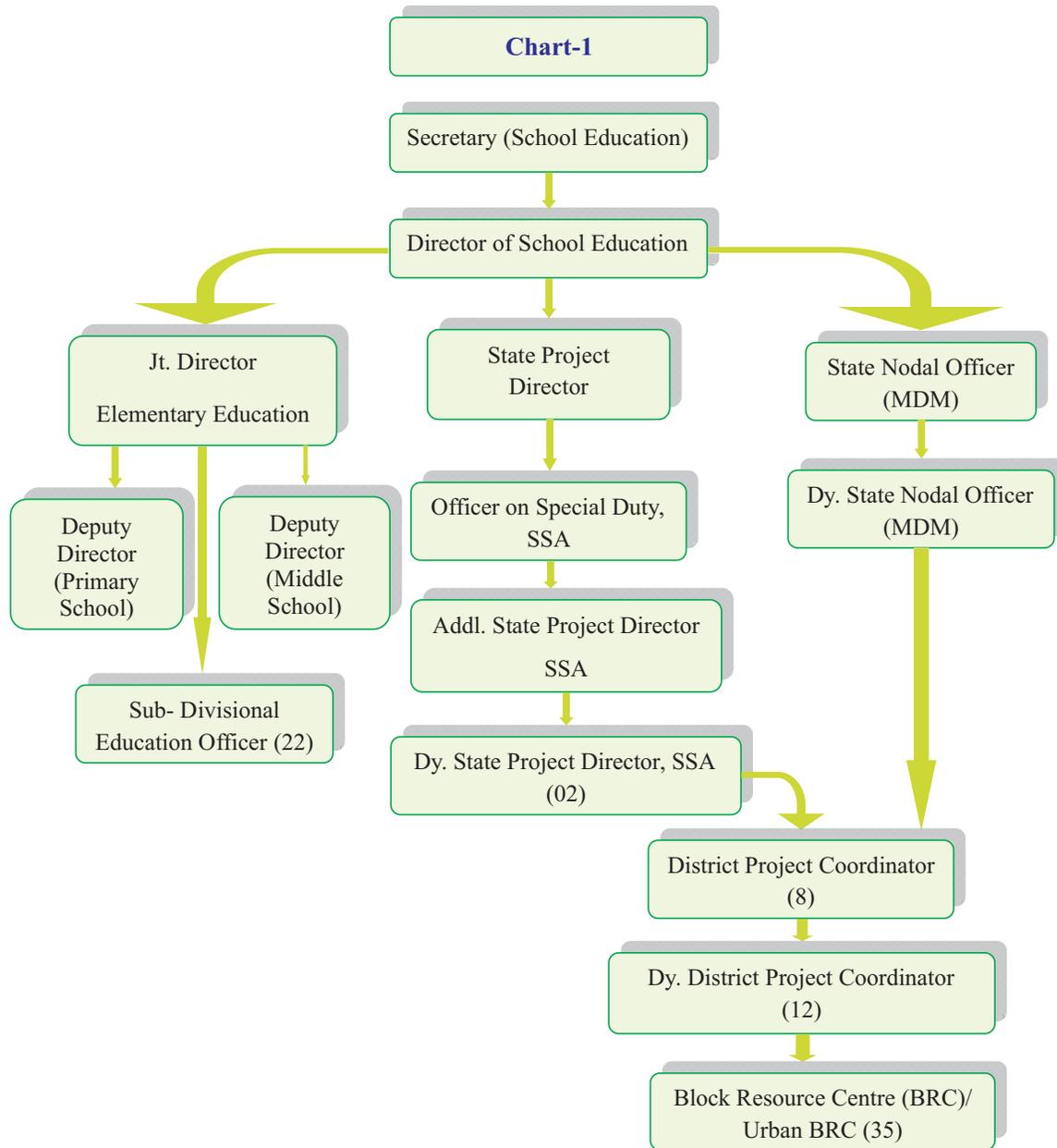
The Secretary, Government of Mizoram, is the administrative head of the School Education Department. The Director, School Education Department is responsible for implementation of Elementary Education. He was assisted by one Joint Director (Elementary Education), two Deputy Directors (Primary and Upper Primary schools), one State Project Director (SSA), one Officer on Special Duty (SSA), one Additional State Project Director (SSA), two Deputy State Project Director (SSA), one State Nodal Officer (Mid Day Meal) and one Deputy State Nodal Officer (Mid Day Meal).

<sup>1</sup> 871 (Government) + 279 (Local bodies) + 196 (Aided by Government and District Councils) + 475 (Private) Schools

<sup>2</sup> 538 (Government) + 91 (Local bodies) + 369 (Aided by Government and District Councils) + 355 (Private) Schools

In the district level, 22 Sub-Divisional Education Officers are responsible for implementation of mainstream elementary education. Besides, eight<sup>3</sup> District Project Coordinators (DPC) are responsible for administration, management, implementation as well as monitoring of SSA under elementary education in their respective district. Under the District Project Coordinators, 12 Deputy District Project Coordinators and 35 Block Resource Centres are responsible for implementation of different components/ projects of SSA and MDM under elementary education.

The Organogram of Elementary Education in Mizoram is given below:



<sup>3</sup> Eight District : Aizawl, Champhai, Lunglei, Lawngtlai, Mamit, Saiha, Kolasib and Serchhip

### **1.1.3 Scope of Performance Audit**

This performance audit on Elementary Education in the State covers the period from 2006 to 2011. The performance audit stressed on scrutiny of basic records and other documentary evidences through a test check (May to August 2011) of Administrative Department, Directorate of School Education, State Project Office, Mizoram SSA Mission at State level. In the district level, records of the seven SDEOs in three districts (Champhai, Lunglei and Lawngtlai) out of 22 SDEOs in the State involved in the implementation of Elementary Education were covered under test check. Besides, three SSA District Project offices (Champhai, Lunglei and Lawngtlai districts) out of eight district project offices, six<sup>4</sup> Block Resource Centres (BRC) out of 10 BRCs in the selected districts, were covered under test check.

### **1.1.4 Audit Objectives**

The objectives of the Performance audit in Elementary Education were to see whether:

- Planning for implementation of various components of the programme has been effective;
- Provisioning of funds was adequate for implementing the programme;
- Major interventions were carried out as per norms;
- Proper deployment of teachers in schools with respect to enrolment of students;
- Meaningful research activities undertaken under the programme facilitated quality improvement in teaching-learning;
- Outreach of education for girls, SC and ST were expanded and infrastructure provided as per plan; and
- Adequate and effective monitoring and internal control mechanism exists.

### **1.1.5 Audit Criteria**

Audit objectives have been benchmarked against following criteria:

- Programme guidelines issued by Government of India (GoI) on SSA.
- Guiding principles of GoI on Mid day meals scheme.
- Orders/instructions circulated by the State Government for issue of free text books, separate toilets etc. for girls with recruitment of women teachers.
- Guidelines for implementation of Kasturba Gandhi Balika Vidyalaya and National Programme for Education of Girls at Elementary Level.
- Manual of Mizoram Education Mission Society.
- Guidelines for formulation, responsibilities and duties of Village Education Committees as per Mizoram SSA (Constitution, Function and Power) Regulation 2002.
- Various Annual Work Plan and Budget submitted by Districts and State authorities to GoI during the year 2006-11.
- Annual Publication by Statistical Cell, Directorate of School Education, Mizoram, Aizawl on list of schools with number of teachers and enrolment of Students.

<sup>4</sup> 1. Champhai, 2. Khawzawl, 3. Lunglei, 4. Tlabung, 5. Lawngtlai and 6. Chawngte

### ***1.1.6 Audit Methodology***

Audit commenced with an entry conference held in May 2011 with the Additional Secretary, Government of Mizoram, School Education Department and the Joint Director of School Education Department, wherein audit objectives, scope and criteria were discussed. The sample selection of districts and blocks for audit was done based on the enrolment of students, number of primary and upper primary schools and geographical location. The audit methodology involved the examination and analysis of the records/documents of the Department coupled with field visit by the audit party along with departmental officials for joint inspection of schools (Primary and Upper Primary) in the test checked districts through photographic evidence and questionnaires duly authenticated by the departmental officials. The audit findings were discussed in an exit conference held on 5 October 2011 with the Secretary-cum-Director, School Education Department, State Project Director, Mizoram SSA Mission and other officers of the Government/Department and the replies of the Department have been suitably incorporated in the review at appropriate places.

### ***Audit findings***

The important points noticed during the course of audit are discussed in the succeeding paragraphs:

### ***1.1.7 Planning***

The guidelines on SSA envisage decentralised, need based and participatory planning in a bottom-up approach and to focus on universal access, equity, participation and quality. For this, the main source of data required for planning and plan formulations are household surveys, the District Information system for Education (DISE) and research studies. The guideline emphasises yearly updation of household survey data and yearly collection of DISE data pertaining to the schools along with the research studies which serves as a valuable input for planning. Again, SSA norms stipulate that each district was to prepare a perspective plan for ten years and an annual plan with reference to the perspective plan. The SSA norms provided that the plan was to commence from the village level and culminate with compilation at the State level. Thus, the plans were to be based on the existing position of attendance, retention, drop out and learning achievement etc. and the target to be achieved for universalisation of education.

The SSA Mission, Mizoram and the SSA district authorities prepared Perspective plan of SSA Mission for ten years at the inception of SSA Mission (2001), Mizoram. Again, Annual work plans under SSA were prepared for all the districts during 2006-11. However, scrutiny of records at the State Project office and three selected districts revealed that household survey was conducted in the year 2008 and 2010 in Champhai district and in other seven districts it was conducted only during 2010. In the absence of household surveys, the Department however, prepared the annual work plans under the SSA mission during the period covered under audit based on Village Information and School information obtained from DISE-VIS (village information schedule) and DISE-SIS (School information schedule) only.

Scrutiny of records (VIS and SIS) of SSA Champhai revealed that though VIS and SIS served as the main source of data in the preparation of DISE, only about 39 per cent of the Village Education Committees (VECs) and 22 per cent of Schools in the district were updated their Village/School Education Register in the Champhai district. Further, data captured in the DISE were seen to be inflated notionally at the rate of three per cent by the District planning team for projecting the requirements in the preparation of Annual Work Plan and Budget (AWP&B).

Thus, in the absence of main source of data required for planning and plan formulations through a regular household surveys and its yearly updation and credible DISE report, the district authorities could not formulate a well informed need-based planning at the district level.

Further, it was observed that at the State level, the AWP&B of SSA Mission, Mizoram were prepared by only consolidation of the AWP&B of districts rather than by assessing the authenticity of the annual district level plans.

The District Project Coordinator, SSA Champhai stated (June 2011) that due to shortage of manpower and time constraints, district plans could not be made in a realistic manner during 2006-11.

### 1.1.8 Financial Management

#### 1.1.8.1 Total State Budget vis-à-vis Budget allocation on Elementary Education

The budget allocation on Elementary Education by State Government reflects the importance given by the Government for improving elementary education in the State. The following table shows year wise total State budget vis-a-vis the budget allocation on Elementary Education and expenditure incurred under Elementary education during 2006-11.

**Table-1.1**

(₹ in crore)

Year	Allocation			Expenditure (Elementary Education)				
	For the State as a whole	For the elementary education	Percentage of allocation against elementary education	CSS	Salary	Non-Salary	Total	Percentage of expenditure on salary
2006-07	2628.16	137.50	5	8.55	109.72	18.20	136.47	80
2007-08	3044.95	155.74	5	10.17	126.17	20.08	156.42	81
2008-09	3553.78	184.22	5	13.14	141.96	25.33	180.43	79
2009-10	4510.21	222.95	5	6.20	188.95	29.44	224.59	84
2010-11	5105.67	278.98	5	16.58	231.53	27.39	275.50	84
<b>Total</b>	<b>18842.77</b>	<b>979.39</b>		<b>54.64</b>	<b>798.33</b>	<b>120.44</b>	<b>973.41</b>	

Source: Departmental records

It would be seen from the above table that:

- Only five *per cent* of the budget was allocated towards the elementary education compared to the total budget of the State during 2006-11 which reflects that State Government has not given much importance to improving elementary education in the State.
- During the year 2006-11, the percentage of expenditure on salary component ranged between 79 to 84 *per cent* leaving little scope for other development works like maintenance and construction of schools, training of teachers, scholarship to eligible students etc.

### 1.1.8.2 Funding Profile under SSA, Mizoram

The fund under SSA was shared by Centre and State in the ratio of 75:25 during 2006-07 and thereafter in the ratio of 90:10. The Ministry of Human Resource Development (MHRD) released fund directly to the SSA Mission, Mizoram and State Government also transferred its share to the SSA Mission, Mizoram.

The position of expenditure incurred out of total available funds and the unspent balance at the end of each year from 2006-11 was as under:

**Table-1.2**

(₹ in crore)

Year	PAB Approved Outlay	Availability of Fund's					Expenditure	Closing balance
		Opening balance	Central	State	Misc. receipt	Total		
2006-07	46.53	0.66	34.76	13.15	0.16	48.73	46.97	1.76
2007-08	48.03	1.76	42.12	11.00	0.12	55.00	47.37	7.63
2008-09	67.39	7.63	51.13	5.00	0.15	63.91	52.45	11.46
2009-10	84.91	11.46	66.18	7.50	0.22	85.36	82.10	3.26
2010-11	116.72	3.26	101.15	8.00	0.15	112.56	90.73	21.83
<b>Total</b>	<b>363.58</b>		<b>295.34</b>	<b>44.65</b>	<b>0.80</b>	<b>365.56</b>	<b>319.62</b>	

Source: Departmental records

It may be seen from the table above that:

- (i) Against the approved outlay of ₹ 363.58 crore, although the GoI was required to release ₹ 320.25 crore (as per prevailing cost sharing pattern), the GoI released central share of ₹ 295.34 crore during 2006-11, which resulted in short release of ₹ 24.91 crore. The short release of fund by the Centre was due to adjustment of unspent balance. Thus, due to failure on the part of SSA Mission, Mizoram to fully absorb the central share, the State was deprived of ₹ 24.91 crore.
- (ii) As per records furnished by the SSA Mission, an amount of ₹ 6.19 crore was due from the State Government as a progressive outstanding State share at the end of 2005-06. Again, during 2006-11, against the share of ₹ 295.34 crore released by the Centre, the State Government was required to release a State share of ₹ 40.54 crore. Thus, State Government was required to release a total State share of ₹ 46.73 crore (₹ 6.19 crore + ₹ 40.54 crore), against which the State Government released a fund of ₹ 44.65 crore, which resulted in short release of State share of ₹ 2.08 crore (₹ 46.73 crore – ₹ 44.65 crore).

In their reply, the State Project Director, SSA stated (November 2011) that the actual requirement of the fund was already solicited from the State Government, but the State Government could not release the full matching share and as such matter was beyond the control of State SSA Mission.

### 1.1.8.3 Delay in release of SSA funds

As per SSA guideline, the State Government was to release its share within 30 days after the receipt of Central share. Scrutiny of the records of the State Project Office, SSA revealed that during 2006-07, the State Government released their share with delay ranging between 58 days (2006-07) and 434 days (2008-09) which resulted in considerable delay in implementation of activities under the programme.

Details of release of Central and State share are shown in the table below:

**Table-1.3**

(₹ in crore)

Year	GoI Release			State release			Period of delay (days)	Remarks
	No. of Instalment	Amount	Date of credit	No. of Instalment	Amount	Date of credit		
2006-07	1 <sup>st</sup>	16.98	13.07.2006	1 <sup>st</sup>	4.61	11.10.2006	58	-
	2 <sup>nd</sup>	17.12	05.03.2007				171	Calculated showing date of release on 24.09.2007
2007-08	1 <sup>st</sup>	12.00	11.06.2007	1 <sup>st</sup>	7.50	24.09.2007	73	-
	2 <sup>nd</sup>	8.28	21.01.2008				347	Calculated showing date of release on 03.02.2009
	3 <sup>rd</sup>	15.00	25.02.2008				314	-do-
	4 <sup>th</sup>	6.57	28.03.2008				311	-do-
2008-09	1 <sup>st</sup>	10.53	13.06.2008	1 <sup>st</sup>	4.97	03.02.2009	203	-
	2 <sup>nd</sup>	12.95	29.09.2008				434	Calculated showing date of release on 07.01.2010
	3 <sup>rd</sup>	15.00	27.02.2009				285	-do-
	4 <sup>th</sup>	10.40	10.04.2009				241	-do-
2009-10	1 <sup>st</sup>	26.45	24.06.2009	1 <sup>st</sup>	7.50	07.01.2010	166	-
	2 <sup>nd</sup>	39.45	21.01.2010				345	Calculated showing date of release on 01.02.2011
2010-11	1 <sup>st</sup>	44.34	02.07.2010	1 <sup>st</sup>	4.95	01.02.2011	182	-

Source: Departmental records

While accepting the fact, the State Project Coordinator, SSA stated (November 2011) that the State Mission was well aware of the adverse effect of sluggish inflow of fund, but the State Government delayed the release of State matching share despite being requested for immediate release.

#### **1.1.8.4 Improper maintenance of accounts**

SSA guideline envisages that any fund released by the District Project Office (DPO) to their sub divisional/Village level units are to be booked as advance payment and such advances should not be treated as expenditure until the same are adjusted against the final adjustment bill. The guideline further envisages that only one saving bank account was allowed under each major component (SSA, NPEGEL and KGBV) at DPO level.

Test check of records of the DPOs Champhai and Lunglei revealed the following irregularities in maintenance of accounts:

- The DPO Champhai and Lunglei released an advance of ₹ 7.95 crore and ₹ 36.14 crore to its field level units (BRCs/CRCs/VECs) during 2007-11 and 2006-11 respectively and booked the same as final expenditure without obtaining final adjustment bills from the field level units.

In their reply, the State Project Director, SSA stated (November 2011) that all the utilisation certificates (UCs) are available with the District Project Offices, but the reply is silent about the reasons for booking the advances as final expenditure without obtaining final adjustment bills from the field level units.

- In violation of the prescribed financial rules, the DPO, SSA Lunglei irregularly maintained two cash books for SSA pertaining to the same period from (i) 08 December 2006 to 23 March 2007 and (ii) 01 April 2007 to 26 March 2008 without maintenance of proper supporting vouchers during the period from April 2006 to March 2009. As a result, authenticity of the entries recorded in the two cash books with reference to the actual expenditure incurred as per supporting vouchers could not be ascertained in audit. Further, cash book along with supporting vouchers for the period from April 2008 to March 2009 was not maintained, the fact which was confirmed (July 2011) by the DPC, Lunglei.

In their reply, the State Project Director, SSA stated (November 2011) that two cash books were not maintained during the period. The reply is not acceptable as the District Project Coordinator, SSA Mission, Lunglei has already confirmed (15 July 2011) to audit that two cash books were maintained for the same intervening period.

- In violation of the provisions contained in the guidelines, DPO Lunglei maintained four saving bank accounts<sup>5</sup> in multiple banks for SSA scheme during 2006-10.

<sup>5</sup> Four saving bank accounts of State Bank of India [Account Nos. (a) 01100050371 (b) 11376850551 (c) 01100050329] and (d) One saving bank account of Mizoram Rural bank (Account No. 9778)

While accepting the fact, the State Project Director, SSA Mission state (November 2011) that out of four saving bank accounts, three accounts (01100050371, 9778 and 11376850551) are closed at present.

- The SSA guidelines requires statutory audit of SSA accounts annually by Chartered Accountant Firms. It was observed in audit that despite the fact that DPO Lunglei irregularly maintained two cash books for SSA without supporting vouchers during (i) 08 December 2006 to 23 March 2007 and (ii) 01 April 2007 to 26 March 2008, the DPO surprisingly arranged to certify the accounts to obtain audit reports from a Chartered Accountant<sup>6</sup> and submitted the same to the higher authorities for obtaining further grants. The fact of preparation of accounts to obtain audit report from the Chartered Accountant was duly confirmed (July 2011) by the District Project Coordinator, SSA Mission, Lunglei.

### *Programme Implementation*

#### *1.1.9 Implementation of interventions under Elementary Education and Sarva Shiksha Abhiyan (SSA)*

##### *1.1.9.1 Maintenance grant*

Under SSA guidelines, annual maintenance grant can be disbursed only to Government Schools for annual maintenance and repairs of existing school building and other facilities to up keep the infrastructure in good condition within a limit of ₹ 4,000 for schools having less than three classrooms and ₹ 7,500 per school in respect of schools having more than three class rooms and was strictly not applicable for Government aided schools and other private schools. However, for each district, the overall expenditure will be restricted to ₹ 5,000 per school per year. This has been revised again from April 2008 with a limit of ₹ 5,000 and ₹ 10,000 per school per year in respect of schools having less than three classrooms and more than three class rooms respectively with a restriction of expenditure within ₹ 7,500 per school per year in a district.

Scrutiny of records during the Joint Inspection of Schools revealed that maintenance grants were utilised for repairs and maintenance of schools like flooring of classrooms, replacing glass panes etc. by the school authorities. However, scrutiny of records of DPO, SSA Champhai revealed that against the eligible maintenance grants of ₹ 72.55 lakh during 2006-07 and 2008-11 for the available schools under the district, the DPO disbursed a maintenance grant of ₹ 80.01 lakh which resulted in an excess expenditure of ₹ 7.46 lakh. The year wise position of disbursement of maintenance grants during the period from 2006-11 are shown in table below:

<sup>6</sup> Saraf & Chandra, Kolkata

**Table-1.4**

Year	No. of Govt. School			Eligible maintenance grants		Maintenance grant actually disbursed (₹ in lakh)	Excess disbursed (₹ in lakh)
	Schools with upto 3 classrooms	Schools with more than 3 classrooms	Total	Rate (per school per year)	Amount (₹ in lakh)		
2006-07	102	131	233	₹ 5000	11.65	12.50	0.85
2007-08	125	154	279	₹ 5000	13.95	13.25	Nil
2008-09	108	152	260	₹ 7500	19.50	22.88	3.38
2009-10	124	152	276	₹ 7500	20.70	21.53	0.83
2010-11	125	151	276	₹ 7500	20.70	23.10	2.40
<b>Grand Total</b>							<b>7.46</b>

Source : Departmental records

The District Project Coordinator (DPC), SSA Champhai while accepting the fact stated (May 2011) that the excess disbursement of maintenance grant occurred due to the inclusion of local body schools during the planning process. Further, records on monitoring of utilisation of maintenance grant by schools authorities were not found at the test checked districts SSA offices (Champhai, Lunglei and Lawngtlai). In their reply, the State Project Director, SSA also accepted (November 2011) the fact of inclusion of local bodies schools.

Thus, the expenditure of ₹ 7.46 lakh incurred on account of maintenance grant was irregular and unauthorised.

### 1.1.9.2 School Grant

As per SSA guidelines, School Grant is to be provided to all Government and Government aided Schools on annual basis for the replacement of non-functional school equipment and for incurring other recurring cost, such as consumables, play material, games, sports equipment, science laboratories and computer education requirements etc at the rate of ₹ 2,000 per year per primary and Upper Primary School during 2006-08. However, the rate was revised to ₹ 5,000 per year per primary school and ₹ 7,000 per year per upper primary schools from 2008-09 onwards.

Scrutiny of records during the Joint Inspection of Schools revealed that school grants were utilised for procurement of school equipments like chalk, maps, dusters etc by the school authorities. Scrutiny of records of DPO, SSA Champhai revealed that against the eligible School grants of ₹ 53.82 lakh during 2006-07 and 2008-11 for the available schools under the district, the DPO disbursed school grant of ₹ 57.72 lakh which resulted in an excess expenditure of ₹ 3.90 lakh. The position of disbursement of school grants during the period from 2006-11 are shown in table below:

**Table-1.5**

Year	Eligible school grant							Actual disbursement (₹ in lakh)	Excess
	PS			UPS			Total eligible grant (₹ in lakh)		
	No. of School	Rate per school (₹)	Amount (₹ in lakh)	No. of School	Rate per school (₹)	Amount (₹ in lakh)			
2006-07	133	2000	2.66	108	2000	2.16	4.82	5.78	0.96
2007-08	175	2000	3.50	139	2000	2.78	6.28	6.16	Nil
2008-09	152	5000	7.60	126	7000	8.82	16.42	17.14	0.72
2009-10	152	5000	7.60	124	7000	8.68	16.28	17.11	0.83
2010-11	151	5000	7.55	125	7000	8.75	16.30	17.69	1.39
<b>Total</b>									<b>3.90</b>

Source : Departmental records

The DPC, SSA Champhai while accepting the fact stated (May 2011) that excess drawal of School grant occurred due to the inclusion of local bodies schools during the planning process. Further, records on monitoring of utilisation of school grant by schools authorities were not found at the test checked districts SSA offices. In their reply, the State Project Director, SSA also accepted (November 2011) the fact of inclusion of local bodies schools.

The expenditure of ₹ 3.90 lakh was, thus, irregular and unauthorised.

#### **1.1.9.3 Teacher Grant**

In accordance with SSA guidelines, teacher grant is to be provided to all teachers on annual basis to facilitate child centred, joyful classroom processes by using self development, low cost, locally available teaching learning material at the rate of ₹ 500 per teacher per year in primary and upper primary school.

Scrutiny of records during 2006-11 at SSA Champhai revealed that, in violation of the provisions in the guideline, teachers grant was disbursed uniformly during 2008-11 at rate of ₹ 2,800 to all schools (primary and upper primary) irrespective of number of teachers posted in schools. Similarly, at SSA Lunglei, teacher grant was disbursed at a uniform rate of ₹ 2,000 per school during 2008-09. Further, records on monitoring of utilisation of teachers grant by schools authorities were not found at the test checked districts SSA offices.

While accepting the fact, the State Project Director, SSA stated (November 2011) that as it was resolved in the DPC meeting held on 29 May 2008, the fund for teacher grant was distributed equally to the schools since 2008-09. The reply is, however, not acceptable as SSA guideline does not provide for uniform distribution of teacher grant.

#### **1.1.9.4 Access to Primary and Upper Primary schools**

As per SSA norms there should be a primary school within one kilometre of every habitation and upper primary school is to be opened based on number of children completing primary education, subject to a ceiling of one upper primary school for every two primary schools.

Scrutiny of records of SSA Mission, Mizoram revealed that during 2006-11, there existed many eligible habitations without the access of primary schools and also there existed excess upper primary schools as per norms as shown in the table below:

**Table-1.6**

Year	No. of habitations	Primary School				Upper Primary School		
		Existing Primary Schools	Habitations without PS	Eligible habitations for PS out of habitations without PS	No. of children in eligible habitations	Required UPS	Existing UPS	Excess
2006-07	954	849	105	84	NA	425	877	452
2007-08	876	863	13	13	NA	432	801	369
2008-09	881	869	12	12	NA	435	876	441
2009-10	921	919	3	3	88	460	890	430
2010-11	1344	1314	30	21	800	657	1281	624

Source: Departmental records

NA: Not Available

It would be seen from the above table that:

- There existed 30 habitations without primary schools during 2010-11 in the State, out of which 21 habitations having 800 primary school children were eligible for primary schools but they were deprived of getting primary education due to non-existence of primary schools in their habitations.
- As per the norms, maximum number of upper primary schools that should be opened in the State during 2010-11 was 657. However, it could be seen that during 2010-11, the Department established 1,281 upper primary school against the requirement of 657 upper primary schools which resulted in excess establishment of 624 upper primary schools in the State.

### 1.1.9.5 Deployment of Excess teachers

Guideline on SSA envisages the norms of deployment of teachers as one teacher for every 40 children in primary and upper primary school, at least two teachers in a primary school and one teacher for every class in an upper primary school. The position of teachers in Primary and Upper Primary schools in the State during 2010-11 is shown in the **Appendix-1.1**.

The compiled position for the same is shown in following table:

**Table-1.7**

**(A) Position of Primary Schools (PS):**

Sl. No.	Name of District	Required primary school teachers as per norms	Total number of P/S teachers available			Teacher deployment (+) Excess (-) Less
			State	SSA	Total	
1.	Aizawl	637	1228	76	1304	(+) 667
2.	Champhai	407	411	40	451	(+) 44
3.	Kolasib	235	552	46	598	(+) 363
4.	Lawngtlai	408	981	64	1045	(+) 637
5.	Lunglei	574	833	140	973	(+) 399
6.	Mamit	425	558	86	644	(+) 219
7.	Saiha	248	672	50	722	(+) 474
8.	Serchhip	164	238	6	244	(+) 80
<b>Total</b>		<b>3098</b>	<b>5473</b>	<b>508</b>	<b>5981</b>	<b>(+) 2883</b>

Source: Departmental records

**(B) Position of Upper Primary Schools (UPS):**

Sl. No.	Name of District	Required Upper primary School teachers as per norms	Total number of UP/S teachers available			Teacher deployment (+) Excess (-) Less
			State	SSA	Total	
1.	Aizawl	669	1282	242	1524	(+) 855
2.	Champhai	387	662	144	806	(+) 419
3.	Kolasib	223	1000	144	1144	(+) 921
4.	Lawngtlai	369	735	381	1116	(+)747
5.	Lunglei	520	1003	207	1210	(+) 690
6.	Mamit	307	425	211	636	(+) 329
7.	Saiha	248	517	137	654	(+) 406
8.	Serchhip	212	419	51	470	(+) 258
<b>Total</b>		<b>2935</b>	<b>6043</b>	<b>1517</b>	<b>7560</b>	<b>(+) 4625</b>

Source: Departmental records

It would be seen from the above table that:

- As compared to SSA norms, there existed excess of 2,883 and 4,625 teachers in primary and Upper Primary schools respectively in different districts of Mizoram during 2010-11.

Scrutiny of records revealed that the Department of School Education did not have any prescribed norms for creation of posts of teachers in the Primary and Upper Primary schools of the State. Rationalisation of posting of teachers was also not done during 2006-11 by the School Education Department. Thus, due to creation of posts of teachers without any prescribed norms as well as due to non rationalisation of posting of teachers, the Department did not have any control on the recruitment of Regular, SSA, Contractual and EVs teachers at various schools in Mizoram, which led to the deployment of teachers in excess over the requirement.

While accepting the fact, the State Project Director, SSA stated (November 2011) that until and unless rationalisation of teachers is done by the State Government, the problem on excess teachers could not be overcome.

### 1.1.9.6 Deployment of teachers in Urban and Rural areas

SSA norms on deployment of teachers prescribed the Pupil Teacher Ratio (PTR) as 40:1 for Primary and Upper primary schools. The position of deployment of teachers in primary and upper primary schools of urban and rural areas during 2010-11 is shown below:

**Table-1.8**

#### (a) Primary Schools:

Sl. No.	Name of District	Urban			Rural		
		Enrolment	No. of teachers	PTR	Enrolment	No. of teachers	PTR
1.	Aizawl	11059	874	13	8373	551	15
2.	Champhai	3065	194	16	8744	407	21
3.	Kolasib	2991	181	17	4445	197	23
4.	Lawngtlai	492	96	5	20976	763	27
5.	Lunglei	3239	335	10	11690	590	20
6.	Mamit	1239	79	16	7413	331	22
7.	Saiha	1898	144	13	6878	507	14
8.	Serchhip	1287	135	10	2797	183	15
<b>Total</b>		<b>25270</b>	<b>2038</b>		<b>71316</b>	<b>3529</b>	
<b>PTR of Primary schools in the State = 16</b>							

Source: Departmental records

#### (b) Upper Primary Schools:

Sl. No.	Name of District	Urban			Rural		
		Enrolment	No. of teachers	PTR	Enrolment	No. of teachers	PTR
1.	Aizawl	6437	919	7	4768	584	8
2.	Champhai	1720	222	8	4537	462	10
3.	Kolasib	1344	171	8	1715	174	10
4.	Lawngtlai	352	71	5	5227	554	9
5.	Lunglei	1872	296	6	4043	455	9
6.	Mamit	518	74	7	2640	281	9
7.	Saiha	215	41	5	937	172	5
8.	Serchhip	953	143	7	1560	187	8
<b>Total</b>		<b>13411</b>	<b>1937</b>		<b>25427</b>	<b>2869</b>	
<b>PTR of Upper Primary schools in the State = 8</b>							

Source: Departmental records

It would be seen from the above table that:

- The PTR of primary schools in urban areas was 12 whereas for the rural areas it was 20, which indicates higher deployment of teachers in schools of urban areas compared to those of rural areas.
- Similarly, in upper primary schools, in urban areas and rural areas, the PTR were seven and nine respectively indicating improper rationalisation of deployment of teachers in upper primary schools situated in urban and rural areas.
- The PTR of primary schools and upper primary schools in the State were 16 and 8 respectively, which was far lower than the SSA norms of 40:1 indicating the existence of excess teachers

### 1.1.9.7 Irregular deployment of Education Volunteers

Guidelines on Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE) envisage that Education Volunteers (EVs) to be recruited only for deployment in EGS and AIE centres. However, in violation of prescribed norms in the guidelines, the SSA Mission, Mizoram, engaged 338, 784, 1,074, 1,408 and 1,143 EVs during 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 respectively in different Government schools other than EGS and AIE centres, although these Government schools (Primary and Upper Primary) were having excess teachers against the SSA norms.

In reply to audit query, the State Project Director, SSA Mission stated (August 2011 and November 2011) that EVs were engaged in different schools due to shortage of man power and due to public pressure. The reply is not acceptable as the Primary and Upper Primary schools in the State have already been functioning with excess teachers.

### 1.1.9.8 Joint Inspection of Schools

During the course of Joint Inspection of Schools (June-July 2011) by audit team along with the Departmental staff in the test checked districts, it was revealed that many schools were having very high PTR as shown below:

**Table-1.9**

<b>I. Lawngtlai District:</b>				
<b>Sl. No.</b>	<b>Name of School visited</b>	<b>Enrolment</b>	<b>No. of teacher posted (Regular, SSA, CSS, contract)</b>	<b>PTR</b>
1.	Chawntlangpui Middle School	6	11	0.55
2.	Sihtlangpui Primary School	77	7	11.00
3.	Rosebud Middle School	86	13 + 1 (EV)	6.14
4.	Rev. Thanzinga Memorial Middle School	29	12	2.42
5.	AOC Primary School –II	45	8	5.63
6.	Bazar Primary School	55	15	3.67
7.	Chawntlangpui Primary School	60	7 + 1 (EV)	7.50
8.	Sintlangpui Middle School	36	12 + 1 (EV)	2.77

<b>II. Lunglei District:</b>				
<b>Sl. No.</b>	<b>Name of School visited</b>	<b>Enrolment</b>	<b>No. of teacher posted (Regular, SSA, CSS, contract)</b>	<b>PTR</b>
1.	Govt. Middle School-II, Lungsen	62	7	8.86
2.	Govt. Primary School –III, Lungsen	44	4	11.00
3.	Govt. Middle School, Zodin	105	7	15.00
4.	Sardar Vallabhbhai Patel Govt. Middle School	122	13	9.38
5.	Model Primary School, Lunglawn	103	10	10.30
6.	Zobawk Primary School-II	77	6	12.83
7.	Govt. Middle School Thaizawl	22	8	2.75
8.	Govt. Middle School Thualthu	36	8	4.50
<b>III. Champhai District:</b>				
<b>Sl. No.</b>	<b>Name of School visited</b>	<b>Enrolment</b>	<b>No. of teacher posted (Regular, SSA, CSS, contract)</b>	<b>PTR</b>
1.	Govt. Primary School-II, Khawzawl	78	4	19.50
2.	Govt. New Chalrang Primary School	41	2 (EV)	20.50
3.	Chawngtlai Govt. Middle School	125	7	17.86
4.	Govt. Chawngtlai Primary School -II	29	1+1(EV)	14.50
5.	Govt. Roseland Comprehensive school	258	16	16.13
6.	Govt. Vapar Middle School	44	9	4.89
7.	Govt. Hnahlan Middle School	88	10	8.80
8.	Govt. Tlangsam Middle School	106	12	8.83

*Source: Joint Inspection of Schools*

In regard to maintenance of high PTR in schools mentioned in above table, the State Project Director, SSA admitted the findings of Joint Inspection of schools and stated (November 2011) that until and unless rationalisation of teachers is done by the State Government, the problem on high PTR could not be overcome.

### **1.1.9.9 Out of School Children**

#### **1.1.9.9.1 Identification of Out of School Children**

SSA envisages that household survey should be conducted by a team of teachers or members of Village Education Committee or energetic persons of village to identify out of school children (OoSC). Further, the guidelines stipulate that under the interventions for OoSC, SSA to set up formal schools or education guarantee centre in un-served habitations, and different models of alternative and Innovative Education programmes and to provide education through bridge courses, remedial courses and back to school camps.

Scrutiny of records revealed that the household survey to identify the OoSC was conducted by Champhai district during 2008-09 and 2010-11 and by Lunglei and Lawngtlai districts during 2010-11. But, before the proper identification of actual number of OoSC through household survey and without assessing the requirement of centres for the OoSC, the SSA units of these three districts opened arbitrarily centres, like: Alternative and Innovative Education (AIE), Residential Bridge

Courses (RBCs) and Non Residential Bridge Courses (NRBCs) and the posted teachers in these centres, then enrolled the OoSC available in that areas.

In their reply, the State Project Director, SSA stated (November 2011) that the OoSC was identified from the DISE obtained from the Village Education Committees. The reply is however not acceptable, as the identification of OoSC was not done by VECs through household survey.

### **1.1.9.9.2 Status of Out of School Children**

The SSA aims to achieve goals of Universalisation of Elementary Education and retention of all children in the 6-14 age groups by 2010. As already mentioned in the paragraph 1.1.9.9.1, the household survey for identification of OoSC was carried out in the entire State during 2010-11, except in Champhai district where it was conducted in 2008-09. But, scrutiny of records of State Project Director, SSA Mission, Mizoram revealed that during 2006-10, based on DISE reports obtained from Village Education Committees, the Department identified OoSC as shown below:

**Table-1.10**

Year	Number of Out of School Children		
	6-11 age group	11-14 age group	Total
2006-07	2144	2160	4304
2007-08	1811	3102	4913
2008-09	4037	7883	11920
2009-10	2450	3092	5542
2010-11	1546	2600	4146

*Source: Departmental records*

It would be seen from the above table that the SSA Mission, Mizoram failed to achieve the goals of SSA in providing retention of all children in schools as there still existed 4,146 OoSC in the 6-14 age groups during 2010-2011.

While accepting the fact, the State Project Director, SSA stated (November 2011) that number of OoSC is fluctuating year by year mainly due to the repatriation of Bru and Chakma communities from neighbouring States and Countries and landless labourers of Kolasib district, who were not permanently settled in the State. However, full efforts are made for mainstreaming of these OoSC.

### **1.1.9.9.3 Diversion of fund under OoSC intervention**

The SSA guideline envisages support for mainstreaming OoSC under the OoSC intervention by implementing various strategies, like: Residential Bridge Course, Non-Residential Bridge Course, Back to school, Mobile school, Alternative and Innovative Education (AIE) centres etc. Further, the guideline stipulates that Education Volunteers are to be recruited for Education Guarantee Scheme (EGS) and AIE centres only and not in other establishments. However, the SSA norms do not provide any allocation for procurement of exercise books out of OoSC intervention fund for distribution to children.

Scrutiny of records revealed that in gross violation of SSA norms, the fund under OoSC intervention was irregularly diverted towards payment of honorarium to the Education Volunteers posted in different establishments other than EGS and AIE centres, like: primary and middle schools, Block Resource Centres, Sub Divisional Education Officers offices and SSA District Project Offices and also for purchase of exercise books. The amount diverted from OoSC intervention to other activities would be seen from the following table:

**Table-1.11**

(₹ in lakh)

Year	Project Approval Board (PAB) allocation for OoSC intervention	Amount diverted from OoSC intervention		Total fund diverted	Percentage of fund diverted w.r.t. fund available
		For payment of honorarium to EVs posted other than EGS and AIE	For procurement of exercise books		
2006-07	354.970	101.40	Nil	101.40	29
2007-08	530.910	235.20	Nil	235.20	44
2008-09	708.160	322.20	Nil	322.20	46
2009-10	536.675	422.40	Nil	422.40	79
2010-11	524.740	342.90	71.15	414.05	79
<b>Grand Total</b>		<b>1424.1</b>	<b>71.15</b>	<b>1495.25</b>	

Source: Departmental records

It reveals from above table that the percentage of fund diverted from OoSC intervention was subsequently increased from 29 per cent in 2006-07 to 79 per cent during 2010-11 and out of total diverted fund of ₹ 14.95 crore, an amount of ₹ 14.24 crore was diverted for unauthorised payment of honorarium to EVs.

Thus, due to the irregular diversion of fund from OoSC intervention, sufficient fund could not be released for effective implementation of OoSC intervention, which resulted in the persistent existence of OoSC during 2006-11.

While accepting the fact, the State Project Director, SSA stated (November 2011) that due to public pressure, the State SSA Mission was compelled to recruit Education Volunteers in different schools.

#### **1.1.9.10 Implementation of SSA in Autonomous District Council areas**

In Lawngtlai district, all the elementary education upto the middle school level are under the control of Lai Autonomous District Council (LADC). However, there is no scope for intervention of the LADC in the implementation of SSA Mission in the district, as the Lawngtlai SSA Mission has been functioning in the district as an independent district level unit under Mizoram SSA Rajya Mission. In a reply to audit query, the Executive Secretary of LADC confirmed (August 2011) that the LADC does not control directly or indirectly any of the funds being allocated to the District Project Coordinator (DPC), Lawngtlai SSA Mission.

However, scrutiny of records at District Project Office, SSA Mission, Lawngtlai revealed that in gross violation of SSA guidelines, LADC's Executive Members were regulating and controlling interventions, like: Civil works, appointment of Education Volunteers and MDM cooks etc. under SSA as discussed in the succeeding paragraphs.

#### **1.1.9.10.1 Execution of Civil Works**

SSA guidelines do not provide for engagement of contractors/private individuals in building construction, except for the construction of Block Resource Centre (BRC) and bigger buildings.

Scrutiny of records at SSA Lawngtlai, however, revealed that in gross violation of SSA norms, the DPC, SSA Lawngtlai had been awarding work orders to selected individuals for execution of civil works *viz.*, construction of separate girls toilet, additional classrooms, boundary wall, kitchen shed, etc. under the instructions of Members from Lai Autonomous District Council (LADC), Lawngtlai.

The photographs enclosed with the completion reports submitted to the District Project Coordinator, SSA Lawngtlai by the individuals are depicted below:



**Separate Girls Toilet at Chamdurtlang Primary School constructed on the instruction of Executive Member (i/c Agriculture) LADC, Lawngtlai during 2010-11**



**Boundary wall at Lawngtlai-I Primary School constructed by private unregistered contractor during 2010-11**

Guideline on SSA requires mandatory evaluation by an independent third party to assure technical quality of civil works. It was however, revealed that the DPC, SSA Lawngtlai irregularly released payment to these individuals, engaged as contractors under the instructions from the Members of LADC, based on completion reports submitted by themselves without any measurement and technical evaluation of the works with reference to the approved plan/estimates. It was also noticed that while releasing the payment to these individuals, the DPC, SSA Lawngtlai ignored the complaints lodged by the concerned Headmasters of schools on the execution of sub-standard works.

While accepting the fact, the State Project Director, SSA Mission stated (November 2011) that various civil works under the SSA Mission were taken up in the district under the instructions of

District Councils. As a proof of council intervention, the department has already shown a number of chits/orders received from different Executive Members regarding allocation of civil works. Thus, the State Government requires to take up the matter with the LADC so that this unauthorised intervention in the functioning of the District SSA unit do not recur in future.

#### ***1.1.9.10.2 Irregular appointment of Education Volunteers and MDM cooks***

SSA norms stipulate that Education Volunteers (EV) would be selected by local community where the school/centre is proposed to be established. The State may define the role of the local Village Education Committee (VEC), Village Councils (VC) and committee of the parents, since parents are most important stakeholder in the proper functioning of the school. The VECs/VCs would receive applications, scrutinize them and shortlist suitable candidates for appointment. Similarly, as per order issued (January 2006), the VECs are designated as the appropriate authority to select and deploy cook under MDM in Mizoram.

Scrutiny of records of SSA Lawngtlai revealed that in violation of the SSA norms and Government orders all the recruitment of Education Volunteers and Mid Day Meal cooks was done by the District Project Coordinator, SSA Lawngtlai at the instance of chits/orders from the Council authorities of LADC without obtaining short listed suitable candidates from the VECs/VCs.

In their reply, the State Project Director, SSA Mission accepted (November 2011) the fact that appointment, Posting and transfer of SSA staff have been controlled by the District Council authorities.

#### ***1.1.9.10.3 Diversion of fund under Additional Classrooms***

Scrutiny of records of SSA Lawngtlai, revealed that during 2009-10, the fund of ₹ 10 lakh approved and allocated by the Project Approval Board (PAB) for construction of four additional classrooms at four different schools (at the rate of ₹ 2.50 lakh per school) was unauthorisedly diverted towards purchase of a plot of land for Lawngtlai Bazar Primary School under the instructions of Chief Executive Member, LADC. Again, ₹ five lakh earmarked for construction of two additional classrooms at two different schools was unauthorisedly diverted for the construction of single additional classroom at Lawngtlai Bazar Middle School under the instructions of Chief Executive Member, LADC.

Similarly, during 2010-11, the fund of ₹ 12 lakh earmarked for the construction of four additional classrooms at four different schools (at the rate of ₹ three lakh per school) was unauthorisedly diverted for construction of Lawngtlai Bazar Primary School under the instructions of Chief Executive Member, LADC.

Further, ₹ six lakh earmarked for the construction of two additional classrooms at two different schools (at the rate of ₹ three lakh per school) unauthorisedly diverted for the construction of Indira Gandhi Memorial School, Sangau under the instructions of Chief Executive Member, LADC.

While accepting the fact, the District Project Coordinator, SSA Lawngtlai stated (July 2011) that diversion of fund under additional classrooms, in violation of the PAB's approval were done on the instructions of Chief Executive Member, LADC, Lawngtlai.

### 1.1.9.11 Free Text Books

SSA guidelines envisage that the Free Text Books (FTB) to all focus group children viz. girls/SC/ST children are to be distributed only to Government Schools and Government aided schools.

In Mizoram, free text books under SSA Mission were distributed satisfactorily on time to the school children during 2006-11. However, scrutiny of records of State Project Officer, SSA Mission, revealed that in violation of the prescribed provisions of the guidelines, Free Text Books worth ₹ 33.85 lakh were unauthorisedly distributed during 2007-11 to ineligible students studying in private unaided schools run by religious organisations.

The details of year wise number of schools and amount incurred are shown in following table:

**Table-1.12**

Year	No. of Schools run by religious organisations provided with FTB	No. of students in schools run by religious organisations provided with FTB (Class I – VIII)	Total amount incurred (₹ in lakh)
2006-07	NIL	NIL	NIL
2007-08	52	4147	6.40
2008-09	28	3220	4.65
2009-10	39	4204	8.78
2010-11	43	6054	14.02
<b>Grand Total</b>			<b>33.85</b>

Source: Departmental records

Thus, an irregular and unauthorised expenditure of ₹ 33.85 lakh was incurred by extending the benefits of free text books to ineligible beneficiaries.

In their reply, the State Project Director, SSA Mission stated (November 2011) that these schools run by religious organisation mainly in the border and difficult areas. Thus, instead of establishing new schools in those areas the Department has helped these private schools run by religious organisations by providing free text books. The reply is, however, not acceptable as the free distribution of text books is permissible only to Government and Government aided schools.

### 1.1.9.12 Civil Works

#### 1.1.9.12.1 Boundary Wall

SSA guidelines stipulate that all school campus shall be secured by providing boundary wall or green fencing with a gate to secure the school premises and to be constructed as per the State Schedule of Rates (SoR).

As per Project Approval Board's (PAB) approved Annual Work Plans of SSA Mission, Mizoram, the boundary wall of schools (with half brick masonry with first class brick) are to be constructed as per the detailed technical estimate prepared by the PWD, Mizoram at the rate of ₹ 65,000 for each boundary wall.

Scrutiny of records of SSA Mission Champhai, Lunglei and Lawngtlai districts revealed that during 2006-11, 540 boundary walls were constructed in the schools at the cost of ₹ 351 lakh with Goat proof net fencing and wires without any half brick masonry with first class brick in violation of the PAB approval as per details shown in the following table:

**Table-1.13**

Sl. No.	Name of district	No. of boundary wall constructed	Period	Rate for each wall (in ₹)	Total amount (₹ in lakh)	Remarks
1.	Champhai	140	2009-11	65,000	91.00	Constructed only Goat proof net walling
2.	Lunglei	220	2006-11	65,000	143.00	Constructed only Goat proof net walling with single iron bar
3.	Lawngtlai	180	2006-11	65,000	117.00	Provided wall fencing with wire
<b>Total</b>		<b>540</b>			<b>351.00</b>	

Source: Departmental records

The photographs of boundary walls constructed with Goat proof wire net and wires are depicted below:



[Govt. Roseland School, Champhai]



[Govt. Middle School, Thualthu, Lunglei]



[Govt. Middle School, Chawnhu, Lawngtlai]

Thus, in three districts 540 sub-standards boundary walls were constructed during 2006-11 without any half brick masonry, although the estimated cost of ₹ 65,000 meant for construction of each boundary wall with half brick masonry with first class brick was spent by the three district authorities.

In their reply, the State Project Director, SSA Mission stated (November 2011) that the rate fixed by the Government of India in respect of construction of boundary wall is not workable as the cost of material is very high in Mizoram. The reply is however not acceptable as the PAB had approved the construction of boundary wall at the rate of ₹ 65,000 each based on the detailed technical estimate prepared as per SoR of PWD, Mizoram.

#### 1.1.9.12.2 *Electrification of Schools:*

During 2006-07, a total of 237 schools were electrified in seven districts<sup>7</sup> at the unit cost of ₹ 20,000 per school for a total amount of ₹ 47.40 lakh. Again, electrification of 241 schools was executed in six districts<sup>8</sup> for an amount of ₹ 48.20 lakh during 2007-08.

Further, during 2008-09, scrutiny of records of State Project Office, SSA Mission revealed that PAB approval of electrification of 1,440 schools (unit cost ₹ 20,000) with a total amount of ₹ 288 lakh. Accordingly, SSA Mission, Mizoram engaged (September 2009) three firms *viz.* M/s Zeon Electricals, Aizawl, M/s M&L Electrical Enterprises, Aizawl and M/s Mizoram Engineering Agency, Lunglei for electrification of 1,440 schools in all the eight districts<sup>9</sup>. After completion of the electrification works the three firms had submitted (February 2010) their completion reports for only 1,368 schools leaving 72 schools without electrification. The details of electrification of the left out 72 schools and payment thereof of the balance fund of ₹ 14.40 lakh was not on records.

<sup>7</sup> Aizawl – 30 schools, Champhai – 24 schools, Kolasib – 30 schools, Lawngtlai – 60 schools, Mamit – 25 schools, Saiha – 5 schools and Serchhip – 63 schools

<sup>8</sup> Aizawl – 60 schools, Champhai – 50 schools, Kolasib – 30 schools, Lawngtlai – 46 schools, Mamit – 10 schools and Serchhip – 45 schools

<sup>9</sup> Aizawl – 470 schools, Champhai – 200 schools, Kolasib – 100 schools, Lawngtlai – 100 schools, Lunglei – 270 schools, Mamit – 100 schools, Saiha – 100 schools, Serchhip – 100 schools

Similarly, during 2009-10 against the approval of PAB for electrification of 312 schools in five districts<sup>10</sup> for ₹ 62.40 lakh (at the rate of ₹ 20,000 per school), the SSA Mission, Mizoram had completed electrification of only 217 schools during 2009-10 by engaging one firm (M/s Marshall Electrical, Aizawl) at a total cost of ₹ 34.72 lakh (at the tendered unit cost of ₹ 16,000 per school). The position of electrification of remaining left out 95 schools (312 schools – 217 schools) and utilisation of balance fund of ₹ 27.68 lakh (₹ 62.40 lakh – ₹ 34.72 lakh) was not on record.

Thus, during 2008-10, against the 1,752 schools approved for electrification only 1,585 schools were electrified depriving 167 schools in getting electrification.

In their reply, the State Project Director, SSA Mission stated (November 2011) that during 2008-09, due to urgent need of the schools, the Village Education Committees of said 72 schools electrified their concerned schools. Again, the electrification of remaining 95 schools were completed in advance during 2008-09 and fund for the same was released to the two districts (Saiha and Lawngtlai) during 2009-10. The contention of the department is however doubtful as (i) the VECs were not authorised to execute any electrification of schools, except by the approved electrical firms of the SSA Mission and (ii) before the approval of the PAB, no electrification could be done in any schools in advance.

### ***1.1.9.12.3 Diversion and suspected misappropriation of Child Friendly Elements fund***

SSA guidelines *inter alia* stipulate that child friendly elements are to be classified as one of the sub components of Civil works under SSA, towards support for school Infrastructure. Accordingly, child friendly features were to be incorporated in school building designs responding to the needs of children like drinking water taps and urinals at different heights for children of different age groups/heights, child friendly hardware fittings etc. and fund for construction of child friendly elements to be transferred to School Management Committee/Village Education Committee for incorporation of child friendly features in schools.

During the year 2010-11, the PAB approved an outlay of ₹ 1.30 crore for providing child friendly elements to 200 schools under civil works for four districts (Champhai, Mamit, Saiha and Serchhip). Scrutiny of records of State Project Officer, SSA Mission revealed that in violation of the norms, based on recommendations of the State Level purchase committee, the State Project Director, SSA Mission, Mizoram irregularly issued supply orders (February 2011) to two firms (M/s Skipper Sports, Aizawl and M/s Ronnies Agencies, Aizawl ) for supply of sports items (Football - 2,721 nos., Volleyball - 2,721 nos., Volleyball net - 2,721 nos. and Skipping rope - 10,884 nos.) at a total cost of ₹ 1.24 crore to the four districts. On receipt of the materials, the concerned four districts SSA authorities released (2010-11) the entire fund of ₹ 1.24 crore to the suppliers.

Thus, the SSA authority had irregularly diverted an amount of ₹ 1.24 crore meant for child friendly elements for support to school infrastructure towards unapproved component of Sport materials, thereby depriving children in needy schools of the child friendly elements.

<sup>10</sup> Champhai – 15 schools, Lawngtlai – 45 schools, Lunglei – 162 schools, Mamit – 40 schools, Saiha – 50 schools

Similarly, during 2008-09 against the approved outlay of ₹ 1.45 crore for implementation of child friendly elements in Lunglei District, the District Project Coordinator irregularly procured other unapproved items<sup>11</sup> at the total cost of ₹ 60.65 lakh (benches with desk for ₹ 52.20 lakh, school uniform, Shoes etc for ₹ three lakh and incurred transportation cost for benches and desks for ₹ 5.45 lakh). But, the details of utilisation of unspent balance of ₹ 77.83 lakh (₹ 145 lakh – ₹ 60.65 lakh - ₹ 6.52 lakh on management cost) out of allocated fund of ₹ 145 lakh was not on records.

At the time of conduct of audit (July 2011), the erstwhile District Project Co-ordinator, SSA Lunglei stated (July 2011) that documents in support of expenditure of ₹ 145 lakh could be obtained from the present District Project Coordinator. But, the District Project Coordinator, SSA Lunglei stated (July 2011) that records pertaining to expenditure of ₹ 77.83 lakh was not handed over to him by former District Project Coordinator. Thus, misappropriation of ₹ 77.83 lakh could not be ruled out, which calls for proper investigation.

In their reply (November 2011), the State Project Director, SSA Mission failed to clarify the actual utilisation of unspent balance of ₹ 77.83 lakh, if any.

#### 1.1.9.13 Unfruitful and Avoidable expenditure

In order to implement Computer Education in Schools of Mizoram, the SSA, floated (February 2004) Notice Inviting Tender (NIT) against which the Department received financial and technical bids from five firms, out of which they short listed two Kolkata based firms. The offers made by the two firms were as under:

**Table-1.14**

(₹ in lakh)

Name of Firms	Total Financial implication:					Negotiated Cost
	Unit cost per school per year	No. of schools with four years terms	Total	Additional mobilisation fund	Grand total	
M/s ACES Infotech Pvt. Ltd.	2.84	80	908.80	200.00	1108.80	926.00
M/s NIIT	2.30	80	736.00	190.00	926.00	-

Source: Departmental records

Although, the firm M/s NIIT, Kolkata submitted all the past experience certificates, credential of financial soundness and technical specifications of the computers and services based on which the Department had shortlisted the firm for consideration, the selection committee irregularly rejected (March 2004) comparatively lower offer made by the firm on the ground that M/s ACES was technically superior and approved the offer made by M/s ACES Infotech, Kolkata at a negotiated price of ₹ 926 lakh. It was noticed that the selection committee had finalised the rate without making any negotiation with M/s NIIT who offered the lower competitive price violating the

<sup>11</sup> as provision of separate support for school furniture and school uniform was available under SSA

Central Vigilance Commission's (CVC) guidelines which stipulates that negotiation could be made only with the lowest tenderer for the award of work. Had the selection committee negotiated with the firm (M/s NIIT), the final rate could have been negotiated at substantially lower price. Accordingly, as recommended by the selection committee, the SSA Rajya Mission entered (May 2004) into an agreement with M/s ACES infotech and awarded the work order for implementation of computer education in 80 schools for a four year duration. Based on same approved rate, the SSA Rajya Mission entered into another three agreements with the firm for coverage of additional 160 schools upto March 2012.

Scrutiny of the records of State Project Officer, SSA Mission, revealed that several complaints were received from different sources right from the local media to School Headmasters/Computer Centres regarding poor performance of the firm in implementing computer education in schools, as a result of which the Secretary, Government of Mizoram, School Education Department in his letter 31 March 2010 stated that the contractual period with ACES would come to an end on 31 March 2010 and thereafter it would not be continued or extended in future. However, the contract period with ACES was further extended upto 31 March 2012.

Thus, despite the fact of poor performance of the firm, the firm was irregularly allowed for continue implementation of the project which may entail risk of sub-standard implementation of school computer education programme in the State.

In their reply, the State Project Director, SSA Mission stated (November 2011) that as the firm is not performing well year by year, full efforts is given for discontinuation of the contract agreement.

#### ***1.1.10 Mid Day Meal Schemes (MDM)***

The GoI launched the National Programme of Nutritional Support to Primary Education, commonly known as the "Mid Day Meal (MDM)" scheme on 15 August 1995 as a Centrally Sponsored Scheme for children of primary stage (Class I to V) in Government, Local bodies and Government aided schools. In October 2002, it was also extended to cover children studying in Education Guarantee Scheme (EGS) and Alternative Innovative Education (AIE) centre. During 2008-09 the programme was also extended to school children studying in upper primary schools (Class VI to VIII).

Mid day meal programme started functioning in the State w.e.f. 15 August 1995 by way of distribution of raw rice to students and cooked meals were served in the entire state since 15 February 2006. The Directorate of School Education is the Nodal Department for implementation of MDM scheme in Mizoram and the programme is being implemented in collaboration with SSA Mission, Mizoram. At District level, the District Education Officer of each District is designated as Nodal Officer of the District concerned and is assigned overall responsibility for effective implementation of the programme at the District level. The implementing units at the District and Block levels are SSA District Project Offices and Sub-Divisional Education Offices respectively. At the village and school levels, responsibility for implementation and supervision of the programme is assigned to the respective Village Education Committee.

### 1.1.10.1 Funds allocation and expenditure on Mid-Day-Meal

The funds allocated under Mid-Day-Meal and expenditure incurred thereagainst during 2006-11 were as under:

**Table-1.15**

(₹ in crore)

Year	Availability of Fund's				Expenditure	Closing balance
	Opening balance	Central	State	Total		
2006-07	NIL	2.61	2.80	5.41	5.10	0.31
2007-08	0.31	6.38	3.74	10.43	10.18	0.25
2008-09	0.25	14.00	3.75	18.00	17.07	0.93
2009-10	0.93	6.97	6.00	13.90	12.51	1.39
2010-11	1.39	16.58	5.56	23.53	21.73	1.80

Source: Departmental records

It would be seen from the table that the Directorate of School Education could not utilise the available fund leaving a substantial unspent balance each year especially, during 2009-11. Reasons for substantial savings were not on record.

### 1.1.10.2 Inclusion of ineligible beneficiaries

The guidelines on Mid Day Meal envisage that Central Government will provide assistance for implementing mid day meal programme to Government, Local Body and Government – aided schools and Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE) Centres. Further, the norms for AIE stipulate that the AIE centres to support strategies like Interventions for mainstreaming of “Out of School” children viz. bridge courses, back to school camps etc and strategies for very specific, difficult groups of children who cannot be mainstreamed.

Scrutiny of records revealed that Department of School Education, Government of Mizoram and SSA Mission, Mizoram entered into an MoU (September 2007) with private schools run by religious organisations for extending MDM scheme to these schools by declaring (October 2007) these as AIE Centres. However, these schools were not eligible as AIE Centres being declared as these schools were purely unaided private schools and did not support any of the strategies of AIE centres. Extending the MDM scheme to these private schools was, therefore, in contravention of the MDM guidelines.

The following table shows the expenditure incurred on the ineligible private unaided schools run by religious organisations on account of extending undue benefits of MDM scheme by Department of School Education, Government of Mizoram in violation of norms.

**Table-1.16**

(₹ in lakh)

Year	No. of ineligible private schools run by religious organisation covered under MDM	No. of Ineligible students	No. of cooks in ineligible schools	Qty. Of food grains allocated for ineligible students (MT)	Cost incurred on food gains for distribution to private schools (₹ 9300 per MT)	Ineligible Cooking cost incurred	Ineligible Cooks salary incurred
2006-07	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2007-08	10	1170	17	17.82	1.66	4.50	2.04
2008-09	57	5935	87	140.80	13.09	16.60	6.91
2009-10	88	9160	146	220.75	20.53	37.43	16.54
2010-11	95	13673	243	333.36	31.00	74.20	33.22
<b>Total</b>	<b>250</b>	<b>29938</b>	<b>493</b>	<b>712.73</b>	<b>66.28</b>	<b>132.73</b>	<b>58.71</b>

Source : Departmental records

It would be seen from the above table that due to the inclusion of private schools run by religious organisations under MDM programme in violation of the norms, the Department had allocated 712.73 MT of food grains worth ₹ 66.28 lakh during 2007-11. Again, the Department also incurred ineligible expenditure of ₹ 132.73 lakh and ₹ 58.71 lakh as cooking cost and cooks salary respectively for extending MDM scheme to private schools run by religious organisation during 2007-11.

Thus, by extending MDM programme to ineligible private schools, the Department incurred unauthorised expenditure of ₹ 257.72 lakh (₹ 66.28 lakh + ₹ 132.73 lakh + ₹ 58.71 lakh) during 2007-11.

### 1.1.10.3 Excess Lifting of Foodgrains

Guidelines on MDM envisage that Central Government will provide assistance to State Government for supply of food grains at the rate of 100 grams/child/school day (Primary School Children) and 150 grams/child/school day (Middle School Children). The position of foodgrains actually lifted by the Department *vis-a-vis* requirement of foodgrains (as per the actual number of feeding days, enrolment and average attendance rate fixed by the Department) is shown in the following table:

**Table-1.17**

Year	Required food grains under MDM (in MT)	Food grains actually lifted (in MT)	(+) Excess lifted (-) Short lifted (in MT)
2006-07	2067.24	1750.61	(-) 316.63
2007-08	1983.28	2050.22	(+) 66.94
2008-09	3279.73	3735.33	(+) 455.60
2009-10	3527.21	3716.25	(+) 189.04
2010-11	3894.04	3695.13	(-) 198.91
<b>Total</b>	<b>14751.50</b>	<b>14947.54</b>	<b>(+) 196.04</b>

Source : Departmental records

As shown in the table above, the Department had lifted 196.04 MT. of foodgrains (rice) in excess to the actual requirement during the years 2006-11.

#### 1.1.10.4 Nutritional quality of MDM

The guidelines on MDM programme envisage that the meals provided to the students should satisfy prescribed nutritional norms. The State Government, thus, notified norms of nutrition for primary school (October 2006) and Upper Primary school (December 2007) children as follows:

**Table-1.18**

Nutritional norms per student per school day	Energy (calories)	Protein (gms)
Primary School	502.50	14.25
Upper Primary School	735.00	19.50

Source : Departmental records

As per Mid Day menu, prescribed by an independent body (Food and Nutritionist) for the primary schools in Mizoram, the following calorific value and protein content must be contained in the mid day meals:

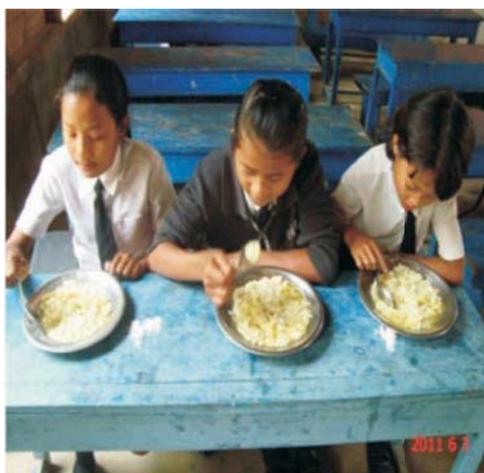
**Table-1.19**

Days	Menu/Ingredients	Energy (cal)	Protein (gms)
Monday	Plain rice (100g), Potato (20g), Dal (15g), Oil (5g)	460.85	10.89
Tuesday	Plain rice (100g), Potato (10g), Dal (5g), Oil (5g)	445.90	11.47
Wednesday	Plain rice (100g), Potato (10g), Dal (10g), Oil (5g), Boiled Egg (40g)	466.70	12.40
Thursday	Plain rice (100g), Potato (20g), Dal (15g), Oil (5g)	446.45	10.85
Friday	Plain rice (100g), Potato (15g), Dal (2g), Banana (80g)	503.05	10.72
<b>Average calorific value of menu</b>		<b>464.59</b>	<b>11.27</b>

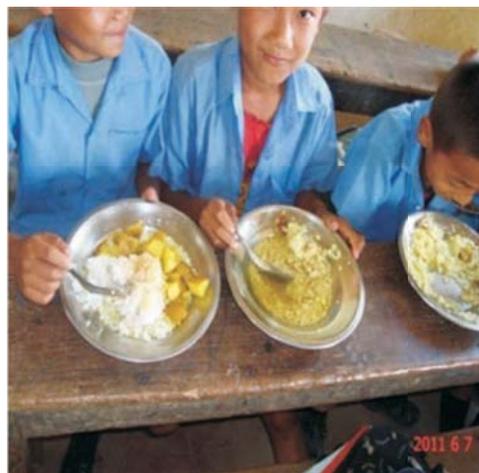
Source : Departmental records

It would be seen from the above table that the weekly menu prepared for the primary school children contained an average of 464.59 calories of energy and 11.27 gms of protein which was far less than the prescribed calorific value of 502.50 calories and 14.25 gms of protein.

Further joint Inspection of primary and upper primary schools in test checked districts by audit team along with departmental staff disclosed that many schools normally have the weekly menu consisting of plain rice, dal, potato and occasionally eggs and soya protein (nutrela). Photograph of students consuming mid day meal is exhibited below:



[Government Tlangsam M/S, Champhai]



[Government P/S – II, Khawzawl]

Further scrutiny of records revealed that Department of School Education had not conducted any nutritional quality test either at state level or at district level to ascertain the calorific value of food served to students under mid day meal scheme by the school authorities during 2006-11.

### 1.1.11 *Monitoring*

#### 1.1.11.1 *Inspection of Schools*

Inspection of schools at elementary stage is the joint responsibility of School Education Department, Government of Mizoram, SSA and Village level authorities. Further, SSA guideline stipulates community based monitoring as one of the strengths of the programme. Field visit of 24 schools in the test checked districts revealed the following poor performance of monitoring and inspection by different levels during 2006-11:

**Table-1.20**

I. Lawngtlai District:						
Sl. No.	Name of School	State level	District level	Block level	Circle level	Village level
1.	Chawntlangpui M/S	0	0	0	0	1
2.	Sihtlangpui P/S	0	0	0	0	0
3.	Rosebud M/S	0	2	0	1	2
4.	Rev. Thanzinga Memorial M/S	0	2	0	0	0
5.	AOC P/S –II	0	3	0	0	1
6.	Bazar P/S	0	0	0	1	0
7.	Chawntlangpui P/S	0	0	0	0	0
8.	Sintlangpui M/S	0	0	0	0	0
<b>Sub Total</b>		<b>0</b>	<b>7</b>	<b>0</b>	<b>2</b>	<b>4</b>

<b>II. Lunglei District:</b>						
Sl. No.	Name of School	State level	District level	Block level	Circle level	Village level
1.	Govt. M/S-II, Lungsen	0	1	0	0	0
2.	Govt. P/S –III, Lungsen	0	3	0	0	0
3.	Govt. M/S, Zodin	0	4	1	1	1
4.	Sardar Vallabhbhai Patel Govt. M/S	1	3	0	0	0
5.	Model P/S, Lunglawn	0	0	0	0	0
6.	Zobawk Primary School0II	0	0	0	0	0
7.	Govt. M/S Thaizawl	0	0	0	0	0
8.	Govt. M/S Thualthu	0	0	0	0	0
<b>Sub Total</b>		<b>1</b>	<b>11</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>III. Champhai District:</b>						
Sl. No.	Name of School	State level	District level	Block level	Circle level	Village level
1.	Govt. Primary School-II, Khawzawl	0	1	1	11	0
2.	Govt. New Chalrang P/S	0	0	1	9	0
3.	Chawngtlai Govt. M/S, Khawzawl	0	3	2	9	0
4.	Govt. Chawngtlai P/S-II	0	0	1	7	0
5.	Govt. Roseland Comprehensive school	0	0	0	10	0
6.	Govt. Vapar M/S	2	1	1	8	0
7.	Govt. Hnahlan M/S	0	0	0	0	0
8.	Govt. Tlangsam M/S	0	0	2	7	0
<b>Sub Total</b>		<b>2</b>	<b>5</b>	<b>8</b>	<b>61</b>	<b>0</b>
<b>Grand Total</b>		<b>3</b>	<b>23</b>	<b>9</b>	<b>64</b>	<b>5</b>

Source: Field visit of test checked districts

Thus, the Department requires to strengthen their monitoring mechanism for effective implementation of the programme.

### 1.1.11.2 Internal control of SSA

SSA guidelines stipulate that monitoring and supervision of the implementation of the programme and internal audit are the main controls exercised in internal control.

Scrutiny of records revealed that during the years from 2006-11, the internal audit of SSA has been functioning in skeletal form as depicted in the following table:

**Table-1.21**

Year	District Project office		Block Resource Centre		Cluster Resource Centre		Village Education Committee	
	Existing	Audited	Existing	Audited	Existing	Audited	Existing	Audited
2006-07	8	5	22	12	155	82	769	228
2007-08	8	8	22	22	172	33	775	66
2008-09	8	Nil	26	Nil	172	Nil	775	1
2009-10	8	Nil	26	6	172	54	775	140
2010-11	8	4 + 4 (special audit)	26	25	172	172	775	775

*Source: Departmental records*

It would be seen from the above table the performance of internal audit of SSA was almost negligible during 2008-10 which was mainly attributed by poor staffing in internal audit cell of SSA. However, during 2010-11, SSA Mission, Mizoram engaged a Chartered Accountant firm for conducting internal audit of SSA to cover most of the units of SSA.

#### **1.1.11.3 Monitoring of SSA by Institutions**

SSA guidelines envisage field based monitoring by Institutes like University, Social Science and Institutes of national stature for periodical monitoring of SSA implementation in States.

Scrutiny of records revealed that Mizoram University was engaged as MIs by SSA Mission, Mizoram for monitoring the activities of SSA at field level during 2006-11. However, further scrutiny revealed that Mizoram University has monitored only four districts in a year during 2006-11 which pertains to only 50 *per cent* of the total districts in Mizoram.

#### **1.1.11.4 Inspection by departmental authorities**

The guidelines stipulate that the over-all quality of Mid day meal should be monitored by (i) Officers of State Government belonging to Revenue/ Administration, Rural Development, Education, Nodal Department and any other suitable Department like Women and Child Development, Health and Family Welfare, Food and Civil Supplies etc. (ii) Officer of Food & Nutrition Board, GoI, posted in the State (iii) Nutrition Experts/Institutions identified/nominated by the State Government as per the target of inspections per month fixed by State Government in consultation with Food and Nutrition Board/Institution etc. Further, on an average 25 *per cent* of the primary schools, and EGS/AIE centres should be inspected in every quarter so as to cover all primary schools and EGS/AIE at least once every year.

Scrutiny of records revealed that no target was fixed by the State Government for inspection of MDM programme during 2006-11. However, the overall quality of Mid Day Meal was assigned to Mizoram University, Aizawl in Mizoram (March 2007).

Further scrutiny at the test checked districts revealed that under Lawngtlai district, inspections of schools (20) was conducted only during 2010-11 by District nodal officer (MDM). Again, under Champhai district (165) and Lunglei district (67) schools were inspected mainly by BRCC/CRCC and district authorities (DPC, MDM co-ordinator etc) during 2006-11 which implies insufficient monitoring and inspection efforts by the stakeholders of MDM programme in Mizoram.

#### ***1.1.11.5 Monitoring of Mid Day Meal programme by Institutions***

In pursuance of SSA guideline, the Mizoram University has been assigned by the Government of Mizoram for monitoring of over-all quality of implementation of Mid-day meal programme in Mizoram.

Scrutiny of records revealed that monitoring of MDM programme by Mizoram University started only since 2007-08. Further scrutiny revealed that Mizoram University had been covering only four districts per year during 2007-11. During the years 2007-08, 2008-09, 2009-10 and 2010-11, Mizoram University has covered 55, 58, 125 and 80 number of schools respectively (four district per year) on the implementation of MDM programme which was far less than the number of available schools and EGS/AIE centres in Mizoram during the years.

#### ***1.1.12 Conclusion***

The performance review of Elementary Education has revealed some positive points especially with specific reference to the uninterrupted implementation MDM despite constraints in terms of flow funds and foodgrains for the scheme. However, the stakeholders and the program managers of Elementary Education in the State are still faced with an uphill task in bringing about qualitative outcome of this vital program in the State. There were a number of areas that reflect poorly on the implementation at the ground level contributing to the overall deficiencies in program execution. The performance of SSA in the State revealed deficiencies in planning at village and district level which was to be based on realistic projection of need assessment of the districts. In the absence of effective monitoring and supervision, there were flaws in record keeping and maintenance of accounts and handling of funds at different levels of execution of programme. Owing to the absence of any proper norms of sanctioned strength of teachers and rationalisation of existing teachers at schools, many schools continued to remain overstaffed. Despite having sufficient funds throughout these years, the SSA Mission has not achieved the goal of retention of all children of 6-14 age groups due to flawed planning and identification of OoSC along with diversion of major chunk of fund meant for the purpose. The SSA Mission also failed to function effectively in the Autonomous District mainly due to interference of Autonomous District Council members. Inclusion of private schools run by religious organisations among the beneficiaries of SSA and MDM, resulted in substantial portion of expenditure being incurred for providing free text books and MDM to ineligible children of private schools. The civil work executed under SSA remains an

area of concern where instances of diversion of funds, substandard works and improper handling of funds by different authorities were a recurring feature. The implementation of the School Computer Education was highly unsatisfactory due mainly to the defective contractual agreement with private firm. The internal control and monitoring of programme still remains largely ineffective due to poor staffing of internal audit cell.

### **1.1.13 Recommendations**

- Proper and realistic planning on implementation of programme must be formulated on the basis of actual requirement at village, district and state levels.
- The SSA authorities should ensure proper and efficient maintenance of accounts and handling of funds.
- The State Government must formulate proper norms for sanctioned post at schools to avoid imbalance of staffing of teachers.
- The objective of retention of all children between the age group of 6-14 years may be achieved by avoiding diversion of funds meant for Out of School Children intervention.
- The flagship programme of Government of India like SSA and Mid Day Meal scheme should be made interference free in their implementation by other authorities.
- Ineligible beneficiaries of private schools run by religious organisations should be excluded from SSA and MDM programme to avoid ineligible expenditure of the programmes.
- Proper monitoring and supervision should be strengthened in order to ensure effective implementation of SSA and MDM programme in the State.



## CHAPTER-II

# AUDIT OF TRANSACTIONS

*Fraud/Misappropriation/Loss*

### HEALTH & FAMILY WELFARE AND SCHOOL EDUCATION DEPARTMENT

#### 2.1 Temporary Misappropriations of Government Funds

**Failure in exercising routine checks while preparing bills by one DDO of H&FW and two DDOs of School Education Department resulted in excess drawal of ₹ 9.91 lakh.**

The head of office or any other gazetted officer designated as Drawing & Disbursement Officer (DDO) for drawing bills and making payment on behalf of the Government is responsible for correctness of the arithmetical calculation of the bills. It is also spelt out in Rule 220(3) of Central Treasury Rules (CTR) (Volume-I) that while preparing a bill, the entries in all the money columns of the bill shall be totalled separately under each section/part and the total must be checked by the DDO himself.

Further, in regard to check to be applied at Treasury, the Note contains below Rule 183 of CTR (Volume-I) provides that when bills presented for payment contain obvious arithmetical mistakes or trifling mistakes which can easily be corrected, the Treasury Officer should correct them and pay the corrected amount of the bill.

Scrutiny (February 2011) of the Treasury payment vouchers on establishment pay bills by Central Audit Party (CAP) revealed that the following three heads of offices/functioning as DDOs of two Departments (Health and Family Welfare and School Education) prepared the establishment pay bills of the non-gazetted staff and presented the same to the concerned Government Treasuries (Aizawl and Mamit) for payment during June 2008 to February 2010 without ensuring the correctness of arithmetical calculations. The bills contained arithmetical mistakes and were irregularly passed for payment by the Treasury Officers without correcting the amount of the bills. As a result, the three DDOs encashed an excess amount ₹ 9.91 lakh while drawing the fund by submitting 68 pay bills. The consolidated position of excess drawals are given in the following table:

Table-2.1

(Amount in ₹)

Sl. No.	Name of DDO	Period	No. of pay bills	Actual net amount in the bills	Inflated net amount in the bills	Excess
1.	Chief Medical Officer, Mamit	3/2009 to 1/2011	18	29,30,082	33,81,236	4,51,154
2.	Sub-Divisional Education Officer, Darlawn	11/2008 to 2/2010	30	1,36,26,135	1,39,64,766	3,38,631
3.	Sub-Divisional Education Officer, Aizawl North	6/2008 to 2/2010	20	83,29,996	85,30,996	2,01,000
<b>Total</b>			<b>68</b>	<b>2,48,86,213</b>	<b>2,58,76,998</b>	<b>9,90,785</b>

Source : Paid vouchers by the Treasuries

The discrepancies occurred mainly due to inflation of every net amount to be drawn in respect of 68 bills, to the extent of ₹ 9.91 lakh.

Thus, due to failure on the part of three DDOs of concerned two Departments and the Treasury Officers, in exercising their routine check while preparing and passing the bills, an excess drawal of ₹ 9.91 lakh occurred, which is refundable to Government accounts.

The Government (Health and Family Welfare Department) and Sub-Divisional Education Officer, Darlawn in their reply intimated (September and November 2011) that the Chief Medical Officer, Mamit and Sub-Divisional Education Officer, Darlawn had already refunded the excess amount of ₹ 4.51 lakh (October 2011) and ₹ 5.40 lakh (September 2011) respectively to the Government Accounts. The Sub-Divisional Education Officer, Darlawn, however, did not clarify the circumstances under which he refunded an amount of ₹ 5.40 lakh, when his excess drawal was ₹ 3.39 lakh only. Reports on refund of excess drawal of ₹ 2.01 lakh by the Sub-Divisional Education Officer is awaited (February 2012).

The fact, however, remains that the excess drawal of pay and allowances was refunded to the Government Accounts by two DDOs at the instances of Audit after irregular retention of the same for a period ranging between nine to thirty nine months and in the case of SDEO, Aizawl North, the recovery is yet to be made (November 2011).

## ENVIRONMENT AND FORESTS DEPARTMENT

### 2.2 Doubtful expenditure

**The Divisional Forest Officer incurred doubtful expenditure of ₹ 53 lakh even before the completion of location survey for the Plantation.**

The Government of India, Ministry of Environment and Forests accorded (November 2007) administrative approval of financial assistance of ₹ 176.93 lakh for implementation of the

Action Plan for Conservation and Management of Tamdil Wetland in Mizoram and released first installment of ₹ 53 lakh. The details of component wise target to be achieved with first installment was as under:

Table-2.2

Sl. No.	Item	Physical Target	Rate	Amount (₹ in lakh)
<b>A. Protection measures</b>				
i.	Survey & demarcation	10 km	@13,000/km	1.30
ii.	Depicting Boards & maps	05 Nos.	@ 2,500/No	0.13
iii.	Fire protection/fire line	10 km	@10,000/km	1.00
<b>B. Watershed management</b>				
i.	Steam bank erosion	10 ha	@20,000/ha	2.00
ii.	Check dam	05 No	@50,000/No	2.50
<b>C. Aided Natural Re-generation (ANR)</b>				
i.	Advance work	250 ha	@ 2,184/ha	5.46
<b>D. Artificial Regeneration (AR)</b>				
i.	Advance work	500 ha	@ 6,048/ha	30.24
<b>E. Bamboo Plantation</b>				
i.	Advance work	500 ha	@ 2,016/ha	10.08
<b>F. Assessment of biodiversity</b>				
i.	Survey of flora & identification of endangered species		L/S	0.29
<b>Total (A to F)</b>				<b>53.00</b>

Source: Departmental records

The central assistance was released (November 2007) on the following conditions:

- The State Government was to select an impartial technical agency for evaluating the progress of work to be carried out under each activity; and
- State Government was to constitute a steering Committee, headed by the Secretary, Department of Environment & Forests, Government of Mizoram.

Accordingly, the Government of Mizoram (Environment and Forests Department) accorded (February 2008) administrative approval and expenditure sanction of ₹ 53 lakh for implementation of the Central Scheme by the Environment & Forests Department.

On receipt of the Government approval, the Principal Chief Conservator of Forests (PCCF), Mizoram, instructed (11 March 2008) the Divisional Forest Officer (DFO), Aizawl (the Implementing Officer of the Project), to submit a proposal with the stipulation that:-

- (i) After completion of survey, a map may be prepared and submitted for necessary approval,
- (ii) Area for plantation 250 ha for Aided Natural Regeneration, 500 ha for Artificial Regeneration and 500 ha for Bamboo Plantation was to be located and spelt out,
- (iii) Matter may be discussed in State Level Steering Committee for Wetland; and
- (iv) Since other Departments like Tourism, Fishery, Sericulture will also be involved, prior discussion with stake holder Departments is to be held before any developmental works are taken up except plantation.

The survey was completed in April 2008 and Survey Map of Tamdil Wetland was finalised in May 2008.

Scrutiny of the records (October 2010) of the Divisional Forest Officer(DFO), Aizawl Forest Division, however, revealed that before completing the actual survey of an area of 1,250 ha for the targeted components of Aided Natural Regeneration (ANR), Artificial Regeneration (AR) and Bamboo Plantation and without obtaining clearance from the State Level Steering Committee the DFO, Aizawl prepared some doubtful bills amounting to ₹ 53 lakh and encashed (March 2008) the same from Government Accounts. The details of expenditure incurred was as under:

**Table-2.3**

Sl. No.	Amount (₹ in lakh)	Particulars
i.	1.08	towards purchase of Prismatic Compass
ii.	13.94	towards purchase of Netlon and polybags
iii.	0.93	towards purchase of Cement
iv.	37.05	towards engagement of laborers
<b>Total</b>	<b>53.00</b>	----

Source: Departmental records

Further, as per the estimates prepared (Table-2.2) for each component, the advance works for creation of nurseries for ANR, AR and Bamboo Plantation required purchase of varieties of seeds, fertilizers and chemicals for plant protection. However, procurement of these essential core component viz. planting materials was conspicuously absent from the details of the expenditure reported by the DFO.

Besides, out of ₹ 53 lakh, an amount of ₹ 15.02 lakh was shown to have been spent for procurement of Prismatic Compass, Netlon and polybags from an Aizawl based firm<sup>1</sup>, which was no longer in existence<sup>2</sup>. This raises serious doubts on the credibility of the claim that these materials were actually procured at all.

In the Exit Conference held<sup>3</sup> on October 2010, the DFO, Aizawl while accepting the facts stated that the irregularities occurred due to receipt of fund at the fag-end of the financial year.

<sup>1</sup> A. R. Agencies, Aizawl

<sup>2</sup> as per records of the Taxation Department

<sup>3</sup> with the Audit Party

Thus, before execution of the component wise target to be achieved with the first installment of Central Assistance the DFO, Aizawl incurred doubtful expenditure of ₹ 53 lakh.

The matter was reported (February 2011) to the Government and their reply is awaited as of February 2012.

## LAND REVENUE AND SETTLEMENT DEPARTMENT

### 2.3 Irregular, doubtful and excess payment on acquisition of land

**In the absence of pronouncement of awards, the Collector, Kolasib District unauthorisedly disbursed an interest of ₹ 43.51 lakh and a solatium of ₹ 127.59 lakh with an excess payment of interest of ₹ 31.15 lakh and solatium of ₹ 81.98 lakh. Also much ahead of the finalisation of draft award, the Collector disbursed ₹ 104.18 lakh to 12 persons, out of which ₹ 40.95 lakh was disbursed to seven persons, who were not interested in the land.**

The Collector (Deputy Commissioner ), Kolasib District pronounced (March 2009 and May 2010) three awards in favour of Oil and Natural Gas Corporation (ONGC) Ltd, Cachar Forward Base, Silchar for acquisition of 31,09,293 sq. ft. of land at Hortoki in Kolasib district for establishment of ONGC Drill site and Drill Site Approach (DSA) along with approach road. Against the awarded compensation of ₹ 403.60 lakh under three awards, the Collector collected an advance compensation of ₹ 700.69 lakh as per following details:

Table-2.4

(₹ In lakh)

Award No.	Awarded compensation		Advance compensation collected	
	Date of award	Amount	Date	Amount
(i) No. 1 of 2009	March 2009	63.54	November 2008	114.24
(ii) No. 1 of 2010	May 2010	311.40	May – July 2009	526.81
(iii) No. 1 of 2010	May 2010	28.66	February 2010	59.64
<b>Total</b>	----	<b>403.60</b>	----	<b>700.69</b>

Source: Departmental records

An audit scrutiny (September- October 2011) of the records of the Deputy Commissioner, Kolasib district revealed the following major irregularities in respect of disbursement of compensation out of ₹ 700.69 lakh:

#### 2.3.1 Payment of solatium and interest without any award

As provided in Section 23 of LA Act, 1894 the Collector is to award interest and solatium at following rates, in addition to the market value of the land:

Interest – an amount calculated at the rates of 12 per cent per annum on such market value of land for the period commencing from date of notification under Section 4 to date of award; and

Solatium – a sum of 30 per cent on such market value of land, including compensation on crop, as expression of “Land” in LA Act 1894 includes benefits to arise out of land and things attached to the earth.

The details of awarded value of compensation under three Awards are shown in **Appendix-2.1**. It may be seen from the **Appendix-2.1** that none of the three awards contain any award towards payment of interest and solatium, although, the 34 (29 nos. + 5 nos.) land owners with valid Land Settlement Certificates (LSCs) were entitled to receive interest and solatium at following rates:

**Table-2.5**

(₹ in lakh)

Award No.	No. of land owners with valid LSCs	Market value of land, including crop compensation	12 per cent Interest (from date of notification to date of Awards)	30 per cent Solatium
(i) No. 1 of 2009	05 Nos.	63.54	3.96	19.06
(ii) No. 1 of 2010	29 Nos.	91.96	8.40	27.59
(iii) No. 2 of 2010	NIL	NIL	Not entitled	Not entitled
<b>Total</b>	<b>34 Nos.</b>	<b>155.50</b>	<b>12.36</b>	<b>46.65</b>

Source: Departmental records

The Senior Civil Judge, Aizawl district and the Addl. District Judge, Aizawl District Court vide their orders dated August 2009 and October 2010 respectively also directed the Collector to pay interest and solatium as required under Section 23 of LA Act, 1894.

The Collector, however, without pronouncing any supplementary awards with previous approval of the Government towards payment of interest and solatium unauthorisedly disbursed an interest of ₹ 43.51 lakh and a solatium of ₹ 127.59 lakh as shown in **Appendix-2.1** with an excess payment of interest of ₹ 31.15 lakh and solatium of ₹ 81.98 lakh. Thus, disbursement of interest and solatium require pronouncement of formal supplementary awards by the Collector with *ex-post-facto* approval of the Government and excess payment made thereon needs to be recovered.

### 2.3.2 Doubtful and unauthorised payment

The draft award No. 1 of 2009 was finalised by the Collector and forwarded to Government for approval on 9 February 2009 and the State Government approved (20 March 2009) the said award for payment of compensation of ₹ 63.54 lakh. However, much ahead of the finalisation of draft award, the Collector unauthorisedly disbursed (December 2008) ₹ 115.59 lakh to the following persons as against the Government’s approved (March 2009) compensation of ₹ 63.54 lakh. The details of disbursement made by the Collector were shown below:-

Table-2.6

## (A) Amount disbursed to persons contained in the Award:

(₹ in lakh)

Name	Value awarded	Amount disbursed	Excess payment against awarded value
1. Lalbuatsaiha	0.40	0.40	Nil
2. R. Kapthanga	14.36	14.36	Nil
3. Rohnuna	20.81	20.81	Nil
4. Biakthlawnlövi	11.97	11.97	Nil
5. Rochanmawia	16.00	27.10	11.10
<b>Total</b>	<b>63.54</b>	<b>74.64</b>	<b>11.10</b>

Source: Departmental records

## (B) Amount disbursed to persons whose names were not contained in the Award:

(₹ in lakh)

Name	Value awarded	Amount disbursed	Recovery made, if any
1. Lalthakima	Nil	15.32	11.41
2. Lalsangzuala	Nil	4.08	Nil
3. Thangchhunga	Nil	4.97	Nil
4. Lalnunsanga	Nil	4.67	Nil
5. Rothangzuala	Nil	4.15	Nil
6. L. Bawihliana	Nil	5.82	Nil
7. Zoramenga	Nil	1.94	Nil
<b>Total</b>	<b>Nil</b>	<b>40.95</b>	<b>11.41</b>
<b>Grand Total (amount disbursed, A+B) :</b>			<b>115.59</b>

Source: Departmental records

Scrutiny of the records pertaining to disbursement of ₹ 115.59 lakh revealed the following:

- Reason for disbursement of excess compensation of ₹ 11.10 lakh to a person interested (Pu. Rochanmawia) as mentioned in the Table-A above was not on record.
- Out of unauthorised disbursed amount of ₹ 15.32 lakh, an amount of ₹ 11.41 lakh was already recovered (September 2011) from Pu Lalthakima leaving a balance of ₹ 3.91 lakh.
- The Deputy Commissioner, Kolasib District without assigning any reason, irregularly obtained (12 December 2008) a cheque of ₹ 25.63 lakh from the cashier, out of advance compensation received from the ONGC Ltd. and encashed the same. Later on he submitted an Actual Payee Receipts (APRs) for ₹ 25.63 lakh indicating disbursal to six persons (as shown in Table-B under Serial two to seven). The six persons were, however, found to be not interested in the land so acquired and as such their names had not been incorporated in the awards. Thus, the Deputy Commissioner had irregularly disbursed public money amounting to ₹ 25.63 lakh in the name of some unknown persons. The Additional Deputy Commissioner of Kolasib District while accepting the fact stated (September 2011) that the

previous Deputy Commissioner who disbursed the money had not placed anything on record which lead to such unauthorised disbursements.

### 2.3.3 Doubtful payment

Scrutiny of Actual Payment Receipts (APRs) in respect of payment of compensation against Award No. 1 of 2010 along with solatium and interest to 186 temporary pass holders (202-16 nos.) revealed that in most of the cases, the compensation related to a list of persons interested were disbursed to a single person after obtaining identical signatures in the APR sheet. Thus, the actual receipt of compensation by all the interested persons is doubtful in the absence of individual receipts. The scanned copies of the APRs are reproduced in **Appendix-2.2**. Thus, authenticity of the actual disbursement of compensation and its receipts by the persons interested in the land requires a proper investigation.

The matter was reported (October 2011) to the Government and their reply is awaited (February 2012).

## GENERAL ADMINISTRATION DEPARTMENT

### 2.4 Drawal of fund before execution of works

**The Sinlung Hills Development Council drew an amount of ₹ 1.75 crore from the Government Treasury through false bills before execution of works of which an amount of ₹ 86.43 lakh was unauthorisedly utilised for execution of 156 unapproved works.**

The General Administration Department (GAD), Government of Mizoram, accorded (May and September 2010) administrative approval and expenditure sanction of ₹ 1.75 crore (₹ 0.40 crore + ₹ 1.35 crore) to execute the following developmental works under Sinlung Hills Development Council:

**Table-2.7**

Sl. No.	Particulars	Amount ₹ in lakh)
(i)	For construction of side drains in 58 villages	88.65
(ii)	For construction of retaining walls in five villages	7.57
(iii)	For construction of steps in 52 villages	24.22
(iv)	For construction of pavement in 35 villages	54.56
<b>Total</b>		<b>175.00</b>

*Source: Departmental records*

Scrutiny (May 2011) of the records of the Development Officer and Secretary, Sinlung Hills Development Council, Aizawl revealed that on receipt of the expenditure sanctions of ₹ 1.75 crore

from the State Government the Council prepared 263 false bills showing departmental execution of works at ₹ 174.88 lakh (wage component ₹ 47.55 lakh and material component ₹ 127.33 lakh) and encashed the entire amount from the Government Treasury during June 2010 to February 2011 as per details shown in the following table:

**Table-2.8**

Sl. No.	Name of Works	No. of bills	Month of drawal	Amount drawn (₹ in lakh)
1.	Pavement Works	103	September 2010 to February 2011	54.60
2.	Steps	91	June 2010 to February 2011	24.11
3.	Retaining Walls	04	May 2010	7.57
4.	Side Drains	65	May to September 2010	88.60
<b>Total</b>		<b>263</b>		<b>174.88</b>

Source: Departmental records

The encashed amount of ₹ 1.75 crore was, however, utilised by the Council for execution of different items of works by engagement of some individuals as supervisors who were not registered as work contractors:

**Table-2.9**

Sl. No.	Name of works	No. of works	No. of Supervisors	Period of execution	Amount released (₹ in lakh)
<b>(A) Approved Works:</b>					
1.	Pavement Works	67	67	April 2010 to March 2011	47.63
2.	Steps	40	40	April 2010 to March 2011	22.27
3.	Retaining Walls	12	12	April 2010 to January 2011	9.50
4.	Side Drains	08	08	April to August 2010	9.05
<b>Sub Total (A)</b>		<b>127</b>	<b>127</b>	<b>-----</b>	<b>88.45</b>
<b>(B) Unapproved Works:</b>					
1.	Jungle Clearance	45	45	April 2010 to March 2011	22.33
2.	Water Tank	16	16	April 2010 to March 2011	7.52
3.	Waiting Shed	18	18	April 2010 to March 2011	11.00
4.	Urinal Shed	13	13	June 2010 to February 2011	3.65
5.	Bridge	04	04	April 2010 to March 2011	3.00
6.	Jeepable Road	16	16	April 2010 to March 2011	11.71
7.	Clearance of Landslide	28	28	June 2010 to March 2011	15.45
8.	Maintenance of Flooring	01	01	June 2010	0.20
9.	Martyr Lungphum	03	03	June to October 2010	1.75
10.	Office-cum-Godown	02	02	May 2010 to February 2011	1.00
11.	Repairing Works	03	03	June to October 2010	3.32
12.	Water Way	02	02	July to October 2010	0.50

Sl. No.	Name of works	No. of works	No. of Supervisors	Period of execution	Amount released (₹ in lakh)
13.	Earth Cutting	01	01	January 2011	3.34
14.	Maintenance of Anganwadi House	01	01	June 2010	0.15
15.	RCC Slab Culvert	03	03	April to October 2010	1.51
<b>Sub Total (B)</b>		<b>156</b>	<b>156</b>	-----	<b>86.43</b>
<b>Grand Total (A + B)</b>		<b>283</b>	<b>283</b>	-----	<b>174.88</b>

Source: Departmental records

Table-2.9 shows that out of ₹ 1.75 crore drawn, the Council had executed 127 approved works involving an expenditure of ₹ 88.45 lakh and 156 unapproved works amounting to ₹ 86.43 lakh during 2010-11. Further, before the receipt of first administrative approval and expenditure sanction of ₹ 0.40 crore, issued by the Government on 21 May 2010, the Council unauthorisedly issued 19 work orders valued at ₹ 9.70 lakh during 19 April to 13 May 2010 without ensuring the availability of fund and approval of the developmental work which violated the codal provisions of CPWD Manual.

All the 283 works were executed without any detailed technical estimates and the payment of ₹ 174.88 lakh to the 283 work supervisors were made by the Council on the basis of completion certificate issued by the Council Members without measuring the works by any Technical Staff.

While accepting the facts, the Development Officer and Secretary of the Council stated (June 2011) that as the Council did not have any money for execution of works through works Supervisors, the fund was drawn before execution.

The reply is, however, not acceptable as the payment to the work supervisors are to be made only on receipt of the final bills with certificate of completion and work done by the competent technical authority as provided in Section 29 of the CPWD Works Manual, 2007.

The matter was reported (June 2011) to the Government and their reply is awaited as of February 2012.

*Excess payment/Wasteful/Unfruitful Expenditure etc.*

## ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

### 2.5 Unauthorised expenditure

**The Department incurred an unauthorised expenditure of ₹ 57 lakh without maintaining basic records.**

Rule 7(1) of the Central Treasury Rules (CTR) Volume-I, which is applicable in the State of Mizoram provides that all moneys received by or tendered to Government Officers on account of the revenues of the Government shall, without undue delay, be paid in full into a Treasury and

shall be included in the accounts of the Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the accounts of the Government.

Rule 205 of CTR further provides that a Government officer entrusted with the payment of money shall obtain for every payment he makes, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every such voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom or in whose behalf the claim is put forward. The acknowledgement shall be taken at the time of payment.

The General Manager, Regional Broiler Chick Farm (GM-RBCF), Tanhril, Aizawl under Animal Husbandry and Veterinary (AH&Vety) Department collected sale proceeds of ₹ 1.16 crore for sale of Broiler Chicks and Eggs from its Farm during January 2002 to March 2011. A test check (April 2011 and August 2011) of records of the GM-RBCF revealed the following:

- Out of collected revenues of ₹ 1.16 crore, only ₹ 0.53 crore was credited into the Treasury retaining ₹ 0.63 crore outside the Government accounts during January 2002 to March 2011.

Year-wise collection of revenue and their remittances into Treasury are given in the following Table-2.10:

**Table-2.10**

(₹ in lakh)

Period	Total Sale proceeds collected	Total amount remitted into Treasury	Outstanding balance deposited into Bank
January 2002 to March 2002	0.75	0.51	0.24
April 2002 to March 2003	10.10	6.38	3.72
April 2003 to March 2004	13.72	6.94	6.78
April 2004 to March 2005	13.87	5.79	8.08
April 2005 to March 2006	16.91	1.01	15.90
April 2006 to March 2007	16.45	8.50	7.95
April 2007 to March 2008	19.68	8.18	11.50
April 2008 to March 2009	12.29	7.50	4.79
April 2009 to March 2010	9.54	8.00	1.54
April 2010 to March 2011	2.21	NIL	2.21
<b>Total</b>	<b>115.52</b>	<b>52.81</b>	<b>62.71</b>

Source: Departmental records

- The appropriated sales proceed of ₹ 0.63 crore was unauthorisedly deposited into State Bank of India (SBI) as Revolving Fund for meeting the departmental expenditure towards maintenance of the Farm without obtaining a formal approval from the State Government, Finance Department, which tantamounts to unauthorised appropriation of Government revenues violating the provisions of CTR.
- Without obtaining expenditure sanction either from the head of the Department (Director, AH&Vety.) or from the Government (AH&Vety. Department), the GM-RBCF incurred an unauthorised expenditure of ₹ 0.57 crore (March 2011), out of the ₹ 0.63 crore retained in SBI Branch, towards expenditure related to maintenance of Farm. The items of expenditure included mainly the cost of chick feeds, petrol, miscellaneous articles, electrical bills etc. Withdrawals and payment of funds out of revolving fund were however, made with the full knowledge of the Director, AH&Vety. as he was the joint signatory of the cheques of the SBI Account.
- Except for entering the transactions in a separate cash book, the GM-RBCF irregularly disbursed the entire fund of ₹ 0.57 crore without keeping/maintaining any voucher, setting forth full and clear particulars of claim along with acknowledgment of the payment which violated the provisions of the CTR. Due to absence of detailed vouchers and Actual Payee Receipts, the entire expenditure of ₹ 0.57 crore incurred by the GM-RBCF out of the sale proceeds remain unverified in audit. Thus, incurring huge expenditure out of Government revenues without maintaining basic records is irregular and entails enhanced risk of misappropriation of Government Funds.

While accepting the facts, the GM-RBCF stated (August 2011) that due to inadequate allotment of fund by the Department they had to utilise sale proceeds for proper maintenance of the farm. The reply is not tenable as any expenditure outside the budgetary process or in excess of the approved budget passed by the legislature is not legitimate and undermines the legislative control over expenditure.

The Government stated (October 2011) that, as a part of the component of the Centrally Sponsored Scheme “Project Assistance to State Poultry/Duck Farms”, a revolving fund was operated with ₹ 15 lakh for maintenance of the farm. As the maintenance expenditure of the Farm could not be met from Plan Budget due to fund shortage, the sale proceeds could not be deposited in full into the Treasury as State Revenue. The reply of the Government is not acceptable as the GM-BRCF unauthorisedly utilised the Government Revenues violating the codal provisions of the CTR. Moreover, if any amount is required for incurring departmental expenditure, it should be routed through the prescribed expenditure sanctioning process and with concurrence from the appropriate authority.

## Violation of Contractual obligation/undue favour to Contractors/Avoidable Expenditure/ Doubtful Expenditure

### PUBLIC HEALTH ENGINEERING DEPARTMENT

#### 2.6 Loss due to undue financial aid to a contractor

**Grant of interest free mobilisation advance of ₹ 10.49 crore in violation of codal provisions led to undue financial advantage to a contractor resulting in corresponding loss of ₹ 0.35 crore towards interest.**

As per Para 31.6 of CPWD Works Manual, 2003 in respect of certain specialized and capital intensive works costing not less than ₹ 2 crore, mobilisation advance limited to a maximum of 10 *per cent* of the estimated cost put to tender or tendered value or ₹ 1 crore, whichever is less, at 10 *per cent* simple interest shall be sanctioned to the contractors on specific request as per term of the agreement. Besides, on security of materials (perishable and non-perishable) brought to the site made available to the contractors for items which are to be used on work, the Divisional Officers can sanction secured advance after the contractor indemnifies the Government through an insurance cover as provided in Para 31.5.4 of the Manual.

The Public Health Engineering Department, (PHED) entered (13 October 2003) into a contractual agreement with a contractor<sup>4</sup> for execution of Greater Champhai Water Supply Scheme at contract price of ₹ 10.49 crore. As per terms of payment contained in the Clause 7 of the contract agreement, ten *per cent* of contract price shall be paid as interest free mobilisation advance and no secured advance shall be paid for perishable and non-perishable materials brought to the site.

Scrutiny (May-June 2011) of the records of the Executive Engineer (EE), PHED, Champhai Watsan Division revealed that though grant of interest free mobilisation advance was not permitted as per codal provisions, the EE unauthorisedly sanctioned and released (29 October 2003) interest free mobilisation advance of ₹ 1.05 crore to the contractor for above mentioned work. The Division had already recovered the full amount of ₹ 1.05 crore during November 2004 to March 2010 from the contractor, through Running Accounts Bills without any interest.

The interest due to be levied against mobilisation advance of ₹ 1.05 crore to the contractor from the date of release of advance to March 2010, at prescribed rate of ten *per cent* per annum was ₹ 0.35 crore, as per details shown in **Appendix-2.3**, which remain unadjusted.

Thus, grant of interest free mobilisation advance, in violation of codal provisions not only led to undue financial advantage to the contractor, but also resulted in corresponding loss of ₹ 0.35 crore to the Department towards interest.

The Government in their reply stated (October 2011) that, as per contract agreement interest free mobilisation advance was granted to the contractor and as such it was not an undue financial aid

<sup>4</sup> Engineering Projects (India) Limited, Lodhi Road, New Delhi

to the contractor. Their reply is, however, not acceptable as the grant of interest free mobilisation advance was in violation of the codal provisions.

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 2.7 Diversion, doubtful expenditure and undue benefit to a firm out of Central Assistance

**Out of central assistance of ₹ 10 crore for upgradation of Civil Hospital, Aizawl, the National Rural Health Mission unauthorisedly diverted an amount of ₹ 8.12 crore, incurred a doubtful expenditure of ₹ 0.54 crore and rendered an undue benefit to a firm by granting interest free mobilisation advance of ₹ 1.13 crore.**

The National Programme Coordination Committee (NPCC) of National Rural Health Mission (NRHM) in their meeting held on 26 March 2007 accorded administrative approval of ₹ 54.23 crore for Upgradation of Civil Hospital Aizawl, Mizoram. Accordingly, the Government of India (GoI), Ministry of Health and Family Welfare (MoHFW), NRHM-III Division released (March 2007) a grant of ₹ ten crore as first instalment out of projected cost of ₹ 54.23 crore under “Mission Flexible Pool” to the State Health Society, Mizoram.

Details of approved project cost for Upgradation of Civil Hospital, Aizawl are as under:

**Table-2.11**

	(₹ in crore)
Name of Works	Amount
<b>A. Civil Construction Work:</b> Gynaecology Block, Maternity & Neo-Natal Wards, General Wards, Staff Quarters, Emergency Block, Renovation & up-gradation of existing buildings, Extension of Radiology block for diagnostics, Extension of OPD Building, Demolition of Old Maternity Building	30.90
<b>B. Procurement of equipments</b> (in three phases spread over three years)	23.33
<b>Total</b>	<b>54.23</b>

*Source: Departmental records*

Scrutiny of the records (June-July 2011) of the Mission Director, State Health Society, NRHM revealed the following irregularities:

**(i) Unauthorised diversion of fund**

Against the receipt of ₹ ten crore in March 2007 the State Government, Health and Family Welfare (H&FW) Department submitted (December 2010) a Utilisation Certificate (UC) to the Government of India, MoHFW claiming utilisation of ₹ 4.26 crore for upgradation of Civil Hospital, Aizawl as per following details:

Table-2.12

		(₹ in crore)
Year	Name of Work	Amount
2007-08	Consultancy Fee for preparation of DPR	0.54
	Purchase of ICU Equipments	0.07
	Remodeling of ICU & recovery room	0.05
	Demolition of Gynae Block and other Blocks	0.18
	Extension for solar Energy Ward	0.06
<b>Sub Total (2007-08)</b>		<b>0.90</b>
2008-09	Consultancy Fee	0.42
	Purchase of Hameamodilysis Machine ICU	0.08
	Compound Fencing	0.20
	Demolition/Renovation of District TB Room	0.03
	Renovation of Staircase of DHS Office	0.04
	Extension of Casualty Block	0.01
	Upgradation of Power Supply	1.38
	Mobilisation Advance to Contractor	1.13
<b>Sub Total (2008-09)</b>		<b>3.29</b>
2009-10	Shifting of SPV Control Room	0.03
<b>Sub Total (2009-10)</b>		<b>0.03</b>
2010-11	Demolition of AC Room/Solar Room and Isolation Ward	0.04
<b>Sub Total (2010-11)</b>		<b>0.04</b>
<b>Grand Total (2007-11)</b>		<b>4.26</b>

Source: Departmental records

The unspent fund of ₹ 5.74 crore (₹ 10 crore - ₹ 4.26 crore) was diverted by the State Health Society towards execution of other activities outside the approved Programme Implementation Plan (PIP) during 2007-08 as mentioned below:

Table-2.13

		(₹ in crore)
Sl. No.	Name of Works	Amount
1.	Construction of CHCs	1.54
2.	Construction & renovation of PHCs	0.39
3.	Construction of SCs	2.44
4.	Procurement of materials	1.04
5.	District Health Action Plan/IEC	0.33
<b>Total</b>		<b>5.74</b>

Source: Departmental records

Further analysis of the expenditure covered under UC of ₹ 4.26 crore revealed that the following items of expenditure though not covered under the approved list of NPCC were unauthorisedly incurred out of the grant received against Upgradation of Civil Hospital, Aizawl:

**Table-2.14**

Name of the works	Amount (₹ in crore)
Consultancy Fee for preparation of DPR	0.96
Renovation of Staircase of DHS Office	0.04
Upgradation of Power Supply	1.38
<b>Total</b>	<b>2.38</b>

Source: Departmental records

The Government of India, MoHFW decided (May 2011) that for further release of grant for Upgradation of Civil Hospital, Aizawl, the State Government is to first recoup the amount spent for unauthorised/diverted expenditure and utilise it fully for the purpose before submitting claim for further release of fund under the project.

Thus, Upgradation of Civil Hospital, Aizawl for benefit of citizens was abnormally delayed due to unauthorised diversion of fund of ₹ 8.12 crore (₹ 5.74 crore + ₹ 2.38 crore), out of ₹ ten crore grant received from the Government of India, which could lead to the closure of the project, if the State Government fails to recoup (October 2011) the amount so diverted.

**(ii) Doubtful expenditure**

The Health and Family Welfare (H&FW) Department in the State have their own Engineering Cell, which is responsible for technical consultation/supervision of all the civil construction works under National Rural Health Mission (NRHM). Besides, the NRHM has resorted to engagement of a local Architect for architectural consultation/services with fixed monthly remuneration. Thus, the Detailed Project Report (DPR) required to be submitted to Government of India is to be prepared by the Administrative Department of H&FW in association with all the stakeholders/resources within the Department. Also, the Senior Technical Experts including Senior Architect of the State Public Works Department are to be consulted in the course of preparation of DPR, if considered necessary.

The GoI approved (March 2007) the project cost of ₹ 54.23 crore, based on a DPR submitted (March 2006) by the State Government. But, the Mission Director failed to furnish any records showing engagement of any firm for preparation of DPR in respect of Upgradation of Civil Hospital, Aizawl for its submission to GoI on March 2006.

During scrutiny of records it was noticed that after the approval (March 2007) of the project by the GoI, the Department, based on Government approval (26 July 2007 and 6 August 2007) irregularly appointed (7 August 2007) M/s Aegis International & Associates, Projects Management and Engineering Consultancy of Bangalore, Karnataka for preparation of the said DPR for Upgradation of Civil Hospital, Aizawl with fees and remuneration charges of ₹ 54.23 lakh (@ one per cent of

the Project cost of ₹ 54.23 crore). Accordingly, the firm submitted (October 2007) a bill claiming of ₹ 54.23 lakh for preparation of DPR for Upgradation of Civil Hospital, Aizawl, which was submitted to the GoI way back in March 2006 and approved by the NPCC in March 2007.

Although there was no provision in the approved DPR for payment of consultancy fees for preparation of DPR the Mission Director accepted the claim and proceeded ahead to release (December 2007) ₹ 54.23 lakh to the firm through a local bearer cheque which was received by an individual as proprietor of the M/s Aegis International and Associates, Bangalore.

Thus, incurring expenditure of ₹ 54.23 lakh towards payment of consultancy fee to a firm without any basis of work order/agreement and release of entire payment to an individual as proprietor of the International Level Corporation/Firm is fraught with the risk of a fraudulent dealing which needs to be probed.

### **(iii) Undue benefit to contractor**

As per Para 31.5 of CPWD Works Manual in respect of certain specialized and capital intensive works with an estimated cost of tendered value of Rupees two crore and above, mobilisation advance limited to ten *per cent* of tendered amount at ten *per cent* simple interest can be sanctioned to the contractors on specific request as per term of the contract.

The Mission Director, NRHM, issued (December 2008) a work order to a firm<sup>5</sup> for four items<sup>6</sup> of construction/upgradation works in Civil Hospital, Aizawl at a negotiated price of ₹ 22.71 crore.

In violation of the above codal provisions, the Mission Director sanctioned and released (March 2009) interest free mobilisation advance of ₹ 1.13 crore to the contractor for above mentioned work and no amount was recovered as of June 2011.

The interest due to be levied against mobilisation advance of ₹ 1.13 crore in respect of the firm from April 2009 to June 2011 at prescribed rate of ten *per cent* per annum was ₹ 0.24 crore, which remain unadjusted.

Thus, grant of interest free mobilisation advance, in violation of codal provisions led to undue financial advantage to the contractor resulting in corresponding loss of ₹ 0.24 crore to the Department towards interest.

The matter was reported (August 2011) to the Government and their reply is awaited as of February 2012.

<sup>5</sup> M/s Tantia Construction Limited

<sup>6</sup> Vertical extension of OPD, Vertical extension of Radiology, Gynaecology Block and Staff Quarters

Idle Expenditure

**HORTICULTURE DEPARTMENT**

**2.8 Idle expenditure due to non-utilisation of warehouse-cum-cold storage**

**Non-utilisation of 500 MT capacity of warehouse-cum-cold storage commissioned in November 2005 rendered the expenditure of ₹ 1.06 crore infructuous for over five years.**

Under the scheme for financial assistance in the form of grants-in-aid to the State Horticulture Departments of North Eastern Region of Assam and Mizoram for setting up of warehouses, cold storage, processing and cleaning facilities to encourage production of good quality spices, the Spice Board, a statutory body constituted and governed by the Spices Board Act, 1986 having its Head Office at Palarivattom, Kochi, entered into an agreement with the State Government, Horticulture Department on 12 July 2001 to give a financial assistance to the tune of full cost limited to a maximum of ₹ one crore to the Horticulture Department, Mizoram for construction of a Cold Storage with warehouse at Sailiamkawn, Serchhip, Mizoram. The construction of the cold storage with warehouse was to start within one month from the date of signing of this agreement and was to be completed before 31 December 2001 and the trial run completed before 31 January 2002. Further, as provided in Clause 13 of the agreement, if the *Beneficiary* (Horticulture Department) violates any of the terms and conditions of this agreement or that of the scheme, the *Beneficiary* shall be liable to refund the grants-in-aid paid by the Board with interest @ 12 per cent per annum.

Accordingly, the Spices Board sanctioned (September 2001) ₹ one crore for setting up of a warehouse-cum-cold storage and released the amount to the Horticulture Department in four instalments<sup>7</sup>.

Scrutiny (May and July 2011) of the records of the Director, Horticulture Department revealed that the construction of the warehouse-cum-cold storage (500 MT capacity) at Sailiamkawn, Serchhip, Mizoram was completed in June 2005 at a cost of ₹ 1.06 crore.

The 500 MT capacity of warehouse-cum-cold storage commissioned in November 2005 remained non-functional (May 2011) mainly due to non-availability of technical expert to look after the Cold Storage and non-availability of fund provision for working capital. In their letters (October 2006 and February 2007) addressed to the State Government (Horticulture Department) the Spices Board expressed their concern about the expiry of the warranty period of the plant and machinery installed due to unfortunate prolonged delay in its operation. With the Cold Storage

1 <sup>st</sup> instalment :	₹ 25 lakh	September 2001
2 <sup>nd</sup> instalment:	₹ 30 lakh	July 2004
3 <sup>rd</sup> instalment:	₹ 30 lakh	April 2005
4 <sup>th</sup> instalment:	₹ 15 lakh	May 2006
<b>Total:</b>	<b>₹ 100 lakh</b>	

remaining idle for a prolonged period, the Horticulture Department approached (May 2011) the Government for permanent disconnection of the 63 KVA transformer which was installed to feed the Cold Storage.

Thus, though the 500 MT capacity of warehouse-cum-cold storage was commissioned in November 2005 the facility remained unutilised by the local farmers and traders rendering the entire expenditure of ₹ 1.06 crore idle for over five years.

The Government while accepting the facts, stated (September 2011) that the farmers are able to sell their produces at their door step to the traders due to high demand as such there was no surplus produce left for storing in the Cold Storage. The Department further stated that they are doing their utmost efforts for utilisation of the Cold Storage for the benefit of the farmers by covering more areas under spice crops cultivation. The Government also stated that action is being initiated to utilise the Cold Storage by leasing it out to entrepreneurs/traders for maximum utilisation of the unit as the Department do not have the expertise and working capital to run the Cold Storage.

### *Regularity issues and other points*

## HOME DEPARTMENT

### 2.9 Deployment of Home Guards without reimbursement of deployment charges

**The Department failed to realise the deployment charges of ₹ 2.64 crore from eight different organisations/agencies for deployment of Home Guards.**

As per Para 7.1 (d) of Home Guards Compendium of Instructions published by the Directorate General, Civil Defence, Ministry of Home Affairs, Government of India, the expenditure on Home Guards called for duty by any agency will be borne by the agency at whose the instance the Home Guards were deployed.

The District Commandant, Mizoram Home Guards, Aizawl is responsible for deployment of Home Guards to the agencies who requisition their services by bearing the cost of their daily wages/salaries etc., as fixed by the Department.

Scrutiny (June 2011) of the records of the District Commandant, Mizoram Home Guards, Aizawl revealed that during 2002-11 the District Commandant deployed Home Guards to nine different organisations/agencies outside the establishment of State Government as their services were called for by these organisations/agencies. Against such deployment, though the Department repeatedly issued demand notices for realising the deployment charges amounting to ₹ 2.79 crore for the year 2002-11 the Department could realise only an amount of ₹ 15.57 lakh from one agency<sup>8</sup> (June 2011) out of nine organisations/agencies (as mentioned in the table below) leaving an

<sup>8</sup> Lengpui Airport

unrealised amount of ₹ 2.64 crore. The details of organisation/agency-wise Home Guards deployed and deployment charges realised/outstanding there against are mentioned in the table below:

**Table-2.15**

Sl. No.	Name of agency	No. of Home Guards deployed	Period of deployment	Wages including rank pay	Claim preferred	Cost realised	Outstanding cost
				(₹ in lakh)			
1.	FCI, Rengtekawn	8 to 9	2002-2011	36.30	36.30	NIL	36.30
2.	FCI, Bhairabi	9 to 12	2002-2011	41.41	41.41	NIL	41.41
3.	PGCL, Luangmual	11 to 14	2002-2011	56.32	56.32	NIL	56.32
4.	AIR, Tuikhuahtlang	7 to 12	2002-2011	39.11	39.11	NIL	39.11
5.	AIR, Chawnpui	6 to 9	2002-2011	34.65	34.65	NIL	34.65
6.	FM Radio Station (AIR), Aizawl	5 to 8	2008-2011	12.62	12.62	NIL	12.62
7.	Apex Banks (13 Branches)	79 to 80	2010-2011	16.59	16.59	NIL	16.59
8.	Rural Banks (21 Branches)	128	2010-2011	26.51	26.51	NIL	26.51
9.	Lengpui Airport	5	2002-2011	15.57	15.57	15.57	NIL
<b>Total</b>				<b>279.08</b>	<b>279.08</b>	<b>15.57</b>	<b>263.51</b>

Source: Departmental records

The District Commandant clarified (June 2011) that the Home Guards were deployed on requisition by these agencies but, except for Lengpui Airport, no agreement towards realisation of deployment cost, had been entered into with any of the agencies.

The State Government, Finance Department convened (October 2010) a meeting to discuss the issue of reimbursement of deployment charges of Home Guards outside the establishments of State Government. The meeting opined that providing security (Home Guards) to the agencies other than establishments of the State Government free of cost was not justified and the arrear deployment charges for the last ten years must be realised from the defaulting agencies. The Department is yet to recover outstanding deployment charges as of November 2011.

The matter was reported (June 2011) to the Government and their reply is awaited as of February 2012.

## LAND REVENUE AND SETTLEMENT DEPARTMENT

### 2.10 Excess payment of compensation on acquisition of land

**The Collector, Serchhip District irregularly awarded a compensation of ₹ 1421.53 lakh for payment to two persons interested against the entitled compensation of ₹ 1257.36 lakh as per claims preferred by them, which resulted in an excess payment of ₹ 164.17 lakh.**

The Collector (Deputy Commissioner), Serchhip District pronounced two awards (Award No. 2 of 2007 and Supplementary Award No. 2 of 2007) in January 2008 and December 2010 in favour of Border Security Force (BSF) for acquisition of land measuring 85 acres at Dawngzawl, Serchhip District to establish their Battalion Headquarter with payment of compensation as under:

**Table-2.16**

Name of land owners	Award No. 2 of 2007				Supplementary Award No. 2 of 2007	Grand Total
	Value of land	Crop	Interest	Total	30 per cent Solatium	
1. C. Zokhuma	62.29	10.51	3.79	76.59	21.84	98.43
2. F. Aizami	315.30	10.53	16.95	342.78	97.75	440.53
3. B. Vanlalhruaia	557.82	10.51	29.58	597.91	170.50	768.41
4. C. Lalmangaihsanga	472.53	10.54	25.13	508.20	144.92	653.12
<b>Total</b>	<b>1407.94</b>	<b>42.09</b>	<b>75.45</b>	<b>1525.48</b>	<b>435.01</b>	<b>1960.49</b>

*Source: Departmental records*

On receipt of awarded value of ₹ 1,960.49 lakh (₹ 1,525.48 lakh + ₹ 435.01 lakh) from the BSF, the Collector had duly disbursed the same to the four interested persons and handed over the land to BSF on 19 October 2010.

Scrutiny of Award No. 2 of 2007 revealed that out of four interested persons, two interested persons viz. B. Vanlalhruaia and C. Lalmangaihsanga had submitted their claims to the Collector in response of notice under Section 9 of the LA Act, 1894, for payment of compensation at ₹ 480 lakh and ₹ 450 lakh respectively towards the value of land and standing crops. Against their claims, the Collector irregularly pronounced compensation of ₹ 568.33 lakh (₹ 557.82 lakh + ₹ 10.51 lakh) and ₹ 483.07 lakh (₹ 472.53 lakh + ₹ 10.54 lakh) to B. Vanlalhruaia and C. Lalmangaihsanga respectively towards payment of compensation of land and damage of crops along with additional amount of ₹ 200.08 lakh (₹ 29.58 lakh + ₹ 170.50 lakh) and ₹ 170.05 lakh (₹ 25.13 lakh + ₹ 144.92 lakh) towards payment of interest and solatium. Accordingly, based on the value of compensation (compensation of land and damage of crops) so determined in excess of their claims, the Collector calculated the interest and solatium in excess of actual payable amount. The details

of compensation to be awarded, compensation already disbursed and excess payment made thereof are shown in the following table-2.17:

**Table-2.17**

(₹ in lakh)

Name of land owners	Actual compensation to be awarded			Total	Compensation paid	Excess payment made
	Value of land (including crops)	Interest	30 per cent Solatium			
1. B. Vanlalhruaia	480.00	24.96	144.00	648.96	768.41	119.45
2. C. Lalmangaihsanga	450.00	23.40	135.00	608.40	653.12	44.72
<b>Total</b>	<b>930.00</b>	<b>48.36</b>	<b>279.00</b>	<b>1257.36</b>	<b>1421.53</b>	<b>164.17</b>

Source: Departmental records

It may be seen from the table above that as per claims preferred by the two interested persons under Section 9 of LA Act, a total compensation of ₹ 1,257.36 lakh was payable to them, against which the Collector had irregularly awarded a compensation of ₹ 1,421.53 lakh, which resulted in an excess payment of compensation of ₹ 164.17 lakh.

The matter was reported (October 2011) to the Government and their reply is awaited (February 2012).

## 2.11 Abnormal delay in Land acquisition proceedings for Serlui ‘B’ Hydro electric Power Project

**Construction of Hydro Electric Power Project was severely affected in terms of time overruns due to the abnormal delay in acquisition proceedings of land.**

The Government of Mizoram decided in the year 1991 to construct Serlui ‘B’ Hydro Electric Power Project on the river Serlui ‘B’ within the Village Councils area of Saiphai, Bilkhawthlir, Builam, and N. Hlimen, under the jurisdiction of Kolasib and Aizawl Districts. The project was to be constructed by the Power and Electricity (P&E) Department of the State Government. As per information furnished (September 2007) by the PCCF of E&F Department, the GoI, MoEF, in principle accorded (March 1991) approval for diversion of 30 sq.km. forest land for construction of the Project. Accordingly, the E&F Department claimed ₹ 2.29 crore towards Compensatory Afforestation (CA), against which the P&E Department released an amount of ₹ 1.70 crore, leaving a balance of ₹ 0.59 crore.

In order to commence with the formal acquisition process, the Government (Revenue Department) issued four preliminary Notifications under Section 4(1) of the Land Acquisition (LA) Act, 1894 during September 1991 to November 2001, which were, however, subsequently withdrawn by

the Government as the survey and demarcation of the land could not be undertaken by the P&E Department, responsible for execution of the Project.

Again, a preliminary Notification was issued (June 2002) under Section 4(1) of the LA Act followed by a Notification under Section 6 by the Government on October 2003, declaring that the land measuring 21,109.03 bighas on the above mentioned areas was needed for the purpose for construction of Serlui 'B' Hydro Electric Power Project.

After completion of required procedures, the Collector (Deputy Commissioner, Aizawl District) pronounced two Awards (Award No. 3 of 2004 and Supplementary Award of Award No. 3 of 2004) with following amount of compensation:

**Table-2.18**

Sl. No.	Particulars of compensation	Amount awarded (₹ in crore)
<b>A. Original Award (Award No. 3 of 2004):</b>		
1.	Cost of Land measuring 1281212.48 sq.ft. to 10 LSC holders	0.45
2.	12 per cent interest from 11 June 2002 to 11 February 2004. to 10 LSC holders	0.09
3.	30 per cent solatium over the market value of land. to 10 LSC holders	0.13
4.	Compensation for damage of standing crops to holders of 514 different Passes	5.22
5.	Assessment of grave with memorial stone to 60 persons	0.03
<b>Sub Total (A)</b>		<b>5.92</b>
<b>B. Supplementary Award of Award No. 3 of 2004:</b>		
1.	Compensation for damage of standing crops to holders of 206 different Passes	0.35
2.	Assessment of grave with memorial stone to 31 persons	0.01
<b>Sub Total (B)</b>		<b>0.36</b>
<b>Total (A + B)</b>		<b>6.28</b>

*Source: Departmental records*

Against these Awards, the P&E Department deposited ₹ 6.28 crore (₹ 5.92 crore on February 2005 and ₹ 0.36 crore on November 2008) to the Collector (Deputy Commissioner, Aizawl District).

Scrutiny of the records maintained by the Deputy Commissioner, Aizawl in respect of above two Awards revealed that the Collector had disbursed ₹ 6.24 crore only during March 2005 leaving an undisbursed amount of ₹ 0.04 crore as of July 2011 as the persons listed in the Award refused to receive the compensation on the plea that the Compensation determined was inadequate. Thus, the

construction of Hydro Electric Power Project was severely affected in terms of time overruns due to the abnormal delay in acquisition proceedings of land.

The matter was reported (October 2011) to the Government and their reply is awaited (February 2012).

## **2.12 Suspension of construction of Tuirial Hydro-Electric Project due to pronouncement of Awards with huge compensation**

**Suspension of construction of 60 MW Hydro Electric Project on Tuirial River, due to irregular pronouncement of Awards for payment of huge amount of compensation of ₹ 25.02 crore to private individuals notwithstanding the fact that the proposed Project actually within under Government Reserved Forest Area.**

The Government of India (GoI), Ministry of Power (MoP) decided to construct 60 MW Hydro Electric Project on Tuirial River through North Eastern Electric Power Company (NEEPCO) Limited with Japanese financial assistance, with target date of completion of the pre-hydel project construction works by September 1997 and of the entire project by February 2006. Accordingly, in May 1996 NEEPCO Ltd. entered into an agreement with the Government of Mizoram (GoM) for construction of a 60 MW Hydro Electric Project on Tuirial River. The GoI, Ministry of Environment and Forests (MoEF) in July 1997 conveyed approval for diversion of 5,380 hectares of forest land for this project. The Power and Electricity (P&E) Department, GoM identified 5,380 hectares of forest land out of which 169.5 hectares was for the project area like colony, borrow area, road etc, and the remaining 5,210.5 hectares was to be the estimated area of submergence.

Accordingly, GoM, Revenue Department issued (March 1997) Notification under Section 4(1) of the LA Act, 1894 for acquiring 5,210 hectares of land for submergence area of the Tuirial River.

The Collector (Deputy Commissioner, Aizawl District) after obtaining Government approval pronounced seven Awards during June 1999 to September 2003 with a total compensation of ₹ 25.02 crore payable to different individuals interested in the areas proposed for acquisition for the project. Summary of the compensation awarded were as under:

**Table-2.19**  
**Details of Compensation Awarded**

(₹ in lakh)

Award No.	Date of approval	No. of Claimants	Area for acquisition	Amount	Amount deposited by NEEPCO Ltd.	Outstanding Compensation from NEEPCO Ltd.
2 of 1998	June 1999	33	Dam Site	34.06	34.06	NIL
4 of 2002	July 2002	352	Submergence Area Phase I	804.91	402.46	402.45
5 of 2002	July 2003	74	Borrow Area and Saddle Dam	68.53	NIL	68.53
5 of 2003	September 2003	366	Crop damage compensation for Submergence Area Phase II	531.89	NIL	531.89
5 of 2003	September 2003	196	Crop & Land compensation Submergence Area Phase III	885.50	NIL	885.50
6 of 2003	Judgment dated Sept. 2003	NIL	Solatium and interest awarded by LA Judge	167.86	NIL	167.86
6 of 2003	Judgment dated August 2003	NIL	Solatium and interest	9.27	NIL	9.27
<b>Total</b>		<b>1021</b>		<b>2502.02</b>	<b>436.52</b>	<b>2065.50</b>

Source: Departmental records

Scrutiny of the records maintained by the Collector (Deputy Commissioner, Aizawl District) revealed that after depositing ₹ 4.37 crore to the Collector, NEEPCO Ltd. refused to release the balance amount of compensation of ₹ 20.65 crore. The ground for refusal as cited by the NEEPCO Ltd. was that they had separately paid ₹ 24.46 crore to the E&F Department, GoM, towards the payment for Compensatory Afforestation (CA) in addition to compensation of ₹ 4.37 crore to the Collector, as such, further payment of compensation would make the project economically unviable particularly when the Project cost was to be met from Japanese financial assistance.

The Project was stated to be suspended by the NEEPCO Ltd. for not being able to meet the compensation as Awarded by the Collector.

Further, in June 2011, the Collector (Deputy Commissioner, Aizawl District) intimated that all the files relating to construction of the Hydro Electric Project on Tuirial River were seized by the Central Bureau of Investigation (CBI).

Thus, an important Project, intended to augment the power generation capacity of the State was suspended due to irregular pronouncement of Awards for payment of huge amount of compensation to the private individuals when the proposed Project was actually under Government Reserved Forest Area.

The matter was reported (October 2011) to the Government and their reply is awaited (February 2012).

## GENERAL

### 2.13 Follow up of Audit Reports

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

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

Review of follow up action on submission of *suo moto* replies and of ATNs as of 30 September 2011 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed that the Departments of the State Government had not submitted *suo moto* replies to 25 paragraphs/reviews featured in the Audit Reports for the years 2008-09 and 2009-10, as mentioned below:

Table-2.20

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of paragraphs/ reviews included in the Audit Report (excluding standard paragraphs)	Total number of paragraphs and reviews for which <i>suo moto</i> explanatory notes are awaited	Number of Departments
2008-09	05-04-2010	13	13	09
2009-10	29-03-2011	12	12	08
<b>Total</b>		<b>25</b>	<b>25</b>	<b>17</b>

Source: Legislative Assembly secretariat

Thus, due to the failure of the respective Departments to comply with the instructions of the PAC, the objective of ensuring accountability of the executive remained inadequate.

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

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

accountability for the deficiencies, lapses, etc., noticed during his 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 Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Accountant General.

A review of IRs issued during 1995-2011 revealed that 746 paragraphs relating to 157 IRs remained outstanding as of March 2011. No audit committee meeting was held during 2010-11.



## CHAPTER-III

# CHIEF CONTROLLING OFFICER BASED AUDIT

### PUBLIC HEALTH ENGINEERING DEPARTMENT

#### 3.1 Chief Controlling Officer Based Audit of Public Health Engineering Department

##### *Highlights*

*Public Health Engineering Department is responsible for providing adequate and safe drinking water to the rural and urban population as well as hygienic sanitation facilities in the State. Apart from the coverage of remaining uncovered habitations with safe drinking water system, the Department is committed to promote sustainability of safe drinking water system and to institutionalize water quality monitoring and surveillance system. The Department is also engaged in improving the quality of life of the rural people and also to provide privacy and dignity to women through Total Sanitation Campaign. A performance review of integrated audit on Public Health Engineering Department revealed shortcomings in planning and execution of projects, time overrun, unauthorised diversion of funds, excess expenditure and poor financial management, which was further accentuated by internal audit mechanism. There were some positives in the effort of the department in program execution especially with reference to capacity building and sensitisation drive through IEC strategies, however, the review has flagged glaring aberration in the material procurement process and serious deviation from the basic canons of financial propriety especially with reference to purchase of GI pipes by the department. Materials were procured and payments made beyond the scope of delegated powers by the Head of Department and without obtaining the approval of the State Purchase Advisory Board. Significant audit findings are given below:*

**Absence of perspective plan and deficient annual plans resulting in delays in completion of water supply schemes and poor coverage for providing drinking water to rural schools and Anganwadi centres.**

*(Paragraphs 3.1.7.1, 3.1.10.2 (iii) & (v))*

**The Department incurred an extra expenditure of ₹ 1.92 crore on purchase of Galvanized Iron Pipes due to non-availing of the benefit of exemption from Central Excise Duty.**

*(Paragraph 3.1.8.8)*

**Splitting expenditure sanctions to avoid sanction of the Government, the CE, PHED irregularly resorted to piece-meal procurement of miscellaneous items worth ₹ 2.94 crore, which requires *ex-post-facto* approval of the Government.**

*(Paragraph 3.1.8.9)*

**There were undue delays in depositing of water charges of ₹ 20.06 crore collected by six divisions, may entail the risk of temporary misappropriation.**

*(Paragraph 3.1.9.2)*

**The Department incurred a loss of revenue to the tune of ₹ 5.34 crore on water charges due to lack of monitoring of billing system of water discharged to the consumers.**

*(Paragraph 3.1.10.2 (vi))*

**In violation of codal provisions, there were irregular purchase of pipes valued ₹ 68.54 crore (GI pipes: ₹ 66.89 crore and DI pipe: ₹ 1.65 crore) made by the Department without calling for tender to ascertain the competitive rates of pipes.**

*(Paragraphs 3.1.11.1 and 3.1.11.3)*

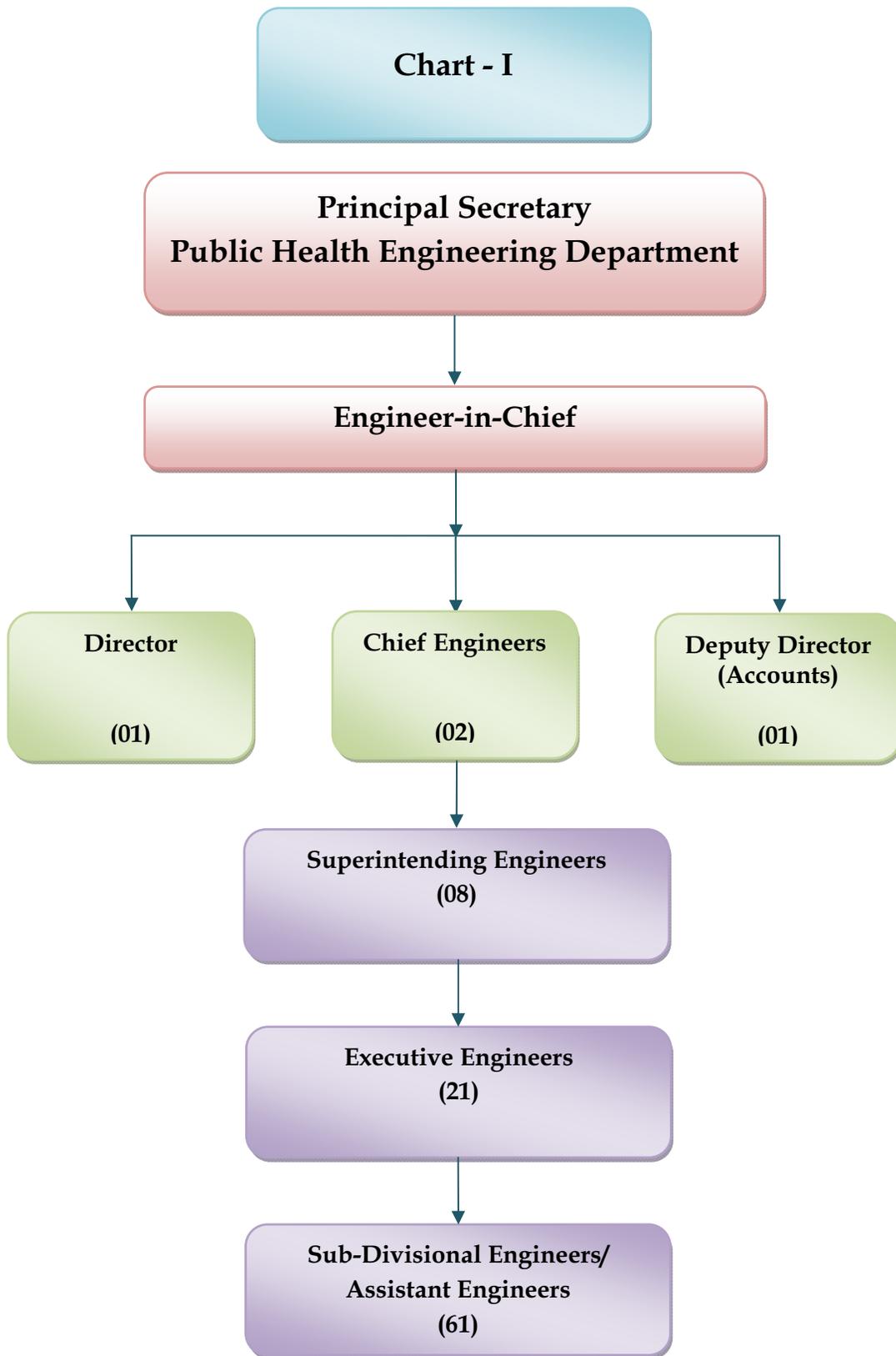
### **3.1.1 Introduction**

The Public Health Engineering Department (PHED) is responsible for providing adequate and safe drinking water to the rural and urban population of the State besides ensuring hygienic sanitation facilities. In order to achieve this goal, programmes are implemented in the State out of funds released by Government of India (GoI) through Accelerated Rural Water Supply Programme (ARWSP)/National Rural Drinking Water Programme (NRDWP), Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for Urban Development, Ministry of Development of North Eastern Region (DoNER), North Eastern Council (NEC) and State funds for Minimum Need Programme (MNP). Besides the coverage of remaining uncovered habitations with safe drinking water systems, the Department is committed to promote sustainability of safe drinking water systems as well as to institutionalize water quality monitoring and surveillance systems. The Department is also engaged in improving the quality of life of the rural people and also to provide privacy and dignity to women through Total Sanitation Campaign (TSC).

### **3.1.2 Organisational Structure**

The Principal Secretary, Public Health Engineering Department (PHED) is the administrative head of the Department. The Department is managed by the Engineer-in-chief (E-in-C) as head of the PHED who is assisted by two Chief Engineers (CE, PHED and CE, Monitoring and Investigation), one Director and one Deputy Director, Accounts at head quarter level. At circle level there are eight Superintending Engineers (SE) under whom 21 Executive Engineers are posted at Divisional Level in eight Districts. The Executive Engineers are assisted by 61 Sub-Divisional Officers/ Assistant Engineers.

An organogram of the Department is shown below:



### 3.1.3 Scope of Audit

The functioning of the Department for the period 2006-11 was reviewed in audit during May-July 2011 through a test check of the records of the PHED, the Chief Controlling Officer (E-in-C, PHE) of the Department, two Chief Engineers, two Superintending Engineers and eight<sup>1</sup> Executive Engineers, who are responsible for the implementation of the programmes both under State and Central sector besides holding the charge of Drawing and Disbursing Officers. Further, records of the Secretary, District Water and Sanitation Committee were also test checked. The audit covered an expenditure of ₹ 242.15 crore (28 per cent), out of expenditure of ₹ 861.53 crore incurred by the Department 2006-11.

### 3.1.4 Audit Objectives

The audit objectives are to assess the performance of the Department on the following parameters:

- Survey of habitations effectively for authentic and reliable data;
- Adequate planning for implementation of the schemes/projects;
- Efficient and effective financial management;
- Provisions of safe drinking water/Quality assurance;
- Quality of works executed;
- Human Resource Management;
- Material Management; and
- Monitoring, evaluation and internal control mechanism.

### 3.1.5 Audit Criteria

Audit findings are benchmarked against the following criteria:

- Departmental policies, rules and regulations;
- Guidelines issued by the GoI for implementation of the schemes/projects;
- Project reports, estimates and sanction letters of individual schemes and projects;
- General Financial Rules;
- Central Treasury Rules; and
- Prescribed monitoring mechanism.

### 3.1.6 Audit Methodology

Before taking up the Chief Controlling Officer (CCO) based Audit an entry conference was held on 12 May 2011 with the officers of the Administrative Department and head of the Department

<sup>1</sup> 1) Champhai WATSAN Division, 2) Rural WATSAN Division, Lunglei, 3) Rural WATSAN Division, Aizawl, 4) Khawzawl WATSAN Division, 5) Lunglei Water Supply Maintenance Division, 6) Aizawl Water Distribution Division, 7) Aizawl Water Supply Project Division and 8) Ground Water & Quality Control Division

wherein audit objectives, scope and criteria was discussed. The selection of units was done through simple random sampling method. The audit methodology also covered field visit by the audit party along with departmental officials for physical verification of Assets created and interaction with the targeted beneficiaries through questionnaires duly authenticated by the departmental officials. Photographic evidence was also taken to substantiate audit observations. Audit findings were discussed with the departmental officers headed by the Joint Secretary (Tech.) in an exit conference (October 2011) and replies received from the Government have also been incorporated at appropriate places in the review.

### Audit findings

The important points are discussed in the succeeding paragraphs.

#### 3.1.7 *Planning*

##### 3.1.7.1 *Lack of proper planning*

In order to implement the programmes for providing adequate safe drinking water to rural and urban population of the State besides hygienic sanitation facilities a Five year Perspective Plan is required to be formulated by the Department based on comprehensive and credible survey/ data gathering exercise relating to the need of the water for State's population as a whole. The requirement of resources to meet the departmental mandate is to be worked out in detail and phased in a prioritised manner. Annual Plans of works should flow from the perspective plan and conform to the targets set.

Audit observed that no Perspective Plan was prepared during the review period. Further, Tenth (2002-07) and Eleventh (2007-12) Five Year Plan were prepared by the Department to cover the following areas:

- i. Providing safe drinking water to all rural and urban areas;
- ii. Operation and maintenance of Water Supply Schemes;
- iii. Sustainability and development of catchments areas;
- iv. Sewerage and rural Sanitation; and
- v. Communication and Capacity Development through IEC activities.

Further, as per guidelines (April 2010) of the Rajiv Gandhi National Drinking Water Mission (RGNDWM) for implementation of Rural Water Supply Programme, the State Government is to prepare an Annual Action Plan (AAP) on the basis of the shelf of schemes approved by the State Level Scheme Sanctioning Committee (SLSSC), the projected size of allocation under ARWSP/ NRDWP along with the probable spill over of funds, if any, and submit them to the RGNDWM, by the beginning of October of the year for its examination during the annual plan discussions. While preparing the AAP, completion of the incomplete works should assume priority over new works so that there are no delays in execution of works which could result in cost escalation, non-utilisation of assets created, etc. As soon as the final outlay is decided, the AAP should be forwarded to the

GoI by 30 April of the respective financial year for allocation of funds. The AAP of the Department for the year 2006-09 though envisages outlay fixed by the State Planning Board, did not include the basis of the shelf of the Water Supply Schemes (WSS) and habitations resulting in deviation from the programme guidelines.

While the programme guidelines do not permit taking up of new schemes before completion of the on-going schemes, the Department took up execution of 619 new schemes during the period 2006-11 while a good number of on-going schemes were yet to be completed as detailed in the following table-3.1:

**Table-3.1**

Year	No. of on-going schemes at the beginning of the year	No. of new schemes/ works sanctioned	Total	No. of schemes completed			No. of incomplete schemes at the end of the year
				out of on-going schemes	out of new schemes	Total	
2006-07	108	104	212	66	63	129	83
2007-08	83	161	244	35	28	63	181
2008-09	181	129	310	127	31	158	152
2009-10	152	105	257	120	85	205	52
2010-11	52	120	172	17	109	126	46

Source: Departmental records

Due to poor planning, the Department spread its resources thinly over many schemes without ensuring completion of the on-going schemes, on priority.

The Government in their reply stated (October 2011) that 46 left out on-going schemes at the end of 2010-11 are expected to be completed within 2011-12 subject to availability of fund.

### 3.1.7.2 Status of habitation

At the instance of RGNDWM, a habitation survey was conducted in 2003 for assessing status of Rural Water Supply (RWS) in the State. The habitation survey in 2003, after its validation by the Indian Institute of Public Administration, New Delhi resulted in the status of water supply as indicated below:

Not covered (NC) <sup>2</sup>	Partially covered (PC) <sup>3</sup>	Fully covered (FC)	Total
187	430	159	<b>776</b>

<sup>2</sup> Habitations where water source/point does not exist within this range or those where the water source is affected by quality problems are categorized as **Not Covered (NC)**

<sup>3</sup> Habitations which have a safe drinking water source point within 1.6 kilometers in plains and within 100 metre elevation in hill areas with capacity of the system ranging between 10 to 40 lpcd, are categorised as **Partially Covered (PC)** habitations

RWS came under Bharat Nirman Programme launched by GoI. As per the programme all the NC and PC habitations as per 2003 survey of habitations were to be enhanced to FC status by the year 2008-09. According to the revised guideline (2009) for RWS programme, the status of RWS was updated by the Department as per revalidation survey (February - May 2009).

The status of coverage of habitations in the State as on 1 April of the years 2006-11 are shown in table-3.2:

**Table-3.2**

Particulars	Status as on 1 April					
	2006	2007	2008	2009	2010	2011
Habitations F.C	190	298	471	348	472	589
Habitations N.C	157	149	87	31	27	----
Habitations P.C	430	330	219	398	278	188
Schools N.C	2583	597	597	453	453	327
Habitations slipped back from FC to N.C	----	----	----	----	----	----
Habitations slipped back from FC to P.C <sup>4</sup>	----	----	----	123	----	----
<b>Quality affected:</b>						
a) Biological contamination (guinea worm, cholera, typhoid, etc.)	----	----	----	----	----	----
b) Beyond permissible limits of chemical contamination (excess fluoride, brackishness, iron, arsenic, nitrates, etc.)	----	----	----	----	----	----

*Source: Information furnished by the Department*

From the above table it is seen that though FC habitations increased by 108 (57 per cent) and 173 (58 per cent) during 2006-08 over the corresponding previous year and during 2009-10, the pace of coverage of habitations was low by 124 (36 per cent) and in 2010-11 by 117 (25 per cent) and it declined to 123 (26 per cent) during 2008-09.

While accepting the facts, the Government attributed (October 2011) the decline of percentage for reporting through on-line registration for the year 2008-09. However, the reply is silent about 2009-11.

<sup>4</sup> Factors responsible for fully covered habitations slipping back to NC/PC habitations are :  
Sources becoming dry due to lowering of the ground water table;  
Sources becoming quality affected;  
Systems outliving their lives;  
Systems working below rated capacity due to poor Operation and Maintenance;  
Increase in population resulting into lower per capita availability; and  
Emergence of new habitations

### 3.1.8 Financial Management

#### 3.1.8.1 Funding Pattern

The funding pattern for various water supply programmes was as follows:

Programme	Components	Central Share	State Share
		(In percentage)	
Accelerated Rural Water Supply Programme (ARWSP)	Coverage and Operation & Maintenance (O&M)	50	50
National Rural Drinking Water Programme (NRDWP)	Coverage Water Quality and Operation & Maintenance (O&M)	90	10
	Sustainability and support activities	100	---
Accelerated Urban Water Supply Programme (AUWSP)	Coverage	75	25

#### 3.1.8.2 Budget and Expenditure

The State Government has not prescribed any budget manual of its own for formulating budget estimates by the respective Departments. The PHED follows the prescribed procedures as per General Financial Rules for formulating budget proposals. The annual Plan budget estimates of the Department were prepared on the basis of total outlay fixed by the State Planning Board without obtaining the required inputs from the field level Drawing and Disbursing Officers except for the administrative expenditure which was covered by Non-plan budget estimates.

The year wise budget provision *vis-à-vis* expenditure incurred by the Department during 2006-11 is shown in table-3.3:

**Table-3.3**

(₹ in crore)

Year	Budget provision				Actual Expenditure				Excess(+)/Savings (-)			
	Plan	Non-Plan	CSS	Total	Plan	Non-Plan	CSS	Total	Plan	Non-Plan	CSS	Total
2006-07	73.07	13.82	39.20	<b>126.09</b>	71.50	13.74	39.20	<b>124.44</b>	-1.57	-0.08	0.00	<b>-1.65</b>
2007-08	69.13	36.16	47.63	<b>152.92</b>	68.21	35.72	47.70	<b>151.63</b>	-0.92	-0.44	0.07	<b>-1.29</b>
2008-09	64.53	38.10	50.26	<b>152.89</b>	63.92	38.00	47.46	<b>149.38</b>	-0.61	-0.10	-2.80	<b>-3.51</b>
2009-10	82.80	45.90	36.02	<b>164.72</b>	82.57	45.21	35.93	<b>163.71</b>	-0.23	-0.69	-0.09	<b>-1.01</b>
2010-11	62.10	48.42	38.19	<b>148.71</b>	61.46	49.44	38.19	<b>149.09</b>	-0.64	1.02	0.00	<b>0.38</b>
<b>Total</b>	<b>351.63</b>	<b>182.40</b>	<b>211.30</b>	<b>745.33</b>	<b>347.66</b>	<b>182.11</b>	<b>208.48</b>	<b>738.25</b>	<b>-3.97</b>	<b>-0.29</b>	<b>-2.82</b>	<b>-7.08</b>

Source: Departmental's figures

It is evident from the table-3.3 that there were persistent savings in each year during 2006-10, except 2010-11. This indicated that the budget provision for the years was not made on realistic basis.

### 3.1.8.3 Parking of funds in Public Works Deposits

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

It was noticed from the records of 11 divisions that contrary to Rule *ibid*, the EEs had drawn an amount aggregating to ₹ 149.30 crore in the month of March every year during the period 2006 to 2011. Out of ₹ 149.30 crore an amount of ₹ 104.64 crore was spent by the EEs in the month of March of respective years itself and the balance amount of ₹ 44.66 crore was retained in Public Works (PW) Deposits. Immediately after drawal, the amount was shown as spent, although expenditure of ₹ 31.03 crore (69 *per cent*) out of PW Deposits (₹ 44.66 crore) was actually incurred at a late stage during April 2007 to May 2011. The balance amount of ₹ 13.63 crore (₹ 44.66 crore *minus* ₹ 31.03 crore) remained unadjusted as of 31 May 2011. Consequently, expenditure of the Department remained overstated distorting the accounts of the State Government. Details are shown in **Appendix-3.1**.

Thus, drawal of funds in excess of actual requirement and retention of funds in PW Deposits at the end of financial year to avoid lapse of funds is indicative of poor management of funds by the CCO.

While accepting the facts, the Government stated (October 2011) that due to sanction of some expenditure at the fag end of the years by the competent authorities the funds were retained in the PW Deposit.

### 3.1.8.4 Release of NRDWP funds directly to the PHED

The year-wise availability of funds from GoI for coverage, water quality and sustainability of Rural Water Supply Schemes (RWSS) and for support activities under NRDWP *vis-à-vis* expenditure during 2009-11 is given in table-3.4:

**Table-3.4**

(₹ in crore)

Year	Opening balance	Funds released	State Share	Interest earned	Total funds available	Expenditure	Savings (percentage)
2009-10	17.43	56.19	8.60	0.06	82.28	59.91	22.37 (27)
2010-11	22.37	61.58	8.00	0.37	92.32	63.37	28.95 (31)

Source: Departmental records

As can be seen from the table-3.4 that the Department failed to utilise 29 *per cent* funds available under NRDWP during 2009-11. Failure of the Chief Controlling Officer (CCO) to utilise the available funds deprived the people of safe drinking water due to non-completion/delay in completion of the RWSS, as discussed in the paragraph-3.1.10.2.

While accepting the facts, the Government stated (October 2011) that due to late release of the funds by the GoI, 100 *per cent* utilisation of the funds could not be achieved.

### 3.1.8.5 *Non-reconciliation with Bank*

Financial rules require a Drawing and Disbursing Officer (DDO)/Head of Office to make arrangements for regular monthly reconciliation of deposits and withdrawals from Government account.

Under NRDWP, during 2009-11 funds were released by the GoI to the State Water & Sanitation Mission (SW&SM), Mizoram. The Member Secretary, SW&SM authorised the EEs of the working divisions to draw the money from the Mission's account for implementation of rural drinking water supply schemes. The DDO (Member Secretary, SW&SM), however, did not arrange to carry out any reconciliation with the bank in order to ascertain the correctness of the account of SW&SM.

Thus, in the absence of reconciliation mechanism by the Department, the correctness of the closing balances at the end of the month as per cash book with the closing balances as per bank statements could not be ascertained in audit. Further, non-reconciliation of bank account may lead to mis-appropriation of funds.

The State Government stated (October 2011) that the process of reconciliation was in progress.

### 3.1.8.6 *Diversion of funds*

The Ministry of Rural Development released Grants-in-Aid of ₹ 113.06 crore (2009-10: ₹ 53.36 crore and 2010-11: ₹ 59.70 crore) to State Water and Sanitation Mission (SWSM) for Coverage, Water Quality and Sustainability of Rural Water Supply Scheme (RWSS) under NRDWP. Although, the release of funds by GoI was allotted for execution/completion of RWSS, the SWSM irregularly diverted ₹ 7.67 crore (2009-10: ₹ 3.05 crore and 2010-11: ₹ 4.62 crore) for Operation and Maintenance (O&M) of RWSS. Accordingly, the executing Divisions incurred the entire expenditure of ₹ 7.67 crore (2009-11) for O&M of RWSS.

Further, out of Grants-in-Aids released by GoI, although ₹ 23.00 crore (2009-10: ₹ 8.95 crore and 2010-11: ₹ 14.05 crore) was earmarked for Water Quality measure according to NRDWP guidelines, the SWSM, however, did not release any funds for Water Quality measures.

This led to diversion of Programme funds for O&M besides compromising with the quality of drinking water provided to rural people.

The Government in their reply stated (October 2011) that as per NRDWP ten *per cent* of the programme funds were diverted for O&M. But the contention of the Government is not acceptable as the GoI released the programme funds of ₹ 113.06 crore for different components, which do not include O&M.

### 3.1.8.7 Rush of Expenditure

Based on the budget allocation, funds are to be released to the respective Drawing and Disbursing Officers on quarterly basis. The General Financial Rules (GFR) also provide that expenditure against the budgetary provision should be evenly phased over the financial year so as to avoid rush of expenditure in the last quarter of the financial year.

An analysis of the quarterly statements of expenditure incurred during 2006-11 by eight DDOs<sup>5</sup> under the Chief Engineer, PHED revealed that contrary to the above financial norms, the expenditure incurred by the DDOs during the last quarter under Plan sector ranged between 56 per cent and 59 per cent except 38 per cent during 2008-09 and under Non-Plan sector it ranged between 59 per cent and 71 per cent except 23 per cent (2006-07) and 27 per cent (2007-08). The details are given in the following table-3.5:

**Table-3.5**

(₹ in crore)

Year	Total Expenditure		Expenditure during three quarters (Percentage)		Expenditure during last quarter (Percentage)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2006-07	69.94	6.41	30.05 (43)	4.93 (77)	39.89 (57)	1.48 (23)
2007-08	69.35	8.14	28.65 (41)	5.94 (73)	40.70 (59)	2.20 (27)
2008-09	53.82	13.64	33.19 (62)	5.50 (40)	20.63 (38)	8.14 (60)
2009-10	58.99	13.98	25.74 (44)	3.99 (29)	33.25 (56)	9.99 (71)
2010-11	42.54	12.63	18.44 (43)	5.19 (41)	24.10 (57)	7.44 (59)
<b>Total</b>	<b>294.64</b>	<b>54.80</b>	<b>136.07 (46)</b>	<b>25.55 (47)</b>	<b>158.57 (54)</b>	<b>29.25 (53)</b>

Source: Departmental records

Thus, the expenditure against the budgetary allocations were not evenly incurred during the financial years leading to rush of expenditure in the last quarter of the financial years which is indicative of lack of control over expenditure by the CCO.

While accepting the facts, the Government stated (October 2011) that due to long administrative processes and late release of fund, major expenditure of the Department is to be incurred during the last quarter of the years.

<sup>5</sup> 1) Champhai WATSAN Division, 2) Rural WATSAN Division, Lunglei, 3) Rural WATSAN Division, Aizawl, 4) Khawzawl WATSAN Division, 5) Lunglei Water Supply Maintenance Division, 6) Aizawl Water Distribution Division, 7) Aizawl Water Supply Project Division and 8) Ground Water & Quality Control Division

### 3.1.8.8 Extra expenditure due to non-availing of exemption of Excise Duty

The Ministry of Finance and Company Affairs extended (September 2002) Excise Duty exemption on pipes required for delivery of untreated (raw) water from its source to the plant and from there the treated (potable drinking) water to the storage place. To avail of this exemption, a certificate from the concerned Collector/District Magistrate/Deputy Commissioner is required to be produced to the Central Excise Department. The Ministry further extended the benefit under Notification in March 2006 and the Central Excise & Customs Department, North Eastern Region appraised (September 2006) the PHED regarding exemption of excise duty on pipes.

Scrutiny of records of the CE, PHED and test checked divisions revealed that the CE, PHED issued (2006-11) supply orders to the firms for supply of GI pipes for different water supply schemes wherein excise duty would be payable on the value of pipes besides other charges. Though the pipes were required for the purpose for which excise duty exemption was allowed, the Department did not claim the benefits of exemption. Accordingly, 10 divisions paid Central excise duty of ₹ 1.92 crore during 2006-11 on purchase of 5,47,657 Rm GI pipes for which exemption from excise duty payment could have been availed. Details are shown in table-3.6:

**Table-3.6**

(₹ in lakh)

Sl. No.	Name of Division	Year	Quantity (Rm)	Value	Central Excise duty paid
1.	Aizawl Water Supply Project Division	2006-07	17842	187.29	29.96
2.	Champhai WATSAN Division	2006-08	105276	223.57	38.45
3.	Khawzawl WATSAN Division	2006-09	106726	190.75	30.41
4.	Rural WATSAN Division, Lunglei	2006-08	80821	146.50	23.55
5.	Lunglei Water Supply Maintenance Division	2006-07	1305	1.87	0.28
6.	Rural WATSAN Division, Aizawl	2006-07	41410	75.27	12.05
7.	Aizawl Water Distribution Division	2006-08	25570	97.99	15.68
8.	Ground Water & Quality Control Division, Aizawl	2006-08	5806	28.70	4.59
9.	Hnahthial WATSAN Division	2008-11	42702	134.01	6.19
10.	Lawngtlai WATSAN Division	2006-08	120199	190.66	30.51
<b>Total</b>			<b>547657</b>	<b>1276.61</b>	<b>191.67</b>

Source: Departmental records

Thus, failure of the CCO to avail of the benefit of exemption from Central Excise duty on purchase of GI pipes, the divisions incurred an extra expenditure of ₹ 1.92 crore, which was avoidable.

The Government in their reply stated (October 2011) that the CE, PHED has strictly availed of the Excise Exemption benefit to the fullest extent possible and the pipes were procured for all the schemes for raw water on excise exemption terms only. Further, the quantity of 5,47,657 Rm mentioned by the audit is meant for water distribution where no exemption is allowed. The reply

is not tenable as the divisional officers utilised these pipes for delivery of untreated water from its source to the plant and from there the treated water to the storage place and excise duty paid on these quantities.

### 3.1.8.9 Splitting up of sanction orders

As per Delegation of Financial Powers (DFP) Rules, 1978, as amended the CE, PHED may accord expenditure sanction for non recurring contingent expenditure limited to ₹ 30,000 *per annum*.

Test check of the records of the CE, PHED Office revealed that violating the prescribed procedures, the CE accorded expenditure sanctions towards purchase of miscellaneous items during 2006-11 by splitting up of expenditure sanctions (₹ 2.94 crore) into 64 numbers each ranging between ₹ one lakh to ₹ fifty three lakh beyond the delegated powers of such expenditure. The year wise expenditure incurred by the drawing and disbursing officer of CE's establishment during 2006-11 against such sanction orders of the CE, PHED is shown in table-3.7:

**Table-3.7**

Year	Number of Sanction orders issued	Amount of each sanction order varies (₹ in lakh)		Expenditure (₹ in crore)
		From	To	
2006-07	11	1.00	6.87	0.31
2007-08	15	1.26	4.50	0.40
2008-09	13	1.20	9.58	0.51
2009-10	12	1.12	53.00	1.02
2010-11	13	1.73	11.60	0.70
<b>Total</b>	<b>64</b>	----	----	<b>2.94</b>

Source: Departmental records.

It was further noticed in audit that out of total contingent expenditure of ₹ 2.94 crore during 2006-11, the Department issued supply orders for procurement of items valued ₹ 1.44 crore (stationery: ₹ 1.04 crore, computer/Xerox machine accessories: ₹ 0.26 crore and miscellaneous items: ₹ 0.14 crore), whereas rest of the procurement involving an amount of ₹ 1.50 crore was made without issuing any supply orders. Further, Stock and Issue register for watching receipt and issue of items purchased had also not been maintained by the CE's establishment. In the absence of Stock and Issue register, audit could not exercise check on the actual utilisation of items purchased.

Thus, irregular procurement of miscellaneous items valued ₹ 2.94 crore by splitting the expenditure sanctions, by the CE, PHED beyond the admissible limit of ₹ 1.50 lakh (₹ 30,000 x 5 years) is indicative of lack of control over expenditure by the CCO. The expenditure of ₹ 2.94 crore requires *ex-post-facto* sanction of the Government.

The Government in their reply (October 2011) has accepted the facts. But, the Government reply is silent about the requirement of *ex-post-facto* sanction of the expenditure of ₹ 2.94 crore.

### 3.1.8.10 Non-release of funds resulted in extra expenditure

According to electricity tariff of Power & Electricity Department (P&ED), Government of Mizoram (GoM), electricity bills are to be paid within the due date mentioned in the bills failing which interest @ two *per cent* on arrears as penalty is levied by the P&ED.

Scrutiny of the records of Lunglei Water Supply Maintenance Division revealed that the Division paid total penal interest of ₹ 9.92 lakh on arrears of electricity bills amounting to ₹ 6.67 crore during the period 2006-11 due to late receipt of Letter of Credits (LoC) from the CE, PHED.

Thus, non release of funds by the Controlling officer for timely payment of electricity charges resulted in extra expenditure of ₹ 9.92 lakh.

While accepting the facts, the Government stated (October 2011) that due to untimely release of fund the charges on electricity of P&E Department could not be cleared in time.

### 3.1.9 Cash Management

#### 3.1.9.1 Collection of water charges

The actual revenue realised on water charges during 2006-11 against the target fixed is shown in the following table-3.8:

**Table-3.8**

(₹ in crore)			
Year	Target	Actual	Excess(+)/Shortfall(-) (percentage)
2006-07	4.60	5.34	(+) 0.74 (16)
2007-08	6.00	6.36	(+) 0.36 (6)
2008-09	6.50	6.61	(+) 0.11 (2)
2009-10	7.21	7.47	(+) 0.26 (4)
2010-11	10.00	7.95	(-) 2.05 (21)

Source: Information furnished by the E-in-C, PHED

It is evident from the table-3.8 that there was an excess (two to sixteen *per cent*) in collection of water charges during 2006-10, while there was a shortfall (21 *per cent*) during 2010-11, which reflected lack of monitoring at the Sub-Divisions level in collection of water charges.

While accepting the facts, the Government stated (October 2011) that in anticipation that the water tariff rate will be revised and increased from 2010-11, the target for the year 2010-11 was increased. However, due to ultimate non-revision of tariff rate actual achievement could not be achieved as per the anticipated target. The reply is, however, silent as to why the proposed revision of tariff rate could not be effected during 2010-11.

### 3.1.9.2 Delay in deposit of water charges

Rule 7(1) of the Central Treasury Rules (CTR) provides that all money received by or tendered to Government Officers on account of revenue of the Government shall, without undue delay be paid in full into a treasury and shall be included in the Government accounts.

Scrutiny of the records of six test checked divisions revealed that the divisions collected total water charges of ₹ 24.62 crore during 2006-11, out of which ₹ 20.06 crore (81 per cent) was credited to the Government Account with a period of delay ranging between 7 and 581 days as detailed in table-3.9:

**Table-3.9**

Sl. No.	Name of Division	Amount collected and deposited (₹ in crore)	Delay in deposit	
			Amount (₹ in crore)	Period (In days)
1.	Lunglei Water Supply Maintenance Division	4.21	3.10	7 to 74
2.	Rural WATSAN Division, Lunglei	0.23	0.18	7 to 79
3.	Khawzawl WATSAN Division	1.22	1.04	7 to 107
4.	Champhai WATSAN Division	0.27	0.26	10 to 115
5.	Rural WATSAN Division, Aizawl	0.31	0.27	8 to 581
6.	Aizawl Water Distribution Division	18.38	15.21	7 to 68
<b>Total</b>		<b>24.62</b>	<b>20.06</b>	

Source: Departmental records

Further, daily collection of water charges was not accounted for in the cash book on the same day. Instead, the same had been recorded in the cash book (both receipt and payment side) on the day the accumulated collection for a certain period was deposited into treasury. In the process, daily collection of water charges remained outside the Government account till the date of deposit into treasury. Reasons for the delay in depositing the revenue were not on record.

Thus, delay in depositing of revenue collected may entail the risk of temporary misappropriation.

The Government in their reply stated (October 2011) that position will be scrutinised by appointing responsible officer and efforts will be taken to improve delay in remittance.

### 3.1.10 Implementation

#### 3.1.10.1 Targets and achievements

The targets for coverage of habitations/schools for water supply schemes under ARWSP, NRDWP and MNP vis-a-vis achievement thereagainst during 2006-11 were as under:

**Table-3.10**

Year	Habitation Target				Achievement				Schools	
	NC	PC	Total	Population	NC	PC	Total	Population	Target	Achievement
2006-07	8	126	134	88990	8	126	134	88990	1986	1986
2007-08	49	102	151	55285	41	76	117	52285	-----	----
2008-09	19	37	56	31501	19	37	56	31501	144	144
2009-10	---	124	124	73481	---	124	124	73481	-----	----
2010-11	---	124	124	64023	---	121	121	62409	126	126

Source: Information furnished by the Department

There was short achievement of 34 (23 per cent) habitations coverage during 2007-08 as compared to target fixed and no target was set for during 2007-08 and 2009-10 for coverage of schools although there were unspent balances with the Department as indicated in the preceding Paragraphs 3.1.8.2 and 3.1.8.4 respectively.

While accepting the facts, the Government stated (October 2011) that during 2007-08 and 2009-10 no target was set for coverage of school due to non-receipt of list of school from the Divisional Offices. This clearly indicates that targets had not been set realistically taking into account the availability of funds.

### 3.1.10.2 Execution of water supply schemes

During 2006-11, the Department has taken up 677 water supply schemes for executions, out of which 280 schemes were taken up by the four<sup>6</sup> test check divisions. Out of 280 schemes, 79 schemes (28 per cent) were covered by audit. The important points noticed in course of audit are spelt out in the succeeding paragraphs:

#### (i) Execution of unapproved schemes

As per NRDWP guidelines, the Department is to prepare annual Detail Project Reports (DPRs) of the water supply schemes/projects. These DPRs are to be scrutinized and vetted by the State Technical Agency. Once the DPR is finalised, the same is required to be approved by the State Level Scheme Sanctioning Committee (SLSSC). The approved schemes of the DPR are to be entered online (Integrated Management Information System). The State Water & Sanitation Mission (SW&SM) is to release funds to the executing divisions for implementation of water supply schemes approved by SLSSC.

During 2009-11, water supply schemes approved by SLSSC and funds released by the SW&SM to the executing divisions for coverage of schemes under NRDWP are shown in the following table-3.11:

<sup>6</sup> 1) Champhai WATSAN Division, 2) Rural WATSAN Division, Lunglei 3) Rural WATSAN Division, Aizawl and 4) Khawzawl WATSAN Division

Table-3.11

(₹ in crore)

Year	Schemes approved by SLSSC		Funds released by SWSM				Unapproved schemes	
	No.	Cost	No. of scheme		Total	Amount	No.	Amount
			Approved	Unapproved				
2009-10	16	8.09	15	46	61	23.46	46	21.99
2010-11	97	37.16	96	--	96	35.37	--	----
<b>Total</b>	<b>113</b>	<b>45.25</b>	--	--	<b>157</b>	<b>58.83</b>	<b>46</b>	----

Source: Departmental records

It can be seen from the above table that during 2009-10 against 16 schemes (cost : ₹ 8.09 crore) approved by the SLSSC, the SWSM released ₹ 23.46 crore to the executing divisions for implementation of 61 schemes. Thus, the Department executed 46 schemes without the approval of the SLSSC. On being pointed this, the CE (M&I) stated (August 2011) that additional funds of ₹ 21.99 crore were released during 2009-10 for completion of 46 on-going WSS as of March 2009. The fact, however, remains that 46 on-going schemes taken up during 2009-10 were neither cleared by SLSSC as required nor included in the DPR.

The Government in their reply stated (October 2011) that the 46 schemes were approved by the Technical Committee during 2008-09, however, the reply is silent about the non-approval of the SLSSC during 2009-10.

#### (ii) Award of works without call of tenders

Under Section 14 of Central Public Works Department (CPWD) Manual (which is being followed by PWD) tenders should be called for all works costing more than ₹ 50,000 except in urgent cases, or when the interest of works demands, works may be awarded by the EE without calling the tenders subject to maximum ceiling of works upto ₹ 1.25 lakh/₹ 4 lakh (from 2010) and SE subject to ₹ 4.5 lakh/₹ 12 lakh (from 2010).

Scrutiny of the records of eight test checked divisions revealed that over and above the prescribed ceiling SEs awarded 131 works totaling ₹ 7.02 crore and EEs awarded 323 works totaling ₹ 8.27 crore during 2006-11 to contractors without calling for the tenders for execution of Rural Water Supply Schemes, although all the schemes were not of urgent nature. Further, reasons for issue of these work orders without calling for the tenders were not on record. Details are shown in the following table-3.12:

**Table-3.12**

Sl. No.	Name of division	Work order issued by SE			Work order issued by EE		
		Year	Number	Amount (₹ in crore)	Year	Number	Amount (₹ in crore)
1.	Aizawl Water Distribution Division	2007-08	4	0.09	2007-09 & 2010-11	55	0.71
2.	Khawzawl WATSAN Division	2006-11	41	2.71	2008-11	27	0.55
3.	Champhai WATSAN Division	----	-----	-----	2006-10	34	1.02
4.	Rural WATSAN Division, Lunglei	2006-09 & 2010-11	37	1.67	2006-11	75	2.31
5.	Rural WATSAN Division, Aizawl	2006-11	44	2.04	2006-11	24	1.60
6.	Lunglei Water Supply Maintenance Division	-----	-----	-----	2007-10	13	0.96
7.	Ground Water & Quality Control Division, Aizawl	2010-11	5	0.51	-----	----	-----
8.	Aizawl Water Supply Project Division	-----	-----	-----	2006-09	95	1.12
<b>Total</b>			<b>131</b>	<b>7.02</b>		<b>323</b>	<b>8.27</b>

Source: Departmental records

Thus, the action of the SEs and EEs were not in consonance with the codal provisions and also against the interest of the Department as the benefit of competitive rates and quality of works through tendered process could not be availed of.

While accepting the facts, the Government stated (October 2011) that the PHE Department was not having any registered contractor as such floating of tender is not possible and Rules for Registration of Contractor has now been approved by the Cabinet.

**(iii) Time Overrun**

During 2006-11, the Department took up 677 water supply schemes under ARWSP/NRDWP and AUWSP for execution of which 658 schemes were due for completion by March 2011. Against these, 618 schemes were completed within the targeted date, 36 schemes (five per cent) were completed within the sanctioned cost of ₹ 84.60 crore after a delay ranging from nine to sixty nine months. The remaining four schemes (sanctioned cost ₹ 136.47 crore) due for completion between March 2005 and March 2011 were in progress after incurring an expenditure of ₹ 121.55 crore. Details of works are shown in **Appendix-3.2(a) & 2(b)**.

The Department, however, stated that the delay in completion of the schemes was mainly due to non release of funds by GoI. The contention of the Department is not factually correct

as the programme funds are released by GoI after sanction of the scheme and subsequent installments are further released on the basis of utilisation certificates submitted by the Department.

Thus, due to delay in completion of the water supply schemes, the targeted beneficiaries were deprived of getting the intended benefit of availability of drinking water.

While accepting the facts, the Government stated (October 2011) that all the 36 nos. of works are now completed.

**(iv) Excess expenditure for execution of Water Supply Schemes**

Scrutiny of the records of the Rural WATSAN Division, Lunglei revealed that the execution of work 'laying of GI pipes' for gravity main and distribution network under different rural water supply schemes was taken up by the Division departmentally by engaging skilled/semi-skilled/unskilled Muster Roll (MR) labourers. The payments to MR labourers was made at the daily rate of wages fixed by the State Government. Further, after detailed analysis, the Chief Engineer, PHED fixed (August 2007) the rate for laying of per running metre GI pipe of different sizes. The rate was further revised by the Department in April 2010. Compared with the rate fixed by the CE, PHED, with the actual payments made to the MR labourers, it was seen that the Division incurred excess expenditure of ₹ 8.40 lakh for laying of 25,000 Rm GI pipes in eight water supply schemes during the period from January 2008 to March 2010. Details are shown in **Appendix-3.3**.

The Government in their reply stated (October 2011) that while executing Rural Water Supply Scheme it is difficult to follow the rate fix for each different diameter of GI Pipes. The reply is, however, is not acceptable as the Chief Engineer, PHED had fixed the rates for laying of per running metre GI pipe of different sizes after conducting proper analysis.

**(v) Drinking water in Rural schools and Anganwadis**

As provided in the scheme guidelines of ARWSP/NRDWP, the rural schools and Anganwadi centres not covered with drinking water facility are to be provided with drinking water facility by the end of 2010-11. Expenditure for this purpose would be shared by the Central and State Government in the ratio of 50:50 basis from the funds allocated for new schemes under ARWSP/NRDWP.

It was, however, noticed in audit that the PHE Department failed to provide drinking water facilities to 2027 rural schools and 977 Anganwadi centres in eight districts of the State despite availability of sufficient funds under the programme (March 2011). The position of district-wise coverage is shown in the following table-3.13:

**Table-3.13**

(Figures in Nos.)

Sl. No.	Name of District	Rural schools				Anganwadis		
		As per Education Department	As per PHED	Coverage (percentage)	Not covered (As per PHD)	No.	Coverage (percentage)	Not covered
1.	Aizawl	425	1133	328 (29)	805	310	120 (39)	190
2.	Champhai	319	399	276 (69)	123	196	137 (70)	59
3.	Kolasib	130	250	70 (28)	180	71	14 (20)	57
4.	Lawngtlai	410	422	72 (17)	350	130	-- (0)	130
5.	Lunglei	431	675	269 (40)	406	330	131 (40)	199
6.	Mamit	248	178	168 (94)	10	233	59 (25)	174
7.	Saiha	178	253	196 (77)	57	139	-- (0)	139
8.	Serchhip	137	213	117 (55)	96	93	64 (69)	29
<b>Total</b>		<b>2278</b>	<b>3523</b>	<b>1496 (42)</b>	<b>2027</b>	<b>1502</b>	<b>525 (35)</b>	<b>977</b>

Source: Departmental records

It can be seen from the above table that as per records maintained by the School Education Department the existing number of schools in the eight districts of the State was 2,278 only, whereas as per records maintained by the PHED the existing number of schools in the eight districts of the State was 3,523. The reason for variation was not on records. Thus, the Department is required to reconcile the actual position with the School Education Department.

Further, as per figures maintained by the PHED, the Department achieved only 42 per cent coverage in rural schools and 35 per cent in Anganwadi centres as of March 2011. Although the coverage in rural schools of five districts varies from 40 per cent to 94 per cent, the same in three districts (Lawngtlai, Kolasib and Aizawl) was from 17 per cent to 29 per cent only. Further, out of eight districts, in three districts coverage of Anganwadi centres varies from 40 per cent to 70 per cent and in other three districts (Kolasib, Mamit and Aizawl) it was between 20 per cent and 39 per cent respectively. There was no coverage drinking water in Anganwadis in the remaining two districts (Lawngtlai and Saiha).

This indicated lack of commitment of the Department for providing drinking water to rural schools and Anganwadi centres in a phased manner within the targeted period.

**(vi) Loss of revenue**

Under Rule 7 of the Mizoram Water Supplies (Control) Rules, 2006, the rate of tariff for supply of water per month per piped water connection is as shown below:

	Quantity of water	Rate per kilolitre (KL)
i.	Upto 10000 litres	₹ 10 subject to minimum ₹ 100
ii.	Above 10000 litres to 30000 litres	₹ 15
iii.	Above 30000 litres	₹ 20

In respect of two test checked districts (Aizawl and Lunglei) it is revealed that two EEs viz. Aizawl Water Distribution (AWD) Division and Lunglei Water Supply Maintenance (LWSM) Division are responsible for supply of water at Aizawl city and Lunglei town respectively.

Scrutiny of the records of AWD Division and LWSM Division revealed that there was huge differences of quantity of water pumped for distribution and the quantity distributed to the consumers for which water charges levied by the divisions. Details are shown in table-3.14:

**Table-3.14****(Kl. in lakh)**

Name of Division	Period	Quantity of water pumped	Quantity of water against which water charges levied	Difference
Aizawl Water Distribution Division	April 2009 to March 2011	82.58	20.95	61.63
Lunglei Water Supply Maintenance Division	October 2010 to April 2011	4.14	3.69	0.45
<b>Total</b>		<b>86.72</b>	<b>24.64</b>	<b>62.08</b>

Source: Departmental records

It can be seen from the above table that out of 86.72 lakh Kl. water pumped for distribution during April 2009 to April 2011, water charges were levied only for 24.64 lakh Kl. leaving a huge balance of 62.08 lakh Kl. without levying water charges which indicates lack of proper monitoring in billing system with reference to the actual distribution. Further, in absence of definite norms for wastage of water in pumping/distribution, if 10 per cent wastage of water is considered out of 86.72 lakh Kl. water pumped, the Department distributed 78.05 lakh Kl. (86.72 lakh Kl. minus 8.67 lakh Kl.) of water to its consumers. But, against which water charges was levied for 24.64 lakh Kl. only with a consequential loss of Government revenue to the extent of ₹ 5.34 crore (calculated at minimum rate of ₹ 100 per Kl.) for unbilled quantity of water of 53.41 lakh Kl. (78.05 lakh Kl. minus 24.64 lakh Kl.).

While accepting the facts, the Government in their reply stated (October 2011) the following reasons in respect of loss of revenue:

- ***Aizawl Water Distribution Division:*** The entire system of Aizawl Water Supply Scheme commissioned in 1988 is working at low rate of efficiency and frequent unmetered supply of water due to damage/defunct/loss of water meter.
- ***Lunglei Water Supply Maintenance Division:*** Efforts have been made to minimize these losses.

### **(vii) Non-maintenance of Inspection Register**

According to Section 25.2 of CPWD Works Manual, an inspection register is required to be maintained by the division at every site of work.

In order to ensure that the works under the water supply schemes are being executed according to design, drawing and specifications laid down as per estimate/work order/contract agreement, the execution of works are required to be inspected by the Executive Engineer, Superintending Engineer and Chief Engineer. Inspecting officers should ensure issue of instructions by way of recording their findings in the inspection register at site or by issue of inspection notes, copies of which shall be pasted in the inspection register. The observations recorded in the inspection register are required to be reviewed by the inspecting officers during subsequent inspections.

It was, however, noticed in audit that none of the eight test checked divisions maintained the inspection register. Thus, in the absence of the inspection registers, the details of actual inspection carried out by the above mentioned functionaries and the follow-up action by the executing divisions could not be ascertained in audit.

While accepting the facts, the Government stated (October 2011) that now onwards inspection register will be maintained.

### **3.1.11 *Material Management***

#### **3.1.11.1 *Irregular purchase of Galvanized Iron Pipes in violation of financial propriety***

As per terms of reference of the reconstituted (May 2007) State Purchase Advisory Board (SPAB) and Departmental Purchase Advisory Board (DPAB), the DPAB and SPAB can recommend purchase proposals upto ₹ 50 lakh and above ₹ 50 lakh respectively. However, all purchase proposals are required to be submitted to the Government for approval.

Further, according to CPWD Works Manual, after consolidating the requirements of materials by all Divisions, purchase of materials costing more than ₹ one lakh shall be made after inviting quotations or tender preferably from manufacturers/authorised dealers directly.

However, the DPAB on the ground that the two firms (M/s Utkarsh Tubes Pvt. Ltd., Kolkata and M/s North East Tubes Pvt. Ltd., Guwahati) were the regular supplier of Galvanized Iron (GI)

pipes in the PHE Department for the last many years and they required revision of prices of GI pipes due to increased cost of raw materials, in violation of codal provisions recommended (July 2006 and July 2007) purchase of different sizes of GI pipes from these two firms at their offered price without calling for any tenders/quotations to assess the competitive market rates.

As against DPAB's recommendations (July 2006 and 2007), the CE, PHED placed 184 supply orders with the firms during 2006-10 and the Department purchased GI Pipes valued at ₹ 66.89 crore (2006-07: ₹ 16.56 crore, 2007-08: ₹ 23.64 crore, 2008-09: ₹ 18.10 crore and 2009-10: ₹ 8.59 crore).

Thus, without calling for tender in technical and price/commercial bid system to ascertain the competitive rates of GI pipes, the Department made procurement for the huge quantity of GI Pipes valued at ₹ 66.89 crore in violation of the standing norms and purchase rules. Further, the purchase of materials valued at ₹ 66.89 crore without obtaining mandatory recommendations from the SPAB and approval of the Government, was grossly irregular and was a departure from the prescribed procurement norms.

The Government in their reply stated (October 2011) that the two firms are manufacturer of GI Pipes and their offered rates must be low due to their close vicinity to Mizoram. As such, calling quotation was found not necessary. But, the contention of the Government is presumptive only, as there was no scope for comparison of lowest rates in absence of tenders/quotations from other manufacturers.

### **3.1.11.2 Purchase of Galvanized Iron Pipes from unapproved supplier**

The CE, PHED placed four supply orders (April 2009) at approved rates with Sangtei Enterprises, Aizawl for supply of 36,365 Rm GI pipe of various sizes to the EE, Rural WATSAN Division, Lunglei for execution of WSS. The pipes were received by the Division during May to July 2009 and payments of ₹ 49.60 lakh made (January to March 2010) to the supplier.

The purchase of GI pipe valued at ₹ 49.60 lakh from local market other than the approved supplier/manufacturer was, thus, irregular.

While accepting the facts, the Government stated (October 2011) that the practice will henceforth be stopped.

### **3.1.11.3 Purchase of Ductile Iron Pipes**

In violation of the codal provisions as mentioned in the preceding Paragraph-3.1.11.1, the CE, PHE Department issued supply orders to two firms for supply of Ductile Iron (DI) pipes involving financial implication of ₹ three crore without calling for any tender/quotation. Further, the recommendation from the SPAB was also not obtained. Details are shown in table-3.15 below:

**Table-3.15**

Sl. No.	Name of supplier	Details of supply order			Details of actual procurement		
		Month of supply order	Quantity (Rm)	Amount (₹ in crore)	Month of procurement	Quantity (Rm)	Amount (₹ in crore)
1.	M/s Excelsior Merchants Pvt. Ltd., Kolkata	August 2007	13249.50	2.71	February-March 2008	5000	1.06
		February 2008	2117.00	0.54	February 2008	2117	0.54
2.	M/s TP Enterprise, Aizawl	February 2009	350.00	0.05	March 2009	350	0.05
<b>Total</b>			<b>15716.50</b>	<b>3.30</b>		<b>7467</b>	<b>1.65</b>

Source: Departmental records

As can be seen from the table-3.15, against the supply orders of 15,716.50 Rm DI pipes, the Department ultimately procured 7,467 Rm of DI pipe at a cost of ₹ 1.65 crore (basic price) between February 2008 and March 2009.

On being pointed out in audit, the CE, PHED stated (July 2011) that the DI pipes (7,467 Rm) at the cost of ₹ 1.65 crore was purchased at the rate contract of Director General of Supplies and Disposal (DGS&D). The reply of the Department is, however, not acceptable as the supply orders issued to two firms do not contain any clause for supply of pipes at DGS&D's rate contract, nor the Department could produce any documents in support of their claim, and thus, the procurement of 7,467 Rm of DI pipe at a cost of ₹ 1.65 crore violating procurement procedure was irregular.

While accepting the facts, the Government stated (October 2011) that prior to the year 2004 used to purchase DI pipes through DGS&D's rate contract and as the manufacturer could not supply DI pipes at DGS&D's rate the Department have no alternative but to accept the rate offered by the manufacturers.

#### **3.1.11.4 Loss due to unnecessary procurement besides unauthorised issue of write-off sanction**

As per Rule 103 of the General Financial Rules and CPWD Works Manual, purchase of stores shall be made in accordance with definite requirements and not to purchase stores much in advance of actual requirements, if such purchases are likely to prove unprofitable to Government.

Further, according to the delegation of financial power, the CE can issue write off sanction to losses on account of stores upto ₹ 25,000 and losses on stores exceeding ₹ 25,000 is to be submitted to the Government for write-off sanction. In case of survey reports of stores valued above the powers

of acceptance by the CE, a certificate that survey materials are unserviceable should be recorded by the SE concerned after inspection of the stores.

Test check of the records of Ground Water and Quality Control Division (GW&QC) (formerly Stores Division) Aizawl revealed that materials worth ₹ 1.50 crore procured by the divisions during May 1985 to June 2003 were found unserviceable during physical verification conducted (date not on record) by the Sub-Divisional Officer. The EE of GW&QC Division recommended (date not on record) disposal of unserviceable materials valued at ₹ 1.50 crore for auction. Accordingly, the SE submitted (May 2008) 64 survey reports containing unserviceable materials worth ₹ 1.50 crore to the CE, PHED. The CE, PHED irregularly accorded (May 2008) write off sanctions of ₹ 1.50 crore by splitting up the sanction orders into 64 numbers to bring them within his delegatged powers in order to avoid sanctions from the Government. The unserviceable stores were, however, disposed off (July 2008) by the EE, GW&QC division for ₹ one lakh only through public auction.

Thus, the write off sanction of the stores worth ₹ 1.50 crore requires *ex-post facto* approval of the Government which was not obtained (August 2011). Further, had the stores worth ₹ 1.50 crore were timely distributed to the concerned executing PHE divisions, without prolonged storage, huge loss could have been avoided.

Thus, unnecessary procurement of stores, their prolonged storage and unauthorised issue of write off sanctions by CE, PHED, led to a loss of ₹ 1.49 crore (₹ 1.50 crore minus ₹ 0.01 crore) to Government, which was avoidable.

In their reply (October 2011), the Government failed to explain as to why the Department did not obtain the Government sanction for write-off of stores exceeding ₹ 25,000.

### **3.1.12 Human Resource Management**

#### **3.1.12.1 Unfruitful expenditure on manpower**

In discontinuing centralised procurement system of stores, the Store Division, Aizawl PHED has started functioning as Ground Water and Quality Control (GW&QC) Division from July 2002 with its two Sub-Divisional level offices (Ground Water Sub-Division and Quality Control Sub-Division). Out of two sub-divisions the Quality Control sub-division has been functioning since July 2002 without any quality control activities due to non-commission of required laboratory for quality control test.

Scrutiny of the records of the EE, GW&QC Division revealed that though no quality control activities was undertaken by the quality control sub-division, the Division maintained following 26 nos. of staff incurring a substantial expenditure of ₹ 2.14 crore towards payment of salaries during 2006-11:

**Table-3.16**

Category of Staff				Expenditure incurred to Salary during 2006-11			
Regular		Work charged		Amount (₹ in crore)			
(In Nos.)				Year	Regular	Work charged	Total
Technical	02	Driver	04	2006-07	0.12	0.24	0.36
Clerical	02	Handyman	01	2007-08	0.13	0.25	0.38
Group D	02	Store Keeper	05	2008-09	0.08	0.28	0.36
		Work Assistant	02	2009-10	0.14	0.32	0.46
		Carpenter	01	2010-11	0.17	0.41	0.58
		Chowkidar	07				
	<b>06</b>		<b>20</b>	<b>Total</b>	<b>0.64</b>	<b>1.50</b>	<b>2.14</b>

Source: Departmental records

As can be seen from the table-3.16 that the Department incurred an expenditure of ₹ 2.14 crore during 2006-11 against the 26 nos. of virtually idle staff attached to the sub-division.

Thus, posting/retention of staff without the requisite infrastructure not only reflects poorly on the planning process but also resulted in unfruitful expenditure of ₹ 2.14 crore on payment of salary to idle staff.

The Government in their reply stated (October 2011) that though the division is no longer remained as store division it is still functioning as Transit Godown and the staff attached to quality control sub-division were engaged for the activities of Transit Godown and as such they were not idle during 2006-11. The reply is, however, not acceptable as the pipes procured by the other executing divisions of the Department against the works were directly supplied by the concerned suppliers to the premises of the indenting divisions or at the site of the works as per their work orders.

The Government, however, stated that proposal is made for functioning and commissioning of laboratory. The Government should therefore, immediately take action for functioning of the laboratory for engagement of the idle staff.

### 3.1.13 Support Services

#### 3.1.13.1 Water sample testing

As per guidelines of NRDWP, all drinking water sources in the State should be tested atleast twice for bacteriological contamination and once a year for chemical contamination. To facilitate quality control test of drinking water at district level, the Department already established (1990 to 2007) eight<sup>7</sup> district level water testing laboratories at a total cost of ₹ 39 lakh. The Aizawl district level laboratory was, however, upgraded (August 2007) as State Referral Institute.

Scrutiny of the records of the Chief Chemist, State Referral Institute, Mizoram, Aizawl revealed that as of March 2011 the Department failed to fill up 22 key posts of the laboratories as shown in the following table-3.17:

<sup>7</sup> Aizawl, Lunglei, Champhai, Mamit, Lawngtlai, Kolasib, Serchhip and Saiha

Table-3.17

Name of District	Category of vacant posts as of March 2011: (Figure in Nos.)							
	Chief Chemist	Senior Chemist	Chemist	Bacteriologist	Senior Analyst	Analyst	Lab. Assistant	Total
Aizawl	01	01	---	02	01	03	---	08
Lunglei	---	01	---	---	---	01	01	03
Champhai	---	01	---	---	---	01	---	02
Mamit	---	01	---	---	---	01	---	02
Lawngtlai	---	---	01	---	---	01	---	02
Kolasib	---	---	---	01	---	01	---	02
Serchhip	---	---	---	---	---	01	---	01
Saiha	---	---	01	---	---	01	---	02
<b>Total</b>	<b>01</b>	<b>04</b>	<b>02</b>	<b>03</b>	<b>01</b>	<b>10</b>	<b>01</b>	<b>22</b>

Source: Departmental records

As per information furnished (May 2011) by the Senior Chemist of State Referral Institute, Aizawl revealed that during the period covered (2006-11) under audit, the number of sample tested/analysed in the eight district laboratories along with expenditure incurred thereon are given in the following table-3.18:

Table-3.18

Sl. No.	Name of district	Number of sample tested/analysed	Expenditure for running laboratories (₹ in lakh)	Cost of each sample tested in laboratories (In ₹)
1.	Aizawl	13501	158.08	1171
2.	Lunglei	10386	17.63	170
3.	Champhai	4495	22.65	504
4.	Mamit	1938	19.14	988
5.	Lawngtlai	3058	21.12	691
6.	Kolasib	3172	18.98	598
7.	Serchhip	4083	37.31	914
8.	Saiha	1604	29.05	1811
<b>Total</b>		<b>42237</b>	<b>323.96</b>	<b>----</b>

Source: Departmental records

It can be seen from the table-3.18 that district-wise cost of analysis of each water sample ranges from ₹ 170 to ₹ 1,811. While in Lunglei district cost of analysis of each sample was only ₹ 170, in other five districts it was from ₹ 504 to ₹ 988 and in the remaining two districts it was ₹ 1,171 (Aizawl) and ₹ 1,811 (Saiha). This indicated that posting of staff in district laboratories was not done on the basis of work load in the laboratories.

While accepting the facts, the Government stated (October 2011) that efforts are being made to fill up the vacant post and necessary corrective measures will be taken for distribution of laboratory staff according to the work-load in the laboratories.

### 3.1.13.2 Communication and Capacity Development

Communication and Capacity Development (CCD) has been set up (August 2007) in the state for promoting initiatives in the water supply and sanitation sector. The main objective of the CCD Unit are to:

- develop state specific information, education and communication strategy,
- provide capacity development of functionaries at all levels, and
- address the need of sustainability in water and sanitation.

The Unit shall provide Human Resource Development (HRD) and Information, education and Communication (IEC) inputs to the NRDWP and Total Sanitation Campaign (TSC) projects in the State.

The year-wise status of funds released by GoI directly to the CCD Unit during 2006-11 are shown in table-3.19:

**Table-3.19**

(₹ in lakh)

Year	Opening balance	Funds received	Interest accrued	Total	Funds Utilised	Closing balance
2006-07	----	65.29	0.98	66.27	24.75	41.52
2007-08	41.52	23.53	0.86	65.91	40.40	25.51
2008-09	25.51	-----	0.67	26.18	26.17	0.01
2009-10	0.01	100.00	0.10	100.11	100.00	0.11
2010-11	0.11	89.28	1.54	90.93	90.92	0.01
<b>Total</b>	<b>67.15</b>	<b>278.10</b>	<b>4.15</b>	<b>349.40</b>	<b>282.24</b>	<b>----</b>

Source: Departmental records

### 3.1.13.3 Training

Every year the Communication and Capacity Development Unit needs to prepare a Capacity Building Plan for the training of different stakeholders on issues of rural water sanitation programme at i) Village Level ii) Block Level, iii) District Level, and iv) State Level.

The Unit, however, conducted training/workshop programmes at district level during February 2010 to March 2011 on the topic 'Sensitization on NRDWP and Water Quality Monitoring and Surveillance Programme (WQMSP). Besides this, workshop was organised on 'Institutionalization of Village Water and Sanitation Committee' wherein 3,059 members participated. Further, awareness campaigns were organized by the unit among 1894 participants during March 2007 to November 2007 in seven districts (out of eight) of the State.

The initiative on human resource development was commendable.

#### **3.1.13.4 Information Education and Communication**

Information Education and Communication (IEC) is a comprehensive strategy under NRDWP programme which includes awareness of the rural community about bacteriological contamination, water-borne diseases and their impact on health. Under the programme, the awareness activities is to be undertaken by means of publicity through electronic media, advertisement, hoardings and banners etc.

Scrutiny of the records revealed that the CCDU spent ₹ 8.53 lakh (2009-11) towards IEC activities for publicity through electronic media, advertisement in print media, hoardings, leaflets, documentary film and by article/drama writing competition.

The CCDU, however, did not carry out impact evaluation on the programmes which would have resulted in taking appropriate corrective measures to help promote in meeting the IEC objective.

The Government, while accepting the facts, stated (October 2011) that impact evaluation on the programmes will be carried out in future.

#### **3.1.13.5 Research and Development**

Research and Development (R&D) in the field of Rural Water Supply and Sanitation programme is one of the support activities of the Department of Drinking Water Supply for which 100 per cent funding to research organizations including NGOs is given by the GoI under NRDWP (Support) funds. The PHED is to establish R&D cell with adequate manpower and infrastructure for specific research projects.

The Department, however, had neither established R&D cell nor any research projects taken up as of August 2011.

The Government in their reply stated (October 2011) that there are no research organisation and NGO, who are competent enough to conduct research and development in the priority areas as specified in the Guidelines. However, efforts would be made to address this issue in future.

#### **3.1.13.6 Programme and Project Monitoring and Evaluation**

Under 100 per cent central assistance, the Department may take up monitoring and evaluation studies on the implementation of the rural water supply programme through reputed organization/institution from time to time.

The Department, however, did not take up monitoring and evaluation studies through external agency for corrective action in order to improve the quality of programme implementation.

While accepting the facts, the Government stated (October 2011) that monitoring and evaluation studies on the implementation of Rural Water Supply Programme will be taken up in future.

### 3.1.14 Other support activities

#### 3.1.14.1 Poor performance of rigs

Under PHED, three rigs (KA-02/B-2310, MZ01-0349 and MZ01-0350) were in working conditions during 2006-11. According to norms, each rig is to drill 12 bores/720 metres per month.

Audit scrutiny of the records of the GW&QC Division, Aizawl, revealed the following:

**Table-3.20**

Year	No. of rigs	As per norms		Achievement		Shortfall	
		No. of bores	Drilling (In metres)	No. of bores	Drilling (In metres)	No. of bores	Drilling (In metres)
2006-07	3	432	25920	180	13500	252	12420
2007-08	3	432	25920	10	750	422	25170
2008-09	3	432	25920	110	8250	322	17670
2009-10	3	432	25920	222	16650	210	9270
2010-11	3	432	25920	22	1650	410	24270
<b>Total</b>	<b>--</b>	<b>2160</b>	<b>129600</b>	<b>544</b>	<b>40800</b>	<b>1616</b>	<b>88800</b>

Source: Departmental records

The analysis of the performance of the rigs is spelt-out in the following paragraphs:

#### (i) Shortfall in drilling of bores

Against 2,160 bores to be drilled involving 1,29,600 metres, the rigs drilled 544 bores of 40,800 metres incurring an expenditure of ₹ 6.14 crore. Thus, there was a shortfall of 75 per cent (1,616) bores and 69 per cent (88,800) metres in drilling.

Reasons for such poor performance of rigs were not on record. The division, however, stated (August 2011) that out of three rigs, though one rig functioned properly, the other two rigs could not be utilized fully (period not stated) due to repairs of the machines (rigs).

While accepting the facts, the Government stated (October 2011) that even though there is some specific norms for the year-wise performance of the said rigs, the Department cannot follow the said norms since it is having a programme/target of its own.

#### (ii) Unsuccessful boring

Out of 544 number of bores drilled, the number of successful bore holes were only 63 per cent (342) of total bores drilled during 2006-11.

Thus, out of ₹ 6.14 crore spent for drilling of 544 bores, the expenditure of ₹ 2.28 crore involved in 202 (544 minus 342) boring proved unfruitful. This was indicative of the deficiency in taking up the works without conduct of proper survey and investigation of sites.

The Government, while accepting the facts, stated (October 2011) that it is very difficult to ascertain the exact depth of the location of the water level even after conducting proper survey and investigation. Besides, unfavourable hydrogeological conditions and heterogeneous strata and formation the rigs could not reached beyond 75 mtrs below from the ground level and there is a chance of unsuccessful boring as the water level is sometimes beyond the reach of drilling equipments. The fact, however, remains that the norms for performance of rigs were fixed based on analysis of the relevant data for this purpose.

### 3.1.15 *Total Sanitation Campaign*

#### 3.1.15.1 *Introduction*

The Central Rural Sanitation Programme (CRSP) was launched (1986) by Union Ministry of Rural Development, Department of Drinking Water Supply primarily with the objective of improving the quality of life of the rural people and also to provide privacy and dignity to women. The concept of sanitation was expanded to include personal hygiene, home sanitation, safe water, garbage disposal, excreta disposal and waste water disposal. Keeping in view the objective, the CRSP was improved and the format changed, moving towards a demand driven approach titled “Total Sanitation Campaign (TSC)” emphasizing more on Information, Education and Communication (IEC), Human Resource Development (HRD) and Capacity Development Activities to increase awareness among the rural people and generation of demand for sanitary facilities.

#### 3.1.15.2 *Organisational Structure*

Under the administrative control of the Principal Secretary, PHED, the E-in-C is responsible for TSC programme in the State. The E-in-C is assisted by the Executive Committee, State Level Scheme Sanctioning Committee and State Level Technical Agency besides, District Water and Sanitation Committee and Village Water and Sanitation Committee.

#### 3.1.15.3 *Funding pattern*

The component wise Funding pattern for TSC programme was as follows:

Component	Contribution (In per cent)		
	GoI	State	Beneficiary Household/ Community
Start up activity, Information Education and Communication (IEC)	80	20	---
Individual latrine for BPL	60	28	12
Community Sanitary Complexes	60	30	10
Individual house hold latrines for APL	---	---	100
Institutional Toilets including School and Anganwadi Sanitation	70	30	---
Solid/Liquid Waste Management	60	20	20
Administrative Charges	80	20	---

### 3.1.15.4 Release of funds by the Centre and the State

The funds released by the GoI on the basis of the District Project Implementation Plan submitted by the State Government and State share *vis-a-vis* expenditure thereagainst for implementation of TSC programme during the year 2006-11 are shown in table-3.21:

**Table-3.21**

(₹ in crore)

Year	Opening balance	GoI released	State share	Interest earned	Total funds available	Expenditure	Closing balance
2006-07	0.23	6.48	1.00	0.02	7.73	6.70	1.03
2007-08	1.03	1.83	3.00	0.03	5.89	4.48	1.40
2008-09	1.40	3.60	0.42	0.04	5.46	3.65	1.81
2009-10	1.81	4.55	0.81	0.07	7.65 <sup>8</sup>	4.69	2.96
2010-11	2.96	3.02	1.36	0.10	7.44	3.82	3.62

Source : Departmental records

It can be seen from the above table-3.21 that during 2006-11, the Department could not utilise the allocated funds fully to deliver the benefits of the TSC to the beneficiaries.

While accepting the facts, the Government stated (October 2011) that due to insufficient staff the progress of work was slow and steady.

### 3.1.15.5 Non-reconciliation of TSC bank account

Financial rules prescribe that the Drawing and Disbursing Officer (DDO)/Head of office should carry out regular monthly reconciliation of deposits and withdrawals from Government account.

Under TSC programme during 2006-11, funds were released by GoI to bank account in favour of eight Secretaries of District Water & Sanitation Committee (DW&SC), Mizoram. The Secretaries, DW&SC drew the money from the bank account for implementation of rural TSC programme. The DDO (Secretary, DW&SC), however, did not carry out any reconciliation with the bank with the objective of ascertaining the correctness of the accounts of DW&SC.

While accepting the facts, the Government stated (October 2011) that Bank Reconciliation was not done before, but it is being done now.

### 3.1.15.6 The programme components and activities for TSC

#### (i) Start-up activities

According to the guidelines for TSC, Baseline Survey (BLS) was conducted (2004) by the Department to assess the status of sanitation and hygiene practice, people's attitude and demand for improved sanitation etc. The status report was approved (September 2008) by the National Scheme Sanctioning Committee (NSSC).

<sup>8</sup> ₹ 7.65 crore includes ₹ 0.41 crore (Nirmal Gram Puraskar Award, ₹ 0.23 crore plus ₹ 0.06 crore and other receipts ₹ 0.12 crore)

**(ii) Target and Achievement**

The targets and coverage of households, schools, anganwadi centres etc. under TSC and achievement thereagainst during 2006-07 to 2010-11 are given in the following table-3.22:

**Table-3.22****(In number)**

Component	Target (2006-11)	Achievement						Balance
		2006-07	2007-08	2008-09	2009-10	2010-11	Total	
IHHL (BPL)	54272	27257	15644	6303	3574	1494	54272	-----
IHHL (APL)	16861	10000	----	2679	4065	117	16861	-----
Sanitary Complex	560	220	18	47	95	135	515	45
School toilet	3086	864	2222	-----	-----	-----	3086	-----
Anganwadi toilet	774	307	350	117	-----	-----	774	-----
RSM/PC	20	-----	-----	-----	-----	-----	-----	20
SLWM	-----	-----	-----	1	10	48	-----	-----

Source : Departmental records

While the overall achievement recorded is quite satisfactory, there was, however, some shortfall in construction of 45 sanitary complexes despite availability of funds as indicated in Paragraph-3.1.15.4.

While accepting the facts, the Government stated (October 2011) that the work could not be taken up immediately awaiting awareness and demand from beneficiaries so as to have a good maintenance and functional Toilet especially in construction of Sanitary Complex.

**(iii) Information, Education and Communication**

Information, Education and Communication (IEC) intend to create demand for sanitary facilities in the rural areas for households, schools, Anganwadis and community sanitary complex. IEC strategy and plan have to be implemented not just to create demand but also for utilisation of facilities, maintenance and up-gradation so that sanitation and hygiene become an integral part of rural life and thereby sustainable.

Scrutiny of records of the Secretary, DW&SC of three districts (Aizawl, Champhai and Lunglei) revealed that the department had undertaken awareness campaign at state level through mass media and at district and block level by inter-personal communication, wall painting, hoardings, folk media and pamphlets.

**(iv) Rural Sanitary Marts and Production Centres**

The programme is funded with central assistance (80 per cent) and state share (20 per cent). It was noticed in audit that the Department had not established Rural Sanitary Mart (RSM) with Production Centres (PC) to deal with the materials, hardware and designs for the construction of

sanitary latrines, soakage and compost pits and other sanitation and hygiene accessories required for individuals, families and the environment in the rural areas. Thus, commercial venture with a social objective as envisaged in the scheme remained largely unfulfilled.

While accepting the facts, the Government stated (October 2011) that an initial stage experiment was done for production of TSC materials like Squatting Pan etc., the cost was found too high and uneconomical. Hence, it was decided to purchase the materials directly from manufacturers or local market.

### **3.1.15.7 Inspections**

Monitoring through regular field inspections by officers from the state and district levels is essential to ensure that construction of work is done as per norms, community has been involved in construction, latrines are not polluting the water sources, and that the constructed latrines are being fully made use of by the beneficiaries.

It was, however, noticed in audit that no such inspections was done upto March 2010 at the state and district levels required as per norms. This indicated that effective implementation of the programme was not assessed.

While accepting the facts, the Government stated (October 2011) that the regular inspection and evaluation is very difficult at State and District Level in the past years due to insufficient staff.

### **3.1.15.8 Evaluation**

As per guideline, under central assistance, the State should conduct periodical evaluation studies on the implementation of the TSC by reputed institution and organization.

The Department, however, did not arrange for evaluation studies. Thus, there was no scope of identifying the areas of deficiency which needs to be addressed in implementation of the programme.

While accepting the facts, the Government stated (October 2011) that the Department will try to conduct evaluation studies in future.

### **3.1.16 Satisfaction level of beneficiaries**

In order to assess the impact of the programmes implemented by the Department, one officer of the audit party interacted (June to July 2011) with the beneficiaries (Aizawl: 286, Champhai: 503 and Lunglei: 568) in the presence of EE/Sub-Divisional Officers of PHED and members from Village Water and Sanitation Committee. The result of interaction is spelt out below:

#### **(i) Short receipt of cash incentive for construction of toilet**

864 beneficiaries belonging to BPL families of 20 villages under three districts (Aizawl, Lunglei, Champhai) stated that they received cash incentive of a meager amount for construction of

Individual house Hold Latrine (IHHL) under TSC Programme. The amount actually received by the beneficiaries against the admissible amount is shown in table-3.23:

**Table-3.23**

No. of beneficiaries	Amount admissible by each beneficiary	Amount received by each beneficiary	Short receipt by each beneficiary	Total short receipt
	(In ₹)	(In ₹)	(In ₹)	(₹in lakh)
338	730	500	230	0.78
128	2230	500	1730	2.21
139	730	400	330	0.46
100	730	425	305	0.31
60	730	375	355	0.21
25	730	430	300	0.08
36	730	250	480	0.17
34	730	300	430	0.15
4	730	330	400	0.02
<b>Total 864</b>	----	----	----	<b>4.39</b>

Source : Departmental records

- 137 beneficiaries of BPL families did not receive cash incentive in recognition of construction and use of toilets.
- 54 beneficiaries of BPL families neither received commode sets nor cash incentive in recognition of construction and use of toilets.
- Three villages (Falkawn, Melriat and Muallungthu) did not have water supply throughout the year.
- Eight villages under Lunglei district did not receive sufficient water during the whole year.
- The habitants of 10 villages (Aizawl:4, Champhai:1, Lunglei:5) expressed their dissatisfaction with the overall implementation of the programme.

### 3.1.17 Non-maintenance of record of Assets created by the Department

As per ARWSP guidelines each village council, block and district should have a complete inventory of the drinking water sources created under different programmes, like ARWSP/NRDWP, MNP, Calamity Relief Fund and other sources, giving date of the start and completion of the schemes/projects, cost of completion, agency responsible for operation and maintenance and other relevant details. The inventory of assets created should also be available with the different field functionaries of the Department for the habitations within their jurisdiction. A computerised data base of the overall information should be available with the Department.

It was, however, noticed in audit that neither the Executive Engineers of eight test checked divisions nor at the level of village council, block and district had maintained the inventory record of assets created by the Department. Further, the overall information on assets created was not available with the Department.

While accepting the facts, the Government stated (October 2011) that instruction will be issued to all Divisional officers to maintain inventory records which in turn will inform Village Council, Block and District Level.

### ***3.1.18 Physical verification of stocks and assets***

As per provisions contained in Rule 192 (1) of General Financial Rules (GFR), 2005, fixed assets should be verified at least once in year and the corresponding register. Discrepancies, if any, should be investigated and brought to account.

However, it is revealed in audit that the Department had not conducted any physical verification of Stocks/Assets created during 2006-11. Further, the Executive Engineers of the concerned divisions under the Department on their part did not submit any verification report to the Department during the corresponding period.

While accepting the facts, the Government stated (October 2011) that the physical verification of Stock/Assets would be conducted in due course.

### ***3.1.19 Internal Audit Mechanism***

Internal audit is an indispensable requirement for evaluating the efficiency and effectiveness of the internal controls in place and procedures in the Department in the implementation of various programmes. Although one Deputy Director (Accounts) was posted in E-in-C office, the Department failed to exercise effective financial controls which is amply reflected in the instances noticed in audit especially with reference to unrealistic budgeting, irregular issue of sanction orders, lack of control over expenditure besides purchase of materials with complete disregards to financial propriety.

The Chief Controller of Accounts (CCA), Mizoram is responsible for conducting internal audit of the accounts of the Department. During the years 2006-11, CCA could not conduct any internal audit of PHE Department due to shortage of staff in internal audit wing. The PHED also does not have an internal audit wing of its own. Thus, the absence of internal audit in the Department facilitated delay in depositing revenue/water tax, entertainment of idle staff and loss of stores due to prolonged storage.

While accepting the facts, the Government stated (October 2011) that necessary steps will be taken in this regard.

### ***3.1.20 Audit observations and compliance***

Accountant General (Audit) conducts periodical inspection of Government Departments to check the transactions and verify the maintenance of records besides accounting system as per the prescribed rules and procedures. The Inspection Reports (IRs) are issued to the Heads of officers inspected, with a copy to the higher authorities. The Heads of officers 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 Accountant General.

A review of IRs issued to the Chief Engineer, PHED during 1996 to 2011 revealed that 159 paragraphs relating 25 IRs remained outstanding as of 31 October 2011.

### **3.1.21 Internal Controls**

The implementation of works programme is monitored through monthly/quarterly physical and financial progress report submitted by the executing divisions to the Controlling officer/Chief Engineer (M&I). The progress reports submitted by the divisions were compiled by the monitoring cell (functioning at state level in office of the CE, PHED/CE (M&I), Aizawl) for submission to the State government as well as to the GoI. Further, scrutiny of progress reports of eight test checked divisions revealed that the prescribed format of physical and financial progress report did not provide for the target and actual date of completion of the scheme. As a result, the controlling officer was not able to take corrective measures against time overrun of works which led to poor monitoring.

While accepting the facts, the Government stated (October 2011) that the target and actual date of completion of the scheme will be included in future.

### **3.1.22 Conclusion**

The findings of the review points to a number of shortfalls in achieving the programme objectives owing largely to the various deficiencies at the planning, execution and more importantly in the context of this review the absence of independent program evaluation, poor and deficient monitoring activity and absence of internal control mechanism which are all so crucial in ensuring the success of the programmes implemented by the Department. The Planning process was flawed as it failed to factor in vital issues that require the planners to prioritise ongoing and incomplete over new projects in their AAPs. With large number of incomplete projects, the department continued to include new schemes in each successive year AAPs which was bound to result in its resources spread thinly in program management adversely impacting on the execution of works which further lead to time and cost over-runs. Deficiency in planning in turn impinged on the financial management of the schemes and project which is conspicuously apparent in the persistent recurrence of savings in each successive years between 2006-11 revealing the departments incapacity to absorb funds released by GoI which is clearly reflected in the trend of rush of expenditure in the last quarter of the financial year, and worst still, leading to huge amounts being parked in PW Deposits. There were instances of splitting of sanctions contrary to the norms and guidelines laid down by the finance department. Cases of award of contract beyond the delegated powers also noticed during the review period. Diversion of funds to operations and maintenance revealed that the Department had digressed in its application of funds for purposes it was sanctioned thereby affecting vital programme elements like Water Quality measures, which has serious public health implications. There were cases of manpower remaining virtually idle during 2006-11 in the Ground Water and Quality Control Division arising out of the failure of the Department to plan and provide the requisite and laboratory equipment for the technical hands in position to work on is an obvious instance of inefficiencies in HR management.

### **3.1.23 Recommendations**

- The annual action plan should cover rural schools and Anganwadi centres with need based approach.
- Budget estimate should be prepared on a realistic basis and provisions should be utilised optimally as estimated and planned.
- The Department should ensure prioritization of allocations for the completion of on-going schemes before taking up new schemes.
- Purchase should follow the sanction from the competent authority.
- Appropriate format should be devised and the execution of works should be monitored closely for expeditious completion of the schemes as scheduled.
- The Government may consider evaluation of the impact of various programmes/schemes to ensure that the benefit had percolated to the population it was intended for.



## CHAPTER-IV REVENUE RECEIPTS

### GENERAL

#### 4.1 Trend of revenue receipts

**4.1.1** The tax and non-tax revenue raised by the Government of Mizoram during the year 2010-11, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below:

**Table-4.1.1**

(₹ in crore)

Particulars of revenue receipts	2006-07	2007-08	2008-09	2009-10	2010-11
<b>I. Revenue raised by the State Government</b>					
• Tax revenue	67.59	71.96	94.62	107.58	130.44
• Non-tax revenue	133.38	130.30	158.67	126.51	146.72
<b>Total</b>	<b>200.97</b>	<b>202.26</b>	<b>253.29</b>	<b>234.09</b>	<b>277.16</b>
<b>II. Receipt from the Government of India</b>					
• State's share of divisible Union taxes	288.08	368.92	383.39	394.53	451.66
• Grants-in-aid	1,479.90	1,468.56	2,016.45	2,334.89	2126.55
<b>Total</b>	<b>1,767.98</b>	<b>1,837.48</b>	<b>2,399.84</b>	<b>2,729.42</b>	<b>2578.21</b>
<b>III. Total receipts of the State</b>	<b>1,968.95</b>	<b>2,039.74</b>	<b>2,653.13</b>	<b>2,963.51</b>	<b>2,855.37</b>
<b>IV. Percentage of I to III</b>	<b>10.21</b>	<b>9.92</b>	<b>9.55</b>	<b>7.90</b>	<b>9.71</b>

Source: Finance Accounts

The above table indicates that during the year 2010-11, the revenue raised by the State Government was 9.71 per cent of the total revenue receipts (₹ 2,855.37 crore) against 7.90 per cent in the preceding year. The balance 90.29 per cent of the receipts during 2010-11 was from the Government of India.

**4.1.2** The following table presents the details of tax revenue raised during the period 2006-07 to 2010-11.

**Table-4.1.2**

(₹ in crore)

Sl. No.	Head of revenue	2006-07	2007-08	2008-09	2009-10	2010-11	Percentage of increase (+) or decrease (-) in 2010-11 over 2009-10
1.	Sales Tax/VAT	53.72	62.04	77.51	85.94	104.70	(+) 22
2.	State Excise	1.65	1.69	1.87	2.10	2.39	(+) 14
3.	Stamp Duty and Registration Fee	0.21	0.23	0.46	0.39	0.34	(-) 13
4.	Taxes on Vehicles	5.01	5.37	5.50	6.71	7.72	(+) 15
5.	Taxes on Goods and Passengers	0.98	1.07	1.43	1.39	1.72	(+) 24
6.	Other Taxes on Income and Expenditure, Tax on Professions, Trades, Callings and Employment	4.99	0.08	6.22	8.29	9.24	(+) 11
7.	Land Revenue	0.73	1.48	1.63	2.76	4.33	(+) 57
<b>Total</b>		<b>67.29</b>	<b>71.96</b>	<b>94.62</b>	<b>107.58</b>	<b>130.44</b>	<b>(+) 21</b>

Source: Finance Accounts

The reasons for variations were not on record.

**4.1.3** The following table presents the details of the non-tax revenue raised during the period 2006-07 to 2010-11.

**Table-4.1.3**

(₹ in crore)

Sl. No.	Head of revenue	2006-07	2007-08	2008-09	2009-10	2010-11	Percentage of increase (+) or decrease (-) in 2010-11 over 2009-10
1.	Interest Receipts	8.76	15.60	32.91	17.85	12.72	(-) 29
2.	Other Non-tax Receipts	17.56	22.59	18.98	21.38	37.65	(+) 76
3.	Forestry and Wild Life	4.06	2.98	2.20	2.53	2.40	(-) 5
4.	Miscellaneous General Services (including Lottery Receipts)	44.29	1.53	3.01	10.00	9.43	(-) 6
5.	Power	51.79	83.60	93.40	67.86	72.63	(+) 7
6.	Medical and Public Health	0.56	0.66	0.55	0.27	0.19	(-) 30
7.	Co-operation	0.02	0.02	0.02	0.01	0.02	(+) 100
8.	Public Works	2.02	0.45	2.02	4.12	1.70	(-) 59
9.	Police	0.35	0.34	3.56	0.26	7.33	(+) 2719
10.	Other Administrative services	3.97	2.53	2.02	2.23	2.65	(+) 19
<b>Total</b>		<b>133.38</b>	<b>130.30</b>	<b>158.67</b>	<b>126.51</b>	<b>146.72</b>	

Source: Finance Accounts

The reasons for variations were not on record.

#### 4.1.4 Variations between the budget estimates and the actuals

The variations between the budget estimates and the actuals of revenue receipts for the year 2010-11 in respect of the principal heads of tax and non-tax revenue are mentioned in the following table:

**Table-4.1.4**

(₹ in crore)

Sl. No.	Head of revenue	Budget estimates	Actual revenue	Variations excess (+) shortfall (-)	Percentage of variation
<b>Tax revenue</b>					
1.	Sales Tax/VAT	96.93	104.70	(+) 7.77	(+) 8
2.	State Excise	2.06	2.39	(+) 0.33	(+) 16
3.	Taxes on Vehicles	6.80	7.72	(+) 0.92	(+) 14
4.	Taxes on Goods and Passengers	1.32	1.72	(+) 0.40	(+) 30
5.	Land Revenue	2.50	4.33	(+) 1.83	(+) 73
<b>Non-tax Revenue</b>					
1.	Interest Receipts	26.21	12.72	(-) 13.49	(-) 51
2.	Forestry and Wild Life	2.80	2.40	(-) 0.40	(-) 14
3.	Medical and Public Health	0.32	0.19	(-) 0.13	(-) 41
4.	Miscellaneous General Services	8.96	9.43	(+) 0.47	(+) 5
5.	Power	99.65	72.63	(-) 27.02	(-) 27

Source: Annual Financial Statement (Budget) and Finance Accounts

The reasons for variations were not on record.

#### 4.1.5 Cost of collection

The gross collection in respect of the principal receipt heads, expenditure incurred on the collection and the percentage of such expenditure to the gross collection during the years 2008-09 to 2010-11 along with the all India average percentage of expenditure on collection for the year 2009-10 are given in the following table:

**Table-4.1.5**

(₹ in crore)

Sl. No.	Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for 2009-10
1.	Sales Tax/VAT	2008-09	77.51	6.03	7.78	0.96
		2009-10	85.94	6.84	7.96	
		2010-11	104.70	8.49	8.11	
2.	Taxes on Vehicles	2008-09	5.50	3.31	60.18	3.07
		2009-10	6.71	3.67	54.69	
		2010-11	7.72	5.39	69.82	

Source: Finance Accounts

The percentage of expenditure on collection during the year 2010-11 reflected an upward trend in both cases of Taxes on Vehicles and Sales Tax/VAT. Moreover, in both the cases the percentage of expenditure on collection was substantially higher than the corresponding all India average for the year 2009-10. **The Government needs to take appropriate measures to bring down the cost of collection.**

#### 4.1.6 Arrears in assessment

The details of the assessments pending at the beginning of the year 2010-11, cases due for assessment during the year, cases disposed during the year and the cases pending finalisation at the end of the year as furnished by the departments are mentioned in the following table:

**Table-4.1.6**

Name of tax	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Arrears as percentage of total cases
Sales Tax/ Central Sales Tax/VAT	3797	906	4703	2258	2445	52
Motor Spirit Tax	150	22	172	24	148	86
<b>Total</b>	<b>3947</b>	<b>928</b>	<b>4875</b>	<b>2282</b>	<b>2593</b>	<b>53</b>

Source: Information as furnished by the Department

Thus, the percentage of pending cases at the end of the year 2010-11 was 53 *per cent*. The Government has not fixed any norm prescribing the number of assessments to be completed by each assessing officer during a specified period. **Immediate action needs to be taken to finalise the pending assessment cases.**

#### 4.1.7 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2011 in respect of some principal heads of revenue amounted to ₹ 17.18 crore as mentioned in the following table:

**Table-4.1.7**

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2011
1.	Sales Tax/VAT/POL	14.99
2.	Taxes on Vehicles	2.19
<b>Total</b>		<b>17.18</b>

Source: Figures as furnished by the concerned Department

#### 4.1.8 Failure to enforce accountability and protect interest of the Government

The Principal Accountant General (Audit), Mizoram, Aizawl conducts periodical inspection of various offices of the Government/departments to test check the correctness of the assessments, levy

and collection of the tax receipts and the non-tax receipts and verify the accuracy in maintenance of the accounts and the records as per the Acts, Rules and the procedures prescribed by the Government/departments from time to time. These inspections are followed by the inspection reports (IRs) issued to the heads of the offices inspected with copies to the next higher authorities. Serious irregularities noticed in audit are also brought to the notice of the Government/Heads of the departments by the Office of the Principal Accountant General (Audit), Mizoram, Aizawl.

A half yearly report of pending IRs is sent to the departmental heads with a copy to the Secretaries of the concerned departments to facilitate monitoring and settlement of the audit observations included in these IRs. However, their reply has not been received (February 2012).

IRs issued upto December 2010 pertaining to the offices under Sales Tax, State Excise, Land Revenue, Motor Vehicle Tax, Geology and Mining and Forest Departments disclosed that 277 observations relating to 119 IRs involving revenue of ₹ 63.90 crore remained outstanding at the end of June 2011. Of these, 93 IRs containing 182 observations involving revenue of ₹ 13.98 crore had not been settled for more than three years. The year wise position of old outstanding IRs and paragraphs is given in the following table:

Table-4.1.8

(₹ in lakh)

Year	Sales Tax			Motor Vehicle Tax			Forest			Others		
	No. of IRs	No. of Paras	Money Value	No. of IRs	No. of Paras	Money Value	No. of IRs	No. of Paras	Money Value	No. of IRs	No. of Paras	Money Value
1995-96	-	-	-	-	-	-	1	2	0.60	-	-	-
1996-97	-	-	-	-	-	-	1	1	5.70	-	-	-
1997-98	-	-	-	-	-	-	-	-	-	1	3	4.10
1998-99	2	2	1.21	-	-	-	-	-	-	2	2	2.50
1999-00	-	-	-	3	5	3.51	1	3	16.23	4	8	15.54
2000-01	1	2	4.18	1	1	0.60	6	7	10.45	3	4	11.05
2001-02	-	-	-	-	-	-	1	2	3.20	-	-	-
2002-03	2	4	47.48	1	3	3.56	6	10	46.89	3	4	2.50
2003-04	3	4	11.94	1	3	31.78	5	9	197.96	2	2	37.44
2004-05	4	8	68.14	2	2	1.66	1	3	22.21	9	13	127.82
2005-06	3	17	215.51	-	-	-	3	7	102.89	5	7	62.88
2006-07	3	7	45.93	1	3	4.44	2	5	48.43	4	4	28.12
2007-08	-	-	-	1	1	4.55	3	21	193.99	2	3	12.54
2008-09	3	10	93.63	-	-	-	1	6	233.12	1	1	56.76
2009-10	3	12	108.74	2	5	30.02	-	-	-	2	3	25.67
2010-11	3	30	2019.03	1	5	328.01	2	8	87.19	8	15	2010.37
<b>Total</b>	<b>27</b>	<b>96</b>	<b>2615.79</b>	<b>13</b>	<b>28</b>	<b>408.13</b>	<b>33</b>	<b>84</b>	<b>968.86</b>	<b>46</b>	<b>69</b>	<b>2397.29</b>

In respect of 67 paragraphs relating to 28 IRs involving revenue of ₹ 7.85 crore issued upto June 2011, even the first reply from the Department/Government has not been received (February 2012).

**The Government may prescribe a time schedule for expeditious submission of replies to the IRs/paragraphs for their settlement.**

#### ***4.1.9 Audit Committee Meetings***

In order to expedite the settlement of the outstanding audit observations contained in the IRs, departmental Audit Committee Meetings are constituted by the Government. These committees are chaired by the Secretaries of the concerned administrative departments and attended by the concerned officers of the State Government and the officers of the Principal Accountant General (Audit).

In order to expedite clearance of the outstanding audit observations, it is necessary that the audit committees meet regularly. During the year 2010-11, no departmental audit committee meeting was held. Thus, the concerned departments failed to take the advantage of the audit committee set up.

**The Government needs to look into this aspect and ensure that the audit committee meetings are regularly held to expedite settlement of the audit paragraphs.**

#### ***4.1.10 Result of audit***

Test check of the records of Sales Tax, State Excise, Motor Vehicles Tax, Land Revenue, Forest and Other Tax Receipts conducted during 2010-11 revealed under assessments/short/non-levy/loss of revenue amounting to ₹ 60.51 crore in 53 cases.

This report contains a Performance Audit on “**Cross Verification of Declaration forms in Inter State Trade and Commerce**” and three paragraphs involving money value of ₹ 22.23 crore. The Government/Departments accepted money value of ₹ 6.15 crore. These are discussed in succeeding paragraphs.

## PERFORMANCE REVIEW

### TAXATION DEPARTMENT

#### 4.2 Performance Audit on Cross Verification of Declaration Forms in Inter State Trade and Commerce

##### *Highlights*

The maintenance of stock and issue registers of declaration forms, to safeguard mis-utilisation, was improper. The stock registers meant for issue to dealers only contained the quantity issued without showing the opening balance, quantity received and closing balance.

*(Paragraph 4.2.8.2.2)*

The ACT, South Zone, Aizawl irregularly retained 14 declaration form-‘C’ in the departmental custody, although the same were shown to have been issued to dealers.

*(Paragraph 4.2.8.2.4)*

There was probable mis-utilisation of 18 missing declaration form-‘C’ in two zones (Aizawl North and Kolasib).

*(Paragraph 4.2.8.2.7)*

The information related to issue of Declaration forms to the dealers was not uploaded in the TINXSYS website and the data available in the website was not utilised by the Department for cross verifying the correctness of the Declaration forms.

*(Paragraph 4.2.8.2.9)*

Short accountal of goods worth ₹ 10.09 crore purchased at concessional rate through use of declaration forms resulted in short levy of tax of ₹ 1.29 crore.

*(Paragraph 4.2.12)*

There was an evasion of tax of ₹ 46.44 lakh and non-imposition of penalty of ₹ 46.44 lakh due to fraudulent utilisation of invalid and obsolete forms by six unregistered dealers.

*(Paragraph 4.2.14)*

### 4.2.1 Introduction

Under the Central Sales Tax Act, 1956, (CST Act) registered dealers are eligible to certain concessions and exemptions of tax on inter State transactions on submission of prescribed declarations in Forms 'C' and 'F'. Form 'C' is a declaration form under Section 8 of CST (Amendment) Act, 1972 through which every registered dealer, who in the course of inter-State trade or commerce, sells to a registered dealer goods of the classes, specified in his certificate of registration and of the purchasing dealer, shall be liable to pay tax on the concessional rate on such turnover provided such sales are supported by declarations in form 'C' received from the purchasing dealer. Form 'F' is a declaration form under Section 6A of CST (Amendment) Act, 1972 through which transfer of goods not by reason of sales by a registered dealer to any other place of his business outside the State or to his agent or principal in other state is exempted from tax on production of declaration in form 'F', duly filled in and signed by the principal officer of the other place of business or his agent or principal as the case may be, along with evidence of despatch of such goods.

The State Governments grant these incentives to dealers for furtherance of trade and commerce. In Mizoram, it is the responsibility of the Taxation Department to ensure proper accountal of declaration forms and to take adequate safeguards against mis-utilisation of declaration forms/certificates on which tax relief is allowed involving large amount of revenue to the State exchequer. Section 10 of the CST Act provides penal provisions against the following offences:

If any person:

- furnishes a declaration under the provisions of the Act which he knows or has reason to believe to be false; or
- fails to get himself registered or fails to comply with an order as required by the provisions of the Act; or
- being a registered dealer, falsely represents when purchasing any class of goods that goods of such class are covered by his certificate of registration; or
- not being a registered dealer, falsely represents when purchasing goods in course of inter-State trade or commerce that he is a registered dealer; or
- after purchasing any goods for any of the purposes specified as per provisions of the Act fails without reasonable excuse, to make use of the goods for any such purpose;
- has in his possession any form prescribed for the purpose of inter-State trade which has not been obtained by him or by his principal or by his agent in accordance with the provisions of this Act or any rules made thereunder; or
- collects any amount by way of tax in contravention of the provisions of the Act,

shall be punishable with simple imprisonment which may extend to six months or with fine or with both and when the offence is a continuing offence, with a daily fine which may extend to fifty rupees for every day during which the offence continues.

### 4.2.2 Organisational set up

The Department of Taxes, which administers the CST Act, is headed by the Secretary at the Government level and the Commissioner of Taxes (COT) at the Departmental/Commissionerate level. At the Department level, the COT is assisted by a Joint Commissioner of Taxes and three Deputy Commissioners of Taxes at the Commissionerate level. At the Zonal level ten<sup>1</sup> Zonal Assistant Commissioners of Taxes (ACT)/Superintendents of Taxes (ST) are responsible for receipt of declaration forms from the Commissionerate, registration of dealers, their assessment and distribution of declaration forms to them. Besides, there are Superintendents of Taxes and Inspectors of Taxes to help them in their day to day functioning.

### 4.2.3 Audit Objectives

The Performance Audit was conducted to ascertain whether:

- there exists a foolproof system for custody and issue of the declaration forms;
- exemption/concession of tax granted by the assessing authority was supported by the original declaration forms;
- there is a system for ascertaining genuineness of the forms for preventing evasion of tax;
- there is a system of uploading the particulars in the TINXSYS website and the data available there is utilised for verifying the correctness of the forms;
- appropriate steps are taken on detection of fake, invalid and defective (without proper or insufficient details) forms; and
- there exists an effective and adequate internal control mechanism.

### 4.2.4 Audit Criteria

The audit findings were benchmarked against the following criteria:

- Provisions under Central Sales Tax Act, 1956 (CST Act);
- Provisions under the Central Sales Tax (Mizoram) Rules, 1991 (CST Rule);
- Mizoram Value Added Tax Act, 2005 (MVAT Act); and
- Notifications issued from time to time.

### 4.2.5 Scope and Methodology of audit

The Performance Audit (PA) covered all assessments completed under the MVAT during the financial year 2007-08 to 2009-10 where exemptions/ concessions were granted under the CST Act. The PA was conducted during the period May 2011 to August 2011.

The Performance audit also involved cross verification of records/information made available from other States and other evidences in the selected four Zonal offices<sup>2</sup> of Aizawl and Kolasib.

The audit was limited to examination of only 'C' and 'F' forms.

<sup>1</sup> Aizawl North, Aizawl South, Aizawl Central, Lunglei, Kolasib, Champhai, Serchhip, Mamit, Lawngtlai and Saiha

<sup>2</sup> South Zone, Aizawl; North Zone, Aizawl; Central Zone, Aizawl and Kolasib Zone, Kolasib

#### 4.2.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the cooperation and assistance extended by the Taxation Department of the State Government, the Commissionerate and the Zonal offices concerned during the course of audit cooperation in giving the required information and records to audit. Before the commencement of audit, discussions were held with the Secretary and Joint Commissioner of Taxes of the Department, in an entry conference held on 31 May 2011 to explain the objectives and scope of audit and to obtain their inputs and views relating to inter-State trade. The audit findings were discussed in an exit conference held (7 October 2011) with the Secretary and the Commissioner of the Taxation Department and the replies of the Government have been incorporated suitably in the Performance Audit at the appropriate places.

#### 4.2.7 Budget Estimate and Actual Collection

The year-wise budget estimates of CST, actual collection of CST, total collection of taxes (Sales tax/VAT) and percentage of CST collection with reference to the total tax collection (Sales tax/VAT) in the state during 2006-11 are given in the following table:

**Table-4.2.1**

(₹ in lakh)

Year	Budget estimate of CST	Actual collection of CST	Total collection of tax in the State (Sales Tax/VAT)	Percentage of CST with reference to total collection (Sales Tax/VAT)
2006-07	Nil	1.29	53.72	2
2007-08	Nil	0.79	62.04	1
2008-09	Nil	1.85	77.51	2
2009-10	Nil	0.85	85.94	1
2010-11	Nil	1.72	105.13	2
<b>Total</b>		<b>6.50</b>	<b>384.34</b>	<b>2</b>

Source: Departmental records & Finance Accounts

It could be seen from the table above that:

- The Department had not prepared any budget estimate for CST during the period 2006-11. The Commissioner of Taxes clarified (July 2011) that since the CST collections are meagre, no separate budget estimates were prepared for collection of CST.
- The Department had collected a negligible amount of CST of ₹ 6.50 lakh against the total tax of ₹ 384.34 lakh collected during the period 2006-11 which comes to only two per cent of the total tax collection.

## Audit findings

The important points noticed in the course of audit are discussed in the following paragraphs:

### 4.2.8 Printing and custody of declaration forms

The Department has so far not laid down any prescribed procedure for printing and custody of declaration forms. However, the Department places printing orders of declaration forms in the Government approved printing presses before exhausting the available stock of declaration forms. The stocks of printed forms are kept in the custody of a responsible officer in the Commissionerate of Taxes. Printing and custody of forms without following any prescribed procedure resulted in the following discrepancies:

#### 4.2.8.1 Printing of duplicate serial number of 'F' forms

Test check of records of the Commissioner of Taxes (COT) revealed that the following F-forms were printed by the Department:

**Table-4.2.2**

Sl. No.	Name of printing firms	Details of F-forms received			F-forms printed with duplicate serial number
		Month of receipt	No. of books	Sl. No. of F-forms	
1.	Dy. Controller of Stamps, Bombay	9/1987	500	DD-014026 to DD-026525	DD-026026 to DD-026525 = 500 forms
2.	Saraswaty Press Ltd., Kolkata	2/2007	300	DD-026026 to DD-033525	

Source: Departmental records

It would be seen from the above table that the Department printed 500 'F' forms in 2007 bearing duplicate serial number with respect to the forms already printed in 1987. All these 500 forms bearing duplicate serial numbers were issued to the ACT, Aizawl North Zone in November 2010.

On being pointed out by us (June 2011), the Department stated (July 2011) that those forms were called back. The Government while accepting the fact stated (November 2011) that the concerned forms have further been destroyed in October 2011 in the office premises of the Commissioner of Taxes.

#### 4.2.8.2 Issue and accountal of declaration forms by the Department

##### 4.2.8.2.1 Collection of declaration form fee in cash

Rule 17 of the CST (Mizoram) Rules, 1991 provides that declaration forms shall be obtained by a dealer from the concerned ST on payment of the price in the form of Court fee stamp. However, in three test checked Zones<sup>3</sup>, it was noticed in audit that cost of forms was collected in cash which was later deposited into the treasury by challans. Further, the Kolasib Zone collected an amount

<sup>3</sup> South Zone, Aizawl; Central Zone, Aizawl and North Zone, Aizawl

of ₹ 1,852 for sale of 1,852 forms during the period between October 2001 and July 2011 and deposited the same into Government Accounts at the instance of audit only in August 2011 after a prolonged retention of cash.

The Government, while accepting the facts, stated (November 2011) that the prolonged retention of cash in hand by the Zonal Office has been viewed very seriously and proper care will be taken to avoid such inaction by Zonal Offices in future.

#### **4.2.8.2.2 Improper maintenance of stock register**

For proper accountal of the stock of forms, the Department should have maintained a stock register showing particulars like opening balance, receipt, issue and closing balance of these forms. The stock register is submitted to the competent authority at regular intervals to ensure proper accountal of such forms to prevent mis-handling of stock.

Test check of the issue registers of the COT revealed that declaration form-‘C’ (No. 01FF 054000) was shown to have been issued (July 1996) to the ACT, North Zone (erstwhile ST, Circle-I). However, at the time of audit (July 2011), it was noticed that this particular form was lying in the departmental store of the COT.

The Department while accepting the facts stated (July 2011) that the ‘C’ form No. 01FF 054000 was returned by the concerned Zonal Office as it was spoiled and defective and not fit for issue. The reply is not acceptable as no reverse entry was made in the stock register and the said form was lying in the store till July 2011 without cancellation.

In maintenance of stock registers of forms ‘C’ & ‘F’ the following other irregularities were noticed:

- According to Clause 2 of Rule 192 of GFR, physical verification of all consumable goods and materials should be undertaken at least once in a year and discrepancies, if any, should be recorded in the stock register for appropriate action by the competent authority. In the Commissionerate of Taxes, the stock registers maintained for declaration Form ‘F’ was submitted to the competent authority for verification only once in March 2010 since 2000. As a result, proper accountal of the stock of Form-F could not be ensured.
- Scrutiny of the stock registers meant for receipt of the declaration forms ‘C’ & ‘F’ from the Commissionerate in respect of the four Zonal Offices revealed that only receipt of the forms was recorded without showing any issue and the registers were not submitted to the competent authority for its verification. The stock registers meant for issue to dealers only contained the quantity issued without showing the opening balance, quantity received and closing balance. Out of four Zones, the Kolasib Zone started maintenance of the stock registers only from January 2009 onwards and there was no record prior to it.

The Government admitted the facts and stated (November 2011) that in the light of audit observation, Form No. 01FF-054000 will be declared invalid and obsolete along with other missing forms.

The Government further intimated that proper care is now being taken while issuing declaration forms and stock registers are also being maintained properly by all Zonal Offices as well as at the Commissionerate.

#### 4.2.8.2.3 Declaration forms issued before being received

Test check of the records revealed that the following declaration forms containing 125 pages were issued by the ACT, North Zone, Aizawl to the dealers before the actual date(s) of the receipt from the COT, as recorded in the stock register of the COT:

**Table-4.2.3**

C-Form No.	No. of pages	Date of issue by COT	Date of issue to dealers by ACT, North Zone
01FF143476 - 01FF143502	27	20-05-2009	18-03-09
01FF143503 - 01FF143506	4	20-05-2009	20-03-09
01FF143507 - 01FF143533	27	20-05-2009	23-03-09
01FF143534 - 01FF143538	5	20-05-2009	24-03-09
01FF143539 - 01FF143580	42	20-05-2009	25-03-09
01FF143581 - 01FF143596	16	20-05-2009	26-03-09
01FF143597 - 01FF143598	2	20-05-2009	27-03-09
01FF143599 - 01FF143600	2	20-05-2009	30-03-09
<b>Total</b>	<b>125</b>	<b>----</b>	<b>----</b>

*Source: Departmental records*

While accepting the facts, the ACT, North Zone, Aizawl stated (June 2011) that due to absence of the ACT, declaration forms were obtained from the dealing assistant of the Commissionerate and later on the issue and receipts of declaration forms were regularised on 20 May 2009 by the competent authority.

Thus, issue of declaration forms by a subordinate staff without formal approval of the competent authority was irregular and carries the risk of mis-utilisation.

The Government while accepting the facts stated (November 2011) that to avoid such action and to prevent mis-utilisation of declaration forms, the Department has now entrusted the process of issue and maintenance of stock registers of declaration forms ('C' & 'F') to the nominated responsible officers of the Department.

#### 4.2.8.2.4 Declaration form 'C' shown issued but lying in custody

Test check of the stock register of Forms and the stock of Forms maintained by the ACT, South Zone, Aizawl revealed that though the following 'C' forms were shown to have been issued during

July 2008 to February 2010, the same were still lying in the departmental store at the time of audit in June 2011:

**Table-4.2.4**

Sl. No.	C-Form No.	No. of pages	Date of issue as per stock register	Remarks
1.	01FF 121973	1	04/07/2008	Stamped seal of M/s R.K.Trading Agency
2.	01FF 137673-01FF 137675.	3	24/04/2009	Stamped seal of M/s Grace RTP Bamboo
3.	01FF 137275	1	09/03/2009	Stamped seal of M/s Bonton
4.	01FF 141115 - 01FF 141123	9	19/02/2010	Stamped seal of M/s John Enterprise

*Source: Departmental records*

Thus, entries made in the stock register showing issue of C-Forms without its actual issue was not only irregular but also entail the chance of their mis-utilisation.

The Government while accepting the facts stated (November 2011) that as these declaration Forms 'C' were inadvertently prepared for issue, the same had been retained at the office and appropriate measures were being taken to cancel these forms to ensure that their mis-utilisation did not happen.

#### **4.2.8.2.5 Non-issue of usable 'C' forms and lying in custody without cancellation**

Test check (June 2011) of records of the ACT, South Zone, Aizawl revealed that 25 Nos. of 'C' forms (01FF 151976 to 01FF 152000) were marked as damaged in the issue register. However, verification of the forms revealed that only four forms (01FF 151997 to 01FF 152000) were perforated and the remaining 21 forms were found to be in good condition and kept in custody without cancellation.

Thus, recording a note of damage in the stock register in respect of 25 'C' forms was irregular and it may entail chances of mis-utilisation as 21 'C' forms out of 25 'C' forms were found to be in useable condition.

The Government while accepting the fact stated (November 2011) that appropriate rectifications were already made in the stock register and forms (21 forms) will be issued to the dealers.

#### **4.2.8.2.6 Declaration forms not issued chronologically**

To ensure proper accountal of declaration forms, the declaration forms are required to be issued chronologically.

Scrutiny of records, however, revealed that the declaration forms were issued from time to time without maintaining the chronological order of the forms as detailed below:

- The Commissionerate of Taxes issued declaration forms (upto November 2010) bearing serial numbers DD 020001 to DD 026675 whereas the previous series from DD 019926 to DD 020000 having 75 forms were still lying in stock as of July 2011.
- The Central Zone issued (September 2006) 'C' form bearing serial numbers from 01FF 103890 to 01FF 103902 to a dealer (M/s Khaia & Sons) and thereafter in November 2007 seven forms of an earlier series bearing serial numbers 01FF 094804 to 01FF 094810 were issued to the same dealer.
- The ST, Kolasib Zone also has not been issuing forms chronologically. However, in reply to an audit query the ST, Kolasib stated (August 2011) that care would be taken for issuing declaration forms chronologically.

While accepting the fact the Government stated (November 2011) that proper care has now been taken to avoid such actions in future.

#### 4.2.8.2.7 Missing declaration 'C' forms

As per provision of CST (R&T) Rules 1957, a single declaration C-form can be used to avail tax at a concessional rate for all transactions of sales taking place in a quarter of a financial year between two registered dealers. As such, there is scope for availing concessional rate of taxes by mis-utilising the missing declaration C-forms by the dealers in course of their inter-State transaction of purchases and sales.

Test check of records of North Zone, Aizawl and Kolasib Zone revealed that the following 18 declaration forms were missing, as the issuance of these forms were not reflected in the stock/issue register nor could the forms be produced to audit for verification:

**Table-4.2.5**

Name of Zone	Declaration form-C No.	No. of forms	Remarks
ACT, North Zone, Aizawl	01FF 107348	1	By applying correcting fluid without attestation of the competent authority it was shown in the stock register that the form no. 01FF 107348 was issued to a dealer along with other six forms on 17 April 2006. The scrutinising inspector of Taxes also accepted that the form was not received by the dealer
	01FF 101518	1	Issue not reflected in the records
ST, Kolasib Zone, Kolasib	01FF 141828	16	Issue not reflected in the records
	01FF 099868 – 01FF 099871		
	01FF 141840 – 01FF 141850		
<b>Total</b>		<b>18</b>	

Source: Departmental records

Thus, the risk of inter-State transactions by the dealers by mis-utilising the above mentioned missing 18 'C' forms and the consequent loss of Government revenue cannot be ruled out.

While accepting the audit observation the ST, Kolasib Zone stated (August 2011) that 12 forms (01FF 141828 and 01FF 141840 to 01FF 141850) were found to have been issued to two dealers and the remaining four missing forms (01FF 099868 to 01FF 099871) could not be traced. An FIR was lodged (August 2011) with the Police in respect of the four missing forms. However, result of Police investigation against the FIR was awaited (November 2011).

The Government in the reply stated (November 2011) that the Department is currently in the process of declaring the forms obsolete and invalid.

**The Government, however, not only needs to declare the missing forms obsolete/invalid but also investigate the reasons for the missing forms and whether these forms had already been utilised by any dealer for availing concessional rate of tax.**

#### **4.2.8.2.8**      *Delay in declaring lost declaration forms as invalid and obsolete*

Test check of records (August 2011) of the ST, Kolasib revealed that two declaration Form 'C' No. 01FF 099484 and 01FF 099485 were reported to have been lost while in custody of a dealer (M/s Issaac Store, CST Regd. MIZ-3866) in June 2007. Accordingly, the ST, Kolasib submitted (June 2007) a proposal to the COT, Mizoram for declaring the lost 'C' forms as invalid and obsolete. However, even after a lapse of four years, the same had not been declared invalid and obsolete, due to which the chances of mis-utilisation of these forms cannot be ruled out.

The Government in their reply stated (November 2011) that the Department is currently in the process of declaring the forms obsolete and invalid.

#### **4.2.8.2.9**      *Non-implementation of TINXSYS*

The Government of India introduced a website called Tax Information Exchange System (TINXSYS), which is a centralised exchange of all **interstate dealers** spread across the various States and Union Territories of India. **The website was designed to help the Commercial Tax Departments of various States and Union Territories to effectively monitor the inter-State trade. TINXSYS can be used by any dealer to verify the counterpart inter-State dealer in any other State. Apart from dealer verification, Commercial Tax Department officials use TINXSYS for verification of Central Statutory Forms issued by other State Commercial Tax Departments and submitted to them by the dealers in support of claim for concessions. TINXSYS also provides MIS and Business Intelligence Reports to the Commercial Tax Departments to monitor inter-State trade movements and enables the Empowered Committee of State Finance Ministers (EC) to monitor the trends in inter-State trade.**

Scrutiny of the reports available on TINXSYS regarding data availability in respect of Commercial Tax Department of Mizoram revealed that the Department started uploading data on TINXSYS portal only from 2008. Upto 2009, data of 1,458 dealers was made available. No details in respect

of declaration forms issued and their utilisation was uploaded. Out of the total 3,180 dealers registered with the Department as on March 2010, details of only 1,853 dealers, data in respect of issue of 60 Form 'C' and utilisation details of only 2 Form 'C' were made available on TINXSYS. As per these reports, the Department last updated the data in November 2010.

Another report available on TINXSYS revealed that the Departmental officials visited TINXSYS only for 41 times during the period 2007-10. Thus, due to non-utilisation of the TINXSYS portal the purpose of monitoring the inter-State trade movements through TINXSYS was defeated.

The Government has clarified (November 2011) that TINXSYS facilities have been utilised since its inception. However, due to development/creation of new software for administration of taxes and since the system development is an ongoing project, new data cannot be uploaded into the TINXSYS at the moment. The system will be utilised again and necessary data will be uploaded as and when the installation of the new system called VATSoft is completed and put into practical use.

#### **4.2.9**            *Utilisation of declaration forms*

##### **4.2.9.1**        *Non-submission of utilisation certificate of declaration forms*

As per Rule 6(5) of the CST (Mizoram) Rules 1991, every registered dealer to whom any declaration form was issued, should maintain a register in Form II (Register of declaration forms). The columns provided in the Form II includes the receipt details like Date of receipt, Authority from whom received, Book No., Serial No., Date of issue and Book No. The Issue side of the form contains columns like Name and address of the seller to whom issued, No. and date of order, description of goods, value of goods, seller's cash memo/challan no. etc. After implementation of VAT, all dealers are not required to be assessed as was done during the Sales Tax regime and as such dealers should be required to furnish statement of utilised declaration forms in Form II along with the returns to ascertain whether the dealer has paid the full amount of tax payable with the returns.

Test check of records revealed that the Department has not made it mandatory for dealers to furnish declaration of utilised forms while submitting VAT returns.

The Government intimated (November 2011) that at the instance of Audit the Department has made it mandatory vide a letter (June 2011) issued to all ACTs and STs in the state to ensure availability of statement of utilised declaration forms in Form II in each dealer's personal file.

##### **4.2.9.2**        *Non-conduct of cross-verification of declaration forms*

In order to check tax evasion, it is required to have a system of picking up samples of declaration forms and taking them up with the Taxation Department of the concerned States for further verification.

Test check of records and information furnished by the Department revealed that system of picking samples of declaration forms and sending them for cross verification to other States was not

prescribed and as such verification was not done to ascertain the correctness of the tax payable and paid by the dealers.

The Government stated (November 2011) that the Commercial Tax Departments of other States are occasionally sending such forms for verification which are duly verified by their Zonal offices. However, the reply is silent about the introduction of a proper system for cross-verification of forms to ascertain the correctness of the tax payable and tax paid by the dealers.

**The Department may, thus, introduce a system of cross-verification of declaration forms received from the dealers and take them up with the Taxation Department of the concerned States in order to have an effective control in bringing the dealers into the tax net.**

#### **4.2.10**      *Issue and accountal of declaration forms by the dealer*

##### **4.2.10.1**    *False declaration of transactions with 'C' form*

As per provision of the CST Acts and Rules, a dealer who makes purchases in the course of inter-State trade should issue a declaration form 'C' to the dealer with whom the transaction has been effected during a quarter of the financial year. Further, as per provisions of Rule 6(1) of the CST Rule, a purchasing dealer is required to fill in all particulars required to be filled in the declaration forms before furnishing it to the selling dealer and affix his signature. The counterfoil of the form is retained by the purchasing dealer and the other two portions marked 'original' and 'duplicate' are given by him to the selling dealer.

Test check of counterfoils of declaration forms revealed that as per 'C' form No. 01FF 108844, a dealer (M/s Zoram Trading Company, CST Regn. MIZ-176) purchased goods worth ₹ 32,683 from a Guwahati-based dealer (M/s Sara Lee Ltd.). Cross-verification of the seller's portion of the same 'C' form revealed that this Aizawl based dealer actually purchased goods from a Tamil Nadu based dealer (M/s Sun Star Enterprise - RC No. 793961/06-07) at a cost of ₹ 2.25 lakh.

The Taxation Department may, thus, initiate action against the dealer for false declaration of utilisation of 'C' Form.

While accepting the fact, the Government stated (November 2011) that action will be taken after investigating the matter.

#### **4.2.11**    *Non-production of the records of the dealers*

Rule 5(1) of the CST Rules provides that the taxation authority may require any dealer to produce before him any accounts, registers and documents and to furnish any information relating to the stock of goods, purchases, sales or deliveries of goods or any other matter as he may deem necessary. A dealer is punishable with a fine not exceeding five hundred rupees and if the offence is a continuing one, with a daily fine not exceeding fifty rupees every day during which the offence continues when a dealer acts in contravention of or fails to comply with the requirement of any of the rules as per provision of Rule 19.

In course of audit, it was noticed that the Assessing Officers (AOs) of Taxation Department did not retain the copies of utilisation certificate or counterfoils of declaration forms along with the case

records of the dealers for whom they had completed their assessment. As such, audit requisitioned for production of the concerned records by the 161 dealers through the AOs. But, despite requisitions made by the audit, 30 dealers under three Zones failed to furnish the concerned documents. As a result, audit exercise remained incomplete in respect of verification of transactions of Inter State sales by these 30 dealers. The details of these 30 dealers are given in the following table:

**Table-4.2.6**

Type of Audit	Name of Auditee units	No. of dealers not producing their records
Record checking of transaction details	ACT, South Zone, Aizawl	3
	ACT, North Zone, Aizawl	23
	ACT, Central Zone, Aizawl	1
Cross verification of declaration forms	ACT, South Zone, Aizawl	1 (1 C-form)
	ACT, North Zone, Aizawl	1 (4 C-forms)
	ACT, Central Zone, Aizawl	1 (3 C-forms)
<b>Total</b>		<b>30 dealers</b>

Source: Departmental records

**The Department is, thus, required to take action against the defaulting dealers as per provisions of the existing Acts and Rules.**

#### **4.2.12 Short/non-accountal of goods imported through use of declaration forms**

Test check of the records of South, Central and North Zones of Aizawl revealed that 16 dealers purchased and imported taxable goods during the period 2005-09 worth ₹ 85.18 crore (₹ 13.55 crore taxable at 4 per cent + ₹ 71.63 crore taxable at 12.5 per cent) by utilising declaration forms in the course of inter-State trade. Cross check with VAT assessment records of the dealers revealed that the AOs, without considering dealers' inter-State purchases as per their utilised declaration forms irregularly assessed these dealers determining their purchase turnover at ₹ 75.09 crore (₹ 13.85 crore taxable at 4 per cent + ₹ 61.24 crore taxable at 12.5 per cent). This resulted in short/non-accountal of goods purchased in inter-State trade transactions worth ₹ 10.09 crore ((-) ₹ 0.30 crore at 4 per cent + ₹ 10.39 crore at 12.5 per cent) which escaped assessment resulting in short levy of tax of ₹ 1.29 crore as detailed in **Appendix-4.1**. The tax effect would be much more if the profit/commission earned by the dealer on sale of such goods could be ascertained and interest and penalty for non-payment of the tax due are taken into account.

The Government in their reply (November 2011) furnished the following position:

- i. six cases of escaped tax (₹ 19.82 lakh) were already re-assessed and demand notices issued for the balance tax of ₹ 11.89 lakh;
- ii. one case of escaped tax of ₹ 2.14 lakh was re-assessed but the copy of re-assessment order is awaited (November 2011);
- iii. re-assessment of three cases of escaped tax (₹ 41.08 lakh) was under process;

- iv. in one case under ACT, North Zone, Aizawl (M/s Nunmawii Agencies) the Government stated that the assessment done by the AO was correct. The reply of the Government is not acceptable as goods valued at ₹ 1.02 crore transferred by the dealer by utilising three F-forms (No. DD 024460, DD 024461 and DD 024462) escaped assessment involving tax of ₹ 12.76 lakh as mentioned in **Appendix-4.1**.
- v. In respect of escaped tax (₹ 54.27 lakh) in respect of five dealers under the Central Zone, Aizawl, the declaration forms utilised by dealers did not necessarily contain purchases made during the period in which the declaration forms were issued and Audit might have taken into account only the date of issuing the declaration forms to these dealers. The reply, however, is not acceptable as Audit determined dealers' purchases as per dates recorded in the purchase invoice of the five dealers relating to the concerned assessment years.

#### ***4.2.13 Non-levy of penalty on misuse of 'C' forms***

Under Section 8 of the CST Act, tax on inter-State sale of goods is leviable at a concessional rate of four *per cent* upto March 2007, three *per cent* from April 2007 to May 2008 and two *per cent* from June 2008 provided the purchaser furnishes to the seller a declaration in form 'C', certifying that the goods are of the class specified in his certificate of registration. Further, under Section 10A of the CST Act, when the goods are not specified in the registration certificate, it attracts penalty of a sum not exceeding one and a half times of the tax due. It was judicially held<sup>4</sup> that the object of Section 10A is not to reward those who violate the law by imposing as penalty an amount which taken along with the amount paid with 'C' forms would still be less than the amount payable had 'C' forms not been used.

Test check of records of the ACTs, South & Central Zones, Aizawl revealed that during the periods between April 2005 and December 2010 seven registered dealers under the CST Act purchased and imported different items of goods worth ₹ 25.01 crore at concessional rate by utilising declaration form 'C', though the items of goods purchased were not specified in the registration certificates. The purchase turnover of ₹ 25.01 crore was taxable in the State under MVAT at 4 *per cent* for ₹ 8.42 crore and 12.5 *per cent* for ₹ 16.59 crore. Since these dealers falsely represented that the goods purchased were covered by their certificate of registrations, they were liable to pay penalty not exceeding ₹ 3.62 crore as detailed in **Appendix-4.2**.

The Government stated (November 2011) that notices were already issued to seven dealers for payment of penalty of ₹ 1.53 lakh against the leviable penalty of ₹ 3.62 crore as pointed out in Audit. The action is not justified as levy of negligible amount of penalty is contravention to the provisions of the Act and aforesaid judicial pronouncement is not prudent.

#### ***4.2.14 Evasion of tax due to fraudulent utilisation of invalid/obsolete forms by six unregistered dealers***

Under Section 21 of the MVAT Act, no dealer liable to pay tax shall carry on business unless he is registered and possesses a certificate of registration. The Act further provides that, if the COT is

<sup>4</sup> Bhuvaneshwari Traders Vs State of Tamil Nadu (2006) 143 STC 608 (Mad)

satisfied that any dealer liable to pay tax failed to get himself registered without reasonable cause, he shall be liable to pay penalty of a sum equal to the amount of tax assessed or a sum of rupees ten thousand whichever is more in addition to the tax payable by him.

Test check of records of the COT, Mizoram, Aizawl and cross-verification of 28 declaration forms received from three utilising States (Meghalaya, Goa and Assam) revealed that six unregistered dealers purchased and imported taxable goods worth ₹ 5.35 crore taxable at varying rates from four to 12.5 *per cent*. These unregistered dealers were neither detected by the Department and brought under the tax net nor did these dealers get themselves registered voluntarily. This resulted in evasion of tax to the tune of ₹ 46.44 lakh and penalty to the tune of ₹ 46.44 lakh by unregistered dealers as detailed in **Appendix-4.3**.

In their reply, the Government accepted (November 2011) the fact that the six dealers were unregistered. The reply is, however, silent about the action taken, if any, against these dealers as per provisions of the Act.

#### ***4.2.15 Variation between the figures of the forms as disclosed by the issuing dealer and those disclosed by the utilising dealer***

As per provisions of the Rule 6(1) of the CST (Mizoram) Rule 1991, a purchasing dealer is required to fill in all particulars required to be filled in the declaration forms before furnishing it to the selling dealer and affix his signature. The counterfoil of the form is retained by the purchasing dealer and the other two portions marked 'original' and 'duplicate' are given by him to the selling dealer.

Cross-check of 165 declaration forms (123 'C' forms and 42 'F' forms) used in the course of inter-state trade revealed that in 47 cases involving 18 dealers, the counterfoils of declaration forms used and maintained by Mizoram based dealers showed purchase/stock transfer of taxable goods worth ₹ 2.63 crore which was lower than the original declaration forms value of ₹ 6.14 crore issued to the utilising dealers from outside Mizoram. Thus, these dealers may have suppressed their purchase value/incorrectly claimed the stock transfer to the extent of ₹ 3.51 crore as detailed in **Appendix-4.4**. The Department may thus investigate the cases and ascertain the reason for non-reconciliation of figures and the consequential tax effect.

The Government while accepting the facts stated (November 2011) that the cross verification will be done in consultation with the concerned States and progress will be intimated.

#### ***4.2.16 Enforcement measures***

The Department did not have an inter-State Investigation Wing, except an Audit & Investigation Cell (Cell) established in April 2010 to ensure that taxes are assessed and paid correctly and to protect the tax yield of the State and to prevent evasion of tax. However, neither the Notification

establishing this Cell contained any details about the functionality and responsibilities of the Cell nor exact work done was found on record.

The Government stated (November 2011) that due to shortage of staff, no Inter-State Investigation Wing has so far been created in the Department.

#### **4.2.17 Monitoring**

The Taxation Department has so far not introduced adequate monitoring system to detect mis-utilisation of declaration forms, invalid and obsolete forms and to cross-check the correctness of the forms that are being utilised for ensuring complete accountal of inter-State transactions, and safe custody of declaration forms as could be seen from the preceding paras.

The Government stated (November 2011) that due to shortage of staff, Department has so far not introduced adequate monitoring system.

**For effective monitoring of the inter-State trade, the Department may establish an effective inter-State investigation Wing/Cell to cross verify inter-State sales and purchases, to have a reliable custody of declaration forms to ensure and complete accountal of inter-State transactions.**

#### **4.2.18 Conclusion**

Absence of any procedure prescribed by the Department for printing and issue of declaration forms resulted in various errors like printing of declaration forms with duplicate serial numbers, issuance of forms before being taken into stock, issuance of forms in random order, retention of issued forms in departmental custody, missing declaration forms and delay in declaring the missing/defective forms as invalid and obsolete. Improper maintenance of stock and issue registers of declarations forms exposed the system to fraud and manipulation. Fraudulent utilisation of invalid and obsolete declaration forms by unregistered dealers also revealed that a fool-proof system for detection of fake, invalid and obsolete declaration forms did not exist in the Department. Lack of monitoring and grant of exemption without cross checking the veracity of the declaration forms resulted in tax evasion. Instances of allowance of exemption/concession of tax were noticed where the dealers had not supported their claims with valid declaration forms or had produced forms which were not issued to them by the Department. Variations were noticed in the transaction value mentioned in the selling dealer's copy and purchasing dealer's copy which could only have been detected by cross-verification which was not done, neither by picking up samples nor by utilisation of the TINXSYS website by Departmental system. The information related to issue of declaration forms to the dealers was not uploaded and available data in the TINXSYS was not utilised by the Department for verifying the correctness of the forms.

#### 4.2.19 Recommendations

- *The Department should maintain the stock and issue registers of declaration forms properly to safeguard their mis-utilisation.*
- *The Department should evolve a fool-proof system for custody and detection of fake, invalid and obsolete declaration forms to avoid their mis-utilisation.*
- *Assessment of dealer's taxable turnover should be done carefully after considering the entire declared goods so as to avoid short levy of tax.*
- *The Department should establish an effective inter-State investigation cell to monitor inter-state transactions.*
- *The Government and Department should take immediate measures to install TINXSYS system to have an effective monitoring on inter-State transactions to prevent evasion of tax.*

## AUDIT OF TRANSACTIONS

### TAXATION DEPARTMENT

#### 4.3 Irregular exemption/non-levy of tax

**Against the public interest, the Government irregularly allowed exemption of tax of ₹ 21.45 crore to two dealers and the Department failed to levy and realise a tax of ₹ 15.15 crore from the same dealers for the years 2008 to 2011.**

Section 8(2)(c) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that for works contracts of supplying and fitting of electrical goods, supply and installation of electrical equipments including transformers, a dealer is liable to pay 12.5 *per cent* tax of the contractual transfer price after deducting 30 *per cent* of the turnover of the dealer as specified in the column 3 of Schedule-III. Further, the Government may, if it is necessary so to do in the public interest, exempt by notification, any sales or purchases made to or by a class of dealers or persons specified in the said notification from payment of the whole or any part of any tax payable under the provisions of the Act, as provided in Section 47(1) of the Act. However, as specified under Sub-Section (2) of Section 47, if any of the conditions subject to which such exemption was granted are not complied with for any reason whatsoever by any dealer or person, such dealer or person shall be liable to pay tax notwithstanding that such dealer or person was not liable to pay tax under any other provision of the Act.

Scrutiny (November 2010) of the records of the Assistant Commissioner of Taxes, South Zone Aizawl, revealed that two dealers 'A'<sup>5</sup> and 'B'<sup>6</sup>, who did not comply with the terms and conditions of the exemption orders were exempted from payment of any tax, as required under Section 47(2) of the Act.

Details of tax to be levied are summarised in the following paragraphs:

- (i) The two dealers 'A' and 'B' were issued (September 2008) with work orders by the Power and Electricity (P&E) Department for supply, delivery and fitting of electrical materials for execution of Rural Electrification Work under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) Scheme with contractual price of ₹ 139.92 crore and ₹ 105.27 crore respectively. As per the terms and conditions of the work orders, the contractual price was inclusive of all taxes and duties. The P&E Department, accordingly released the following payment to the dealers during 2008-11:

<sup>5</sup> M/s T&T Projects Ltd. Venghlui TIN-15121445083

<sup>6</sup> M/s Satnam Global Infra Projects Ltd. Venghlui TIN-15121427000

Name of dealer	Contractual price released (₹ in crore)			
	2008-09	2009-10	2010-11	Total
'A'	19.37	44.17	36.81	100.35
'B'	14.52	40.76	21.65	76.93
<b>Total</b>	<b>33.89</b>	<b>84.93</b>	<b>58.46</b>	<b>177.28</b>

- (ii) The two dealers were liable to pay 12.5 *per cent* tax of ₹ 15.51 crore during 2008-11 on the contractual transfer price of ₹ 177.28 crore after deducting ₹ 53.18 crore (30 *per cent*) for labour and non-material cost as provided under Section 8(2)(c) of the Act. The tax of ₹ 15.51 crore would further increase to ₹ 21.45 crore on completion of the contract work of ₹ 245.19 crore.
- (iii) The tax Authority, however, did not levy any taxes on these two dealers during the period 2008-11 on the ground that the Government (Taxation Department) exempted the payment of taxes by these two dealers for the contract works with P&E Department under RGGVY Scheme from October 2008 till the completion of the contract works vide their notification dated February and March 2010 read with notification dated August 2010.
- (iv) The exemption permitted by the Government was however, not justified on the following grounds:
- When the contractual price settled by the P&E Department with the dealers was inclusive of all the taxes and duties, no such exemption could be permitted by the Government in the public interest, which tantamounts to undue financial benefit to the dealers.
  - As per the terms and conditions contained in the exemption notification, the dealers were required to furnish quarterly returns (Form-5) of sales of materials made to the P&E Department, to the tax authority. While the concerned two dealers had submitted their quarterly returns in respect of the assessment years 2009-10 and 2010-11, they had concealed the actual contractual price of ₹ 177.28 crore received from the P&E Department in Section (C) of Form-5.

Thus, grant of exemption by the Government against the contractual price settled inclusive of all the taxes and duties was irregular and tantamount to undue financial benefit to the dealers. Moreover, due to non-compliance of the terms and conditions of the exemption orders, the two dealers were liable to pay tax of ₹ 15.51 crore under Sub-Section 2 of Section 47, which was not levied and realised by the tax authority. Besides, the two dealers were liable to pay by way of penalty a sum of ₹ 30.30 crore under Section 31(7)(b) for concealment of gross turnover of the contractual price in their quarterly returns.

The Department stated (January 2011) that no action could be taken by the assessing officer as the exemption was granted by the Government. The reply was, however, not acceptable as the dealers

violated the terms and conditions of the exemption orders according to which they were liable to pay tax.

The matter was reported (December 2010) to the Government and their reply is awaited (November 2011).

#### 4.4 Concealment of sales turnover

**A dealer concealed sales turnover of ₹ 2.37 crore for which tax of ₹ 29.63 lakh along with penalty not exceeding ₹ 59.26 lakh was leviable.**

As provided in sub-Section 1 of Section 11, read with rates specified in Schedule-II of the MVAT Act, 2005, Silpauline which falls in the category of “Raincoat, Tarpaulin and products of water proof cloth rexine and PVC Cloth” is taxable at 12.5 *per cent* on the taxable turnover of sales of a dealer.

Further, when a dealer, in order to evade or avoid payment of tax, furnishes incomplete and incorrect returns, he shall be liable to pay a sum not exceeding twice the amount of tax assessed as provided in Section 31(7)(b).

As per information received from the Directorate of Disaster Management & Rehabilitation Department, an Aizawl based dealer supplied 59,480 pieces of Silpauline to the Director, Disaster Management & Rehabilitation Department, for which the dealer received a sum of ₹ 3.97 crore from the Department during the period 2005-07.

Test check (July-August 2010) of the records of the Assistant Commissioner of Taxes (ACT), Central Zone, Aizawl revealed that the dealer furnished his returns for the assessment years 2005-06 and 2006-07 with showing sales turnover of ₹ 31.95 lakh only. The Assessing Officer, however, while assessing the dealer in June 2009 determined the sales turnover on the basis of purchase details available on VAT and Central Sales Tax Management System (VCMS)<sup>7</sup> at ₹ 1.60 crore and levied tax of ₹ 19.99 lakh.

Thus, sales turnover of ₹ 2.37 crore (₹ 3.97 crore - ₹ 1.60 crore) concealed by the dealer escaped the notice of the Assessing Officer for which a tax of ₹ 29.63 lakh was leviable, which has not been levied by the Department. Besides, a penalty not exceeding ₹ 59.26 lakh is leviable for concealment for sales turnover by the dealer.

The Government in their reply stated (September 2011) that in the light of the audit observation, the dealer was re-assessed (May 2011) levying tax of ₹ 49.81 lakh (including penalty of ₹ 0.20 lakh). However, intimation from the Department regarding realisation of tax is awaited (February 2012).

<sup>7</sup> VCMS database functions as a database where all the purchase records in respect of registered dealers are uploaded in the entry check gate and retrieved only by the authority of the Taxation Department

## 4.5 Non-payment of tax/non-levy of tax due to escaped turnover

**Two dealers were not levied with tax of ₹ 9.25 lakh due to escapement of turnover of ₹ 58.82 lakh in assessment.**

Under Section 34 (1)(a) of the MVAT Act the Commissioner of Taxes may proceed to assess the amount of tax due from a dealer in respect of turnover which escaped assessment in any period.

**4.5.1** Test check (July-August 2010) of the VCMS database of the Assistant Commissioner of Taxes (ACT), Central Zone, Aizawl revealed that during 2007-08, the total purchase turnover of a Aizawl-based dealer was ₹ 2.97 crore (taxable at 12.5 *per cent* ₹ 2.78 crore and at 4 *per cent* ₹ 18.58 lakh) instead of ₹ 2.48 crore (taxable at 12.5 *per cent* ₹ 2.29 crore and at 4 *per cent* ₹ 18.58 lakh) adopted in the assessment. Despite the availability of all the records pertaining to purchase turnover of the dealer with the AO, purchase turnover of ₹ 49.57 lakh escaped assessment, which resulted in non-levy of tax of ₹ 6.20 lakh.

**4.5.2** Similarly, test check (July-August 2010) of the records of the ACT, Central Zone, Aizawl revealed that the AO while assessing a dealer for the period 2006-08 determined the sales turnover by taking into account the purchase value of taxable goods worth ₹ 2.88 crore (12.5 *per cent*: ₹ 2.17 crore and 4 *per cent*: ₹ 70.28 lakh) and completed the assessment determining tax of ₹ 29.97 lakh.

However, scrutiny of VCMS records provided by the AO revealed that the dealer purchased taxable goods worth ₹ 2.97 crore (₹ 2.49 crore + ₹ 47.95 lakh taxable at 12.5 *per cent* and 4 *per cent* respectively). Thus, turnover of ₹ 9.25 lakh escaped assessment on which tax of ₹ 3.05 lakh is leviable. Besides, maximum penalty not exceeding twice the amount of tax assessed amounting to ₹ 6.10 lakh was also leviable.

The Government in their reply stated (November 2011) that the Department is currently in a transitional phase to switch from VCMS to VATSoft System and necessary action will be taken as soon as the system is available back online and progress will be intimated.



## CHAPTER-V

# GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

### 5.1 Overview of State Public Sector Undertakings

Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. The accounts of the State Government Companies are audited by Statutory Auditors appointed by Comptroller and Auditor General (CAG). These accounts are also subject to supplementary audit conducted by CAG. As on 31 March 2011, the State of Mizoram had five working PSUs (all Companies), which employed 271 employees. These PSUs registered a turnover of ₹ 1.72 crore for 2010-11 as per the latest finalised accounts. This turnover was equal to 0.03 *per cent* of State GDP indicating insignificant place in the State economy. The PSUs incurred a loss of ₹ 4.86 crore and had accumulated losses of ₹ 49.20 crore as per their latest finalised accounts.

#### Investment in PSUs

As on 31 March 2011, the Investment (Capital and Long Term Loans) in five PSUs was ₹ 90.63 crore. It grew by over 18.05 *per cent* from ₹ 76.77 crore in 2005-06.

#### Performance of PSUs

All the five State PSUs were incurring losses continuously during the period between 2005-06 and 2010-11. Zoram Industrial Development Corporation Limited ranked first among the PSUs in incurring Losses followed by Mizoram Food and Allied Industries Corporation Limited during this period.

The Losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of projects, running their operations and monitoring. A review of three latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 27.27 crore which were controllable. There was tremendous scope to improve the functioning of PSUs and reduce Losses. The PSUs can discharge their role efficiently if they are financially self reliant. There was a need for professionalism and accountability in functioning of PSUs.

#### Arrears in accounts

Five working PSUs had arrear of 24 accounts as of September 2011.

#### Performance Audit relating to Power Distribution Activities of Power and Electricity Department, Government of Mizoram

A Performance Audit on Power Distribution Activities of Power and Electricity Department of Government of Mizoram was conducted for the period 2006-07 to 2010-11 to ascertain if the

Department was able to adhere to the aims and objectives stated in the National Electricity Policy (NEP) and Plan and to examine how far the distribution reforms had been achieved.

### **Working Results**

The realisation per unit though increased from ₹ 2.09 to ₹ 2.39 (14.35 *per cent*), the cost per unit increased from ₹ 5.38 to ₹ 6.04 (12.27 *per cent*) during the audit period. The negative contribution per unit came down by as much as 72.06 *per cent* during the same period.

### **Distribution Network Planning**

As compared to the growth of connected load of 179.58 MW in 2006-07 to 243 MW in 2010-11 (35.31 *per cent*), the increase in transformer capacity was only 9.79 *per cent* from 163.35 MVA to 179.35 MVA. Thus, the increase in distribution capacity could not match the pace of growth in consumer demand.

### **Implementation of Centrally Sponsored Schemes**

As on 31 March 2006, out of 707 villages in the State (2001 Census), 570 villages were electrified (80.62 *per cent*). Under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), the Department targeted 137 villages for new and another 570 villages for intensive electrification. Against this target the achievement till March 2011 was 53 villages (38.69 *per cent*) where new distribution network had been laid but energisation was pending and intensive electrification in 221 villages (38.77 *per cent*), respectively. The execution of the programme was delayed resulting in non-achievement of target of 100 *per cent* electrification of villages before 31 March 2010 as envisaged in NEP.

### **Operational Efficiency**

Sub-transmission & Distribution losses remained in excess of norms fixed by CEA. The excess losses over the norms were 57.72 million units in 2010-11 costing ₹ 13.80 crore. The Department purchased ₹ 0.90 crore worth of excess quantity of Aerial Bunched Cables over their requirement.

### **Billing Efficiency**

Energy billed during the audit period, 2006-07 to 2010-11 ranged between 63.01 to 75.08 *per cent* of the total energy available for sale. Assessed sales constituted 3.74 to 9.75 *per cent* of the energy billed during the same period.

### **Financial Management**

Cross Subsidy continued to be at unsustainable levels in respect of all categories of consumers other than domestic sector.

There was inordinate delay in filing ARR/Tariff Petition for the years 2009-10 and 2010-11 and getting Electricity Regulatory Commission's approval for the same. The Department could not revise Tariff in time which resulted in loss of ₹ 24.32 crore.

### Conclusions and Recommendations

This performance audit revealed absence of comprehensive long term plan for enhancing distribution capacity keeping in view the growth in demand and separate Annual Plans, poor and delayed preparation of Detailed Project Reports leading to the funding agencies delaying and ultimately curtailing the quantum of assistance, delays in execution of projects, etc. The performance audit report contains seven recommendations aimed at improving the operational efficiency of the Department to make itself sustaining.

### Transaction Audit observations

#### Power and Electricity Department

##### Avoidable expenditure

Failure of P&E Department in getting registered under Central Sales Tax (CST) Act and availing concessional rate of CST on interstate purchases by issue of 'C' forms, caused avoidable expenditure of ₹ 2.37 crore.

### Introduction

**5.1.1** The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Mizoram, the State PSUs occupy insignificant place in the State Economy. The State PSUs registered a Turnover of ₹ 1.72 crore for 2010-11 as per their latest finalised accounts as of September 2011. This Turnover was equal to 0.03 *per cent* of State Gross Domestic Product (GDP) for 2010-11. The State PSUs incurred a Loss of ₹ 4.86 crore in the aggregate for 2010-11 as per their latest finalised accounts. They employed only 271<sup>1</sup> employees as of 31 March 2011. The State PSUs do not include three Departments<sup>2</sup> of the State Government which carry out commercial operations.

**5.1.2** As on 31 March 2011, there were five Government companies (all working) and no Statutory corporation in the State of Mizoram.

### Audit Mandate

**5.1.3** Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of

<sup>1</sup> As per the details provided by five PSUs

<sup>2</sup> (i) Power & Electricity, (ii) Food, Civil Supplies & Consumer Affairs and (iii) Transport

the Paid Up Capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a Company in which 51 *per cent* of the Paid Up Capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act.

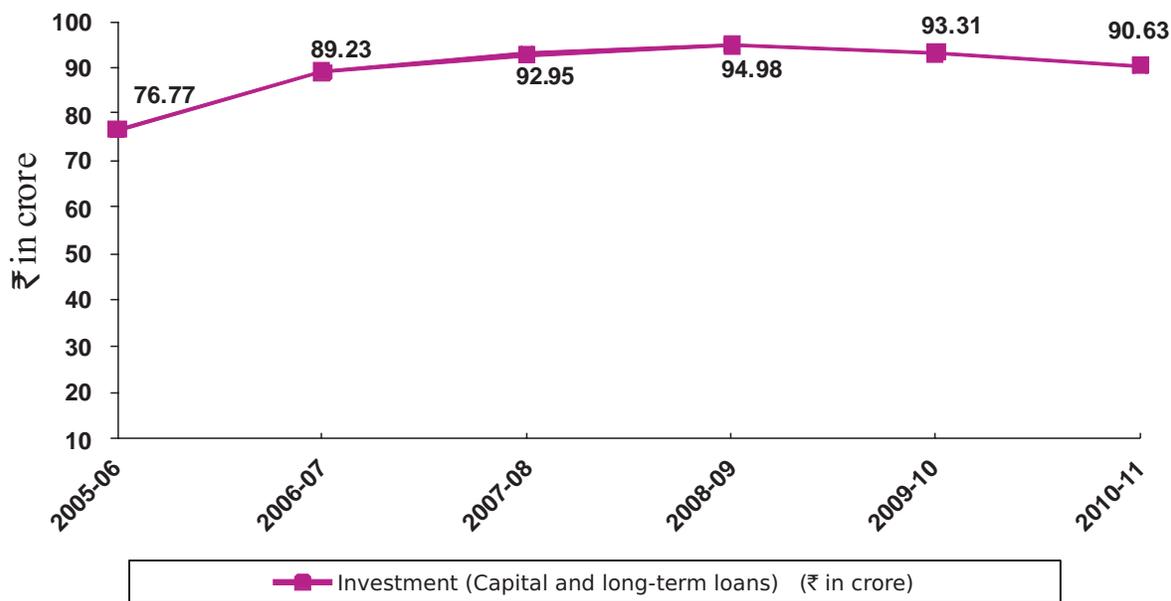
**5.1.4** The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by Comptroller and Auditor General (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as *per* the provisions of Section 619 of the Companies Act, 1956.

### Investment in State PSUs

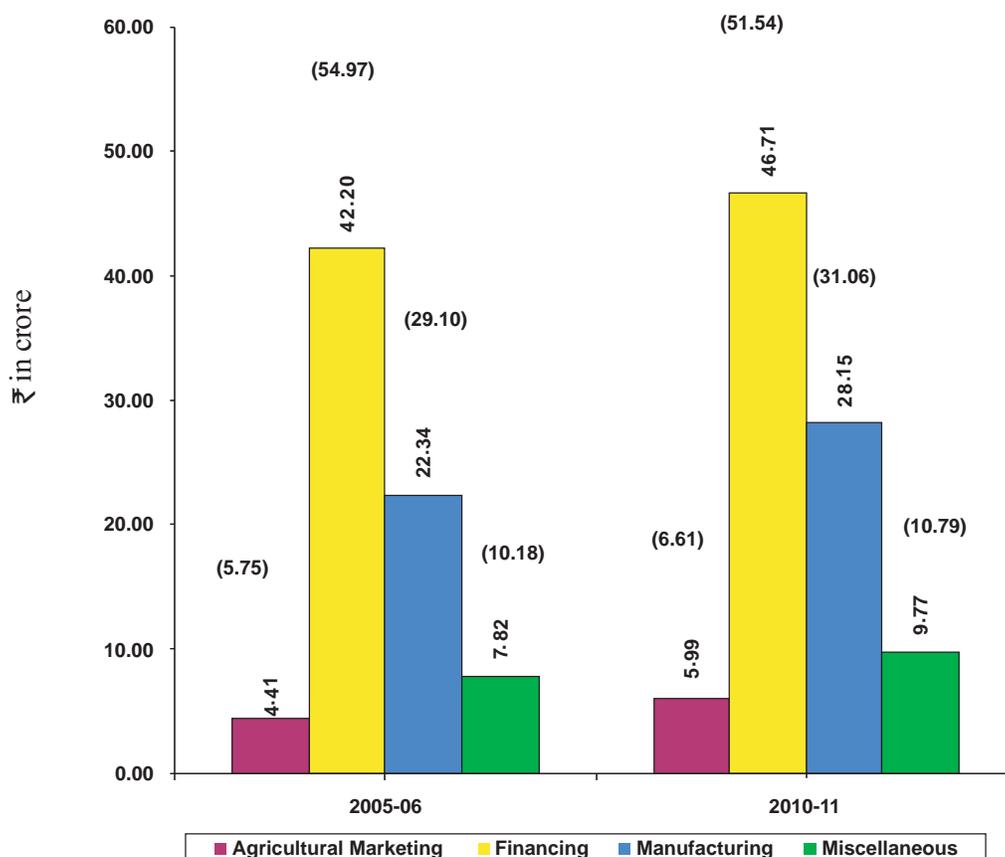
**5.1.5** As on 31 March 2011, the Investment in the five PSUs was ₹ 90.63 crore – Capital ₹ 59.70 crore and Long term Loans ₹ 30.93 crore.

A summarised position of Government investments in State PSUs is detailed in **Appendix-5.1**.

**5.1.6** As on 31 March 2011, the total Investment in the five working PSUs was ₹ 90.63 crore. This total Investment consisted of 65.87 *per cent* towards Capital and 34.13 *per cent* in Long Term Loans. The Investments increased by 18.05 *per cent* from ₹ 76.77 crore in 2005-06 to ₹ 90.63 crore in 2010-11 as shown in the graph below.



**5.1.7** The total Investment in various sectors and percentage thereof at the end of 31 March 2006 and 31 March 2011 are indicated below in the bar chart.



(Figures in brackets show the percentage of sector investment to total investment)

5.1.8 The increase in total Investment was mainly due to increase in Loans in Financing Sector (₹ 9.73 crore) and increase in Equity (₹ 6.84 crore) in Manufacturing Sector.

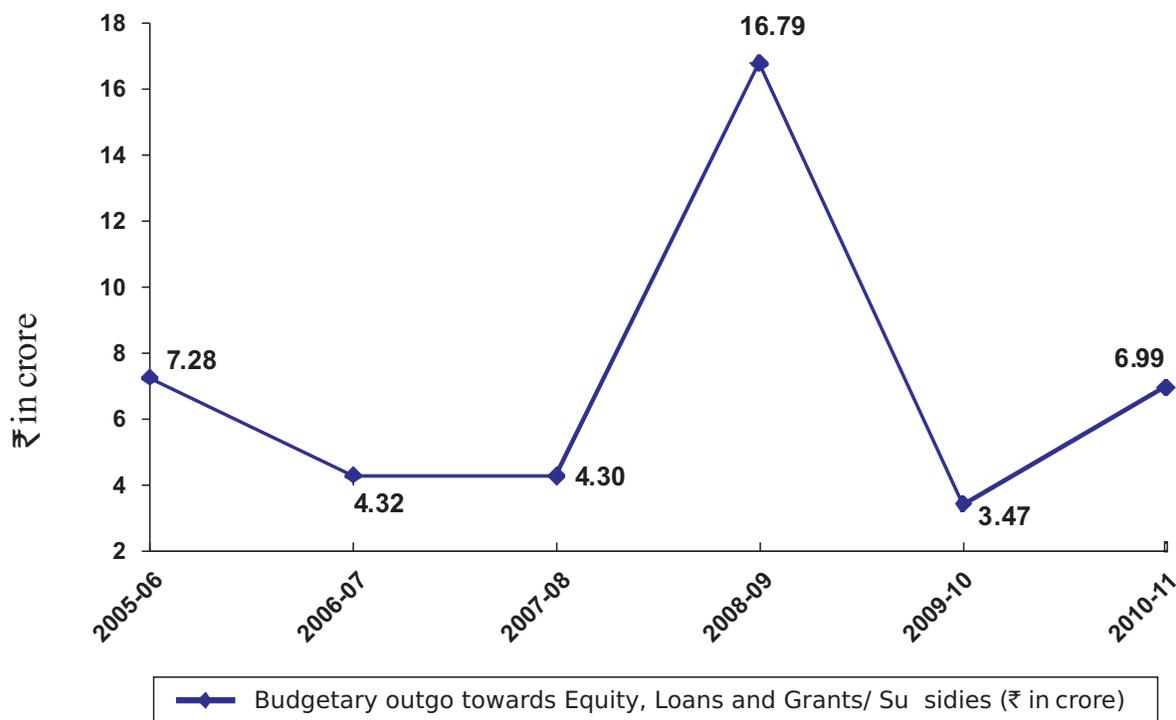
### Budgetary outgo, Grants/Subsidies, Guarantees and Loans

5.1.9 The details regarding budgetary outgo towards Equity, Loans, Grants/Subsidies, Guarantees issued in respect of State PSUs are given in **Appendix-5.2**. The summarised details for three years ended 31 March 2011 are given below.

(Amount ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	4	2.88	4	1.26	3	1.67
2.	Loans given from budget	1	8.72	-	-	1	0.63
3.	Grants/Subsidy received	3	5.19	2	2.21	3	4.69
4.	Total Outgo	4	16.79	4	3.47	5	6.99
5.	Guarantee Commitment	2	20.56	2	15.02	2	15.13

5.1.10 The details regarding budgetary outgo towards Equity, Loans and Grants/Subsidies for past six years are given in the graph below.



5.1.11 As on 31 March 2011, Guarantees amounting to ₹ 14.82 crore and ₹ 0.31 crore were outstanding against Zoram Industrial Development Corporation Limited and Mizoram Food and Allied Industries Corporation Limited respectively. No Guarantee Commission was payable to the State Government by the Government Companies. There was no case of conversion of Government Loan into Equity, Moratorium in Repayment of Loan and Waiver of Interest in this year.

### Reconciliation with Finance Accounts

5.1.12 The figures in respect of Equity, Loans and Guarantees outstanding as *per* records of State PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2011 is stated below.

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	3.03	54.06	51.03
Loans	---	9.35	9.35
Guarantees	18.29	15.13	3.16

5.1.13 We observed that the differences occurred in respect of all PSUs and the differences were pending reconciliation for more than ten years. The Principal Accountant General had addressed

the Chief Secretary, Government of Mizoram, Administrative Department of respective PSUs and the Managing Directors of PSUs periodically and drawn their attention to the need to reconcile figures as appearing in Finance accounts and in their respective accounts. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

### Performance of PSUs

**5.1.14** The financial results of PSUs are detailed in **Appendix-5.3**. A ratio of PSUs Turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSUs Turnover and State GDP for the period 2005-06 to 2010-11.

(₹ in crore)						
Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover <sup>3</sup>	0.97	0.99	1.79	2.41	1.45	1.72
State GDP <sup>4</sup>	2971.15	3289.98	3815.51	4577.11	5283.93	6057.70
Percentage of Turnover to State GDP	0.03	0.03	0.05	0.05	0.03	0.03

**5.1.15** The percentage of Turnover to State GDP declined from 0.05 *per cent* in 2008-09 to 0.03 *per cent* in 2009-10, remained unchanged in 2010-11.

**5.1.16** Losses incurred by State PSUs (all working) during 2005-06 to 2010-11 are given below in the bar chart.



All the five State PSUs were incurring Losses continuously during the period between 2005-06 and 2010-11. Zoram Industrial Development Corporation Limited ranked first among the PSUs in incurring Losses followed by Mizoram Food and Allied Industries Corporation Limited during this period.

<sup>3</sup> Turnover as per the latest finalised accounts as of 30 September 2011

<sup>4</sup> The final figures of State GDP, provided by the Economic and Statistics Deptt. of State Government has been adopted

**5.1.17** The Losses of PSUs are mainly attributable to deficiencies in financial management, planning, running their operations and monitoring. A review of three latest Audit Reports of CAG shows that the State PSUs incurred controllable Losses to the tune of ₹ 27.27 crore and Infructuous Investment of ₹ 1.09 crore. Year wise details from Audit Reports are stated below.

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	Total
Net loss of working PSUs	4.56	3.59	4.86	13.01
Controllable losses as per CAG's Audit Report	-	1.00	26.27	27.27
Infructuous Investment	-	1.09	-	1.09

**5.1.18** The above Losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual Controllable Losses would be much more. The above table shows that with better management, the losses can be minimised. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

**5.1.19** Some other key parameters pertaining to State PSUs are given below.

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Return on Capital Employed (per cent)	NIL	NIL	NIL	NIL	NIL	NIL
Debt	22.86	33.47	34.53	33.65	30.30	30.93
Turnover <sup>5</sup>	0.97	0.99	1.79	2.41	1.45	1.72
Debt/Turnover Ratio	23.57:1	33.81:1	19.29:1	13.96:1	20.90:1	17.98:1
Interest Payments	1.34	1.34	2.14	2.18	2.18	0.30
Accumulated losses	28.38	31.14	33.30	40.23	43.45	49.20

**5.1.20** As per the latest Finalised Accounts as of 30 September 2011, of five working companies, the Capital Employed worked out to ₹ 78.91 crore and had shown negative Return on Capital Employed. Despite increase in Capital Employed, Return on Capital Employed has not shown any improvement. All PSUs were incurring Losses continuously over the years which resulted in increase in Accumulated Losses from ₹ 28.38 crore in 2005-06 to ₹ 49.20 crore in 2010-11.

**5.1.21** The State Government has not formulated (September 2011) any Dividend policy.

### Arrears in finalisation of accounts

**5.1.22** The Accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. The table below provides the details of progress made by working PSUs in finalisation of Accounts by September 2011.

<sup>5</sup> Turnover of working PSUs as per the latest finalised accounts as of 30 September 2011

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Number of Working PSUs	5	5	5	5	5
2.	Number of Accounts finalised during the year	3	1	6	11	8
3.	Number of Accounts in arrears	26	30	29	27	24
4.	Average arrears per PSU (3/1)	5.20	6.00	5.80	5.40	4.8
5.	Number of Working PSUs with arrears in Accounts	5	5	5	5	5
6.	Extent of arrears in years	1 to 8	1 to 9	1 to 10	1 to 10	1 to 11

**5.1.23** The reasons for delay in finalisation of Accounts are attributable to (i) lack of required control over the Companies by Government and (ii) abnormal delay in compilation/approval of the accounts and delayed submission of the same to the Statutory Auditors by the management.

**5.1.24** The State Government had invested ₹ 15.80 crore (Equity: ₹ 9.60 crore, Loans: ₹ 0.63 crore and Grants: ₹ 5.57 crore in five PSUs) during the years for which Accounts have not been finalised as detailed in **Appendix-5.4**. In the absence of Accounts and their subsequent audit, it can not be ensured whether the Income and Expenditure have been properly accounted for and the purpose for which the amount was invested by the State Government has been achieved or not. Thus, the State Government Investment in such PSUs remains outside the scrutiny of the State Legislature. Further, delay in finalisation of Accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

**5.1.25** The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the Accounts are finalised and adopted by these PSUs within the prescribed period. Though the Principal Accountant General (PAG) had brought the position of arrears of Accounts to the notice of the concerned Administrative Departments and officials of the Government periodically, no remedial measures were taken. As a result of this the Net Worth of these PSUs could not be assessed in audit. The Principal Accountant General had also addressed the Chief Secretary/ Finance Secretary periodically to expedite the clearance of arrears in finalisation of Accounts in a time bound manner.

**5.1.26** In view of above state of arrears, it is recommended that the Government should monitor and ensure timely finalisation of Accounts with special focus on liquidation of arrears and comply with the Provisions of the Companies Act, 1956.

### Accounts Comments and Internal Audit

**5.1.27** Three working companies forwarded their eight audited Accounts to PAG during the year 2010-11. They were selected for supplementary audit. 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 comments of Statutory Auditors and CAG are given below.

(Amount ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in loss	2	4.40	6	2.05	2	0.23
2.	Decrease in loss	-	-	-	-	4	1.83
3.	Non-disclosure of material facts	1	49.87	1	15.78	1	4.55
4.	Errors of classification	1	0.56	2	9.48	5	9.07
5.	General	-	-	-	-	8	61.25

**5.1.28** During the year 2010-11, the Statutory Auditors had given qualified certificates in all eight accounts. The compliance of companies with the Accounting Standards (AS) remained poor. There were 35 instances of non-compliance of AS in these eight accounts during the year.

**5.1.29** Some of the important comments in respect of accounts of companies are stated below.

***Mizoram Food & Allied Industries Corporation Ltd (2007-08 to 2009-10)***

- The Company accounted Head Office Management Expenses and Administration Expenditure of ₹ 1.81 crore under the head Pre-operative Expenses, though expenses of such nature were not Pre-operative Expenses as per the guidelines of Detailed Project Reports and Provisions of Sanction Orders issued by the Government of India and Government of Mizoram. This resulted in Understatement of Loss and Overstatement of Pre-operative expenses by like amount.

***Zoram Industrial Development Corporation Limited (2009-10)***

- There was no follow up and control over Loans and Advances (₹ 37.16 crore) which constituted around 87.13 per cent of the total tangible assets of the Company. The recovery measures were not effective.
- Investment of ₹ 1.91 crore with various financial institutions were held in the personal names of the office bearers of the Company.

**5.1.30** The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system and other areas in respect the three companies is given below.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Appendix-5.2
1.	Deficiencies in system of accounts and financial control	3	Sl. No. 1, 2 & 4
2.	Weak internal audit system and inadequate scope of internal audit	3	Sl. No. 1, 2 & 4
3.	Weak control over stores	2	Sl. No.1 & 4
4.	Non maintenance of proper Fixed Assets records	3	Sl. No. 1, 2 & 4

### Reforms in Power Sector

**5.1.31** A Memorandum of Agreement (MoA) was signed (July 2002) between the Union Ministry of Power and the State Government with a joint commitment for implementation of reforms programme in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

Sl. No.	Milestone	Achievement as at March 2011
1.	Corporatisation of the Electricity Department by 2006-07	Power & Electricity Department (P&E) is not yet corporatised.
2.	State Government to set up State Electricity Regulatory Commission (SERC)/Joint Electricity Regulatory Commission (JERC) by December 2003 and file tariff petition.	The Governments of Manipur and Mizoram entered (September 2005) into a Memorandum of Agreement (MoA) with Ministry of Power, Government of India authorising the latter to constitute a Joint Electricity Regulatory Commission (JERC) for the States of Manipur and Mizoram under the provisions of Section 83 of the Electricity Act 2003. Government of India has also committed in the MoA that it would provide financial assistance to JERC during the first five years of its operations subject to the condition that the States of Manipur and Mizoram would complete the process of restructuring and corporatisation of their electricity departments immediately. JERC was constituted in February 2008 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission, distribution and issue of licenses. The Annual Revenue Return (ARR) and Tariff Petition for the year 2009-10 was filed in May 2010. Since the financial year 2009-10 was already over, JERC did not approve the same and directed the Department to file ARR and Tariff Petition for the year 2010-11. Accordingly the ARR and tariff petition for the year 2010-11 was filed in September 2010 and the JERC issued Tariff Order in January 2011 and the tariff was revised with effect from 1 February 2011.
3.	State Government will ensure timely payment of subsidies required in pursuance of orders on the tariff determined by JERC	The State Government had not released subsidy amounting to ₹ 115.00 crore payable by it as per Tariff Order for the year 2010-11 issued by JERC.
4.	100 per cent electrification of villages by 2003	623 out of 707 villages had been electrified by 31 March 2011.

Sl. No.	Milestone	Achievement as at March 2011
5.	Suitable policy provisions to be formulated by the State Government by July 2004 for handing over parts of distribution system on management contract or on lease to local bodies.	Policy for handing over parts of distribution system on management contract or on lease to local bodies was yet (March 2011) to be formulated by the State Government.
6.	Setting up of computerised billing centres by July 2003.	Computerised billing systems have been set up in 7 divisions.

**5.1.32** The operational performance of the Power and Electricity Department for the last three years upto 2010-11 is given in **Appendix-5.5**.

The total Expenditure on power sold during the three years 2008-09, 2009-10 and 2010-11 was ₹ 161.11 crore, ₹ 198.43 crore and ₹ 184.13 crore as against the Revenue of ₹ 87.09 crore, 67.62 crore and ₹ 72.79 crore respectively.

The percentage of transmission and distribution (T&D) losses were as high as 33.01 *per cent* in 2008-09 to 36.99 *per cent* in 2009-10 and 28.95 *per cent* in 2010-11 as against the norm of 15.50 *per cent* fixed by the Central Electricity Authority. During the year 2010-11, the excess T&D Losses over the norms were 57.72 million units costing ₹ 13.80 crore (worked out at average revenue realisation rate of ₹ 2.39 per unit for the year 2010-11).

### State Trading Scheme

**5.1.33** During the year 2010-11, no Proforma Accounts relating to the arrear years were finalised by the Department which are in arrears from the year 2004-05 onwards.

### Mizoram State Transport

**5.1.34** The operational performance of Mizoram State Transport (MST) for the three years ended 31 March 2011 is given in **Appendix-5.6**.

## PERFORMANCE REVIEW

### POWER AND ELECTRICITY DEPARTMENT

#### 5.2 Performance Audit on Power Distribution Activities of Power and Electricity Department, Government of Mizoram

##### *Introduction*

**5.2.1** The distribution system of the power sector constitutes the final link between the power sector and the consumer. The efficiency of the power sector is judged by the consumers on the basis of performance of this segment. However, it constitutes the weakest part of the sector, which is incurring large losses. In view of the above, the real challenge of reforms in the power sector lies in efficient management of the distribution system. The National Electricity Policy in this regard *inter-alia* emphasises on the adequate transition from financing support to aid restructuring of distribution utilities, efficiency improvements and recovery of cost of services provided to consumers to make power sector sustainable at reasonable and affordable prices besides others.

##### *Power Sector in Mizoram*

**5.2.2** In Mizoram - Generation, Procurement, Transmission and Distribution of Power is carried out by Power and Electricity Department (Department). The Department is responsible for promoting, developing and maintenance of Power Distribution Network within the State. The Department is under the Administrative control of Chief Secretary, Government of Mizoram and the Engineer- in-Chief is the functional head of the Department.

The Department had about 1.78 lakh consumers of various categories as on 31 March 2011. The State had a requirement of 107 MW of power (assessed in 17<sup>th</sup> Electric Power Survey) against which the total installed capacity of State owned generating stations was 40.77 MW comprising 17.35 MW of Hydel and 23.42 MW of Thermal power (Diesel generating stations) as on 31 March 2011. The thermal generating stations were kept on standby mode owing to their high cost of operation and hence the effective installed capacity was only 17.35 MW. The State was dependant on outside sources mainly Central Sector Generating Stations (CGS) of North Eastern Electric Power Corporation Limited (NEEPCO) and NHPC Limited (NHPC) for meeting the gap in its energy requirement. The availability of energy from outside sources was around 65.31 MW bringing the total available power to 82.66 MW. Shortfall in supply was partially met from open market through Unscheduled Interchange (UI) and purchase through Indian Energy Exchange (IEX). For drawing power from CGS and other outside sources, the State had transmission Lines owned and maintained by PGCIL Limited.

A Joint Electricity Regulatory Commission for the States of Manipur and Mizoram (JERC) was constituted (January 2005) and it started functioning from January 2008 at Aizawl.

During 2006-07, 220.24 MUs of energy were sold by the Department which increased to 304.93 MUs in 2010-11, an increase of 38.45 *per cent*. As on 31 March 2011, the Department had distribution network of 7,372.41 Circuit Kilometers (CKM) of Transmission Lines, 50 Sub-stations (SS) and 1,273 Transformers of various categories. The turnover of the Department was ₹ 72.56 crore in 2010-11, which was equal to 1.20 *per cent* of the State Gross Domestic Product. It employed 2,408 employees as on 31 March 2011.

The State Government signed an agreement with Government of India (GoI) (July 2002), for development of Power Sector in the State. It was agreed that Department under the State Government would be converted into a Corporation by financial year 2006-07. A firm of Consultants appointed (March 2005) to study and examine the matter and to recommend the modalities for the conversion gave its report (November 2005) which was submitted to State Government (August 2006). Efforts of the Department/State Government to avail financial assistance required for the conversion of the Department to Corporation from Asian Development Bank were not successful (May 2008) and there had been no further progress in the matter (December 2011).

NEP aims to bring out reforms in the Power Distribution sector with focus on system upgradation, controlling and reduction of Transmission and Distribution (T&D) losses and power thefts and making the sector commercially viable besides financing strategy to generate adequate resources. It further aims to bring out conservation strategy to optimise utilisation of electricity with focus on demand side management and load management. In view of the above, a performance audit on the Power Distribution activities of P&E Department, Government of Mizoram was conducted to ascertain whether the Department was able to adhere to the aims and objectives stated in the National Electricity Policy and Plan and to examine how far the distribution reforms have been achieved.

A performance audit on Accelerated Power Development & Reforms Programme was included in the Report of the Comptroller and Auditor General of India (Civil), Government of Mizoram for the year ended 31 March 2009. The Report was yet to be discussed (December 2011) by COPU.

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

**5.2.3** The present performance audit conducted during April 2011 to August 2011 covered distribution activities of the Department for the period from 2006-07 to 2010-11. The performance audit mainly deals with Network Planning and execution, Implementation of Central Schemes, Operational Efficiency, Billing and Collection efficiency, Financial Management and Energy Conservation. The audit examination involved scrutiny of records at the Head Office and four<sup>6</sup> major divisions (earning the highest revenue) out of the 20 divisions under the Department.

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, scrutiny of records at Head Office and selected units, interaction with the Department personnel, analysis of data with reference to

<sup>6</sup> Revenue Division, Aizawl, Power Maintenance Division – I, Lunglei, Power Division, Kolasib and Distribution Division, Aizawl

audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft performance audit report to the Management for comments.

### ***Audit Objectives***

**5.2.4** The objectives of the performance audit were to assess:

- whether aims and objectives of National Electricity Policy/Plans were adhered to and distribution reforms achieved;
- adequacy and effectiveness of network planning and its execution;
- efficiency and effectiveness in implementation of the central schemes such as Restructured Accelerated Power Development and Reform Programme (R-APDRP) and Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY);
- operational efficiency in meeting the power demand of the consumers in the state;
- billing and collection efficiency of revenue from consumers;
- whether Financial Management was effective and surplus funds, if any, were judiciously invested; and
- that energy conservation measures were undertaken.

### ***Audit Criteria***

**5.2.5** The audit criteria adopted for assessing the achievement of the audit objectives were:

- Provisions of Electricity Act 2003;
- National Electricity Policy, Plans and norms concerning distribution network of the Department and Planning criteria fixed by the JERC;
- terms and conditions contained in the Central Scheme Documents;
- standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- Norms prescribed by various agencies with regard to operational activities;
- Norms of technical and non-technical losses; and
- Guidelines/ instructions/ directions of State Government/JERC.

### ***Financial Position and Working Results***

**5.2.6** The financial position of the Department could not be ascertained as Proforma Accounts (financial statements *viz.*, Profit and Loss Account, Balance Sheet *etc.*) were not prepared, though the CPWD Code for accounting Revenue and Expenditure was followed. The Department carried out its day to day operations on the budgetary support of the State Government. The Capital Expenditure was met through either Grants or Loans obtained from the State Government, Central Government or Financial Institutions. Revenue from sale of energy was remitted into State Treasury.

The particulars of cost of electricity *vis-à-vis* revenue realized per unit therefrom are indicated below:

(₹ in crore)						
	Description	2006-07	2007-08	2008-09	2009-10	2010-11
<b>1.</b>	<b>Income</b>					
(i)	Revenue from Sale of Power	44.13	81.44	85.45	66.02	72.56
(ii)	Other income	1.90	1.44	1.64	1.60	0.23
	<b>Total Income</b>	<b>46.03</b>	<b>82.88</b>	<b>87.09</b>	<b>67.62</b>	<b>72.79</b>
<b>2.</b>	<b>Distribution (In MUs)</b>					
(i)	Net Generation	13.91	18.52	10.65	17.33	33.22
(ii)	Total power purchased	288.65	352.60	378.21	347.15	395.96
(iii)	Total Power available for Sale	302.56	371.12	388.86	364.48	429.18
(iv)	Less: Transmission losses	12.10	14.84	5.07	5.39	4.97
(v)	Net Power available for Sale	290.46	356.28	383.79	359.09	424.21
(vi)	Less: Sub-transmission & distribution losses	70.22	77.64	121.76	129.42	119.28
	<b>Net power sold</b>	<b>220.24</b>	<b>278.64</b>	<b>262.03</b>	<b>229.67</b>	<b>304.93</b>
<b>3.</b>	<b>Expenditure</b>					
<b>(a)</b>	<b>Fixed cost</b>					
(i)	Establishment & Administration	18.26	24.93	36.81	52.18	55.91
(ii)	Interest and finance charges	9.36	10.21	19.74	51.12	38.04
	<b>Total fixed cost</b>	<b>27.62</b>	<b>35.14</b>	<b>56.55</b>	<b>103.30</b>	<b>93.95</b>
<b>(b)</b>	<b>Variable cost</b>					
(i)	Fuel	0.13	0.13	2.62	3.29	3.22
(ii)	Purchase of Power	80.00	76.69	86.28	78.81	75.67
(iii)	O & M Expenses	10.85	14.92	15.66	13.03	11.29
	<b>Total variable cost</b>	<b>90.98</b>	<b>91.74</b>	<b>104.56</b>	<b>95.13</b>	<b>90.18</b>
<b>(c)</b>	<b>Total cost 3(a) + (b)</b>	<b>118.60</b>	<b>126.88</b>	<b>161.11</b>	<b>198.43</b>	<b>184.13</b>
<b>4.</b>	Realisation (₹ per unit) (including revenue subsidy)	2.09	2.97	3.32	2.94	2.39
<b>5.</b>	Fixed cost (₹ per unit)	1.25	1.26	2.16	4.50	3.08
<b>6.</b>	Variable cost (₹ per unit)	4.13	3.29	3.99	4.14	2.96
<b>7.</b>	Total cost per unit (in ₹) (5+6)	5.38	4.55	6.15	8.64	6.04
<b>8.</b>	Contribution (4-6) (₹ per unit)	-2.04	-0.32	-0.67	-1.20	-0.57
<b>9.</b>	<b>Loss per unit(in ₹) (4-7)</b>	<b>-3.29</b>	<b>-1.58</b>	<b>-2.83</b>	<b>-5.70</b>	<b>-3.65</b>

Source : Data furnished by the P&E Department and Assessment of Financial Resources for Annual Plans

The realisation *per unit* though increased from ₹ 2.09 to ₹ 2.39 (14.35 *per cent*), the cost *per unit* too increased from ₹ 5.38 to ₹ 6.04 (12.27 *per cent*) during audit period. The negative contribution *per unit* came down from ₹ 2.04 *per unit* to ₹ 0.57 *per unit*, a decrease of 72.06 *per cent* during the same period.

The Power Purchase Cost and Employees Cost (Establishment & Administration) were the two major elements of Cost in 2010-11 and were 41.10 and 30.36 *per cent* of the total cost respectively.

### *Recovery of cost of operations*

5.2.7 The Department was not able to recover its Cost of operations. Though Loss per unit decreased in the year 2007-08 over 2006-07, it increased in the years' 2008-09 and 2009-10 but came down in 2010-11 as given in the graph below:



Analysis of the working results showed that revenue gap of ₹ 72.57 crore in 2006-07 had increased to ₹ 111.34 core in 2010-11. The step increase in revenue gap needed attention of the State Government for necessary remedial action. Our analysis revealed that the main reasons for deficit had been (i) unremunerative tariffs and (ii) high transmission and distribution loss.

### *Audit Findings*

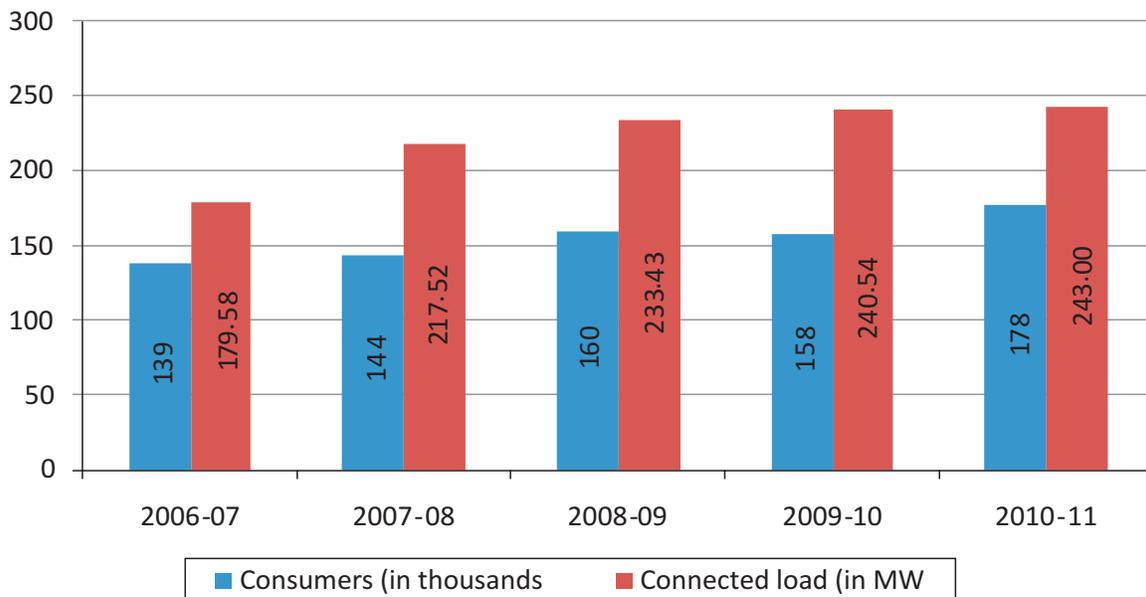
5.2.8 The audit objectives, audit criteria and scope of the performance audit were explained to the Department during an Entry Conference (January 2011). Audit findings were reported to the Department (October 2011) and discussed in an Exit Conference (October 2011) which was attended by Additional Secretary, Joint Secretary and Engineer-in-Chief of the Department. The Department and Government replied (November 2011) to the performance audit report and their replies and views expressed in the Exit Conference have been considered while finalising this performance audit report. The audit findings are discussed in subsequent paragraphs.

### *Distribution Network Planning*

5.2.9 The Department prepared Rural Electrification Plan proposed to be implemented during the period from 2007-08 to 2011-12 (XI Five Year Plan) as required by the Rural Electrification Policy notified by the Central Government in August 2006. Other than this, the Department had

not prepared any comprehensive long term plan for enhancing its distribution capacity keeping in view the growth in demand. Thus, achievements could not be assessed against plans/actual requirements.

The particulars of consumers and their connected load during the audit period are given below in bar chart.



While the system improvement and rural electrification schemes have been dealt with separately under subsequent paragraphs, the particulars of distribution network planned *vis-à-vis* achievement there against in the State as a whole is depicted in **Annexure-5.7**. It may be seen from the annexure that, during the period covered under audit, 26 Sub Stations were added against 21 planned. However, as compared to the growth of connected load of 179.58 MW in 2006-07 to 243.00 MW (equivalent to 303.75 MVA at 0.80 Power Factor) in 2010-11 (35.31 *per cent*) the increase in transformer capacity was only 9.79 *per cent* from 163.35 MVA to 179.35 MVA. Thus, the increase in distribution capacity did not match the pace of growth in consumer demand. Further, taking into account the connected load of 243.00 MW as at the end of March 2011, the requirement of transformers capacity would be 364.50 MVA after considering the requirement of spin reserve of 20 *per cent*. However, the capacity was only 179.35 MVA. After giving margin for maximum load (*i.e.* 90 *per cent*) at which transformers can function in normal manner, the transformers capacity worked out to 161.37 MVA.

We observed instance of poor planning and coordination in implementation of developmental work. These factors led to avoidable extra expenditure besides postponing the delivery of benefits to the consumers.

## Implementation of Centrally Sponsored Schemes

### Rural Electrification

**5.2.10** The National Electricity Policy states that the key objective of development of the power sector is to supply electricity to all areas including rural areas for which the GoI and the State Governments would jointly endeavour to achieve this objective. Accordingly, the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched in April 2005, which aimed at providing access to electricity for all households in five years for which the GoI provides 90 per cent capital subsidy.

Besides, the GoI notified the Rural Electrification Policy (REP) in August 2006. The REP *inter-alia* aimed at providing access to electricity for all households by 2009 and Minimum lifeline consumption of one unit per household per day as a merit good by the year 2012. The other RE schemes *viz.*, Accelerated Electrification of one lakh Villages and one crore household and Minimum Needs Programme were merged into RGGVY. The features of the erstwhile 'Kutir Jyoti Programme' were also integrated into this Scheme.

As on 31 March 2006, out of 707 villages in the State (as per 2001 Census), 570 villages were electrified (80.62 per cent).

Against the target of 137 villages to be newly electrified under RGGVY Scheme by end of the year 2009-10, the achievement till March 2011 was 53 villages where new distribution network had been laid but energisation was pending

Against the target<sup>7</sup> of 137 villages<sup>8</sup> to be newly electrified under the Scheme by the end of financial year 2009-10, the achievement was only 53 villages where only distribution network has been laid but energisation was pending (March 2011). Intensive Electrification has been completed only in 221 villages against the target of 570 villages (March 2011).

Though, villages planned to be newly electrified under the Scheme as per the Detailed Project Report (DPR) (June 2005) and sanction orders issued (January 2006 and December 2006) by REC were 137, the Department has taken up 195 villages to be newly electrified under the scheme.

The original cost estimates of ₹ 267.96 crore for electrification were revised because of change in scope of work to ₹ 519.13 crore, an increase of 93.99 per cent over the original estimate. REC was yet to approve the proposal (December 2011).

We are of the opinion, from the study of the Scheme, the following are the reasons for non achievement of target of 100 per cent electrification of the villages:-

<sup>7</sup> Year wise break up of the target was not available

<sup>8</sup> Un Electrified Villages - 42 and De Electrified Villages - 95

- (i) Delay in preparation of DPR and filing application for sanction of projects and financial assistance.
- (ii) Delay in appointment of Project Consultants and Turnkey Contractors.
- (iii) Delay in completing resurvey and getting quantity variation proposal sanctioned by REC.
- (iv) Delay in finalisation of list of 'Below Poverty line' category families.
- (v) Delay in appointment of Third Party Inspection Agency (TPIA).
- (vi) Delay on the part of Turnkey Contractors.

Further, due to delay in (i) preparation of DPR and (ii) filing of application with REC for sanction of projects, the Department could not avail financial assistance and complete electrification of any new village during the period 2006-07 to 2009-10 though RGGVY Scheme was launched by GoI in April 2005 and scheduled to be completed within a period of 5 years i.e., by March 2010.

No specific reply was offered by the Department and the Government.

### ***Delay in preparation of DPR and filing application for Sanction of Projects and Financial Assistance***

**5.2.11** The Department submitted (June 2005) request for sanction of financial assistance of ₹ 561.06 crore for Rural Electrification Projects covering all the 8 districts in the State under RGGVY to REC along with DPR, prepared with cost data of 2003-04 envisaging implementation of the project departmentally without any provision for cost escalation. REC requested (August 2005) revision and preparation of the DPR district wise which were submitted (September 2005) with a revised cost estimate of ₹ 539.14 crore.

REC accorded (January 2006) sanction of ₹ 38.20 crore for two districts<sup>9</sup> under X Five Year Plan and in December 2006 ₹ 64.24 crore under XI Five Year Plan for the balance six districts<sup>10</sup>. The total sanctioned Project Cost worked out to ₹ 102.44 crore as against the original estimated cost (as per DPR) of ₹ 539.14 crore and the works of Rural Electrification Distribution Backbone (REDB) and Decentralised Distributed Generation and Supply (DDGS) components included in the DPR were excluded.

The Department revised (March 2008) Project Cost Estimate to ₹ 232.10 crore by considering price escalation, extra cost required for execution of the project on turnkey basis as suggested by REC, liability towards Service Tax & Mizoram Value Added Tax, Consultancy Service Charges, Permissible Overhead Expenses etc. The REC approved the Revised Project Cost of ₹ 267.95 crore in August 2008 considering also the value of Turnkey Contracts finalised by that time.

We observed that preparation of a single DPR covering all the districts with Cost Data for the year 2003-04 initially and abnormal delay in submitting the revised estimates (26 months in the case of Saiha and Lawngtlai districts and after 15 months in the case of other districts) resulted in late

<sup>9</sup> Saiha District - ₹ 13.13 crore and Lawngtlai District - ₹ 25.07 crore

<sup>10</sup> Kolasib - ₹ 3.98 crore, Serchhip - ₹ 2.19 crore, Champhai - ₹ 9.74 crore, Aizawl - ₹ 19.93 crore, Lunglei - ₹ 16.68 crore and Mamit - ₹ 11.72 crore

commencement of the project and led to non achievement of target of 100 *per cent* electrification of the villages before 31 March 2010, the target date.

The Department admitted (November 2011) that execution of projects through turnkey contracts involved preparation of technical specifications, tender documents, techno commercial scrutiny etc. for which the Department had no expertise and after engagement of consultant only, preparation of DPR could be completed which resulted in the delay.

### ***Deficiencies in implementation of Rural Electrification Plan***

**5.2.12** In compliance with Sections 4 & 5 of the Electricity Act, 2003, the Government of India notified the Rural Electrification Policy in August 2006, which required formulation of Rural Electrification Plan by all States. Accordingly, Government of Mizoram prepared (June 2008) the Rural Electrification Plan with an estimated cost of ₹ 647.67 crore and notified the same (June 2008). The State Rural Electrification Plan, aimed at-

- a) Provision of access to electricity to all rural households by year 2009.
- b) Quality and reliable power supply at reasonable rates/tariff.
- c) Minimum life line consumption of one unit per household per day as a merit good by 2012.

The Rural Electrification Plan envisaged taking up of projects:-

1. Rural Electricity Distribution Backbone (REDB) – Provision of 33/11 KV (or 66/11 KV) Sub-Stations of adequate capacity and lines in blocks where these do not exist.
2. Creation of Village Electrification Infrastructure (VEI) – electrification of un-electrified villages/ habitations with grid connectivity and intensified electrification of villages electrified already, new connection to all households including free connection to BPL households etc.
3. Decentralised Distributed Generation and Supply (DDGS) – setting up of Small Hydel Projects (SHPs) in remote parts of the State where grid connectivity is either not possible or not cost effective provided it is not covered under the programme of Ministry of Non-Conventional Energy Sources.

The Detailed Project Report (DPR) prepared and submitted (June/September 2005) by the Department to REC contained provision for 34 nos. 33/11 KV Sub Stations (REDB) and 7 SHPs (DDGS) among other items. REC sanctioned (January/ December 2006) ₹ 267.96 crore under RGGVY. Out of 34 SS included in the DPR submitted to REC, only 4 were sanctioned excluding the remaining 30 since the blocks in which they were proposed to be constructed already had SS. Reasons for disapproval of proposal for 7 SHPs were not available on record.

We observed that the DPR prepared and submitted to REC earlier (June/ September 2005) contained Sub Stations at 34 locations including the 18 Sub Stations considered in the Rural Electricity Plan. The other 16 locations included in the DPR represented blocks having existing Sub Stations.

The Department replied (November 2011) that items excluded from RGGVY had been included in another scheme being submitted to REC for approval.

The point states that the Department was aware of the exclusion of components proposed under the Scheme, they did not make any efforts to avail funds either from the State Government through budgetary support or from financial institutions as loans till date (December 2011) which indicated deficiency in implementation of projects.

### ***Extension of undue benefit to Contractors – ₹ 14.98 crore***

**5.2.13** As per Section 7 of the Mizoram Value Added Tax Act, 2005, read with Sub Section (2) of Section 11, a Supplier/Contractor supplying and fitting electrical goods or supplying and installing electrical equipments including transformers is liable to pay tax at the rate of 12.50 *per cent* on taxable turnover of sales or taxable contractual transfer price.

The Department requested (June 2009) the Government of Mizoram to grant exemption from levy of MVAT for those electrical materials to be utilised in execution of RGGVY Projects in the State, in the line of fiscal incentives extended to infrastructural development projects in other states to which the Government acceded (February 2010).

The Department got exemption from levy of Mizoram VAT but instead of availing it for their benefit passed on the same to the contractors.

Though the exemption was sought with the aim of curtailing cost of the project, the Department did not avail the benefit for themselves and released the exempted tax of ₹ 14.98 crore (worked out on payments made upto 31 March 2011) from progressive payments made for the materials which resulted in passing of undue benefit to the Contractors. The Department should start the recoveries immediately along with arrears from future payments made to the Contractors.

The Department did not furnish their reply.

### ***Delay in rectification of defects by the Turnkey Contractors***

**5.2.14** The Third Party Inspection Agency (TPIA) had inspected (September 2010 to May 2011) 150 villages and pointed out 1485 discrepancies. We observed that the Turnkey Contractors had not rectified any of these defects/short comings pointed out by the TPIA till June 2011. Out of 150 villages where defects/short comings had been noticed, rectifications have been done only in 52 villages. There was little or no follow up action on the part of the Department.

The Department replied (November 2011) that the Contractors have rectified most of the defects/short comings. However, the reply was not supported by facts. We noticed delay in rectification of the defects/short comings ranging from 5 to 11 months.

### ***Non levy of liquidated damages - ₹ 5.62 crore***

**5.2.15** Letter of Award (LOA) issued (September 2008) to Contractors M/s. T&T Projects Limited and M/s. Satnam Global Infraprojects Limited for Supply and Erection Works envisaged completion of works within a period of 18 months from the date of issue of LOAs *i.e.*, by March 2010 and for levy of liquidated damages @ 0.5 *per cent* per week of the material value supplied beyond scheduled date, subject to a maximum of 5 *per cent* of the total material value not supplied within scheduled date.

The Department did not levy liquidated damages of ₹ 5.62 crore as per the LOAs/ agreements for failure to supply materials in time.

We observed that the Department did not levy liquidated damages amounting to ₹ 5.62 crore as per the LOAs/ Agreements provisions on the Contractors for their failure to complete supply of materials before the scheduled date of completion of works.

Department stated (November 2011) that based on the resurvey conducted, the scope of the contract was enhanced and approval for the quantity variation proposal submitted to REC was awaited (November 2011). In the absence of formal approval for quantity variation proposal, the completion of work could not be insisted and scheduled date adhered to. Thus liquidated damages could not be imposed.

Reply of the Department was not acceptable since after resurvey, the scope of the contracts had increased and not decreased and there were no impediments for the Contractors to complete the supply as per the original plan. Further, the Contractors without waiting for such approval had supplied materials.

### ***Non-compliance of REC instructions on Investment of Funds received in Interest Bearing Deposits resulted in Loss of Interest amounting to ₹ 2.40 crore***

**5.2.16** REC sanctioned (August 2008) ₹ 267.96 crore for the RGGVY projects and released (September 2008) the first installment of ₹ 78.31 crore after deducting their Service Charges of ₹ 0.45 crore.

REC had instructed (April 2008) the implementing agencies to keep the funds in interest bearing deposits of nationalised banks only, till payments were made to contracting agencies. The interest earned was required to be accounted for and used for meeting cost of the project by way of adjustments in the last installment.

We observed that the Department maintained heavy balances in their savings bank account (with State Bank of India) contrary to the REC directive, which resulted in loss of Interest amounting to ₹ 2.40 crore.

The Department opened (March 2010) another savings bank account with Axis Bank, (a non nationalised Bank) in violation of REC's direction and transferred money to it from savings bank/ fixed deposit account with the State Bank of India which also resulted in Loss of Interest amounting to ₹ 0.28 crore. In addition it prematurely withdrew fixed deposits to make payments to contractors inspite of having sufficient balances in savings accounts.

The Department admitted (November 2011) and assured that better planning would be done in future to avoid premature withdrawals of deposits.

### ***Diversion from RGGVY Funds***

**5.2.17** REC guidelines permitted utilisation of ₹ 21.22 crore (10 and 8 *per cent* of the cost of the projects sanctioned under X and XI Five Year Plan respectively) towards meeting its overhead expenditure in connection with implementation of projects under RGGVY. The fees/consideration of ₹ 21.60 crore payable to REC (Nodal Agency of the Scheme), MECON (Consultant for the Project), TCIL (Third Party Inspection Agency) and STESALIT (Contractors for GIS Mapping) were to be met from this allocation towards overhead expenditure. Any amount spent over and above the permissible expenditure was to be met by the Department.

Though no surplus was available out of overhead expenditure allowed by REC, the Department spent an additional amount of ₹ 1.13 crore out of RGGVY funds on fuel, Stationery & Travelling Expenses, Purchase of Vehicles, Salary, Survey and Supervision of Works, Constructions, Payment of Muster Roll Wages *etc.* without any justification and was irregular.

The Department stated (November 2011) that REC's share of fees was separately provided in the Project cost and so it was not required to be met out of overhead expenditure. However, the reply did not justify reasons for diverting funds for meeting expenses not connected with RGGVY Projects.

### ***Financial and Physical Progress***

**5.2.18** The overall physical progress of the projects upto 31 March 2011 was only 33 *per cent*. None of the villages where work had been completed, was energised and handed over to the Department by the Contractors either because inspection by the Electrical Inspectorate or rectification of defects pointed out by the Third Party Inspection Agency, was pending. On the other hand, 89 *per cent* of the total project cost of ₹ 267.96 crore i.e. ₹ 237.61 crore had been released by REC. Of the amount received, the Department spent ₹ 190.43 crore i.e., 71 *per cent* of the Approved Project Cost wherein ₹ 171.15<sup>11</sup> crore was towards payments to Contractors i.e., 69 *per cent* of the total contract price. This indicated that physical progress was not commensurate with financial progress.

<sup>11</sup> ₹ 22.10 crore in 2008-09, ₹ 93.85 crore in 2009-10 and ₹ 55.20 crore in 2010-11

We observed that the contractors were taking up villages for electrification in piecemeal fashion only. As on 31 March 2011, in 77 villages work was not started. For want of sufficient storage space with the Department, the concerned divisions were required to receive the materials after verification and immediately hand over the same to the contractors. Though according to Clause 2.7 of the LOAs for supply of materials, the contractors were required to produce indemnity bonds executed in stamp papers for each lot of materials so handed over, the Department was not insisting on this requirement.

The Department admitted the fact of lower physical progress compared to financial progress and stated (November 2011) that the payments so far made to the Contractors were only towards supply contracts which constituted approximately 87 per cent except 10 per cent initial advance made towards erection contracts.

### ***Accelerated Power Development Reforms Programme***

**5.2.19** The Union Ministry of Power (MoP) launched (February 2001) the Accelerated Power Development Programme (APDP) to accelerate power sector reforms which was renamed (March 2003) as Accelerated Power Development & Reforms Programme (APDRP). APDRP envisaged upgradation of sub-transmission system (33 KV and below) and to encourage/motivate utilities to reduce cash losses by providing incentives with the financial support of the GoI. The main objectives of APDRP were to

- Reduce aggregate technical and commercial (AT&C) losses;
- Bring about commercial viability in the power sector;
- Reduce outages and interruptions; and
- Increased consumer satisfaction.

As per the Memorandum of Agreement (MoA) entered into (July 2002) between the State Government and the MoP for undertaking reforms in power sector in the State, seven projects for Consumer Metering/System Metering and Strengthening of Sub-transmission and distribution systems in five circles<sup>12</sup> at an aggregate estimated cost of ₹ 108.74 crore, were sanctioned between July 2002 and September 2004.

The Department incurred expenditure of ₹ 106.15 crore on the projects till 31 March 2009, when the programme was closed. We observed that though the Department had spent the entire sanctioned amount on the project, they could not complete all the work as per the DPR. They either dropped or down sized the projects as funds sanctioned from MoP were insufficient.

Though the Department had revised the DPRs in January 2007, they had neither mobilized the additional funds required from Financial Institutions nor met the same from their own resources. Since estimated expenditure for many works required higher allocations, funds were required to be diverted from other works thereby resulting in their being abandoned or being downsized.

<sup>12</sup> Aizawl, Champhai, Lunglei, Project and Transmission Circle

Thus, as a result of their failure to take up and complete all items of work originally planned, the Department could not achieve the objectives of the scheme.

The Department confirmed (November 2011) the facts.

### ***Restructured Accelerated Power Development Reforms Programme***

**5.2.20** In order to carry on the reforms further, the GoI launched the Restructured APDRP (R-APDRP) in July 2008 as a Central Sector Scheme for XI Five Year Plan. The R-APDRP scheme comprised Part-A and B. Part-A was dedicated to establishment of IT enabled system for achieving reliable and verifiable baseline data system in all towns besides installation of SCADA<sup>13</sup>/ Distribution Management System. For this, 100 per cent Loan was provided which was convertible into Grant on completion and verification of the Scheme by third party independent evaluating agency. Part-B of the scheme dealt with strengthening of regular sub-transmission & distribution system and upgradation projects.

### ***Progress in implementation of the Schemes***

**5.2.21** The Department entered into an agreement (September 2009) with Union Ministry of Power, State Government and Power Finance Corporation (PFC) in connection with implementation of R-APDRP Scheme in the State. Pending finalisation of DPRs, PFC sanctioned (June 2010) ₹ 34.26 crore for Projects under Part - A covering 9 towns<sup>14</sup>. After finalisation (September 2010) of DPRs, the Projects were finally sanctioned for ₹ 35.12 crore.

The completion target set for the project was 3 years from the date of sanction. We observed inordinate delay in deciding the modality with regard to the utilisation of the sanctioned fund. After submitting the proposal (May 2010) for opening of Bank Account, Government of Mizoram took more than 6 months for according their approval. Allocation of fund (₹ 10.54 crore) towards advance payment under Part-A was made on 2 March 2011 and Expenditure Sanction was given on 31 March 2011.

Even after 1 year of sanction of the project by PFC, progress in implementation of Part-A of the Projects remained poor. The Steering Committee for appointment of IT Implementing Agency (ITIA) under R-APDRP decided to appoint common ITIA for all the North Eastern States implementing R-APDRP. Though tender for this work had been issued, it could not be finalised as the process was the subject of a legal dispute.

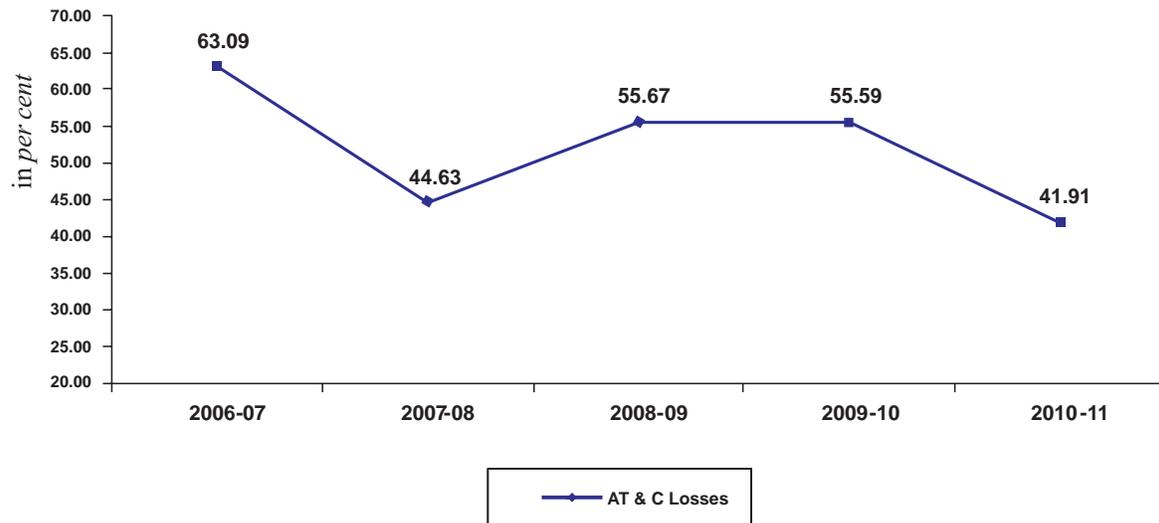
The Department stated (November 2011) that an IT Consultant had been appointed and materials/equipments required for Part-A Projects had been ordered. However, the fact remains that there has been delay in implementation of the scheme and delivery of the intended benefits.

<sup>13</sup> Supervisory Control And Data Acquisition – It generally refers to industrial control systems; computer systems that monitor and control industrial, infrastructure, or facility-based processes

<sup>14</sup> Aizawl, Champhai, Khawzawl, Kolasib, Lunglei, Saiha, Saitual, Serchhip and Lawngtlai

### Aggregate Technical & Commercial Losses

5.2.22 One of the prime objectives of R-APDRP scheme was to strengthen the distribution system with the focus on reduction of Aggregate Technical & Commercial Losses (AT&C losses) on sustainable basis. The graph below depicts the AT&C losses<sup>15</sup> over the audit period in the Department.



Had Part-B of the R-APDRP Scheme been implemented without delay, the Department could have reduced the AT&C Losses considerably and added to its revenue.

### Operational efficiency

5.2.23 The operational performance of the Power and Electricity Department is judged on the basis of availability of adequate power for distribution, adequacy and reliability of distribution network, minimising line losses, detection of theft of electricity, *etc.* These aspects have been discussed below:-

### Sub-transmission & Distribution Losses

5.2.24 The distribution system is an important and essential link between the power generation source and the ultimate consumer of electricity. For efficient functioning of the system, it must be ensured that there are minimum losses in sub-transmission and distribution of power. While energy is carried from the generation source to the consumer, some energy is lost in the network. The losses at 33 KV stage are termed as sub-transmission losses while those at 11 KV and below are termed as distribution losses. These are based on the difference between total energy generated and procured by the Department and energy billed to consumers. The percentage of losses to available power indicate the effectiveness of Distribution system. The losses occur mainly on two counts, *i.e.*, technical and commercial. Technical losses occur due to inherent character of equipment used for transmitting and distributing power and resistance in conductors through which the energy

<sup>15</sup> The AT&C Losses mentioned here are only for towns where APDRP has been implemented

is carried from one place to another. On the other hand, commercial losses occur due to theft of energy, defective meters and drawal of unmetered supply etc.

The table below indicates the energy losses for the Power and Electricity Department for the last five years upto 2010-11.

(in Million Units)

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Energy Availability	302.56	371.12	388.86	364.48	429.18
2.	Energy sold	220.24	278.64	262.03	229.67	304.93
3.	Energy losses (1 – 2)	82.32	92.48	126.83	134.81	124.25
4.	Percentage of energy losses (per cent) $\{(3 / 1) \times 100\}$	27.21	24.92	32.62	36.99	28.95
5.	Norm allowed by CEA (in percentage)	15.50	15.50	15.50	15.50	15.50
6.	Excess losses (in MUs)	35.43	34.96	66.57	78.33	57.72
7.	Average realisation rate per unit (in ₹)	2.07	2.97	3.32	2.94	2.39
8.	Value of excess losses (₹ in crore) (6 x 7)	7.33	10.38	22.10	23.03	13.80

Every percentage reduction in the Transmission and Distribution Losses would add ₹ 1.03 crore to the revenue of the Department

It would be seen from the above table that losses ranged between 24.92 and 36.99 *per cent* during the period covered under audit. Reduction in these losses was the most significant step towards making the Department financially self-sustaining. The importance of reducing losses can be gauged from the fact that a one *per cent* decrease in losses could add ₹ 1.03 crore to the revenue of the Department. The main reasons for such high energy losses were insufficient transformation capacity, low power factor, huge number of unmetered consumers and theft of electricity etc.

The Department's reply was awaited (December 2011).

### ***Inadequate transformation capacity***

**5.2.25** Transformer is a static device installed for stepping up or stepping down voltage in transmission and distribution of electricity. The energy received at high voltage (132 KV, 66 KV, 33 KV) from primary sub-stations is transformed to lower voltage (11 KV) at 33/11 KV sub-stations to make it usable by the consumers. In order to cater to the entire connected load, the transformation capacity should be adequate. The ideal ratio of transformation capacity to connected load is considered as 1:1. The table below indicates the details of transformation capacity at 33/11 KV sub-stations and connected load of the consumers in the State during the period 2006-11.

(in MVA)

Year	Transformation Capacity	Connected load	Gap in Transformation capacity	Ratio of Transformation capacity to connected load
2006-07	144.700	224.478	79.778	1:1.55
2007-08	144.700	271.900	127.200	1:1.88
2008-09	144.700	291.788	147.088	1:2.02
2009-10	144.700	300.675	156.975	1:2.08
2010-11	174.550	303.750	129.200	1:1.74

It can be seen from the table above that the ratio of transformation capacity to total connected load ranged between 1:1.55 and 1:2.08. We observed that such a high gap of transformation capacity led to overloading of the system resulting in frequent tripping and adverse voltage regulation with consequential higher quantum of energy losses.

The Department stated (November 2011) that the low ratio of transformation capacity to connected load would not necessarily overload the transformers as the total load drawn by the consumers can never be the sum total of their connected load. The contention of the Department that the transformers are not overloaded was not supported by facts when the rate of failure of transformers was in excess of the regional norms as discussed in next paragraph.

### *Performance of Distribution Transformers*

**5.2.26** The Department had not adopted any standard norm for distribution transformers failure. We therefore adopted One *per cent* (taken as standard by Meghalaya State Electricity Board) as the standard norm of failure of Distribution Transformers (DTRs). The details of standard norm, actual DTRs failed and the expenditure incurred on their repairs is depicted in the table below:

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Existing DTRs at the close of the year (in Number)	1049	1167	1198	1273	1273
2.	DTR Failures (in Number)	66	94	98	106	67
3.	Percentage of failures	6.29	8.05	8.18	8.32	5.26
4.	Norm (in percentage)	1.00	1.00	1.00	1.00	1.00
5.	Excess failure percentage over norms	5.29	7.05	7.18	7.32	4.26
6.	Expenditure on repair of failed DTRs (₹ in crore)	0.57	1.41	1.12	1.71	1.08

Failure of DTRs could be minimised by taking adequate steps for preventive maintenance as well as improving the low ratio of transformation capacity to connected load as discussed in the paragraph above. Cause wise analysis showed that maximum failure occurred due to Lightning Strike which could have been controlled by providing lightning arrestors to each transformers.

### Commercial losses

5.2.27 The majority of commercial losses relate to consumer metering and billing besides pilferage of energy. While the metering and billing aspects have been covered under implementation of R-APDRP scheme and Billing efficiency, respectively, the other observations relating to commercial losses are discussed below:-

#### Implementation of LT less system

5.2.28 High voltage distribution System is an effective method of reduction of technical losses, prevention of theft, improved voltage profile and better consumer service. The GoI had also stressed (February 2001) the need to adopt LT less system of distribution through replacement of existing LT lines by HT lines to reduce the distribution losses. The HT-LT ratio in the State over the audit period is depicted in the table below:

Year	HT (in CKM)	LT (in CKM)	Ratio
2006-07	5043.44	2220.97	1:0.44
2007-08	5059.44	2230.97	1:0.44
2008-09	5074.44	2237.97	1:0.44
2009-10	5097.44	2243.97	1:0.44
2010-11	5120.44	2251.97	1:0.44

It may be seen that, the ratio remained static during the period covered under audit and the Department had not taken adequate steps to improve the HT-LT ratio during the audit period.

The Department did not furnish their reply.

#### Implementation of the Scheme 'LT Overhead lines with Aerial Bunched Cables for Aizawl, Mizoram'

5.2.29 The North Eastern Council (NEC) accorded (February 2007) approval for the Scheme titled 'LT Overhead Lines with Aerial Bunched Cables for Aizawl, Mizoram' at an estimated cost of ₹ 4.70 crore. The scheme was required to be implemented within two years from the date of release (February 2007) of 1<sup>st</sup> installment of funds by NEC. The scheme was financed by NEC on the pattern of Central Assistance for special category states i.e., 90 per cent as Grant and 10 per cent as Loan (to be arranged by State Government).

The work was completed in the last quarter ending 2009-10 at a cost of ₹ 3.35 crore. The balance amount of ₹ 0.78 crore to be funded by NEC was yet (December 2011) to be released. We observed that the Department made excess purchase of cables worth ₹ 2.17 crore (**Appendix-5.8**) due to preparing the estimate for the work unrealistically and availing excess funds over requirement from NEC. The Department used the excess funds for purchase of additional quantity of cables in excess of requirement and as a result cables worth ₹ 0.90 crore were still lying unused resulting in wasteful expenditure. An additional quantity of 43.185 KM of cables over estimate was also seen used.

The Department stated (November 2011) that, when the price of cables was found lower than that of the estimate due to competitive bidding, excess quantity could be purchased to cover more area and this was done based on the revised estimate. Cables of sizes other than that of the estimate were purchased based on the load of intended area to be covered. The reply does not explain the reason for the presence of idle stock worth ₹ 0.90 crore remaining for more than one year beyond the completion date. Further, it was against the canons of financial propriety to inflate the estimate in excess over actual requirement, which could have been utilised for other vital works. It was also essential that the purchase of excess quantity over the estimate had to be approved by the State Purchase Advisory Board, whose approval was not taken.

### ***Billing Efficiency***

**5.2.30** As per the prescribed procedure, the Department was required to take the reading of energy consumption of each consumer at the end of the notified billing cycle. After obtaining the meter readings, the Department issued bill to the consumers for consumption of energy. Sale of energy to metered categories consisted of two parts *viz.*, metered and assessed units. The assessed units refer to the units billed to consumers in case meter reading is not available due to meter defects, door lock etc. Billing of all the consumers were being done at Sub-Division level. Consumers were being billed on monthly basis.

We observed that energy billed during the audit period ranged between 63.01 (in the year 2009-10) to 75.08 (in the year 2007-08) *per cent* of the total energy available for sale while there was no free supply. Further, assessed sales constituted 3.74 to 9.75 *per cent* of the energy billed during the same period.

The Department stated (November 2011) that it was taking maximum efforts to improve billing efficiency by timely replacement of defective energy meters.

### ***Revenue Collection Efficiency***

**5.2.31** As revenue from sale of energy was the main source of income of the Department, prompt collection of revenue assumed great significance.

We observed that the balance dues outstanding at the end of the year 2010-11 decreased to ₹ 1.27 crore from ₹ 6.63 crore in 2006-07. This was equivalent to 0.19 months of collection.

### ***Financial Management***

**5.2.32** Efficient fund management serves as a tool for decision making, for optimum utilisation of available resources and borrowings at favourable terms at appropriate time. The financial management of the Department includes revenue collection, billing, borrowings, grants, transfer of funds, interest recovery/payments, restructuring of loans, security deposits, bank reconciliations and other related transactions. While the revenue and billing have dealt in the preceding paragraphs, the other areas are discussed below:-

### Subsidy Support and Cross Subsidisation

**5.2.33** There was an urgent need for ensuring recovery of cost of service from consumers to make the power sector sustainable. The State Government was providing subsidy with a view to ensure supply of power to specific category of consumers at concessional rates of tariff.

#### Subsidy Support

**5.2.34** During the audit period, tariff was revised only once (February 2011). The average tariff now fixed was ₹ 3.30 per unit while the previous average tariff was ₹ 2.10 per unit which was fixed in 2005. Average cost of power as per the petition filed by the Department for the present revision was ₹ 9.91 per unit. The Government had agreed to pay a subsidy of ₹ 115 crore to enable the Department to bring down the average tariff to an affordable level of ₹ 3.30 per unit.

The Department stated (November 2011) that the amount of subsidy committed by the State Government may not be released in cash since it was one of the Departments under Government of Mizoram and all its Revenue Expenditure were being met by the State Government based on requirement.

#### Cross Subsidisation

**5.2.35** Section 61 of Electricity Act 2003 stipulated that the tariff should progressively reflect the average cost of supply (ACOS) of electricity and also reduce cross subsidy in a phased manner as specified by the Commission. National Tariff Policy envisaged that the tariff of all categories of consumers should range within plus or minus 20 per cent of the ACOS by the year 2010-2011. The position of cross-subsidy in various major sectors is placed in the table below:

Particulars	2006-07		2007-08		2008-09		2009-10		2010-11	
Average cost of supply (ACOS) [Paise per Unit]	538		455		615		864		#333	
Average Revenue from										
	Paise per unit	Percentage of ACOS								
Domestic	186	35	220	48	223	36	188	22	274	82
Commercial	243	45	285	63	280	46	342	40	422	127
Industrial	231	47	318	70	327	53	320	37	674	202
Agricultural	---	---	---	---	250	41	120	14	110	33
Others	177	33	396	87	356	58	410	47	447	134

# Rate considered by the JERC, excluding Subsidy Support from the State Government i.e. ₹ 3.33 per unit

The cross subsidy continue to be at unsustainable levels in respect of all categories of consumers other than domestic consumers

It may be seen from the above table that the cross subsidy continues to be at unsustainable levels in respect of all categories of consumers except domestic during 2010-11. There is a need to correct this imbalance by progressively and gradually reducing the existing cross subsidies levels.

The Department replied (November 2011) that cross subsidy among different categories of consumers were worked out in line with JERC's Tariff Order. The point stays that there is a need to correct the imbalance.

### Tariff Fixation

**5.2.36** The financial viability of the Department depended upon generation of surplus (including fair returns) from the operations to finance their operating needs and future capital expansion programmes by adopting prudent financial practices. Revenue collection was the main source of generation of funds for the Government from the Department. While other aspects relating to revenue collection had been discussed in preceding paragraphs, the issues relating to tariff are discussed here under.

The tariff structure of the Department was subject to revision approved by the JERC after the objections, if any, received against Aggregate Revenue Requirement (ARR)/Tariff Petition filed by it within the stipulated date. The Department was required to file the ARR for each year 120 days before the commencement of the respective year. The table below shows the due date of filing ARR, actual date of filing, date of approval of tariff petition and the effective date of the revised tariff.

Year	Due date of filing	Actual date of filing	Delay in days	Date of approval	Effective date
2009-10	31-03-2009	31-05-2010	426	Not approved since filed after due date	NA
2010-11	30-11-2009	13-09-2010	286	12-01-2011	01-02-2011

We observed that there was inordinate delay in filing ARR/Tariff Petition for the years 2009-10 and 2010-11. The Department delayed furnishing reply to the queries raised by JERC on the ARR and Tariff Petition. Though JERC notified (November 2008) the Tariff Regulations, the Department took initiative for filing ARR and Tariff Petition after lapse of two and a half months. Further, P&E Department did not prepare and submit ARR and Tariff Petition for the year 2009-10 in the prescribed format.

Due to delay in filing ARR/Tariff Petition and getting JERC's approval for the same, the Department could not revise Tariff in time. Tariff Revision was due on 1 April 2009 whereas the Revision was made effective only on 1 February 2011 which resulted in loss of ₹ 24.32 crore.

The Department admitted and replied (November 2011) that ARR and Tariff Petition for the year 2009-10 was the first one of its kind filed by the Department from its inception and ARR and Tariff Petitions would be filed in time in future.

We observed that the extent of Tariff was lower than Breakeven levels (in percentage terms) of Revenue from sale of power at the present level of operations and efficiency for the last five years ending 31 March 2011 as shown in the table below:

(₹ in crore)

Year	Sales (excluding subsidy)	Variable costs	Fixed costs	Contribution	Deficit in recovery of fixed costs	Deficit as percentage of sales
(1)	(2)	(3)	(4)	(5) = (2) – (3)	(6) = (4) – (5)	(7) = {(6)/ (2)} X 100
2006-07	44.13	90.98	27.62	-46.85	74.47	168.75
2007-08	81.44	91.74	35.14	-10.30	45.44	55.80
2008-09	85.45	104.56	56.55	-19.11	75.66	88.54
2009-10	66.02	95.13	103.30	-29.11	132.41	200.56
2010-11	72.56	90.18	93.95	-17.62	111.57	153.76

It could be seen from above table that the Department could not recover their variable cost also in any of the years in the Audit period. However, control of AT&C losses, improving billing and collection efficiency *etc.*, which have been discussed in the other paragraphs, would have helped improve the contribution of the Department.

### Energy Conservation

**5.2.37** Energy conservation activities in the State are handled by State Designated Agency (SDA) established under Energy Conservation Act 2001 which is working in co-ordination with the P&E Department. SDA had distributed (March 2011) 1,415 Solar Home Lighting System, 3,742 Solar Lantern and 40 Power Pack at concessional rates to the needy public mainly in rural areas. SDA also conducted awareness campaigns on energy conservation by distributing pamphlets, stickers, calendars *etc.*

The proposal (March 2010) of Department to provide Compact Fluorescent Lamps to consumers at a concessional rate was under the consideration of the State Government. In the State, use of Solar Energy for hot water in some categories of buildings under private ownership and of the State Government was made mandatory from the year 2006.

### Conclusions

We observed

- Absence of comprehensive long term plans for enhancing distribution capacity keeping in view the growth in demand and separate Annual Plans or year wise split up for the targets/goals under the Rural Electricity Plan.
- Poor preparation of detailed project reports leading to the funding agencies delaying the release and ultimately reduce the financial assistance.
- Ineffective implementation of Centrally Sponsored Schemes resulted in non provision of electricity to rural households.

- Delay in execution of projects contributed to cost overruns with additional finances being not available leading to parts of the projects being downsized.
- Non-compliance of guidelines issued by funding agencies in execution of projects.
- Abnormally high Aggregate Technical and Commercial Losses.
- Poor Billing Efficiency.
- Cross Subsidy was at unsustainable levels except in the case of domestic consumers.
- Delay in filing ARR/Tariff Petition for the years 2009-10 and 2010-11.

### ***Recommendations***

- Prepare comprehensive Long Term Plans for enhancing distribution network along with Separate Annual Plans.
- Prepare Detailed Project Reports realistically.
- Implement projects without time and cost overruns.
- Guidelines issued by funding agencies should be strictly followed.
- Strive to bring down Technical and Commercial Losses.
- The Tariff adopted should be brought to the norm of plus or minus 20 *per cent* of the average cost of supply for various categories of consumers.
- Avoid delay in revision of tariff by timely filing of ARR and tariff petition.

## AUDIT OF TRANSACTIONS

### POWER AND ELECTRICITY DEPARTMENT

#### 5.3 Avoidable expenditure

**Failure of P&E Department in getting registered under Central Sales Tax (CST) Act and availing concessional rate of CST on interstate purchases by issue of 'C' Forms, caused avoidable expenditure of ₹ 2.37 crore.**

The Power and Electricity Department (Department) purchases various items of material intended for Construction and Maintenance of Power Generating Stations, Sub Stations, Transmission and Distribution Networks etc from sources outside the State of Mizoram. Prior to 1 April 2007, the Department, though not a registered dealer under Central Sales Tax (CST) Act could avail concessional rate of CST on such purchases by furnishing 'D' Forms. But by Taxation Law Amendment Act, 2007 (effective from 1 April 2007), the facility of inter-State purchases by Government Departments against 'D' Forms was withdrawn.

However, the Department could have continued to avail of the concessional rate of CST by furnishing 'C' Forms instead of 'D' Forms. Since 'C' Forms are issued only to dealers registered under CST Act and Department did not take such registration, it could not obtain 'C' Forms and furnish the same to the suppliers for availing concessional rate of CST.

The rates of CST on interstate purchases against 'C' Forms were 3 *per cent* during the period from April 2007 to 31 May 2008 and 2 *per cent* from 1 June 2008 to 31 March 2011, whereas on interstate purchases without 'C' Forms, CST was payable at the rate according to local VAT Acts i.e., 12.5 *per cent* and the differential rates work out to 9.5 *per cent* and 10.5 *per cent* respectively for the above period. Thus, due to failure in getting itself registered under CST Act and availing concessional rate of CST by issue of 'C' Forms, the Department incurred avoidable expenditure of ₹ 2.37 crore on interstate purchases of ₹ 10.50 crore and ₹ 13.07 crore made during the period 1 April 2007 to 31 May 2008 and 1 June 2008 to 31 March 2011 respectively.

The Department stated (July 2011) that, it was not eligible to be registered under the CST Act. It also stated that the Department was not a dealer and the materials purchased were not for re sale or for use in generation of electricity. This contention of the Department was not correct in view of the following:-

- (i) Explanation 2 to Section 2 (Clause b) of the CST Act, 1956 states that 'A Government which, whether or not in the course of business buys, sells, supplies or distributes goods, directly or otherwise, for cash or for deferred payment or for commission, remuneration or other valuable consideration, shall be deemed to be a dealer for the purpose of this Act'.

- (ii) As per Section 8(1) of CST Act, 1956 read with Rule 3 of CST, Rules 1957, a dealer registered under Section 7(1) of the said Act can issue 'C' Forms for availing the benefit of concessional rate of CST provided the goods are intended to be used in generation or distribution of Electricity or any other form of power.
- (iii) The materials purchased were for use in construction and maintenance of Power Generating Stations, Sub Stations, Transmission and Distribution Networks etc as seen from the details of purchase orders furnished by the Department.
- (iv) Departments/Boards/Companies of other States engaged in Generation and Distribution of power are registered under CST Act and they are availing concessional rate of CST by issue of 'C' Forms.



**Aizawl**  
**The 5 June 2012**

**(L. Tochhawng)**  
**Principal Accountant General (Audit), Mizoram**

**Countersigned**



**New Delhi**  
**The 12 June 2012**

**(Vinod Rai)**  
**Comptroller and Auditor General of India**

## Appendix-1.1

### Statement showing details of excess teachers in Primary and Upper Primary Schools

(Reference: Paragraph-1.1.9.5; Page-13)

#### I. Primary Schools (as on December 2010):

Sl. No.	Name of District	Student enrolment in Govt. Primary Schools	Requirement of Primary teachers													Total number of P/S teachers available			PTR w.r.t teachers available and enrolment	Teacher deployment position (+) Excess (-) Less
			No. of schools with enrolment upto 80 student	Required no. of teachers	No. of schools with enrolment between 81 - 120	Required no. of teachers	No. of schools with enrolment between 121 - 160	Required no. of teachers	No. of schools with enrolment between 161 - 200	Required no. of teachers	No. of schools with enrolment between 201 - 240	Required no. of teachers	No. of schools with enrolment between 241 - 280	Required no. of teachers	Total required primary teachers	State	SSA	Total		
			(4)	(5)=(4)x2	(6)	(7)=(6)x3	(8)	(9)=(8)x4	(10)	(11)=(10)x5	(12)	(13)=(12)x6	(14)	(15)=(14)x7	(16)=(5) + (7)+(9) + (11)+(13)	(17)	(18)	(19)		
1.	Aizawl	15614	246	492	28	84	14	56	1	5	0	0	0	0	637	1228	76	1304	11.97	(+) 667
2.	Champhai	14351	78	156	48	144	23	92	3	15	0	0	0	0	407	411	40	451	31.82	(+) 44
3.	Kolasib	7258	52	104	29	87	11	44	0	0	0	0	0	0	235	552	46	598	12.14	(+) 363
4.	Lawngtlai	14915	155	310	16	48	11	44	0	0	1	6	0	0	408	981	64	1045	14.27	(+) 637
5.	Lunglei	14188	223	446	33	99	6	24	1	5	0	0	0	0	574	833	140	973	14.58	(+) 399
6.	Mamit	14702	55	110	48	144	39	156	3	15	0	0	0	0	425	558	86	644	22.83	(+) 219
7.	Saiha	6385	95	190	16	48	1	4	0	0	1	6	0	0	248	672	50	722	8.84	(+) 474
8.	Serchhip	4027	71	142	5	15	0	0	0	0	0	0	1	7	164	238	6	244	16.50	(+) 80
<b>Total</b>		<b>91440</b>	<b>975</b>	<b>1950</b>	<b>223</b>	<b>669</b>	<b>105</b>	<b>420</b>	<b>8</b>	<b>40</b>	<b>2</b>	<b>12</b>	<b>1</b>	<b>7</b>	<b>3098</b>	<b>5473</b>	<b>508</b>	<b>5981</b>	<b>16.62 (Avg.)</b>	<b>(+) 2883</b>



## II. Upper Primary Schools(as on December 2010):

Sl. No.	Name of District	Student enrolment in Govt. Upper Primary Schools	Requirement of Upper Primary teachers													Total number of UP/S teachers available			PTR w.r.t teachers available and enrolment	Teachers deployment position (+) Excess (-)Less
			No. of schools with enrolment upto 120 student	Required no. of teachers	No. of schools with enrolment between 121 - 160	Required no. of teachers	No. of schools with enrolment between 161 - 200	Required no. of teachers	No. of schools with enrolment between 201 - 240	Required no. of teachers	No. of schools with enrolment between 241 - 280	Required no. of teachers	No. of schools with enrolment between 361 - 400	Required no. of teachers	Total required Upper primary teachers	State	SSA	Total		
			(4)	(5)=(4)x3	(6)	(7)=(6)x4	(8)	(9)=(8)x5	(10)	(11)=(10)x6	(12)	(13) = (12)x7	(14)	(15) = (14)x10	(16)=(5)+(7)+(9)+(11)+(13)	(17)	(18)	(19)		
1.	Aizawl	15396	216	648	1	4	1	5	2	12	0	0	0	0	669	1282	242	1524	10.10	(+) 855
2.	Champhai	11390	114	342	10	40	1	5	0	0	0	0	0	0	387	662	144	806	14.13	(+) 419
3.	Kolasib	6634	62	186	8	32	1	5	0	0	0	0	0	0	223	1000	144	1144	5.80	(+) 921
4.	Lawngtlai	5918	117	351	2	8	2	10	0	0	0	0	0	0	369	735	381	1116	5.30	(+)747
5.	Lunglei	9350	166	498	3	12	0	0	0	0	0	0	1	10	520	1003	207	1210	7.73	(+) 690
6.	Mamit	9173	82	246	9	36	5	25	0	0	0	0	0	0	307	425	211	636	14.42	(+) 329
7.	Saiha	4520	78	234	1	4	2	10	0	0	0	0	0	0	248	517	137	654	6.91	(+) 406
8.	Serchhip	5094	64	192	2	8	1	5	0	0	1	7	0	0	212	419	51	470	10.84	(+) 258
<b>Total</b>		<b>67475</b>	<b>899</b>	<b>2697</b>	<b>36</b>	<b>144</b>	<b>13</b>	<b>65</b>	<b>2</b>	<b>12</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>10</b>	<b>2935</b>	<b>6043</b>	<b>1517</b>	<b>7560</b>	<b>9.40 (Avg.)</b>	<b>(+) 625</b>

Source: Departmental records

## Appendix-2.1

### Statement showing details of excess payment made

(Reference Paragraph-2.3.1; Page-42)

Award No. & Dt. of Award	No. of interested persons	Entitlement of Compensation :-								Actual payment made :-						Excess Payment made :-				
		Awarded Value :-				Addl. Entitlement of compensation to be awarded :-														
		Land	Crop	Misc.	Total	Solatum	Interest	Total	Grand Total	Land value	Crop	Misc.	Solatum	Interest	Total	Land	Crop	Solatum	Interest	Total
Award No. 1 of 2009 20/3/09	Land owners (5 Nos.)	47.45	16.09	Nil	63.54	19.06	3.96	23.02	86.56	98.14	16.09	Nil	28.73	3.96	146.92	50.69	Nil	9.67	Nil	60.36
	<b>Total</b>	<b>47.45</b>	<b>16.09</b>	<b>Nil</b>	<b>63.54</b>	<b>19.06</b>	<b>3.96</b>	<b>23.02</b>	<b>86.56</b>	<b>98.14</b>	<b>16.09</b>	<b>Nil</b>	<b>28.73</b>	<b>3.96</b>	<b>146.92</b>	<b>50.69</b>	<b>Nil</b>	<b>9.67</b>	<b>Nil</b>	<b>60.36</b>
Award No. 1 of 2010 18/5/10	a) Land owners (29 Nos.)	65.20	26.76	Nil	91.96	27.59	8.40	35.99	127.95	65.20	26.76	Nil	26.55	10.62	129.13	Nil	Nil	Nil	2.22	2.22
	b) Temp. pass holders (173 Nos.)	Nil	217.74	1.70	219.44	Nil	Nil	Nil	219.44	Nil	216.59	1.70	65.66	26.27	310.22	Nil	Nil	65.66	26.27	91.93
	<b>Total</b>	<b>65.20</b>	<b>244.50</b>	<b>1.70</b>	<b>311.40</b>	<b>27.59</b>	<b>8.40</b>	<b>35.99</b>	<b>347.39</b>	<b>65.20</b>	<b>243.35</b>	<b>1.70</b>	<b>92.21</b>	<b>36.89</b>	<b>439.35</b>	<b>Nil</b>	<b>Nil</b>	<b>65.66</b>	<b>28.49</b>	<b>94.15</b>
Award No. 2 of 2010 18/5/10	Temp. Pass holders (3 Nos.)	Nil	28.66	Nil	28.66	Nil	Nil	Nil	28.66	Nil	22.17	Nil	6.65	2.66	31.48	Nil	Nil	6.65	2.66	9.31
	<b>Total</b>	<b>Nil</b>	<b>28.66</b>	<b>Nil</b>	<b>28.66</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>28.66</b>	<b>Nil</b>	<b>22.17</b>	<b>Nil</b>	<b>6.65</b>	<b>2.66</b>	<b>31.48</b>	<b>Nil</b>	<b>Nil</b>	<b>6.65</b>	<b>2.66</b>	<b>9.31</b>
	<b>G. Total</b>	<b>112.65</b>	<b>289.25</b>	<b>1.70</b>	<b>403.60</b>	<b>46.65</b>	<b>12.36</b>	<b>59.01</b>	<b>462.61</b>	<b>163.34</b>	<b>281.61</b>	<b>1.70</b>	<b>127.59</b>	<b>43.51</b>	<b>617.75</b>	<b>50.69</b>	<b>Nil</b>	<b>81.98</b>	<b>31.15</b>	<b>163.82</b>

Source: Departmental records

## Appendix-2.2

### Actual Payee Receipt

(Reference Paragraph-2.3.3; Page-44)

We, the undersigned persons received an amount shown against each of our names from the Deputy Commissioner/District Collector, Kolasib being 30% of Solatium and 12% of Interest of Compensation Awarded by Hon'ble Court for Construction of ONGC Drilling site approach road between Meidum - Hortoki

Sl. No.	Name of land holders	Adress	Pass No. & Year	Market Value (MV) Award by District Collector	Solatium 30% Award by Hon'ble Court	Interest 12% Award by Hon'ble Court	Total of Solatium & Interest	Signature
1	2	3	4	5	6	7	8	
✓1	Zahrana s/o Vailiana	Meidum	V/C 172 of 2001	60,920	18,276	7,310	25,586	<i>[Signature]</i>
✓2	R. Engkunga s/o Bilsena	Kolasib	V/C 89 of 2000	88,000	26,400	10,560	36,960	<i>[Signature]</i>
✓3	Ramk. zauva s/o Chhuahruma	Diakkawn, Kolasib	LSC 14 of 1994	246,280	73,884	29,554	103,438	<i>[Signature]</i>
✓4	Biakzuala s/o Hauchhunga(L)	Meidum	LSC 17 of 1994	91,880	27,564	11,026	38,590	<i>[Signature]</i>
✓5	Lalbiakzuala s/o Hauchhunga(L)	Meidum	V/C 139 of 2007	54,271	16,281	6,513	22,794	<i>[Signature]</i>
✓6	Lalrinawma s/o L.T. Pari	Kolasib, Venglai	V/C 03 of 2007	101,000	30,300	12,120	42,420	<i>[Signature]</i>
✓7	Lalrinmawii s/o Lalduhawma	Kolasib	V/C 178 of 2009	100,340	30,102	12,041	42,143	<i>[Signature]</i>
✓8	Malsawma s/o Hauchhunga(L)	Hortoki	V/C 160 of 2009	296,000	88,800	35,520	124,320	<i>[Signature]</i>
✓9	Lalthazova s/o Hauchhunga	Meidum	V/C 150 of 2007	42,938	12,881	5,153	18,034	<i>[Signature]</i>
✓10	Laldingliana s/o Lalthanqmwawia	Diakkawn, Kolasib	V/C 1373 of 2001	52,000	15,600	6,240	21,840	<i>[Signature]</i>
✓11	Forest Department		No Pass	158,480	47,544	19,018	66,562	<i>[Signature]</i>
✓12	H. Vanlaltluanga s/o K.CH.Thanga	Meidum	V/C 23 of 1990	455,000	136,500	54,600	191,100	<i>[Signature]</i>
✓13	P. Lalchhuanga S/o Sainqura (L)	Meidum	V/C 93 of 1991	130,900	39,270	15,708	54,978	<i>[Signature]</i>
✓14	Lalthasanga S/o Lalkaia	Bairabi	V/C 398 of 2000	359,742	107,923	43,169	151,092	<i>[Signature]</i>
✓15	V.L.Vuana S/o Sanglura	Kolasib	V/C 97 of 1991	61,200	18,360	7,344	25,704	<i>[Signature]</i>
✓16	Lalthlamuana S/o K.CH.Thanga(L)	Meidum	P/Patta 471 of	133,098	39,929	15,972	55,901	<i>[Signature]</i>
✓17	WG.CD.Lalnqhinglova s/o Haukhuma	Tuikual 'S', Aizawl	P/Patta 1162 of 09	102,865	30,860	12,344	43,203	<i>[Signature]</i>
✓18	Vanlalhruaia s/o Lalnuntluanga	Hortoki, Vengthar	V/C 124 of 2006	65,100	19,530	7,812	27,342	<i>[Signature]</i>
✓19	Zohlmpuii D/o Chama	Kolasib	104 of 1991	87,440	26,232	10,493	36,725	<i>[Signature]</i>
✓20	M.S.Sanga s/o Dawngliana	Meidum	V/C 124 of 1991	92,071	27,621	11,049	38,670	<i>[Signature]</i>
✓21	Lalchuanqliana s/o C.Tawna	Meidum	V/C 52 of 1991	152,595	45,779	18,311	64,090	<i>[Signature]</i>
✓22	Lalthansanga s/o Lalkaia	Bairabi	V/C 174 of 2008	64,506	19,352	7,741	27,093	<i>[Signature]</i>
✓23	Lalfakzauva S/o Challiangnga	Hortoki, Vengthar	V/C-B/23 of 2003	310,726	93,218	37,287	130,505	<i>[Signature]</i>

*[Signature]*  
Sub-Collector  
Kolasib

24	H. Lalramchuanli d/o H. Lalnundanga	Tuithiang, Aizawl	LSC 36 of 2009	258,513	77,554	31,022	108,575	<i>H. Lalramchuanli</i>
25	Lalthafamkima s/o Lalfakzauva	Hortoki, Vengthar	V/C-B-93 of 2006	250,642	75,193	30,077	105,270	<i>Lalthafamkima</i>
26	Vanlalchaka s/o Lalfakzauva	Hortoki, Vengthar	V/C-B/24 of 2003	271,130	81,339	32,536	113,875	<i>Vanlalchaka</i>
27	Vanlaliliana s/o Vanthuama	Hunthar veng, Aizawl	V/C 44 of 1994	30,804	9,241	3,696	12,938	<i>Vanlaliliana</i>
28	Malsawmzeli d/o Vanlalchaka	Hortoki	V/C 209 of 2007	181,386	54,416	21,766	76,182	<i>Malsawmzeli</i>
29	Lalrinawma s/o Hleja (L)	Hortoki, Venglai	V/C 12 of 1988	54,876	16,463	6,585	23,048	<i>Lalrinawma</i>
30	Lalremruati d/o Tluangkimi	Hortoki	V/C 194 of 2008	171,987	51,596	20,638	72,235	<i>Lalremruati</i>
31	C. Lalhmingsiana s/o Khuanga	Hortoki	V/C B-207 of 2007	73,441	22,032	8,813	30,845	<i>C. Lalhmingsiana</i>
32	Zochunglura s/o Zokunga	Meidum	V/C 54 of 1994	122,746	36,824	14,730	51,553	<i>Zochunglura</i>
33	Malsawma s/o Ngura	Meidum	V/C 54 'A' of 1994	37,510	11,253	4,501	15,754	<i>Malsawma</i>
34	Lalrinmawia s/o Zochunglura	Meidum	V/C 54 'B' of 1994	105,052	31,516	12,606	44,122	<i>Lalrinmawia</i>
35	Lalvenhima s/o Neihhsanga	Meidum	V/C 397 'A' of 2009	150,254	45,076	18,030	63,107	<i>Lalvenhima</i>
36	C. Lalremtluanga s/o C. Lalengmawia	Kolasib, Tumpui	V/C 79 of 1991	116,157	34,847	13,939	48,786	<i>C. Lalremtluanga</i>
37	C. Lalhmingsiana s/o Khuanga	Hortoki, Vengchhak	V/C 195 of 2007	35,170	10,551	4,220	14,771	<i>C. Lalhmingsiana</i>
38	Ramdzela s/o Zochunglura	Meidum	V/C 204 of 2006	35,752	10,726	4,290	15,016	<i>Ramdzela</i>
39	Sapzuithanga s/o Lawnga	Hortoki	LSC 30 of 2009	341,079	102,324	40,929	143,253	<i>Sapzuithanga</i>
40	Vanlalhruala S/o Thangzuala	Electric veng, Aizawl	V/C 930 of 2007	55,106	16,532	6,613	23,145	<i>Vanlalhruala</i>
41	P. C. Lianthuama s/o Lianchhunga	Electric veng, Aizawl	V/C 930 'A' of 2008	55,790	16,737	6,695	23,432	<i>P. C. Lianthuama</i>
42	Sapzuithanga s/o Lawnga	Hortoki	LSC 31 of 2009	236,338	70,601	28,241	98,842	<i>Sapzuithanga</i>
43	Vanlalhruala s/o Sapzuithanga	Hortoki	LSC 35 of 2009	310,600	93,180	37,272	130,452	<i>Vanlalhruala</i>
44	Zathuami d/o Sapzuithanga	Hortoki	LSC 32 of 2009	284,800	85,440	34,176	119,616	<i>Zathuami</i>
45	Vanrammawii d/o Sapzuithanga	Hortoki	LSC 33 of 2009	314,866	94,460	37,784	132,244	<i>Vanrammawii</i>
46	Lalramchhana s/o Sapzuithanga	Hortoki	LSC 34 of 2009	302,469	90,741	36,296	127,037	<i>Lalramchhana</i>
47	Lalmangaihi d/o Sapzuithanga	Hortoki	LSC 29 of 2009	299,182	89,755	35,902	125,656	<i>Lalmangaihi</i>
48	Chhuanlei d/o Lalrosanga	Hortoki	LSC 28 of 2009	249,445	74,834	29,933	104,767	<i>Chhuanlei</i>
49	Lalnunziri w/o Lalhruala	Hortoki, Vengthar	V/C 55/A of 2009	257,854	77,356	30,942	108,299	<i>Lalnunziri</i>
50	Lalmingsanga s/o Lalhruala	Hortoki, Vengthar	V/C 49 'A' of 2009	24,850	7,455	2,982	10,437	<i>Lalmingsanga</i>
51	Lalmangaihuala s/o Lalhruala	Hortoki	V/C 90 A of 2009	75,201	22,560	9,024	31,584	<i>Lalmangaihuala</i>
52	Lalrinsanga s/o Lalrammawia	Bawngkawn, Aizawl	V/C 83 of 2008	186,457	55,937	22,375	78,312	<i>Lalrinsanga</i>
53	F. Hmangaihuala s/o Vanlalhruala	Diakkawn, Kolasib	V/C 84 of 2008	176,663	52,999	21,200	74,198	<i>F. Hmangaihuala</i>
54	Hmingthantluanga s/o Zama (L)	Hortoki	V/C 98 A of 2009	256,781	77,034	30,814	107,848	<i>Hmingthantluanga</i>
55	Lalthiamuana s/o Lalpianmawia	Hortoki	V/C 87 A of 2009	70,962	21,289	8,515	29,804	<i>Lalthiamuana</i>
56	Lalruathlua s/o Lalpianmawia	Hortoki	V/C 17 of 2009	98,000	29,400	11,760	41,160	<i>Lalruathlua</i>
57	Kaphangliana s/o Lalropuia	Meidum	V/C 75 of 1991	145,369	43,611	17,444	61,055	<i>Kaphangliana</i>

58	Lahremruata s/o Laimuani	Parkkawn, Kolasib	LSC 18 of 2009	281,908	84,572	33,829	116,401	<i>[Handwritten Signature]</i>
59	Rinfela s/o C.L. Zama	Project veng, Kolasib	LSC 14 of 2009	394,248	118,274	47,310	165,584	<i>C.L. Zama</i>
60	Lansangzuala s/o Saithanga	Dawrpui vengthar, Aizawl	LSC 10 of 2009	409,662	122,899	49,159	172,058	<i>[Handwritten Signature]</i>
61	Thansanga s/o Chalthanga	Hortoki, Venglai	LSC 23 of 2009	289,032	85,710	34,664	121,393	<i>[Handwritten Signature]</i>
62	Nancy Lalruatkimi d/o Saithanga	Dawrpui vengthar, Aizawl	LSC 20 of 2009	389,845	116,954	46,781	163,735	<i>[Handwritten Signature]</i>
63	Lalrikhumi d/o J.K. Khenglawta	Dawrpui vengthar, Aizawl	LSC 24 of 2009	293,258	87,977	35,191	123,168	<i>[Handwritten Signature]</i>
64	Laitanmawii d/o Saptawna	Luangmual, Aizawl	LSC 21 of 2009	294,691	88,407	35,363	123,770	<i>[Handwritten Signature]</i>
65	Laichhanhima s/o Hranglawna	Bawngkawn, Aizawl	LSC 19 of 2009	369,917	110,975	44,390	155,365	<i>K.L. Luma</i>
66	Lalroipua s/o Lalhmuaka	Hortoki	V/C III of 1997	8,618	2,585	1,034	3,620	<i>[Handwritten Signature]</i>
67	Lahluna s/o Ngenga	Hortoki	V/C 4 'A' of 1995	4,841	1,452	581	2,033	<i>[Handwritten Signature]</i>
68	Vanialhrati d/o Lalroipua	Hortoki	P/Patta 1183 of 2009	17,423	5,227	2,091	7,318	<i>[Handwritten Signature]</i>
69	Bowmen s/o J.K. Khenglawta	Ramhlun 'N', Aizawl	LSC 16 of 2009	502,194	150,658	60,263	210,921	<i>[Handwritten Signature]</i>
70	Vanrimawii d/o R.L. Sanga	Project veng, Kolasib	LSC 17 of 2009	387,691	116,307	46,523	162,830	<i>K.L. Luma</i>
71	Rinfela s/o C.L. Zama	Project veng, Kolasib	LSC 15 of 2009	365,256	109,577	43,831	153,408	<i>C.L. Zama</i>
72	R.L. Vaia s/o Biaklana	Thakthing, Aizawl	LSC 38 of 2009	21,560	6,468	2,587	9,055	<i>V.C. Thang</i>
73	V.L. Peki d/o Seithanga	Chalthang, Aizawl	V/C A 71 'C' of 1996	74,388	22,316	8,927	31,243	<i>[Handwritten Signature]</i>
74	Laitanpuia s/o Lalrinawmi	Project veng, Kolasib	V/C A 71 A of 1996	140,916	42,275	16,910	59,185	<i>[Handwritten Signature]</i>
75	Rammawia s/o P.C. Lala	College veng, Kolasib	V/C A 71 B of 1996	76,986	23,096	9,238	32,334	<i>[Handwritten Signature]</i>
76	Lalinkhuma s/o Laitansanga	Hortoki	V/C 5 'A' of 1995	73,653	22,096	8,838	30,934	<i>[Handwritten Signature]</i>
77	Chuaukungi d/o C. Lalrintluanga	Armed veng, Aizawl	V/C 204 of 2007	291,354	87,406	34,962	122,369	<i>[Handwritten Signature]</i>
78	Lalchawia s/o Manthanga	Parkkawn, Kolasib	V/C 54 of 1991	97,702	29,311	11,724	41,035	<i>L. Chawia</i>
79	Lalnunsangi d/o Zonuna	Meidum	V/C 59 of 1991	130,090	39,027	15,611	54,638	<i>[Handwritten Signature]</i>
80	Lalruatpuia s/o Lalnunpuia	Dawrpui, Aizawl	V/C 73 of 1991	154,773	46,432	18,573	65,005	<i>[Handwritten Signature]</i>
81	Malsawma s/o Lianthanga	Meidum	V/C 74 of 1991	44,281	13,284	5,314	18,598	<i>[Handwritten Signature]</i>
82	Lalbuatsaiha s/o Lalrawna (L)	Hortoki	V/C B-199 of 2007	54,568	16,370	6,548	22,919	<i>[Handwritten Signature]</i>
83	Vankunga s/o Tawlaia	Hortoki	V/C B-200 of 2007	72,480	21,744	8,698	30,442	<i>[Handwritten Signature]</i>
84	Tawlaia s/o Bela	Hortoki	P/Patta 264 of 1983	41,484	12,445	4,978	17,423	<i>[Handwritten Signature]</i>
85	Satzauva s/o Dumtea	Chanman, Aizawl	P/Patta 59 of 1984	8,116	2,435	974	3,409	<i>[Handwritten Signature]</i>
86	Chuau w/o Lalrintluanga(L)	Armed veng, Aizawl	P/Patta 992 of 2008	11,604	3,481	1,392	4,874	<i>[Handwritten Signature]</i>
87	Tikendo s/o Metharai	Dilzau	V/C 5 of 2009	21,113	6,334	2,534	8,867	<i>[Handwritten Signature]</i>
88	Lalzuittluanga s/o Lalsanga	Dilzau	V/C 4 of 2009	31,081	9,324	3,730	13,054	<i>[Handwritten Signature]</i>
89	Dawnga s/o Guniraul	Dilzau	V/C 7 of 2009	22,024	6,607	2,643	9,250	<i>[Handwritten Signature]</i>
90	Lalruaia s/o Zahminglana	Hortoki, Vengthar	V/C 8 of 2009	27,341	8,202	3,281	11,483	<i>[Handwritten Signature]</i>
91	David Thangchualova s/o Thangkima	Hortoki, Venglai	V/C 85 'A' of 2009	255,871	76,761	30,705	107,466	<i>[Handwritten Signature]</i>

92	Ralliankima s/o Kapkunga	Ramthun 'S', Aizawl	V/C 119 'A' of 2009	77,245	23,174	9,270	32,443	Handwritten signature
93	Thansanga s/o Chalthanga	Hortoki	V/C 108 'A' of 2009	60,036	18,011	7,204	25,215	Handwritten signature
94	Muanpuia s/o Nunmawia	Dizau	V/C 09 of 2009	2,379	714	285	999	Handwritten signature
95	Lalhruai:luanga s/o Hmingthantluanga	Hortoki, Venglai	V/C 06 of 2009	52,100	15,630	6,252	21,882	Handwritten signature
96	Lalengkima s/o lalsanga	Dizau	V/C 3 of 2009	14,452	4,335	1,734	6,070	Handwritten signature
97	H Thangliana s/o Rova (L)	Dizau	V/C 2 of 2009	38,005	11,402	4,561	15,962	Handwritten signature
98	Maisawmtluanga s/o Thanghluna	Hortoki, Vengchhak	V/C 84 'A' of 2009	23,250	6,975	2,790	9,765	Handwritten signature
99	Sapinjoy s/o Tarun Kumar	Dizau	V/C 1 of 2009	26,140	7,842	3,137	10,979	Handwritten signature
100	Hmingsanga s/o Zonuna	Project veng, Kolasib	LSC 11 of 2009	332,470	99,741	39,896	139,637	Handwritten signature
101	Thanghluna s/o Zakhuma	Hortoki, Vengchhak	LSC 12 of 2009	362,268	108,680	43,472	152,153	Handwritten signature
102	Remruata s/o Lalmuani	Parikkawn, Kolasib	LSC 27 of 2009	270,808	81,242	32,497	113,739	Handwritten signature
103	Laldawngliana s/o Zailiana	Hortoki, Vengchhak	P/Patta 8B of 2007	43,904	13,171	5,268	18,440	Handwritten signature
104	Lalmalsawma s/o Darliana	Hortoki, Vengchhak	P/Patta 217 of 2004	670,306	201,092	80,437	281,529	Handwritten signature
105	Dizau Farmer Union	Hortoki	No Pass	17,453	5,236	2,094	1,330	Handwritten signature
106	J Saitawna s/o Zakamlova	Hortoki, Vengchhak	P/Patta 527 of 2005	170,161	51,048	20,419	71,468	Handwritten signature
107	C Rluanga s/o J.Saitawna	Hortoki, Vengchhak	V/C B 27 'A' of 2009	175,903	52,771	21,108	73,879	Handwritten signature
108	C.Rotluanga s/o J Saitawna	Hortoki, Vengchhak	V/C B 28 of 2009	181,597	54,479	21,792	76,271	Handwritten signature
109	Mimi Liansangpui d/o Saithanga	Dawrpui vengthar, Aizawl	LSC 22 of 2009	318,141	95,442	38,177	133,619	Handwritten signature
110	V L Zapa s/o Sawmliana(L)	Kolasib	LSC 13 of 2009	203,364	61,009	24,404	85,413	Handwritten signature
111	Lalbraktluangi d/o H Lalrindika	Hortoki, Venglai	V/C B 13 'A' of 2003	116,423	34,927	13,971	48,898	Handwritten signature
112	H Lalrindika s/o H Lalthanmawia	Hortoki, Vengthar	V/C B 13 of 2003	115,014	34,504	13,802	48,306	Handwritten signature
113	H.Hmingthanfela s/o H.Thanmawia	Hortoki, Venglai	V/C 30 of 2003	159,092	47,728	19,091	66,819	Handwritten signature
114	H.Lalthanmawia s/o Zathanga	Hortoki	V/C B 28 of 2003	150,592	45,178	18,071	63,249	Handwritten signature
115	Zaihmingthanga s/o H.Hmingthanfela	Hortoki, Venglai	V/C B 30 of 2003	153,263	45,979	18,392	64,370	Handwritten signature
116	Lalruatsanga s/o Hmingthanfela	Hortoki, Venglai	V/C B-30 'S' of 2003	224,889	67,467	26,987	94,453	Handwritten signature
117	H Zohmingthanga s/o Darliana	Project veng, Kolasib	V/C 163 of 2007	49,548	14,864	5,946	20,810	Handwritten signature
118	Lalfakzuala s/o Lalrema (L)	Hortoki, Venglai	V/C 20 of 1988	160,925	48,278	19,311	67,589	Handwritten signature
119	Rothuami d/o Zakhuma	Hortoki, Venglai	V/C 207 of 2007	126,435	37,931	15,172	53,103	Handwritten signature
120	YMA Venglai Branch	Hortoki, Venglai	V/C 38 of 2000	121,318	36,395	14,558	50,954	Handwritten signature
121	Section I YMA Venglai	Hortoki	V/C 37 of 2000	66,582	19,975	7,990	27,964	Handwritten signature
122	Vaniaingaia s/o Lalhuaka	Hortoki, Venglai	V/C 9 of 1987	93,575	28,073	11,229	39,302	Handwritten signature
123	Lalhmumawia s/o Lalsanga	Project veng, Kolasib	V/C 9 'A' of 1987	174,914	52,474	20,990	73,464	Handwritten signature
124	Lalthangmawia s/o Lalhuaka	Hortoki, Vengthar	V/C 6 of 1987	115,924	34,777	13,911	48,688	Handwritten signature
125	Lalrinawma s/o Lalhuaka	Hortoki, Vengthar	V/C 7 of 1987	95,253	28,576	11,430	40,006	Handwritten signature

126	Lalmuaka s/o ruaizachinga	Hortoki, Vengthar	V/C 10 of 1987	91 1/1	27,351	10,941	38,292	38,292	Lalmuaka
127	Vanlalthinga s/o Lalmuaka	Hortoki, Vengthar	V/C 8 of 1987	108 909	32,673	13,069	45,742	45,742	Lalmuaka
128	Thanliana s/o Biakliana	Project veng, Kolasib	V/C 15 'A' of 2003	104,952	31,486	12,594	44,080	44,080	Cathuiza
129	Lalbiakkimi d/o Vanliruata	Vaivakawn, Aizawl	V/C 14 'A' of 2003	105,747	31,724	12,690	44,414	44,414	
130	Lalbiakfeli w/o H C lalhmingthanga	Hortoki, Vengthar	V/C 17 'B' of 2003	25,722	7,717	3,087	10,803	10,803	
131	Lalbiakzuala s/o H. Lalsangliana	Hortoki, Vengthar	V/C 36 'A' of 1995	162,358	30,707	12,283	42,990	42,990	
132	Lalthanpari w/o Lalbiakzuala	Hortoki, Vengthar	V/C b 14 of 2003	146,732	44,020	17,608	61,627	61,627	
133	Lalruatsanga s/o Lalbiakzuala	Hortoki, Vengthar	V/C 15 of 2003	96,570	25,971	10,388	36,359	36,359	
134	Lalhriatrenga s/o Lalbiakzuala	Hortoki, Vengthar	V/C 16 of 2003	96,647	28,994	11,598	40,592	40,592	
135	Lalmuanawmi s/o Lalbiakzuala	Hortoki, Vengthar	V/C 17 of 2003	72,027	21,608	8,643	30,251	30,251	
136	V L Ruata Renthlei s/o Thanmawia	Vaivakawn, Aizawl	V/C 17 'A' of 2003	159,996	47,999	19,200	67,198	67,198	
137	C Manliana s/o C Rokhuma	Mission vengthang Aizawl	V/C 212 of 2009	136,239	40,872	16,349	57,220	57,220	
138	Lalsiamliani d/o Rinpuia	Hortoki, Vengthar	V/C 2 'A' of 1989	83,669	25,101	10,040	35,141	35,141	
139	Lalnpuia s/o Rohmingthanga	Hortoki, Vengthar	V/C 2 'C' of 1989	74,308	22,292	8,917	31,209	31,209	
140	C Rohmingthanga s/o Chhingtea	Hortoki, Vengthar	V/C 2 of 1989	174,086	52,226	20,890	73,116	73,116	
141	Lalpanfela s/o Lalnundangi	Hortoki, Vengthar	LSC 25 of 2009	361,630	108,489	43,396	151,885	151,885	
142	Laltuanpuia s/o Laldingliana	Project veng, Kolasib	LSC 26 of 2009	360,174	108,052	43,221	151,273	151,273	
143	Lalchawia s/o Ngaivunga (L)	Chalthang, Aizawl	V/C 77 of 1997	56,497	16,949	6,780	23,729	23,729	
144	Vanlalthinga s/o Zakhuma	Hortoki, Vengthar	V/C A-1 of 2004	176,527	52,958	21,183	74,141	74,141	
145	Ruatpuia s/o Vanlalthinga	Hortoki, Vengthar	V/C A/3 of 2004	135,795	40,739	16,295	57,034	57,034	
146	Kawidingliani w/o Vanlalthinga	Hortoki, Vengthar	V/C A-2 of 2004	191,350	57,405	22,962	80,367	80,367	
147	Lalmawzuai w/o Hmingthafela	Hortoki, Vengthar	V/C 25 of 1994	119,389	35,817	14,327	50,143	50,143	
148	M Zohmingthangi w/o Chhuanvawra	Khatla, Aizawl	V/C A-45 of 1989	86,695	26,009	10,403	36,412	36,412	
149	Chhuanvawra s/o Zotawnphunga	Khatla, Aizawl	V/C B-211 of 2009	109,213	32,764	13,106	45,869	45,869	
150	Lalmangaiha s/o Hrangkhuma	Hortoki, Vengthar	V/C B-110 of 2005	33,886	10,166	4,067	14,233	14,233	
151	Vanlaramdinthari Zote d/o Lalropuia	Hortoki	V/C 27 'A' of 2009	5,849	1,755	702	2,457	2,457	
152	R. Lalmuankima s/o Hmartawna	Hortoki vengthar	V/C 201 of 2004	200,050	60,015	24,006	84,021	84,021	
153	Lalmuanawma s/o Vanlaichaka	Hortoki, Vengthar	V/C 182 of 2007	260,900	78,270	31,308	109,578	109,578	
154	Lalchawia s/o Chhuansanga	Chalthang, Aizawl	V/C 298 of 1994	85,000	25,500	10,200	35,700	35,700	
155	Lalnpuia s/o Muankima	Hortoki, Vengthar	V/C 202 of 2004	80,867	24,260	9,704	33,964	33,964	
156	Gospel Lalhunthari d/o Muankima		V/C 2 of 2009	84,000	25,200	10,080	35,280	35,280	
157	C Sangkungi d/o C.Rokhuma	Mission veng Aizawl	V/C 6 of 1989	85,000	25,500	10,200	35,700	35,700	
158	Lalhmingthangi d/o Darhmingthangi	Aizawl	V/C 403 of 1999	83,000	24,900	9,960	34,860	34,860	
159	Rokungi d/o Chalthanga	Hortoki, Vengthar	V/C 210 of 1994	62,300	18,690	7,476	26,166	26,166	

160	Vanlalchhunga s/o Chalthianga	Hortoki	V/C 45 of 2005	6,287	1,886	754	2,641	
161	Vanlaiduhi s/o Chalthianga	Hortoki	V/C 1005 of 2008	100,200	30,060	12,024	42,084	loc. c
162	Vanlaiduha s/o V L Bela	Hortoki	V/C 36 of 1994	257,000	77,100	30,840	107,940	vanlalaiduha
163	H Rolianthanga s/o Thangvela	Hortoki, Vengchhak	V/C 9 of 1989	82,100	24,630	9,852	34,482	effo.
164	Laibikmawia s/o Laitluanga (L)	Hortoki, Vengchhak	V/C 171 of 2007	65,400	19,620	7,848	27,468	he
165	Sangthangpuia s/o Zohminglana	Hortoki, Vengthar	V/C 10 of 2009	75,000	22,500	9,000	31,500	Santhangpuia
166	Vanlalafela	Hortoki, Vengthar	V/C A-6 of 2009	62,000	18,600	7,440	26,040	M. go
167	Lalsanglana s/o Thangkhuma	Hortoki, Vengthar	V/C 17 of 2003	153,130	45,939	18,376	64,315	lekyang
168	K Lalrinawma s/o Pabuanga (L)	Hortoki, Vengthar	V/C A-4 of 2002	103,000	30,900	12,360	43,260	K. Lalrinawma
169	Ziaksanga s/o Laitluanga	Hortoki	P/Patta 180 of 2004	20,257	6,077	2,431	8,508	V. Ziaksanga
170	C Raltawna s/o Kawnga (L)		V/C 5 of 2009	106,270	31,881	12,752	44,633	V. Raltawna
171	H Vanlalhlua s/o Thangkhuma	Hortoki	V/C 6 'A' of 1996	1,528	458	183	642	Thangkhuma
172	Lalchhuanmawia s/o Zakhuma	Hortoki	V/C 97 'A' of 2004	128,412	38,524	15,409	53,933	
173	Lalawmpuia s/o Pianmawia	Hortoki	V/C 50 'B' of 2006	181,530	54,459	21,784	76,243	Calumpua
174	Zonuntluanga s/o H T Fela	Hortoki	V/C 49 'B' of 2006	85,320	25,596	10,238	35,834	
175	L T Khuma s/o Lalthansanga	Hortoki	V/C 48 'B' of 2006	320,025	96,008	38,403	134,411	the
176	Lalhruaia s/o Z H Liana	Hortoki	V/C 49 of 2006	383,052	114,916	45,966	160,882	V. Liana
177	Vanhnuathanga s/o Kapthanga	Hortoki	V/C 47 'B' of 2006	300,971	90,291	36,117	126,408	V. Liana
178	Hruaitluanga s/o H T Tluanga	Hortoki	V/C 46 'B' of 2006	266,590	79,977	31,991	111,968	
179	Lalpianmawia s/o L T Zuala	Hortoki	V/C 24 'B' of 2004	280,876	84,263	33,705	117,968	lalthansanga
180	Rinmawia s/o Lalthuama	Hortoki	V/C 23 'B' of 2004	154,535	46,361	18,544	64,905	lalthansanga
181	Laldinsanga s/o Thanzuala	Hortoki	V/C 22 'B' of 2004	220,306	66,092	26,437	92,529	V. Liana
182	Lal'tinkhuma s/o Thansanga	Hortoki	V/C 21 'B' of 2004	305,147	91,544	36,618	128,162	
183	Ruatkima s/o Lalhruaia	Hortoki	V/C 20 'B' of 2004	196,510	58,953	23,581	82,534	Ruatkima
184	V L Ruata S o L Hmingthanga	Hortoki	V/C 19 'B' of 2004	144,900	43,470	17,388	60,858	V. Liana
185	V H Thanga s/o R Kapthanga	Hortoki	V/C 18 'B' of 2003	326,900	98,070	39,228	137,298	
186	Ringzell d/o Fakzauva	Hortoki	V/C 17 'B' of 2003	343,224	102,967	41,187	144,154	R. Fakzauva
187	Ramtea s/o V L Thanga	Hortoki	V/C 45 'B' of 2006	455,140	136,542	54,617	191,159	V. Liana
188	Zothankima s/o H T Fela	Hortoki	V/C 55 'B' of 2006	312,614	93,784	37,514	131,298	Z. Fela
189	Lalhriatkima s/o H T Tluanga	Hortoki	V/C 37 'B' of 2005	198,915	59,675	23,870	83,544	L. Tluanga
190	Village Council/Court	Hortoki	V/C 36 'B' of 2005	531,494	159,448	63,779	223,227	
191	V Lalthuami d/o Hrangbuana (L)	Hortoki	P/patta No.352 of 2004	25,854	7,756	3,102	10,859	
192	Rohiri d/o Thanseia	Hortoki	P/Patta 327 of 2009	98,000	29,400	11,760	41,160	Rohiri
193	Lalengi d/o K. T Thanga	Hortoki	CPP 102 of 1978	64,200	19,260	7,704	26,964	

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194	Lawmkima s/o Kawituthanga	Hortoki	V/C 24 of 2009	65,000	19,500	7,800	27,300	Lamkima
195	Lalraminghaka s/o Dengchhunga (L)	Hortoki	P/Patta 29 of 1984	63,000	18,900	7,560	26,460	Lalraminghaka
196	Lalthlamuana s/o Rohmingthanga		V/C 221 of 2007	60,200	18,060	7,224	25,284	Rohmingthanga
197	Pianmawii d/o Rohmingthanga		V/C 'B' 223 of 2007	42,000	12,600	5,040	17,640	Rohmingthanga
198	Lalengi d/o Lianhnuna (L)		V/C 'B' 220 of 2007	65,000	19,500	7,800	27,300	Rohmingthanga
199	Laldinggheti d/o Rohmingthanga		V/C 244 of 2007	73,000	21,900	8,760	30,660	Rohmingthanga
200	P C Rohmingthanga s/o Seikunga		V/C 148 of 1994	96,000	28,800	11,520	40,320	Rohmingthanga
201	Laltanpura s/o Lianhnuna (L)		V/C 220 of 2007	85,000	25,500	10,200	35,700	Lalthlamuana
202	Rohnuna s/o Pasena		P/Patta 437 of 1981	520,486	156,146	62,458	218,604	Pasena
<b>GRAND TOTAL</b>				<b>31,140,913</b>	<b>9,342,274</b>	<b>3,736,910</b>	<b>13,079,183</b>	

Source: Departmental records

Appendix-2.3

Statement showing interest due on mobilisation advance against the contractor  
in respect of Greater Champhai Water Supply Scheme

(Reference: Paragraph-2.6; Page-49)

Sl. No.	Mobilisation advance paid		Amount recovered in Running Account Bills		Amount on which interest payable (₹ in lakh)	Interest leviable (@ ten per cent)		
	Date	Amount (₹ in lakh)	Date	Amount (₹ in lakh)		Period	Total days	Amount (₹ in lakh)
1.			----	----	104.85	29.10.2003 to 18.11.2004	387	11.12
2.			18.11.2004	3.39	101.46	19.11.2004 to 30.11.2005	377	10.48
3.			30.11.2005	23.68	77.78	01.12.2005 to 29.03.2006	119	2.54
4.			29.03.2006	8.43	69.35	30.03.2006 to 31.03.2006	2	0.04
5.			31.03.2006	11.05	58.30	01.04.2006 to 28.02.2007	334	5.33
6.			28.02.2007	13.86	44.44	01.03.2007 to 24.07.2007	146	1.78
7.			24.07.2007	4.85	39.59	25.07.2007 to 26.09.2007	64	0.69
8.	29.10.2003	104.85	26.09.2007	3.19	36.40	27.09.2007 to 27.02.2008	154	1.54
9.			27.02.2008	2.54	33.86	28.02.2008 to 13.05.2008	76	0.71
10.			13.05.2008	4.86	29.00	14.05.2008 to 19.06.2008	37	0.29
11.			19.06.2008	6.36	22.64	20.06.2008 to 16.07.2008	27	0.17
12.			16.07.2008	6.56	16.08	17.07.2008 to 14.08.2008	29	0.13
13.			14.08.2008	6.02	10.06	15.08.2008 to 03.11.2008	81	0.22
14.			03.11.2008	9.47	0.59	04.11.2008 to 27.03.2010	509	0.08
15.			27.03.2010	1.16	----	----	----	----
<b>Total</b>								<b>35.11</b>

Source: Departmental records

### Appendix-3.1

#### Statement showing parking of funds in PW Deposits and expenditure thereagainst

(Reference: Paragraph-3.1.8.3; Para-73)

(₹ in crore)

Sl. No.	Name of division	Amount drawn in March	Amount retained in PW deposits from the drawal in March	Expenditure out of PW deposits		Unspent balance as of 31 May 2011
				Period	Amount	
1.	Champhai WATSAN Division	20.37	7.04	04/2007 to 02/2011	7.04	-
2.	Rural WATSAN Division, Aizawl	10.70	1.04	04/2007 to 03/2011	1.01	0.03
3.	Rural WATSAN Division, Lunglei	10.37	2.45	04/2006 to 03/2008	1.90	0.55
4.	Lunglei Water Supply Maintenance Division	15.01	3.18	04/2009 to 05/2009 04/2010 to 03/2011	3.15	0.03
5.	Aizawl Water Supply Project Division	7.72	4.37	06/2008 to 08/2008 04/2010 to 03/2011	0.85 3.30	0.22
6.	Aizawl Water Distribution Division	7.29	3.20	04/2009 to 04/2011	2.91	0.29
7.	Khawzawl WATSAN Division	18.69	3.60	05/2009 to 03/2011	0.60	3.00
8.	Lawngtlai WATSAN Division	12.59	7.27	12/2007 to 09/2008 08/2009 & 12/2009	0.43 0.04	6.80
9.	Mamit WATSAN Division	3.52	2.01	04/2008 to 05/2011	1.48	0.53
10.	Serchhip WATSAN Division	3.86	3.45	04/2008 to 03/2011	2.21	1.24
11.	Aizawl Water Transmission Division	39.18	7.05	06/2007 to 02/2011	6.11	0.94
<b>Total</b>		<b>149.30</b>	<b>44.66</b>	<b>----</b>	<b>31.03 (69)</b>	<b>13.63</b>

Source: Departmental records

Appendix-3.2(a)

Statement showing delay in completion of Water Supply Schemes

(Reference: Paragraph-3.1.10.2(iii); Page-82)

(₹ in crore)

Year	Sl. No.	Name of WSS	Sanctioned cost	Date of sanction	Due date of completion	Actual date of completion	Delay (In months)	Expenditure
1	2	3	4	5	6	7	8	9
2006-07	1.	Water Supply to Schools within Champhai WATSAN Division	0.40	Jan. 2006	Jan. 2007	Dec. 2007	11	0.40
	2.	Rullam WSS	0.34	Mar. 2005	Mar. 2007	Dec. 2007	9	0.34
	3.	Ruallung RWHS (170 nos)	0.34	Mar. 2005	Mar. 2007	Dec. 2007	9	0.34
	4.	Rulchawm RWHS	0.46	Mar. 2005	Mar. 2007	Dec. 2007	9	0.46
	5.	Pamchung WSS	0.30	Mar. 2005	Mar. 2007	Dec. 2007	9	0.30
	6.	Zamung - Rengdil WSS	2.40	Mar. 2003	Mar. 2006	Feb. 2007	11	2.40
	7.	Water Supply to Schools within Kolasib WATSAN Division	0.45	Jan. 2006	Jan. 2007	Dec. 2007	11	0.45
	8.	Composite N.Kawmpui WSS	18.44	Feb. 2000	Feb. 2003	Dec. 2007	58	18.44
	9.	Kawrthah WSS (Pumping)	1.43	Oct. 2003	Oct. 2006	Dec. 2007	14	1.43
	10.	Aibawk WSS (Aug)	1.06	Oct. 2003	Oct. 2006	Dec. 2007	14	1.06
	11.	Tuichawng WSS (Aug)	0.39	Mar. 2005	Mar. 2007	Dec. 2007	9	0.39
	12.	N.Muathuam WSS	0.43	Mar. 2005	Mar. 2007	Dec. 2007	9	0.43
	13.	Thingsulthiah, Saisih, Aichalkawn WSS	1.10	Oct. 2003	Oct. 2005	Dec. 2007	26	1.10
	14.	E.Bungdang WSS (Aug)	0.56	Oct. 2003	Oct. 2005	Dec. 2007	26	0.56
	15.	Khawialung (Bunghmun) WSS	0.88	Oct. 2003	Oct. 2005	Dec. 2007	26	0.88
	16.	Chingchhip (Aug) WSS	1.04	Oct. 2003	Oct. 2005	Dec. 2007	26	1.04
<b>Sub Total</b>			<b>30.02</b>	----	----	----	----	<b>30.02</b>



1	2	3	4	5	6	7	8	9
	17.	Constrn. of Zonal Tanks, Extension and Imp. of Distn. Lines at PWD Tlang Khatala	0.89	Mar. 2005	Mar. 2008	Dec. 2008	9	0.89
	18.	Constrn. of Zonal Tanks, Imp. and Extension of Distn. lines under Thakthingtlang	1.00	Mar. 2005	Mar. 2008	Dec. 2008	9	1.00
	19.	Constrn. of Extension of Distn. lines and Constrn. of Zonal Tanks at Bethlehem	0.82	Mar. 2005	Mar. 2008	Dec. 2008	9	0.82
2007-08	20.	Constrn. of Zonal Tanks and Extn. of Distribution lines at Dawrpui Vengthar	0.43	Mar. 2005	Mar. 2008	Dec. 2008	9	0.43
	21.	Drilling and Installation of IM-III Hand Pump for Partially Covered Villages	2.00	Mar. 2005	Mar. 2008	Dec. 2008	9	2.00
	22.	Drilling & Installation of IM-III Hand Pump for PC Village	1.75	Mar. 2005	Mar. 2008	Dec. 2008	9	1.75
	23.	Renovation of HPTW at various places in Mizoram	0.88	Mar. 2005	Mar. 2008	Dec. 2008	9	0.88
	24.	Open dug well at Selesih	0.04	Dec.2007	Dec.2008	Mar. 2011	27	0.04
	25.	Lungdai & Sentlang WSS	3.24	Oct.2003	Oct.2005	Dec. 2008	38	3.24
	<b>Sub Total</b>		<b>11.05</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11.05</b>
2008-09	26.	Sesawng WSS	2.56	Jan. 2006	Jan. 2009	Dec. 2009	11	2.56
	27.	Borai (Aug) WSS	0.52	Mar. 2007	Mar. 2009	Dec. 2009	9	0.52
	28.	Tuidam WSS (Pumping)	1.82	Jan. 2006	Jan. 2008	Dec. 2009	23	1.82
	29.	Lungsen WSS (Pumping)	2.20	Jan. 2006	Jan. 2008	Jan. 2009	12	2.20
	30.	New Ngharchhip (Aug) WSS	0.42	Nov. 2005	Nov. 2007	Mar. 2009	16	0.42
	<b>Sub Total</b>		<b>7.52</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>7.52</b>
2009-10	31.	Greater Champhai WSS	29.70	Sept. 2000	Sept. 2003	Jun. 2009	69	29.70
	32.	S. Ugudasury WSS	0.56	Dec. 2007	Dec. 2009	Dec. 2010	12	0.56
	33.	Devasora 'N' WSS	0.36	Dec. 2007	Dec. 2009	Dec. 2010	12	0.36
	34.	N.Hhimen & Thingthelh (Pumping)	3.19	Feb. 2007	Feb. 2009	Dec. 2010	22	3.19
	35.	Nisapui RWHS	0.60	Mar. 2009	Mar. 2010	Dec. 2010	9	0.60
	36.	Water Supply to AR Complex at Zokhawasang and Extension of Distribution Line at Aizawl	1.60	Nov. 2006	Nov. 2008	Dec. 2010	25	1.60
	<b>Sub Total</b>		<b>36.01</b>	<b>----</b>	<b>----</b>	<b>----</b>	<b>----</b>	<b>36.01</b>
	<b>Total</b>		<b>84.60</b>	<b>----</b>	<b>----</b>	<b>----</b>	<b>----</b>	<b>84.60</b>

Source: Departmental records

Appendix-3.2(b)

Statement showing incomplete Water Supply Schemes as of 31 March 2011

(Reference : Paragraph-3.1.10.2(iii); Page-82)

(₹ in crore)

Sl. No.	Name of WSS	Date of sanction	Sanctioned cost	Target date of completion	Status of WSS	Expenditure as of March 2011
1.	Greater Aizawl WSS (Phase – II) November 1997 (Original) - ₹ 71.80 crore	April 2002 (Revised)	113.47	March 2005	On-going	108.93
2.	Lower Sakawrdai WSS	September 2007	1.34	June 2009	On-going	0.98
3.	Renovation of Aizawl WSS	March 2008	16.82	July 2009	On-going	9.25
4.	Sanguu Pumping WSS	March 2010	4.84	March 2011	On-going	2.39
	<b>Total</b>		<b>136.47</b>	<b>----</b>	<b>----</b>	<b>121.55</b>

Source: Departmental records

### Appendix-3.3

#### Statement showing excess expenditure on laying of GI Pipe

(Reference: Paragraph-3.1.10.2(iv); Page-83)

(In ₹)

Sl. No	Name of scheme (SH)	Period of execution	MB No (Page)	Quantity in Rm (Size)	Approved rate per Rm	Amount payable	Amount paid	Excess	Voucher No. & Date
1	2	3	4	5	6	7	8	9	10
	Zawlpui WSS (Laying of Gravity Main (GM))	07.10.09 to 31.10.09	55 (13-15 & 42)	1100 (50mm)	150.08	165088	189048	23960	45 (13) 15.04.10
	Zawlpui WSS (Laying of GM)	07.10.09 to 06.11.09	55 LL'N' (3-5 & 45)	1380 (50mm)	150.08	207110	223620	16510	45 (9) 15.04.10
	Zawlpui WSS (Laying of GM)	07.10.09 to 06.11.09	55 LL'N' (6-8)	1380 (50mm)	150.08	207110	223620	16510	45 (10) 15.04.10
	Zawlpui WSS (Laying of GM)	07.10.09 to 06.11.09	55 LL'N' (8-10 & 42)	1390 (50mm)	150.08	208611	223620	15009	45 (11) 15.04.10
1.	Zawlpui WSS (Laying of GM)	07.10.09 to 06.11.09	55 LL'N' (11-13 & 42)	1250 (50mm)	150.08	187600	223620	36020	45 (12) 15.04.10
	Zawlpui WSS (Laying of GM)	07.10.09 to 31.10.09	55 LL'N' (13-15 & 42)	1100 (50mm)	150.08	165088	189048	23960	45 (13) 15.04.10
	Zawlpui WSS (Laying of Distribution Line)	03.11.09 to 28.11.09	26 LL'N' (25-28 & 38)	1000 (40mm)	138.48	138480	233750	95270	45 (16) 15.04.10
	Zawlpui WSS (Laying of Distribution Line)	03.11.09 to 28.11.09	55 LL'N' (22-23 & 43)	1000 (40mm)	138.48	138480	151000	12520	45 (17) 15.04.10

1	2	3	4	5	6	7	8	9	10
2.	Letsury WSS (Laying of GM)	18.02.08 to 18.03.08	510 TLB (35-38)	1500 (32mm)	129.72	194580	225060	34380	25 (15) 24.03.08
3.	Nursury I WSS (Laying of GM)	04.02.08 to 01.03.08	509 TLB (25-27 & 31)	1500 (40mm)	138.48	207720	350550	142830	28 (9) 24.03.08
	Nursury I (Laying of GM)	04.02.08 to 04.03.08	509 TLB (28-30)	2000 (40mm)	138.48	276960	438150	161190	28 (10) 23.03.08
4.	Bindasora WSS (Laying of GM)	04.02.08 to 04.03.08	554 (20-23)	3000 (32mm)	129.72	389160	477510	88350	28 (5) 24.03.08
5.	New Mausens WSS (Laying of GM)	10.01.08 to 05.02.08	424 LL'S' (82-85 & 86)	1200 (32mm)	129.72	155664	166140	10476	27 (5) 24.03.08
	New Mausens WSS (Laying of GM)	10.01.08 to 05.02.08	565 LL'S' (5-8)	1200 (32mm)	129.72	155664	166140	10476	27 (6) 24.03.08
6.	Tipperghat II WSS (Laying of GM)	08.02.10 to 09.03.10	61 TLB (13-15 & 18)	1000 (32mm)	129.72	129720	144060	14340	44 (12) 14.04.10
7.	Bornasury WSS (Laying of GM)	08.02.10 to 09.03.10	3 TLB (61-63 & 70)	2000 (40mm)	138.48	276960	307410	30450	44 (7) 14.04.10
8.	Zohnnan WSS (Laying of GM)	08.02.10 to 09.03.10	59 TLB (14-16 & 27)	2000 (32mm)	129.72	259440	367020	107580	44 (35) 13.04.10
<b>Total</b>				<b>25000</b>	<b>---</b>	<b>3463435</b>	<b>4299366</b>	<b>839831</b>	<b>---</b>

Source: Departmental records

### Appendix-4.1

#### Statement showing short/non-accountal of goods imported by utilising declaration forms

(Reference: Paragraph-4.2.12; Page-121)

(₹ in lakh)

Sl. No.	Name of dealer	Assessed period	Date of assessment	Value of Taxable goods purchase as per VAT Assessment			Value of Taxable goods purchase as per declaration form			Value of goods escaped assessment			Tax escaped		Total Tax escaped
				4%	12.5%	Total	4%	12.5%	Total	4%	12.5%	Total	4%	12.5%	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
										(8-5)	(9-6)	(10-7)			
<b>ACT, Aizawl South Zone</b>															
1.	VLR Agencies	2005-08	27-06-08	232.53	0.00	232.53	345.88	0.00	345.88	113.35	0.00	113.35	4.53	0.00	4.53
2.	Hluza Cement,	2007-08	24-03-09	0.00	1019.78	1019.78	0.00	1062.91	1062.91	0.00	43.13	43.13	0.00	5.39	5.39
3.	Delta Electronics	2005-09	12-06-09	33.82	98.15	131.97	32.31	139.53	171.84	- 1.51	41.38	39.87	- 0.06	5.17	5.11
<b>Sub-total</b>				<b>266.35</b>	<b>1117.93</b>	<b>1384.28</b>	<b>378.19</b>	<b>1202.44</b>	<b>1580.63</b>	<b>111.84</b>	<b>84.51</b>	<b>196.35</b>	<b>4.47</b>	<b>10.56</b>	<b>15.03</b>
<b>ACT, Aizawl Central Zone</b>															
4.	Kapsanga Enterprise	2005-06	16-08-07	281.50	452.83	734.33	77.11	672.32	749.43	- 204.39	219.49	15.10	- 8.18	27.44	19.26
5.	Jenny Cosmetic Store	2007-08	09-12-09	0.00	26.70	26.70	0.00	54.08	54.08	0.00	27.38	27.38	0.00	3.42	3.42
6.	Mizofed	2006-07 2007-08	16-09-09	802.19	0.00	802.19	856.96	0.00	856.96	54.77	0.00	54.77	2.19	0.00	2.19
7.	National Business Enterprise	2006-07 2007-08	10-03-08 12-05-10	29.76	1694.72	1724.48	37.15	1789.89	1827.04	7.39	95.17	102.56	0.30	11.90	12.20
8.	Hauva & Sons (Automobile Division)	2005-06 2006-07	17-12-07 05-05-10	0.00	792.07	792.07	0.00	929.67	929.67	0.00	137.60	137.60	0.00	17.20	17.20
<b>Sub-total</b>				<b>1113.45</b>	<b>2966.32</b>	<b>4079.77</b>	<b>971.22</b>	<b>3445.96</b>	<b>4417.18</b>	<b>-142.23</b>	<b>479.64</b>	<b>337.41</b>	<b>-5.69</b>	<b>59.96</b>	<b>54.27</b>

**ACT, Aizawl North Zone**

9.	Standard Motor Works	2005-06	10-07-07	0.00	617.31	617.31	0.00	630.27	630.27	0.00	12.96	12.96	0.00	1.62	1.62
10.	Zela Auto Stores	2005-06	14-07-07	0.00	5.66	5.66	0.00	14.98	14.98	0.00	9.32	9.32	0.00	1.17	1.17
11.	Nunmawi Agencies	2008-09	27-10-09	0.00	473.59	473.59	0.00	575.68	575.68	0.00	102.09	102.09	0.00	12.76	12.76
12.	Eastern India Variety Store	2006-07	31-07-08	0.00	755.06	755.06	0.00	776.74	776.74	0.00	21.68	21.68	0.00	2.71	2.71
13.	Abigail	2005-06	17-07-07	0.00	55.13	55.13	0.00	81.56	81.56	0.00	26.43	26.43	0.00	3.30	3.30
14.	Imperial House	2005-06	09-04-07	0.00	14.52	14.52	0.00	26.92	26.92	0.00	12.40	12.40	0.00	1.55	1.55
15.	SD Enterprise	2005-06	25-11-08	0.00	89.49	89.49	0.00	362.59	362.59	0.00	273.10	273.10	0.00	34.14	34.14
16.	Alpha Enterprise	2005-06	01-07-08	5.05	28.64	33.69	5.33	45.69	51.02	0.28	17.05	17.33	0.01	2.13	2.14
<b>Sub-total</b>				<b>5.05</b>	<b>2039.40</b>	<b>2044.45</b>	<b>5.33</b>	<b>2514.43</b>	<b>2519.76</b>	<b>0.28</b>	<b>475.03</b>	<b>475.31</b>	<b>0.01</b>	<b>59.38</b>	<b>59.39</b>
<b>Total</b>				<b>1384.85</b>	<b>6123.65</b>	<b>7508.50</b>	<b>1354.74</b>	<b>7162.83</b>	<b>8517.57</b>	<b>(-) 30.11</b>	<b>1039.18</b>	<b>1009.07</b>	<b>(-) 1.21</b>	<b>129.90</b>	<b>128.69</b>

## Appendix-4.2

### Statement showing mis-utilisation of declaration form - C & F

(Reference: Paragraph-4.2.13; Page-122)

(₹ in lakh)

Sl. No.	Name of Dealer with items dealt	Period	Items and value purchase not covered by Registration Certificate			Tax payable		Total tax payable	Maximum Penalty
			Items	4%	12.5%	4%	12.5%		
<b>ACT, Aizawl South Zone</b>									
1.	M/S Hmar Arsi Enterprise, Bathroom fittings, tiles	Oct. 2007 to March 2008	Garments, shoes	40.56	0.00	1.62	0.00	1.62	2.43
2.	M/S C.T. Trading Corporation, Watches, Spare parts, stationery, electrical goods, small machineries, electronics, Readymade garments, etc.	2005-09	Computer Peripherals, Hand set.	377.78	0.00	15.11	0.00	15.11	22.67
3.	M/S John Enterprise, Consumer goods, Rubber goods, Leather goods, electrical items, stationeries, etc.	June 2005 to May 2006	G.I. Wire, water storage tank.	43.92	0.00	1.76	0.00	1.76	2.64
4.	M/S Bonton, Suitcase, Steel trunk, Readymade garments, Cotton products.	April 2005 to May 2008	Plastic furniture, rain wears	0.00	48.61	0.00	6.08	6.08	9.12
<b>Sub-total:-</b>				<b>462.26</b>	<b>48.61</b>	<b>18.49</b>	<b>6.08</b>	<b>24.57</b>	<b>36.86</b>
<b>ACT, Aizawl Central Zone</b>									
5.	M/s Kapsanga Enterprise Biscuit, Confectionery, Cosmetics	April 2005 to Sept 2007	Deep Freezer, Insecticide, Mosquito repellent, Adhesive, Dettol Soap, Detergent, Edible Oil etc.	163.25	1480.62	6.53	185.08	191.61	287.41
6.	M/s Modernes Shoe, Shoe Polish, Confectioneries, Cosmetics, Tailoring Materials	April 2005 to Dec. 2010	Baby products, Edible Oil, Stationeries, Toiletries, Sanitary Products etc.	162.46	6.43	6.50	0.80	7.30	10.95
7.	M/s Eastern Acme Traders Chocolate, confectionery and jelly	April 2005 to 12-March 2007	Pens, Toys, Chips and Ayurvedic Medicines (including blank description of goods worth Rs. 14.27 lakh taken as 4% taxable goods)	53.84	123.85	2.15	15.48	17.63	26.45
<b>Sub-total:-</b>				<b>379.55</b>	<b>1610.90</b>	<b>15.18</b>	<b>201.36</b>	<b>216.54</b>	<b>324.81</b>
<b>Grand total:-</b>				<b>841.81</b>	<b>1659.51</b>	<b>33.67</b>	<b>207.44</b>	<b>241.11</b>	<b>361.67</b>

### Appendix-4.3

#### Statement showing details of unregistered dealers, who carried out business and evaded tax

(Reference.: Paragraph-4.2.14; Page-123)

Sl. No.	Name of Mizoram based dealer doing business without Registration		Details of declaration form used		Details of transaction					Taxes evaded	
	Name of dealer	Fake/invalid RC No. recorded	Form No & Date	Issued By	Assessment Year	Name of dealer from whom goods were purchased	Registration No. of selling dealer	Type of goods	Value of goods	Tax as per MVAT	Amount of Tax
1	2	3	4	5	6	7	8	9	10	11	12
1.	Greenland Business Enterprise	MIZ-2172	01FF 100178; 12-06-06	ST, Aizawl Circle-1, Mizoram	2005-06; 16-06-2008	Ambika Oils (North East) Pvt. Ltd, Meghalaya	17090148216 (C)	Re-refine Oils	1405190	4%	56208
2.	Greenland Business Enterprise	MIZ-2172	01FF 100179; 12-06-06	ST, Aizawl Circle-1, Mizoram	2005-06; 16-06-2008	Ambika Oils (North East) Pvt. Ltd, Meghalaya	17090148216 (C)	Re-refine Oils	1665970	4%	66639
3.	Greenland Business Enterprise	MIZ-2172	01FF 100181; 12-06-06	ST, Aizawl Circle-1, Mizoram	2006-07; 16-06-2008	Ambika Oils (North East) Pvt. Ltd, Meghalaya	17090148216 (C)	Re-refine Oils	1778990	4%	71160
4.	Greenland Business Enterprise	MIZ-2172	01FF 100180; 12-06-06	ST, Aizawl Circle-1, Mizoram	2006-07; 16-06-2008	Ambika Oils (North East) Pvt. Ltd, Meghalaya	17090148216 (C)	Re-refine Oils	2063800	4%	82552
5.	Greenland Business Enterprise	MIZ-2172	01FF 100412; NA	ST, Aizawl Circle-1, Mizoram	2006-07; 16-06-2008	Ambika Oils (North East) Pvt. Ltd, Meghalaya	17090148216 (C)	Re-refine Oils	746510	4%	29860
6.	Greenland Business Enterprise	MIZ-2172	01FF 100411; NA	ST, Aizawl Circle-1, Mizoram	2006-07; 16-06-2008	Ambika Oils (North East) Pvt. Ltd, Meghalaya	17090148216 (C)	Re-refine Oils	192480	4%	7699
7.	Mizoram Information Technology Society	MIZ-3057	01FF 070633; 07-12-01	ACT, South zone, Aizawl	2005-06; 23-3-2009	Zenith Infotech Ltd, Goa	V/CST/2111	Computer & peripherals	915546	4%	36622
8.	Lalrosanga Enterprises	MIZ/2405	01FF 119140; 04-04-99	COT, Aizawl, Mizoram	1998-99; 29-03-2010	Jenson & Nicholson (I) Ltd. Meghalaya	CST 17130104262	Paints/Enamels	1180240	4%	47210
9.	Lalrosanga Enterprises	MIZ/2405	01FF 119144; NA	NL	2000-01; 29-03-2010	Jenson & Nicholson (I) Ltd. Meghalaya	CST 17130104262	Paints/Enamels	5545299	4%	221812

1	2	3	4	5	6	7	8	9	10	11	12
10.	Lalrosanga Enterprises	MIZ/2405	01FF 119145; NA	COT, Aizawl, Mizoram	2001-02; 29-03-2010	Jenson & Nicholson (I) Ltd. Meghalaya	CST 17130104262	Paints/Enamels	426468	4%	17059
11.	Lalrosanga Enterprises	MIZ/2405	01FF 119149; NA	COT, Aizawl, Mizoram	2002-03; 29-03-2010	Jenson & Nicholson (I) Ltd. Meghalaya	CST 17130104262	Paints/Enamels	1496487	4%	59859
12.	Lalrosanga Enterprises	MIZ/2405	01FF 119147; NA	COT, Aizawl, Mizoram	2002-03; 29-03-2010	Jenson & Nicholson (I) Ltd. Meghalaya	CST 17130104262	Paints/Enamels	771009	4%	30840
13.	Lalrosanga Enterprises	MIZ/2405	FF 236992; NA	COT, Aizawl, Mizoram	2002-03; 29-03-2010	Jenson & Nicholson (I) Ltd. Meghalaya	CST 17130104262	Paints/Enamels	1287347	4%	51494
14.	Lalrosanga Enterprises	MIZ/2405	FF 236993; NA	COT, Aizawl, Mizoram	2004-05; 29-03-2010	Jenson & Nicholson (I) Ltd. Meghalaya	CST 17130104262	Paints/Enamels	1461533	4%	58461
15.	Ram Pd & Sons	MZ/229	01FF 053992; NA	Supdt of Taxes, Circle-I, Aizawl	2006-07 NA	Ashoka Stores, Assam	18249902147	Building Materials	3108947	4%	124358
16.	Vinita Trading	MIZ/4935	DD 002366; NA	ST, Aizawl Circle-1, Mizoram	2005-06; 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	3028489	12.50%	378561
17.	Vinita Trading	MIZ/4935	DD 002367; NA	ST, Aizawl Circle-1, Mizoram	2005-06; 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	2187332	12.50%	273417
18.	Vinita Trading	MIZ/4935	DD 002368; NA	ST, Aizawl Circle-1, Mizoram	2005-06; 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	2513188	12.50%	314149
19.	Vinita Trading	MIZ/4935	DD 002362; NA	ST, Aizawl Circle-1, Mizoram	2005-06; 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	2701026	12.50%	337628
20.	Vinita Trading	MIZ/4935	DD 002370; NA	ST, Aizawl Circle-1, Mizoram	2006-07; 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	2398470	12.50%	299809
21.	Vinita Trading	MIZ/4935	DD 002371; NA	ST, Aizawl Circle-1, Mizoram	2006-07; 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	2483275	12.50%	310409
22.	Vinita Trading	MIZ/4935	DD 002372; NA	ST, Aizawl Circle-1, Mizoram	2006-07; 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	2098415	12.50%	262302
23.	Vinita Trading	MIZ/4935	DD 002373; NA	ST, Aizawl Circle-1, Mizoram	2006-07; 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	1764030	12.50%	220504

1	2	3	4	5	6	7	8	9	10	11	12
24.	Vinita Trading	MIZ/4935	DD 002374; NA	ST, Aizawl Circle-1, Mizoram	2006-07 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	1514288	12.50%	189286
25.	Vinita Trading	MIZ/4935	DD 002375; NA	ST, Aizawl Circle-1, Mizoram	2006-07; 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	1483863	12.50%	185483
26.	Vinita Trading	MIZ/4935	DD 002365; NA	ST, Aizawl Circle-1, Mizoram	2006-07; 26-02-2008	PK Enterprise, Meghalaya	KH/CST/4395	Soap, Steel wool, etc.	1733662	12.50%	216708
27.	Lunglei Variety	MIZ-2192	DD 014748; NA	COT, Mizoram, Aizawl.	2007-08; 07-08-2010	Seahath canning, Goa	30331101637	Tin Fish	1723248	12.50%	215406
28.	Lunglei Variety	MIZ-2192	DD 014747; NA	COT, Mizoram, Aizawl	2007-08 07-08-2010	Seahath canning, Goa	30331101637	Tin Fish	3829584	12.50%	478698
									<b>53504686</b>		<b>4644191</b>

## Appendix-4.4

### Statement showing variation between the figures of declaration forms as disclosed by the issuing dealer and those disclosed by the utilising dealer

(Reference: Paragraph-4.2.15; Page-123)

Sl. No.	Details of issuing dealers' transaction			Details of declaration form used		Details of utilising dealers' transaction					Difference in Amount
	Name of dealer	RC No.	Value of goods as per the counterfoil/CST Register	Form No & Date	Issued By	Name of dealer from whom goods were purchased	Registration No. of selling dealer	Assessment Year	Type of goods	Value of goods	
1	2	3	4	5	6	7	8	9	10	11	12
1.	Dr. R. Lianzama Clinic	15100085279	0	01FF 121119; 25-4-08	ACT, Aizawl South Zone, Mizoram	Universal Agencies Ghy, Assam	18979907226	2007-08; 22-02-10	Packet Fruit Juice	1264922	1264922
2.	Dr. R. Lianzama Clinic	15100085279	0	01FF 121120; 25-4-08	ACT, Aizawl South Zone, Mizoram	Universal Agencies Ghy, Assam	18979907226	2008-09; 03-06-10	Packet Fruit Juice	532797	532797
3.	Dr. R. Lianzama Clinic	15100085279	0	01FF 141221; 3/3/2010	ACT, Aizawl South Zone, Mizoram	Universal Agencies Ghy, Assam	18979907226	2008-09; 03-06-10	Packet Fruit Juice	1108218	1108218
4.	Zoram trading Co	MIZ 176	32683	01FF 108844; 16.10.06	ACT Aizawl North Zone, Mizoram	Sun Star Enterprises, Tamil Nadu	793961/06-07	2008-09; 03.03.09	Printing machines	225420	192737
5.	Aaron Enterprises	CST MIZ 2523	2565921	01FF 088005; 4/16/2004	ACT, Aizawl South Zone, Mizoram	Hindustan Coca Cola Beverages (P) Ltd., Meghalaya	17090160244 (C)	2003-04; 19-12-08	Soft Drinks/ Scrap Materials	5446570	2880649
6.	Aaron Enterprises	CST MIZ 2523	705821	01FF 090751; 6/16/2005	ACT, Aizawl South Zone, Mizoram	Hindustan Coca Cola Beverages (P) Ltd., Meghalaya	17090160244 (C)	2004-05; 19-12-08	Soft Drinks/ Scrap Materials	8135852	7430031

1	2	3	4	5	6	7	8	9	10	11	12
7.	PL Agencies	CST MIZ 2931	6271152	01FF 087141; 2/3/2004	ACT Aizawl North Zone, Mizoram	Hindustan Coca Cola Bevarages (P) Ltd., Meghalaya	17090160244 (C)	2003-04, 19-12-08	Soft Drinks/ Scrap Materials	7912742	1641590
8.	PL Agencies	CST MIZ 2931	791911	01FF 087140; 2/3/2004	ACT Aizawl North Zone, Mizoram	Hindustan Coca Cola Bevarages (P) Ltd., Meghalaya	17090160244 (C)	2004-05, 19-12-08	Soft Drinks/ Scrap Materials	5457874	4665963
9.	Zodin Enterprises	CST MIZ 2527	83665	01FF 096089; 6/4/2008	ACT Lunglei Zone, Mizoram	Hindustan Coca Cola Bevarages (P) Ltd., Meghalaya	17090160244 (C)	2004-05, 19-12-08	Soft Drinks/ Scrap Materials	784353	700688
10.	Zodin Enterprises	CST MIZ 2527	102995	01FF 096092; 8/4/2006	ACT Lunglei Zone, Mizoram	Hindustan Coca Cola Bevarages (P) Ltd., Meghalaya	17090160244 (C)	2005-06; 19-12-08	Soft Drinks/ Scrap Materials	213335	110340
11..	Zodin Enterprises	CST 15100569269	20992	01FF 096091; 8/4/2006	ACT Lunglei Zone, Mizoram	Hindustan Coca Cola Bevarages (P) Ltd., Meghalaya	17090160244 (C)	2005-06; 19-12-08	Soft Drinks/ Scrap Materials	190001	169009
12.	Zodin Enterprises	CST MIZ 2527	39935	01FF 096090; 8/4/2006	ACT Lunglei Zone, Mizoram	Hindustan Coca Cola Bevarages (P) Ltd., Meghalaya	17090160244 (C)	2005-06; 19-12-08	Soft Drinks/ Scrap Materials	427730	387795
13.	Lawmsang Enterprises	CST MIZ 3618	206718	01FF 096177; 9/27/2006	ACT Lunglei Zone, Mizoram	Hindustan Coca Cola Bevarages (P) Ltd., Meghalaya	17090160244 (C)	2004-05, 19-12-08	Soft Drinks/ Scrap Materials	475940	269222
14.	Lawmsang Enterprises	CST MIZ 3618	13572	01FF 096947; 10/26/2007	ACT Lunglei Zone, Mizoram	Hindustan Coca Cola Bevarages (P) Ltd., Meghalaya	17090160244 (C)	2006-07, 19-12-08	Soft Drinks/ Scrap Materials	694589	681017
15.	Lawmsang Enterprises	CST MIZ 3618	13187	01FF 096946; 10/26/2007	ACT Lunglei Zone, Mizoram	Hindustan Coca Cola Bevarages (P) Ltd., Meghalaya	17090160244 (C)	2006-07, 19-12-08	Soft Drinks/ Scrap Materials	219336	206149

1	2	3	4	5	6	7	8	9	10	11	12
16.	Lawmsang Enterprises	CST MIZ 3618	309200	01FF 096944; 10/26/2007	ACT Lunglei Zone, Mizoram	Hindustan Coca Cola Beverages (P) Ltd., Meghalaya	17090160244 (C)	2006-07; 19-12-08	Soft Drinks/Scrap Materials	423925	114725
17.	Lawmsang Enterprises	CST MIZ 3618	120096	01FF 096943; 10/26/2007	ACT Lunglei Zone, Mizoram	Hindustan Coca Cola Beverages (P) Ltd., Meghalaya	17090160244 (C)	2006-07; 19-12-08	Soft Drinks/Scrap Materials	1317433	1197337
18.	Sailo Agencies	CST MIZ 3728	1105698	01FF 108077; 8/14/2006	ACT Aizawl North Zone, Mizoram	Hindustan Coca Cola Beverages (P) Ltd., Meghalaya	17090160244 (C)	2005-06; 19-12-08	Soft Drinks/Scrap Materials	1325815	220117
19.	RK Agency	CST - MIZ/3239	56996	01FF 108770; 10/9/2006	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2005-06; 03-09-07	P.U. Foam	268047	211051
20.	RK Agency	CST - MIZ/3233	37600	01FF 129761; 7/11/2008	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2006-07; 03-03-10	P.U. Foam	208741	171141
21.	RK Agency	CST - TIN/15110947266	73157	01FF 129139; 4/30/2008	ACT Aizawl Central Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2006-07; 03-03-10	P.U. Foam	119713	46556
22.	RK Agency	CST - MIZ/3239	70985	01FF 129762; 7/11/2008	ACT Aizawl Central Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2006-07; 03-03-10	P.U. Foam	244765	173780
23.	RK Agency	CST - 15100947266	19440	01FF 134437; 4/15/2009	ACT Aizawl Central Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2007-08; 03-03-10	P.U. Foam	184138	164698
24.	Sunshine Overseas Pvt. Ltd	TIN 15100685265	520000	01FF 109904; 1/24/2007	ACT, Aizawl South Zone, Mizoram	Indomech Industries, Meghalaya	17090249290 (C)	2007-08; 16-01-09	Generators	610000	90000
25.	RS Drug Store, Aizawl	15100376279	49633	01FF 122991; NA	ACT, Aizawl South Zone, Mizoram	Centaur Pharmaceutical Pvt. Ltd., Assam	18080011935	2006-07; 26-3-10	Medicine	334288	284655
26.	Life Drug Centre	MIZ 2716	1863	01FF 088819; 2.9.04	ACT, Aizawl South Zone, Mizoram	Hindustan Biosynth, Gujarat	GUJ 99946413	2009-10; 17.8.09	Not available	416306	414443



1	2	3	4	5	6	7	8	9	10	11	12
27.	Life Drug Centre	MIZ 2716	299	01FF 102059; 7.2.06	ACT, Aizawl South Zone, Mizoram	Hindustan Biosynth, Gujarat	GUJ 99946413	2009-10; 17.8.09	Not available	1067983	1067684
28.	Ell Bee Enterprise	CST MIZ-4146	340572	01FF 111383; .../11/006	ACT Aizawl North Zone, Mizoram	Pawan Casting (Megh) Pvt. Ltd., Meghalaya	17090143269 (C)	2006-07; 15-10-08	TMT Bars/ Ingots	1982360	1641788
29.	Angela's Enterprise	CST 15101160262	345606	01FF 114509; 2/22/2008	ACT, Aizawl South Zone, Mizoram	Pawan Casting (Megh) Pvt. Ltd., Meghalaya	17090143269 (C)	2006-07; 15-10-08	TMT Bars/ Ingots	669041	323435
30.	Veraz	CST - MIZ-3557	127882	01FF 101840; 2/16/2006	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2005-06; 03-09-07	P.U. Foam	293162	165280
31.	Set Tee Sofa	CST - MIZ-3635	624099	01FF 106774; 5/29/2006	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2005-06; 03-09-07	P.U. Foam	1100925	476826
32.	Set Tee Sofa	NM	88988	01FF 093256; 8/6/2005	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2004-05; 03-09-07	P.U. Foam	259222	170234
33.	Set Tee Sofa	CST - MIZ/3634	0	01FF 106776; 5/29/2006	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2005-06; 03-09-07	P.U. Foam	181677	181677
34.	Set Tee Sofa	CST - MIZ/3436	0	01FF 106775; 5/29/2006	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2005-06; 03-09-07	P.U. Foam	425880	425880
35.	Set Tee Sofa	CST - MIZ/3436	163572	01FF 111658; 11/29/2006	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2006-07; 03-03-10	P.U. Foam	629874	466302
36.	Set Tee Sofa	CST - MIZ/3436	92504	01FF 126651; 3/10/2008	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2007-08; 03-03-10	P.U. Foam	300182	207678
37.	Israel Stores	CST - MIZ/120	50544	01FF 112196; 3/22/2007	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2006-07; 03-03-10	P.U. Foam	364297	313753
38.	Israel Stores	CST - MIZ/120	52056	01FF 135012; 6/2/2009	ACT Aizawl Central Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2007-08; 03-03-10	P.U. Foam	207425	155369

1	2	3	4	5	6	7	8	9	10	11	12
39.	Israel Stores	CST - MIZ/120	57985	01FF 152159; 2/12/2010	ACT Aizawl Central Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2007-08; 03-03-10	P.U. Foam	163735	105750
40.	Israel Stores	CST - MIZ/120	21960	01FF 125853; 2/1/2008	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2006-07; 03-03-10	P.U. Foam	238268	216308
41.	Bazalel Industries	CST - 15100419224	47645	01FF 115135; 7/9/2007	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2006-07; 03-03-10	P.U. Foam	240392	192747
42.	Bazalel Industries	CST - 15100419224	102726	01FF 128015; 7/8/2008	ACT Aizawl North Zone, Mizoram	UmaDutt Industries, Meghalaya	1790040255	2007-08; 03-03-10	P.U. Foam	123145	20419
43.	Mosia agencies, Mizoram	MIZ-3680	1485248	DD 019671; 8.08.06	Aizawl, Mizoram	CG Foods, Sikkim	211/05-06/CT/RPO	2007-08; 01-02-10	Ready to Eat Food	1922628	437380
44.	Mosia agencies, Mizoram	MIZ-3680	1680949	DD 019165; 25.04.08	Aizawl, Mizoram	CG Foods, Sikkim	211/05-06/CT/RPO	2008-09; 01-02-10	Noodles	1961818	280869
45.	Mosia agencies, Mizoram	MIZ-3680	4010677	DD 019166; 25.04.08	Aizawl, Mizoram	CG Foods, Sikkim	211/05-06/CT/RPO	2008-09; 01-02-10	Noodles	4258573	247896
46.	Mosia agencies, Mizoram	MIZ-3680	227238	DD 019169; 25.04.08	Aizawl, Mizoram	CG Foods, Sikkim	211/05-06/CT/RPO	2008-09; 01-02-10	Noodles	1431735	1204497
47.	Mosia agencies, Mizoram	MIZ-3680	3528202	DD 019230; 01.07.08	Aizawl, Mizoram	CG Foods, Sikkim	211/05-06/CT/RPO	2008-09; 01-02-10	Packed food	5057336	1529134
			<b>26261972</b>							<b>61422508</b>	<b>35160536</b>



## Appendix-5.1

### Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2011 in respect of Government companies

(Reference: Paragraph-5.1.5; Page-134)

(Figures in column 5 (a) to 6 (c) are Rupees in lakh)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital <sup>\$</sup>				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)	Manpower (No. of employees) (as on 31.3.2011)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6(d)	(7)	(8)
<b>Working Government Companies</b>													
<b>AGRICULTURAL MARKETING</b>													
1.	Mizoram Agricultural Marketing Corporation Limited	Trade & Commerce	February 1993	599.10	-	-	599.10	-	-	-	-	-	30
<b>Total of the Sector</b>				<b>599.10</b>	<b>-</b>	<b>-</b>	<b>599.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>
<b>FINANCING</b>													
2.	Zoram Industrial Development Corporation Limited	Industries	February 1978	1150.10	-	428.00	1578.10	935.25	-	2157.94	3093.19	-	61
<b>Total of the Sector</b>				<b>1150.10</b>		<b>428.00</b>	<b>1578.10</b>	<b>935.25</b>	<b>-</b>	<b>2157.94</b>	<b>3093.19</b>	<b>-</b>	<b>61</b>

\$ Paid-up capital includes share application money of ₹ 27.00 lakh (Mizoram Agricultural Marketing Corporation Limited)

\*\* Loans outstanding at the close of 2010-11 represent long-term loans only



(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6(d)	(7)	(8)
<b>MANUFACTURING</b>													
3.	Zoram Electronics Development Corporation Limited	Information & Communication Technology	March 1991	814.90	-	-	814.90	-	-	-	-	-	41
4.	Mizoram Food and Allied Industries Corporation Limited	Industries	December 1989	1864.00	136.00	-	2000.00	-	-	-	-	-	90
<b>Total of the Sector</b>				<b>2678.90</b>	<b>136.00</b>	<b>-</b>	<b>2814.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131</b>
<b>MISCELLANEOUS</b>													
5.	Mizoram Handloom And Handicrafts Development Corporation Limited	Industries	December 1988	977.35	-	-	977.35	-	-	-	-	-	49
<b>Total of the Sector</b>				<b>977.35</b>	<b>-</b>	<b>-</b>	<b>977.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49</b>
<b>Grand Total</b>				<b>5405.45</b>	<b>136.00</b>	<b>428.00</b>	<b>5969.45</b>	<b>935.25</b>	<b>-</b>	<b>2157.94</b>	<b>3093.19</b>	<b>-</b>	<b>271</b>

## Appendix-5.2

### Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2011

(Reference: Paragraph-5.1.9; Page-135)

(Figures in column 3 (a) to 6 (d) are Rupees in lakh)

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year <sup>@</sup>		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
<b>Working Government Companies</b>													
<b>AGRICULTURAL MARKETING</b>													
1.	Mizoram Agricultural Marketing Corporation Limited	27.00	-	-	-	-	-	-	-	-	-	-	-
<b>Total of the Sector</b>		<b>27.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FINANCING</b>													
2.	Zoram Industrial Development Corporation Limited	-	63.25	-	45.00(G)	-	45.00(G)	-	1482.03	-	-	-	-
<b>Total of the Sector</b>		<b>-</b>	<b>63.25</b>	<b>-</b>	<b>45.00(G)</b>	<b>-</b>	<b>45.00(G)</b>	<b>-</b>	<b>1482.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>@</sup> Figures indicate total guarantees outstanding at the end of the year

(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
<b>MANUFACTURING</b>													
3.	Zoram Electronics Development Corporation Limited	115.00	-	-	-	-	-	-	-	-	-	-	-
4.	Mizoram Food and Allied Industries Corporation Limited	-	-	7.50(G)	263.70(G)	-	271.20(G)	-	31.05	-	-	-	-
<b>Total of the Sector</b>		<b>115.00</b>	<b>-</b>	<b>7.50(G)</b>	<b>263.70(G)</b>	<b>-</b>	<b>271.20(G)</b>	<b>-</b>	<b>31.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MISCELLANEOUS</b>													
5.	Mizoram Handloom And Handicrafts Development Corporation Limited	24.65	-	15.65(G)	159.91(G)	-	175.56(G)	-	-	-	-	-	-
<b>Total of the Sector</b>		<b>24.65</b>	<b>-</b>	<b>15.65(G)</b>	<b>159.91(G)</b>	<b>-</b>	<b>175.56(G)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>166.65</b>	<b>63.25</b>	<b>23.15(G)</b>	<b>468.61(G)</b>	<b>-</b>	<b>491.76(G)</b>	<b>-</b>	<b>1513.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Appendix-5.3

#### Summarised financial results of Government companies for the latest year for which accounts were finalised

(Reference: Paragraph-5.1.14; Page-137)

(Figures in column 5 (a) to (6) and (8) to (10) are Rupees in lakh)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments <sup>#</sup>	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed <sup>@</sup>	Return on capital employed <sup>\$</sup>	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Working Government Companies</b>														
<b>AGRICULTURAL MARKETING</b>														
1.	Mizoram Agricultural Marketing Corporation Limited	2008-09	2010-11	(-) 67.31	1.58	9.38	(-) 78.27	-	-	545.10*	(-) 464.20	1302.63	(-) 76.69	-
<b>Total of the Sector</b>				<b>(-) 67.31</b>	<b>1.58</b>	<b>9.38</b>	<b>(-) 78.27</b>	<b>-</b>	<b>-</b>	<b>545.10</b>	<b>(-) 464.20</b>	<b>1302.63</b>	<b>(-) 76.69</b>	<b>-</b>
<b>FINANCING</b>														
2.	Zoram Industrial Development Corporation Limited	2009-10	2010-11	(-) 110.12	28.37	3.73	(-)142.22	87.08	-	1578.10	(-) 1960.69	4646.14	(-) 113.85	-
<b>Total of the Sector</b>				<b>(-) 110.12</b>	<b>28.37</b>	<b>3.73</b>	<b>(-)142.22</b>	<b>87.08</b>	<b>-</b>	<b>1578.10</b>	<b>(-) 1960.69</b>	<b>4646.14</b>	<b>(-) 113.85</b>	<b>-</b>

# Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance)

\$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account

\* Includes share capital contribution pending allotment

(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>MANUFACTURING</b>														
3.	Zoram Electronics Development Corporation Limited	2001-02	2009-10	(-) 41.11	-	7.93	(-) 49.04	6.48	-	389.90	(-) 308.98	80.92	(-) 49.04	-
4.	Mizoram Food and Allied Industries Corporation Limited	2009-10	2010-11	(-) 118.42	-	46.40	(-)164.82	50.57	(+) 0.60	2000.00*	(-) 1833.42	1716.08	(-) 164.82	-
<b>Total of the Sector</b>				<b>(-) 159.53</b>	<b>-</b>	<b>54.33</b>	<b>(-)213.86</b>	<b>57.05</b>	<b>(+) 0.60</b>	<b>2389.90</b>	<b>(-) 2142.40</b>	<b>1797.00</b>	<b>(-) 213.86</b>	<b>-</b>
<b>MISCELLANEOUS</b>														
5.	Mizoram Handloom And Handicrafts Development Corporation Limited	1999-2000	2010-11	(-) 45.75	-	5.82	(-) 51.57	28.27	(-) 30.07	496.70	(-) 352.64	145.62	(-) 51.57	-
<b>Total of the Sector</b>				<b>(-) 45.75</b>	<b>-</b>	<b>5.82</b>	<b>(-) 51.57</b>	<b>28.27</b>	<b>(-) 30.07</b>	<b>496.70</b>	<b>(-) 352.64</b>	<b>145.62</b>	<b>(-) 51.57</b>	<b>-</b>
<b>Grand Total</b>				<b>(-) 382.71</b>	<b>29.95</b>	<b>73.26</b>	<b>(-)485.92</b>	<b>172.40</b>	<b>(-) 29.47</b>	<b>5009.80</b>	<b>(-) 4919.93</b>	<b>7891.39</b>	<b>(-) 455.97</b>	<b>-</b>

### Appendix-5.4

**Statement showing investments made by the State Government in working PSUs by way of equity, loans, grants and others during the period in which the accounts have not been finalized as on 31 March 2011**

(Reference: Paragraph-5.1.24; Page-139)

(₹ in lakh)

Sl. No.	Name of the PSU	Year upto which Accounts finalized	Paid up capital as per latest finalized accounts	Investment made by State Government during the years for which accounts are in arrears				
	Working Companies			Year	Equity	Loans	Grants	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	<b>Sector : Agricultural Marketing</b> Mizoram Agricultural Marketing Corporation Limited	2008-09	545.10	2009-10 2010-11	27.00 27.00	- -	- -	- -
2.	<b>Sector : Financing</b> Zoram Industrial Development Corporation Limited	2009-10	1578.10	2010-11	-	63.25	45.00	-
3.	<b>Sector : Manufacturing</b> Zoram Electronics Development Corporation Limited	2001-02	389.90	2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11	52.50 17.50 17.50 50.50 64.50 40.00 45.00 22.50 115.00	- - - - -	- - - - -	- - - - -

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
4.	<b>Sector : Manufacturing</b> Mizoram Food & Allied Industries Corporation Limited (MIFCO)	2009-10	2000.00	2010-11	-	-	263.70	-
5.	<b>Sector : Miscellaneous</b> Mizoram Handloom and Handicrafts Development Corporation Limited	1999-2000	496.70	2000-01	40.00	-	10.00	-
				2001-02	40.00		10.00	
				2002-03	40.00		10.00	
				2003-04	40.00		10.00	
				2004-05	40.00		10.00	
				2005-06	50.00		10.00	
				2006-07	45.00		-	
				2007-08	47.50		18.00	
				2008-09	58.50		5.00	
				2009-10	55.00		5.00	
				2010-11	24.65		159.91	
<b>Total</b>					<b>959.65</b>	<b>63.25</b>	<b>556.61</b>	

**Appendix-5.5**  
**Statement showing operational performance of Power and Electricity Department**  
**for the last three years ending 31 March 2011**

(Reference: Paragraph-5.1.32; Page-142)

Sl. No.	Particulars	2008-09	2009-10	2010-11
1.	Installed Capacity (MW) :			
	(a) Thermal (Diesel)	0.50	0.50	0.50
	(b) Hydro	14.05	17.05	17.35
	(c) Gas	-	-	-
	(d) Others (HFO based)	22.92	22.92	22.92
	<b>Total</b>	<b>37.47</b>	<b>40.47</b>	<b>40.77</b>
2.	Normal Maximum Demand in the State (MKwh)	65.00	69.00	75.00
3.	Power Generated (MKwh) :			
	(a) Thermal (Diesel)	0.02	0.018	1.72
	(b) Hydro	8.28	13.48	31.93
	(c) Gas	-	-	-
	(d) Others(HFO based)	2.63	4.01	-
	<b>Total</b>	<b>10.93</b>	<b>17.51</b>	<b>33.65</b>
	Less : Auxiliary Consumption (MKwh) (Percentage in bracket)			
	(a) Thermal (Diesel)	0.0003 (1.50)	0.0002 (1.11)	0.0169 (0.98)
	(b) Hydro	0.2401 (2.90)	0.1604 (1.19)	0.0224 (0.07)
	(c) Gas	-	-	-
	(d) Others	0.0263 (1.00)	0.0381 (0.95)	-
	<b>Total</b>	<b>0.2667</b>	<b>0.1987</b>	<b>0.0393</b>
4.	Net Power Generated (MKwh)	10.65	17.33	33.22
5.	Power purchased (MKwh)	378.21	347.15	395.96
6.	Free power received (MKwh)	-	-	-
7.	Total power available for sale (MU) (4+5+6)	388.86	364.48	429.18
8.	Power sold (MU) :			
	(a) Within the State	163.85	190.70	211.61
	(b) Outside the State	96.65	38.97	93.32
	<b>Total</b>	<b>260.50</b>	<b>229.67</b>	<b>304.93</b>
9.	Transmission and Distribution Losses (MU)	128.362	134.81	124.25
10.	Load Factor (Percentage)			
	(a) Diesel	-	-	-
	(b) Hydel	-	-	-
11.	Percentage of Transmission and Distribution Losses to Total power available for sale (7/9x100)	33.01	36.99	28.95
12.	Number of villages/town electrified			
	(a) Villages	570	570	623
	(b) Towns	22	22	22
	<b>Total</b>	<b>592</b>	<b>592</b>	<b>645</b>

Sl. No.	Particulars	2008-09	2009-10	2010-11
13.	Number of Pumpsets/ Well energised (Public water supply)	-	25	25
14.	Number of Sub Stations (i.e., 33 KV and above)	41	46	50
15.	Transmission/ Distribution lines (in KM)			
	(a) High Voltage (i.e. 132 KV, 66 KV & 33 KV)	1591.36	1583.40	2221.77
	(b) Medium Voltage (i.e. 11 KV)	4305.03	4300.41	4292.41
	(c) Low Voltage	2237.97	2243.97	2251.97
	<b>Total</b>	<b>8134.36</b>	<b>8127.78</b>	<b>8766.15</b>
16.	Connected Load (in MW)	233.430	240.540	243.000
17.	Number of consumers	160166	158195	178149
18.	Number of Employees :			
	(a) Technical	1339	1537	1278
	(b) General	609	589	589
	<b>Total</b>	<b>1948</b>	<b>2126</b>	<b>1867</b>
19.	Consumers/Employees ratio	82.22:1	74.41:1	95.42:1
20.	Total expenditure on staff during the year (₹ in crore)	36.81	52.18	55.91
21.	Percentage of Expenditure on Staff to total Revenue expenditure	22.85	26.30	30.36
22.	Units sold in million units (percentage share to total units sold in bracket)			
	(a) Agriculture & Irrigation	0.06 (0.0230)	0.001 (0.0004)	0.12 (0.0380)
	(b) Industrial	1.54 (0.5873)	2.40 (1.0450)	1.81 (0.5924)
	(c) Commercial	9.35 (3.5701)	13.65 (5.9433)	13.30 (4.3620)
	(d) Domestic	112.82 (43.0557)	128.19 (55.8146)	142.20 (46.6327)
	(e) Irrigation	-	-	-
	(f) Bulk Supply	11.24 (4.2879)	12.02 (5.2336)	11.76 (3.8552)
	(g) Public Water Works	25.73 (9.8196)	28.14 (12.2523)	26.81 (8.7937)
	(h) Public Lighting	4.06 (1.5509)	4.95 (2.1553)	5.05 (1.6567)
	(i) Other categories	0.01 (0.0038)	1.35 (0.5878)	10.40 (3.4117)
	(j) Inter State	97.22 (37.1017)	38.97 (16.9677)	93.48 (30.6576)
	<b>Total</b>	<b>262.03</b>	<b>229.671</b>	<b>304.93</b>

Sl. No.		2008-09	2009-10	2010-11
23.	Revenue (₹ in crore)	87.09	67.62	72.79
24.	Expenditure (₹ in crore) :			
	(a) Cost of Fuel (HSD Oil)	2.62	3.29	3.22
	(b) Cost of Power purchase	86.28	78.81	75.67
	(c) Operations & Maintenance	15.66	13.03	11.29
	(d) Establishment expenditure	36.81	52.18	55.91
	(e) Others Miscellaneous expenditure	19.74	51.12	38.04
	<b>Total</b>	<b>161.11</b>	<b>198.43</b>	<b>184.13</b>
25.	Profit (+)/Loss (-)	(-)74.02	(-)130.81	(-)111.34

### Appendix-5.6

#### Statement showing working results and operational performance of Mizoram State Transport for the last three years ending 31 March 2011

(Reference: Paragraph-5.1.34; Page-142)

#### I. Working Results

(₹ in crore)

Sl. No.	Description	2008-09	2009-10	2010-11
1.	Total revenue	2.08	1.98	2.31
2.	Operating revenue	1.91	1.82	2.06
3.	Total expenditure	13.08	12.89	20.96
4.	Operating expenditure	10.46	10.85	14.12
5.	Total loss	11.00	10.91	18.65
6.	Operating loss	8.55	9.03	12.06

#### II. Operational Performance

Particulars	2008-09	2009-10	2010-11
Average number of vehicles held	53	54	54
Average number of vehicles on road	30	32	27
Percentage of utilisation of vehicles	57%	59%	50%
Number of employees	650	650	650
Employee vehicle ratio	1:12	1:12	1:12
Number of routes operated at the end of the year	21	23	22
Route Kilometers	3082	3064	3082
Kilometers operated (in lakh)			
(a) Gross	12.97	12.21	10.54
(b) Effective	12.64	11.91	10.29
(c) Dead	0.32	0.30	0.25
Percentage of dead kilometers to gross kilometers	2.48	2.46	2.38
Average kilometers covered per bus per day	144	127	130
Average revenue per kilometer (₹)	16.45	16.62	22.46
Average operating expenditure per kilometer (₹)	82.73	91.08	137.27
Profit (+)/Loss(-) per kilometer (₹)	(-)66.28	(-)74.46	(-)114.81
Passenger kilometers operated (in lakh kilometers)	200.36	185.23	154.41
Occupancy ratio (Load factor)	48	49	49

**Appendix-5.7**
**Statement showing particulars of distribution network planned vis-à-vis achievement thereagainst in the State as a whole during 2006-07 to 2010-11**
*(Reference: Paragraph-5.2.9; Page-148)*

Sl. No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
<b>(A) No. of Substations (of various categories)</b>						
i	At the beginning of the year	24	31	37	41	46
ii	Additions planned for the year					
	RGGVY*			18		
	Others#			3		
iii	Additions made during the year	7	6	4	5	4
iv	At the end of the year	31	37	41	46	50
v	Shortage in addition (i - iii)			--		
<b>(B) HT Lines (in CKM)</b>						
i	At the beginning of the year	5022.44	5043.44	5059.44	5074.44	5097.44
ii	Additions planned for the year*					
	RGGVY*			719		
	Others#			175.41		
iii	Additions made during the year	21.00	16.00	15.00	23.00	23.00
iv	At the end of the year	5043.44	5059.44	5074.44	5097.44	5120.44
v	Shortage in addition (i - iii)			--		
<b>(C) LT Lines (in CKM)</b>						
i	At the beginning of the year	2211.97	2220.97	2230.97	2237.97	2243.97
ii	Additions planned for the year	NA	NA	NA	NA	NA
iii	Additions made during the year	9.00	10.00	7.00	6.00	8.00
iv	At the end of the year	2220.97	2230.97	2237.97	2243.97	2251.97
v	Shortage in addition (i - iii)			--		
<b>(D) Transformers Capacity (in MVA)</b>						
i	At the beginning of the year	163.35	167.35	170.85	173.35	175.85
ii	Additions planned for the year	NA	NA	NA	NA	NA
iii	Additions made during the year	4.00	3.50	2.50	2.50	3.50
iv	At the end of the year	167.35	170.85	173.35	175.85	179.35
v	Shortage in addition (i - iii)			--		

\* As provided in the Rural Electrification (RE) Plan and covered by RGGVY

# Additions planned under other Central & State Govt. Sponsored Schemes are not complete as the required information was not furnished

### Appendix-5.8

#### Statement showing excess purchase of cables

(Reference: Paragraph-5.2.29; Page-160)

Size of the Cable	Quantity Ordered, P.O. No. & Date	Requirement as per Estimate (in KM)	Excess Quantity ordered (in KM)	Rate (₹ in lakh)	Value of Excess Quantity ordered (₹ in lakh)	Balance quantity available after completion of work (in KM)	Value of balance quantity available (₹ in lakh)
1	2	3	4 (2-3)	5	6 (4x5)	7	8
Lasermake 1.1 KV LT XLPE Insulated Aerial Bunched Cables 3x70 sq mm, 1x50 sq mm, 1x16 sq mm	3.031(4/14-09-07) 2.108(5/14-09-07) 4.010(6/14-09-07) <b>9.149</b>	9.000	0.149	2.06	0.31	(SD-II)0.220 (SD-III)0.948 <b>1.168</b>	2.41
Lasermake 1.1 KV LT XLPE Insulated Aerial Bunched Cables 3x50 sq mm, 1x35 sq mm, 1x16 sq mm	6.998(4/14-09-07) 4.103(5/14-09-07) 7.090(6/14-09-07) 4.000(14/21-11-07) 4.000(16/21-11-07) <b>26.191</b>	18.000	8.191	1.53	12.53	(SD-I)3.255 (SD-II)0.742 (SD-III)2.924 <b>6.921</b>	10.59
Lasermake 1.1 KV LT XLPE Insulated Aerial Bunched Cables 3x35sq mm, 1x25 sq mm, 1x16 sq mm	9.824(4/14-09-07) 3.939(5/14-09-07) 8.954(6/14-09-07) 3.000(14/21-11-07) 3.000(16/21-11-07) <b>28.717</b>	23.000	5.717	1.12	6.40	(SD-I)5.739 (SD-II)0.867 (SD-III)6.732 <b>13.338</b>	14.94
Lasermake 1.1 KV LT XLPE Insulated Aerial Bunched Cables 3x120 sq mm, 1x95 sq mm, 1x16 sq mm	6.000(14/21-11-07) (Revised s per amendment dated 04-07-08) 5.000(15/21-11-07) (Revised as per amendment dated 04-07-08) 12.000(16/21-11-07) <b>23.000</b>	NIL	23.000	3.36	77.28	(SD-I)5.480 (SD-II)3.673 (SD-III)5.763 <b>14.916</b>	50.12

1	2	3	4 (2-3)	5	6 (4x5)	7	8
Lasermake 1.1 KV LT XLPE Insulated Aerial Bunched Cables 3x95 sq mm, 1x25 sq mm, 1x16 sq mm	10.000(14/21-11-07) (Revised as per amendment dated 04-07-08) 20.000(16/21-11-07) <b>30.000</b>	NIL	30.000	2.69	80.70		
Lasermake 1.1 KV LT XLPE Insulated Aerial Bunched Cables 3x70 sq mm, 1x35 sq mm, 1x16 sq mm	5.000(14/21-11-07) 5.000(16/21-11-07) <b>10.000</b>	NIL	10.000	2.06	20.60		
Lasermake 1.1 KV LT XLPE Insulated Aerial Bunched Cables 3x95sq mm, 1x70 sq mm, 1x16 sq mm	7.000(15/21-11-07) (Revised as per amendment dated 04-07-08) <b>7.00</b>	NIL	7.000	2.69	18.83	(SD-I)0.073 (SD-II)2.750 (SD-III)1.706 <b>4.529</b>	12.18
<b>Total</b>	<b>134.057</b>	<b>50.000</b>	<b>84.057</b>		<b>216.65</b>	<b>40.872</b>	<b>90.24</b>

## Glossary of Abbreviations

AAP	Annual Action Plan
ACOS	Average Cost of Supply
ACT	Assistant Commissioner of Taxes
AH&Vety	Animal Husbandry and Veterinary
AIE	Alternative and Innovative Education
ANR	Aided Natural Regeneration
AO	Assessing Officers
APDP	Accelerated Power Development Programme
APDRP	Accelerated Power Development & Reforms Programme
APL	Above Poverty Level
APR	Actual Payee Receipt
AR	Artificial Regeneration
ARR	Aggregate Revenue Requirement
ARWSP	Accelerated Rural Water Supply Programme
AS	Accounting Standards
AT&C Losses	Aggregate Technical and Commercial Losses
ATN	Action Taken Note
AUWSP	Accelerated Urban Water Supply Programme
AWD	Aizawl Water Distribution
AWP&B	Annual Work Plan and Budget
BDO	Block Development Officer
BLS	Baseline Survey
BPL	Below Poverty Line
BRC	Block Resource Centre
BRCC	Block Resource Centre Coordinator
BSF	Border Security Force
CA	Compensatory Afforestation
CAG	Comptroller and Auditor General
CAP	Central Audit Party
CBI	Central Bureau of Investigation
CCA	Chief Controller of Accounts
CCD	Communication and Capacity Development
CCDU	Communication and Capacity Development Unit
CCO	Chief Controlling Officer
CE	Chief Engineer
CE (M&I)	Chief Engineer (Monitoring & Investigation)
CEA	Central Electricity Authority
CGS	Central Sector Generating Stations
CHC	Community Health Centre
CKM	Circuit Kilometers
COT	Commissioner of Taxes
CPWD	Central Public Works Department
CRCC	Cluster Resource Centre Coordinator
CRC	Cluster Resource Centre

CRSP	Central Rural Sanitation Programme
CST	Central Sales Tax
CTR	Central Treasury Rules
CVC	Central Vigilance Commission
DDGS	Decentralised Distributed Generation and Supply
DDO	Drawing and Disbursing Officer
DFO	Divisional Forest Officer
DFP	Delegation of Financial Power
DGS&D	Director General of Supplies and Disposal
DI	Ductile Iron
DISE	District Information system for Education
DoNER	Development of North Eastern Region
DPAB	Departmental Purchase Advisory Board
DPC	District Project Coordinators
DPO	District Project Office
DPR	Detailed Project Report
DSA	Drill Site Approach
DTR	Distribution Transformer
DW&SC	District Water & Sanitation Committee
E&F Department	Environment & Forests Department
EE	Executive Engineer
EGS	Education Guarantee Scheme
E-in-C	Engineer-in-chief
EVs	Education Volunteers
FC	Fully covered
FTB	Free Text Book
GAD	General Administration Department
GDP	Gross Domestic Product
GFR	General Financial Rules
GI	Galvanized Iron
GM-RBCF	General Manager, Regional Broiler Chick Farm
GoI	Government of India
GoM	Government of Mizoram
GW&QC	Ground Water and Quality Control Division
H&FW	Health and Family Welfare
HRD	Human Resource Development
Ht	High Tension
IEC	Information, Education and Communication
IEX	Indian Energy Exchange
IHHL	Individual house Hold Latrine
IR	Inspection Report
ITIA	Information Technology Implementing Agency
JERC	Joint Electricity Regulatory Commission
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KGBV	Kasturba Gandhi Balika Vidyalaya

KV	Kilo Volt
LA Act	Land Acquisition Act
LADC	Lai Autonomous District Council
LoA	Letter of Award
LoC	Letter of Credit
LSC	Land Settlement Certificate
LT	Low Extension
LWSM	Lunglei Water Supply Maintenance
MDM	Mid Day Meal
MHRD	Ministry of Human Resource Development
MNP	Minimum Need Programme
MoA	Memorandum of Agreement
MoEF	Ministry of Environment and Forest
MoHFW	Ministry of Health and Family Welfare
MoP	Ministry of Power
MoU	Memorandum of Understanding
MR	Muster Roll
MST	Mizoram State Transport
MT	Matric Ton
MU	Million Units
MVA	Mega Volt Ampere
MVAT	Mizoram Value Added Tax
MW	Mega Watt
NC	Not covered
NEC	North Eastern Council
NEEPCO	North Eastern Electric Power Company
NEP	National Electricity Policy
NIT	Notice Inviting Tender
NPCC	National Programme Coordination Committee
NPEGEL	National Programme for Education of Girls at Elementary Level
NRBCs	Non Residential Bridge Courses
NRDWP	National Rural Drinking Water Programme
NRHM	National Rural Health Mission
NSSC	National Scheme Sanctioning Committee
O&M	Operation & Maintenance
OoSC	Out of school children
OPD	Out Patients Department
P&E Department	Power & Electricity Department
PA	Performance Audit
PAB	Project Approval Board
PAC	Public Accounts Committee
PAG	Principal Accountant General
PC	Partially Covered
PCCF	Principal Chief Conservator of Forests

PFC	Power Finance Corporation
PGCIL	Power Grid Corporation of India Limited
PHC	Public Health Centre
PHED	Public Health Engineering Department
PIP	Programme Implementation Plan
PSU	Public Sector Undertaking
PTR	Pupil Teacher Ratio
PW Deposit	Public Works Deposit
PWD	Public Works Department
R&D	Research & Development
R-APDRP	Restructured Accelerated Power Development and Reform Programme
RBCs	Residential Bridge Courses
RE	Rural Electrification
REDB	Rural Electrification Distribution Backbone
REP	Rural Electrification Policy
RGGVY	Rajiv Gandhi Grameen Vidyutikaran Yojona
RGNDWM	Rajiv Gandhi National Drinking Water Mission
RSM	Rural Sanitary Mart
RTE	Right to Free and Compulsory Education
RWS	Rural Water Supply
RWSS	Rural Water Supply Scheme
SBI	State Bank of India
SC	Scheduled Castes
SC	Sub Centre
SDA	State Designated Agency
SDEO	Sub-Divisional Education Officer
SE	Superintending Engineer
SERC	State Electricity Reforms Commission
SHP	Small Hydel Project
SIS	School information schedule
SLSSC	State Level Scheme Sanctioning Committee
SoR	Schedule of Rates
SPAB	State Purchase Advisory Board
SS	Sub Stations
SSA	Sarva Shiksha Abhiyan
ST	Scheduled Tribe
ST	Superintendent of Taxes
SW&SM	State Water & Sanitation Mission

T&D	Transmission and Distribution
TINXSYS	Tax Information Exchange System
TPIA	Third Party Inspection Agency
TSC	Total Sanitation Campaign
UEE	Universal Elementary Education
UI	Unscheduled Interchange
VAT	Value Added Tax
VC	Village Councils
VCMS	VAT and Central Sales Tax Management System
VEC	Village Education Committees
VEI	Village Electrification Infrastructure
VIS	village information schedule
WQMSP	Water Quality Monitoring and Surveillance Programme
WSS	Water Supply Schemes