Laid before the Legislature on 31 August 2016

Report of the Comptroller and Auditor General of India

on

General, Social, Economic, Revenue and Economic (PSUs) Sectors

For the year ended 31 March 2015

GOVERNMENT OF MIZORAM

TABLE OF CONTENTS

LIST OF APPENDICES

PREFACE

1. This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Mizoram under Article 151 of the Constitution of India.

2. This Report contains significant results of performance audit and compliance audit of the Departments of the Government of Mizoram under Social, Economic, General, Revenue and Economic (SPSUs) Sectors including the Labour, Employment and Industrial Training Department, Public Health Engineering Department, Health & Family Welfare Department, School Education Department, Public Works Department, Animal Husbandry and Veterinary Department, Rural Development Department, Environment and Forests Department, Taxation Department, Transport Department and Food, Civil Supplies & Consumer Affairs Department.

3. The cases mentioned in the Report are those which came to notice in the course of test audit during the year 2014-15, as well as those which came to notice in earlier years, but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2014-15 have also been included, wherever necessary.

4. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This Audit Report has been prepared in five Chapters. Chapters I to V deal with Social, Economic (other than Public Sector Undertakings), General, Revenue and Economic (Public Sector Undertakings) Sectors.

This Report contains three performance audits and thirteen compliance audit paragraphs. According to the existing arrangements, copies of the draft compliance audit and draft performance reviews were sent to the concerned Commissioner-cum-Secretaries/Principal Secretaries/Secretaries to the State Government by the Accountant General (Audit) with a request to furnish replies within six weeks. The Commissioner-cum-Secretaries/Principal Secretaries/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 compliance audit paragraphs, draft performance reviews *etc.*, for inclusion of the views/comments of the Government in the Audit Report. Despite such efforts, replies were not received in respect of two compliance audit paragraphs from the concerned Principal Secretaries/Secretaries to the State Government.

CHAPTER-I

SOCIAL SECTOR

PERFORMANCE AUDIT

Functioning of Industrial Training Institutes (Labour, Employment and Industrial Training Department)

The performance audit on functioning of Industrial Training Institute (ITI) revealed positive trend of decrease in dropout rates of trainees from the ITIs during the audit period. However, the dropout rate was consistently above 28 *per ce*nt. Major flaws were observed in the planning process and in the financial management aspects. The fund available for implementation of various Centrally Sponsored Scheme (CSS) and infrastructure projects were not efficiently and effectively utilised by the department. Infrastructure created under CSS like hostel buildings lacked planning due to which capacity intake in the newly constructed hostels would be grossly insufficient. Conducting of courses in unaffiliated trades, improper accounting of the receipts, diversion of fund, non-maintenance of record cards of the ex-trainees *etc*. were some of the other irregularities observed in the ITIs. Other vocational training schemes *viz*. Apprenticeship Training Scheme was not implemented by department since 1990s and proper implementation of Skill development initiative scheme started only from 2012. The internal inspection and monitoring of ITIs by State level authorities was absent.

A performance audit on implementation of various vocational training programme in the State revealed the following significant findings:

The department neither conducted any need based survey to ascertain the requirement of ITIs nor was timeline fixed for setting up of new ITIs in uncovered districts in the State.

Incentive fund of ₹ 100 lakh for implementation of Vocational Training Improvement Project was not availed due to non-submission of proposal by the department within the stipulated time fixed by GoI.

Encroachment of land by various establishment and bodies has reduced the original land area of ITI Aizawl from 79,932 Sq.mt. to only 26,315.61 Sq.mt. (32.92 per cent) at present.

There was misappropriation of ₹ 66.93 lakh under Enhancing Skill Development Infrastructure scheme on fabricated Measurement Books and running account bills in the construction of new ITI buildings at Serchhip district.

Diversion of ₹10 lakh approved for transformer and diesel generator to construction works led to fluctuation of voltage and frequent breakdown of power supply at ITI Saiha and consequent disruption of classes and damage to computers and accessories.

Boys' hostels constructed at ITI Aizawl and ITI Lunglei at an estimated cost of ₹ 123.84 lakh, and ₹ 89.60 lakh to accommodate 32 and 10 trainees respectively have not yet been allotted to the trainees. Similarly, girls' hostel at ITI Lunglei constructed by Social Welfare Department, GoM that could accommodate 10 girl trainees is yet to be allotted to trainees. Further, no recruitment of hostel staff was made by the Department to make any of the hostels functional.

(Paragraph 1.3)

Compliance Audit Paragraphs

The Secretary, Mizoram Building and Other Construction Workers' Welfare Board irregularly diverted Workers' Welfare Cess amounting to ₹ 4.62 crore and ₹ 52.38 lakh for expenditure on training and loan respectively which had no relation with building and other construction workers' welfare.

(Paragraph 1.4)

The expenditure of ₹ 74.88 lakh incurred by the Executive Engineer, Public Health Engineering Department, Rural WATSAN Division, Aizawl towards implementation of Mauchar Water Supply Scheme remained idle due to non-installation of Pumping Wind Mill.

(Paragraph 1.5)

The Director of Health Services, Mizoram utilised an Incentive Grant of ₹ Three crore for procurement of 38 vehicles without observing due procedure. The Department did not receive the delivery of five vehicles even after the payment of 100 *per cent* advance of ₹ 55 lakh for more than one year. 15 of the vehicles received were allocated to non-entitled officers.

(Paragraph 1.6)

The State Project Director, Sarva Shiksha Abhiyan (SSA) Mizoram under School Education Department incurred an excess expenditure of ₹ 2.82 crore towards procurement of 'Free Text Books'.

(Paragraph 1.7)

The Director, State Council of Educational Research and Training (SCERT), Mizoram under School Education Department made an excess payment of ₹ 30.80 lakh towards purchase of 1,540 sets of computer table with chair.

(Paragraph 1.8)

CHAPTER-II

ECONOMIC SECTOR
(Other than State Public Sector Undertakings)

PERFORMANCE AUDIT

Pradhan Mantri Gram Sadak Yojana (PMGSY)
(Public Works Department)

The Performance Audit of the PMGSY brought out that the Department has moderately succeeded in fulfilling the objective of providing connectivity by way of an All-weather Road to the eligible un-connected habitation. The Department has failed to formulate the District Rural Road Plans involving grass-root level participation at Block and District levels, which has affected proper implementation of the scheme. The Chief Executive Officer, Mizoram Rural Road Development Agency (MiRRDA) did not follow the laid down financial practices/procedures. The scheme was not implemented in a time bound manner to provide new-connectivity to the eligible habitations. While executing the works, the concerned PIUs had irregularly accepted invalid Performance Bank Guarantees, incurred excess expenditure, executed deviated/extra items of works without written orders of the Engineers, and executed sub-standard works without proper technical supervision at field level.

The Performance Audit of the Scheme brought out the following significant findings:

The Nodal Department did not prepare any block-specific Master Plan for 26 blocks. Moreover, the District Rural Roads Plans for eight districts were prepared by the Nodal Department without consulting the District Rural Development Agencies/District Planning Committees.

The Chief Executive Officer, MiRRDA without obtaining formal approval of the National Rural Road Development Agency (NRRDA) diverted an amount of ₹ 132.86 lakh towards meeting expenditure for extra/ deviated item of works in respect of four works.

Out of 109 works taken up for execution by three districts (Aizawl, Champhai and Lunglei) up-to March 2005, completion of 21 works was delayed up to two years, 11 works by two to five years and nine works for more than five years.

On termination of contract, a mobilization/equipment advance of ₹ 29.50 lakh could not be forfeited due to irregular acceptance of Bank Guarantee, without validity and coverage upto the contract period.

Against the construction of road (Darlawn – N. Serzawl) the Executive Engineer, National Highway-II Division, Aizawl incurred an excess expenditure of ₹ 76.06 lakh.

In 13 packages under six Project Implementing Units (PIUs) an expenditure of ₹ 3.38 crore was sanctioned for meeting the cost of deviated/extra item of works without written orders of the Engineers.

In case of 13 works, under eight packages, the five PIUs extended undue financial benefit by releasing security deposits of ₹ 1.38 crore to the contractors before the end of the prescribed period thereby also risking the rectification of defects.

(Paragraph 2.3)

Compliance Audit Paragraphs

The Director, Animal Husbandry and Veterinary Department failed to comply with earlier recommendation of an expert committee leading to death of 126 cows in transit and loss of ₹ 68.04 lakh which could have been largely avoided.

(Paragraph 2.4)

The Director, Rural Development Department provided undue benefit of ₹ 52 lakh to the supplier towards purchase of 12,546 bundles of GCI sheets by agreeing to accept inferior quality product.

(Paragraph 2.5)

CHAPTER-IV

REVENUE SECTOR

Trend of revenue receipts

During the year 2014-15, the revenue raised by the State Government (₹ 508.48 crore) was 9.23 *per cent* of the total revenue receipts of ₹ 5,511.10 crore as against 8.90 *per cent* in the preceding year (₹ 424.04 crore). The balance 90.77 *per cent* of receipts of ₹ 5,002.62 crore during 2014-15 was from the Government of India.

(Paragraph 4.1.1)

The Tax Revenue raised during 2014-15 (₹ 266.52 crore) increased by 15.99 *per cent* as compared to the previous year (₹ 229.78 crore). The Non-Tax Revenue raised during 2014-15 (₹ 241.96 crore) increased by 24.55 *per cent* as compared to the previous year (₹ 194.26 crore).

(Paragraph 4.1.2 & 4.1.3)

PERFORMANCE AUDIT

Effectiveness of the Mizoram State Pollution Control Board (Environment and Forests Department)

Mizoram State Pollution Control Board (MSPCB) is entrusted with the responsibility of implementation of environmental laws including guidelines and instructions issued by Ministry of Environment and Forests, GoI and Central Pollution Control Board from time to time. Performance audit of the functioning of the MSPCB showed deficiencies in handling different types of pollution and wastes management by the Board. The Board had failed to initiate action against the polluting industries/bodies/authorities despite violation of various provisions under the Acts/Rules. There was substantial shortfall in inspection of industries. MSPCB laboratory did not have facilities and equipment to analyse various parameters of water and air quality. A Performance Audit on the effectiveness in the functioning of MSPCB covering the period 2010-15 brought out the following significant findings:

The Board had not prepared Annual Action Plans for four years (2011-15) showing the comprehensive programme for the prevention, control and abatement of pollution of streams and wells in the State.

In absence of terminal facilities/Effluent Treatment Plants or proper treatment, the Health Care Facilities (HCFs) and slaughter houses openly discharged their effluents into the open drain which eventually contaminate the rivers.

The Board did not conduct the recommended number of inspections especially for the Large Scale Industries in 'Red' category that might cause pollution.

The action of the Board to mitigate air pollution by way of checking vehicle emission, was limited to the capital city Aizawl only. No mechanism or system was in place to identify or take action against vehicles plying without valid Pollution Under Control Certificates (PUCCs).

Solid wastes were dumped on the hill slopes without having valid authorisation from the Board and no monitoring mechanism of water and air pollution exist in and around the dumping sites.

The Aizawl Municipal Corporation procured an incinerator, at an expenditure of ₹ 29.24 lakh without following codal provisions, which was not installed and commissioned as of February 2016.

Out of 96 HCFs in the State, 56 HCFs did not obtain Bio-Medical Waste authorisations and 38 HCFs were functioning even though their authorisations had either expired or their applications were pending with MSPCB.

The Government could not finalise and appoint a full-time Member Secretary to the MSPCB even after three years of publishing the recruitment rules in the Mizoram Gazette.

(Paragraph 4.11)

Compliance Audit Paragraphs

Taxation Department

Six ACTs in Mizoram irregularly allowed Input Tax Credit claim of ₹ 1.05 crore in respect of 66 registered dealers without supporting tax invoices.

(Paragraph 4.12)

Purchase and deduction against credit notes without supporting document, resulted in under-assessment of sales turnover of ₹ 16.79 crore for which tax of ₹ 2.59 crore along with a penalty not exceeding ₹ 5.18 crore was leviable.

(Paragraph 4.14)

There was a short-assessment of tax of ₹ 0.42 crore due to under-assessment of purchase turnover of four dealers by ₹ 3.28 crore.

(Paragraph 4.15)

Transport Department

There was a loss of revenue of ₹ 19.76 lakh due to non-deposit of Authorisation (Plying) Permit Fee by the owners of the Inter State Maxi Cabs and All Mizoram Maxi Cabs.

(Paragraph 4.16)

CHAPTER-V

ECONOMIC SECTOR
(State Public Sector Undertakings)

Mizoram had six working State Public Sector Undertakings (SPSUs) (all companies) employing 259 employees as on March 2015. These SPSUs registered a turnover of ₹ 17.42 crore for 2014-15 as *per* the latest finalised accounts. This turnover was equal to 0.14 *per cent* of State Gross Domestic Product. The SPSUs incurred a loss of ₹ 3.28 crore as per their latest finalised and audited accounts as of September 2015.

(Paragraph 5.1)

Accountability framework

The audit of the financial statements of a company in respect of financial years commencing on or after 1 April 2014 is governed by the provisions of the Companies Act, 2013. However, the audit of a company in respect of financial years that commenced earlier than 1 April 2014 continued to be governed by the Companies Act, 1956.

(Paragraph 5.2)

Investment in SPSUs

As on 31 March 2015, the investment (capital and long-term loans) in six SPSUs was ₹ 73.31 crore. This total investment consisted of 67.78 *per cent* towards capital and

32.22 *per cent* in long-term loans. Investment had declined by 19.11 *per cent* in 2014-15 as compared with 2010-11.

(Paragraph 5.6)

Arrears in finalisation of Accounts

Six working SPSUs had arrears of 23 accounts as of September 2015.

(Paragraph 5.10)

Compliance Audit Paragraph

Loss due to shortage of stores/cash
(Food, Civil Supplies & Consumer Affairs Department)

There was a loss of ₹ 1.96 crore due to shortage of cash and stores at 18 different supply centres/godowns which came to notice during handing over of charge.

(Paragraph 5.18)

CHAPTER-I

SOCIAL SECTOR

CHAPTER-I

SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2015 deals with the findings on audit of the State Government under Social Sector.

The names of the State Government Departments and the total budget allocation *vis-a-vis* expenditure incurred under Social Sector during the year 2014-15 are given in the following Table:

Table-1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	School Education	936.70	901.50
2.	Higher and Technical Education	280.26	201.52
3.	Sports and Youth Services	41.14	31.90
4.	Art and Culture	17.00	14.10
5.	Medical and Public Health Services	444.90	331.52
6.	Water Supply and Sanitation	245.03	230.00
7.	Information and Public Relations	13.06	11.02
8.	Labour and Employment	20.61	11.02
9.	Social Welfare	152.63	116.21
10.	Disaster Management and Rehabilitation	27.42	28.00
11.	Local Administration Department	77.00	34.50
12.	Personnel & Administrative Reforms	2.32	2.15
13.	Urban Development and Poverty Alleviation	291.00	218.00
Total		**2549.07**	**2131.44**

Source: Appropriation Accounts, Government of Mizoram, 2014-15

1.2 Planning and conduct of Audit

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

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

The audits were conducted during 2014-15 involving expenditure of ₹ 67.07 crore out of the total expenditure of ₹ 2,131.44 crore of the State Government under the Social Sector. This chapter contains one Performance Audit *viz.* on 'Functioning of Industrial Training Institute' and five Compliance Audit paragraphs.

The major observations made in audit during 2014-15 are discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

LABOUR, EMPLOYMENT AND INDUSTRIAL TRAINING DEPARTMENT

1.3 Performance Audit on "Functioning of Industrial Training Institutes"

The Craftsmen Training Scheme (CTS) provides structured institutional training while the Apprenticeship Training Scheme (ATS) is a combination of institutional and on-the-job training in which the trainees are exposed to industrial environment. Under CTS, Industrial Training Institutes (ITIs) were established in various States/UTs to upgrade the skills of craftsmen. Skill Development Initiative (SDI) scheme is a 100 *per cent* centrally sponsored scheme wherein demand driven short term training courses based on Modular Employable Skills in consultation with the Industry are provided by registered Vocational Training Providers (VTPs) under the Government, Private Sector and Industrial establishments.

Major flaws were observed in the planning process and in the financial management. The fund available for implementation of various CSS scheme and infrastructure projects were not efficiently and effectively utilised. There were delays in implementation of the various CSS projects. Infrastructure created under CSS scheme like hostel buildings lacked planning. Apprenticeship Training Scheme was not implemented by department since 1990s and proper implementation of Skill Development Initiative scheme started only from 2012.

A performance audit on implementation of various vocational training programme in the State revealed the following significant findings:

Highlights

The department neither conducted any need based survey to ascertain the requirement of ITIs nor was timeline fixed for setting up of new ITIs in uncovered districts in the State.

(Paragraph 1.3.7.1)

Incentive fund of ₹ 100 lakh for implementation of VTIP in the State was not availed due to non-submission of proposal by the department within the stipulated time fixed by GoI.

(Paragraph 1.3.8.5.1)

Boys' hostels constructed at ITI Aizawl and ITI Lunglei at an estimated cost of ₹ 123.84 lakh, and ₹ 89.60 lakh to accommodate 32 and 10 trainees respectively have not yet been allotted to the trainees. Similarly, girls' hostel at ITI Lunglei by Social Welfare Department, GoM that could accommodate 10 girl trainees is yet to be allotted to trainees. Further, no recruitment of hostel staff was made by the Department to make hostel functional.

(Paragraph 1.3.10.3.3)

Encroachment of land by various establishment and bodies has reduced the original land area of ITI Aizawl from 79,932 Sq.mt. to only 26,315.61 Sq.mt. (32.92 *per cent*) at present.

(Paragraph 1.3.10.3.5)

There was misappropriation of ₹ 66.93 lakh under ESDI scheme on fabricated MBs and running account bills in the construction of new ITI buildings at Serchhip district.

(Paragraph 1.3.11.3.6)

Diversion of ₹ 10 lakh approved for transformer and diesel generator to construction works led to fluctuation of voltage and frequent breakdown of power supply at ITI Saiha and consequent disruption of classes and damage to computers and accessories.

(Paragraph 1.3.11.4.1)

1.3.1 Introduction

The Government of India (GoI) introduced Craftsmen Training Scheme (CTS) in 1950 to ensure a steady flow of skilled workers in different trades for the domestic industry, to raise quantitatively and qualitatively the industrial production by systematic training, to reduce unemployment among the educated youth by providing them employable training, to cultivate and nurture a technical and industrial attitude in the minds of the younger generation.

Under CTS, Industrial Training Institutes (ITIs) were established in various States/UTs to upgrade the skills of craftsmen. The main objectives of the scheme are:

1. To equip the human resource with appropriate skills required in the labour market.
2. To make the youth more productive by providing them employable skills to achieve wage benefits as well as self-employment.
3. To produce highly skilled craftsman for the industry.
4. To ensure steady flow of skilled workers for industrial/service sectors.
5. To raise the quality and quantity of industrial production by systematic training of potential workers.

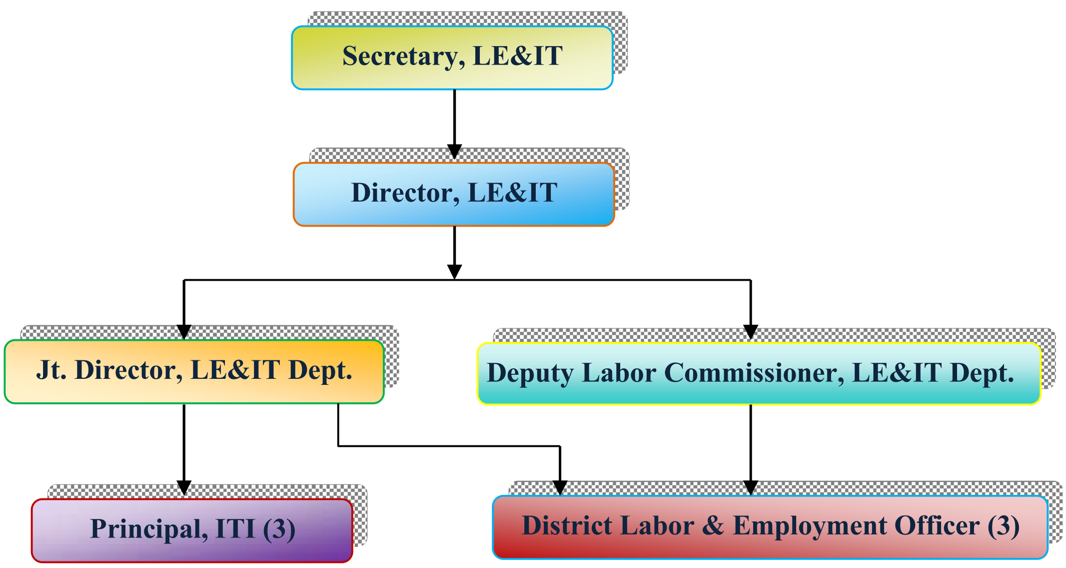
The GoI transferred the day to day administration of ITIs under the CTS to the State Government/UT administrations in 1956, while retaining the functions of coordinating craftsman training and laying down the training policy through the Director General of Employment and Training, Ministry of Labour & Employment, GoI. Further, in order to assist the GoI in discharging responsibilities of craftsman training, the GoI set up the National Council for Vocational Training (NCVT) in 1956, an advisory body to ensure and maintain uniformity in the standards of training all over the country. The Government of Mizoram (GoM) is implementing the vocational training scheme as per the guidelines of Ministry of Labour and Employment, GoI.

1.3.2 Organisational Set-up

The Secretary to the GoM, Department of Labour, Employment& Industrial Training (LE&IT) is the administrative head responsible for policy framing of the Department. The Department of Labour, Employment & Industrial Training headed by the Director who is also the ex-officio Labour Commissioner is responsible for implementation and monitoring of National Employment Services Programs, Enforcement of Labour Legislations and Vocational Training Schemes in the State. He is assisted by Joint Director and Deputy Labour Commissioner. The Joint Director, LE&IT Department deals with the affairs of Employment Assistance and Industrial Training Institutes. There are three ITIs in the State located at Aizawl, Lunglei and Saiha districts which are headed by Principal. The District Labour and Employment Officer is responsible for both Labour Enforcement and Employment affairs at the district level.

The Organogram of the Department of Labour, Employment and Industrial Training Department, GoM is shown in the Chart below:

CHART-1.1



1.3.3 Scope of Performance Audit

The performance audit of 'Functioning of Industrial Training Institutes' was conducted covering the period from 2010 to 2015. The performance audit involved scrutiny of the basic records and other documentary evidences of the Directorate at the State level and three ITIs at district level *viz*. Aizawl ITI, Lunglei ITI and Saiha ITI.

1.3.4 Audit Objectives

The Performance Audit was conducted with the objective to:

i. Examine the adequacy and effectiveness of various skill development training programmes and sponsored activities as per latest industrial/market requirement and technology and the system in place for ensuring placement of trainees.

ii. Examine the adequacy and effectiveness of the financial management and utilisation of financial resources in conformity with the applicable rules and regulations.

iii. Assess the adequacy of human resources and efficiency in their utilisation, performance evaluation and skill up-gradation.

iv. Assess the effective utilisation and adequacy of infrastructure such as class room, work shop, hostel and tools and equipments.

v. Examine the efficiency and effectiveness of implementation of programmes for improving the standards of training and to assess whether the requirement of the industry was met through a steady flow of skilled manpower in different trades.

1.3.5 Audit Criteria

Audit objectives have been benchmarked against following criteria:

a. Training Manual for Industrial Training Institutes prescribed by the Director General of Employment and Training (DGET).

b. GoI/GoM orders on imparting industrial training to trainees.

c. The Apprentices Act, 1961.

d. Skill Development Initiative manual.

e. Guidelines on Upgradation of 1,396 Government ITIs through Public Private Partnership.

1.3.6 Audit Methodology

Audit was commenced after an entry conference held (7 May 2015) with the Secretary and the Director of Labour, Employment and Industrial Training Department, wherein audit objectives, scope, methodology and criteria were explained. An exit conference was held (11 December 2015) at the level of the Additional Secretary of the Administrative Department, Director and other officers of the Department wherein important audit findings were discussed.

The replies received during the course of audit and subsequently from the Department have been suitably incorporated in the report at relevant paragraphs.

AUDIT FINDINGS

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

1.3.7 Industrial requirements and modernization

1.3.7.1 Planning

The Directorate of Labour and Employment Department exercises full control over the planning and operation of the ITIs in the State. For this, Annual Plans for the years 2010-15 were prepared by the department depicting the financial requirement of ITIs for submission to the Planning Department. During the year 2010-11, the department proposed for setting up of two new ITIs and an ITI for women in the State in the Annual Plans of the Department. Further, the department proposed to set up new ITIs in five uncovered districts of Champhai, Serchhip, Kolasib, Mamit and Lawngtlai during 2011-12.

The proposal for setting up of new ITIs in the State was included in the Annual Plans of the Department, without need based survey on the requirement of ITIs in different districts and plans to meet the financial requirements in the Annual Plans. Further, no timeline was planned by the Department for setting up of new ITIs in other uncovered districts. It may be pointed out that the two new ITI are being constructed in Champhai and Serchhip districts, were under the GoI's Enhanced Skill Development Infrastructure (ESDI) Scheme being implemented by the State Government.

The department also did not assess the industry needs of the State for incorporation of new trades or discontinuation of irrelevant trades. Thus, courses were continued to be conducted as per the old system without restructuring and revision. Thus, the ITIs were not geared up to address the latest technological needs of industries.

While accepting the audit findings, the department replied (February 2016) that the requirement of new ITI was assessed from the number of applicants seeking admission into the existing ITI. It further stated that opening of new ITIs in the uncovered districts were proposed.

1.3.7.2 Apprenticeship training scheme

The ITIs produce semi-skilled workers. In order to improve their skills and expose them to industrial environment, the trainees who successfully completed their training are sponsored for apprenticeship training in industrial establishments under the Apprentices Act, 1961.

Scrutiny of the records revealed that the Apprenticeship Training Scheme (ATS) was not implemented by the department since 1990s. The department also did not constitute the State Apprenticeship Council for implementation of the ATS. Further, no effort was made by the department for coordination with the Industries to provide Apprenticeship training to ITI passed-out trainees. Non-implementation of ATS affected the employability of ITI trained personnel due to want of hands-on experience.

While admitting the audit observation, the department stated (February 2016) that the ATS was not implemented due to non-availability of fund with the State Government. Action would be taken to implement ATS under new scheme pattern wherein Central Government would share the expenditure.

1.3.8 Financial management

1.3.8.1 Fund Allocation and Expenditure

The year wise budgetary allocation, actual expenditure and savings/excess were as indicated in the following table:

Table-1.2

(₹ in lakh)

Year	Budget Allocation	Actual Expenditure	(+) Excess/(-) Saving
2010-11	277.27	291.63	(+) 14.36
2011-12	290.12	287.46	(-) 2.66
2012-13	332.32	338.41	(+) 6.09
2013-14	348.15	357.67	(+) 9.52
2014-15	342.01	338.28	(-) 3.73

Source: Appropriation Accounts

It could be seen from the above table that during the audit period, the department incurred excess expenditure of ₹ 6.09 lakh (2012-13) to ₹ 14.36 lakh (2010-11) except during 2011-12 where there was a saving of ₹ 2.66 lakh.

1.3.8.2 Improper accounting of receipts by ITIs

As per Training Manual for ITIs, fees for Application form and Registration was to be collected from the applicants by the ITIs at the rate of ₹ 25 and ₹ 50 per student respectively under Craftsmen Training Scheme (CTS). Further, tuition fee of ₹ 100 per month per trainee should be collected. However, no fee should be charged from SC/ST and physically handicapped trainees. Again, each candidate was required to deposit a sum of ₹ 250 as Caution Money at the time of joining to safeguard against the loss or damage to equipment, tools and other articles. However, Caution money was to be refunded as soon as they complete the training and hand over the tools and other articles.

Scrutiny of the records revealed various irregularities in management of receipts by the ITIs during 2010-15 as spelled out below:

- None of the ITIs maintained proper records on collection of fees and refund of caution money and the same were not accounted for in the Cash book.
- There was no uniformity in fees being collected by different ITIs. The cost of application form and registration fees being charged ranged from ₹ 10 to ₹ 20 and ₹ 20 to ₹ 250 respectively.

- Examination fees which was not envisaged in the ITI training manual was charged from the trainees at the rate of ₹ 100 to ₹ 150 per trainee by the ITIs.

- As per the available records, ITI Aizawl, Lunglei and Saiha (2013-15) received ₹ 72,100, ₹ 17,700 and ₹ 31,720 respectively on sale of Application form and Registration fees. Out of the three ITIs, only ITI Lunglei deposited ₹ 17,700 to the Government account while ITI Aizawl irregularly utilised the amount for office expenditure like paying telephone bills, electricity and water bills *etc.* ITI Saiha neither maintained any records on amount collected for the period 2010-13 nor was the amount collected between 2013-15 taken into account in the Cashbook and deposited into Government Account. Further, mode of utilisation of the Examination fee and refund of Caution money could not be ascertained in audit owing to non-maintenance of proper records.

Thus, in absence of proper accounting of receipts collected by the ITIs, the risk of financial mismanagement cannot be ruled out.

While accepting the audit observations, the department stated (February 2016) that necessary instruction issued to all the ITIs to maintain proper records on collection of uniform registration/ admission fees and to deposit all the regular fees collected with the Government.

1.3.8.3 Award of stipends

The DGE&T's training manual stipulated payment of stipend at the rate of ₹ 100 per month per trainee to all trainees. The State Government had the liberty to increase the rate of stipend. In addition to this, merit scholarship at the rate of ₹ 125 per month per trainee was also to be awarded to 4 *per cent* out of the total number of trainees on the rolls on the basis of internal examination conducted by the ITIs to motivate meritorious trainees.

It was observed that during the period 2010-12, stipend was paid by the department at the rate of ₹ 500 per trainee per month. The responsibility of payment of stipend to the ITI trainees was however taken over by Mizoram Scholarship Board vide State Government notification[1] during 2012-15 and stipend was paid at the rate of ₹ 14,300 per trainees per year for matriculate trainees and ₹ 7,000 per trainee per year for non-matriculate trainees. However, the system of payment of merit scholarship to the deserving trainees was not implemented. This defeated the scheme of motivation of meritorious trainees.

1.3.8.4 Provision of Training Grant to ITIs

DGE&T training manual envisages provision of training grant in each institute at ₹ 400 per month per trainee for engineering trades and ₹ 300 per month per trainee for non-engineering trades to cover the cost of raw materials, consumable stores, replacement of hand tools, repairs of equipment on account of wear and tear, cost of stationery for training purpose and cost of light, water and power.

[1] The Mizoram Centralisation of Scholarship/Stipends/Book Grant Rules, 2010

No specific allocation of fund for training grant was made to the ITIs in the State budget. In the absence of specific allocation of fund, the ITIs utilised the fund available under various heads of account *viz*. Office expenses, other charges, Machinery and Equipment *etc*. for meeting such expenses. Thus, non-provision of training grant to the ITIs would affect the quality of training provided in the ITIs.

The department accepted (December 2015) the audit observations.

1.3.8.5 Fund allocation and expenditure under Vocational Training Improvement Project (VTIP)

The fund under Vocational Training Improvement Project (VTIP) was shared by the Centre and State in the ratio of 90:10 (except for establishment of State Project Implementation Unit under VTIP where the sharing pattern was 75:25). The position of fund released and expenditure incurred under VTIP is as tabulated below:

Table-1.3

(₹ in lakh)

Year	Fund Released by GoI to State	Fund received by Department from State			Expenditure	(+) Excess/ (-) Saving
		Central Share	State Share	Total		
2010-11	26.25	59.00	-	59.00	55.00	(-) 4.00
2011-12	2.17	28.42	5.74	34.16	38.16	(+) 4.00
2012-13	-	9.00	4.00	13.00	13.00	-
2013-14	143.50	35.50	-	35.50	20.73	(-) 14.77
2014-15	-	122.77[2]	-	122.77	122.77	-
Total	**171.92**	**254.69**	**9.74**	**264.43**	**249.66**	-

Source: Departmental records

The State Government was to contribute 10 *per cent* (25 *per cent* for SPIU) as a State Matching Share for the project. It was noticed that the state matching share was not sanctioned by it during 2010-15. However, the department re-appropriated ₹ 9.74 lakh from office contingent expenditure but the approval of the GoM was not obtained for re-appropriating the fund.

1.3.8.5.1 Non-availing of Incentive fund

Provision for Incentive fund of up to ₹ 100 lakh was available to well performing States with one to three ITIs under VTIP. The GoI after considering the performance of VTIP in the State decided (29 August 2013) to sanction incentive fund of up to ₹ 100 lakh for the State of Mizoram. The department was required to send a proposal listing out activities to be undertaken from the fund by 10 September 2013. The department however failed to send any proposal for implementation of VTIP in the State. The GoI did not release any fund.

While admitting the fact, the department stated (February 2016) that the information on Incentive fund was received by them only during October 2013 and they prepared the proposal

[2] ₹ 108 lakh pertains to 2013-14 but released by GoM during 2014-15 and ₹ 14.77 lakh was unspent balance of 2013-14 revalidated during 2014-15

containing activities to be under taken from the funds on 24 October 2013. However, the same was not submitted to GoI.

1.3.9 Human resource management

1.3.9.1 Sanctioned strength *vis-à-vis* man-in-position

The administrative set-up of an ITI for staff is specified in the ITI training manual and the State Government was required to recruit technical staff accordingly.

The following table shows the overall position of sanctioned strength *vis-à-vis* the actual man-in-position of technical staff in the ITIs.

Table-1.4

Name of Posts	Sanctioned Strength			Men-in–position			Vacancy
	Permanent	Temporary	Total	Permanent	Temporary	Total	
Principal	3	--	3	2	1	3	Nil
Vice Principal	1	--	1	--	--	--	1
Group Instructor	1	1	2	--	2	2	Nil
Instructor	26	19	45	24	19	43	2

Source: Departmental records

It could be seen from the above table that there are vacant posts of only three technical staffs in the ITIs. However, further scrutiny revealed the following discrepancies.

- DGE&T training manual envisages posts of technical staff at State headquarters in the rank of Deputy Director of Training and Assistant Director of Training/Inspector of Training with requisite qualification. However, no post of technical staff at the Directorate was created.
- No regular Principal was appointed for ITI Saiha and was temporarily manned by the District Employment Officer, Saiha.
- The post of Vice Principal at ITI Aizawl remained vacant since October 2014 after superannuation of the previous incumbent.
- Out of 33 instructors post at ITI Aizawl, 19 instructors were appointed on temporary basis.
- The instructor for wireman trade for ITI Lunglei was not sanctioned by the Government since the introduction of trade in 2014 and wasmanned by a Storekeeper. Similarly, instructor post for three trades at ITI Aizawl *viz*. Mechanical Auto Electrical & Electronic, Sheet Metal Worker and Mechanic Computer Hardware were not sanctioned but manned by Mechanic (Radio &TV), Fitter and IT&ESM instructors respectively.

In reply to audit observation, the department stated (February 2016) that the post of Principal of ITI Saiha was not filled up due to court case and proposal for filling the vacant post of Vice Principal and Instructors are under the consideration of the Government.

The deficiencies however, would negatively impact the quality of training.

1.3.9.2 Staff training

The training of technical staffs of the ITIs were conducted at the Central Staff Training and Research Institute (CSTRI), Kolkata.

Further scrutiny, however, revealed that all the Instructors of the ITIs had undergone training at CSTRI only once (mostly during September 2012) during 2010-15. The department did not have any institutionalized arrangement for trainings of the instructors on a regular basis due to which technical staffs of the ITIs missed opportunity to upgrade their technical knowledge in a changing industrial and technological environment.

The department accepted (December 2015) the audit observations.

1.3.10 Infrastructure availability such as class room, work shop, hostel and tools and equipment

1.3.10.1 Trends in seating capacity and enrolment

Candidates of 14 years of age as on the date of commencement of an academic session are eligible for admission in ITIs. There is no upper age limit for trainees seeking admission in courses.

The following table shows the trends of seats availability and enrolment of trainees during 2010-15.

Table-1.5

Year	Seating capacity	Enrolment
2010-11	408	301
2011-12	488	350
2012-13	352	226
2013-14	400	377
2014-15	416	433

Source: Departmental records

It could be seen from the above table that overall capacity utilisation suffered except 2014-15. Excess enrolment during 2014-15 was due to excess admission of trainees by ITI Aizawl and ITI Lunglei where the respective seating capacities were only 288 and 72 but 304 and 74 trainees were admitted by ITIs. The reason of excess admission by the ITIs was not on records. Intake of trainees in excess of the available seating capacity would have negative impact on the quality of the training imparted.

1.3.10.2 Dropouts and successful completion of training

The duration of training of Engineering trades varies from one to two years whereas non-engineering trades is of one year. At the end of the course, the trainees in affiliated trades have to appear in the All India Trade Test (AITT) conducted by the National Council for Vocational Training (NCVT) for award of National Trade Certificate (NTCs) and for unaffiliated trades, they have to appear in the test conducted by the State Council of Vocational Training.

The following table shows the trend of dropout and passes percentage at the ITIs during 2010-13.

Table-1.6

Year	Enrolment	Appeared for exam	Drop out	*Per cent* dropout	Passed trainees	*Per cent* passed
2010-11	301	197	104	35	179	91
2011-12	350	248	102	29	232	94
2012-13	226	154	72	32	145	94
2013-14	377	180[3]	71[4]	28	136	75
2014-15	433	Exam results was awaited				

Source: Departmental records

It could be seen from the above table that overall dropout percentage has declined over the years but was consistently above 28 *per cent*. The dropout was more than 40 *per cent* in trades of Wireman, Electronic mechanic, Mechanic Motor Vehicle, Carpenter, Plumber and Baker and Confectioner. Reduction in overall pass percentage of trainees to 75 *per cent* in 2013-14 is a cause of concern.

1.3.10.3 Physical Infrastructure availability

The NCVT prescribed norms on Infrastructure such as space requirement for classroom and workshop. Scrutiny of the records and physical verification revealed certain shortcomings as discussed in the succeeding paragraphs.

1.3.10.3.1 Workshop and Classroom space

According to the NCVT norms, the workshop space required depends upon the number of trades for which training is imparted and number of units operated in the ITI. Scrutiny of the records revealed that as on 31 March 2015, training was imparted in 23, 6 and 5 trades in ITI Aizawl, Lunglei and Saiha respectively. Accordingly, total space required for Workshop and Classroom *vis-à-vis* space actually available at each ITI is shown in the table below:

[3] Number of trainees enrolled in one year course

[4] Drop out is calculated only in relation to the number of student enrolled in one year course since exam of two year course has not yet conducted

Table-1.7

Sl. No.	Name of ITI	Workshop Space (Sq.mt.)			Classroom Space (Sq.mt.)		
		Requirement	Available	Shortage (-) Excess (+)	Requirement	Available	(-) Shortage (+) Excess
1.	Aizawl	2034.00	2573.23	(+) 539.23	250.00	164.80	(-) 85.20
2.	Lunglei	528.00	345.40	(-) 182.60	120.00	23.10	(-) 96.90
3.	Saiha	518.00	260.24	(-) 257.76	30.00	26.28	(-) 3.72

Source: Departmental records

It could be seen from the above table that –

- Shortage of workshop space by 182.60 Sq.mt. and 257.76 Sq.mt. was observed at ITI Lunglei and Saiha respectively.
- Classroom space shortage ranges from 3.72 Sq.mt. to 96.90 Sq.mt. in the ITIs. However, during physical verification of ITIs, it was observed that inadequacy of classroom space did not have much impact on the theory classes as most of the classes were conducted in the workshops themselves.

In reply to the audit observation, the department stated (February 2016) that training class can run smoothly as trades with only one unit need not have separate theory classroom and can be run in the workshop itself. The reply is however silent on shortage of classroom and workshop in ITIs with respect to NCVT norms.

1.3.10.3.2 Adequacy of power supply

NCVT prescribed power supply requirements based on each trade. Further, ITI training manual envisaged a diesel generator set of capacity sufficient to keep training activities continuing at the time of load shedding at the ITIs. The following table shows the power supply requirement and the contracted power supply.

Table-1.8

Sl. No.	Name of ITI	Total requirement of power supply (KW)	Power supply actually available (KW)	Shortage	Percentage of shortage
1.	Aizawl	132.56	76.18	56.38	43
2.	Lunglei	29.29	17.76	11.53	39
3.	Saiha	22.90	20.60	2.30	10

Source: Departmental records

It could be seen from the above table that all the three ITIs have shortages of power supply.

It was noticed that available standby diesel generators of 25 KW, 7.5 KW and 2.5 KW capacity at ITI Aizawl, ITI Lunglei and ITI Saiha respectively were far less than the actual power requirement of the trades. Further, during physical inspection it was observed that the generator set of ITI Aizawl was not in working condition. Thus, provision of inadequate power supply and lower capacity generator sets would affect the smooth functioning of trades especially engineering trades like COPA, Welder, IT&ESM *etc*. mainly in ITI Saiha and ITI Lunglei where classes were regularly disrupted due to erratic power supply. The photographs below showing classes affected due to interrupted power supply at ITI Saiha.

Students of COPA trade waiting for resumption of power supply at ITI Saiha

While accepting the audit observations, the department replied (December 2015) that the matter will be rectified.

1.3.10.3.3 Hostel facilities

The DGE&T Training Manual envisages provision of hostel accommodation for 50 *per cent* of trainees in each ITI. Further, Hostel Superintendent-cum-Physical Training Instructor, Hostel Clerk, Class IV staff *viz*. Safaiwala, Chowkidars and Water Carriers were to be recruited for hostel attached to each Institute.

Out of the three ITIs in Mizoram, hostel facilities for boys and girls were provided only in ITI Aizawl. However, boys hostel in ITI Aizawl was actually a Staff quarter converted into a boys' hostel. The following observations were made during audit.

- In order to provide hostel accommodation for boys in three ITIs, proposal of construction of hostels was included under Enhanced Skill Development Infrastructure scheme at a cost of ₹ 306.69 lakh (ITI Aizawl: ₹ 123.84 lakh, ITI Lunglei: ₹ 89.60 lakh and ITI Saiha ₹ 93.25 lakh). As on date of audit (June 2015), ₹ 251.45 lakh was incurred on construction of hostels. The construction of boys' hostel at ITI Aizawl and ITI Lunglei has been completed, which could accommodate 32 and 10 trainees respectively. However, the newly constructed boys' hostels were yet to be allotted to the trainees.
- Hostel facilities for girls were available at ITI Aizawl and ITI Lunglei only. The girls' hostel at ITI Lunglei was constructed by Social Welfare Department, GoM but not yet allotted to trainees (June 2015). 10 girl trainees each could be accommodated in these hostels.

- The total number of trainees that can be accommodated in the hostels was only 62 (42 and 20 in ITI Aizawl and ITI Lunglei respectively), which was far less than the total requirement[5] for 326 trainees in the ITIs.
- Though hostel buildings were available and were ready for accommodation, no recruitment of hostel staff was made by the Department till the time of audit (July 2015), due to which the Department has not been able to make them functional.
- As per the agreement (May 2013) for the work "Construction, Electrification, Sanitary and Water Supply of boys hostel at ITI Saiha", the contractor[6] was to complete the work within six month (November 2013), failing which the contractor would be liable to pay ₹ 3,665 (0.05 *per cent* of contract value) per day as liquidated damage. There was also provision for cancellation of the contract if the total amount of liquidated damages exceeds 2 *per cent* of the contract amount.

Scrutiny of the records revealed that the contractor abandoned the work after receiving the payment of ₹ 56.59 lakh (February 2014). The department did not impose any liquidated damage on the contractor nor terminated the contract for delay in completion of the work. Thus, failure of the department to take appropriate action resulted in idle expenditure of ₹ 56.59 lakh defeating the purpose of providing boarding facilities to the trainees from far flung areas.

While admitting to audit observation, the department stated (February 2016) that all the ITIs have minimum hostel facilities and the contractor of Boys' hostel at ITI Saiha had been notified to complete the construction.

Following is the photograph of abandoned boys' hostel at ITI Saiha.

Site of abandoned boys hostel construction at ITI, Saiha

[5] Computed on 50 *per cent* of the seating capacity in ITIs (Seating capacity in ITI Aizawl and ITI Lunglei = 548 and 104 respectively)

[6] R. Renghnuna, Dinthar, Aizawl

1.3.10.3.4 Staff Quarters

The DGE&T training manual envisages provision of staff quarters for 80 *per cent* of the staff. Out of three ITIs in the State, only ITI Aizawl has 20 designated staff quarters. However, ITI Lunglei did not have designated staff quarters and the staff irregularly occupied the classroom buildings for residential purpose after shifting of the classroom to the new building constructed under CSS fund[7]. Similarly, 6 staff members in ITI Saiha resided in the Classroom/workshop buildings of four trades after shifting of the classes to the new building.

No plans for construction of staff quarters at ITI Lunglei and ITI Saiha was drawn up by the department. The occupation of classroom/workshop by the staff for residential purposes has to be viewed in light of the fact there was shortage of space for classroom/workshop (as discussed in Paragraph-1.3.10.3.1).

In reply, the department stated (February 2016) that staff of ITIs required accommodation because the ITIs in those places are located in the outskirts of the town. New ITI buildings were constructed at ITI Lunglei and Saiha to enhance deficient infrastructure. Old buildings are therefore temporarily utilised for staff quarter.

The reply is however, not acceptable since accommodation of classroom/workshop buildings for staff quarter has aggravated the shortage of classroom/workshop space in the ITIs.

1.3.10.3.5 Encroachment of ITI Aizawl land

ITI Aizawl is functioning since April 1975 at the present location. As *per* the site plan of ITI Aizawl, the area of ITI Aizawl in July 1978 was 79,932 Sq.mt.

Joint physical verification of ITI Aizawl compound by the Audit Party revealed that many Government Offices/Establishment, Private houses, Religious establishments *etc.* have occupied ITI land in and around the ITI Aizawl main buildings. Scrutiny of the records revealed that the present area of ITI Aizawl has been reduced to 26,315.61 Sq.mt. (approx.) due to encroachment of land as shown below:

Table-1.9

Sl. No.	Type of Establishment	Area (Sq.mt.)	Percentage of total land occupied
1.	Department of Health (UPHC)	9,828.00	12.30
2.	Social Welfare Department	2,052.00	2.57
3.	Fire & Emergency Department	1,132.30	1.42
4.	Private / Community	40,604.09	50.80
Total		**53,616.39**	**67.08**
5.	Land available with ITI Aizawl	**26,315.61**	**32.92**
Grand Total		**79,932.00**	**100.00**

Source: Departmental records

[7] Upgradation of 1,396 Government ITIs through PPP

It could be seen from the above table that the area of about 53,616.39 Sq.mt. valued at ₹ 32.18 crore[8] constituting 67.08 *per cent* of land was encroached by various establishment as on June 2015. The following photograph shows the land encroachment by various establishments.

Fire and Emergency Building at ITI Aizawl Land

Private buildings at ITI Aizawl Land

Further scrutiny revealed that there was no Government notification or Departmental Orders for transfer of ITI Aizawl land to different establishment mentioned above. No action has been taken up by the department for eviction of illegal construction or to prevent illegal land encroachment.

While accepting the fact that ITI Aziwal land was encroached upon the department stated (February 2016) that documentation indicating agreement between the two Ministers (LE&IT Department and Fire & Emergency Department) was on record. Also, stated that in other cases, most of the parties have in their possession Land Lease Certificate and Land Settlement Certificate from the State Revenue Department.

1.3.10.3.6 Shortage of tools and equipment

A Standard list of tools and equipments for both engineering and non-engineering trades are prescribed by the NCVT. These tools and equipment prescribed in the standard list are the basic minimum requirement for the trade.

Physical verification of tools and equipments in the three ITIs revealed shortage ranged from 5.06 to 76.47 *per cent* as detailed in **Appendix-1.1**. The shortage was highest in ITI Saiha (26.19 to 76.47 *per cent*). Imparting training in trades without required tools and equipment in ITIs would have impact on the quality of training imparted.

While admitting the audit observation, the department stated (February 2016) that the shortage would be made up through procurement under VTIP and ESDI schemes.

[8] ₹ 6,000/Sq.mt.

1.3.10.3.7 Library facilities

As per the DGE&T training manual, ₹ 25 *per* month per trainee was to be allotted for purchase of technical books, technical magazines and other books related to trades for reference.

An amount of ₹ 12.70 lakh, ₹ 5.50 lakh and ₹ 6.00 lakh was received by ITI Aizawl[9], ITI Lunglei and ITI Saiha[10] respectively for procurement of books, learning resources and software during 2010-11. While no expenditure was incurred by ITI Aizawl; ITI Lunglei and ITI Saiha incurred ₹ 0.52 lakh (9.45 *per cent*) and ₹ 0.19 lakh (3.17 *per cent*) respectively for procurement. Thus, non-procurement has deprived facilities for the trainees and the instructors of the ITIs to update their knowledge.

While accepting the audit observation, the department replied (February 2016) that action would be initiated to utilise the fund.

1.3.10.4 Affiliation of trades

As per the DGE&T Training Manual, an ITI seeking affiliation of a trade in NCVT is required to have necessary infrastructure and instructors. Only trainees of those trades affiliated to NCVT were permitted to appear in the All India Trade Test conducted by the NCVT.

Scrutiny of the records revealed that training in different trades were being imparted at ITI Aizawl: 23 trades, ITI Lunglei: 6 trades and ITI Saiha: 5 trades, out of which training on 3, 2 and 2 trades[11] respectively were imparted without affiliation to NCVT. Further scrutiny revealed the following irregularities.

- No surveys were conducted by the department to ascertain the needs of the market before introduction of new trades in the ITIs.
- ₹ 39.41 lakh was incurred on procurement of Tools and Equipment for introduction of three new trades at ITI Aizawl under ESDI during 2013-14. Further, ₹ 25.78 lakh and ₹ 16.37 lakh was incurred (2011-12) by ITI Lunglei and ITI Saiha respectively on procurement of tools and equipment for the unaffiliated trades under the CSS scheme 'Upgradation of ITI through PPP'. However, ITI Lunglei did not seek affiliation from the NCVT. Though ITI Aizawl and ITI Saiha attempted to do so once during 2014 and 2010 respectively, they could not succeed. Thus, the seven trades remained unaffiliated till the date of audit (July 2015).
- Though the department submitted a proposal for payment of salaries of new trades of three instructors in the DPR under the ESDI scheme, the State Government declined the proposal citing shortage of fund and suggested for running the new trades by the existing

[9] Under the scheme Vocational Training Improvement Project' (VTIP)

[10] Upgradation of 1,396 Government ITIs through Public Private Partnership

[11] Unaffiliated trades (Year of commencement): ITI Aizawl - Mechanic (Auto Electrical & Electronics) (2014), Sheet Metal Worker (2014) and Mechanic (Computer Hardware) (2014); ITI Lunglei - Electronic Mechanic (2012) and Wireman (2014); and ITI Saiha - COPA (2011) and IT&ESM (2005)

instructors. Thus, no regular instructors were appointed for the three new trades at ITI Aizawl but were manned by instructors of other trades[12]. Similarly, training of Wireman trade was imparted at ITI Lunglei by the Storekeeper of the institute.

During 2010-15, 47 trainees who had completed the course in these unaffiliated trades were deprived of the National Trade Certificate (NTC) of the NCVT but were issued only the State Trade Certificate (STC) which would lessen their prospects of employability in organized sectors.

The department while accepting the audit observations stated (February 2016) that the trades are unaffiliated as the procedure for affiliation of trades had been changed since 2014 and the new procedure is being scrutinized and affiliation for the unaffiliated trade will be proposed soon.

Any attempt to get NCVT affiliation for the unaffiliated trades would be successful only if State Government appoints qualified instructors for the relevant trade and provide infrastructural facilities as per NCVT norms.

1.3.10.5 Medical examination of trainees

As per Training Manual for ITI, trainees should be medically examined soon after their admission by the Medical Officer attached to the ITI. They should also be examined, thereafter once in a year. In case of trainees with doubtful health, the medical examination may be held every three months. At training institutes, where no medical officer was appointed, arrangement for medical examination may be made through a local doctor. The head of training institute should discharge trainees found medically unfit for admission.

It was noticed that neither any medical examination of trainees was conducted nor arrangement was made to conduct by local doctors during the time of admission or thereafter in any of the ITIs.

While admitting to the audit observation, the department stated (February 2016) that the arrangement will be made to admit medically fit person.

1.3.11 Implementation of programmes for improving the standards of training

1.3.11.1 Establishment of State Project Implementation Unit (SPIU) under Vocational Training Improvement Project (VTIP)

As per norms, the department was to establish a State Project Implementation Unit (SPIU) under VTIP to manage the project implemented through ITIs. This unit would be responsible and accountable for timely release of funds to ITIs, submission of reimbursement claims, and preparation of timely progress and expenditure reports.

[12] Steel Metal Workers trade by Fitter Instructor, Mechanical Auto Electrical & Electronics trade by Mechanic (Radio & TV) instructor and Mechanic Computer Hardware by IT&ESM instructor

GoI released (June 2008) ₹ nine lakh towards central share for establishment of SPIU to meet the expenditure on salaries of short-term consultants on contract basis, office equipment for SPIU and cost of training of trainers including TA/DA in respect of the ITIs. The department re-appropriated ₹ four lakh from the fund available in the state budget as State's matching share. Thus, the total fund available for establishment of SPIU was ₹ 13 lakh.

Scrutiny of the records revealed that the department did not establish a SPIU but implementation of the ITI projects was looked after by officers in addition to their regular charges and no consultants were appointed for the management of the SPIU. Hence, the goal of providing full time management through SPIU was not fulfilled. Further, it was noticed that the available fund was diverted as shown below:

- ₹ three lakh was diverted to the Principal, ITI Aizawl and the amount was incurred (December 2012) on procurement of office equipment.
- ₹ 47,600 was spent on regular TA bills of the permanent staff of the department and ₹ 50,000 was spent on TA/DA of training of trainers.
- ₹ 9.02 lakh was spent on procurement of office consumables by the Directorate, Department of Labour, Employment & Industrial Training.

In reply, the department stated (February 2016) that as per the implementation manual of VTIP, the States having less than three ITIs are exempted from establishing separate SPIU and the VTIP scheme in such states are to be looked after by existing officers of the Directorate. The reply has to be viewed in light of the fact that the Mizoram has three functioning ITIs and two more ITIs are being established and hence establishment of separate SPIU was a must as per VTIP guidelines. Further, the reply was silent on diversion of funds for procurement of office equipment by ITI Aizawl and TA bills on permanent staff.

1.3.11.2 Enhancing Skill Development Infrastructure (ESDI) in NE States and Sikkim

The CSS "Enhancing Skill Development Infrastructure (ESDI)" introduced in February 2011 was primarily for skill development infrastructure in the seven NE States including Sikkim in the existing ITIs. The scheme was funded 100 *per cent* by the Central Government and the fund was disbursed directly to the Mizoram Council of Vocational Training (MCVT) by the Central Government for implementation of the project. The scheme is aimed at Upgradation of ITIs, supplementing infrastructure deficiencies by constructing new hostel, boundary wall and supplementing old and obsolete tools and equipment.

As a part of extension of the scheme, the GoI decided (August 2013) to add a new component "Establishment of 14 new ITIs in seven NE States" with the cost sharing pattern of 90:10 between the Central and the State Government.

The following is the fund position and expenditure incurred thereof on the sub-project under ESDI.

Table-1.10

(₹ in lakh)

Year	Opening Balance	Fund released	Misc. Receipt[13]	Total	Expenditure	Closing Balance
2012-13	0.01	368.23	3.89	372.13	0	372.13
2013-14	372.13	106.18	10.52	488.83	357.97	130.86
2014-15	130.86	32.01	3.22	166.09	114.05	52.12
Total	**-**	**506.42**	**17.63**	**-**	**472.02**	**-**

Source: Departmental records

The department incurred ₹ 472.02 lakh on upgradation of three trades at ITI Aizawl, procurement of tools and equipments for ITI Aizawl, construction of boys hostel at ITI Aizawl, Lunglei and Saiha. Paragraph-1.3.10.3.3 supra highlighted the irregularities in construction of boys' hostel:

1.3.11.3 Establishment of two new ITI at Champhai and Serchhip

Under the new component "Establishment of 14 new ITIs in sevenb North Eastern States", two new ITIs at Champhai and Serchhip were proposed to set up in the State at cost of ₹ 622.39 lakh per ITI. Out of the total fund required, ₹ 1,120.30 lakh (90 *per cent*) was to be borne by GoI and ₹ 124.49 lakh (10 *per cent*) by the State Government. As on March 2015, the GoI released ₹ 839.30 lakh but the State Government in turn released only ₹ 482.10 lakh to the MCVT. The State Government has not released its share till March 2015.

Table-1.11

(₹ in lakh)

Year	Availability of Fund					Expenditure	Closing Balance
	Opening Balance	Central[14]	State	Misc. Receipt	Total		
2013-14	0	482.10	-	-	482.10	0	482.10
2014-15	482.10	-	-	8.65	490.75	487.50	3.25
Total	**-**	**482.10**	**-**	**8.65**	**-**	**487.50**	**-**

Source: Departmental records

Out of available fund of ₹ 490.75 lakh (which include ₹ 8.65 lakh as interest), an amount of ₹ 487.50 lakh was incurred by the MCVT in connection with setting up of two ITI at Champhai and Serchhip till March 2015[15]. Further scrutiny, however, revealed gross irregularities as spelt out below.

1.3.11.3.1 Appointment of consultancy firm

As per GFR, in respect of enquiry for seeking 'Expression of Interest' from consultants for high quality services, advertisement should be published in at least one national daily and the Ministry's web site where the estimated cost of the work or service is above ₹ 25 lakh in

[13] Interest accrued in MCVT account No. SBI 32475339091

[14] Indicates GoI's fund released to the Department by GoM

[15] Construction works = ₹ 4.41 crore, Consultancy charges = ₹ 34.88 lakh and Technical Supervisor salary *etc.* = ₹ 11.62 lakh

'Two-bid' system with technical and financial bids sealed separately. However, in violation of the rules, the advertisement was published (22, 23 and 24 April 2014) in three local newspapers inviting quotation from approved registered consultancy firm for preparation of architectural and structural drawing, detailed estimates and supervision of the work for construction of ITI Building at Champhai and Serchhip. Three tenderers (two individual[16] and M/s Nextcomm Consultancy, Luangmual) submitted their rate quotation on plain sheet of paper without incorporating any technical and financial bids. The quotation of the two individuals neither bore name of any firm nor registration number of the firm. They also did not furnish work experience certificate, registration number, list of technical staff etc. Close scrutiny of submitted tenders also revealed that each of the tenders was signed by the same individual. M/s Nextcomm Consultancy, Luangmual quoted rate was the lowest amongst the three submitted tenders. Thus, it appeared that selection of consultancy firm for the project was not done in a transparent and competitive manner but so manipulated to select M/s Nextcomm Consultancy.

The work order was awarded to M/s Nextcomm Consultancy on 16 May 2014 and the firm submitted the bills of quantity, detailed estimates *etc.* on 19 May 2014. It was doubtful whether actual survey of the sites at Champhai and Serchhip was undertaken by the firm given the time taken by the firm (within two days) in submission of detailed estimates, *etc.*

₹ 34.88 lakh was paid (June 2014) to M/s Nextcomm Consultancy towards consultancy charges. However, M/s Nextcomm Consultancy, empanelled by the GoM, was not a qualified firm for preparation of architectural drawing and structural drawing. The architectural and structural drawings submitted by the firm were only preliminary drawings and description of the items of works and quantity were drawn without any scale.

The estimates and drawings submitted by the firm were accepted by the Secretary, MCVT without any technical sanction and ensuring that the estimate was accurate and was based on adequate data.

The department while accepting the audit observations stated (February 2016) that the fund of the project was entrusted to MCVT and the functionaries of the MCVT were not familiar with the codal formalities while making appointment of consultancy firm.

1.3.11.3.2 Selection of contractor

The department neither floated any notice inviting tender for prospective bidders nor were the works for construction of the new two ITIs entrusted to the State PWD but the same Consultancy firm *viz*. M/s Nextcomm Consultancy, Luangmual, Aizawl was awarded (June 2014) the work for ₹ 662.78 lakh for construction of Administrative Buildings and Classrooms for ITI Champhai and Serchhip. The selection of M/s Nextcomm Consultancy as contractor was irregular for construction of ITI building at Serchhip and Champhai as the same firm was consultant for the project and was also responsible for supervision of

[16] Mr. Nikhil Kumar, Kolkata and Mr. Dines Kumar, Secunderabad

the work. Selection of contractor also violated Central Vigilance Commissiion guidelines (December 2004), which stipulates that a firm hired to provide consultancy services for the preparation or implementation of a project, will be disqualified from subsequently providing goods or works or services related to the initial assignment for the same project.

1.3.11.3.3 Payment of mobilization advance without interest

Mobilization advance (10 *per cent* of the tendered value) was admissible to the contractor as per CPWD Works Manual, provided it was part of the agreement. However, the agreement signed on 18 June 2014 did not have any such clause for payment of mobilization advance to the contractor. The department irregularly paid ₹ 178.70 lakh as mobilization advance to the contractor on the day of signing of the agreement. Further, neither the mobilization advance amount nor the interest due thereof amounting to ₹ 17.94 lakh[17] were recovered by the department (June 2015).

While accepting the audit observations, the department stated (February 2016) that corrective measures will be taken up to avoid such mistakes in future.

1.3.11.3.4 Payment for monitoring and preparation of RA bill

There were no clauses in the agreement for payment against monitoring and preparation of running account bill. However, the contractor submitted (August 2014) a separate bill of ₹ two lakh for monitoring and preparation of running account bill. The MCVT paid (August 2014) ₹ two lakh to the contractor. This was inadmissible since the department had engaged a technical supervisor for monitoring and supervision of civil works executed by the department.

While accepting the audit observations, the department stated (December 2015) that steps would be taken up to recover the irregular amount paid on account of monitoring and RA bill preparation.

1.3.11.3.5 VAT not deducted from the RA bills

Under Mizoram Value Added Tax (MVAT), 2005 rules, VAT should be deducted from contractor's bill at a rate of two *per cent* of the amount of bill. Scrutiny of records however revealed that an amount of ₹ 254.59 lakh was paid to the contractor without deducting VAT from the bills of the contractor.

While accepting the audit observations, the department stated (February 2016) that the contractor will be notified to pay VAT and deduction of the same will be made from the pending bills.

1.3.11.3.6 Embezzlement of Government Money

The payment to the contractor was to be made according to the item rate measurement made by the Engineer-in-Charge. 1st RA bill amounting to ₹ 83.13 lakh was paid (June 2015) to the

[17] Interest on mobilization advance calculated on 10 *per cent* simple interest from date of advance to date of audit (20 June 2015)

contractor on account of construction of ITI Serchhip building **(Appendix-1.2)**. As per the bill, payment pertaining to RCC works (Foundation, Columns Beam & Slab) was made to the contractor. The Measurement Book also corroborated that the work was done as per the RA bill submitted by the contractor and was countersigned by the Director, LE&IT Department. The RA bill submitted by the contractor were passed for payment by the Director, LE&IT Department without actual verification of the work by the technical supervisor, appointed for supervision of the civil works.

Joint physical verification of the ITI Serchhip building construction site (at Chhiahtlang) on 11 June 2015, however, revealed that only earthwork (site preparation) of the site was completed by the contractor. No engineers, tools and equipment and other machinery were available at the construction site. The site was abandoned by the contractor after earthwork (site preparation) and there was no sign of any RCC building construction. Thus, only an amount of ₹ 16.21 lakh for site preparation was admissible and the remaining amount ₹ 66.93 lakh[18] paid to M/s Nextcomm Consultancy tantamount to embezzlement of Government Money on fabricated bills.

The actual work completed by the contractor at Serchhip is shown in the following photograph.

Site preparation for approach road to ITI Serchhip at Chhiahtlang village, Serchhip

Site preparation for Administrative and Workshop Building at ITI Serchhip at Chhiahtlang Village

While accepting the audit observations, the department stated (December 2015) that necessary steps would be taken up.

1.3.11.4 Upgradation of Government ITI through PPP

Under the scheme, an interest free loan of ₹ 250 lakh would be provided by the Central Government directly to the Institute Management Committee (IMC) formed at the ITIs for

[18] ₹ 16,20,504 is amount incurred on Earthwork (Site Preparation). Thus, Total payment (₹ 83,13,284) – Payment on Earthwork (₹ 16,20,504) = ₹ 66,92,780 is amount treated as embezzlement

upgradation of the ITI into a Centre of Excellence. For Mizoram, ITI Saiha and ITI Lunglei were selected for implementation of the scheme and accordingly, ₹ 500 lakh (₹ 250 lakh for each ITI) was released (March 2009) to the IMC of the ITIs. The loan had a moratorium of ten years and thereafter the loan was repayable by the IMCs in equal annual instalments over a period of 20 years.

As per the guidelines of the scheme, Institute Management Committee (IMC) registered as a society was constituted by ITI Lunglei and ITI Saiha for implementation of the scheme. A Memorandum of Agreement (MoA) was signed between the Central Government, State Government and the Industry Partner (Mizoram Chamber of Industry). Thereafter, an interest free loan was released (₹ 250 lakh per ITI) to the IMCs on the basis of Institute Development Plan (IDP) developed for overall upgradation of the ITI. Further scrutiny revealed the following irregularities:

1.3.11.4.1 Diversion of funds by ITI Saiha

As per the approved IDP, ₹ 60 lakh was approved for Civil works at ITI Saiha. Out this, ₹ 45 lakh was for construction of RCC building with electrification and internal water connection and remaining ₹ 15 lakh on various upgradation works *viz.* installation of separate transformer for ITI campus for uninterrupted power supply (₹ eight lakh), procurement of diesel Generator (5 KVA) to feed the whole campus (₹ two lakh) and renovation of existing building (₹ five lakh).

Scrutiny of the records revealed that ITI Saiha incurred ₹ 60.99 lakh on civil works till June 2015. It was also noticed that neither a transformer for ITI campus was installed nor a diesel generator was procured but the fund (₹ 10 lakh) was diverted for construction of the ITI main building including payment of consultancy fees and electrification. Similarly, out of ₹ 5.00 lakh earmarked for renovation of existing buildings, only an amount of ₹ 2.23 lakh was incurred for renovation and the remaining fund of ₹ 2.77 lakh was diverted for construction of ITI main building.

Physical verification at ITI Saiha revealed that non-installation of a separate transformer for ITI campus and diesel generator affected smooth functioning of classes (particularly COPA trade) due to fluctuating voltage and frequent breakdown of power supply. Further, computers and accessories installed at classroom of COPA trade were damaged.

While accepting the audit observations, the department assured (December 2015) that necessary steps would be taken up.

1.3.11.5 Skill Development Initiative Scheme

The Skill Development Initiative Scheme (SDIS) on modular employable skill allows skills upgradation, multi entry and exits, vertical and horizontal mobility and lifelong learning opportunities in a flexible manner. The skills acquired are assessed by the assessing body from the industry organisations and NCVT certificates are then issued upon successful completion of the course. The objectives of the scheme are:

1. To provide vocational training to school leavers, existing workers, ITI graduates, *etc.* to improve their employability by optimally utilising the infrastructure available in the government, private institutions and the industry. Existing skills of the persons can also be tested and certified under this scheme.
2. To build capacity in the area of development of competency standards, course curricula, learning material and assessment standards in the country.

1.3.11.5.1 Fund allocation and expenditure

The training under SDIS was to be provided at various Vocational Training Providers (VTPs) registered under Central Government, State Government, Public and Private Sector and Industrial Establishments/Institutes *etc.* The scheme was 100 *per cent* funded by the Central Government.

During the year 2008-09, one time advance of ₹ 30 lakh to three ITIs (@ ₹ 10 lakh per ITI) was provided to start course under SDIS. However, as per the instructions (February 2012) of the Director, LE&IT Department, ₹ 17.65 lakh being the unspent amounts from the three ITIs were transferred to MCVT account[19].

The funding position *vis-à-vis* expenditure on the scheme during the year 2011-12 to 2014-15 is shown below:

Table-1.12

(₹ in lakh)

Year	Opening Balance	Fund provided by GoI	Fund released to the Department	Misc. Receipt[20]	Total	Expenditure	Closing Balance
2011-12	17.65	3.90	3.90	0	21.55	0	21.55
2012-13	21.55	45.79	45.79	0	67.34	0	67.34
2013-14	67.34	0	0	0.11	67.45	0	67.45
2014-15	67.45	264.00	0	2.08	69.53	69.25	0.28
Total		**313.69**	**49.69**	**2.19**		**69.25**	

Source: Departmental records

It could be seen from the above table that during 2010-15, the GoI released ₹ 313.69 lakh for implementation of the scheme, whereas the fund received by the MCVT from GoM for the scheme was only ₹ 49.69 lakh. Out of available fund of ₹ 69.53 lakh (₹ 17.65 lakh unspent amount transferred by three ITIs *plus* ₹ 49.69 lakh received from GoM *plus* ₹ 2.19 lakh Misc. receipts), ₹ 69.25 lakh was spent on implementation of the scheme during the period. Further scrutiny revealed the following facts:

- As on September 2012, total fund available for implementation of the SDIS scheme was ₹ 67.34 lakh. However, the available fund was parked for nearly two years and utilised on the scheme only during August 2014.

[19] ITI Aizawl : ₹ 8,96,535.00 (vide DD No. 261419 date 12 April 2012)
ITI Lunglei : ₹ 6,00,090.00 (vide DD No. 117679 date 15 February 2012)
ITI Saiha : ₹ 2,68,492.00 (vide DD No. 187273109 date 29 February 2012)

[20] Misc. Receipt during 2010-11 to 2013-14 on Bank interest accrued on saving bank account of MCVT (HDFC A/c No. 31991450000030)

- The Director General of Employment and Training (DGE&T), intimated (September 2010) that ₹ 22.34 lakh was allocated by GoI for implementation of SDIS for the year 2010-11 but the fund could be released only on receipt of revised training action plan for the year 2010-11. However, the department failed to submit the requisite revised Action Plan for the year 2010-11 of SDIS to GoI, due to which the allocated fund of ₹ 22.34 lakh was not released.
- GoI released ₹ 100 lakh and ₹ 164 lakh during December 2014 and March 2015 respectively for the year 2014-15. GoM released ₹ 100 lakh in February 2015. However, ₹ 164 lakh was not released by GoM to the department till the time of audit (July 2015) and was parked in civil deposit. The delay in further release of fund released by GoI was due to the fact that the department failed to submit Utilisation Certificates (UC) for ₹ 79.69 lakh during 2008-13 except UC for ₹ 1.50 lakh only resulting in non-approval of the Action Plan submitted by the department for the period 2014-17 for skill development of 15,000 youth under SDIS in the state with the estimated project cost of ₹ 1,209.41 lakh.

1.3.11.5.2 Physical and financial target and achievement under SDIS

The annual action plan indicating the physical targets and financial requirements for training youth, empanelment of VTPs, testing, certification and placement was required to be prepared annually by the department for implementation of the SDIS. Accordingly, upon submission of the annual action plan, the GoI allocated physical targets and financial resources to the States.

The physical target *vis-à-vis* actual achievement during 2010-15 in the state is shown below:

Table-1.13

Year / Parameters	2010-11	2011-12	2012-13	2013-14	2014-15	TOTAL
Physical Target	940	448	3701	666	500[21]	6255
Physical Achievement (*per cent*)	0	0	40 (1)	139 (21)	1656 (331)	1835 (29)

Source: Departmental records

It could be seen from the above table that –

- The overall physical target during 2010-15 was 6,255 but the actual achievement was 1,835 which was only 29 *per cent* of the target. During this period ₹ 69.25 lakh was spent on the implementation of the scheme.
- During the year 2010-11 and 2011-12, the physical achievement under the scheme was nil, though ₹ 21.55 lakh was available.
- Though three Government ITIs are registered as VTPs, they did not impart any training under SDIS during 2010-15.

[21] Average of annual action plan submitted for 2014-17

The department in the exit conference stated (December 2015) that the GoI has not provided sufficient funds. The reply of the department is however not acceptable, as even the available fund was not spent and requisite UCs, a prerequisite for further release of funds were not submitted, to enable GoI to release funds.

1.3.11.6 Follow up of ex-trainees

As per the ITI training manual, ITIs were to maintain 'Records Cards" of passed-out trainees as a follow up measure to ensure that the ITI trainees on successful completion of the training are able to secure employment. Further, Placement Cells were also to be set up in every ITI to help the graduates in getting placement in different industries by maintaining details of trainees graduating from the ITIs to keep track until they are suitably employed or for at least for three years after completing the training from the institute, to organize campus selections for recruitment of trained graduates, to function in close coordination with the industries for their requirement of skilled workforce, to provide counselling and guidance to the trainees *etc.*

However it was observed that none of the ITIs maintained any Records Cards nor were placement cells established, due to which the employment status of the passed out trainees was not watched as mandated.

While accepting the audit observation, the department stated (February 2016) that Placement Cell will be set up utilising the existing senior instructional staff and records of passed out trainees will be maintained.

1.3.11.7 Employability of ITI trainees

The State has produced 1,013[22] ITI graduates in various engineering and non-engineering trades during the period 2010-15. A survey[23] conducted by audit to ascertain the employability of the ex-ITI trainees[24] revealed the following:

Table-1.14

Sl. No.	Details	Number of Trainees
1.	Number of passed-out ITI graduates surveyed	301
2.	Number responded out of Sl. No. 1	187 (62 *per cent* of 301)
3.	Number of ITI graduates employed out of Sl. No. 2	70 (37 *per cent* of 187)
4.	Number of ITI graduates employed in line with their training at ITI out of Sl. No. 3	55 (79 *per cent* of 70)
5.	Number of Self-employed ITI graduates out of Sl. No. 4	40 (73 *per cent* of 55)
6.	Number of institutional employed ITI graduates out of Sl. No. 4	15 (27 *per cent* of 55)

Source: Departmental records

[22] Number of pass out ITI graduates during 2010-15 (ITI Aizawl = 834, ITI Lunglei = 104 and ITI Saiha = 75)

[23] Physical surveys of ITI passed graduates were done by deploying AG Mizoram staff at different locations during August 2015

[24] Survey result of ITI passed graduates during 2010-15 of ITI Aizawl and ITI Lunglei. Details of pass out ITI graduates of ITI Saiha during 2010-15 was not available

Survey revealed that only 37 *per cent* of the ITI graduates, who responded to survey were employed, of which 79 *per cent* were employed in line with their training. Among the employed, self employment contributed 73 *per cent* against the institutional employment of 27 *per cent*.

1.3.11.8 Monitoring of ITIs

1.3.11.8.1 Internal inspection of ITIs

As per the DGE&T training manual, regular internal inspections of the ITIs were to be carried out by the Group Instructor and the Principal to ensure smooth working of the training programme and to increase efficiency of the administration. The inspections should be done preferably for four days per week by the Principal or the Group Instructor and proper record on the inspections, deficiencies observed and remedies suggested should be maintained.

Scrutiny of the records revealed that no internal inspections were conducted by the Principal or the Group Instructor in all the ITIs during 2010-15. In the absence of internal inspection of ITIs, the functioning of the classes and administration of the ITIs were never assessed.

Joint field inspection of ITI by audit at ITI Saiha (June 2015) revealed that many electronic items like Washing machine, DVD players, Inverter, Iron, B/W TV *etc*. for IT&ESM trade received during 2006 were stacked inside the store room and were never issued for training. Similarly, 26 nos. of DC and AC motors supplied during 2005 for Electrician trade were kept idle. Further, the Stock register of ITI Saiha was not updated since November 2005. Due to improper maintenance of stock register, audit could not ascertain the actual cost of the items lying unused at ITI Saiha. This is indicative of absence of effective internal control mechanism.

Electrical and Electronic items lying unused at ITI Saiha since 2005

The department replied (February 2016) that internal inspection was usually done by the Vice Principal and the inspection findings were put up to the Principal and discussed. The reply has to be viewed in light of the fact that there was no regular Principal at ITI Saiha and also that no post of Vice Principal is sanctioned for ITI Saiha and ITI Lunglei.

1.3.11.8.2 Inspection of ITI by departmental authorities

DGE&T training manual envisages that the Officer of the State Directorate of Training should inspect the training institutes at least once in a quarter. Besides this, at least one ITI in the State should be inspected once in a year by a tripartite team consisting of the State Director-in-charge of Training, representative of industries and a representative of the labour organisation. Further, a few selected centres of each state should be inspected once a year by the officers of the Training Directorate of the DGE&T.

It was noticed in the Audit that none of the ITIs were inspected by any officials from the State Directorate during 2010-15. However, ITI Saiha and ITI Lunglei were inspected once (June 2013) by a team of DGE&T and State Directorate during 2010-15. Due to lack of monitoring of the ITIs by the State level authorities, timely corrective action was not taken, leading to several instances of lapses as pointed out in earlier paragraphs.

While accepting the audit observation, the department replied (February 2016) that frequent inspection of ITIs were not done by the Directorate due to shortage of manpower.

1.3.12 Conclusion

The performance audit on functioning of Industrial Training Institute revealed positive trend of decrease in dropout rates of trainees from the ITIs during the audit period. However, the dropout rate was consistently above 28 *per cent*. Major flaws were observed in the planning process and in the financial management aspects. The fund available for implementation of various CSS scheme and infrastructure projects were not efficiently and effectively utilised by the department. In many instances, they were not utilised for the purpose for which they were sanctioned. The department did not establish any monitoring and Implementation units required under various CSS scheme and delays in implementation of the various CSS projects and embezzlement of fund were noticed. Infrastructure created under CSS scheme like hostel buildings lacked planning due to which capacity intake in the newly constructed hostels would be grossly insufficient. The encroachment of ITI Aizawl land by various establishments remains a major area of concern. Conducting of courses in unaffiliated trades, improper accounting of the receipts, diversion of fund, non-maintenance of records cards of the ex-trainees *etc*. were some of the other irregularities observed in the ITIs. Other vocational training schemes *viz*. Apprenticeship training scheme was not implemented by department since 1990s and proper implementation of Skill development initiative scheme started only from 2012. The internal inspection and monitoring of ITIs by State level authorities was absent.

1.3.13 Recommendations

- The department should develop long term plan with realistic timelines for implementation of various vocational training programmes in the State.
- Funds available under various CSS projects should be efficiently utilised to achieve the intended target.
- Proper accounting and reconciliation of receipts should be done by the ITIs.
- Urgent steps need to be taken by the department to obtain affiliation of the trades at the ITIs.
- Apprenticeship training scheme should be implemented by the department at the earliest to enhance the skills of the ITI passed-out graduates in the industrial environment.
- Proper monitoring and supervision should be taken up at both ITI level and State levels to ensure effective implementation of various vocational training programme in the State.

COMPLIANCE AUDIT PARAGRAPHS

LABOUR, EMPLOYMENT AND INDUSTRIAL TRAINING DEPARTMENT (Mizoram Building and Other Construction Workers Welfare Board)

1.4 Irregular expenditure from Workers' Welfare Cess/Labour Cess

The Secretary, Mizoram Building and Other Construction Workers' Welfare Board irregularly diverted Workers' Welfare Cess amounting to ₹ 4.62 crore and ₹ 52.38 lakh for expenditure on training and loan respectively which had no relation with building and other construction workers' welfare.

The Mizoram Building and Other Construction Workers' Welfare Board was constituted by the GoM as mandated under the Building and Other Construction Workers' (Regulation and Employment and Conditions of Service) Act. The functions of the Board were to provide immediate assistance to a beneficiary (registered worker) in case of accident, make payment of pension to the beneficiaries who have completed the age of 65 years, give such financial assistance for the education of children of the beneficiaries as may be prescribed, meet such medical expenses for treatment of major ailments of the beneficiary or such dependent as may be prescribed *etc*.

Scrutiny (July 2015) of the records of the Secretary, Mizoram Building and Other Construction Workers' Welfare Board (MB&OCWWB) disclosed that ₹ 5.14[25] crore out of cess fund was utilised for the purposes other than the welfare of workers as detailed below.

1.4.1 Diversion of cess fund on training

The Secretary, MB&OCWWB spent ₹ 4.62 crore on training programme of 191 trainees (80 trainees were selected by the Mizoram Youth Commission (MYC) and remaining 111 trainees were selected by the Directorate of Labour, Employment and Industrial Training Department (DLE&ITD), Mizoram who were trained in professional courses in three selected Kolkata based Institutions during 2013-15 as per following details:

(₹ in lakh)

Sl. No.	Name of Institutions	Name of Course	No. of candidates	Expenditure
1.	Emporium Training and Consultancy Private Ltd., Kolkata	6 months Certificate Course in Aviation, Tourism and Hospitality	118	259.57
2.	Best First Step Education Private Ltd. at Institute of Quality Skill Training, Guwahati Training Centre	6 months Certificate Course in Advance Customer Excellence (ACE)	41	73.98
3.	Nalanda Institute of Advance Studies, Kolkata	Bachelor of Hotel Management (3 years degree course)	32	128.20
Total			**191**	**461.75**

Source: Departmental records

[25] ₹ 5.14 crore (₹ 461.75 lakh + ₹ 52.38 lakh = ₹ 514.13 lakh)

It was noticed that the beneficiaries were neither registered construction workers nor the dependents of the registered construction workers.

Thus, the entire expenditure of ₹ 4.62 crore was irregular as it was not incurred for the welfare of the registered workers and their dependents.

In their reply, the Government had stated (November 2015) that the *ex-post-facto* approval of the Board has been obtained to cover the expenditure incurred on the training. Such *ex-post-facto* approval of the Board is not valid as the entire expenditure incurred was not spent on the purpose stipulated in the Building and Other Construction Workers' (Regulation and Employment and Conditions of Service) Act. Government of Mizoram has to reimburse the amount involved.

1.4.2 Diversion of Workers' Welfare Cess for loan

The Secretary, MB&OCWWB had irregularly disbursed ₹ 52.38 lakh out of the Cess fund during March 2014 to January 2015 as interest free loan amount to four Government officials for the purposes not related to the welfare of the registered workers or their dependents. Out of this ₹ 32.86 lakh had been recovered from the loanee leaving a balance of ₹ 19.52 lakh as of 31 July 2015 as shown below in the following table:

Table-1.15

(₹ in lakh)

Sl. No.	To whom paid	Loan Amount	Date of Payment	Purpose of loan	Amount recovered	Outstanding loan as of 31 July 2015
1.	PA to Director, LE&IT	15.00	19.03.2014	Soft Loan	15.00	--
2.	Principal, ITI	20.39	04.07.2014	Construction of ITI, Aizawl Building	15.87	4.52
3.	Secretary, MYC	15.00	05.11.2014	Short-Term Loan	--	15.00
4.	Director, LE&IT	1.99	19.01.2015	POL & other bills	1.99	--
Total	**--**	**52.38**	--	--	**32.86**	**19.52**

Source: Departmental records

Thus, the main objective of the scheme to provide for the welfare of the building and other construction workers was defeated. If the funds of ₹ 5.14 crore were had been diverted, it would have been available for activities envisaged in the Act.

In their reply, the Government had accepted (November 2015) the facts.

PUBLIC HEALTH ENGINEERING DEPARTMENT

1.5 Wasteful expenditure on Water Supply Scheme

The expenditure of ₹ 74.88 lakh incurred by the Executive Engineer, PHED, Rural WATSAN Division, Aizawl towards implementation of Mauchar Water Supply Scheme remained idle due to non-installation of Pumping Wind Mill.

The work for implementation of Mauchar (Augmentation) Water Supply Scheme under Accelerated Rural Water Supply Programme (ARWSP), a Centrally Sponsored Scheme, was administratively approved (August 2006) by the State Government at an estimated cost of ₹ 74.88 lakh to cover the population of 758 souls (as per the Census 2001).

The items of work under the scheme as per detailed estimate were as under:

Sl. No.	Description	Amount (₹ in lakh)
1.	Intake works	0.53
2.	Pumping Wind Mill	10.11
3.	Clear Water Sump	4.12
4.	Conveyance Main	16.66
5.	Pumping Main	2.16
6.	Distribution	8.45
7.	Reservoir	20.60
8.	Fencing	0.95
10.	Approach Road	6.77
11.	Carriage of Materials	2.00
Total		**72.35**
Add: 1.5 *per cent* for Running Maintenance and Operation		1.08
Add: 2 *per cent* for Work-Charged establishment and contingencies		1.45
Grand Total		**74.88**

The works under the scheme were taken up departmentally except supply and installation of Pumping Wind Mill which was to be done by Aizawl based contractor at a contracted cost of ₹ 9.65 lakh. As per scope of the work, the contractor was responsible for supply, erection, testing and commissioning of water pumping windmill and maintenance of the equipment for a period of one year after commissioning. However, as per the terms and conditions of the supply order, the payment was to be made to the contractor after supply of the equipment in full and in good condition.

Scrutiny (April 2015) of the records of the Executive Engineer, PHED, Rural Water and Sanitation (WATSAN) Division, Aizawl showed that entire amount of ₹ 74.88 lakh was booked as expenditure including ₹ 3.09 lakh as running maintenance and operation.

However, it was noticed that the work was physically incomplete as a crucial components of the scheme – installation of water pumping wind mill was yet to be completed.

The Department made full payment of ₹ 9.61 lakh to the contractor in advance as early as 25 June 2008, whereas the equipment arrived only in May 2009 at Mauchar Village. Thus, the contractor was extended undue financial benefit. Moreover, the terms & conditions of the supply order were faulty and did not completely safeguard the interest of the State as the payment was not linked to erection, testing, commissioning and maintenance of the equipment for a period of one year from the date of commissioning. Further, the department failed to deduct security deposit @ 5 *per cent* of the contract value of the work, which was to be released after satisfactory running of the equipment for one year.

The contractor claimed (June 2009) that the sump built by the Department was not as per their requirement for installing the wind mill. The contractor demanded additional amount of ₹ four lakh (June 2009) for construction of a new sump as per their requirement for installation of the wind mill.

The Department neither contested the claim of the contractor nor agreed to his proposal for additional fund for construction of a new sump for last six years. As a result, the Mauchar Water Supply Scheme could not be commissioned and villagers are deprived of the benefits of the scheme even after incurring an expenditure of ₹ 74.88 lakh.

While accepting the facts, the Executive Engineer (EE) stated (April 2015) that the contractor had not installed the windmill even after issuance of several reminders. The reply of the EE was, however, silent about the action of the Department on the contractor's demand for additional fund for construction of a new sump.

While accepting the facts, the Engineer-in-chief stated (November 2015) that the department did not feel obliged to necessitate the construction of a new sump proposed by the contractor as the sump constructed was not tried to prove that sump constructed did not meet the requirements. Further, it was stated that since the materials supplied and other components have remained idle for almost a decade, the realisation of the scheme was doubtful due to loss and damage of the material and components. It was also stated that ₹ 3.09 lakh as running maintenance & operation was mistakenly incurred to avoid the lapse of fund.

However, the fact remains that the benefit of the scheme did not accrue to the intended beneficiaries even after incurring an expenditure of ₹ 74.88 lakh.

The matter was reported (September 2015) to the Government of Mizoram and their reply was awaited (February 2016).

HEALTH & FAMILY WELFARE DEPARTMENT

1.6 Irregularities in procurement and allotment of vehicles

The Director of Health Services, Mizoram utilised an Incentive Grant of ₹ Three crore for procurement of 38 vehicles without observing due procedure. The Department did not receive the delivery of five vehicles even after the payment of 100 *per cent* advance of ₹ 55 lakh for more than one year. 15 of the vehicles received were allocated to non-entitled officers.

Under the recommendations of the Thirteenth Finance Commission (ThFC) an incentive grant of ₹ three crore was approved (21 August 2013) by the High Level Monitoring Committee (HLMC) constituted by the Government for purchase of two trucks, two mini trucks and 26 light vehicles for the existing 12 Community Health Centre (CHCs), 57 Primary Health Centre (PHCs), 370 Sub-Centre and 109 Sub-Centre Clinics in the State for reduction of infant mortality rate.

Scrutiny (August 2015) of records of the Director of Health Services (DHS) Mizoram, pertaining to the procurement and allocation of the vehicles out of grant of ₹ three crore for reduction of IMR in the State revealed the following irregularities:

(i) Procurement of vehicles without observing the codal provisions

As per the Delegation of Financial Powers (DFP) Rules, 1978 as amended in 29 August 2011 by the GoM, the purchase of motor vehicles are to be made at the rate approved by the Director General, Supplies and Disposal (DGS&D) and in absence of which, at the rate approved by the Departmental Purchase Advisory Board (DPAB)/State Purchase Advisory Board (SPAB).

It was, however, noticed that without ascertaining DGS&D's approved rates or without obtaining recommendations from the DPAB/SPAB, the DHS on the basis of instructions (2 April 2014) issued by the Principal Secretary, H&FW Department, issued (9 April 2014) supply orders to the following three Aizawl based dealers for supply of the following vehicles:

Sl. No	Name of dealers	Type of vehicles	No.	Cost (₹ in lakh)	Date of payment
1.	Mana Motors	Bolero	26	189.87	09.09.14
2.	HB Motors	Gypsy (HT)	7	55.13	25.07.14
3.	Pachhunga & Sons	Trucks	2	27.63	31.07.14
		Mini-Trucks	3	27.37	09.09.14
Total			**38**	**300.00**	

It was also noticed that without ascertaining or confirming the delivery period and entering into any formal agreement, the DHS released the 100 *per cent* advance payment to the dealers. Thus, undue financial benefit was extended to the dealers.

While accepting the facts, the Government stated (November 2015) that the department is not adopting the rate approved by the Director General, Supplies and Disposal (DGS&G). Supply orders were issued to local authorised dealers after following the formality of obtaining formal permission from GAD and expenditure sanction by Finance Department. Further, as insisted by different local dealers, the department had released the 100 *per cent* advance payment as the Department had no other alternative due to limited dealers in the State.

(ii) Delay in delivery of vehicles

Out of three dealers, only M/s Mana Motors delivered 26 Boleros within one month from the date of receipt of advance payment. Against the supply order of seven hard top Gypsy, M/s HB Motors delivered seven Gypsy (one hard top and six soft top) in the month of February 2015 after a delay of more than six months Though the rate for soft top Gypsy was lower than that of hard top Gypsy the DHS has so far not taken any action for recovery of the difference of rates for supply of six soft top Gypsy in lieu of six hard top Gypsy.

M/s Pachhunga & Sons had failed to deliver the vehicles (as of September 2015) even after a lapse of more than one year from the date of receipt of advance payment (₹ 55 lakh) on the ground that it was facing a financial crisis. Thus, the payment of advance was infructuous.

While accepting the facts, the Government stated (November 2015) as under:

(i) The excess amount paid to the dealer due to the difference in rates for supply of Soft-top Gypsy in lieu of hard-top Gypsy had been recovered and is being kept in the Department for utilisation of the same for other vehicular purposes.

The reply is however, silent about the exact amount recovered along with the date of recovery from the suppliers.

(ii) The financial crisis said to have been faced by M/s Pachhunga & Sons, local dealer of TATA Motors was not initially known by the Department. Release of 100 *per cent* advance payment to the firm was made as per the terms conditions insisted by the company. The Department is still pressurising the local dealer for early delivery of ordered vehicles notwithstanding their financial crisis failing which the Department would initiate other alternative by approaching an appropriate Law Court.

(iii) Allocation of vehicles to the non-entitled officers

The Principal Secretary, H&FW Department instructed (02 April 2014) that the vehicles were to be deployed in the areas where they were needed most, like PHC and CHC in the remote high IMR areas. If possible, three vehicles may be earmarked for the state level management purpose at the Directorate level and one vehicle should be for Paediatrics and Gynaecology at Civil Hospital, Aizawl. No exchange of vehicles should be done, in other words, the new vehicles have to be earmarked exclusively to address IMR areas.

It was, however, noticed that out of 33 delivered vehicles (26 Bolero and seven Gypsy), only 18 vehicles (twelve Bolero and six Gypsy) were allocated to the Medical Officers of various Districts. The remaining 15 vehicles (fourteen Bolero and one Gypsy) were allocated by the DHS to various officials attached to the Directorate, Mizoram Medical College and Chief Medical Officers of the Districts who had little role in supervision and monitoring of the IMR cases at the field level in the remote areas. It may be pointed out that the medical officers posted in the PHCs and CHCs in the remote areas are the ones directly involved in the supervision and monitoring process because of their posting at the field level.

Thus, the main purpose for purchase of vehicles like supervision and monitoring of IMR related activities with the goal of reduction of IMR was not served.

The Government stated (November 2015) that the purpose for purchase of vehicles is proper and effective supervisions and monitoring of the Infant Mortality Rate (IMR) cases at the field level in the remote places of high focused Districts. Accordingly, the vehicles purchased were allotted to Medical Officers and District Headquarters to do the above tasks. Supervision and monitoring of the cases by the grassroots Medical Officers of the area and by the concerned Officers from the Directorate is considered equally important and hence, some vehicles are given to officers of the Directorate.

The reply, however, contradicts the earlier instructions (02 April 2014) communicated by the Principal Secretary.

SCHOOL EDUCATION DEPARTMENT
(Sarva Shiksha Abhiyan)

1.7 Excess expenditure

The State Project Director, Sarva Shiksha Abhiyan (SSA) Mizoram incurred excess expenditure of ₹ 2.82 crore towards procurement of Free Textbooks.

Under the SSA Mizoram, free textbooks are distributed to the students of Primary and Upper Primary schools which are managed by the Department of School Education, SSA Schools, *Adhoc* Aided Schools, Council Aided Schools, Council Deficit Schools, Deficit Schools and Local Body Schools. Manual on Financial Management and Procurement envisages that free textbooks will be provided to all children of Government schools, Local Body Schools and Government aided schools. The upper ceilings are fixed at ₹ 150 per child at primary level and ₹ 250 per child at upper primary level. The charges on textbook development, printing, transportation *etc*. will also be included with the cost of textbooks, provided the upper ceiling shall not be exceeded.

Test check (September 2015) of records of the State Project Director, Sarva Shiksha Abhiyan (SSA) Mizoram, revealed that an expenditure of ₹ 16.07 crore was incurred towards procurement of 'free textbooks' during 2010-15 for 4,92,547 Primary School students and 3,47,281 Upper Primary School students.

As per the Unified District Information System for Education (UDISE) data provided to audit, the actual number of students enrolled in Primary and Upper Primary Schools in eight districts of the State during 2010-15 were 5,38,932 students and 2,34,311 students respectively. While projecting the requirement for distribution of free textbook, the Department had decreased the number of Primary School students from 5,38,932 to 4,92,547 students and inflated the number of Upper Primary School students from 2,34,311 to 3,47,281.

Expenditure incurred by the Department during 2010-15 towards purchase of free textbooks *vis-a-vis* amount that should have been incurred based on actual enrolment of students are tabulated below:

Table-1.16

(₹ in crore)

Year	Category of school	No. of student enrolled	Expenditure incurred for purchase of text books			Financial implication required against actual enrolment of students			Difference	
			No. of student	Rate per student (in ₹)	Amount	No. of student	Rate per student (in ₹)	Amount	Less	Excess
2010-11	Primary	1,20,875	1,11,878	150	1.68	1,20,875	150	1.81	0.13	0.00
	U/Primary	43,969	89,428	250	2.24	43,969	250	1.10	0.00	1.14
2011-12	Primary	1,16,934	96,093	150	1.44	1,16,934	150	1.75	0.31	0.00
	U/Primary	51,922	70,526	250	1.76	51,922	250	1.30	0.00	0.47
2012-13	Primary	1,20,444	96,070	150	1.44	1,20,444	150	1.81	0.37	0.00
	U/Primary	48,951	70,248	250	1.76	48,951	250	1.22	0.00	0.53
2013-14	Primary	1,02,009	98,563	150	1.48	1,02,009	150	1.53	0.05	0.00
	U/Primary	46,835	72,512	250	1.81	46,835	250	1.17	0.00	0.64
2014-15	Primary	78,670	89,943	150	1.35	78,670	150	1.18	0.00	0.17
	U/Primary	42,634	44,567	250	1.11	42,634	250	1.07	0.00	0.05
Total	**Primary**	**5,38,932**	**4,92,547**	**150**	**7.39**	**5,38,932**	**150**	**8.08**	**0.86**	**0.17**
	U/Primary	**2,34,311**	**3,47,281**	**250**	**8.68**	**2,34,311**	**250**	**5.86**	**0.00**	**2.82**

Source: UDISE data and departmental records

As could be seen from table, 48.21 *per cent* Upper Primary School students were projected in excess during 2010-15 and was as high as 103.39 *per cent* in the year 2010-11 and varied between 35.83 *per cent* and 54.82 *per cent* during 2011-14. During 2010-15 (except during 2014-15), the number of primary school students projected was always less than actual enrolment.

Thus, against 2,34,311 Upper Primary School students enrolled during 2010-15, ₹ 8.68 crore was spent towards purchase of books that could cater to the requirement of 3,47,281 students, resulting in excess expenditure of ₹ 2.82 crore on procurement of text books (for 1,12,970 students) in excess of the requirement. The reasons for projection of students in excess of the actual number were not on record.

Further, against the requirement of ₹ 8.08 crore for 5,38,932 Primary School students enrolled, ₹ 7.39 crore was spent towards purchase of books for 4,92,547 students only. This resulted in depriving 46,385 students from getting their free textbooks.

While accepting the facts, the State Project Director (SPD), Mizoram SSA Mission stated (January 2016) that in the preparation of Annual Works Plan and Budget, students' entitlement for textbooks were based on the projected figures as per UDISE data on the previous years' student enrolment. It was not possible to procure the exact requirement of textbooks for an academic year as it was not possible to know how many students will be enrolled. Further, the SPD also stated that the excess of textbook procured were used for teachers copy, training materials, resource material *etc*.

Even if the contention of the SPD, SSA Mizoram that the exact number for procurement was not possible to know is accepted the use of textbooks procured as teachers copy *etc.* was not contemplated under SSA guidelines; the excess procurement to the extent of 48.21 *per cent* was unwarranted and accountability was required to be fixed. Further, the reply was silent about the deprivation of 46,285 primary school students from getting their free textbooks during 2010-15.

The matter was reported (September 2015) to the Government of Mizoram and their reply is awaited (February 2016).

SCHOOL EDUCATION DEPARTMENT
(State Council of Educational Research and Training)

1.8 Excess payment in procurement of computer tables and chairs

The Director, State Council of Educational Research and Training (SCERT), Mizoram made an excess payment of ₹ 30.80 lakh towards purchase of 1,540 sets of computer table with chair.

The scheme of Information and Communication Technology (ICT) in Schools is implemented by the Ministry of Human Resource Development Department of School Education and Literacy, Government of India (GoI) in partnership with the States/UTs to provide computer aided education to Secondary and Higher Secondary Government and Government aided schools. The scheme *inter alia* consists of establishment of smart schools, capacity enhancement of teachers, development of e-content *etc.* The scheme is funded by the GoI and the State Government in the ratio of 90 and 10 *per cent* respectively. The scheme has been implemented in Mizoram since 2005-06.

As per the revised Guidelines of ICT in Schools Scheme, 2011, the assistance to States for ICT infrastructure in each school was permissible for Capital Expenditure, which inter-alia included ₹ 0.25 lakh for furniture.

Scrutiny (September 2015) of the records of the Office of the Director, State Council of Educational Research and Training (SCERT), Mizoram under School Education Department revealed following lapses in the procurement of furniture item during 2012-14.

In response to the Notice Inviting Tender (NIT) issued on 22 October 2012, Aizawl based supplier (M/s G. I. Infotech, Zarkawt) had offered (9 November 2012) to supply a set of Computer Table with Chair at the rate of ₹ 3,000 as under.

Sl. No.	Items	Specification	Qty.	Brand	Rate (in ₹)
1.	Furniture: Table & Chair	Computer Table 23” width x 17” depth x 29” Height (Model code: Leo), Computer Plastic Chair with armrest (Model code: CHR2041)	1	Neelkamal	3000

As per rate quoted by the supplier, the cost of purchase of 1,540 sets of computer table with chair would be ₹ 46.20 lakh. However, it was noticed that the Department paid ₹ 77 lakh to the supplier (M/s G. I. Infotech, Zarkawt) for the supply of 1,540 sets of computer table with chair, by allowing ₹ 3,000 and ₹ 2,000 separately for each table and chair respectively, which resulted in an excess payment of ₹ 30.80 lakh. Thus, the excess payment of ₹ 30.80 lakh made to the supplier needs to be recovered.

While accepting the facts, the Government stated (November 2015) that the excess payment of ₹ 30.80 lakh has been intimated to M/s G. I. Infotech, Zarkawt for immediate reimbursement. However, the reimbursement of ₹ 30.80 lakh was not received as of February 2016.

FOLLOW UP OF AUDIT OBSERVATIONS

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

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

A review of follow up action on submission of *suo moto* ATNs disclosed that various departments of the State Government had submitted *suo moto* ATNs in respect of all paragraphs/performance audits that had featured in the Audit Reports up to the year 2012-13 with certain delays. The Audit Report for the year 2013-14 was laid on the table of the State legislative assembly on 08 July 2015. The *suo moto* ATNs in respect of two Performance Audits (under Social Sector) that had appeared in the Audit Report were due by the end of October 2015. However, no *suo moto* ATNs in respect of the performance audits that have been included in the Reports of the Comptroller and Auditor General of India were received as of February 2016, even after a delay of about four months.

The departments involved were Public Health Engineering Department and Disaster Management and Rehabilitation Department.

Thus, due to the failure of the respective departments to comply with the instructions of the PAC, the objective of ensuring accountability remained unachieved.

1.10 Response to audit observations and compliance thereof by the Executive

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

As of March 2015, 518 paragraphs relating to 118 IRs remained outstanding as shown in the following Table:

Table-1.17

Name of the Sector	Opening Balance		Addition during the year 2014-15		Disposal during the year 2014-15		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Social	82	373	53	210	17	65	118	518

1.11 Audit Committee Meetings

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

During 2014-15, no audit committee meeting was held in respect of Social sector.

CHAPTER-II

ECONOMIC SECTOR

(other than State Public Sector Undertakings)

CHAPTER-II

ECONOMIC SECTOR
(Other than State Public Sector Undertakings)

2.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2015 deals with the findings on audit of the State Government under Economic Sector (other than State Public Sector Undertakings).

The names of the State Government Departments and the total budget allocation and expenditure of the State Government under Economic Sector (other than SPSUs) during the year 2014-15 are given in the table below:

Table-2.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Planning & Programme Implementation	237.23	40.64
2.	Agriculture	202.00	162.31
3.	Horticulture	136.14	112.22
4.	Soil and Water Conservation	52.44	50.21
5.	Animal Husbandry and Veterinary	185.00	177.00
6.	Fisheries	31.74	31.76
7.	Co-operation	17.70	16.60
8.	Rural Development	431.50	286.10
9.	Industries	120.00	115.23
10.	Sericulture	34.61	33.70
11.	Tourism	16.30	8.44
12.	Trade and Commerce	11.73	10.35
13.	Public Works	532.21	540.00
14.	Minor Irrigation	77.43	11.43
15.	Information & Communication Technology	14.50	11.40
Total		**2100.53**	**1607.39**

Source: Appropriation Accounts, Government of Mizoram, 2014-15

2.2 Planning and conduct of Audit

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

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

The audits were conducted during 2014-15 involving expenditure of ₹ 580.61 crore out of the total expenditure of ₹ 1,607.39 crore of the State Government under Economic (other than State Public Sector Undertakings) Sector. This chapter contains one Performance Audit on 'Pradhan Mantri Gram Sadak Yojana (PMGSY)' and two Compliance Audit paragraphs.

The major observations made in audit during 2014-15 are discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

PUBLIC WORKS DEPARTMENT

2.3 Performance Audit on Pradhan Mantri Gram Sadak Yojana (PMGSY)

The Government of India launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) on 25 December 2000 with the primary objective to provide connectivity, by way of all weather roads to the eligible un-connected habitations in rural areas with a population of 500 persons and above in Plain areas. In respect of Hill States (North-East, Sikkim, Himachal Pradesh, Jammu & Kashmir and Uttarakhand), the objective would be to connect eligible un-connected habitations with a population of 250 persons and above. A Performance Audit of Implementation of the PMGSY in Mizoram was carried out covering the period from 2010-11 to 2014-15.

During 2010-15 only works related to new connectivity were undertaken in the State. At the beginning of 2010-11 there were 60 eligible un-connected habitations, of which 55 habitations have been provided with connectivity progressively by 2014-15. The State has moderately successful in fulfilling the objective of providing connectivity to the eligible habitation. However, the scheme was not implemented in a time bound manner. Instances of shortcomings/lapses in the implementation of the scheme such as acceptance of invalid performance guarantees, incurring of excess expenditure, execution of deviated/extra items of works without written orders of the Engineers, execution sub-standard works, *etc.* were noticed. The Performance Audit of the Scheme brought out the following significant findings:

Highlights

The Nodal Department did not prepare any Block-Specific Master Plan for 26 Blocks. Moreover, the District Rural Roads Plans for eight districts were prepared by the Nodal Department without consulting the District Rural Development Agencies/District Planning Committees.

(Paragraph 2.3.10)

The State Government transferred a central assistance of ₹ 54.74 crore into the account of Mizoram Rural Road Development Authority (MiRRDA) with an inordinate delay ranging between 100 and 183 days, for which an interest of ₹ 2.67 crore was payable by the State Government to MiRRDA.

(Paragraph 2.3.11.6)

The Chief Executive Officer, MiRRDA without obtaining formal approval of the NRRDA diverted an amount of ₹ 132.86 lakh towards meeting expenditure for extra/deviated item of works in respect of four works.

(Paragraph 2.3.11.9)

Out of 109 works taken up for execution by three districts (Aizawl, Champhai and Lunglei) up-to March 2005, completion of 21 works was delayed upto two years, 11 works by two to five years and nine works for more than five years.

(Paragraph 2.3.12.3)

On termination of contract, a mobilization/equipment advance of ₹ 29.50 lakh could not be forfeited to PMGSY account due to irregular acceptance of Bank Guarantee, without validity and coverage upto the contract period.

(Paragraph 2.3.12.5)

Against the construction of road (Darlawn – N. Serzawl) the Executive Engineer, National Highway-II Division, Aizawl incurred an excess expenditure of ₹ 76.06 lakh.

(Paragraph 2.3.12.7)

In 13 packages under six PIUs an expenditure of ₹ 3.38 crore was sanctioned for meeting the cost of deviated/extra item of works without written orders of the Engineers.

(Paragraph 2.3.12.8)

In case of 13 works, under eight packages, the five PIUs extended undue financial benefit by releasing security deposits of ₹ 1.38 crore to the contractors before the end of the prescribed period thereby also risking the rectification of defects.

(Paragraph 2.3.12.10)

2.3.1 Introduction

Rural road connectivity is a key component of rural development without which necessary social and economic services cannot penetrate into the rural village and also, the agricultural products of the rural areas cannot find market in the urban areas. Thus, bad road connectivity or absence of road is a stumbling block to development.

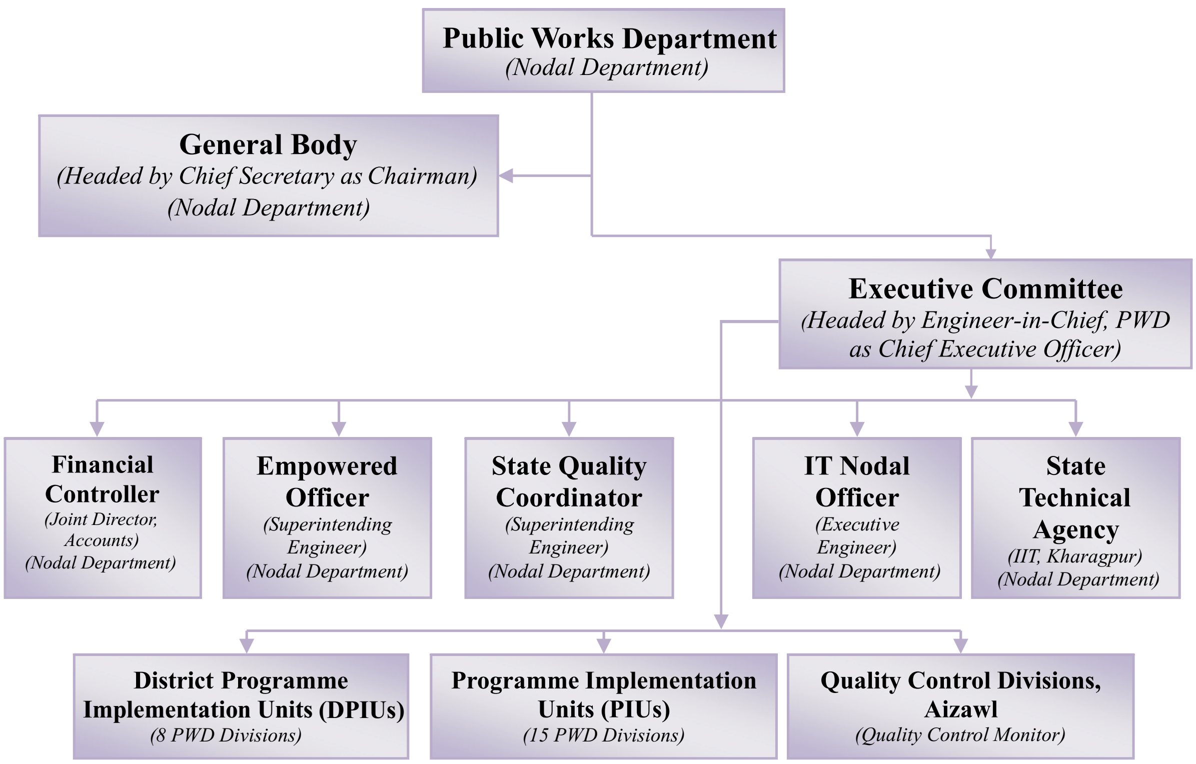
Government of India (GoI) had launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) on 25 December 2000 to provide all-weather road (with necessary culverts and cross-drainage structures) access to the eligible unconnected habitations in the rural areas with a population of 500 persons and above in Plain areas. In respect of the Hill States[1], the objective was to connect eligible unconnected habitations with a population of 250 persons and above. PMGSY is a 100 *per cent* Centrally Sponsored Scheme.

2.3.2 Organisational Set-up

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

Chart - 2.1

Organisational set-up of Mizoram Rural Roads Development Agency (MiRRDA)



[1] North-East, Sikkim, Himachal Pradesh, Jammu & Kashmir and Uttarakhand

2.3.3 Audit Objectives

The performance audit was undertaken to get a reasonable assurance that:

- The systems and procedures in place for identification/preparation of Core Network as well as District Rural Road Plan were adequate and conform to the Programme provisions;
- The allocation and release of funds under PMGSY were made in an adequate and timely manner to ensure optimum utilisation of funds;
- The road works were executed economically, efficiently and effectively; and
- The existing monitoring system and quality control mechanism was adequate and effective for achieving the desired objective.

2.3.4 Audit Methodology

An entry conference was held with the Secretary, PWD, Government of Mizoram on 18 May 2015, in which the audit methodology and the objectives of the performance audit were explained. The Performance Audit covered the period of 2010-15. The records of the Nodal Department and Mizoram Rural Roads Development Agency (MiRRDA) as well as District and Programme Implementation Units (PIUs) level implementing authorities for the selected three sampled districts (Aizawl, Champhai and Lunglei) were examined during the audit between May to September 2015. The draft review was sent to the Government on 14 October 2015 for their reference and response. An exit conference was held on 8 December 2015 with the Principal Secretary to the Government of Mizoram, Public Works Department during which important audit observations were discussed. The replies received during the course of audit and at the time of exit conference have been suitably incorporated at appropriate paragraphs.

2.3.5 Sample Selection of Districts

Out of eight districts in the State three districts, *viz.* Aizawl, Champhai and Lunglei districts were selected randomly using Probability Proportional to Size Without Replacement (PPSWOR) method.

2.3.6 Selection of Packages

Selection of packages from the sample districts was based on the criteria given below:

Table-2.2

Selected District having total packages	Packages being selected
Upto 5	All packages
Above 5 and upto 10	50 *per cent* of total packages subject to minimum of five
Above 10	25 *per cent* of total packages subject to minimum of five

The actual selection of packages in the selected districts for audit coverage is as under:

Table-2.3

Name of selected Districts	No. of packages	No. of packages selected
1. Aizawl	21	09 (43 *per cent*)
2. Champhai	20	09 (45 *per cent*)
3. Lunglei	11	09 (82 *per cent*)

2.3.7 Assessment of quality through technical examination

A Joint Physical Verification of nine completed roads (selected randomly) out of selected packages from selected districts in the State was carried out.

2.3.8 Audit Criteria

The main sources of audit criteria are the following:

- Guidelines of the programme;
- Operational, Accounts, Rural Road Manual, *etc*. of PMGSY;
- Annual Reports/Instructions/Guidelines issued by NRRDA;
- Periodical Reports/Returns prescribed by the State Government;
- Reports of National and State Quality Monitors and National Level Monitors; and
- Studies conducted by various agencies at Central/State level.

2.3.9 Acknowledgement

The Indian Audit and Accounts Department acknowledges and appreciates the co-operation rendered by the Nodal Department (Public Works Department), Officers and Staff of the Mizoram Rural Roads Development Agency (MiRRDA) and PIUs level functionaries of the sample districts during the course of the Performance Audit.

AUDIT FINDINGS

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

2.3.10 Identification/preparation of Core Network as well as District Rural Road Plan

Planning

Proper planning is imperative for achieving the objectives of the programme in a systematic and cost effective manner. The District Rural Roads Plan (DRRP) is supposed to indicate the entire existing road network systems in the district and also clearly indentify the proposed roads for providing connectivity to eligible Unconnected Habitations in an economic and efficient manner. The Core Network will identify the roads required to assure each eligible habitation with a basic access (single all weather road connectivity) to essential social and economic services. Accordingly, the Core Network would consist of some of the existing roads as well as all the roads proposed for new construction under the PMGSY.

The DRRP was to be prepared at two levels-the Block and the District. The Block-wise Road Plans were required to be prepared in accordance with the priorities spelt out by the District Panchayat. The block-specific master plan was to be integrated into the District Level Road Plan and placed before the District Panchayat for consideration and approval. Then the Plan would be forwarded by the Programme Implementing Unit (PIU) to the Nodal Department/ SRRDA for the approval of the State Level Standing Committee (SLSC). After SLSC approval, it would become the final District Rural Road Plan (DRRP), and would form the basis for selection of road works under PMGSY through the Core Network.

In Mizoram, there are 26 Rural Development Blocks in the eight Districts of the State. The Nodal Department (PWD) instead of preparing Block-wise Master Plan for the 26 blocks, had straightaway prepared DRRPs for the eight Districts without prior consultation of the District level authorities. These were approved by the SLSC on November 2005 along with the Core Network.

There should be three types of habitations in the Core Networks *viz.* (i) those which are connected, having all-weather roads; (ii) those which are not connected at all; and (iii) those which are connected only by a fair weather road. Audit observed that only two categories of roads - connected and not connected roads were included in the Core Network. Habitations connected by fair weather roads with jeepable tracts were included under both ‘connected with all-weather roads’ or ‘not connected with roads’. As such, the actual number of habitations which require new connectivity could not be ascertained in audit. As per abstract of the Core Network, the number of habitations not connected by all-weather roads was 253 (Table-2.4). Based on the Core Network, the Department prepared Comprehensive New Connectivity Priority List (CNCPL) grouping them in the following order of priority:

Table-2.4

Priority No.	Population Size	No. of Habitations	Category
I	1000^{+}	32	New Connectivity
II	500-999	105	-do-
III	250-499	116	-do-
Total		**253**	-

Source: Departmental records

The State Government stated (December 2015) that the Master Plan and Core-Network were made covering all eligible habitations based on the latest census data available at that time, in consultation with Rural Development and Planning & Programme Implementation Departments. It was further stated that due consideration has also been given to the suggestions from Public representative like MPs, MLAs, Members of Autonomous District Councils and Village Councils within the Programme Guidelines.

The reply is silent about audit contention that no prior consultation was carried out with District level authorities while formulating block-wise Master Plan as envisaged in PMGSY guidelines.

It is recommended that, the District Rural Roads Plans should be prepared with active involvement of District level Stakeholders.

2.3.11 Financial Management

2.3.11.1 Financial outlay and expenditure

The SRRDA of each state would receive the funds for implementation of PMGSY. These include the Programme fund, Administrative expenses fund and Maintenance Fund. SRRDA would be responsible for rendering its accounts to the MORD/NRRDA.

2.3.11.2 Programme Fund

The year-wise position in respect of programme fund, during 2010-15 is given in the following table:

Table-2.5

(₹ in crore)

Year	Opening Balance	Central release	Misc. receipt	Total	Expenditure	Closing Balance	Amount of utilisation reported	
							As per MPR	As per UC
2010-11	-2.21	95.59	0.09	93.47	87.70	5.77	82.24	91.88
2011-12	5.77	93.62	3.35	102.74	78.05	24.69	86.05	89.14
2012-13	24.69	70.32	2.19	97.20	36.64	60.56	41.37	36.64
2013-14	60.56	Nil	2.82	63.38	37.89	25.49	31.33	Not Available
2014-15	25.49	54.74	0.75	80.98	73.46	7.52	67.62	75.72
Total	**-2.21**	**314.27**	**9.20**	**321.26**	**313.74**	**7.52**	**308.61**	**293.38**

Source: Departmental records

Scrutiny of records pertaining to transactions of programme fund revealed the following:

2.3.11.3 Incorrect financial reporting

Based on Monthly Progress Reports (MPRs) received from the PIUs, the MiRRDA submit consolidated MPRs along with Utilisation Certificates (UCs) to the NRRDA.

As can be seen from the above table, there was a discrepancy between the actual expenditure incurred and expenditure reported to NRRDA through MPRs and UCs pertaining to programme fund during 2010-15.

While accepting the facts, the State Government stated (December 2015) that expenditure reflected in the MPRs comprises only those expenditure incurred for Civil works where as expenditure in the UCs covered the entire expenditure of the Scheme within a specified period and hence the two figures could not tally. However, the reply was silent about the discrepancies between actual expenditure and that reflected in MPRs.

2.3.11.4 Cash Book not maintained

Cash Book is one of the most important account records of the PMGSY. The Cash Book is the ledger account for cash and bank transactions. Paragraph-7.6 of Accounts Manual (PMGSY Programme Fund) provides that, an account of the cash transactions should be maintained in the Cash Book form PMGSY/IA/F-3A by the Officers in the capacity of Cheque Drawing and Disbursing Officers (CDDOs).

The CDDO of the MiRRDA, however, had not maintained a Cash Book during the period covered under audit for the transactions pertaining to the Programme Fund, except Monthly Statement of accounts. As a result, the closing cash balances at the end of each financial year during 2010-15 could not be verified in audit with the closing bank balances for the concerned financial years.

While accepting the fact, the State Government stated (December 2015) that Cash Book for the period of 2010-15 is being updated and will be continued for the subsequent financial years.

It is recommended that, the CDDO MiRRDA should maintain a proper cash book for the Programme Fund, otherwise there is a serious risk of financial irregularities including misapropriation.

2.3.11.5 Security Deposit utilised

As per Para 9.14 of Operation Manual, the Engineer would convert security deposits for the defect liability period into interest bearing securities of a scheduled commercial bank in the name of the Employer if so desired by the contractor.

There was a negative opening balance of ₹ 2.21 crore in Programme fund at the beginning of the year 2010-11. This is due to the fact that the MiRRDA had spent ₹ 2.21 crore prior to 2010-11 out of the security deposits deducted from the contractors' bills, which was deposited in the bank along with the Programme Fund. The negative balance was, however, adjusted during subsequent years.

Thus, incurring the expenditure out of contractors' security deposits without converting it into interest bearing securities was irregular.

While accepting the fact, the State Government stated (December 2015) that this kind of practice will not be repeated in future.

2.3.11.6 Delay in release of Central Assistance by the State Government

The Ministry of Rural Development, GoI, released (25 September 2014) a Central assistance of ₹ 54.74 crore for the year 2014-15 to the State Government. In their release order, the GoI specifically instructed the State Government to transfer the fund to the MiRRDA within three working days positively from the date of receipt of the fund. In case of non-transfer beyond this period, the State Government would be liable to pay interest @ 12 *per cent* for the period of delay beyond the specified period.

It was, however, observed that the State Government transferred the fund into the account of the MiRRDA in five installments with delay ranging between 100 and 183 days. For this delay ₹ 2.67 crore interest was payable by the State Government to the MiRRDA as detailed in table below:

Table-2.6

(₹ in crore)

Date of release by GoI	Amount released	Due date of release by the State	Actual date of release by the State	Amount release by the State	Period of delay (in days)	Interest payable
25.09.2014	54.74	29.09.2014	07.01.2015	10.00	100	0.33
		29.09.2014	22.01.2015	4.74	115	0.18
		29.09.2014	12.02.2015	10.00	136	0.45
		29.09.2014	03.03.2015	10.00	155	0.51
		29.09.2014	31.03.2015	20.00	183	1.20
Total	**54.74**	**-**	**-**	**54.74**	**-**	**2.67**

Source: Departmental records

The interest is still to be paid (September 2015).

While accepting the fact, the State Government stated (December 2015) that the MiRRDA continuously pursued the matter with Finance Department but no fruitful result has been obtained so far.

2.3.11.7 Investment not made in Fixed Deposit

As per Para 13.1.4 of the Operations Manual, a tripartite Memorandum of Understanding (MoU) was to be entered into between the Bank, SRRDA and Ministry of Rural Development wherein the parties would agree to abide by the provisions of the Guidelines. In particular, the Bank would agree to abide by the instructions issued from time to time by the MoRD/NRRDA regarding operation of the account. As per MoU all funds in excess of ₹ 50 lakh would be automatically maintained by the Bank as Fixed Deposits, at an interest rate not below that of Treasury bill for 91 days. The Bank may encash the Fixed Deposits in tranches of ₹ 25 lakh by paying the interest for the days of the FDR without any reduction in the rate of interest.

It was noticed that though the closing balances at the end of each financial year during 2010-15 were more than ₹ 50 lakh, the amount exceeding ₹ 50 lakh each year was not automatically invested by the Bank as FD except ₹ 16 crore in FD for a period from 14 October 2011 to 14 November 2014 at an interest rate of 6.5 *per cent*. For the remaining amount, the Bank allowed normal interest rate of five *per cent*.

Audit estimated the loss due to non-compliance of the Bank to provide interest as stipulated in the MoU. It was observed that due to non-investment of fund in excess ₹ 50 lakh, the MiRRDA sustained a loss of ₹ 1.21 crore of interest for the amount kept in normal saving accounts.

The MiRRDA needs to take up the matter with Bank for not complying the MoU. Detail of calculation of interest is given in **Appendix-2.1**.

While accepting the fact, the State Government stated (December 2015) that the matter will be pursued as per provisions of Tripartite Memorandum of Understanding (MoU) in future.

2.3.11.8 Special allocation not received

Para 5.3 of the Program Guidelines provides that in addition to the allocation to the States, a special allocation of upto five *per cent* of the annual allocation from the Rural Roads share of the Diesel Cess would be made for:

- District sharing borders with Myanmar, Bangladesh and Nepal (in coordination with Ministry of Home Affairs),
- Selected Tribal and Backward Districts (under IAP) identified by the Ministry of Home Affairs and Planning Commission,
- Extremely Backward Districts (as identified by the Planning Commission) which can be categorized as Special Problem Areas,
- Research and Development Projects and innovation.

Out of the eight Districts in the State, six districts (Champhai, Mamit, Lunglei, Lawngtlai, Saiha and Serchhip) are sharing international borders with Myanmar and Bangladesh. Thus, Mizoram State is entitled for additional allocation upto five *per cent* of the annual allocation from the Rural Roads share of the Diesel Cess.

It was, however, noticed that during the period 2010-15, the State Government had not received such kind of special allocation from the Government of India/NRRDA.

While accepting the fact, the State Government stated (December 2015) that they are pursuing the matter with MoRD.

It is recommended that the MiRRDA should take initiative for availing special allocation for the districts sharing international borders and utilise the funds received to give special thrust in this area.

2.3.11.9 Diversion of fund

Para 6.2 of PMGSY Accounts Manual for Programme Fund provides that re-appropriation of funds from one work to another are regulated as under:

- Change in scope of work by way of items of quantities, value of which does not exceed 10 *per cent* in a DPR may be approved under intimation to NRRDA, after making necessary entries in OMMAS. In case there is a material change in the scope of work during execution by way of items or quantities resulting in variation (*plus or minus*) exceeding 10 *per cent,* the matter should be analysed in detail and reported to NRRDA for prior scrutiny. The excess, if approved, shall be absorbed in the district level surplus out of works cleared in a phase failing which net saving at the State level will be used for the purpose.

Scrutiny of the records of the office of the CEO, MiRRDA revealed that, in Mamit district, the NRRDA cleared (27 February 2009) two road works (Bunghmun-W.Mualthuam and Bunghmun-Thaidawr) at a total cost of ₹ 1,136.35 lakh, against which, the Department incurred (August 2015) ₹ 658.76 lakh for the on-going works with an anticipated savings (more than 10 *per cent*) of ₹ 507.59 lakh. The CEO MiRRDA, however, without obtaining formal approval from NRRDA diverted ₹ 132.86 lakh towards meeting the expenditures for the extra/ deviated item of works in respect of following four works as given in the table below:

Table-2.7

(₹ in lakh)

Sl. No.	Name of Works (Package No.)	Amount Sanctioned by NRRDA (date)	Up-to date expenditure (August 2015)	Anticipated savings	Details of diversion:	
					Name of Works	Amount diverted
1.	Bunghmun - W. Mualthuam (MZ-06-75)	662.70 (February 2009)	382.65	280.05	(1) W. Phaileng-Tirum &W. Phaileng-Damparengpui	13.47
					(2) Lungphun-Kanghmun	90.81
2.	Bunghmun - Thaidawr (MZ-06-72)	503.65 (February 2009)	276.11	227.54	(3) Lungsai-Maubuang	9.44
					(4) Aibawk-Darlung road from R. Tlawng	19.14
Total		**1166.35**	**658.76**	**507.59**	**-**	**132.86**

Source: Departmental records

While accepting the fact the State Government stated (December 2015) that the items of work for Bunghmun - W. Mualthuam and Bunghmun - Thaidawr are being revised and hence the exact amount that could be saved from these two roads could not be ascertained at this point of time. The actual saving, if it exceeds 10 *per cent*, would be intimated to NRRDA accordingly.

2.3.11.10 Administrative Fund

As per Chapter 4 of PMGSY Accounts Manual, MoRD provides the Administrative Expenses Funds to SRRDA for various administrative expenses such as travel expenses, purchase of computers, telephone, internet charges, stationery *etc.* The State Government may also provide administrative expenses fund for specific purposes. The SRRDA keeps the funds in a separate bank account, called Administrative Expenses Fund. It authorises the PIUs to spend from it for various administrative expenses.

The position of year-wise administrative expenses fund of the MiRRDA for the period 2010-15 is as given in table below:

Table-2.8

(₹ in crore)

Year	Opening Balance	Central release	State release	Interest earned	Total	Expenditure:			Closing Balance	Utilisation reported as per UC
						Expenditure by MiRRDA	Transferred to PIUs	Total		
2010-11	1.46	Nil	Nil	0.05	1.51	0.30	0.61	0.91	0.60	Not available
2011-12	0.60	Nil	Nil	0.08	0.68	0.18	0.50	0.68	Nil	0.86
2012-13	Nil	1.50	Nil	0.01	1.51	0.21	0.02	0.23	1.28	0.24
2013-14	1.28	0.06	0.23	0.05	1.62	0.52	0.04	0.56	1.06	0.54
2014-15	1.06	0.81	Nil	0.04	1.91	0.48	0.46	0.94	0.97	0.94
Total		**2.37**	**0.23**	**0.23**	**4.29**	**1.69**	**1.63**	**3.32**		**2.58**

Source: Departmental records

2.3.11.10 (i) Incorrect financial reporting

As can be seen from the above table, there was a discrepancy between the expenditure actually incurred and the expenditure reported to the NRRDA through Utilisation Certificates (UCs) pertaining to administrative fund during 2011-14.

While accepting the fact, the State Government stated (December 2015) that in future, Utilisation Certificates will be prepared based on the actual expenditure generated by OMMAS.

2.3.11.10 (ii) Excess expenditure over the prescribed limit

As provided in Para 1.4 of the Accounts Manual (Administrative Expenses Fund), the administrative and travel expenses of the PIUs and SRRDA will be met out of PMGSY funds to the following extent, with the State Government bearing any additional costs:

Table-2.9

Item	Percentage of the approved cost estimate of rural roads
(a) Administrative Expenses for PIUs	1.00
(b) Travel Expenses of PIUs	0.50
(c) Administrative and travel expenses (SRRDA)	0.25 (₹ 25 lakh maximum)
(d) Independent Quality Monitor 2nd tier	0.50
Total	**2.25** ***per cent***

Source: Departmental records

Out of available administrative fund of ₹ 4.06 crore (excluding State release ₹ 0.23 crore) during 2010-15, the PIUs' share for administrative and travel expenses as per prescribed percentage worked out to ₹ 2.71 crore[2] and the share for MiRRDA including independent Quality Monitoring 2nd Tier worked out to ₹ 1.35 crore[3].

However, against the admissible administrative and travel expenses of ₹ 1.35 crore, the MiRRDA had spent ₹ 1.69 crore resulting in excess expenditure of ₹ 0.34 crore. Besides, against

[2] 1.50 X 4.06 crore/2.25

[3] 0.75X 4.06 crore/2.25

the administrative and travel expenses of ₹ 2.71 crore admissible to PIUs, the MiRRDA had released ₹ 1.63 crore only during 2010-15 which resulted in short release of ₹ 1.08 crore.

While accepting the fact, the State Government stated (December 2015) that PMGSY Administrative Funds are utilised on the basis of activities without considering the proportionate ratio made by NRRDA. Moreover, in the initial period, payment of Administrative Fund was centralized by SRRDA due to some problems faced by the PIUs. Thus expenditure of SRRDA seems to exceed the prescribed limit. This kind of practice was discontinued in the recent past.

2.3.12 Implementation of the programme

2.3.12.1 Physical Performance

In the State, during 2010-15, only works related to new connectivity were undertaken. No work for up-gradation was executed. The physical performances achieved by the State under PMGSY during 2010-15 as per MPRs are shown in the following table:

Table–2.10

Year	No. of eligible Habitations not connected/completed (out of sanctions in previous years)	No. of eligible Habitations connected	No. of eligible Habitationyet to be connected
2010-11	60	32	28
2011-12	28	7	21
2012-13	21	5	16
2013-14	16	11	5
2014-15	5	0	5

Source: Departmental records

As could be seen from above table, at the beginning of 2010-11 there were 60 eligible un-connected habitations. 55 habitations have been provided with connectivity progressively by 2014-15 and there are five habitations left unconnected.

2.3.12.2 Difference in physical achievement between MPRs and OMMAS

There were differences in the achievement shown in MPRs and achievement figures entered in the Online Management, Monitoring & Accounting System (OMMAS).

Table–2.11

Year	Habitations sanctioned			Habitations completed during the year out of sanctioned Habitation			Habitations under construction at the closing of the year		
	MPR	OMMAS	*Difference*	MPR	OMMAS	*Difference*	MPR	OMMAS	*Difference*
2010-11	60	56	**4**	32	32	**Nil**	28	24	**4**
2011-12	28	24	**4**	7	6	**1**	21	18	**3**
2012-13	21	16	**5**	5	11	**-6**	16	5	**11**
2013-14	16	16	**Nil**	11	12	**-1**	5	4	**1**
2014-15	5	4	**1**	-	-	**-**	5	4	**1**

Source: Departmental records

Reasons for discrepancies of achievement figures between MPRs and OMMAS were not on record.

While accepting the fact, the State Government stated (December 2015) that at the inception of OMMAS in PMGSY, many mistakes have been committed in the Core-Network due to absence of expert personnel at MiRRDA. The statistics of the State profile has been correctly maintained in the MPRs. The Agency will once again request NRRDA to open OMMAS for correction of this mismatched data.

Scrutiny of the records of the PIUs under three sampled districts revealed the following deficiencies/lapses in the execution of works:

2.3.12.3 Delay in completion of works

PMGSY Guideline envisaged that, the project sanctioned had to be executed by the PIUs and completed within a period of twelve months and eighteen months for formation cutting works and pavement works respectively.

It was observed that, out of 109 works taken up for execution by the three Districts upto 31 March 2015, 68 works (62 *per cent*) were completed within the stipulated period. Out of the remaining 41 works, completion of 21 works was delayed upto two years, that of 11 works from two to five years and that of nine works for more than five years as detailed in Table-2.12:

Table–2.12

Name of District	No. of works cleared by the MoRD as on 31 March 2015	No. of works taken for execution	No. of works completed beyond the stipulated period (as per Para-13 of Programme Guideline)		
			With a delay upto two years	With a delay from two to five years	With a delay above five years
Aizawl	45	45	11	7	3 (ongoing)
Champhai	29	29	4	2	3 (ongoing)
Lunglei	35	35	6	2	3
Total	**109**	**109**	**21**	**11**	**9 (Six ongoing)**

Source: Departmental records

The formal extension of time was granted by the Department for the delays beyond the stipulated date of completion of these works as per the agreements. However, in case of Aizawl and Champhai districts, the concerned PIUs could not furnish the hindrance registers for verification by audit. As such, the genuineness of the hindrances for which extensions were granted could not be ascertained in audit.

While accepting the fact, the State Government stated (December 2015) that instructions to all PIUs would be issued afresh to keep a good record of Hindrance Registers.

It is recommended that the MiRRDA should take effective steps for completion of the works under the programme within the prescribed time limit.

2.3.12.4 Performance Security

According to clause 32 of General Conditions of Contract (GCC), a Performance Security valued at five *per cent* of the work was to be obtained from the contractor as a security/guarantee for compliance of his obligations with the terms and condition in the said agreement. The Performance Security may be in the form of Bank Guarantee or Fixed Deposit Receipt from a scheduled commercial bank. If the bidder/contractor fails to maintain the above Performance Security, the employer would recover the same from any dues payable to the contractor. Scrutiny of the PIU level records revealed the following irregularities:

(i) In case of package No. MZ-01-66 (B), construction of Zohmun-N.Tinghmun road, executed by the EE, PWD, National Highway Division-II, Aizawl against the value of work order for ₹ 191.91 lakh, Performance Bank Guarantee of ₹ 9.60 lakh was to be obtained. However, this was not obtained from the contractor except a Bank Certificate from Mizoram Co-operative Apex Bank Ltd., Main Branch Aizawl stating that if the work is awarded to the contractor, the Bank will be able to provide overdraft/credit facilities to meet the contractor's working capital. As per Clause 32 of the GCC, the Employer should have recovered the same from any dues payable to the contractor. It was however noticed that the concerned PIU had not recovered any amount from the contractor's bills towards bank guarantee.

The State Government had accepted the fact.

(ii) The Sakawrdai-Zohmun Road (package No. MZ-01-WB-0) under the EE, PWD, National Highway Division-II, Aizawl was executed by a contractor at a work order value of ₹ 452.95 lakh. Against the required Performance Security of ₹ 22.65 lakh (five *per cent*), the concerned EE had however obtained a Bank Guarantee of ₹ 11.32 lakh only from the contractor. Further, the said Bank Guarantee obtained from Axis Bank, Silchar Branch did not cover the stipulated completion date of the work. As a result, on termination of the contract on 09 August 2010, the Bank Guarantee for ₹ 11.32 lakh could not be forfeited to the PMGSY account as the bank refused to honour the bank guarantee. Thus, laxity on the part of the Government resulted in loss of ₹ 11.32 lakh.

While accepting the fact, the State Government stated (December 2015) that legal actions against the contractor will be initiated. However, it was silent about the action against those who accepted the Bank Guarantee.

(iii) In case of package No. MZ-02-WB-01, construction of Khuangleng-Bungzung road, executed by the EE, PWD, Champhai Division, against the value of work order for ₹ 587.24 lakh a Term Deposit Receipt of ₹ 14.68 lakh from Axis Bank, Silchar Branch, Assam was provided by the Contractor, which turned out fake at a later date. The contractor had abandoned the work on 24 December 2014. The SLSC had also approved (June 2015) the termination of the contract. But the Performance Guarantee in the form of Term Deposit however could not be forfeited to PMGSY account as it was a false document. Thus, acceptance of Guarantee without verifying its genuineness with the issuing bank led to loss of ₹ 14.68 lakh.

While accepting the fact, the State Government stated (December 2015) that steps were taken to locate the contractor but all in vain and hence an FIR has been lodged with the Police.

(iv) In case of package No. MZ-05-52, construction of Haulawng-Bualpui 'V' road, executed by the EE, PWD, Lunglei Division, against the value of work order for ₹ 236.14 lakh, a Performance Bank Guarantee of ₹ 11.48 lakh was obtained from Mizoram Rural Bank Ltd. Vaivakawn Branch, Aizawl covering the validity period from November 2006 to June 2013. The contract was terminated on 1 April 2011 with forfeiture of the Performance Bank Guarantee. However, without forfeiting the Performance Bank Guarantee of ₹ 11.48 lakh to the PMGSY accounts, the CEO MiRRDA irregularly released the same to the contractor on 29 March 2012.

No administrative action has been taken against the fraudulent action of the CEO. The irregular release of Performance Bank Guarantee to the contractor resulted in a loss of ₹ 11.48 lakh to the Government.

It is recommended that valid performance guarantee as stipulated in the contract should be obtained from the contractors.

2.3.12.5 Mobilization/Equipment Advance

As per clause 45 of GCC, on request of the contractor, the employer will make the following advance payment against provision by the contractor on an unconditional Bank Guarantee from a Scheduled Commercial Bank acceptable to the employer in amounts equal to the advance payment:

(a) Mobilization Advance upto 5 *per cent* of the contract price and

(b) Equipment Advance upto 90 *per cent* of the cost of new equipment brought to the site, subject to a maximum of 10 *per cent* of the contract price

The Guarantee shall remain effective until the advance payment has been repaid.

Scrutiny of the records of the EE NH Division-II, Aizawl revealed that, in package (construction of Sakawrdai - Zohmun Road, pavement works), the PIU had granted a Mobilization and Equipment Advance of ₹ 39.50 lakh to the contractor against the Bank Guarantees which did not cover the validity upto the contract period. As a result, when the contract was terminated on 9 August 2010, ₹ 29.50 lakh could not be recovered from the contractor due to expiry of the currency period of Bank Guarantee. Thus, the Government incurred a loss of ₹ 29.50 lakh due to payment of advance to the contractor against Bank Guarantee which did not cover entire contract period.

While accepting the fact, the State Government stated (December 2015) that an amount of ₹ 19.94 lakh will be adjusted from the outstanding dues payable to the contractor and immediate action for recovery of the outstanding amount of ₹ 9.56 lakh will be initiated.

It is recommended that Mobilization/Equipment advance should not be granted without obtaining valid Bank guarantee. Necessary action may be initiated against the erring officials.

2.3.12.6 Execution of inadmissible works

Para 1.6.1 of the Operational Manual of PMGSY provides that the primary objective of the PMGSY is to provide connectivity, by way of an all weather road to the eligible unconnected habitation in the rural areas.

(i) Scrutiny of the records in respect of Executive Engineer, NH Division-II Aizawl Division revealed that the PIU had taken up the construction of the existing two roads as new connectivity as detailed below:

Table–2.13

Sl. No.	Name of PIU	Package No.	Name of road	Existing status of the road prior to PMGSY	Amount spent for new connectivity (₹ in lakh)
1.	EE-NH-II, Aizawl	MZ-01-66	Zohmun-N.Tinghmun	Fair weather road through for light vehicles	348.23
2.		MZ-01-67	Darlawn-N.Serzawl	Fair weather road through for light vehicles	342.33
Total					**690.56**

Source: Departmental records

As the above two roads works executed under PMGSY were already connected through fair weather road for light vehicles, the expenditure of ₹ 690.56 lakh incurred on their execution was unauthorised and the funds could have been utilised for providing new connectivity to unconnected habitations.

(ii) Further, scrutiny of the records of the EE, PWD Lunglei Division revealed that for construction of a new road, Buarpui – Kawlhawk road (Package No. MZ-05-62) the PIU had incurred ₹ 328.11 lakh during April 2008 to June 2013. As per 2001 census, the population of Kawlhawk village was only 139 persons, which increased to 162 persons as per 2011 census. The New Connectivity under PMGSY for the village Kawlhawk was thus not admissible under the PMGSY and its inclusion in the Core Network as un-connected Habitation under 250 - 499 population was incorrect.

Thus, the Department had incurred an inadmissible expenditure of ₹ 328.11 lakh towards construction of this in-eligible road under PMGSY.

The State Government stated (December 2015) that:

(i) PMGSY aims to provide a good all-weather road connectivity to the unconnected habitations in rural areas by way of an all-weather road with necessary culverts and cross-drainage structures, operable throughout the year.

As seen and tabulated by Audit, two roads under EE, NH Div-II, namely, Zohmun-N.Tinghmun and Darlawn - N.Serzawl are fair-weather roads for light vehicles. This means that these two roads are operable during fair weather (*i.e*. dry season) only and non-motorable during rainy seasons. Further, even during dry seasons, only light vehicles could ply on these roads. Therefore, these habitations are to be treated as 'unconnected' in the context of PMGSY and hence provision of connectivity by way of an all weather road has to be done under PMGSY.

(ii) As per the record available during preparation of Master Plan of PMGSY, the population of Kawlhawk village was 149. As per Guidelines, the Village is not eligible for connectivity under the Scheme. However, the objective of the programme is to provide connectivity to all eligible habitations within the country from the Block Headquarters or nearest all-weather road. As such, Sertlangpui village (525) has to be connected from Bunghmun, the Block headquarters. The road project has to originate from Buarpui village, the nearest connected habitation for Sertlangpui within Bunghmun Block. Kawlhawk Village, being situated *enroute* to Sertlangpui cannot be avoided. These types of ineligible villages that fall on the way to eligible habitations are called 'incidental' to the Scheme.

Further, the recommendations of the Audit will be strictly followed in future.

The reply of the Government is not acceptable for the following reasons:

(i) If the two existing fair-weather roads (Zohmun-N.Tinghmun and Darlawn-N.Serzawl) did not satisfy the minimum requirements specified for all-weather roads, these roads could have been taken up for 'Upgradation' instead of 'New Connectivity', and

(ii) The construction of Buarpui-Kawlhawk road under Package No. MZ-05-62 was taken up as a specific New Connectivity without being treated as 'incidental' to any other new connectivity. As such, the Department had incurred an inadmissible expenditure of ₹ 328.11 lakh towards construction of this ineligible road.

It is recommended that under the programme, the Department should take up the construction of roads according to prioritization and categorization.

2.3.12.7 Excess Expenditure

Scrutiny of the records of EE, NH Division-II Aizawl revealed that in package No. MZ-01-67 'A', (construction of Darlawn-N.Serzawl road) against the estimated cost of ₹ 168.61 lakh, a work order of ₹ 160.80 lakh was issued (20 March 2008) to a contractor. But due to change of alignment the entire estimate was revised (26 March 2008) by the Chief Engineer, PWD, NH to ₹ 83.25 lakh. After revision of the estimate, the agreement was not revised and ₹ 159.31 lakh was un-authorisedly disbursed to the contractor based on the original estimate and BOQ though the work was executed as per revised alignment/estimate, which resulted in excess payment of ₹ 76.06 lakh.

The State Government (December 2015) stated that the construction work of Darlawn to N.Serzawl road package No. MZ-01-67 'A' was awarded to Lalhmachhuana Fanai for an amount of ₹ 160.80 lakh. After award of the work, the Chief Engineer, PWD, Highways, Mizoram inspected the road and explored the possibilities of changing the approved alignment to save government money. In doing so, he instructed the PIU to prepare the estimate for execution in the new alignment, without any proper survey, and transect walk. The new estimate was for civil works only amounted to ₹ 83.25 lakh. This estimate was technically sanctioned by the Chief Engineer, PWD, Highways, Mizoram on 26 March 2008 vide TS No. B.17025/15/CE-HW/07/14 assuring the Government money will be saved by the Department.

However, the SRRDA decided not to follow the new alignment as suggested by the Chief Engineer, PWD, Highways, Mizoram. This was not formally reported to the Chief Executive Officer, MiRRDA and Engineer-in-Chief, PWD, Mizoram and hence written documents were also not kept in support of this decision and the execution went ahead as per agreement and sanction accorded by the MoRD.

The reply of the Government is not acceptable for the following reasons:

(a) The SDO PWD, NH Sub-Division-III vide his letter No.C-6/NHS-III/07/441 dated 9 May 2008 had already intimated the contractor about the change of alignment.

(b) The SDO PWD, NH Sub-Division-III vide his letter No.C-6/NHS-III/07/593 dated 25 June 2009 had already intimated the Executive Engineer, NHD-II about the change of alignment as per revised technical sanction dated 26 March 2008 and the contractor vide his letter dated 1 April 2009 intimated the Executive Engineer, NHD-II that the execution of work was delayed due to revision of alignment by the Department.

2.3.12.8 Execution of deviated/extra item of works

As per General Conditions of Contract (GCC), the Engineer shall, having regard to the scope of the works and the sanctioned estimated cost, have power to order, in writing, variations within the scope of the works he considered necessary or advisable during progress of the works. Oral orders of the Engineer for variation, unless followed by written confirmation, shall not be taken into account.

In the following 13 packages ₹ 338.15 lakh was incurred by the six PIUs for payment of deviated item without written orders/confirmation:

Table-2.14

(₹ in lakh)

Sl. No.	Name of PIU	Name of packages	Expenditure incurred on deviated/extra item of works
1.	EE, Hmuifang Division	MZ-01-64	32.95
		MZ-01-65	20.78
		MZ-01-WB-01	0.47
2.	EE, NH Division-II	MZ-01-66	7.65
3.	EE, Aizawl Road North Division	MZ-01-79	12.00
4.	EE, Champhai Division	MZ-02-WB-54	2.03
		MZ-02-WB-03	13.13
5.	EE, Lunglei Division	MZ-05-52 A	76.97
		MZ-05-712 A&B	17.78
		MZ-05-64 A&B	20.41
		MZ-05-62	13.74
6.	EE, Tlabung Division	MZ-05-61 A&B	85.17
		MZ-05-78 A	35.07
Total		**13 packages**	**338.15**

Source: Departmental records

It was observed in audit that the sanctioning authority had accorded expenditure sanction for each deviated/extra item of works without any written order of the Engineers. The site orders containing variations within the scope of the works considered by the Engineers necessary or advisable during progress of works were also not maintained and not issued.

Thus, in absence of written orders of the Engineers, the genuineness of the expenditure of ₹ 338.15 lakh incurred for deviated/extra item of works could not be ascertained in audit.

The Government stated (December 2015) that Site Order Books were actually maintained during construction period, however, these were either lost or disposed off after completion of the project. Instructions to all PIUs would be issued afresh to keep records till such time the works are audited.

The reply of the Government is, however, not acceptable as it was noticed in audit that the test checked PIUs had not at all maintained any site order book

It is recommended that the sanctioning authority should not accord expenditure sanction for deviated or extra item of works without examining the written orders of the Engineers issued for deviated/ extra items during execution of works.

2.3.12.9 Execution of sub-Standard Work

Paragraph 31 of CPWD Works Manual 2014 provides that the contractors are required to execute all works according to the specifications laid down, and in a proper workmanlike manner. The motto of the department shall be to maintain quality, speed and economy in cost in the executions of any work. There shall be no compromise on the quality of work. The field staff, namely, the Junior Engineer/Assistant Engineer/Executive Engineer, shall remain vigilant to see that the contractor does not execute any defective/poor quality work. If, despite their vigilance and issue of directions, certain items of work are done below specifications, and/or if they have not been done in a proper workmanlike manner, the contractor should be immediately instructed to rectify or redo them according to the specifications and according to sound engineering practice. If the contractor does not rectify the defect or make good the deficiency, the work should be got re-done or rectified through other agency, or departmentally at the contractor's cost.

(a) Scrutiny of the records of the EE, NH Division-II revealed that in package No. MZ-01-WB-03 (Sakawrdai-Zohmun road), the work was executed partially by two contractors at a total cost of ₹ 358.12 lakh against the estimated cost of ₹ 471.10 lakh. The contract agreements in respect of the two contractors were terminated by the Department before completion of the works. However, the State Quality Control Monitor and the National Quality Control Monitor had graded the works executed by the two contractors as unsatisfactory. The work remained sub-standard due to lack of proper supervision/ monitoring by the field staff and the PIU during execution of the work. There was little scope for rectification of the defects at the cost of contractors after termination of the contracts. Thus, only ₹ 115.66 lakh was available for completion of the remaining work. But, it was noticed that on 14 September 2015 the Department issued Notice Inviting Tender for execution of the remaining work at an estimated cost of ₹ 275.80 lakh and decided to meet the additional requirement out of State Budget.

Had the Department monitored the work properly, the work could have been completed at the sanctioned cost of ₹ 473.78 lakh and the additional amount of ₹ 160.14 lakh could have been utilised for some other priority road connectivity.

(b) Scrutiny of the records of the EE, Champhai Division revealed that in respect of package No. MZ-02-WB-01 (Khuangleng - Bungzung road) estimated at a cost of ₹ 587.24 lakh, the work to the extent of ₹ 395.98 lakh was executed before the contractor abandoned the work on 24 December 2014. The National Quality Control Monitor had graded as early as on December 2013 that the work executed by the contractor was unsatisfactory. It was, however, noticed that the PIU had irregularly released ₹ 23.11 lakh under RA-XVI dated 25 February 2014 without taking any action for rectification of the defects by the contractor. Lack of proper monitoring/supervision by the field staff and the PIU led to the sub-standard execution of work.

As per the CPWD Manual, these sub-standard works need to be re-done or rectified through other agency, or departmentally at the contractor's cost. The Department is yet to take any action/decision about these sub-standard works.

The State Government (December 2015) stated as under:

(i) the work for construction of Sakawrdai to Zohmun was located on the most difficult part of the State. There were frequent unrest and insurgency within the areas. The supervisory staff as well as the contractors were facing threat from the insurgent people. Due to the above fact, construction and supervision of the work was very difficult for the contractors and the supervising staff.

(ii) the work Khuangleng - Bungzung road (package No MZ-02-WB-01) has been inspected by NQM on 13 December 2013 and graded the road 'Unsatisfactory'. It added that the payment made to the contractor under RA-XVI seems to be made against the work-done prior to the inspection of NQM.

But the Government reply was silent about the irregular release of payment to the contractor for the defective work.

It is recommended that during execution of works, the advice/grading of quality monitor should be strictly followed.

2.3.12.10 Security Deposit

As per clause 43 of GCC, the employer shall retain a security deposit of five *per cent* from each payment due to contractor till completion of the whole construction works. However, on satisfactory completion of work, half of the total amount of security deposit is to be repaid to the contractor, one-fourth of the security deposit at the end of second year from the date of completion and the balance amount at the end of the third year after completion of the work subject to the condition that the Engineer has certified that all defects notified by the Engineer to the contractor before end of the period prescribed for repayment have been corrected.

Scrutiny of the records of the following five PIUs revealed that, in case of 13 works under eight packages, security deposit of ₹ 137.55 lakh was deducted from the contractors' bills. These deposits were irregularly repaid to the contractors in full before the end of the third year.

Table–2.15

Sl. No.	Name of PIU	Package number	Date of completion of work	Security Deposit retained (₹ in lakh)	Security Deposit released	
					Date	Amount (₹ in lakh)
1.	EE, Hmuifang Division	MZ-01-64A	20.07.2009	10.32	30.03.2011	10.32
2.	-do-	MZ-01-64B	11.04.2009	9.16	25.05.2011	9.16
3.	-do-	MZ-01-65A	19.02.2009	6.52	25.11.2010	6.52
4.	EE, National Highway Division	MZ-01-66A	23.03.2009	6.86	30.09.2010	6.86
5.	-do-	MZ-01-66B	15.12.2009	9.60	02.02.2011	9.60
6.	-do-	MZ-01-67B	22.03.2011	9.15	21.06.2013	9.15
7.	EE, Aizawl Road North	MZ-01-79	11.11.2011	5.88	17.04.2013	5.88
8 .	EE, Champhai Division	MZ-02-WB-12	15.10.2011	16.61	14.10.2013	16.61
9..	EE, Khawzawl Division	MZ-02-62B	15.12.2011	14.54	07.03.2013	14.54
10.	-do-	MZ-02-62C	28.03.2012	11.20	12.07.2013	11.20
11.	-do-	MZ-02-710A	25.06.2011	12.02	20.12.2012	12.02
12.	-do-	MZ-02-710B	16.03.2012	12.26	12.06.2013	12.26
13.	-do-	MZ-02-710C	16.03.2012	13.43	09.01.2014	13.43
Total				**137.55**	--	**137.55**

Source: Departmental records

By early release of the security deposits, the Department passed on undue benefit to the contractors. Further, there would be uncovered risk involved if any defects were noticed in the subsequent period.

The State Government stated (December 2015) that as per Condition of Contract, Special Condition of Contract SI. No. 3, the defect liability period was shortened to one year instead of five years. Thus, there was no irregularity in repayment/release of Security Deposits to the contractors.

The reply is not acceptable as it violated GCC which govern the PMGSY works.

It is recommended that Security deposit should not be released to the contractors before the prescribed time limit as prescribed in the General Condition of Contracts of the Agreement.

2.3.12.11 Irregular payment

Scrutiny of the records of the Executive Engineer, NH Division II, Aizawl revealed that in respect of package No. MZ-01-721 (Construction of Zohmun – Mauchar Road, Formation Cutting), the execution of works by the three contractors were stopped by the PIU on 30 September 2009 due to non-receipt of the forest clearance. The PIU however, issued orders for resumption of the works only on 15 January 2013.

It was further noticed that the Executive Engineer, in contravention of his own orders, had irregularly accepted running bills presented between May 2011 and September 2012 by the three contractors and sanctioned payment of ₹ 331.20 lakh. The details of payments made to the contractors are shown in the following table:

Table-2.16

(₹ in lakh)

Sl. No.	Name of Contractor	Value of work order	Date of issue of work order	Date of order for stop work	Date of order for resumption of work	Date of payment of running bill	Amount paid
1.	Rokamlova, Electric Veng, Aizawl	189.71	01.09.09	30.09.09	15.01.13	07.08.11	43.65
						13.02.12	61.72
						10.09.12	28.42
2.	Zodingliana, Mission Veng, Aizawl	125.52	01.09.09	30.09.09	15.01.13	31.05.11	59.82
						03.09.12	29.50
3.	C. Lalthanmawia, Vaivakawn, Aizawl	193.88	09.09.09	30.09.09	15.01.13	31.05.11	55.26
						21.08.12	52.83
Total							**331.20**

Source: Departmental records

As such, the entire amount of ₹ 331.20 lakh paid to the three contractors remained irregular.

While accepting the fact, the State Government stated (December 2015) that due to prevailing acute involvement of unlawful outfits and immense public pressure, the contractors - Rokamlova, Zodinliana and C. Lalthanmawia for the construction work of Zohmun-Mauchar road were compelled by the situation to continue their works even though they were stopped by PIU on 30 September 2009. Hence, the contractors carried on their works at their own risk without resumption order from the PIU. As a result of this, the Divisions/Department could not stop making payments to the contractors as their commitment and struggle to execute the works to provide the immediate relief and convenience for the general public.

2.3.12.12 Liquidated damages not levied

As per clause 44 of the General Conditions of Contract (GCC), both the Contractor and Employer have agreed that it is not feasible to precisely estimate the amount of losses due to delay in completion of works and the losses to the public and the economy, therefore, both the parties have agreed that the contractor shall pay liquidated damages to the Employer and not by way of penalty at the rate per week or part thereof as stated in the Contract Data. However, in case the contractor achieves the next milestone, the amount of liquidated damage already withheld shall be restored to the contractor by adjustment in the next payment. The liquidated damage shall not exceed 10 *per cent* of the contract price.

Also, under clause 52.2(e) of the GCC, the employer may terminate the contract, if the contractor causes a fundamental breach of contract by delaying the completion of the work by the number of days for which the maximum amount of liquidated damages can be paid.

Scrutiny of the records of two PIUs[4] revealed that in case of execution of construction of Lungsai-Maubuang road and Zuangtui-Muthi road by the EE-Hmuifang Division and EE-Aizawl Road North Division, the two PIUs had not levied liquidated damage of ₹ 26.41 lakh to the contractors for the delay in execution of works beyond the stipulated date of completion not covered under extension. The details of period of delays and liquidated damage to be levied against the contractors are shown in the following table.

Table-2.17

Sl. No.	PIU	Works	Particulars		
1.	EE-Hmuifang	Lungsai-Maubuang road	(i)	Value of work order (₹ in lakh)	158.64
			(ii)	Date of commencement	9.1.2009
			(iii)	Schedule date of completion	21.6.2010
			(iv)	Actual date of completion	4.3.2013
			(v)	Period of delay	973 days
			(vi)	Extension of time (EOT) granted	285 days
			(vii)	Delay not covered under EOT	688 days
			(viii)	Liquidated damage to be levied @ one *per cent* for 688 days (subject to maximum limit of 10 *per cent* of the initial contract price) (₹ in lakh)	15.86
			(ix)	Liquidated damage actually levied	Nil
			(x)	Total payment made (₹ in lakh)	159.11

4 PIUs: (1) Executive Engineer, Hmuifang Division and (2) Executive Engineer, Aizawl Road North Division

Sl. No.	PIU	Works	Particulars		
2.	EE-Aizawl Road North Division	Zuangtui-Muthi road	(i)	Value of work order	105.51
			(ii)	Date of commencement	5.2.2010
			(iii)	Schedule date of completion	4.2.2011
			(iv)	Actual date of completion	11.11.2011
			(v)	Period of delay	277 days
			(vi)	Extension of time (EOT) granted	Nil
			(vii)	Delay not covered under EOT	277 days
			(viii)	Liquidated damage to be levied @ one *per cent* for 277 days	10.55
			(ix)	Liquidated damage actually levied (subject to maximum limit of 10 *per cent* of the initial contract price)	Nil
			(x)	Total payment made (including extra items of work) (₹ in lakh)	117.51

Source: Departmental records

While accepting the fact, the State Government stated (December 2015) that the two PIUs had not levied liquidated damage on the contractors for the delay in execution of works beyond the stipulated date of completion. The matter was viewed seriously by the CEO and explanation is being called for from the defaulting PIUs and their reply was awaited.

Further, the Government added that instructions to all PIUs would be issued afresh to strictly adhere to the terms and conditions of Contract Agreement.

2.3.13 Monitoring and quality control

2.3.13.1 Quality Management

Para 11.3 of Operations Manual of PMGSY envisages that, ensuring the quality of the road works is the responsibility of the State Government who are implementing the Programme. To this end, all works must be effectively supervised. The Quality Control Register prescribed by the NRRDA to operationalise the provisions of mandatory testing prescribed under the specification shall invariably be maintained for each of the road works. A three-tier quality management mechanism is envisaged under the PMGSY. The first tier of quality management mechanism is in-house quality control system of the Executing Agency whereas, the second tier of quality management mechanism will be independent quality assurance system operationalised by the State Government. Therefore, the State Government would be responsible for the first two-tiers of the Quality Management Structure. The third tier is envisaged as independent quality management mechanism operationalised by the NRRDA, as such, this tier would be enforced by the NRRDA through the National Quality Monitor (NQM).

2.3.13.2 Records for Quality Control Management not maintained

Eight PIUs in three sampled districts did not furnish the records in respect of three-tier Quality Management along with the reports and returns as per prescribed formats of the operational guidelines to audit. As such, details of quality control management in respect of PIUs could not be assessed.

While accepting the facts the State Government stated (December 2015) that instructions to all PIUs would be issued to produce QC Registers to Audit.

2.3.13.3 Inspection of works by SQM/NQM

Scrutiny of records of the CEO, MiRRDA pertaining to the two-tier and three-tier Quality Management Mechanism revealed that during 2010-15 the State Quality Monitor (SQM) and National Quality Monitor (NQM) had inspected altogether 48 works of which 24 works were graded as unsatisfactory by the SQM and NQM. After receipt of rectification reports for all the 24 unsatisfactory works, the SQM and NQM had again re-inspected 21 works, out of which the 10 works were again rated as unsatisfactory by the SQM and NQM.

It was, thus, evident that the field staff and the PIUs did not monitor and supervise the works properly, which resulted in poor execution of works by the contractors and non-execution of corrective actions in many cases even after this was pointed out by the SQM and NQM.

While accepting the fact, the State Government stated (December 2015) that it is mandatory on the part of the contractor to rectify all the defects, detected by the PIU, SQMs and NQMs. A system has been developed in MiRRDA to keep the Bank Authorization pending until such time the contractor has rectified the defects and compliance duly certified by competent authority.

2.3.13.4 Insurance

As provided in Para 9.3.1 of Operations Manual, the Contractor is required to provide insurance coverage from the start date to the date of completion as per clause 13 of the GCC for the following events:

(a) Loss of or damage to the works, plants and materials;

(b) Loss of or damage to equipments;

(c) Loss of or damage to property in connection with the contract; and

(d) Personal injury or death.

Insurance policies and certificates shall be delivered by the Contractor to Engineer for approval before the start date.

It was, however, noticed that out of seven sampled PIUs, in case of only two PIUs (EE-Tlabung and Khawzawl PW Divisions), the contractors had delivered the insurance policies and certificates to the Engineers before the start dates of the works allotted to them. Remaining five PIUs however, had not taken any action against the contractors who had not provided the insurance coverage and breached the contracts.

While accepting the fact the State Government stated (December 2015) that instructions would be issued to all PIUs to strictly adhere to the terms and conditions of Contract Agreement.

2.3.13.5 Work Programme

As provided in Para 9.4(c) of Operations Manual, based on the Bill of Quantity (BOQ) and list of requirement of men, material and machinery, the Engineer is required to guide the Contractor for the preparation of the Work Programme. Based on the guidance of the Engineer and availability of resources, the Contractor is required to prepare his work programme and assess the requirement of men, material and machinery. The work programme should be detailed in such a way that the date of start and date of completion of every item of work is clearly laid down.

Audit observed that all the seven sampled PIUs had duly maintained work programme against all the works executed by the Contractors under them during the period covered under audit.

2.3.13.6 Management Meetings

Para 9.6 of the Operations Manual provides that as per clause 29 of GCC, there is a provision for Management Meetings to review plans and progress of works. The Engineer may require the Contractor to attend the Management Meetings. It is highly desirable that the Engineer should work out a schedule of Management Meetings in relation to the work programme. The Management Meetings should be an integral part of the Contract Management process to ensure that there are no deficiencies or delays on the part of contractor or the Engineer.

However, it was noticed that out of seven sampled PIUs only three PIUs (EE-Lunglei, Tlabung and Khawzawl PW Divisions) had maintained the records of Management Meetings in respect of all the works executed during the period covered under audit.

In remaining four PIUs (EE-Hmuifang, NH-II, Aizawl North and Champhai) the works were executed without conducting Management Meetings to review plans and progress of works.

While accepting the fact, the State Government stated (December 2015) that instructions would be issued to all PIUs afresh to conduct Management meetings at regular intervals and to submit reports to the CEO.

2.3.13.7 Establishment of Field Laboratory

Para 9.4 (h) of the Operations Manual read with clause 31 of the GCC provide that for carrying out the mandatory test as prescribed in the specifications, the Contractor will establish the Field Laboratory at a convenient location as approved by the Engineer. It will be ensured by the Contractor that the Laboratory has all equipments as required by the Engineer. It should be noted that the Contractor will not be allowed to commence the work if the Field Laboratory is not established in the stipulated time frame. Non-establishment of the Field Laboratory within the time given is a fundamental breach of the contract.

It was, however, noticed that out of seven sampled PIUs only under three PIUs (EE-Lunglei, Tlabung and Khawzawl PW Divisions) the contractors had established the required Field Laboratories for the works executed by them. The remaining four PIUs (EE-Hmuifang, NH-II, Aizawl Road North and Champhai PW Divisions) could not produce any record to show that the required Field Laboratories were established and therefore, it could not be ascertained in audit as to whether the mandatory test as prescribed in the specifications were conducted or not.

The State Government stated (December 2015) that Field Laboratories were actually established in work-sites fully equipped with field testing instruments.

2.3.13.8 Deployment of Contractor's Personnel

Para 9.4 (a) of Operations Manual provides that as per clause 9 of GCC, the Contractor is required to employ the technical personnel enumerated in the Contract Data. At the start of the mobilization time, technical and administrative instructions will be passed on to the contractor by the Engineer and therefore, to fully understand the instructions and before any further activity is allowed, the contractor will be required to employ his key technical personnel who will interact with the Engineer. The technical personnel required for the field laboratory should be in place till the completion of the work. The details of technical persons to be employed by the contractor as per contract data are as under:

(A) For Construction Work:

Technical Personnel		Number	Experience in Road Works
1.	Degree Holder in Civil Engineering	01	5 years
2.	Diploma Holder in Civil Engineering	01	3 years
3.	Diploma Holder in Civil Engineering for Quality Control	01	3 years

(B) For Field Testing Laboratory:

	Technical Personnel	Number	Experience in Road Works
1.	Diploma Holder in Civil Engineering for Testing	01	3 years

It was, however, noticed that out of seven sampled PIUs only four PIUs (EE-Lunglei, Tlabung, Champhai and Khawzawl PW Divisions) had maintained the records showing employment of prescribed technical personnel for the construction works and for the Field Testing Laboratories.

Thus, in absence of records it could not be ascertained in audit whether the contractors under the other PIUs (*viz.* EE-Hmuifang, NH-II and Aizawl Road North PW Divisions) had deployed adequately trained personnel for the construction works.

While accepting the fact, the State Government stated (December 2015) that the records of these are seldom kept in the Divisional office and hence instructions to all PIUs would be issued to keep a good record of laboratories and technical personnel in the Divisional Office and or to display in a separate Notice Board *etc.*

2.3.14 Internal Audit

Para 16.5 of Accounts Manual, PMGSY Programme Fund envisages that SRRDA will appoint Internal Auditors to ensure the true and fair record of accounts. The Auditors should have experience of Public Works audit. The SRRDA may identify, with the help of the NRRDA, Competent Organisations for this task.

The CEO, MiRRDA, however, had not appointed the Internal Auditors during the period covered under audit. The State Government stated (December 2015) that steps will be taken to appoint Internal Auditors with the help of NRRDA.

2.3.15 Evaluation

It was noticed that the State Government has not conducted any independent evaluation study of the execution of the scheme through a reputed Institution.

The State Government stated (December 2015) that steps will be taken to appoint reputed Institution for Independent Evaluation from with the help of NRRDA.

2.3.16 Conclusion

The Performance Audit of the PMGSY brought out that the Department has moderately succeeded in fulfilling the objective of providing connectivity by way of an All-weather Road to the eligible un-connected habitation. The Department has failed to formulate the DRRPs involving grass-root level participation at Block and District levels, which has affected proper implementation of the scheme. The Chief Executive Officer, MiRRDA did not follow laid down financial practices/processes. The scheme was not implemented in a time bound manner to provide new-connectivity to the eligible habitations. While executing the works, the concerned PIUs had irregularly accepted invalid Performance Bank Guarantees, incurred excess expenditure, executed deviated/extra items of works without written orders of the Engineers, and executed sub-standard works without proper technical supervision at field level.

2.3.17 Recommendations

For effective and efficient implementation of the programme, it is recommended that:

- The District Rural Roads Plans should be prepared with active involvement of District level Stakeholders. Initiative should be taken to avail special allocation for the districts sharing international borders.
- The Department should take up the construction of roads according to prioritization and categorization. Effective steps should be taken to complete the works within the prescribed time limit. Expenditure sanction should not be accorded for deviated or extra item of works without examining the written orders of the Engineers.
- Valid performance guarantee should be obtained from the contractors. Mobilization/ Equipment advance should not be granted without obtaining valid Bank guarantee. Security deposit should not be released to the contractors before the prescribed time limit.
- Maintenance of basic records such as Cash Books, Site records, Quality reports should also be ensured.
- The advice of quality monitor should be strictly followed.

The State Government stated (December 2015) that the recommendations of Audit are noted and will be followed in future.

COMPLIANCE AUDIT PARAGRAPHS

ANIMAL HUSBANDRY AND VETERINAY DEPARTMENT

2.4 Loss of public money in purchase of cows disregarding recommendation of expert committee

Director, Animal Husbandry and Veterinary Department failed to comply with earlier recommendation of an expert committee leading to death of 126 cows in transit and loss of ₹ 68.04 lakh which could have been largely avoided.

Under New Land Use Policy (NLUP) a number of trades and programme are being implemented in the State through various Departments. Animal Husbandry and Veterinary (AH & Vet.) Department is the implementing agency for the Dairy Trade Programme. During 2010-11, the Department selected 947 beneficiaries who were to be given two milking dairy cows each for a sustainable livelihood.

The Departmental Purchase Advisory Board (DPAB) under NLUP on 01 August 2011 recommended the purchase of dairy cow from outside the State by floating Notice Inviting Tender (NIT). Accordingly, the Director, AH & Vet. Department obtained offers from four firms. The DPAB, however, did not make any recommendation as the four firms quoted rates which were higher than the NLUP's approved rate of ₹ 45,000 per cow. Subsequently, the rate was enhanced to ₹ 59,000.

However, the Department placed orders for supply of 800 dairy cows @ ₹ 55,000 per cow from two firms, M/s Kwality Dairy and Agro Sales, Karnal (500 cows) and M/s Model Dairy Cattle Breeding Farm, Ludhiana (300 cows) which were not among those four firm.

The two firms together dispatched 788 cows, of which 43 died during transit. When the supply and distribution of dairy cows was in full swing, there was sharp public criticism and protest over the health conditions and quality of cows distributed to the beneficiaries. Amongst others, the import of cows from outside the State was alleged to be the cause of the death of many domestic cows due to outbreak of Foot and Mouth Disease (FMD). As a result, the State Government constituted (24 July 2012) a three members Enquiry Committee, headed by Principal Secretary, Industries and Disaster Management & Rehabilitation Department, as Chairman. The Committee's recommendation among others suggested was to preferably complete procurement and transportation of dairy cows from far-off places like Punjab and Haryana during the winter season before the end of February.

The Director, AH & Vet. Department again placed orders for supply of 1,400 cows from the same two firms @ 54,000 each. Disregarding the recommendation of the Committee, the department allowed the two firms together to supply 1,372 cows between March and May 2013. As a consequence, 16 cows died during transit and another 110 cows died in transit camp in Mizoram.

Due to failure of the Director, AH & Vet. Department to comply with the recommendation of the expert committee, during the second time procurement, 126 out of 1,356 cows died. The loss from the death of livestock was ₹ 68.04 lakh, which could have largely been avoided.

The Government in their reply stated (October 2015) that due to the logistic problems faced by the Department, the system of procuring dairy cows from far off States through suppliers were discontinued.

RURAL DEVELOPMENT DEPARTMENT

2.5 Excess expenditure towards purchase of GCI sheets

The Director, RD Department provided undue benefit of ₹ 0.52 crore to the supplier towards purchase of 12,546 bundles of GCI sheets by agreeing to accept inferior quality product.

Under Rural Housing Scheme of the State Government, the Rural Development Department distributed Galvanised Corrugated Iron (GCI) Sheets to the poor and needy families in Mizoram with a view to provide decent dwelling houses to them in Rural and Urban areas including the victims of natural calamities.

During 2012-13, the State Government allocated ₹ four crore for procurement of GCI sheets and its distribution to the needy families. It was decided (September 2012) that out of ₹ 4.00 crore, ₹ 3.80 crore would be utilised for procurement of GCI sheets and the remaining ₹ 20 lakh will be set aside for meeting transportation cost from Aizawl to various block headquarters.

Accordingly, the Director, RD Department issued (October 2012) Notice Inviting Tender (NIT) for procurement of GCI sheets. In response to the NIT, five Aizawl based firms offered their rates. The rates offered by a supplier (M/s LRS Enterprise, Chanmari) of ₹ 3,029/- per bundle was found to be the lowest.

The State Purchase Advisory Board (SPAB) headed by the Chief Secretary, in its meeting held on 03 December 2012 recommended M/s LRS Enterprise, Chanmari for supply of GCI sheets at the rate of ₹ 3,029/- per bundle with the following specifications – Rhino brand, weighing 53.60 kg per bundle, 0.35 mm in thickness and nine feet in length. The recommendation of the SPAB was duly approved by the Government on 15 January 2013.

The State Government accorded (25 February 2013) Administrative Approval and Expenditure Sanction for purchase of GCI sheets for ₹ 3.80 crore during 2012-13. However, before the purchase was administratively approved, the Director RD Department obtained (17 January 2013) a Proforma Bill from the supplier for ₹ 3.80 crore for supply of 12,546 bundles of GCI sheet @ ₹ 3,029/- per bundle with specifications of Rhino brand, weighing 53.60 kg per bundle, 0.35 mm in thickness and nine feet in length. Against the said Proforma

Bill, the entire amount of ₹ 3.80 crore was drawn (21 March 2013) from the Government Accounts and retained by the Department.

Scrutiny (August-September 2015) of the records of the Office of the Director, RD Department revealed that a note prepared by the Assistant Director (G) and submitted to the Director RD Department on 26 March 2013 stated that the firm had started supplying of the stores *w.e.f.* 21 March 2013. However, the GCI sheet so supplied was rejected on the ground that the weight of the GCI sheet was less than the actual weight specified in the supply order.

The supplier, submitted an application (20 March 2013), stating that he was unable to supply GCI sheets weighing 53.60 kg per bundle at the approved rate of ₹ 3,029/- per bundle as the manufacturer of Rhino brand GCI sheet had raised the rate. As such, he had requested the Department to accept the GCI sheet weighing 41 kg per bundle at the rate of ₹ 3,029/- per bundle. As a matter of fact, the Department should have forced the supplier to provide goods as specified in the supply order or should have gone for fresh bid. However, the Department accepted the request without obtaining the recommendations from the SPAB with Government approval. Accordingly, the supplier had supplied 12,546 bundle of GCI sheet weighing 41 kg per bundle @ ₹ 3,029/- per bundle between March and May 2013. After receipt of the stores the Department released ₹ 3.80 crore to the supplier during 26 March 2013 to 15 May 2013.

The prevailing market rate of GCI sheet weighing 41 kg per bundle during March – May 2013 was ₹ 2,616/- per bundle. At this rate, cost of 12,546 bundles of GCI sheet weighing 41 kg per bundle would be ₹ 3.28 crore. Thus, an undue benefit of ₹ 0.52 crore was extended to the supplier. Further, by obtaining GCI sheets of less thickness the beneficiaries were provided inferior quality products. Mizoram being a heavy rainfed State, the sheets would not last for long. Hence, the Department needs to recover ₹ 0.52 crore from the supplier for supplying inferior quality sheets.

Further, the GCI sheets procured were to be distributed to the deserving and eligible beneficiaries as per list submitted by the BDOs. It was, however, noticed that out of 12,546 bundle of GCI sheets procured during 2012-13, the Department allocated only 10,128 bundles to 26 BDOs for onward distribution to the identified beneficiaries. The remaining 2,418 bundles were irregularly distributed directly by the Directorate of RD Department to various individuals and politicians without any proper justification of their requirements.

The Government in their reply (October 2015) stated that it was necessary to secure expected stock of GCI sheets at the earliest in view of various natural calamities like fire outbreak, wind, hailstorms, torrential rainfall, landslides *etc.* which regularly cause heavy damage and loss of life as well as loss of property (especially houses) during the impending dry season followed by seasonal monsoon downpour during April – mid October every year. Hence the department reviewed and considered the application for supply of GCI sheets with specification weighing not less than 42 kg instead of 53.6 kg at the rate of ₹ 3,029/- per bundle subject to *ex-post-facto* approval of SPAB. Further, it was stated that *ex-post facto* approval was accorded by the SPAB and which was conveyed by the State Government on 05 October 2015.

As regard to direct distribution of 2,418 bundles of GCI sheets by the Directorate of Rural Development Department, it was stated that the distribution were done in a genuine and *bonafide* manner after considering the plight of the applicants and *ex-post facto* approval will be obtained from the State Government. But, the Government had not furnished *ex-post facto* approval as of January 2016.

The reply of the State Government is not acceptable for reasons mentioned below:

(i) The letter (5 October 2015) under which the Government's approval was conveyed did not have any mention about approval by the SPAB. Thus, the Government had approved the change in specifications of GCI sheets without the recommendation of the SPAB; and

(ii) As per the terms and conditions of the agreement entered into by the Director, RD Department with the supplier, it was a Fixed Price Contract as there was no provision for escalation of price of GCI sheets in case of rise of basic prices/inflation *etc.* As such, the extra payment of ₹ 0.52 crore is recoverable from the supplier.

FOLLOW UP OF AUDIT OBSERVATIONS

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

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

A review of follow up action on submission of *suo moto* ATNs disclosed that the various departments of the State Government had submitted *suo moto* ATNs in respect of all paragraphs/reviews that had featured in the Audit Reports up to the year 2012-13 with certain delays. The Audit Report for the year 2013-14 was laid on the table of the State legislative assembly on 08 July 2015. The *suo moto* ATNs in respect of four paragraphs/performance audits that had appeared in the Audit Report were due by the end of October 2015. However, no replies in respect of the paragraphs/performance audits that have been included in the Reports of the Comptroller and Auditor General of India were received as of February 2016, even after a delay of about four months.

Thus, due to the failure of the respective departments to comply with the instructions of the PAC, the objective of ensuring accountability remained unachieved.

2.7 Response to audit observations and compliance thereof by the Executive

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

As of March 2015, 423 paragraphs relating to 106 IRs remained outstanding as shown in the following Table:

Table-2.18

Name of the Sector	Opening Balance		Addition during the year 2014-15		Disposal during the year 2014-15		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Economic (other than SPSUs)	72	357	42	215	08	149	106	423

2.8 Audit Committee Meetings

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

During 2014-15, no audit committee meeting was held in respect of Economic (other than SPSUs) Sector.

CHAPTER-III

GENERAL SECTOR

CHAPTER-III

GENERAL SECTOR

3.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2015 deals with the findings on audit of the State Government under General Sector.

The names of the State Government Departments and the total budget allocation and expenditure of the State Government under General Sector during the year 2014-15 are given in the Table below:

Table-3.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Legislative Assembly	23.16	20.45
2.	Governor	5.12	4.75
3.	Council of Ministers	6.26	5.50
4.	Law and Judicial	48.07	22.48
5.	Vigilance	4.94	4.71
6.	Finance	525.20	579.05
7.	Mizoram Public Service Commission	6.11	5.72
8.	Secretariat Administration	90.93	80.00
9.	Parliamentary Affairs	0.53	0.40
10.	General Administration Department	74.13	77.60
11.	Home	603.32	509.55
12.	Printing and Stationery	16.23	15.52
13.	District Councils	297.52	284.35
Total		**1701.52**	**1610.08**

Source: Appropriation Accounts, Government of Mizoram, 2014-15

3.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection reports are processed for inclusion in the Audit

Report, which is submitted to the Governor of State under Article 151 of the Constitution of India.

The audits were conducted during 2014-15 involving expenditure of ₹ 50.40 crore out of the total expenditure of ₹ 1,610.08 crore of the State Government under General Sector.

FOLLOW UP OF AUDIT OBSERVATIONS

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

With a view to ensuring accountability of the Executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC), issued (May 2000) instructions for submission of *suo moto* ATNs on all paragraphs and performance audits 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.

A review of follow up action on submission of *suo moto* ATNs disclosed that various departments of the State Government had submitted *suo moto* ATNs in respect of all paragraphs/reviews that had featured in the Audit Reports up to the year 2010-11 with certain delays. The Audit Report for the year 2013-14 was laid on the table of the State legislative assembly on 08 July 2015. The *suo moto* ATNs in respect of two paragraphs that had appeared in the Audit Report were due by the end of October 2015. However, no ATNs in respect of the paragraphs that have been included in the Reports of the Comptroller and Auditor General of India were received as of February 2016, even after a delay of about four months.

Thus, due to the failure of the respective departments to comply with the instructions of the PAC, the objective of ensuring accountability remained unachieved.

3.4 Response to audit observations and compliance thereof by the Executive

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

As of March 2015, 95 paragraphs relating to 36 IRs remained outstanding as shown in the following Table:

Table-3.2

Name of the Sector	Opening Balance		Addition during the year 2014-15		Disposal during the year 2014-15		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
General	21	44	20	69	05	18	36	95

3.5 Audit Committee Meetings

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

During 2014-15, no audit committee meeting was held in respect of General sector.

CHAPTER-IV

REVENUE SECTOR

CHAPTER-IV

REVENUE SECTOR

4.1 Trend of revenue receipts

4.1.1 The tax and non-tax revenue raised by the Government of Mizoram during the year 2014-15, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given in Table-4.1:

Table-4.1

(₹ in crore)

Sl. No.	Particular	2010-11	2011-12	2012-13	2013-14	2014-15
1.	**Revenue raised by the State Government**					
	Tax revenue	130.44	179.07	223.14	229.78	266.52
	Non-tax revenue	146.72	168.03	212.80	194.26	241.96
	Total	**277.16**	**347.10**	**435.94**	**424.04**	**508.48**
2.	**Receipt from the Government of India**					
	State's share of net proceeds of divisible Union taxes and duties	451.66	827.38	785.96	858.08	910.67
	Grants-in-aid	2,126.55	2,650.42	3314.84	3482.73	4091.95
	Total	**2,578.21**	**3,477.80**	**4100.80**	**4340.81**	**5002.62**
3.	**Total revenue receipts of the State Government (1 and 2)**	**2,855.37**	**3,824.90**	**4536.74**	**4764.85**	**5511.10**
4.	**Percentage of 1 to 3**	**9.71**	**9.07**	**9.61**	**8.90**	**9.23**

Source: Finance Accounts, Government of Mizoram, 2014-15

The above table indicates that the growth of revenue during 2014-15 over previous year was 15.66 *per cent* against 5.03 *per cent* in 2013-14. Further, during the year 2014-15, the revenue raised by the State Government (₹ 508.48 crore) was 9.23 *per cent* of the total revenue receipts. The balance 90.77 *per cent* of receipts during 2014-15 was from the Government of India.

4.1.2 The details of tax revenue raised during the period from 2010-11 to 2014-15 are given in Table-4.2:

Table-4.2

(₹ in crore)

Sl. No.	Head of revenue	2010-11		2011-12		2012-13		2013-14		2014-15		Percentage of increase (+) or decrease (-) in 2014-15 over 2013-14
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual
1.	Taxes on Sales, Trades *etc.*	101.86	104.70	135.26	142.16	158.22	175.87	190.00	183.34	218.08	211.95	(+) 15.60
2.	Motor Vehicles Tax	6.80	7.72	15.60	16.71	23.17	22.83	19.38	19.42	22.24	17.03	(-) 12.31
3.	Others[1]	8.28	18.02	29.47	20.20	20.67	24.44	25.44	27.02	30.07	37.54	(+) 38.93
Total:		**116.94**	**130.44**	**180.33**	**179.07**	**202.06**	223.14	**234.82**	**229.78**	**270.39**	**266.52**	**(+) 15.99**

Source: Annual Financial Statement, Government of Mizoram, 2015-16

[1] Others include State Excise, Taxes on sales, Trades *etc.* and Taxes on Goods and Passengers *etc.*

Increase in revenue receipt under the head 'Others' was mainly under State Excise which was due to the increase of liquor imported by the Security Forces Deployed in Mizoram to whom liquor licenses were issued.

The other Departments did not furnish the reasons for variations in receipts from that of the previous year (January 2016).

4.1.3 The details of the non-tax revenue raised during the period 2010-11 to 2014-15 are indicated in Table-4.3:

Table-4.3

(₹ in crore)

Sl. No.	Head of revenue	2010-11	2011-12	2012-13	2013-14	2014-15	Percentage of increase (+) or decrease (-) in 2014-15 over 2013-14
1.	Interest receipts	12.72	15.60	16.86	17.93	19.88	(+) 10.88
2.	Power	72.63	109.52	111.27	109.05	144.36	(+) 32.38
3.	Other non-tax receipts	61.37	42.92	84.67	67.28	77.72	(+) 15.52
Total		**146.72**	**168.04**	**212.80**	**194.26**	**241.96**	**(+) 24.55**

Source: Finance Accounts, Government of Mizoram, 2014-15

The reasons for variation were not informed by the Department (January 2016).

4.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2015 on some principal heads of revenue amounted to ₹ 9.36 crore of which ₹ 0.09 crore was outstanding for more than five years, as detailed in the Table-4.4:

Table-4.4

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2015	Amount outstanding for more than five years as on 31 March 2015
1.	Taxes/ VAT on Sales, Trades *etc.*	9.36	0.09
2.	Taxes on Vehicles	The Department had not furnished the information	
3.	Taxes on Goods and Passengers		
Total		**9.36**	**0.09**

Source: Departmental records

Information on total amount outstanding as well as amount outstanding for more than five years as on 31 March 2015 in respect of Taxes on Vehicles and Taxes on Goods and Passengers were not furnished by the Departments (January 2016).

4.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Taxation Department in respect of sales tax, motor spirit tax, luxury tax and tax on works contracts was as below in Table-4.5:

Table-4.5

Head of revenue	Opening balance as on 31 March 2014	New cases due for assessment during 2014-15	Total assessment due	Cases disposed off during 2014-15	Balance at the end of the year 2014-15	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Taxes/VAT on Sales, Trades *etc.*	2,998	946	3,944	725	3,219	18

Source: Departmental records

It could be seen from the above table that out of the total 3,944 assessment the disposal was 725 (18 *per cent*) during the year 2014-15. The arrears in assessment was 3,219 (81.62 *per cent*) at the end of the year 2014-15.

4.4 Evasion of tax detected by the department

The details of cases of evasion of tax detected by the Taxation and Transport Departments cases finalised and the demands for additional tax raised as reported by the Departments are given in Table-4.6:

Table-4.6

Name of tax/duty	Case pending as on 31 March 2014	Cases detected during the year 2014-15	Total	Number of cases in which assignments/investigation completed and additional demand including penalty *etc.*, raised during the year 2014-15		Number of cases pending as on 31 March 2015
				No. of cases	(₹ in lakh)	
Sales Taxes/VAT	504	620	1124	717	9.14	407
Taxes on Vehicles	59086	The Department had not furnished the records				
Taxes on Goods and Passengers	2000					

Information on evasion of tax deducted by the Transport Department has not been received despite being requested twice on 15 May 2015 and 16 December 2015.

4.5 Pendency of Refund Cases

There was no pendency of refund cases during the year.

4.6 Response of the Government/departments towards audit

The Accountant General (AG), Mizoram conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the Inspection and not settled on the spot, which are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the Offices/ Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

Inspection Reports issued upto December 2014 disclosed that 427 paragraphs involving ₹ 69.68 crore relating to 139 IRs remained outstanding at the end of June 2015 along with the corresponding figures for the preceding two years as shown below in Table-4.7:

Table-4.7

Particulars	June 2013	June 2014	June 2015
Numbers of outstanding IRs	166	141	139
Number of outstanding audit observations	530	447	427
Amount involved (₹ in crore)	68.56	61.77	68.98

4.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2015 and the amounts involved are mentioned in the following Table-4.8:

Table-4.8

Sl. No.	Name of Department	Name of Receipts	No. of Outstanding IRs	No. of Outstanding Audit Observations	Money Value involved (₹ in crore)
1.	Land Revenue	Land Revenue	12	27	3.20
2.	Excise	State Excise	4	9	0.01
3.	Taxation	Taxes/VAT on Sales, Trade *etc.*	48	209	24.22
4.	Transport	Taxes on Vehicles/ Taxes on Goods and Passengers	28	68	12.97
5.	Forest & Environment	Forest & Wild Life	20	68	9.39
6.	Geology and Mineral Resources	Non-ferrous Mining and Metallurgical Industries	2	9	13.81
7.	Other	Other taxes	25	37	5.38
Total			**139**	**427**	**68.98**

Audit did not receive first replies required to be received from the Heads of Offices within one month from the date of issue of the IRs in respect of 14 IRs issued upto December 2014. The large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and Heads of the Departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

The Government may consider putting into place an effective system for prompt and appropriate response to audit observations

4.6.2 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2014-15 and the paragraphs settled are mentioned in Table-4.9:

Table-4.9

Sl. No.	Head of revenue	Number of meetings held	Number of paras settled	Amount (₹ in crore)
1.	Land Revenue & Settlement Department	1	26	5.33

4.6.3 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General, Mizoram to the Principal Secretaries/Secretaries of the concerned Departments, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Five draft paragraphs and one Performance Audit report were sent to the Commissioner-cum-Secretary and the Principal Secretary/Secretary of the respective Departments. The replies of the Commissioner-cum-Secretary and the Principal Secretary/Secretary have been included in this Report.

4.6.4 Follow up on the Audit Reports – summarised position

The internal working system of the Public Accounts Committee, notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. Inspite of these provisions, the explanatory notes on 33 audit paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Mizoram for the years 31 March 2009 to 31 March 2014 were placed before the State Legislature Assembly between 5 April 2010 and 8 July 2015.

The PAC discussed eight paragraphs of the Audit Reports for the years from 2009-10 to 2010-11. However, the status of the ATN on the Audit Reports was awaited from the State Legislative Assembly Secretariat (February 2016).

4.7 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 4.7.1 to 4.7.2 discuss the performance of the six[2] Departments and cases detected in the course of local audit during the last ten years and also the cases included in the Audit Reports for the years 2004-05 to 2013-14.

4.7.1 Position of Inspection Reports

The summarised position of Inspection Reports issued during the last five years, paragraphs included in these Reports and their status as on 30 June 2015 are given in the following Table-4.10:

Table-4.10

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value
2011-12	145	409	82.16	18	91	10.91	9	50	22.44	154	450	70.64
2012-13	154	450	70.64	8	75	2.37	0	10	1.00	162	515	72.01
2013-14	162	515	72.01	26	149	22.17	37	161	21.68	151	503	72.50
2014-15	151	503	72.50	11	31	7.59	20	76	9.55	142	458	70.54
2015-16	142	458	70.54	-	-	-	3	31	1.56	139	427	68.98

Reminders were issued to the Departments for furnishing replies to the outstanding audit observations. Despite such efforts, 427 Paras in 139 IRs having money value of ₹ 68.98 crore remained outstanding as on 30 June 2015 due to non-receipt of replies from the Departments.

4.7.2 Recovery in accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years and those accepted by the Department and the amount recovered are mentioned in the following Table-4.11:

[2] (i) Taxation Department, (ii) Transport Department, (iii) Geology and Mining Department, (iv) Excise and Narcotics Department, (v) Environment and Forests Department and (vi) Land Revenue and Settlement Department

Table-4.11

(₹ in crore)

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered as on 31 March 2014
2004-05	10	5.30	NIL	NIL	--
2005-06	24	10.04	NIL	NIL	--
2006-07	15	12.14	NIL	NIL	--
2007-08	11	4.98	1	0.04	--
2008-09	6	5.74	NIL	NIL	--
2009-10	4	8.85	NIL	NIL	--
2010-11	3	16.49	1	0.09	--
2011-12	7	5.43	3	2.27	0.07
2012-13	3	1.88	3	1.88	0.35
2013-14	6	3.14	4	2.00	0.21
Total	**89**	**73.99**	**12**	**6.29**	**0.63**

It could be seen from the above table that during the last ten years, the department had accepted 12 paragraphs having money value of ₹ 6.29 crore, out of which ₹ 0.63 crore has been recovered as of 2013-14.

The Departments need to evolve a strong mechanism to monitor and ensure recovery of accepted cases.

4.8 Action taken on the recommendations accepted by the Departments/ Government

The report of Performance Audits (PAs) conducted by the AG are forwarded to the concerned departments/Government for their information with a request to furnish their replies. These PAs are also discussed in an exit conference and the Department's/Government's views are included while finalising the PAs for the Audit Reports.

The following paragraphs discuss the issues highlighted in the reviews on the Departments featured in the last five years Reports. The details of recommendations and their status is given in Table-4.12 below:

Table-4.12

<table>
<tr><th>Year of Audit Report</th><th>Name of the review</th><th>No. of reccommendations</th><th>Details of the recommendations accepted</th></tr>
<tr><td>2008-09</td><td>Transition from Sales Tax regime to Value Added Tax (VAT) System in Mizoram</td><td>NIL</td><td rowspan="6">The State Legislative Assembly Secretariat did not furnish the status of recommendations as of 31 March 2015.</td></tr>
<tr><td>2009-10</td><td>NIL</td><td>NIL</td></tr>
<tr><td>2010-11</td><td>Performance Audit on cross verification of declaration Forms in Inter State Trade and Commerce</td><td>5</td></tr>
<tr><td>2011-12</td><td>NIL</td><td>NIL</td></tr>
<tr><td>2012-13</td><td>NIL</td><td>NIL</td></tr>
<tr><td>2013-14</td><td>Implementation of National Bamboo Mission</td><td>5</td></tr>
</table>

4.8.1 Audit planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue positions, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which inter-alia include critical issues in government revenues and tax administration *i.e.* budget speech, white paper on State Finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during past five years *etc*.

During the year 2014-15, there were 64 auditable units, of which 20 units were planned and 22 units had been audited, which is 34.38 *per cent* of the total auditable units.

Besides, the compliance audit mentioned above, one performance audit was taken up to examine the effectiveness of the State Pollution Control Board.

4.9 Results of audit

Position of local audit conducted during the year

Test check of the records of 22 units of Taxation, Environment & Forests, Excise and other[3] Departments conducted during the year 2014-15 revealed underassessment/short levy/loss of revenue/non-realisation of outstanding revenue *etc.* aggregating to ₹ 381.59 lakh in 22 cases. Of these the Departments recovered ₹ 56.33 lakh in ten cases and ₹ 36.28 lakh relating to the previous years in 18 cases.

4.10 Coverage of this Report

This Report contains five paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years which could not be included in earlier reports) and one Performance Audit *i.e.* "Effectiveness of Mizoram State Pollution Control Board" involving financial effect of ₹ 4.35 crore. The Department/Government have accepted audit observations involving ₹ 4.35 crore out of which ₹ 0.15 crore has been recovered.

[3] Land Revenue, Geology & Mineral Resources and Transport Departments

PERFORMANCE AUDIT

ENVIRONMENT AND FORESTS DEPARTMENT

4.11 Effectiveness of Mizoram State Pollution Control Board

Among the environmental degradation, air and water pollution is of global significance. Air and Water Pollution affects human life, flora and fauna and climatic changes to a great extent. Due to industrialisation and urbanisation, environment gets contaminated, threatened, damaged and destroyed, which has a direct impact on quality of life of all living organisms. Mizoram State Pollution Control Board (MSPCB) is mainly concerned with monitoring of water and air quality deterioration and responsible for prevention and control of pollution under Water Act, 1974 and Air Act, 1981 respectively. MSPCB is entrusted with the responsibility of implementation of environmental laws including guidelines and instructions issued by Ministry of Environment and Forests (MoEF) and Central Pollution Control Board (CPCB) from time to time. Performance audit of the functioning of the MSPCB showed deficiencies in handling different types of pollution and wastes management by the Board. The Board had failed to initiate action against the polluting industries/bodies/authorities despite violation of various provisions under the Acts/Rules. There was substantial shortfall in inspection of industries. The MSPCB laboratory did not have facilities and equipment to analyse various parameters of water and air quality.

A Performance Audit on the effectiveness in the functioning of MSPCB covering the period 2010-15 brought out the following significant findings:

Highlights

The Board had not prepared Annual Action Plans for four years (2011-15) showing the comprehensive programme for the prevention, control and abatement of pollution of streams and wells in the State.

(Paragraph-4.11.9.1)

In absence of terminal facilities/ETPs or proper treatment, the Health Care Facilities and slaughter houses openly discharged their effluents into the open drain which eventually contaminate the rivers.

(Paragraph-4.11.11.2 & 4.11.11.3)

The Board did not conduct the recommended number of inspections especially for the Large Scale Industries in 'Red' category that might cause pollution.

(Paragraph-4.11.11.5)

The action of the Board to mitigate air pollution by way of checking vehicle emission, was limited to the capital city Aizawl only. No mechanism or system was in place to identify or take action against vehicles plying without valid Pollution Under Control Certificates (PUCCs).

(Paragraph-4.11.12.2.1)

Solid wastes were dumped on the hill slopes by Urban Development & Poverty Alleviation Department without having valid authorisation from the Board and no monitoring mechanism of water and air pollution exist in and around the dumping sites.

(Paragraph-4.11.16.1)

The AMC procured an incinerator, at an expenditure of ₹ 29.24 lakh without following codal provisions, which was not installed and commissioned as of February 2016.

(Paragraph-4.11.16.3)

Out of 96 HCFs in the State, 56 HCFs did not obtain Bio-Medical Waste authorisations and 38 HCFs were functioning even though their authorisations had either expired or their applications were pending with MSPCB.

(Paragraph-4.11.17)

The Government could not finalise and appoint a full-time Member Secretary even after three years of publishing the recruitment rules in the Mizoram Gazette.

(Paragraph-4.11.21.1)

4.11.1 Introduction

National Environment Policy (NEP), 2006 expressed national commitment to a clean environment. Principal objectives of NEP include conservation of critical environmental resources and integration of environmental concerns into policies and projects for economic and social development. Further, one of the principles of this policy states that the environmental protection shall form an integral part of the developmental process to achieve sustainable development and cannot be considered in isolation.

The Ministry of Environment and Forests (MoEF) is the Nodal Agency in the administrative structure of the Government of India (GoI) for planning, promotion, co-ordination and overseeing the implementation of environmental and forestry programmes. In Mizoram, State Pollution Control Board (MSPCB) was constituted (22 September 1989) in pursuance of sub-section (1) of Section 4 of the Water (Prevention and Control of Pollution) Act, 1974 to implement environment programmes under administrative control of Department of Environment and Forests (DoEF).

4.11.2 Role of State Pollution Control Board

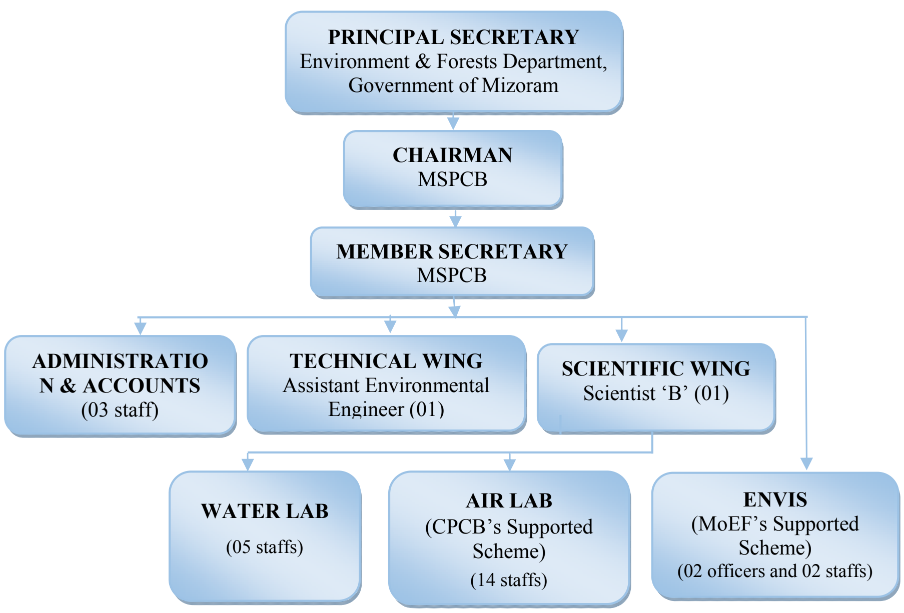
MSPCB is mainly concerned with monitoring of water and air quality deterioration and responsible for prevention and control of pollution under Water Act, 1974 and Air Act, 1981 respectively. MSPCB is entrusted with the responsibility of implementation of environmental laws including guidelines and instructions issued by MoEF and Central Pollution Control Board (CPCB) from time to time. MSPCB monitors various industries/organisations/units through Consent Administration (CA) *i.e.* issue of Consent to Establish (CTE) and Consent to Operate (CTO) through its Head Office (HO) at Aizawl. Industries/units which run under CA were grouped into three categories *i.e.* Red, Orange and Green as per their pollution emission level.

4.11.3 Organisational structure

The Environment & Forests Department headed by the Principal Secretary is the Nodal Agency in the administrative structure of the Government of Mizoram (GoM) for planning, promotion, co-ordination and overseeing the implementation of environmental and forestry programme. The Mizoram State Pollution Control Board (MSPCB) is headed by the Chairman and assisted by a Member Secretary. The Board consists of 17 members including the Chairman and the Member Secretary.

The organisational structure for regulation of environment in Mizoram is outlined below:

Chart-4.1



4.11.4 Audit Objectives

The performance audit on “Effectiveness in the functioning of State Pollution Control Board” was conducted with the objectives to get a reasonable assurance that:

- Mechanisms adopted by SPCB to prevent, control and abate pollution are efficient and effective;
- Monitoring by the Board on the compliance of Act, Rules and conditions by the stakeholders is efficient and effective;
- Fund Management by the Board is efficient to secure optimum utilisation; and
- Adequate manpower and effective Internal Control mechanisms exists.

4.11.5 Audit Criteria

Audit findings are benchmarked against the following criteria:

- The Water (Prevention and Control of Pollution) Act, 1974;
- The Water (Prevention and Control of Pollution) Cess Act, 1977;
- The Air (Prevention and Control of Pollution) Act 1981;
- The Environment (Protection) Act, 1986 and various rules made under it;
- The Public Liability Insurance Act, 1991;
- National Environment Policy, 2006;
- Environmental Impact Assessment Notification, 2006, 2009; and
- Directions and notifications issued by the CPCB, the GoI and the State Government.

4.11.6 Scope

The Performance Audit on the "Effectiveness in the Functioning of State Pollution Control Board" covering the period 2010-15 was carried out between May and July 2015. Audit exmined the records of the State Government, Implementing Agencies and Board.

The MSPCB is having only one office at Aizawl without any regional/branch office and hence, records of the MSPCB at Aizawl were verified besides, records of the Nodal Department and other line Departments. The schemes relating to pollution control are being implemented by Urban Development & Poverty Alleviation (UD&PA) Department (Municipal Solid Waste collection and treatment), State Investment Program Management and Implementation Unit (Installation of Sewerage Systems and Sewage Treatment Plant) and Health & Family Welfare Department (Treatment of Bio-Medical Waste).

4.11.7 Methodology

An Entry Conference was held on 15 May 2015 at the level of the Additional Secretary, Government of Mizoram, Environment & Forests Department; Chairman and Member Secretary of MSPCB and staff from the Board wherein the audit objectives, criteria, scope and methodology were discussed.

The audit methodology mainly consisted of document analysis, responses to questionnaires, examination of reports & records collected from various entities like the MSPCB, Urban Development & Poverty Alleviation Department, Public Health Engineering Department, Aizawl Municipal Corporation, State Investment Program Management and Implementation Unit (SIPMIU), Environment & Forests Department, Health & Family Welfare Department, Industries Department, Transport Department and other involved entities.

A workshop on "Introduction to Environment Audit with special emphasis on Audit of State Pollution Control Boards" was held from 27 April 2015 to 01 May 2015 at International Centre for Environment and Sustainable Development (ICED), Jaipur along with other North Eastern Region (NER) States where the methodology of audit was discussed with subject experts.

The draft report was forwarded to the Department on 14 October 2015 for comments and response.

An Exit Conference was held on 07 December 2015 with the Principal Secretary of the Environment & Forests Department (Nodal Department) and the Member Secretary of the MSPCB, wherein the audit findings and observations were discussed. The replies received from the Government during the audit and at the time of the Exit Conference have been suitably incorporated in the Report at relevant paragraphs.

4.11.8 Acknowledgement

The Indian Audit & Accounts Department acknowledges and appreciates the co-operation rendered by the Nodal Department (Environment & Forests Department), the Member Secretary and other staff of the Mizoram State Pollution Control Board and the functionaries of the other line Departments during the course of this Performance Audit.

AUDIT FINDINGS

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

Mechanisms adopted by SPCB to prevent, control and abate pollution

4.11.9 Adequacy of mechanism for prevention, control and abatement of pollution

4.11.9.1 Inadequate planning and reporting

As provided in Section 17 of the of the Water Act, 1974 and Air Act, 1981 a State Board requires to plan a comprehensive programme for the prevention, control and abatement of pollution of streams and wells in the State and to secure the execution thereof.

Further, under Section 39(2) of the Water Act, every State Board shall during each financial year, prepare, in such form as may be prescribed, an annual report giving full account of its activities under the Act during the previous financial year and copies thereof shall be forwarded to the State Government within four months from the last date of the previous financial year and that Government shall cause every such report to be laid before the State Legislature within a period of nine months, from the last date of the previous financial year.

Audit noticed that an Annual Action Plan showing the comprehensive programme for the prevention, control and abatement of pollution of streams and wells in the State and to secure the execution thereof was not prepared during 2010-15 by the MSPCB except once in the year 2010-11. The Board in its reply stated (January 2016) that the Annual Action Plan prepared for 2010-11 could not be implemented by the State Government due to fund constraints and hence the MSPCB had not prepared the Annual Action Plan during the remaining periods.

Further, an annual report giving full account of its activities under the Act during the previous financial year was not prepared by the Board and forwarded to the State Government except for the year 2010-11. However, the information on placement of the Reports could not be made available to audit.

Thus, failure to prepare Annual Action Plans for four years showing the comprehensive programme for the prevention, control and abatement of pollution of streams and wells in the State showed lack of direction in the functioning of the Board. Also, the functioning of the Board was kept out of the purview of the Legislature for years together.

It is recommended that the Board may consider preparing Action Plan to counter pollution in the affected zones by utilising its accumulated funds.

Monitoring by the Board on the compliance of Act, Rules and conditions by the stakeholders

4.11.10 Deficiencies in monitoring compliance to Environmental Laws and Rules

The Water Act, Air Act and Environmental Protection (EP) Act empowered the State PCBs to take all such measures necessary for prevention, control and abatement of environmental pollution, to take appropriate action for regulation and control of any industry, operation or process and to initiate legal proceedings in the cases of infringement of environmental laws. Under the EP Act, various waste management and handling Rules were also framed by the GoI requiring the SPCBs to control and abate pollution caused by various types of wastes. The power to issue directions includes the power to direct closure of any industry, operation or process. The above Acts have provision for prosecution and imprisonment of the convicted up to three months to seven years and/or a penalty ranging from ₹ 10,000 to ₹ 1,00,000 for violation of provisions of environmental laws and non-compliance with directions of the Board.

Audit observations on functioning of the Board in relation to prevention, control and abatement of main types of pollution are discussed below.

4.11.11 Water Pollution

Water Pollution as defined in the Water (Prevention and Control of Pollution) Act, 1974 is "the contamination of water or such alteration of the physical chemical or biological properties of water or such discharge of any sewage or trade effluent or of any other liquid, gaseous or solid substance into water (whether directly or indirectly) as may, or is likely to, create a nuisance or render such water harmful or injurious to public health or safety, or to domestic commercial, industrial, agricultural or other legitimate uses, or to the life and health of animals or plants or of aquatic organisms".

Further, the Water Act empowers the Board to make any order for the prevention, control or abatement of water pollution including discharge of waste into streams or wells and requiring any person concerned to construct new systems for the disposal of sewage and trade effluents or to modify, alter or extend any such existing system or to adopt such remedial measures as are necessary to prevent, control or abate water pollution.

The main reasons of water pollution in the State and role of the MSPCB are discussed in the succeeding paragraphs.

4.11.11.1 Lack of sewage treatment facilities in municipal bodies

Sewage generated from populated areas is one of the major sources of water pollution. Local bodies are responsible for management of sewage under their jurisdiction and have to ensure that the sewage generated from their jurisdictional areas are not released untreated.

Audit observed that no Sewage Treatment Plant (STP) existed in the State including Aizawl Municipal Corporation (AMC) area, the only Municipal Corporation in the State.

As intimated by the Board, out of the eight Districts in the State, information regarding quantity of sewage generated was available only for the AMC area in Aizawl for the year 2010-11. According to the information available, a total sewage of 10.20 million litres per day (MLD) was discharged into rivers/streams/lakes/open lands without any treatment facilities. Thus, discharge of liquid wastes in the absence of treatment facility would naturally lead to water pollution.

Further, audit also noticed that an STP which could treat 10 MLD of sewage was being constructed on a pilot basis under Asian Development Bank (ADB) project near Chite River in the vicinity of Aizawl at an estimated cost of ₹ 19.43 crore with target date of completion on 30 May 2016. The pilot project plans to cover 21 localities in Aizawl City with a projected population of 94,459 in 2015 generating 10.20[4] MLD of sewage; 1,33,766 in 2030 generating 14.45 MLD of sewage and 1,80,093 in 2045 generating 19.45 MLD of sewage. The capacity of the STP under construction will not meet the projected sewage generation in the covered localities. Moreover, for the uncovered areas of Aizawl City, there is no immediate plan for the construction of new STP. Hence, the untreated sewage from the households of Aizawl City not covered by the lone STP would continue polluting the water bodies in and around the city.

[4] Estimated generation of sewage : 108 LPCD X 94,459 habitants = 10,201,572 LD = 10.20 MLD

STP under construction near Chite River

Further, there was no evidence from the records made available to audit that the Board had, at any time, analysed the need for construction of any STP by the municipal body and advised the Government on remedial measures in the matter.

The Government stated (December 2015) that setting up of sewage treatment facilities is not under the purview of the Board. Only consent is to be applied to MPCB if such proposal exists. However, it is stated that the Board will take up the matter of sewage treatment facilities in other District Headquarters also.

The reply of the Government is not acceptable as the Water Act empowers the Board to make any order for the prevention, control or abatement of water pollution including discharge of waste into streams or wells.

4.11.11.2 Lack of treatment of effluents by Health Care Facilities

The Board had directed on several occasions that Health Care Facilities (HCFs) *i.e.* Hospitals and similar establishments which were not connected to any terminal facilities, should establish individual Effluent Treatment Plants (ETPs) for treatment of the effluents.

Audit observed that out of 96[5] HCFs in the State, few of them were connected to any terminal facilities. Moreover, most the HCFs had not installed individual ETPs and they were not treating the liquid wastes properly by the prescribed conventional method *i.e.* using one *per cent* hypo-chloride solution. Thus, the untreated effluents were openly discharged into the drains, which may cause serious health hazard.

[5] 17 Private + 79 Government = 96 HCFs

Tank to collect effluents at Kulikawn Hospital

Tank to collect effluents at State Referral Hospital, Falkawn

Board had been issuing recommendations after inspection to the HCFs but no legal action as per Act had been initiated against defaulting HCFs.

Further, Joint Inspection (June & July 2015) of five Hospitals revealed that in the absence of the ETP/STP, liquid wastes generated from HCFs were not properly disinfected/treated before discharging into the drains.

Thus, due to absence of terminal facilities/ETPs or proper treatment of effluent, the HCFs were discharging the liquid biomedical wastes into the drains, which in turn polluted the water bodies.

It is recommended that the Board may take action against the Health Care Facilities discharging untreated liquid.

4.11.11.3 Sewage treatment by slaughter houses

In the State, there exist two slaughter houses one at Bung Bangla and the other at Mualpui in Aizawl District operating under Animal Husbandry & Veterinary Department (AH & V Dept.). Details of slaughter houses are given as under:

Sl. No.	Name of the Slaughter House	Year of establishment	Funded by	Expenditure incurred (₹ in lakh)
1.	Bung Bangla	02.05.2008	NEC	321.00
2.	Mualpui	08.04.2003	NABARD (RIDF – XIV)	443.20

Scrutiny of the records of the Board revealed that the existing slaughter houses were operating with effluent treatment plants.

However, Joint Inspection (June 2015) of the two slaughter houses revealed that-

(a) Slaughter house at Mualpui, Aizawl

The Slaughter house was operating without utilising the effluent treatment plant/facility and the effluent was discharged in the open ground (hill slopes).

ETP at Mualpui Slaughter House

Disposal of effluents in open ground

The Officer-in-charge of the slaughter house under AH &V Department informed that the butchers threw all the Bio-Medical Waste (BMW) inside the internal drain due to which the ETP was not operated as it would lead to clogging and damage.

Thus, due to inaction on the part of the Board, the slaughter house at Mualpui was deteriorating the environment in the vicinity of the slaughter house. However, the slaughter house is located far away from the city of Aizawl.

(b) Slaughter house at Bung Bangla, Aizawl

The Slaughter house had been leased on 2 May 2014 and 23 October 2015 to two private parties.

Though the Board has power to issue directions under the provisions of Water Act to violators of environmental laws including the power to direct closure of any industry, operation or process, it has not taken any steps against these slaughter houses.

The Board in their reply stated (June 2015) that they would issue direction to the slaughter houses for taking remedial action for the management of BMW.

It is recommended that the Board may take action against slaughter houses operating without utilising Effluent Treatment Plants and for discharging untreated liquid.

4.11.11.4 Industries, Municipalities, Healthcare establishments, *etc.* operating without consent from the Board

As per Section 25 of the Water Act, no person shall, without the previous consent of the State Board, establish or take any steps to establish any industry, operation or process, or any treatment and disposal system or an extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream/well/sewer/land. Similar provision exists in the Air Act. Further, under this Act, the Board is empowered to issue or refuse Consent To Establish (CTE) and Consent To Operate (CTO). Before expiry of CTOs granted, the units are required to renew their CTOs in the State.

Health Care Facilities (HCF) having 25 beds or more is required to obtain CTO under the Water Act.

It was noticed in audit that there was no technical committee for recommendation of Consent to Establish (CTE) and Consent to Operate (CTO) conditions.

Audit also observed that-

(i) 40 (51 *per cent*) out of 79 Large, Medium and Small Scale Industries in Red Categories were operating with valid CTOs issued by the Board.

It was observed that out of 79 industries, the 37 industries neither renewed nor submitted renewal applications upto 31 March 2015. These 37 industries had not submitted the renewal application up to a period ranging from 6 months to 3 years.

However, the Board did not take any legal action against these 37 industries for not renewing their CTOs. In the remaining two cases the Board refused to renew the CTO due to non-operation of the industries.

(ii) 56 (59 *per cent*) out of 96 HCFs have not obtained CTO from the Board.

(iii) Out of two slaughter houses in the State, one (Mualpui) is operating without obtaining CTO from the Board and the other (Bung Bangla) is operating with valid CTO.

The Board in its reply stated (July 2015) that Consents for Establishment of any industry/plant/process, Consents for Operation and their renewal, were given based on a standard procedure and after due verification of the capacity of the occupier/operator to handle wastes. Further, all industries did not apply for consents/renewal of consents in time before their expiry. They were reminded over phone and through letter in case of Government Undertakings.

However, the fact was that the Board only invited the attention of defaulters from time to time on the penal provisions of the Environmental Acts without taking action under the provisions.

It is recommended that the Board may take penal actions against the industries operating without authorisation.

4.11.11.4 (i) Mismatch in inventory between MSPCB and the Industry Department

It was observed that the Board does not have a system of periodical updating data about the industries operating in the State.

Scrutiny of the details in the records of the Board and the Industry Department indicated a mismatch in the numbers of industries in the State during the period 2010-15. Total numbers of industries as per records given by the Board and Industry Department during 2010-15 are as tabulated below:

Table-4.13

Year	Total No. of Industries in the State		Difference
	As per MSPCB	As per Industry Department	
(1)	(2)	(3)	(4 = 3 – 2)
2010-11	145	201	**56**
2011-12	119	128	**9**
2012-13	123	122	**-1**
2013-14	103	215	**112**
2014-15	136	276	**140**

Source: Board's records and Industry Department's reply

It could be seen from the above that the MSPCB does not have the record of 140 industries operating in the State which are in the records of the Industry Department (**Appendix–4.1).** These 140 industries are thus, outside the ambit of the Board's monitoring. The Board needs to set up a system for bringing unregistered industries in its ambit for better environmental monitoring.

4.11.11.5 Inadequate inspections of industries

As per in the Water Act, the State Board shall inspect sewage or trade effluents, works and plants for the treatment of sewage and trade effluents and to review plans, specifications or other data relating to plants set up for the treatment of water, works for the purification thereof and the system for the disposal of sewage or trade effluents or in connection with the grant of any consent as required.

Further, as per instructions issued in the Notification (December 1999) by the Ministry of Environment and Forests, GoI, industries shall be inspected at the following frequency depending on their classification *viz.* Red (highly polluting), Orange (moderately polluting) and Green (least polluting):

Table–4.14

Sl. No.	Size of Industry	Category of Industry	Frequency of visit and effluent sampling
1.	Small scale	Red	Once in 12 months
		Orange	Once in 3 years
		Green	Once in 3 years on random check basis
2.	Large & Medium scale	Red	Once in 3 months
		Orange	Once in 6 months
		Green	Once in 12 months

The instructions also included an advice that the State Pollution Control Boards may chalk out a programme of inspection/sampling by its staff so as to cover all the units for vigilance and monitoring purposes and also to improve the frequency as might be necessary.

Audit noticed that there was substantial shortfall (73 *per cent*) in inspections of large scale industries in Red category during 2010-15 as given below **(details in Appendix-4.2)**:

Table–4.15

Size of Industry	Total No. of Industries to be inspected during 2010-15				Frequency of visit (No. of Inspection conducted) and effluent sample taken during 2010-15				Recommended to be visited during 2010-15 (as per GoI's Notification)				Shortfall (+)/Excess (-) in inspection during 2010-15 (percentage)			
	Red	Orange	Green	Total	Red	Orange	Green	Total	Red	Orange	Green	Total	Red	Orange	Green	Total
Large Scale	16	11	7	**34**	17	14	2	**33**	64	22	7	**93**	47 (73)	8 (36)	5 (71)	**60 (65)**
Medium Scale	11	14	31	**56**	12	11	7	**30**	44	28	31	**103**	32 (73)	17 (61)	24 (77)	**73 (71)**
Small Scale	50	240	246	**536**	83	78	48	**209**	50	240	246	**536**	-33 (-66)	162 (68)	198 (80)	**327 (61)**
Total	**77**	**265**	**284**	**626**	**112**	**103**	**57**	**272**	**158**	**290**	**284**	**732**	**46 (29)**	**187 (64)**	**227 (80)**	**460 (63)**

Source: Board's records

It can be seen from above that there was overall shortfall in inspecting the industries. However, Board's inspection was more frequent than the requirement in case of small scale industries in red category. It was also observed that the Board was inspecting the industries only at the time of renewal of CTO or on receipt of specific complaints.

Thus, the Board did not conduct the recommended number of inspection especially in the Large Scale Industries of 'Red' category that might cause pollution.

The Board informed (July 2015) that due to current man power constraints, it was not possible to undertake the required inspection.

The fact, remains that even with the available manpower as discussed in paragraph 4.11.21.2, the Board's performance is not satisfactory.

It is recommended that the Board may consider to conduct regular inspections and follow up action initiated against industries particularly in respect of "red" category.

4.11.12 Air Pollution

Air pollution occurs due to increase in the concentration of foreign particles like Respirable Suspended Particulate Matter (RSPM), Sulphur Dioxide (SO_2), Nitrogen Dioxide (NO_2), Carbon Monoxide (CO), Lead, Ozone depleting substances, *etc.* which are harmful to living organisms. Increased air pollution adversely affects human health by causing respiratory diseases like asthma, bronchitis, *etc.*

4.11.12.1 Air Monitoring Stations

At present, the Board has 11 Air Monitoring Stations (AMS) funded under the National Air Monitoring Programme (NAMP). Out of the eleven stations, three stations were established during 2005-06 and the rest were established during the year 2010-11.

4.11.12.2 Inadequate monitoring of air quality

The Board monitored air quality in 11 monitoring stations across the State. Though CPCB prescribed (April 2011) the list of important air quality parameters to be analysed by monitoring laboratories, the State Board did so only for Total Suspended Particulate Matter (TSPM), RSPM of size PM_{10}, SO_2, NO/NO_2, *etc.* leaving out the parameters like fine particulates $PM_{2.5}$, Benzo(a) Pyrene (BaP), Lead, Nickel, Ozone (O_3) and Benzene. This was due to the absence of essential lab equipment (discussed in **Paragraph 4.11.21.4**).

Test check of data generated from 11 stations revealed that the annual average RSPM, TSPM, SO_2 and NO/NO_2 levels were below the prescribed limit as per the National Ambient Air Quality (NAAQ) standards prescribed by CPCB. Details of the results are shown in **Appendix-4.3**.

However, the Board has to address the issue of air pollution by way of arresting vehicular emission as discussed in the succeeding paragraph.

The Government stated (December 2015) that monitoring of Air quality is done through National Ambient Air Monitoring Programme (NAMP) sponsored by Central Pollution Control Board. Monitoring of parameters is also done as per their guidelines. It is however, admitted that with limited functionaries and equipment all the parameters cannot be monitored by the small lab. However, proposal for upgradation of laboratory is under consideration by the CPCB.

4.11.12.2.1 Vehicle Emission Testing

To mitigate air pollution, the Board has taken action by way of checking vehicular emission in four vehicular emission testing centres[6] in Aizawl District. The vehicles checked by the Board include both private and Government owned vehicles. The MoEF had released ₹ 75 lakh during 2011-12 for procurement of 14 sets of machines required for testing of vehicular emissions.

It was observed that out of 1,51,486 vehicles in Mizoram, 33,085 vehicles (21.85 *per cent*) were checked upto March 2015 in Aizawl. Out of 33,085 vehicles tested, 32,225 passed the tests and were issued Pollution Under Control Certificates (PUCC).

It was seen that the action of the Board to mitigate air pollution was limited to Aizawl city only. Further, it may again be pointed out that no system has been put in place to check the validity of PUCC of the vehicles plying on the road. As per rule, vehicular emission testing is mandatory and to be done twice a year. The 33,085 vehicles as stated above were tested only one time and that too for one year.

The Board replied (July 2015) that more vehicular emission testing centers would be opened throughout the State slowly. The reason for not covering the whole State was attributed to shortage of manpower.

The Government stated (December 2015) that as far as vehicular testing is concerned, all vehicles cannot be covered due to the lack of enforcement by the authorities such as Traffic

[6] (i) New Capital Complex, Khatla, (ii) Bungkawn, (iii) Zemabawk and (iv) Ngaizel

Police and Motor Vehicular Inspectors from Transport Department. MSPCB is only the testing agency and is not entrusted for legal enforcement. However, the Board has started issuing the stickers to the vehicles that passed the Emission testing.

It is recommended that the Board may introduce suitable system so that the vehicles with/without PUCCs could be identified easily.

4.11.12.2.2 Unabated air pollution by Stone Crushers

As per CPCB's standards, the level of Suspended Particulate Matter (SPM) near the stone crushing units/equipment shall not exceed 600 micrograms (µ) per cubic meter. However, there was no effective monitoring by the Board on compliance of the standards by stone crushers in the State. It was noticed that out of a total of 71 stone crushers in the State, the Board conducted inspection of only 51 units during 2010-15. Further, no system was in place for conducting routine inspections, and the inspections were being conducted on receipt of any complaints from public or at the time of renewal of the CTO. Moreover, Audit could not ascertain the SPM levels near the Stone Crushers, as the analysis of air sample was not done by the Board.

While accepting the fact, the Board stated (July 2015) that it had not conducted air sample analysis near the stone crushers due to lack of equipment. It further added that all the air sampling equipments available with the Board were provided by CPCB under NAMP and were installed in the air monitoring stations.

It is recommended that the Board may monitor the level of Suspended Particular Matter near stone crushers on regular basis.

4.11.13 Management of E-wastes

E-waste consists of all the waste from electronic and electrical appliances which have reached their end-of-life period or are no longer fit for their original intended use and are destined for recovery, recycling or disposal. E-wastes contain toxic substances many of which cause diseases like cancer. Some of the identifiably harmful e-wastes are cadmium and lead in the circuit boards; lead oxide and cadmium in Cathode Ray Tube (CRT) monitors; mercury in switches and flat screen monitors; cadmium in computer batteries; polychlorinated biphenyls in old capacitors and transformers; and brominated flame retardants on printed circuit boards, plastic casings, cables and PVC cable insulation that releases highly toxic dioxins and furans when burned to retrieve copper from the wires. Further, as per the E-Waste Rules, 2011, bulk consumers such as Departments of the State Government, PSUs, Banks, Educational Institutions, Private Companies registered under Factories Act, 1948 and Companies Act, 1956 *etc.* have to furnish records of e-waste generated by them in Form-2 to MSPCB for scrutiny.

(a) Audit noticed that about 18 tonnes of e-waste was generated in two Districts – Aizawl and Lunglei. Full inventorisation of e-waste has not yet been completed by the Board for the remaining six districts. Further, no study was also taken up for assessing the e-wastes *viz.* cell phones and chargers, remotes, compact discs, headphones, batteries, LCD/ Plasma TVs, air conditioners, refrigerators and other household appliances, televisions, computers and its accessories (monitors, printers, keyboards, central processing units) *etc.* generated in the State and their safe disposal. Thus, there was no assessment made about the generation of e-wastes in the State. No action plan was prepared by the Board to watch over management of e-waste.

In its reply, the Board stated (July 2015) that the inventorisation was done in two districts of Mizoram (Aizawl and Lunglei) and draft Report was prepared during the year 2011-12. The remaining six districts could not be covered due to fund constraints.

(b) It was also noticed that the bulk consumers such as Departments of the State Government, PSUs, Banks, Educational Institutions, Private Companies *etc.* did not produce to the Board the data on e-waste generated by them in Form-2 with respect to E-Waste Rules, 2011 for monitoring and compiling data.

In its reply, the Board stated (July 2015) that all HODs were informed about the health and environmental impacts of e-wastes and the requirements of the Rules. The Commissioner, Department of Taxation, Government of Mizoram was also requested by the Board to provide list and addresses of all the electronic equipment dealers having VAT registration so that E- wastes could be addressed through the dealers.

(c) It was noticed that the e-wastes along with other wastes were collected and dumped in the slope of the designated dumping sites of the eight districts in Mizoram and burned.

Thus, due to non-disposal of E-waste in proper way the damage to the environment could not be ruled out.

It is recommended that the Board may direct/advise the authorities concerned to follow the process strictly to segregate e-waste and expedite to finalise the responsibility for collection of e-waste by the recognised dealers in the State.

4.11.14 Management of Hazardous Wastes

Hazardous waste is the waste which by reason of any of its physical, chemical, reactive, toxic, flammable, explosive or corrosive characteristics causes danger or is likely to cause danger to health or environment, whether alone or when in contract with other wastes or substances.

Further, as per Rule 22 of Hazardous Waste (Management, Handling and Trans-boundary Movement) Rules, 2008, the occupiers generating hazardous wastes and the operators of the facilities involved in disposal of hazardous wastes are required to furnish an annual return to the State Board showing the details of hazardous wastes generated by them and disposal thereof. Based on the returns filed by the occupiers/operators, the Board shall prepare an inventory of hazardous wastes within its jurisdiction and compile related information like their recycling, treatment and disposal.

It was observed that the last inventory was done in 2010-11. As per the Board's records, the Red category (high polluting) industries increased from one in 2010-11 to seven in 2014-15. The updated position of actual generation of hazardous waste was based on the available data from five Districts (Aizawl, Lunglei, Kolasib, Lawngtlai and Saiha) in the State and the Board did not update the inventory for all the eight Districts. However, on the positive side the inventory was prepared in the districts on the basis of site inspection rather than from the annual returns filed by the authorized persons. The quantum of hazardous waste generated upto 2013-14 (quantum of hazardous waste for the year 2014-15 has not yet been assessed) is shown below:

Generation of Hazardous Wastes (In metric ton per annum)			
Landfillable	**Recyclable**	**Incinerable**	**Total**
39.42	233.28	Nil	272.69

As a matter of fact, there is no authorised Treatment, Storage and Disposal Facilities (TSDFs) in the State. As per the information furnished by the Board, the nearby TSDF is located in Haldia, West Bengal.

4.11.15 Management of Plastic Wastes

Plastic waste means any plastic product such as carry bags, pouches or multilayered plastic pouch or sachets *etc.*, which have been discarded after use or after their intended life is over. Plastics are high molecular weight organic materials that are non-degradable in the natural environment. This creates a lot of environment pollution, which in turn affects ecosystem and human health. The solution to tackle this dreadful situation lies in following 3R principle namely Reduce, Reuse and Recycle. Waste plastics can be recycled and used in several ways including construction of roads. The current scenario focuses much on degradable biopolymers, an ecofriendly concept to protect the environment.

As per the Plastic Waste (Management and Handling) Rules, 2011, the concerned municipal authorities (Municipal Council or any other local body) are responsible for ensuring safe collection, storage, segregation, transportation, processing and disposal of plastic waste. The State Pollution Control Board is responsible for enforcement of the provisions of the rules related to registration, manufacturing and recycling.

Further, as per conditions stipulated in the Plastic Waste Rules, no person shall manufacture, stock, distribute or sell any carry bag made of virgin or recycled or compostable plastic, which is less than 40 microns in thickness.

There should be a State Level Advisory Body (SLAB) to monitor the implementation of the Rules and shall meet at least once in a year.

Further, each State Pollution Control Board shall prepare and submit the Annual Report to the CPCB on the implementation of these rules by 30 September of each year.

As per Board's estimate, worked out from authorized dealers' figures, the total plastic waste generation in the State was 23,040 kg/year during 2010-14. The plastic waste in respect of the Aizawl Municipal Corporation (AMC), was estimated at 19.22 *per cent* (125 MTD)[7] of total municipal solid waste generation (650.21 MTD). Further, the quantity may double if the quantities of plastic carry bags coming from outside the State are accounted for.

Audit noticed that-

(i) The Board did not have the actual information regarding generation, segregation, collection, disposal and recycling of plastic in the State. The Board replied that Municipality and Local Bodies did not furnish the information despite several notices issued to them. It was also noticed that none of the concerned authorities (including AMC and the line departments) in the State were complying with their responsibility of collecting and segregating the plastic waste.

(ii) As per information furnished by the Board, there were no manufacturers/recyclers of plastic and plastic waste in the State and hence, no follow up action was taken up by the Board in the matter.

(iii) The Board submitted the Annual Reports to the CPCB for the year 2010-11 to 2013-14 in due time.

(iv) As per the condition stipulated in the Plastic waste Management that the Municipal authority shall encourage the use of plastic waste by adopting suitable technology such as in road construction *etc.* Accordingly, the Board has adopted a resolution in its 49th meeting (1 August 2013 "plastics for road construction" and "plasma pyrolysis method" in the State for plastic waste management. However, no report of action taken by the Public Works Department was available.

(v) As per the Rule, a SLAB was constituted during June 2011 but they did not meet at least once in a year to monitor the implementation of the Rules.

(vi) It was noticed that no restriction has been imposed on banning of use of plastic bags of thickness less than 40 micron. Board had written once only (May 2013) to the Sub-Deputy Commissioner (Judicial) for banning of plastic bags and had not followed it afterwards. As such, no further action was taken (September 2015) and the use of plastic bags of thickness less than 40 micron is continuing, clogging the local streams as evident from the photograph below.

[7] Metric Tonnes per Day (MTD)

Clogging of Tuikual Stream by plastic

Thus, no action has been initiated by the Board for effective implementation of the Plastic Waste Rules in the State. Considering the large scale use of plastic carry bags, especially thickness less than 40 microns, its use needs to be effectively controlled.

The Government stated (December 2015) that the Board's role is limited to manufacturing industries which does not exist in Mizoram. However, it is admitted and assured that the Board would be vigilant to take effective action on the management of plastic waste by the Government.

4.11.16 Handling of Municipal Solid Wastes

As per Municipal Solid Waste (Management and Handling) Rules, 2000 (MSW Rules) every municipal authority is responsible for the implementation of the provisions of these rules and for any infrastructure development for collection, storage, segregation, transportation, processing and disposal of municipal solid wastes within its territory. The Board is responsible for monitoring implementation of these Rules.

4.11.16.1 Failure to obtain authorisation by Municipal body

The rules stipulated that the municipal authority or an operator of a facility shall obtain authorisation from the Board for setting up a waste processing and disposal facility including landfills and comply with the following implementation schedule:

Compliance Criteria Schedule	
Setting up of waste processing and disposal facilities	by 31.12.2003 or earlier
Monitoring the performance of waste processing and disposal facilities	once in six months
Improvement of existing landfill sites as per provisions of these rules	by 31.12.2001 or earlier
Identification of landfill sites for future use and making site(s) ready for operation	by 31.12.2002 or earlier

In Mizoram, there is only one Municipal body *viz.* Aizawl Municipal Corporation (AMC), which is divided into 19 wards.

It was observed that solid wastes were dumped on the slopes of the hills, the sites which were operated by the Urban Development and Poverty Alleviation Department (UD&PA). All solid wastes from domestic, market centers and HCFs, hazardous wastes, plastic wastes and e-wastes were dumped in the designated dumping sites. However, this has been done without any authorisation from the MSPCB.

MSW Rules provide that the biodegradable wastes shall be processed through biological processes like composting, vermicomposting, *etc.* and non-biodegradable wastes which cannot be recycled shall be disposed of through landfills. However, there was no waste treatment facility and none of them had scientific landfill facilities.

The Board has completed the inventorisation of MSW in six districts and limited data on MSW was available for the period 2010-14. Further, the information for the year 2014-15 are yet to be received from the concerned Municipal authorities. The quantities of Solid Wastes generated during 2010-14 are as shown below:

Table-4.16

<table>
<tr><th colspan="2" rowspan="2">Name of the District</th><th colspan="6">Solid Waste Generation (in MTD)</th></tr>
<tr><th>2010-11</th><th>2011-12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>Total</th></tr>
<tr><td rowspan="2">Aizawl</td><td>Municipal Area</td><td>167.60</td><td>111.62</td><td>200.00</td><td>170.99</td><td rowspan="9">Not yet received by the Board</td><td>650.21</td></tr>
<tr><td>Non-Municipal Area</td><td colspan="4">Data Not Available</td><td rowspan="2">Data Not Available</td></tr>
<tr><td>Champhai</td><td rowspan="7">No Municipal Area</td><td colspan="4">Data Not Available</td></tr>
<tr><td>Lunglei</td><td>12.00</td><td colspan="3" rowspan="2">Data Not Available</td><td>12.00</td></tr>
<tr><td>Kolasib</td><td>10.00</td><td>10.00</td></tr>
<tr><td>Mamit</td><td colspan="4">Data Not Available</td><td>Data Not Available</td></tr>
<tr><td>Lawngtlai</td><td>4.00</td><td colspan="3" rowspan="3">Data Not Available</td><td>4.00</td></tr>
<tr><td>Serchhip</td><td>8.00</td><td>8.00</td></tr>
<tr><td>Saiha</td><td>5.00</td><td>5.00</td></tr>
<tr><td colspan="2">Total</td><td>206.60</td><td>111.62</td><td>200.00</td><td>170.99</td><td>--</td><td>689.21</td></tr>
</table>

Source: Board's record

It can be inferred from above that atleast 689.21 Metric tonnes per day (MTD) of untreated Solid Waste was being dumped, Aizawl municipal area alone contributes 650.21 MTD (95 *per cent*) of municipal solid wastes, causing environmental degradation and health hazards.

In reply to audit query, the UD&PA Department stated (July 2015) that based on physical inspection of dumping sites, the consent/authorisation had been given by the MSPCB for operating the dumping sites. However, in reply to an audit query, MSPCB has contradicted this and denied (July 2015) giving any such consent/authorisation for operating the dumping sites as the operation of the dumping site was not permissible under the Rules. Admitting that no scientific treatment of wastes existed in the State, the Board pointed to a new project for scientific sanitary landfill and vermicomposting in Aizawl municipal area was taken up by State Investment Program Management and Implementation Unit (SIPMIU) under Asian Development Bank project for which Environment clearance and CTE have been obtained.

Thus, the implementing agency *i.e.* UD&PA Department is operating the dumping sites without any valid authorisation. Considering that bulk of the waste is generated in Aizawl municipal area only, special efforts are required from the Board to check & control this activity.

4.11.16.2 Pollution levels in air and ground water near Solid Wastes dumping sites

The MSW Rules stipulated that both water and ambient air quality in and around landfill sites need to be monitored to ensure that the ground water and ambient air quality is not contaminated beyond acceptable limit.

It was observed that the designated solid wastes dumping sites in the State were operating under the UD&PA Department. These dumping sites were operating without any authorisation from the MSPCB. Further, mechanism to monitor the ambient air quality and water quality in and around the dumping yards/sites was also not established either by the MSPCB or the Department (except for water quality monitoring in Aizawl District).

Joint inspection (June & July 2015) of the dumping area at Tuirial, Rengtekawn, and Haipui Mual in Aizawl, Kolasib and Serchhip Districts respectively revealed that-

(i) All solid wastes like domestic solid wastes, solid wastes from the HCFs, plastic wastes, e-wastes *etc.* were dumped at the dumping site without segregating into biodegradable and non-biodegradable wastes.

(ii) All these wastes were burnt periodically and no monitoring system exists in and around the dumping site. However, the Board has directed (January 2013) the AMC to stop open burning of mixed waste at Tuirial dumping site as it is detrimental to human health and environment. Despite the advisory from the Board, the AMC was still continuing with the same practice and no penal action has been taken by the Board, nor has it tried to enforce its own directions.

Waste Dumping Site at Tuirial

The Board stated (July 2015) that air sample analysis in the dumping site had not been conducted due to lack of equipment. Further, authorisation had been given to SIPMIU for constructing landfill trench and vermicomposting plant, the construction of which is under process. The Board also stated that ground water quality in and around the dumping site of MSW was not monitored due to problems associated with extracting ground water sample. There were no ground water hand pumps in the vicinity of the dumping site.

It is recommended that the Board may monitor the air and ground water quality on regular basis near the dumping sites.

4.11.16.3 Procurement of incinerator by the AMC

As per Schedule-IV of the Municipal Solid Wastes (Management and Handling) Rules, 2000, for management of the Municipal Wastes (*viz.* waste processing or disposal facilities) an incinerator shall be procured along with a chimney with a minimum stack height of 30 metre above ground.

It was observed that the Aizawl Municipal Corporation (AMC) without observing the codal provisions of the Rule 146 and 151 of the GFR purchased an incinerator[8] from a Guwahati based firm (M/s Lifeline Clean Technology) for ₹ 29.24 lakh including installation and commissioning charges of ₹ 1.50 lakh in March 2015. Further, against the requirement of the 30 metre stack height of Chimney the AMC procured the incinerator with six metre height MS make Chimney. Moreover, the incinerator so procured in March 2015 had not been installed and commissioned as of February 2016 although the full payment, including installation and commissioning charges of ₹ 1.50 lakh was released in advance to the firm in October 2014.

Further, as informed (July 2015) by the Board, the design capacity of the incinerator should be at least 1,200 kg/day. But, it was seen from the specification of the incinerator procured that the capacity of the incinerator is 1,000 kg/day. Thus, the procured incinerator with lower capacity, will not meet the desired purpose.

A Joint inspection (June 2015) with the Officers of the MSPCB revealed that the incinerator was lying in packed condition in the open space under one roof at Tuirial dumping site.

Incinerator lying idle at Tuirial dumping site, Aizawl

[8] Out of the Performance Grant of Thirteenth Finance Commision

It was further noticed in audit that the incinerator was not installed due to missing of some items from the site. The AMC, however, intimated (September 2015) the firm to arrange for installation of the incinerator along with supply of the missing parts at an additional cost of ₹ 1.29 lakh. However, the present status of installation of the incinerator has not been intimated by the AMC (February 2016).

Thus, the delay in commissioning of equipment purchased in March 2015 defeated the purpose for which it was purchased.

4.11.16.4 Socio-economic effect

4.11.16.4.1 The unrecognised Rag Pickers

Rag pickers segregate wastes from the dumping sites or collect from the households and send them for recycling to the recyclers and earn their livelihood without being aware of the health effects of hazardous waste. Thus, their work helps the society to some extent from deterioration of the environment. However, the rag pickers have never been recognised nor got their acceptance by the society for their valuable services to the society.

It is noted that the GoI had announced (July 2015) a process for recognising the rag pickers and decided to give national award for their contribution to keep India clean.

Joint Inspection (July 2015) of the dumping grounds also proved that they were segregating (photograph below) the wastes in an unhealthy manner without taking any protection/ precaution.

Rag pickers working in the Tuirial Dumping Ground (Aizawl)

Neither the GoI nor the GoM has provided any precautionary measures to protect their exposure to harmful waste impinging on their health by distributing gloves, boots, mask *etc.*

There is a need for the GoM to take some corrective measures to provide preventive health care and to the rag pickers, who assist in waste disposal.

4.11.16.4.2 Health issues of garbage collectors

It was observed that in the Aizawl Municipal Corporation area, collection of garbage was done on PPP mode by pick-up trucks and the garbage collectors were not provided with proper protective clothing *viz*. raincoats, gloves, nose covering mask and gum boots *etc.*

The Board did not issue/give any direction/advice to the GoM or the AMC for taking proper precautionary measures to protect the garbage collectors from health hazards.

Also, neither the AMC nor the GoM has taken up any steps to protect the garbage collectors from health hazards.

4.11.17 Management of Bio-Medical Wastes (BMW)

As per the Bio-Medical Waste (Management and Handling) Rules, 1998, it is the duty of every occupier of an institution generating bio-medical waste to take all steps to ensure that such waste is handled without any adverse effect to human health and environment.

The BMW was generated in the State from the HCFs and from the slaughter houses.

It was observed that out of a total of 96[9] HCFs in the State, 56 HCFs did not obtain BMW authorisations and 38 HCFs (40 *per cent*) were functioning even though their authorisations had either expired or were pending with MSPCB.

The Rules stipulated that every occupier shall set up requisite BMW treatment facilities like incinerator, autoclave, microwave system for treatment of waste or ensure requisite treatment of waste by having a tie up with a common BMW treatment facility. It was observed that HCFs in the test checked Districts were not complying with these conditions. No legal action was initiated by the Board under the Environment Protection Act against the defaulting HCFs. Moreover, there were cases of pending authorisation with the Board. Further, none of the Government hospitals had separate budget for the management of BMW.

(A) Joint Inspection (June & July 2015) of five Hospitals revealed the following:

(i) All the three incinerators (placed in State Referral Hospital, Falkawn and Civil Hospital Kolasib and Lunglei) in the State were non-functional.

(ii) Category-I pit (Deep Burial Pit) was not constructed as per the Rules in case of the Aizawl Civil Hospital.

[9] 17 Private + 79 Government = 96 HCFs

Deep Burial Pit of Aizawl Civil Hospital in the premise of Kulikawn Hospital

(iii) Waste sharp pits in Civil Hospitals at Kolasib and Serchhip were not maintained properly like construction as per the direction of the Board, non-cementing *etc*.

(iv) In Civil Hospitals at Kolasib and Serchhip, needles were not treated/disinfected properly before disposal.

(v) In the Civil Hospitals at Kolasib, Serchhip and State Referral Hospital, Falkawn solid wastes were not segregated with colour coded polythene bags as instructed in BMW Rules.

(vi) The transportation of BMW from Aizawl Civil Hospital to its Category-I pit at Kulikawn was done by a pick-up truck without any Bio-hazards symbol and without colour coded polythene bags.

In reply to an audit query, the Board stated (July 2015) that no legal action was taken against the HCFs. However, written intimations were given to the Health & Family Welfare Department for compliance of BMW (M & H) Rules, 1998. Authorisation was granted to HCFs only when their establishment conforms to the norms, otherwise the authorisations were withheld. Further, as agreed in the Group discussion made during the training on BMW in the year 2013, the Board had started enforcement of the Rule. As per Rule 7(8), the Board is giving an 'opportunity of being heard' to the HCFs before penalty is initiated.

(B) Joint Inspection (June 2015) of the two slaughter houses revealed that-

(a) Slaughter house at Mualpui, Aizawl

(i) There was no arrangement for safe disposal of solid wastes generated from the BMW in the slaughter house.

(ii) Due to absence of deep burial pit in the vicinity of the slaughter house, the solid BMWs generated from the slaughter house were dumped in the solid waste dumping area in Tuirial, Aizawl. Moreover, some of the solid wastes like horns were stacked in a corner, without any plans to utilise/dispose the same properly.

Horns pile up in the backyard

Disposal of solid waste in the drain

(b) Slaughter house at Bung Bangla, Aizawl

(i) The approach road was full of solid wastes generated from the BMW. Wastes like bones and horns were piled up beneath one tree without proper disposal, which deteriorated the environment of the area.

Horns piled up at the entrance

Scattered bones & horns on the approach road

Thus, due to inaction on the part of the Board, the slaughter houses were deteriorating the environment in the vicinity of the slaughter houses.

The Board in their reply stated (June 2015) that they would issue direction to the slaughter houses for taking remedial action.

The fact, however, remains that due to absence of strict enforcement by the Board, the BMW management was not done properly as required.

It is recommended that the Board may cancel authorisations and take penal actions against violators of Bio-Medical Waste (BMW) Rules.

4.11.18 Water Cess not levied

One of the major sources of Board's income is its share of water cess. The Water Cess Act, 1977 provides for collection of cess on water consumption by persons carrying on certain industries and by local authorities. The water cess so collected by the Board is to be remitted into the Consolidated Fund of India and GoI in turn apportions the water cess amount to the CPCB and State Boards. Also, the Water Cess Act provides that the non-payment of water cess attracts levy of interest (two *per cent* per month), penalty (up to an equal amount of arrears) and imprisonment (up to six months). Further, as per the Act, the State Government shall, by Notification in the Official Gazette, collect the cess from the person or local authority liabale to pay the same.

In Mizoram, Public Health and Engineering Department (PHED) is responsible for supply of water to the general populace including all industries and authorities.

It was noticed that as of July 2015, the State Government had not issued Notification in its Official Gazette, for collection of the water cess from the industry or local authority who are liable to pay the same. Hence, the water cess charges of ₹ 4.42 lakh[10] (for water supplied by the PHED for domestic purposes) for the period from 2010-15 were not collected by the Board. However, the Board has not taken any attempt till now to demand the water cess due from the PHED.

In their reply, the Board stated (July 2015) that the cess was not levied yet.

4.11.19 Control of Noise Pollution

The increasing ambient noise level in public places from various sources, inter-alia, industrial activity, construction activity, fire crackers, sound producing instruments, generator sets, loud speakers, public address systems, music systems, vehicular horns and other mechanical devices have deleterious effects on human health and the psychological well-being of the people.

As per Noise Pollution (Regulation and Control) Rules, 2000, the State Government shall categorize the areas into industrial, commercial, residential or silence areas/zones for the purpose of implementation of noise standards for different areas. The ambient air quality standards in respect of Noise for different areas/zones are as given below:

Area Code	Category of Area/Zone	Limits in dBA Leq	
		Day Time (6 a.m. to 10 p.m.)	Night Time (10 p.m. to 6 a.m.)
A	Industrial Area	75	70
B	Commercial Area	65	55
C	Residential Area	55	45
D	Silence Zone	50	40

10

Year	Volume of water supplied (in *Kilolitre*)	Rate of Cess	Amount (in ₹)
2010-11	37,18,373	@ 02 paise *per* Kilolitre	74,367
2011-12	37,64,240		75,285
2012-13	41,14,727		82,295
2013-14	42,68,641		85,373
2014-15	62,13,600		1,24,272
Total	**2,20,79,581**		**4,41,592**

The State Government shall take measures to regulate and control noise producing and generating sources with the objective of maintaining the ambient air quality standards in respect of noise.

The State Pollution Control Board in consultation with the Central Pollution Control Board shall collect, compile and publish technical and statistical data relating to noise pollution and devise measures for its effective prevention, control and abatement. Also, as per the rules, a loud speaker or a public address system shall not be used except after obtaining written permission from the designated authority.

However, it was observed that-

i. The State Government had not categorized areas into industrial, commercial, residential or silence areas/zones for the purpose of implementation of noise standards for different areas/zones.

ii. The Board did not monitor noise at different categories of areas/zones except during Deepawali and New Year festival.

iii. Vehicles producing noise beyond permissible limit had not been given adequate attention and specific direction had not been given to Traffic (Home) Department by the board in this regard.

iv. There was no practice of taking approval of the designated authority *i.e.* the Deputy Commissioners for event/programme which would cause noise.

The Board, in its reply (July 2015) stated that it mainly focused on noise from stationary sources like stone crushers, furniture industries, steel fabrications, DG sets *etc.* and that definition of night time is enforced on stricter basis *i.e.* from 6 p.m. to 6 a.m.

Mass awareness campaigns on the ill-effects of noise pollution have been carried out by MSPCB a number of times through advertisement in newspaper presentations at educational institutions, publications in newsletter such as MizEnvis and by making appeals in collaboration with Deputy Commissioners to the public to support control of noise pollution.

Fund Management by the Board

4.11.20 Financial Management

Rule 33(1) and 37 of the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974 respectively envisage that the State Board shall have its own fund, and the sums which may, from time to time, be paid to it by the State Government and all other receipts (by way of grants or otherwise) of that Board shall be carried to the fund of the Board and all payments shall be made therefrom.

The State Board shall, during each financial year, prepare a budget in respect of the ensuing financial year showing the estimated receipt and expenditure and the copies thereof shall be forwarded to the State Government.

The position of years-wise budget prepared by the MSPCB, funds released by the State Government, CPCB/GoI and expenditure incurred thereagainst during 2010-15 are shown as under:

Table-4.17

(₹ in crore)

Year	Budget of the Board	Position of fund:					Expenditure	Closing Balance
		Opening Balance	Grants-in-aid from		Receipts from own sources*	Total		
			CPCB/GoI	GoM				
2010-11	0.80	0.33	1.08	0.60	0.07	2.08	1.25	0.83
2011-12	0.80	0.83	1.08	0.30	0.21	2.42	1.25	1.17
2012-13	0.84	1.17	0.78	0.08	0.50	2.53	2.00	0.53
2013-14	0.99	0.53	1.12	0.40	0.24	2.29	1.33	0.96
2014-15	1.14	0.96	2.18	0.30	0.38	3.82	2.80	1.02
Total	**4.57**	**0.33**	**6.24**	**1.68**	**1.40**	**9.65**	**8.63**	**1.02**

Source: Records of the Board

* *Receipts from own sources includes Bank Interest, Consent Fee, Vehicular Emission Testing Fees and Public Hearing Fees*

4.11.20.1 Short-release of fund by the State Government

As can be seen from the above table, out of the total budgetary requirement of ₹ 4.57 crore, the GoM had to release ₹ 2.39 crore[11] during 2010-15. Out of ₹ 2.39 crore, the GoM had released only ₹ 1.68 crore leading to short release of ₹ 0.71 crore. Reasons for short-release were not on record.

On being pointed out, the Under Secretary, Environment and Forests Department, GoM stated (July 2015) that the funds were released to the Board based on allocation made by the Planning and Programme Implementation Department.

4.11.20.2 Accounts not prepared by the Board

As per Section 40 of the Water (Prevention and Control of Pollution) Act, 1974 read with Rules 42 and 43 of the Mizoram Water (Prevention and Control of Pollution) Rules, 2002, the Board is required to prepare Annual Accounts at the close of each financial year. The annual accounts of the Board shall be audited by an auditor duly qualified to act as an auditor of Companies under Section 226 of the Companies Act, 1956. The auditor is to be appointed by the State

[11]

Year	Budget	Amount required from the State Government as per budget of the Board (₹ in crore)
2010-11	0.80	0.40
2011-12	0.80	0.30
2012-13	0.84	0.51
2013-14	0.99	0.60
2014-15	1.14	0.58
Total	**4.57**	**2.39**

Government on the advice of the Comptroller and Auditor General of India (C&AG). Further, the auditor shall send a copy of his report with an audited copy of the accounts to the State Government.

During the period covered under audit, the Member Secretary of the Board had prepared annual accounts for two years 2012-13 and 2013-14 only. However, the said annual accounts were not placed before the Board for approval. The two annual accounts were got audited by two Chartered Accountants (CA)[12], who were appointed by the Board as auditors from outside the empanelled list of the C&AG.

It was also noticed that the auditor who audited the annual accounts for the year 2012-13 had not forwarded the audit report to the State Government as mandated in the Acts/Rules. The annual accounts of the Board for the year 2013-14, was however, not submitted (July 2015) to the Board.

Moreover, as per the Accounting Standard-1 issued by the Institute of Chartered Accountants of India, all significant accounting policies should be disclosed at one place and the depreciation on fixed assets is to be provided on straight line method at the rates prescribed under Schedule XIV to the Companies Act, 1956 as amended. Depreciation on revalued amount of fixed assets is to be adjusted by transferring the equivalent amount from revaluation reserve.

Detailed checking of the audited annual accounts for the year 2012-13 revealed that the auditor had charged the depreciation of ₹ 3.53 lakh[13] on fixed assets without any policy framed by the Board.

While accepting the facts, the Member Secretary of the Board stated (July 2015) that the requirement of the rule would be complied in future.

The Board needs to frame a policy about depreciation and get it approved by the BoD.

Manpower and Internal Control mechanisms

4.11.21 Manpower management

Deployment of adequate manpower in the Board is critical to discharge its widespread and varied functions for effective implementation of environmental laws.

[12] (i) Akas & Associates, Aizawl, Mizoram and (ii) G. S. Dugal, Juhu, Mumbai

[13] **Depreciation charges:**

on Equipments (10 *per cent*)	=	₹ 2.68 lakh
on Computer and peripherals (10 *per cent*)	=	₹ 0.56 lakh
on Furniture & Fixture (10 *per cent*)	=	₹ 0.22 lakh
on Inverter & Battery (80 *per cent*)	=	₹ 0.06 lakh
Total		**₹ 3.35 lakh**

4.11.21.1 Appointment of a regular Member Secretary

The Water (Prevention and Control of Pollution) Act, 1974 stipulates for a full time Member Secretary, possessing qualification, knowledge and experience of scientific, engineering or management aspects of pollution control, to be appointed by the State Government.

The State Government appointed the present Member Secretary during 2003-04 and he had been functioning as a part-time Member Secretary since then.

Further, the Government had notified (27 March 2012) in the Mizoram Gazette (04 April 2012) the Mizoram Environment & Forest Department (Group 'A' post) Recruitment Rules, 2012 for recruitment to the post of Member Secretary under MSPCB.

However, no steps were taken to appoint full-time Member Secretary of the Board till (July 2015).

In its reply, the State Government stated (July 2015) that due to non-finalisation of Recruitment Rules for appointment of full time Member Secretary, recruitment under Section 4 of Water Act, 1974 read with the Mizoram Water (Prevention and Control of Pollution) Rules, 2002 and Notification (27 April 2012) could not be initiated.

The fact, remains that the Government could not finalise and appoint full-time Member Secretary even after more than three years of publishing the recruitment rules in the Mizoram Gazette.

4.11.21.2 Manpower issue and non-availability of legal cell

(A) As per the current sanctioned strength of 36 staff (23 Technical and Scientific and supporting Staff + 13 Non-Technical), there was only one shortage in the post of Assistant Environmental Engineer (AEE) as of July 2015.

The management of all the wastes including consent management was looked after by one AEE. The Board had neither decided nor took any appropriate action to strengthen the staff to effectively monitor the matters relating to the management of all kinds of wastes and inspection of the industry and to issue consent/authorisation.

It was noticed that the Board had not taken any initiative to establish a legal cell/section, except proposals to the CPCB (during 2010-11) for strengthening the activities of the Board by increasing man power and separating its central activities into six different activities through (i) Pollution Control Implementation Section, (ii) Infrastructure, (iii) Administrative, (iv) Accounts Section, (v) Legal cell and (vi) two Regional Offices. The proposal of the Board was approved (01 February 2012) by the State Government. However, the final approval from the CPCB is awaited as of February 2016.

(B) Under the provisions of the Environment Protection Acts and Rules made thereunder, the Board was vested with the authority to take legal action on violators of environmental laws. As was pointed out in this report earlier, in many cases, the Board did not initiate legal action against offenders.

It was noticed that the Board had not taken any initiative to establish a legal cell/section, except the proposals to the CPCB (during 2010-11) for strengthening the activities of the Board

Thus, without having such legal section/cell it was not possible for the Board to initiate any legal action against the defaulting industries.

4.11.21.3 Training

Training is an important part for utilising the existing manpower in more fruitful manner to reach the level of the desired goal of an entity. Further, it should be conducted on regular basis or in such a manner so that the functionaries can discharge their duties and responsibilities with due knowledge.

During the review period, very few training programmes were organised by the MSPCB and other agencies[14] as given below:

Table-4.18

Year	No. of training organised by the		
	MSPCB	Other agencies	Total
2010-11	01	03	**04**
2011-12	-	01	**01**
2012-13	01	01	**02**
2013-14	-	02	**02**
2014-15	-	01	**01**
Total	**02**	**08**	**10**

It can be seen from the above that out of the total ten training programmes during 2010-15, only two training programmes were organised by the MSPCB for the management of BMW and remaining eight training programmes were organised by other agencies in which the officers and staffs of the MSPCB attended.

Thus, it is evident that the Board is lagging far behind in its efforts to make the functionaries of the State Government as well as its own officers and staff aware about the various rules and regulations.

The Board stated (July 2015) that due to fund constraints, it could no longer finance training. As such, only limited training was attended when TA/DA were borne by the host institute or when the cost of travelling is less. If the Board was to bear TA/DA of staff, training organised only in the North Eastern region could be attended.

The fact however, remains that had the Board realised cess and consent fees regularly, they could have attended the training programme out of their own revenue.

4.11.21.4 Lack of infrastructure facilities and manpower in the Environmental Laboratory

Under the Water Act and the Air Act, the State Board may establish or recognise laboratories for analysing water/air samples to enable the Board to perform the functions stipulated in those Acts.

[14] Administrative Training Institute, Mizoram; Mizoram University; DFID; DoPT

Further, Guidelines issued (June 2008) by the CPCB for recognition of environmental laboratories under the Environment Protection (EP) Act by the Central Government stipulated certain minimum standards, which included availability of equipment for conducting certain minimum air/water quality tests and recognition/accreditation by the National Accreditation Board for Testing and Calibration of Laboratories (NABL).

Accordingly, the Board established one Laboratory in Aizawl and has been sending reports to CPCB under National Water Monitoring Programme (NWMP) & National Air Monitoring Programme (NAMP).

Audit observed that:

(i) The Laboratory situated at Aizawl neither got accreditation from the NABL nor was it recognized under the Environment Protection Act. For obtaining accreditation from the NABL, a laboratory has to meet the minimum criteria set by NABL in terms of manpower, infrastructure, testing facilities, performance *etc.* CPCB has instructed all the State Boards to work out their requirements and submit proposals so as to upgrade their laboratories in order to enable them to obtain NABL accreditation and make them capable of monitoring the MoEF's notified parameters. As such, MSPCB has submitted proposal (during 2010-11) for upgradation of its laboratory and approval is awaited from MoEF.

(ii) The lab does not have necessary equipment required for sample analysis. The lab either did not have some of the mandatory equipment or had non-functional equipment as shown in **Appendix-4.4**.

(iii) As per CPCB's guidelines, every laboratory should have facilities for a minimum of five essential group tests, *viz.* physical, inorganic, organic, microbiological and toxicological tests for water analysis. For air analysis, the lab must have facilities for the first four of the above tests. An environmental lab should also provide for biological tests, characterisation of hazardous waste and soil/sludge/sediment/ solid waste analysis.

It was, however, noticed that the MSPCB's laboratory did not have the capacity for conducting all the mandatory tests (details in **Appendix-4.5**).

While accepting the facts the Board stated (July 2015) that in respect of water analysis, Physical, Inorganic and microbiological tests had been done. Organic and toxicological tests had not yet been done due to lack of facilities. Further, in respect of Air analysis, Physical and Inorganic parameters such as noise, temperature, Relative Humidity (RH), Wind Direction and Wind Speed (WD&WS), rainfall, Respirable Suspended Particulate Matter (RSPM), Suspended Particulate Matter (SPM), Nitrogen Dioxide (NO_2) and Sulfur Dioxide (SO_2) were being analysed. The reason for not conducting analysis of other parameters was attributed to unavailability of the requisite facilities.

(iv) There was also shortage of scientific staff/ scientist 'B' in the lab against the norms prescribed by CPCB, as shown below:

Table-4.19: Staff strength in the Lab

<table>
<tr><th rowspan="2">Name of the Laboratory</th><th colspan="4">Assistance in sampling (Field Attendants/ Assistants)</th><th colspan="4">Sampling and Analysis (Laboratory/Scientific Assistants)</th><th colspan="4">Sampling and Analysis Supervision (Scientific Officer/Scientist ‘B’)</th></tr>
<tr><th>SR</th><th>PE</th><th>CE</th><th>TE</th><th>SR</th><th>PE</th><th>CE</th><th>TE</th><th>SR</th><th>PE</th><th>CE</th><th>TE</th></tr>
<tr><td>Water Laboratory</td><td>2</td><td>2</td><td>Nil</td><td>2</td><td>3</td><td>3</td><td>Nil</td><td>3</td><td>3</td><td rowspan="2">1</td><td rowspan="2">Nil</td><td rowspan="2">1</td></tr>
<tr><td>Air Laboratory</td><td>11</td><td>Nil</td><td>11</td><td>11</td><td>3</td><td>Nil</td><td>3</td><td>3</td><td>3</td></tr>
</table>

Source: Board's records

SR: Staff Requirement as per norms; PE: Permanent employees; CE: Contract employees;

TE: Total employees

However, the Board submitted proposals to the CPCB for strengthening the activities of the Board by increasing man power and separating its central activities into six different activities.

It is recommended that the Board may take steps to upgrade the lab to make monitoring of water pollution and air pollution more holistic.

4.11.22 Internal Audit mechanism

Internal audit is an indispensable requirement for evaluating the efficiency of the organisation in the implementation of various programme, functions *etc*.

4.11.22.1 Coverage of internal audit

Internal audit of the Board was being conducted by Chartered Accountants appointed specifically for this purpose, but the internal audit reports focused on financial/accounting aspects only and did not point out deficiencies relating to implementation of environmental laws by the Board.

4.11.22.2 Board meetings were not conducted regularly

The Water (Prevention and Control of Pollution) Act, 1974 stipulates that the Board shall meet at least once in every three months and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

It was observed that during the five year period 2010-15, as against the minimum requirement of 20 meetings, the Board met only seven times (2010-11: three times; and 2011-12: two times; 2013-14 and 2014-15: once each).

Thus, issues related to environment and pollution could not be addressed properly in the State as the Board did not meet as mandated in the Acts and Rules.

4.11.23 Conclusion

The performance audit of the working of MSPCB brought out many system and compliance deficiencies. It was observed that the MSPCB has been deficient in handling different types of pollution & waste control in the State.

The Board did not prepare Annual Action Plans from 2011-12 onwards. Handling and management of municipal solid wastes, e-wastes, hazardous waste, bio-medical waste and plastic wastes were compromised by various bodies/authorities. Despite such large number of violations, the Board failed to initiate legal action to abate and control pollution. Several industries, healthcare establishments were operating without valid authorisations or Consent to Operate. There was substantial shortfall in conducting inspections of even highest polluting 'Red' category industries. All the 96 HCFs and the two slaughter houses were operating without utilising proper sewage/effluent treatment facilities. There was shortage of staff and funds in the Board due to which it could not function optimally. The MSPCB laboratory did not have facilities and equipment to analyse all the parameters of water and air quality. Available equipment was non-functional in some cases.

4.11.24 Recommendations

It is recommended that the Board/State Government may consider to:

1. Prepare Annual Action Plans for prevention, control and abatement of all types of pollution in the State.
2. Action against the industries, slaughter houses and health care facilities which are polluting the environment by conducting regular inspections of these establishments.
3. Steps may be taken to upgrade the labs by making available equipment to analyse all parameters of water and air quality. Monitor the air and ground water quality on regular basis.
4. Segregation of e-waste should be ensured and it should be properly disposed.
5. Proper checking of the vehicles should be carried to minimize the vehicular pollution.
6. Initiate action to improve facilities and manpower for effective functioning of the Board. Full-time Member Secretary should be appointed.

COMPLIANCE AUDIT PARAGRAPHS

TAXATION DEPARTMENT

4.12 Irregular allowance of Input Tax Credit

Six ACTs in Mizoram irregularly allowed Input Tax Credit claim of ₹ 1.05 crore in respect of 66 registered dealers without supporting tax invoices.

Sub-Section (8)(g)(i) of Section 14 of the MVAT Act provides that no Input Tax Credit (ITC) shall be claimed or be allowed to a registered dealer where tax invoice is not available with the dealer.

Test check (May-September 2015) of the records of six ACTs[15], Mizoram, revealed that during the period from April 2012 to March 2015, against the local purchase of taxable goods worth ₹ 101.92 crore, 66 registered dealers claimed an Input Tax Credit (ITC) of ₹ 9.95 crore which was allowed by the taxation authorities.

Audit, however, noticed that out of ITC claim of ₹ 9.95 crore the tax invoices were available only for ₹ 8.89 crore. Thus, the ITC claim of ₹ 1.05 crore not supported by any tax invoice was irregularly allowed by the taxation authorities. The details of ITC claims which were not supported by tax invoices are shown in **Appendix-4.6.**

While accepting the facts, the Government stated (January 2016) that reminders to the notice for payment were issued to 19 dealers under ACT, South Zone, Aizawl. However, the reply is silent about the action taken on the remaining 47 dealers under five zones.

4.13 Under-assessment of tax

There was an under-assessment of tax of ₹ 9.06 lakh due to irregular determination of opening stock and purchase turnover.

Section 34(1)(a) and (b) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that where a dealer is assessed under Section 31 or 32 for any year, and if the Commissioner has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment or is under-assessed, he may serve a notice and proceed to assess to the best of his judgement, the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall apply accordingly.

Scrutiny of the records (October 2014) of the Assistant Commissioners of Taxes (ACT), Central Zone, Aizawl revealed that in respect of a dealer[16] assessed in February 2014 by the Assessing

[15] ACTs of : (i) Champhai Zone, (ii) Lunglei Zone, (iii) Kolasib Zone, (iv) South Zone, Aizawl, (v) North Zone, Aizawl, and (vi) Central Zone, Aizawl

[16] M/s Hauva & Sons, TIN 15200009023

Officer (AO) for the assessment years 2007-08 to 2011-12, there was an under-assessment of tax of ₹ 9.06 lakh as discussed below.

As per assessment records of the dealer the actual closing stock of the dealer at the end of the year 2006-07 was ₹ 72.16 lakh, however, while assessing the dealer for the year 2007-08, the AO had irregularly determined the opening stock as ₹ 45.51 lakh, which resulted in under-assessment of opening stock of ₹ 26.65 lakh as shown in the following Table-4.20:

Table-4.20

(₹ in lakh)

Closing Stock for the year 2006-07			Opening stock determined for the year 2007-08			Under-assessed opening stock		
4 *per cent*	**12.5 *per cent***	**Total**	**4 *per cent***	**12.5 *per cent***	**Total**	**4 *per cent***	**12.5 *per cent***	**Total**
29.21	42.95	72.16	12.61	32.90	45.51	16.60	10.05	26.65

Source: Departmental records

Further scrutiny of the assessment for the year 2011-12 disclosed that as per VATSoft[17] the dealer purchased taxable goods worth ₹ 326.66 lakh during 2011-12, against which the assessing officer determined the dealer's taxable purchase turnover at ₹ 258.85 lakh resulting in under-assessment of purchase turnover of ₹ 67.81 lakh as shown below in the Table-4.21:

Table-4.21

(₹ in lakh)

Purchase turnover as per VATSoft					Purchase turnover determined					Under-assessed purchase turnover				
4 *per cent*	**5 *per cent***	**12.5 *per cent***	**13.5 *per cent***	**Total**	**4 *per cent***	**5 *per cent***	**12.5 *per cent***	**13.5 *per cent***	**Total**	**4 *per cent***	**5 *per cent***	**12.5 *per cent***	**13.5 *per cent***	**Total**
105.16	48.57	121.97	50.96	326.66	92.14	39.56	85.28	41.87	258.85	13.02	9.01	36.69	9.09	67.81

Source: Departmental records

Thus, there was a total under-assessed turnover of ₹ 94.46 lakh (Opening Stock: ₹ 26.65 lakh + Purchase turnover: ₹ 67.81 lakh) against the dealer.

While determining the sales turnover the AO determined a profit element of 4 *per cent*. Taking into account 4 *per cent* profit element on the under-assessed purchase turnover of ₹ 94.46 lakh, the dealer was liable to pay an additional tax of ₹ 9.06 lakh as calculated below in the Table-4.22:

[17] Computerised records on import of taxable goods maintained by the Taxation Department

Table-4.22

(₹ in lakh)

Rate of tax/VAT	Purchase turnover as per VATSoft				
	4 *per cent*	**5** *per cent*	**12.5** *per cent*	**13.5** *per cent*	**Total**
Under-assessed purchase turnover/opening stock	29.62	9.01	46.74	9.09	94.46
Add: 4 *per cent* profit	1.18	0.36	1.87	0.36	3.77
Total under-assessed taxable sales turnover	**30.80**	**9.37**	**48.61**	**9.45**	**98.23**
Tax to be levied	1.23	0.47	6.08	1.28	9.06

Source: Departmental records

Thus, the dealer was liable to pay an additional tax of ₹ 9.06 lakh against the under-assessed turnover.

Besides, it was noticed that during the assessment years 2007-11, the dealer was issued 1,152 numbers of waybills (Form-33) none of which could be produced to Audit for scrutiny. Thus, due to non-production of waybills, Audit could not verify the correctness of the assessment relating to 2007-08 to 2010-11.

While accepting the facts partially the Government stated (November 2015) that at the instance of Audit observation, the dealer was re-assessed (23 September 2015) for the years 2007-12 and levied a tax of ₹ 9.23 lakh. Accordingly notice was served (6 October 2015) to the dealer to deposit the tax of ₹ 9.23 lakh on or before 30 October 2015. However, intimation from the Government regarding realisation of tax is awaited (February 2016). Further, the reply is silent about the non-production of waybills (Form-33) for its verification to Audit.

4.14 Under-assessment of tax

Purchase and deduction against credit notes without supporting document, resulted in under-assessment of sales turnover of ₹ 16.79 crore for which tax of ₹ 2.59 crore along with a penalty not exceeding ₹ 5.18 crore was leviable.

Section 34(1)(a) and (b) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that where a dealer is assessed under Section 31 or 32 for any year and the Commissioner has a reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment or under assessed, he may serve a notice and proceed to assess to the best of his judgement, the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall apply accordingly.

Further, Section 20 of the MVAT Act 2005 provides that where a tax invoice has been issued and the amount shown as tax charged in the tax invoice exceeds the tax payable in respect of that sale the registered dealer making the sale shall provide the purchaser with a credit and debit note containing the requisite particulars as may be prescribed. Penalty not exceeding twice the amount of tax assessed is leviable under Section 31(7) (b) for furnishing incomplete and incorrect returns.

Scrutiny of the records (October 2014) of the Assistant Commissioners of Taxes (ACT), Central Zone, Aizawl revealed that the Assessing Officer (AO) while assessing a dealer[18] (September 2014) for the assessment years 2011-12 to 2012-13 under-assessed a tax of ₹ 2.58 crore.

As per VATSoft[19] the dealer purchased taxable goods worth ₹ 62.83 crore during 2011-13, against which the assessing officer determined the dealer's taxable purchase turnover at ₹ 54.80 crore resulting in under-assessment of purchase turnover of ₹ 8.03 crore as shown below in the Table-4.23:

Table-4.23

(₹ in crore)

Year	Purchase turnover as per VATSoft					Purchase turnover determined					Under-assessed purchase turnover				
	4 *per cent*	5 *per cent*	12.5 *per cent*	13.5 *per cent*	Total	4 *per cent*	5 *per cent*	12.5 *per cent*	13.5 *per cent*	Total	4 *per cent*	5 *per cent*	12.5 *per cent*	13.5 *per cent*	Total
2011-12	4.41	5.01	19.75	2.29	31.46	16.55	0.00	9.12	0.00	25.67	(-) 12.14	5.01	10.63	2.29	5.79
2012-13	0.00	22.14	0.00	9.23	31.37	0.00	19.90	0.00	9.23	29.13	0.00	2.24	0.00	0.00	2.24
Total	**4.41**	**27.15**	**19.75**	**11.52**	**62.83**	**16.55**	**19.90**	**9.12**	**9.23**	**54.80**	**(-) 12.14**	**7.25**	**10.63**	**2.29**	**8.03**

Source: Departmental records

While determining the sales turnover the AO determined a profit element of 3 *per cent* and assessed and levied tax of ₹ 1.50 crore instead of ₹ 1.45 crore on taxable sales turnover of ₹ 20.44 crore (taxable 4 *per cent* on ₹ 14.54 crore and 12.5 *per cent* on ₹ 6.90 crore) during 2011-12. Thus, the AO had levied excess tax of ₹ 0. 05 crore on the dealer. Taking into account three *per cent* profit element on the under-assessed turnover of ₹ 8.03 crore as calculated by audit, the dealer was liable to pay an additional tax of ₹ 1.51 crore as shown in the Table-4.24 below:

Table-4.24

(₹ in lakh)

Rate of tax	Purchase turnover as per VATSoft				
	4 *per cent*	5 *per cent*	12.5 *per cent*	13.5 *per cent*	Total
Under-assessed purchase turnover	(-) 1213.76	725.68	1062.78	228.66	803.36
Add: Three *per cent* profit	(-) 36.41	21.77	31.88	6.86	24.10
Total Taxable sales turnover	**(-) 1250.17**	**747.45**	**1094.66**	**235.52**	**827.46**
Tax to be levied	(-) 50.01	37.37	136.83	31.80	155.99
Less: Deduct the excess amount of tax levied by the AO in excess of payable tax as per assessment during 2011-12					5.40
Net tax to be levied	-	-	-	-	150.59

Source: Departmental records

Further, the AO irregularly allowed and deducted ₹ 8.27 crore without any supporting document on Credit Notes on Cash Discount, price subsidy on invoices and goods damaged during

18 M/s F. Kapsanga, TIN 15200008013

19 Computerised records on import of taxable goods maintained by the Taxation Department

2011-13, which resulted in under assessment of sales turnover of ₹ 8.52 crore having tax effect of ₹ 1.07 crore as detailed in Table-4.25 below:

Table-4.25

(₹ in lakh)

Rate of tax	Purchase turnover as shown by the AO				
	4 *per cent*	**5 *per cent***	**12.5 *per cent***	**13.5 *per cent***	**Total**
Deduction allowed under credit Note on purchase turnover	21.65	24.93	288.69	491.83	827.10
Add: Three *per cent* profit	0.65	0.75	8.66	14.75	24.81
Total Taxable sales turnover	**22.30**	**25.68**	**297.35**	**506.58**	**851.91**
Tax to be levied	0.89	1.28	37.17	68.39	107.73

Source: Departmental records

Thus, there was a total under-assessed purchase turnover of ₹ 16.79 crore (₹ 8.27 crore + ₹ 8.52 crore) having tax effect of ₹ 2.59 crore (₹ 1.51 crore + ₹ 1.08 crore). Besides, the dealer is also liable to pay a penalty not exceeding ₹ 5.18 crore under section 31 (7) (b) of the Act.

While accepting the facts, the Government stated (November 2015) that notice had been served to the dealer for re-assessment (September 2015). However, the status of re-assessment of the dealer is awaited (February 2016).

4.15 Short-assessment of tax

There was a short-assessment of tax of ₹ 0.42 crore due to under-assessment of purchase turnover of four dealers by ₹ 3.28 crore.

Section 34(1)(a) and (b) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that where a dealer is assessed under Section 31 or 32 for any year and the Commissioner has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment, he may serve a notice and proceed to assess to the best of his judgement, the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall apply accordingly. Penalty not exceeding twice the amount of tax assessed is leviable under Section 31(7)(b) for furnishing incomplete and incorrect returns.

Scrutiny of records (November 2013 and October 2014) of the Assistant Commissioners of Taxes (ACTs), North and Central Zone, Aizawl revealed that while assessing four dealers[20], the Assessing Officers (AOs) determined the dealers' taxable purchase turnover at ₹ 7.88 crore as per waybills, dealer's return and 'c'-form *etc*. during the assessment years 2008-13 against the actual purchase turnover of ₹ 11.16 crore, which resulted in an under-assessment of purchase turnover by ₹ 3.28 crore.

[20] ACT, North Zone: one dealer (assessed in January 2012) ACT, Central Zone: three dealers (assessed between July 2013 and March 2014)

Against the under-assessed purchase turnover of ₹ 3.28 crore, ₹ 0.42 crore tax was leviable against the four dealers, which was not levied and recovered (September 2015).

The details of dealer-wise under-assessment of purchase turnover and tax to be levied during 2008-13 are as shown in **Appendix-4.7.** Besides, the dealers are also liable to pay penalty of ₹ 0.84 crore under Section 31(7)(b) of the Act.

While accepting the facts, the Commissioner of Taxes, Mizoram stated (March 2014) that the re-assessing process was already initiated in respect of one dealer (M/S L.Z. Agencies). However, the progress has not been intimated (September 2015).

The Government in its reply (November 2015) accepted the Audit observations in respect of four dealers and had taken the following action:

The dealers were re-assessed with a tax of ₹ 42.22 lakh and penalty of ₹ 0.60 lakh. However, ₹ 14.07 lakh as tax and ₹ 0.60 lakh as penalty was recovered from three dealers (M/s Central store: ₹ 2.93 lakh, M/s L.Z. Agencies : ₹ 10.74 lakh, including penalty of ₹ 0.60 lakh and M/s L.L Enterprise ₹ one lakh) as of January 2016. However, in respect of M/s Mana & Sons, reminder (20 April 2015) and show cause notice (8 September 2015) were for non-deposit of the balance tax. In spite of the above action the dealer had not complied and the case was referred to the Certificate Officer for registering in the Bakijai[21] case as provided under Section 31(7)(b) of the Act.

The action of the Government was not acceptable in respect of -

(i) M/s Mana & Sons on re-assessment for tax of ₹ 20.16 lakh for the year 2012-13, as the Assessing Officer had taken the value of purchase turnover as ₹ 148.18 lakh instead of ₹ 175.88 lakh (as noticed by Audit). Further, the re-assessment was made without levying any penalty as per the Act.

(ii) M/s L.L. Enterprise, as the dealer was not penalised as per the Act. However, the recovery of the balance tax of ₹ 7.99 lakh and imposition of penalty is still awaited (February 2016).

TRANSPORT DEPARTMENT

4.16 Loss of Revenue

There was a loss of revenue of ₹ 19.76 lakh due to non-deposit of Authorisation (Plying) Permit Fee by the owners of the Inter State Maxi Cabs and All Mizoram Maxi Cabs.

As per the Notification (27 November 2006) of the State Transport Authority, Government of Mizoram – "All the Inter State Maxi Cabs (ISMCs) and All Mizoram Maxi Cabs (AMMCs) registered with the State Transport Authority (STA), Mizoram are required to pay yearly

[21] Bakijai case is a case which referred to the certificate officer to recover the Government dues

Authorisation (Plying) Permit Fee (APPF), failing which a penalty will be levied by the STA, Mizoram".

The STA, Mizoram fixed (27 November 2006) the APPF for ISMCs and AMMCs and its rates of penalty (*w.e.f.* 02 December 2005) in case of non-renewal as under:

(A)	**APPF:**	
(i)	ISMCs	₹ 1,500/- *per* annum and ₹ 2,000/- *per* annum *w.e.f.* 25 August 2009
(ii)	AMMCs	₹ 4,000/- *per* annum
(B)	**Penalty for non-renewal of ISMCs and AMMCs:**	
(i)	For each month upto three months	₹ 200/- *per* month subject to maximum of ₹ 500/-
(ii)	More than three months upto six months	₹ 200/- *per* month subject to maximum of ₹ 800/-
(iii)	More than six months	₹ 1,000/- *per* year and ₹ 200/- for every additional month

Scrutiny of the records (January 2014) of the Secretary, STA, Mizoram revealed that 21 ISMCs and 57 AMMCs were regularly plying on the routes without paying yearly APPF along with penalty for non-payment of yearly APPF. This resulted in an outstanding balance of APPF and penalty of ₹ 19.76 lakh during the period from January 2008 to November 2011 as shown in the Table-4.26 below:

Table-4.26

(₹ in lakh)

Sl. No.	Category of Vehicle	Period	Outstanding APPF	Penalty to be levied	Total outstanding
1.	ISMCs	26.01.2008 to 14.11.2011	13.26	1.48	14.74
2.	AMMCs	26.06.2008 to 14.11.2011	3.04	1.98	5.02
Total			**16.30**	**3.46**	**19.76**

Source: Departmental records

The details of vehicle-wise outstanding balances are shown in **Appendix-4.8 (a) and (b).**

While accepting the facts, the Government stated (October 2015) that the APPF has not yet been recovered. However, the Department is trying its level best to recover the dues from the defaulters by serving notices and is also seeking help from the SP (Traffic).

CHAPTER-V

ECONOMIC SECTOR

(State Public Sector Undertakings)

CHAPTER-V

ECONOMIC SECTOR
(State Public Sector Undertakings)

5.1 Introduction

The State Public Sector Undertakings (SPSUs) comprise of the State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature keeping in view the welfare of people and also occupy an important place in the State economy. As on 31 March 2015, there were six SPSUs in Mizoram. The details of the SPSUs as on 31 March 2015 are as given below.

Table-5.1 : Total number of SPSUs as on 31 March 2015

Type of SPSUs	Working SPSUs	Non-working SPSUs[1]	Total
Government Companies[2]	6	-	6
Total	**6**	**-**	**6**

The working SPSUs registered a turnover of ₹ 17.42 crore as *per* their latest finalised and audited accounts as of September 2015 and provisional figures given by the Companies. This turnover was equal to 0.14 *per cent* of State Gross Domestic Product (GDP) for 2014-15. The working SPSUs incurred loss of ₹ 3.28 crore as per their latest finalized and audited accounts as of September 2015 and provisional figures furnished by the Companies. They had employed 259[3] employees as at the end of March 2015.

Accountability framework

5.2 The audit of the financial statements of a company in respect of financial years commencing on or after 1 April 2014 is governed by the provisions of the Companies Act 2013. However, the audit of a company in respect of financial years that commenced earlier than 1 April 2014 continued to be governed by the Companies Act, 1956.

According to Section 2(45) of the Companies Act, 2013 (Act), a Government Company is one in which not less than 51 *per cent* of the paid-up capital is held by the Central and/or State Government(s) and includes a subsidiary of a Government Company. The process of audit of the Government companies under the Act is governed by respective provisions of Section 139 and 143 of the Act.

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1 Non-working SPSUs are those which have ceased to carry on their operations

2 Government companies include Other Companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013

3 Affairs of one Company *viz.* Mizoram Mineral Development Corporation Limited are being managed by Zoram Industrial Development Corporation Limited

Statutory Audit

5.3 The financial statements of a Government Company (as defined in Section 2(45) of the Companies Act, 2013) are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 139(5) or (7) of the Companies Act. These financial statements are subject to supplementary audit to be conducted by CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143(6) of the Act.

Further, the Statutory Auditors of any other company owned or controlled, directly or indirectly, by the Central and/or State Government(s) are also appointed by CAG as per the provisions of Section 139(5) or (7) of the Act.

As per the provisions of Section 143(7) of the Act, the CAG, in case of any company (Government Company or *Other Company*) covered under sub-section (5) or sub-section (7) of Section 139 of the Act, if considers necessary, by an order, cause test audit to be conducted of the accounts of such Company (Government Company and *Other Company*) and the provisions of Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit.

Role of Government and Legislature

5.4 The State Government exercises control over the affairs of these SPSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of the State Government Companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of Mizoram

5.5 The State Government has mainly three typesof financial stake in these SPSUs, as stated below:

- **Share Capital and Loans** - In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.
- **Special Financial Support** - State Government provides budgetary support by way of grants and subsidies to the SPSUs as and when required.

- **Guarantees -** State Government also guarantees the repayment of loans, with interest, availed by the SPSUs from financial institutions.

Investment in SPSUs

5.6 As on 31 March 2015, the investment (capital and long-term loans) in six SPSUs was ₹ 73.31 crore as *per* details given below.

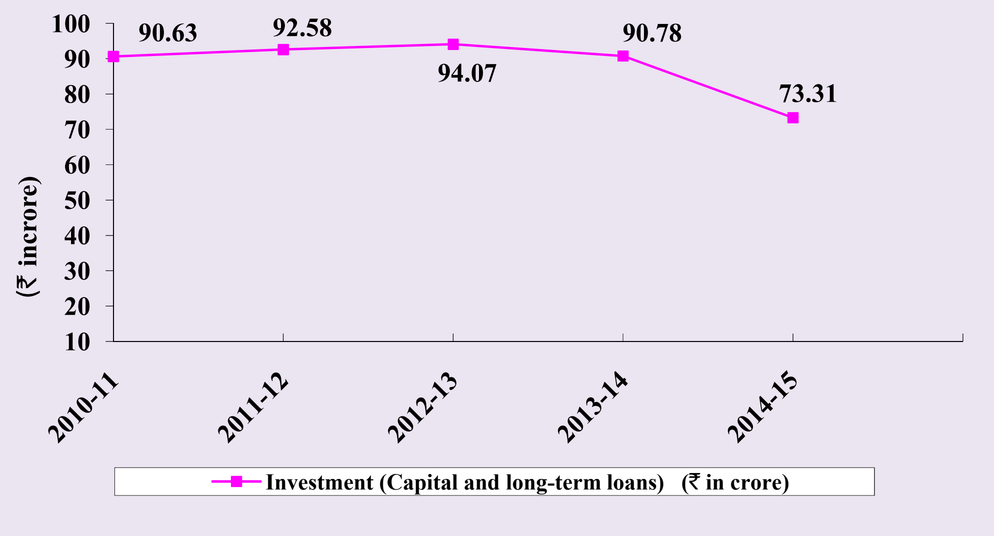
Table-5.2 : Total investment in SPSUs

(₹ in crore)

Type of SPSUs	Government Companies		
	Capital	Long Term Loans	Total
Working SPSUs	49.69	23.62	73.31
Non-working SPSUs	-	-	-
Total	**49.69**	**23.62**	**73.31**

This total investment consisted of 67.78 *per cent* towards capital and 32.22 *per cent* in long-term loans. The investment has declined by 19.11 *per cent* from ₹ 90.63 crore in 2010-11 to ₹ 73.31 crore in 2014-15 as shown in the graph below.

Chart-5.1 : Total investment in SPSUs



5.7 The sector wise summary of investments in the SPSUs as on 31 March 2015 is given below:

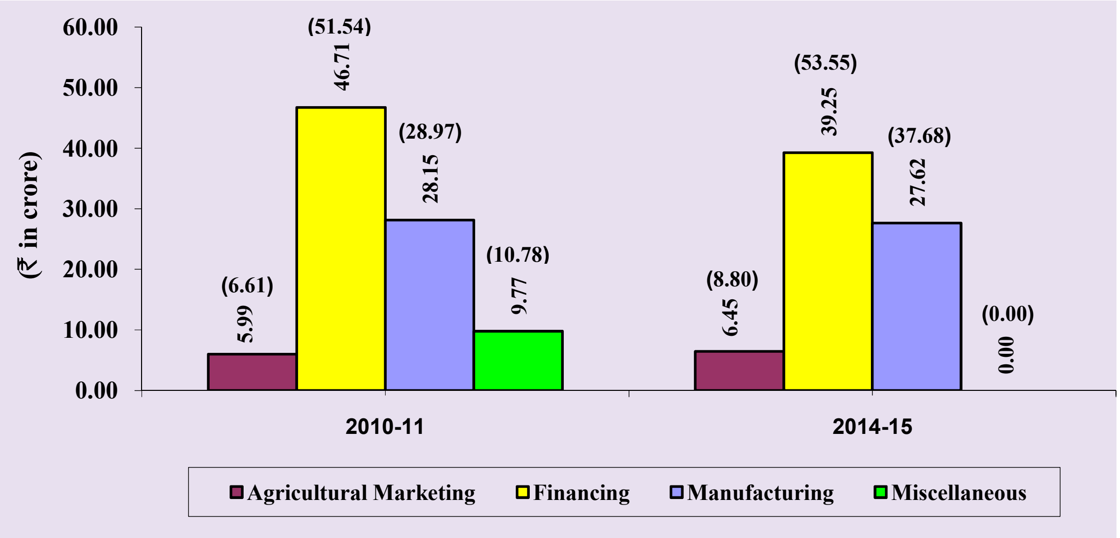
Table-5.3 : Sector-wise investment in SPSUs

Name of Sector	Government Companies	Investment (₹ in crore)
Agricultural Marketing	1	6.45
Financing	1	39.24
Manufacturing	2	27.62
Miscellaneous	2	0.00
Total	**6**	**73.31**

Source: As per information furnished by the Finance Department, Government of Mizoram

The investment in four significant sectors and percentage thereof at the end of 31 March 2011 and 31 March 2015 are as indicated below in the bar chart.

Chart-5.2 : Sector wise investment in SPSUs



(Figures in brackets show the percentage of sector investment to total investment)

From the bar chart above, it may be noticed that compared to 2010-11, the thrust of SPSUs-investment in 2014-15, was mainly in Agricultural Marketing Sector which increased from ₹ 5.99 crore to ₹ 6.45 crore (7.68 *per cent*). The investment in Financing Sector, Manufacturing Sector and Miscellaneous Sectors had decreased by ₹ 7.46 crore, ₹ 0.53 crore and ₹ 9.77 crore respectively.

Special support and returns during the year

5.8 The State Government provides financial support to SPSUs in various forms through the annual budget. The summarized details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of SPSUs are given below for three years ended 2014-15.

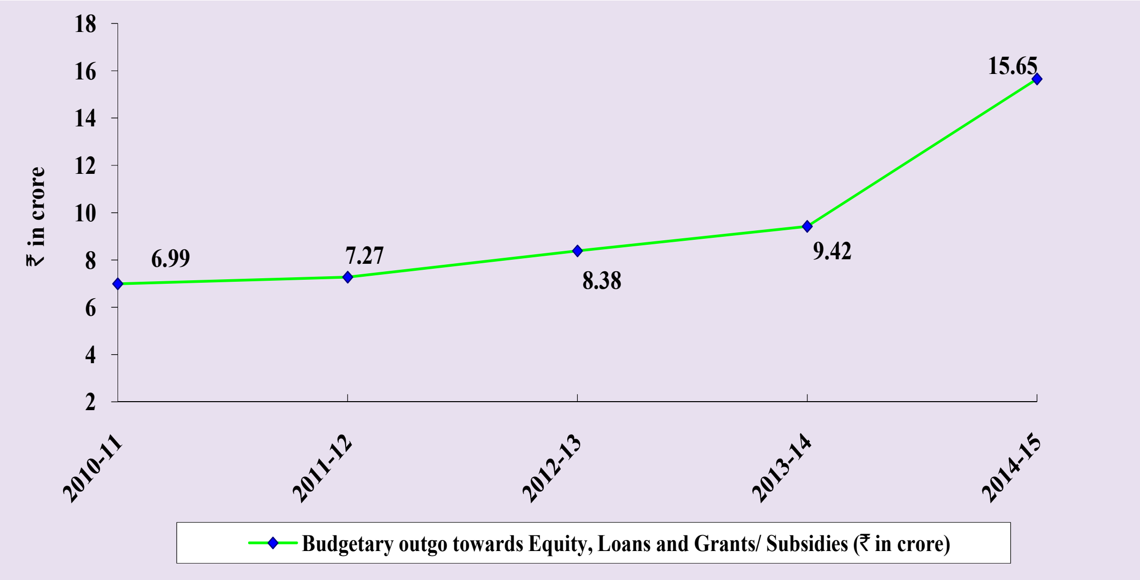
Table-5.4 : Details regarding budgetary support to SPSUs

(₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of SPSUs	Amount (₹ in crore)	No. of SPSUs	Amount (₹ in crore)	No. of SPSUs	Amount (₹ in crore)
1.	Equity Capital outgo from budget	1	1.27	1	1.22	1	1.69
2.	Loans given from budget	-	-	-	-	-	-
3.	Grants/Subsidy received	2	7.11	3	8.20	4	13.96
4.	Total Outgo	6	8.38	6	9.42	6	15.65
5.	Waiver of loan and interest	-	-	-	-	-	-
6.	Guarantee issued	-	-	-	-	-	-
7.	Guarantee Commitment	1	23.07	1	18.61	2	23.63

The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years are given in a graph below.

Chart-5.3 : Budgetary outgo towards Equity, Loans and Grants/Subsidies



As on 31 March 2015, Guarantees given amounting to ₹ 23.63 crore were outstanding against Zoram Industrial Development Corporation Limited (ZIDCO) and Mizoram Food and Allied Industries Corporation Limited (MIFCO). There was no case of conversion of Government Loan into Equity, Moratorium in Repayment of Loan and Waiver of Interest in this year.

In order to enable SPSUs to obtain financial assistance from Banks and Financial Institutions, State Government gives guarantee under Mizoram Guarantee Act, 2011 subject to the limits prescribed by the Constitution of India, for which the guarantee fee is being charged. The Government charges a minimum of 0.75 *per cent* of the guaranteed amountas guarantee commission. The guarantee commitment increased to ₹ 23.63 crore during 2014-15 from ₹ 23.07 crore in 2012-13. Further, two SPSUs paid guarantee fee to the tune of ₹ 1.50 crore during 2014-15.

Reconciliation with Finance Accounts

5.9 The figures in respect of equity, loans and guarantees outstanding as per records of SPSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2015 is stated below.

Table-5.5 : Equity, loans, guarantees outstanding as per Finance Accounts *vis-a-vis* records of SPSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	4.92	1.69	3.23
Loans	-	-	-
Guarantees	-	23.63	(-) 23.63

Audit observed that the differences occurred in respect of all SPSUs and the differences were pending reconciliation for more than ten years. The Accountant General appraised the matter to the Chief Secretary, Government of Mizoram, Administrative Departments of respective SPSUs and the Managing Directors of SPSUs periodically and had drawn their attention to the need to reconcile figures as appearing in the Finance Accounts and in their respective accounts. However, no significant progress was noticed in this regard. The Government and the SPSUs should take concrete steps to reconcile the differences in a time-bound manner.

Arrears in finalisation of accounts

5.10 The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.* by September end in accordance with the provisions of Section 96(1) the Act. Failure to do so, may attract penal provisions under Section 99 of the Act. Similarly, in case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

The table below provides the details of progress made by working SPSUs in finalisation of accounts as of 30 September 2015.

Table-5.6: Position relating to finalisation of accounts of working SPSUs

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Number of Working SPSUs	5	6	6	6	6
2.	Number of accounts finalized during the year	8	4	2	18	1
3.	Number of Accounts in arrears	24	26	30	18	23
4.	Number of Working SPSUs with arrears in Accounts	5	6	6	6	6
5.	Extent of arrears in years	1 to 11	1 to 12	1 to 11	1 to 8	1 to 9

It can be observed that the number of accounts in arrears has marginally decreased from 24 (2010-11) to 23 (2014-15). The major arrears of accounts pertained to Zoram Electronics Development Corporation Limited (ZENICS) having nine accounts in arrears. 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.

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 SPSUs within the prescribed period. Though the Accountant General 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 SPSUs could not be assessed in audit. The Accountant General had also raised this issue periodically to expedite the clearance of arrears in finalisation of Accounts in a time bound manner.

In view of the above state of arrears, it is recommended that the Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act, 2013.

5.11 The State Government had invested ₹ 40.10 crore (Equity: ₹ 8.85 crore, and Grants: ₹ 31.25 crore in six SPSUs) during the years for which Accounts have not been finalised as detailed in **Appendix–5.1.** In the absence of Accounts and their subsequent audit, it cannot be ascertained whether the Income and Expenditure have been properly accounted for and the purpose for which the investment was made by the State Government has been achieved. Thus, the State Government Investment in such SPSUs 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, 2013.

Impact of non-finalisation of accounts

5.12 As pointed out above (para 5.10)**,** the 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 relevant Statues. In view of the above state of arrears of accounts, the actual contribution of SPSUs to the State GDP for the year 2014-15 could not be ascertained in audit and their contribution to State exchequer could not be reported to the State Legislature.

It is recommended that the Government may set up a system to oversee the clearance of arrears and set the targets for individual companies and monitor it strictly.

Performance of SPSUs

5.13 The financial position and working results of working Government companies and Statutory Corporations are detailed in **Appendix–5.2.** A ratio of SPSU-turnover to State GDP shows the extent of SPSU-activities in the State economy. Table below provides the details of working SPSU turnover and State GDP for a period of five years ending 2014-15.

Table-5.7: Details of working SPSUs turnover *vis-a vis* State GDP

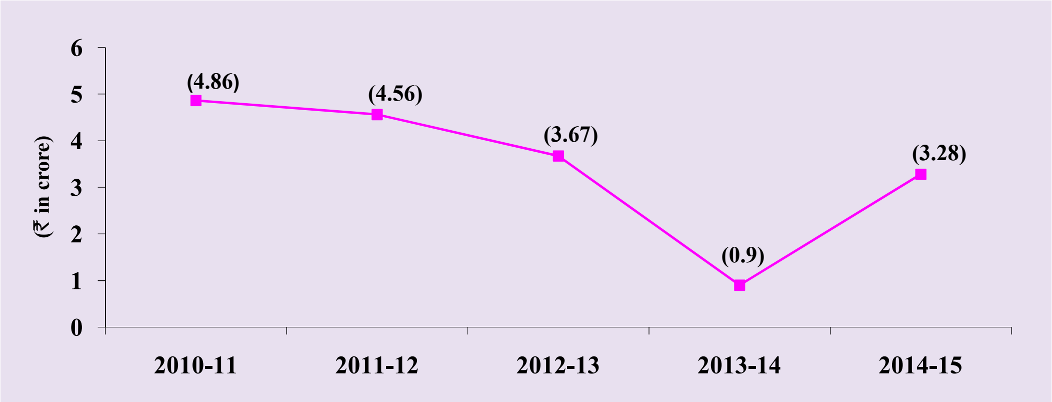
(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover[4]	1.72	1.57	5.00	16.32	17.43
State GDP[5]	6057.70	6991.40	8053.09	10296.98	12498.69
Percentage of Turnover to State GDP	0.03	0.02	0.06	0.16	0.14

It can be seen from the above Table that the percentage of turnover to State GDP increased from 0.03 *per cent* in 2010-11 to 0.14 *per cent* in 2014-15.

5.14 Overall losses incurred by State working SPSUs during 2010-11 to 2014-15 are given below in the chart.

Chart-5.4 : Overall loss incurred by working SPSUs



The five SPSUs were incurring losses continuously during the period between 2009-10 and 2014-15. During the year 2014-15, out of six SPSUs, only one SPSU namely Mizoram Handloom and Handicrafts Development Corporation Limited (ZOHANDCO) earned a profit of ₹ 62 lakh and the remaining five SPSUs incurred loss of ₹ 3.91 crore. Mizoram Food and Allied Industries Corporation Limited (MIFCO) incurred maximum loss followed by Mizoram Agricultural Marketing Corporation Limited (MAMCO) and Zoram Industrial Development Corporation Limited (ZIDCO) during this period.

The losses of SPSUs are mainly attributable to deficiencies in financial management, planning, running their operations and monitoring.

5.15 Some other key parameters of SPSUs are given below:

4 Turnover as per the latest finalised accounts as of 30 September 2015 and provisional figures furnished by the Company

5 The final figures of State GDP, provided by the Economic and Statistics Department of State Government has been adopted

Table-5.8 : Key Parameters of SPSUs

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Return on Capital Employed (*per cent*)	-	-	-	-	-	-
Debt	30.30	30.93	30.93	30.93	30.93	39.67
Turnover[6]	1.45	1.72	1.57	5.00	15.26	17.43
Debt/ Turnover Ratio	20.90:1	17.98:1	19.70:1	6.19:1	2.03:1	2.28:1
Interest Payments	2.18	0.30	0.30	0.30	0.06	0.07
Accumulated losses	43.45	49.20	50.58	51.34	58.04	57.89

The State Government had not formulated any dividend policy for payment of any minimum return by the SPSUs on the paid up share capital contributed by the State Government. As per the latest finalised accounts as of 30 September 2015, only one SPSU earned a profit of ₹ 0.62 crore. However, the SPSU had not declared any dividend during the year 2014-15.

Accounts Comments

5.16 During 2014-15, two[7] working companies forwarded their four auditedaccounts to the Accountant General. Of these, one account (ZIDCO) was selected for supplementary audit, and issue of final comments is under process while one account (MMDCL) was given 'non-review certificate'.

Response of the Government to Audit

Performance Audits and Paragraphs

5.17 For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2015, one audit paragraph was issued to the Secretary, Food, Civil Supplies and Consumer Affairs Department, Government of Mizoram with request to furnish reply within six weeks. Reply to paragraph from Secretary Food, Civil Supplies and Consumer Affairs Department, Government of Mizoram was received in February 2016.

[6] Turnover of working SPSUs as per the latest finalised accounts as of 30 September 2015
[7] ZIDCO (2012-13) & MMDCL (2013-14)

COMPLIANCE AUDIT PARAGRAPH

FOOD, CIVIL SUPPLIES & CONSUMER AFFAIRS DEPARTMENT

5.18 Loss due to shortage of stores/cash

There was a loss of ₹ 1.96 crore due to shortage of cash and stores at 18 different supply centres/godowns noticed during handing over of charge.

Para 8.6 of Revised Supply Manual (2011) of Food, Civil Supplies & Consumer Affairs Department provides that the custodian of the Godown is responsible for any shortage of commodities and stock at the Godown, detected as a result of handing over of charge, and responsibility shall be fixed accordingly. When shortage of stock or cash is detected, the same shall be reported to the District Civil Supply Officer (DCSO) concerned with a copy to the Director, Food, Civil Supplies & Consumers Affairs (DFCS&CA) who will take appropriate necessary punitive action according to quantity of the shortage.

Scrutiny of the records of the District Civil Supply Officer (DCSO), Saiha revealed that during June 2010 to September 2014, centre-in-charge in 18 stores/supply godowns, handed over lesser quantity of stores and cash valuing ₹ 2.14 crore to their relieving officers than accounted for in the books as given in table below:

Sl. No.	Particulars	Quantity (in Qtl)	Rate (in ₹)	Amount (₹ in lakh)
1.	Rice (A Grade)	20,991.83	930	195.22
2.	Rice (C Grade)	54.61	730	0.40
3.	Sugar	30.83	1,330	0.41
4.	Cash	--	--	18.01
Total				**214.04**

The Department had neither recovered the shortages from the respective handing-over charge officials nor taken any punitive action against the defaulting officials.

This had resulted in loss of ₹ 2.14 crore due to shortage of cash and stores at 18 different supply centres/godowns.

While accepting the facts, the DCSO stated (August 2015) that action against the shortage of sale proceeds of ₹ 2.14 crore was in progress. In their reply (February 2016), the Government stated that recoveries amounting to ₹ 17.79 lakh were made from five officials. The Government in reply also accepted that proceedings in respect of 13 defaulting officials had not been finalised (godown wise shortages given in **Appendix-5.3**).

While some action had been taken to recover the shortages, the fact remained that the Department was not pursuing the recoveries seriously as there were huge shortages of cash/stores, particularly on account of two officials. The Department had not even finalised the case against one of them, against whom the shortage was ₹ 65.36 lakh. Recovery of ₹ 32.04 lakh from another official was doubtful as he was already removed from the service.

5.19 Follow up action on Audit Reports

Replies outstanding

5.19.1 The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Mizoram issued (August 2015) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the COPU.

Table-5.9 : Explanatory notes not received (as on 30 September 2015)

Year of the Audit Report (Commercial/SPSUs)	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2011-12	24.06.2013	-	4	-	4
2012-13	09.07.2014	-	1	-	1
2013-14	08.07.2015	1	1	1	1
Total		**1**	**6**	**1**	**6**

From the above, it could be seen that explanatory notes on one performance audit and six paragraphs which were commented upon, were awaited (September 2015).

Discussion of Audit Reports by COPU

5.19.2 The status as on 30 September 2015 of Performance Audits and paragraphs that appeared in Audit Reports (SPSUs) and were discussed by the Committee on Public Undertakings (COPU) was as under.

Table-5.10 : Reviews/Paras that appeared in Audit Reports vis a vis discussed as on 30 September 2015

Period of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2007-08	1	2	1	-
2008-09	-	4	-	1
2009-10	-	2	-	No recommondation made.
2010-11	-	1	-	1
2011-12	-	4	-	4
2012-13	-	1	-	-
2013-14	1	1	-	-
Total	**2**	**15**	**1**	**8**

From the above, it could be seen that out of two reviews and 15 paras that appeared in Audit Report from 2007-08 to 2013-14, only one review and eight paras were discussed by COPU as on September 2015.

Compliance to Reports of Committee on Public Undertakings (COPU)

5.19.3 Action Taken Notes (ATN) to paragraphs pertaining to one Report of the COPU presented to the State Legislature had not been received (December 2015) as indicated below:

Table-5.11 : Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Report	Total no. of recommendations in COPU Report	No. of recommendations where ATNs not received
2007-08 & 2008-09	1	6	-
Total	**1**	**6**	**-**

The Report of COPU contained recommendations in respect of six paragraphs pertaining to five Companies, which appeared in the Reports of the CAG of India for the years 2007-08 to 2008-09.

It is recommended that the Government may ensure sending of replies to IRs/explanatory Notes/draft paragraphs/performance audits, ATNs on the recommendations of COPU as per the prescribed time schedule and recovery of loss/outstanding advances/overpayments within the prescribed period.

Aizawl	**(H.K. Dharmadarshi)**
The 12 April 2016	**Accountant General (Audit), Mizoram**

Countersigned

New Delhi	**(Shashi Kant Sharma)**
The 19 April 2016	**Comptroller and Auditor General of India**

APPENDICES

Appendix-1.1

Statement showing shortage of tools and equipment

(Reference: Paragraph-1.3.10.3.6; Page-17)

Name of the ITI	Name of the trade	No. of tools and equipments required as per DGE&T norms	No. of tools and equipments not available in the ITI	Shortage (in *per cent*)
Aizawl[1]	Wireman	153	116	24.18
	Mechanic (Radio & TV)	102	38	62.74
	Fitter	194	120	38.14
	Electronics	100	58	42.00
	Surveyor	78	49	37.18
	Electrician	160	127	20.62
	Information Technology & Electronic System Maintenance (IT&ESM)	119	57	52.10
	Refrigerator & AC	176	76	56.81
	Welder	79	75	5.06
	Carpenter	115	88	23.48
	Plumber	117	70	40.17
	Computer Operator & Programming Assistant (COPA)	42	30	28.57
	Hair & Skin Care	94	63	32.98
	Baker & Confectioner	84	79	5.95
	Cutting & Sewing	55	31	43.63
	Sheet Metal Worker	118	63	46.61
	Mechanic (Computer Hardware)	113	53	53.09
Lunglei	Dress Making	56	31	44.64
	Electronics	100	42	58.00
	Mechanic Motor Vehicle (MMV)	296	116	60.81
	Wireman	153	102	33.33
	Computer Operator & Programming Assistant (COPA)	42	22	47.62
	Carpentry	115	69	40.00
Saiha	Hair and Skin Care	94	54	42.35
	Computer Operator & Programming Assistant (COPA)	42	31	26.19
	Electrician	160	73	54.37
	Information Technology & Electronic System Maintenance (IT&ESM)	119	28	76.47
	Mechanic Motor Vehicle (MMV)	296	113	61.82

Source: Departmental records

[1] 74 *per cent* of the available trades were examined for tools and equipment

Appendix-1.2

Statement showing the RA Bill paid to the contractor

(Reference: Paragraph-1.3.11.3.6; Page-24)

Sl. No.	Description of items	RA bill No.-I	
		Qty./Unit	Amount (in ₹)
	(a) Administrative Building at ITI Serchhip		
1.	Earthwork (Site Preparation)	1800 Cum	4,86,126
2.	Earthwork (Foundation & Plinth)	153 Cum	63,612.16
3.	Earthwork (Filling)	248 Cum	21,310.33
4.	PCC Works (1:2:4)	8.904 Cum	50,475.53
5.	Stone Works	26.624 Cum	1,32,571.55
6.	Centering and Shuttering		
	(i) Footings and Columns	134.78 Sqm	38,374.56
	(ii) Plinth/Tie Beams	149.64 Sqm	56,878.16
	(iii) Ground Floor/Plinth	6.14 Sqm	3,128.27
7.	RCC Works (1:1.5:3) – Foundations	16.73 Cum	1,24,467.70
8.	RCC Works (1:1.5:3) – Columns	7.80 Cum	58,170.12
9.	RCC Works (1:2) – Beams & Slabs	55.684 Cum	4,11,350.69
10.	Steel works (Footing, Columns, Beam & Slab)	12029.94 Cum	7,04,834.18
Sub-Total (a)			**21,51,299.25**
	(b) Class room cum Workshop building at ITI Serchhip		
1.	Earthwork (Site Preparation)	4200 Cum	11,34,378.00
2.	Earthwork (Foundation & Plinth)	490.08 Cum	2,02,711.79
3.	Earthwork (Filling)	716.14 Cum	61,588.04
4.	PCC Works (1:3:6)	28.22 Cum	1,60,032.52
5.	Stone Works	83.20 Cum	4,14,288.58
6.	Centering and Shuttering		
	(iv) Footings and Columns	395.73 Sqm	1,12,672.25
	(v) Plinth/Tie Beams	498.00 Sqm	1,89,289.80
	(vi) Ground Floor/Plinth	21.50 Sqm	10,954.04
7.	RCC Works (1:1.5:3) – Foundations	53.46 Cum	3,97,779.29
8.	RCC Works (1:1.5:3) – Columns	22.509 Cum	1,67,800.99
9.	RCC Works (1:2) – Beams & Slabs	160.255 Cum	11,24,643.95
10.	Steel works (Footing, Columns, Beam & Slab)	37193.22 Cum	21,85,845.54
Sub-Total (b)			**61,61,984.79**
Grand Total (a + b)			**83,13,284.04**

Source: Departmental records

Appendix-2.1

Statement showing detailed calculation of loss of interest

(Reference: paragraph-2.3.11.7; Page-53)

(₹ in crore)

Month	2010-11	2011-12	2012-13	2013-14	2014-15	Total
April	0	10.91	9.15	41.00	5.66	**66.72**
May	0	9.58	7.77	39.09	6.13	**62.57**
June	3.69	8.22	7.76	36.19	4.96	**60.82**
July	0	5.95	7.84	30.71	2.77	**47.27**
August	0	23.03	49.55	35.09	0.85	**108.52**
September	0	17.48	39.93	24.86	0.65	**82.92**
October	0	23.80	33.74	23.78	0.53	**81.85**
November	0.01	23.00	30.99	21.97	2.19	**78.16**
December	35.91	10.19	50.34	20.93	0.11	**117.48**
January	31.60	8.12	49.36	20.10	0.11	**109.29**
February	24.37	3.98	46.71	15.89	0.11	**91.06**
March	7.06	14.10	43.49	7.45	19.48	**91.58**
Total Closing Balance	**102.64**	**158.36**	**376.63**	**317.06**	**43.55**	**998.24**
Average	**8.55**	**13.20**	**31.39**	**26.42**	**3.63**	**83.19**
Average amount exceeding ₹ 50 lakh	**8.05**	**12.70**	**30.89**	**25.92**	**3.13**	**80.69**
Interest loss @ 1.5 *per cent*[2]	**0.12**	**0.19**	**0.46**	**0.39**	**0.05**	**1.21**

Source: Departmental records

[2] Difference between interest rate of 91 days 'treasury bill' and interest rate of 'savings bank'

Appendix-4.1

Details of Number of Industries during 2010-15

(Reference: Paragraph-4.11.11.4 (i); Page-102)

Year	Size of Industry	Total No. of Industry in the State		
		As per MSPCB	As per Industry Department	Difference
2010-11	Small Scale	135	201	66
	Large Scale	3	0	-3
	Medium Scale	7	0	-7
Total		**145**	**201**	**56**
2011-12	Small Scale	108	125	17
	Large Scale	4	2	-2
	Medium Scale	7	1	-6
Total		**119**	**128**	**9**
2012-13	Small Scale	98	122	24
	Large Scale	9	0	-9
	Medium Scale	16	0	-16
Total		**123**	**122**	**-1**
2013-14	Small Scale	84	214	130
	Large Scale	5	1	-4
	Medium Scale	14	0	-14
Total		**103**	**215**	**112**
2014-15	Small Scale	111	276	165
	Large Scale	13	0	-13
	Medium Scale	12	0	-12
Total		**136**	**276**	**140**
Grand Total		**626**	**942**	**316**

Source: Board's records and information furnished by the Industry Department

Appendix-4.2

Details of Inspection made in the Industry during 2010-15

(Reference: Paragraph-4.11.11.5; Page-103)

Size of Industry	Year	Total No. of Industries to be inspected during 2010-15				Frequency of visit (No. of Inspection conducted) and effluent sample taken during 2010-15				Required to be visited during 2010-15 (as per GoI's Notification)				Shortfall (+)/Excess (-) in inspection during 2010-15 (percentage)			
		Red	Orange	Green	Total	Red	Orange	Green	Total	Red	Orange	Green	Total	Red	Orange	Green	Total
Large Scale	2010-11	1	1	1	3	3	3	0	6	4	2	1	7	1	-1	1	1
	2011-12	0	2	2	4	0	4	2	6	0	4	2	6	0	0	0	0
	2012-13	3	5	1	9	9	5	0	14	12	10	1	23	3	5	1	9
	2013-14	5	0	0	5	1	0	0	1	20	0	0	20	19	0	0	19
	2014-15	7	3	3	13	4	2	0	6	28	6	3	37	24	4	3	31
	Total	**16**	**11**	**7**	**34**	**17**	**14**	**2**	**33**	**64**	**22**	**7**	**93**	**47 (73)**	**8 (36)**	**5 (71)**	**60 (65)**
Medium Scale	2010-11	0	2	5	7	0	6	3	9	0	4	5	9	0	-2	2	0
	2011-12	1	3	3	7	5	2	2	9	4	6	3	13	-1	4	1	4
	2012-13	4	4	8	16	1	1	1	3	16	8	8	32	15	7	7	29
	2013-14	4	2	8	14	6	1	1	8	16	4	8	28	10	3	7	20
	2014-15	2	3	7	12	0	1	0	1	8	6	7	21	8	5	7	20
	Total	**11**	**14**	**31**	**56**	**12**	**11**	**7**	**30**	**44**	**28**	**31**	**103**	**32 (73)**	**17 (61)**	**24 (77)**	**73 (71)**
Small Scale	2010-11	5	51	79	**135**	33	21	8	62	5	51	79	135	-28	30	71	73
	2011-12	11	65	32	**108**	16	29	20	65	11	65	32	108	-5	36	12	43
	2012-13	9	48	41	**98**	18	19	12	49	9	48	41	98	-9	29	29	49
	2013-14	4	38	42	**84**	9	8	5	22	4	38	42	84	-5	30	37	62
	2014-15	21	38	52	**111**	7	1	3	11	21	38	52	111	14	37	49	100
	Total	**50**	**240**	**246**	**536**	**83**	**78**	**48**	**209**	**50**	**240**	**246**	**536**	**-33 (-66)**	**162 (68)**	**198 (80)**	**327 (61)**
Grand Total		**77**	**265**	**284**	**626**	**112**	**103**	**57**	**272**	**158**	**290**	**284**	**732**	**46 (29)**	**187 (64)**	**227 (80)**	**460 (63)**

Source: Board's records

Appendix-4.3

Details of average testing results during the year 2010-15

(Reference: Paragraph-4.11.12.2; Page-104)

Name of the parameters	Prescribed limit as per the CPCB (In µg/m³)	Average Actual existence during 2010-15				
		2010-11	2011-12	2012-13	2013-14	2014-15
1. Location (Aizawl City – 4 nos. of Monitoring stations)						
RSPM	60	42	38	60	53	47
TSPM	-	87	79	132	116	99
SO_2	50	BDL	BDL	BDL	BDL	BDL
NO	-	-	-	-	-	-
NO_2	40	BDL	BDL	BDL	BDL	BDL
2. Location (Lengpui Village, Mamit District – 1 no. of Monitoring station)						
RSPM	60	Stations were functional from 2012		29	30	28
TSPM	-			52	57	47
SO_2	50			BDL	BDL	BDL
NO	-			-	-	-
NO_2	40			BDL	BDL	BDL
3. Location (Champhai Town – 2 nos. of Monitoring stations)						
RSPM	60	Stations were functional from 2012		71	69	49
TSPM	-			143	144	107
SO_2	50			BDL	BDL	BDL
NO	-			-	-	-
NO_2	40			BDL	BDL	BDL
4. Location (Lunglei Town – 2 nos. of Monitoring stations)						
RSPM	60	Stations were functional from 2012		41	46	48
TSPM	-			57	56	59
SO_2	50			BDL	BDL	BDL
NO	-			-	-	-
NO_2	40			BDL	BDL	BDL

Source: Board's records

Appendix-4.4

Status of testing equipment available at MSPCB Laboratory

(Reference: Paragraph-4.11.21.4; Page-123)

Sl. No.	Name of Equipment/Instrument	Number Prescribed (as per CPCB's recommended list of instruments required for central laboratory)	Number available and Functional (F) or Non-Functional (N.F)
1.	Gas Chromatograph with Air sampling port, PPID & PFPD detectors	1	Nil
2.	Atomic Absorption Spectro-Photometer (AAS Instrument with 58 accessories)	1	Nil
3.	Conductivity Meter	1	1 (F), 1 (NF)
4.	Turbidity Meter	2	2 (NF)
5.	Mercury Analyser	1	Nil
6.	Rotary Evaporator	1	Nil
7.	U.V. Spectrometer	1	1 (F)
8.	BOD Incubator	1	2 (F)
9.	Acquarium for bioassay test	4	Nil
10.	Hot Air Oven	2	2 (F)
11.	Hot Plate	2	3 (F)
12.	Laminar flow	1	1 (F)
13.	Ultra-sonic water bath	1	Nil
14.	Micro-wave digester	1	Nil
15.	RSPM sampler	Not specified	11 (F), 3 (NF)
16.	Stock Monitoring kit with high temperature probes	1	Only probe is available
17.	BTX Analyser	1	Nil
18.	BTX Calibrator	1	Nil
19.	Exhaust CO/HC analyser	Not specified	13 (F), 1 (NF)
20.	Flue gas analyser	1	1 (NF)
21.	Handy sampler for gaseous monitoring	1	1 (F)
22.	Smoke density meter	Not specified	8 (F), 6 (NF)
23.	Ozone Analyser	1	Nil
24.	SO_2 Analyser	1	Nil
25.	Soap bubble meter	1	Nil
26.	NO - NO_2 - Noxanalyser	1	Nil
27.	Total organic Carbon (TOC) Analyser	1	Nil
28.	Water quality Monitoring Instrument	1	Nil
29.	Automatic COD digestion unit	1	Nil
30.	Autoclave	1	1 (F), 1 (NF)
31.	Colony counter	Not specified	1 (F)

Source: Board' records

Appendix-4.5

Details of testing facilities partially available at MSPCB's Laboratory

(Reference: Paragraph-4.11.21.4; Page-123)

Group	Category of tests	Number of mandatory parameters to be tested (as per MOEF's notified parameters for environment laboratory recognition)	Number of test parameters for which facilities were available at the Laboratory
A	Physical tests	10	9
B	Inorganic tests:		
	(i) General and Non-metallic	13	7
	(ii) Trace metals	15	4
C	Organic tests (General and Trace organics)	5	2
D	Micro-biological tests	4	2
E	Toxicological Tests	1	Nil
F	Biological tests	4	1
G	Characterization of Hazardous Waste	6	Nil
H	Soil/Sludge/Sediment and Solid Waste Tests	11	Nil

Source: Board's records

Appendix-4.6

Statement showing excess claim of ITC by dealers (claimed not supported by tax invoice)

(Reference: Paragraph-4.12; Page-126)

(₹ in lakh)

Sl. No.	Name of Taxation Zone	Name of dealer & TIN	Year	Turnover purchase as per return			ITC claimed and admitted			ITC Admissible as per Audit			Excess ITC claimed not supported by tax invoices		
				5 *per cent*	13.5 *per cent*	20 *per cent*	5 *per cent*	13.5 *per cent*	20 *per cent*	5 *per cent*	13.5 *per cent*	20 *per cent*	5 *per cent*	13.5 *per cent*	20 *per cent*
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1.	ACT, Kolasib	M/s Vankal Drug Store, TIN 15140182049	2012-13	24.98	0.00	0.00	1.25	0.00	0.00	0.00	0.00	0.00	1.25	0.00	0.00
			2013-14	23.76	0.00	0.00	1.19	0.00	0.00	1.07	0.00	0.00	0.12	0.00	0.00
			2014-15	24.09	0.00	0.00	1.20	0.00	0.00	1.16	0.00	0.00	0.05	0.00	0.00
2.		M/s Ebenezer Medical Store, TIN 15140184069	2012-13	65.55	0.00	0.00	3.28	0.00	0.00	0.00	0.00	0.00	3.28	0.00	0.00
			2013-14	54.31	0.00	0.00	2.69	0.00	0.00	0.06	0.00	0.00	2.63	0.00	0.00
			2014-15	1.71	0.00	0.00	0.09	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.00
3.		M/s EL CEE Medical Store, TIN 15140013008	2012-13	24.64	0.00	0.00	1.23	0.00	0.00	1.17	0.00	0.00	0.06	0.00	0.00
			2013-14	17.69	0.00	0.00	0.88	0.00	0.00	0.85	0.00	0.00	0.03	0.00	0.00
			2014-15	13.43	0.00	0.00	0.67	0.00	0.00	0.63	0.00	0.00	0.04	0.00	0.00
4.		M/s Mahmingi Drug Store, TIN 15140020078	2012-13	21.52	0.00	0.00	1.08	0.00	0.00	0.15	0.00	0.00	0.93	0.00	0.00
			2013-14	25.96	0.00	0.00	1.30	0.00	0.00	0.57	0.00	0.00	0.73	0.00	0.00
			2014-15	32.65	0.00	0.00	1.63	0.00	0.00	0.67	0.00	0.00	0.96	0.00	0.00
5.		M/s KRS Variety Store, TIN 15140267026	2012-13	0.99	1.56	0.00	0.05	0.21	0.00	0.01	0.03	0.00	0.04	0.18	0.00
			2013-14	5.86	3.53	0.00	0.29	0.48	0.00	0.00	0.00	0.00	0.29	0.48	0.00
6.		M/s PCLS Enterprise, TIN 15140130014	2012-13	3.76	11.78	0.00	0.19	1.59	0.00	0.00	0.00	0.00	0.19	1.59	0.00
			2013-14	5.55	7.55	0.00	0.28	1.02	0.00	0.06	0.82	0.00	0.22	0.20	0.00
			2014-15	2.74	7.06	0.00	0.14	0.95	0.00	0.13	0.54	0.00	0.01	0.41	0.00
7.	ACT, South Zone, Aizawl	M/s Aizawl Hospital and Research Centre, TIN 15120936037	2012-13	197.32	0.00	0.00	9.87	0.00	0.00	8.03	0.00	0.00	1.83	0.00	0.00
			2014-15	301.04	0.00	0.00	15.05	0.00	0.00	14.04	0.00	0.00	1.02	0.00	0.00
8.		M/s Life Drug Centre, TIN 15120107089	2013-14	23.41	0.00	0.00	1.17	0.00	0.00	0.63	0.00	0.00	0.54	0.00	0.00
			2014-15	50.68	0.00	0.00	2.53	0.00	0.00	1.25	0.00	0.00	1.28	0.00	0.00
9.		M/s Thanchhingi & Sons, TIN 15120180043	2013-14	396.60	0.00	0.00	19.83	0.00	0.00	19.78	0.00	0.00	0.05	0.00	0.00
10.		M/s Muanhlu Enterprise, TIN 15500505020	2013-14	0.00	23.83	0.00	0.00	3.22	0.00	0.00	0.00	0.00	0.00	3.22	0.00
11.		M/s Trinity Medical Store, TIN 15120168020	2012-13	10.00	0.00	0.00	0.50	0.00	0.00	0.49	0.00	0.00	0.01	0.00	0.00
			2013-14	12.51	0.00	0.00	0.63	0.00	0.00	0.62	0.00	0.00	0.00	0.00	0.00
12.		M/s Lalhlun Drug Centre, TIN 15120233088	2012-13	2.10	0.00	0.00	1.05	0.00	0.00	0.99	0.00	0.00	0.07	0.00	0.00
			2014-15	37.50	0.00	0.00	1.87	0.00	0.00	1.75	0.00	0.00	0.12	0.00	0.00
13.		M/s Kimzual Pharmacy, TIN 15501300016	2013-14	155.81	0.00	0.00	7.79	0.00	0.00	0.00	0.00	0.00	7.79	0.00	0.00

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
14.	ACT, South Zone, Aizawl	M/s LH Drug Store, TIN 15120278053	2013-14	23.06	0.00	0.00	1.15	0.00	0.00	0.00	0.00	0.00	1.15	0.00	0.00
			2014-15	18.73	0.00	0.00	0.94	0.00	0.00	0.00	0.00	0.00	0.94	0.00	0.00
15.		M/s KL Medical Store, TIN 15121163076	2012-13	17.11	0.00	0.00	0.86	0.00	0.00	0.81	0.00	0.00	0.04	0.00	0.00
			2013-14	15.80	0.00	0.00	0.79	0.00	0.00	0.58	0.00	0.00	0.21	0.00	0.00
			2014-15	14.44	0.00	0.00	0.72	0.00	0.00	0.54	0.00	0.00	0.18	0.00	0.00
16.		M/s Eastland Opticals, TIN 15120255017	2013-14	29.01	0.00	0.00	1.45	0.00	0.00	0.69	0.00	0.00	0.76	0.00	0.00
			2014-15	28.72	0.00	0.00	1.44	0.00	0.00	1.42	0.00	0.00	0.01	0.00	0.00
17.		M/s KC Pharmacy, TIN 15121127007	2012-13	20.39	0.00	0.00	1.02	0.00	0.00	0.00	0.00	0.00	1.02	0.00	0.00
			2013-14	17.40	0.00	0.00	0.87	0.00	0.00	0.00	0.00	0.00	0.87	0.00	0.00
			2014-15	18.63	0.00	0.00	0.93	0.00	0.00	0.00	0.00	0.00	0.93	0.00	0.00
18.		M/s Curio Enterprise, TIN 15121220064	2012-13	10.20	14.65	0.00	0.51	1.98	0.00	0.00	0.00	0.00	0.51	1.98	0.00
			2014-15	12.15	15.26	0.00	0.61	2.06	0.00	0.45	1.57	0.00	0.16	0.50	0.00
19.		M/s RT Pharmacy, TIN 15120447094	2012-13	17.33	0.00	0.00	0.87	0.00	0.00	0.00	0.00	0.00	0.87	0.00	0.00
			2013-14	17.35	0.00	0.00	0.87	0.00	0.00	0.00	0.00	0.00	0.87	0.00	0.00
			2014-15	22.10	0.00	0.00	1.11	0.00	0.00	0.00	0.00	0.00	1.11	0.00	0.00
20.		M/s City Health Care, TIN 15120488019	2012-13	47.79	0.00	0.00	2.39	0.00	0.00	0.00	0.00	0.00	2.39	0.00	0.00
			2013-14	11.44	0.00	0.00	0.57	0.00	0.00	0.00	0.00	0.00	0.57	0.00	0.00
			2014-15	12.77	0.00	0.00	0.64	0.00	0.00	0.00	0.00	0.00	0.64	0.00	0.00
21.		M/s JC Medical Store, TIN 15121707084	2012-13	36.03	0.00	0.00	1.80	0.00	0.00	1.72	0.00	0.00	0.08	0.00	0.00
			2013-14	27.02	0.00	0.00	1.35	0.00	0.00	1.12	0.00	0.00	0.23	0.00	0.00
			2014-15	29.45	0.00	0.00	1.47	0.00	0.00	1.26	0.00	0.00	0.21	0.00	0.00
22.		M/s Mizoram Health Care, TIN 15120810038	2013-14	39.60	0.00	0.00	1.98	0.00	0.00	1.96	0.00	0.00	0.02	0.00	0.00
23.		M/s Mobile Corner, TIN 15120147004	2012-13	76.72	0.00	0.00	3.84	0.00	0.00	3.61	0.00	0.00	0.23	0.00	0.00
			2013-14	58.01	0.00	0.00	2.90	0.00	0.00	2.47	0.00	0.00	0.43	0.00	0.00
24.		M/s Kimkim Hardwares, TIN 15120226018	2012-13	0.00	368.35	0.00	0.00	49.73	0.00	0.00	49.24	0.00	0.00	0.49	0.00
			2013-14	17.57	504.87	0.00	0.88	68.16	0.00	0.88	64.86	0.00	0.00	3.30	0.00
			2014-15	103.93	672.64	0.00	5.20	90.81	0.00	5.20	79.38	0.00	0.00	11.43	0.00
25.		M/s MSR Drug Store, TIN 15121435080	2012-13	82.39	0.00	0.00	4.12	0.00	0.00	2.90	0.00	0.00	1.22	0.00	0.00
			2013-14	82.89	0.00	0.00	4.14	0.00	0.00	3.55	0.00	0.00	0.59	0.00	0.00
			2014-15	97.16	0.00	0.00	4.86	0.00	0.00	3.87	0.00	0.00	0.99	0.00	0.00
26.	ACT, North Zone, Aizawl	M/s Bethesda Hospital & Research Centre, TIN 15111041027	2013-14	7.79	0.00	0.00	0.39	0.00	0.00	0.19	0.00	0.00	0.20	0.00	0.00
			2014-15	19.46	0.00	0.00	0.97	0.00	0.00	0.96	0.00	0.00	0.01	0.00	0.00
27.		M/s K.. L. Store, TIN 15110640091	2014-15	2.03	4.97	0.00	0.10	0.67	0.00	0.03	0.24	0.00	0.07	0.43	0.00
28.		M/s Greenwood Hospital , TIN 15110420025	2013-14	120.17	0.00	0.00	6.01	0.00	0.00	5.04	0.00	0.00	0.97	0.00	0.00
			2014-15	150.67	0.00	0.00	7.53	0.00	0.00	6.37	0.00	0.00	1.16	0.00	0.00
29.		M/s ASC Canteen, TIN 15111244020	2014-15	3.78	5.37	0.00	0.18	0.72	0.00	0.18	0.68	0.00	0.00	0.04	0.00
30.		M/s Hotel Regency, TIN 15112128033	2013-14	17.99	2.24	0.00	0.90	0.30	0.00	0.66	0.28	0.00	0.24	0.02	0.00
			2014-15	13.16	8.51	0.00	0.66	1.15	0.00	0.66	1.12	0.00	0.00	0.03	0.00

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
31.	**ACT, North Zone, Aizawl**	M/s Hospital Pharmacy Unit, Presbyterian Hospital, TIN 15110576033	2013-14	201.80	0.00	0.00	10.09	0.00	0.00	9.54	0.00	0.00	0.55	0.00	0.00
			2014-15	235.13	0.00	0.00	11.76	0.00	0.00	10.72	0.00	0.00	1.04	0.00	0.00
32.		M/s Jehova Jire Store, TIN 15110804082	2012-13	3.66	23.53	0.00	0.19	3.18	0.00	0.19	3.16	0.00	0.00	0.01	0.00
			2013-14	13.77	18.18	0.00	0.69	2.45	0.00	0.67	2.44	0.00	0.02	0.02	0.00
			2014-15	11.86	39.59	0.00	0.59	5.34	0.00	0.59	5.03	0.00	0.00	0.32	0.00
33.		M/s Aisiama Infotech, TIN 15112000014	2013-14	9.21	0.00	0.00	0.46	0.00	0.00	0.46	0.00	0.00	0.00	0.00	0.00
			2014-15	6.55	0.00	0.00	0.33	0.00	0.00	0.31	0.00	0.00	0.02	0.00	0.00
34.		M/s GC Dey & Grand Sons, TIN 15111132064	2012-13	2.05	4.07	0.00	0.10	0.55	0.00	0.10	0.53	0.00	0.00	0.02	0.00
			2014-15	2.02	2.45	0.00	0.10	0.33	0.00	0.10	0.32	0.00	0.00	0.01	0.00
35.		M/s RB Electronics, TIN 15112328093	2012-13	0.00	19.09	0.00	0.00	2.58	0.00	0.00	1.73	0.00	0.00	0.85	0.00
			2013-14	0.00	5.77	0.00	0.00	0.78	0.00	0.00	0.03	0.00	0.00	0.75	0.00
36.		M/s Mizoram Cement House, TIN 15110118012	2014-15	0.00	193.56	0.00	0.00	26.13	0.00	0.00	25.64	0.00	0.00	0.49	0.00
37.	**ACT, Lunglei Zone, Lunglei**	CMO Drugs Canteen, TIN 15160523050	2012-13	29.05	0.00	0.00	1.45	0.00	0.00	0.00	0.00	0.00	1.45	0.00	0.00
			2013-14	12.01	0.00	0.00	0.60	0.00	0.00	0.00	0.00	0.00	0.60	0.00	0.00
			2014-15	12.88	0.00	0.00	0.64	0.00	0.00	0.00	0.00	0.00	0.64	0.00	0.00
38.		Mimi Hardware, TIN 15160056036	2012-13	0.00	10.66	0.00	0.00	1.44	0.00	0.00	0.00	0.00	0.00	1.44	0.00
39.		Jenny Hardware, TIN 15160436053	2012-13	0.00	13.79	0.00	0.00	1.86	0.00	0.00	0.00	0.00	0.00	1.86	0.00
			2013-14	0.00	13.13	0.00	0.00	1.77	0.00	0.00	0.00	0.00	0.00	1.77	0.00
			2014-15	0.00	15.42	0.00	0.00	2.08	0.00	0.00	0.00	0.00	0.00	2.08	0.00
40		LD Enterprise, TIN 15160183045	2012-13	0.00	29.16	0.00	0.00	3.94	0.00	0.00	0.00	0.00	0.00	3.94	0.00
41.		Lunglei Drug Centre, TIN 15160089075	2012-13	38.07	0.00	0.00	1.90	0.00	0.00	0.52	0.00	0.00	1.38	0.00	0.00
			2013-14	33.59	0.00	0.00	1.68	0.00	0.00	1.46	0.00	0.00	0.22	0.00	0.00
			2014-15	1.84	0.00	0.00	0.09	0.00	0.00	0.07	0.00	0.00	0.02	0.00	0.00
42.		Captial Cement Center, TIN 1516043504	2013-14	0.00	18.37	0.00	0.00	2.48	0.00	0.00	2.37	0.00	0.00	0.11	0.00
43.		Tetei Drug Store, TIN 15160079072	2014-15	37.50	0.00	0.00	1.88	0.00	0.00	1.86	0.00	0.00	0.01	0.00	0.00

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
44.	**ACT, Cham-phai Zone, Cham-phai**	RP Drug Store, TIN 15130292089	2012-13	89.01	0.00	0.00	4.45	0.00	0.00	4.08	0.00	0.00	0.37	0.00	0.00
45.		Zote Collection, TIN 15130137091	2012-13	0.00	38.72	0.00	0.00	5.23	0.00	0.00	4.08	0.00	0.00	1.14	0.00
46.		SB Medical Store, TIN 15130044034	2012-13	14.98	0.00	0.00	0.75	0.00	0.00	0.58	0.00	0.00	0.17	0.00	0.00
			2013-14	20.01	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00
			2014-15	31.73	0.00	0.00	1.59	0.00	0.00	0.45	0.00	0.00	1.14	0.00	0.00
47.	**ACT, Central Zone, Aizawl**	M/s LT Spices Centre, TIN 15110198036	2012-13	2.10	1.16	0.00	0.10	0.16	0.00	0.04	0.10	0.00	0.07	0.06	0.00
			2013-14	1.14	0.58	0.00	0.06	0.08	0.00	0.03	0.05	0.00	0.02	0.03	0.00
			2014-15	0.76	1.19	0.00	0.04	0.16	0.00	0.04	0.15	0.00	0.00	0.01	0.00
48.		M/s Israel Electricals, TIN 15110160044	2012-13	3.03	9.36	0.00	0.15	1.26	0.00	0.13	1.26	0.00	0.02	0.00	0.00
			2013-14	12.63	0.47	0.00	0.63	0.06	0.00	0.59	0.06	0.00	0.04	0.00	0.00
			2014-15	11.85	0.62	0.00	0.59	0.07	0.00	0.58	0.07	0.00	0.01	0.00	0.00
49.		M/s Pachhunga & Sons Agency, TIN 15101300106	2012-13	0.00	691.56	0.00	0.00	93.36	0.00	0.00	92.51	0.00	0.00	0.85	0.00
			2014-15	0.00	537.83	0.00	0.00	72.61	0.00	0.00	71.84	0.00	0.00	0.77	0.00
50.		M/s BC Dey & Sons, TIN 15110010096	2012-13	2.09	968.87	0.00	0.10	130.80	0.00	0.10	130.80	0.00	0.01	0.00	0.00
			2013-14	8.91	1063.27	0.00	0.45	143.54	0.00	0.44	143.54	0.00	0.01	0.00	0.00
51.		Dawng Dawng Drug Store, TIN 15200306083	2012-13	5.30	0.00	0.00	0.27	0.00	0.00	0.26	0.00	0.00	0.00	0.00	0.00
			2013-14	11.23	0.00	0.00	0.56	0.00	0.00	0.49	0.00	0.00	0.07	0.00	0.00
			2014-15	15.05	0.00	0.00	0.75	0.00	0.00	0.68	0.00	0.00	0.07	0.00	0.00
52.		R Tee Mobiles, TIN 15111631010	2013-14	115.56	0.00	0.00	5.78	0.00	0.00	5.69	0.00	0.00	0.09	0.00	0.00
			2014-15	84.23	0.00	0.00	4.21	0.00	0.00	4.14	0.00	0.00	0.07	0.00	0.00
53.		Zuali Store, TIN 15500456015	2013-14	0.00	147.90	0.00	0.00	19.97	0.00	0.00	19.01	0.00	0.00	0.96	0.00
54.		Cosmetic Centre, TIN 1510010023	2014-15	0.00	8.28	0.00	0.00	1.12	0.00	0.00	1.11	0.00	0.00	0.00	0.00
55.		Mana International (Cement Divn.), TIN 15200004070	2012-13	0.00	43.74	0.00	0.00	5.91	0.00	0.00	5.71	0.00	0.00	0.19	0.00
56.		Masuma Traders, TIN 15111139037	2013-14	6.75	28.26	0.00	0.34	3.82	0.00	0.32	3.69	0.00	0.02	0.13	0.00
			2014-15	2.08	5.08	0.00	0.10	0.69	0.00	0.10	0.69	0.00	0.00	0.00	0.00

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
57.	**ACT, Central Zone, Aizawl**	VL Drug Store, TIN 15110337068	2013-14	13.09	0.00	0.00	0.65	0.00	0.00	0.63	0.00	0.00	0.03	0.00	0.00
			2014-15	12.86	0.00	0.00	0.64	0.00	0.00	0.63	0.00	0.00	0.02	0.00	0.00
58.		RT Medicine Centre, TIN 15500638089	2012-13	2.25	0.00	0.00	0.11	0.00	0.00	0.06	0.00	0.00	0.06	0.00	0.00
			2013-14	6.59	0.16	0.00	0.33	0.02	0.00	0.27	0.02	0.00	0.06	0.00	0.00
59.		Aremi Medical Store, TIN 15110773063	2013-14	12.54	0.00	0.00	0.63	0.00	0.00	0.55	0.00	0.00	0.08	0.00	0.00
			2014-15	20.54	0.00	0.00	1.03	0.00	0.00	0.99	0.00	0.00	0.03	0.00	0.00
60.		Siam Siam Drug Store, TIN 15200109053	2012-13	9.18	0.00	0.00	0.46	0.00	0.00	0.44	0.00	0.00	0.02	0.00	0.00
			2013-14	13.88	0.00	0.00	0.69	0.00	0.00	0.65	0.00	0.00	0.04	0.00	0.00
			2014-15	15.96	0.00	0.00	0.80	0.00	0.00	0.69	0.00	0.00	0.11	0.00	0.00
61.		Tele Link, TIN 15111366076	2012-13	105.57	0.00	0.00	5.28	0.00	0.00	5.28	0.00	0.00	0.00	0.00	0.00
			2013-14	101.37	0.00	0.00	5.07	0.00	0.00	4.76	0.00	0.00	0.31	0.00	0.00
			2014-15	60.34	0.00	0.00	3.02	0.00	0.00	2.42	0.00	0.00	0.60	0.00	0.00
62.		SH Store, TIN 15111103065	2012-13	3.24	2.71	0.00	0.16	0.37	0.00	0.16	0.36	0.00	0.00	0.01	0.00
			2013-14	1.36	1.14	0.00	0.07	0.15	0.00	0.07	0.15	0.00	0.00	0.00	0.00
63.		Zion Drug House, TIN 15110616045	2012-13	17.95	0.00	0.00	0.90	0.00	0.00	0.85	0.00	0.00	0.04	0.00	0.00
			2013-14	16.16	0.00	0.00	0.81	0.00	0.00	0.79	0.00	0.00	0.02	0.00	0.00
			2014-15	14.32	0.00	0.00	0.72	0.00	0.00	0.71	0.00	0.00	0.00	0.00	0.00
64.		T & M Enterprise, TIN 15200018016	2013-14	7.57	0.00	0.00	0.37	0.00	0.00	0.32	0.00	0.00	0.05	0.00	0.00
			2014-15	13.83	0.00	0.00	0.69	0.00	0.00	0.52	0.00	0.00	0.18	0.00	0.00
65.		JU Enterprise, TIN 15200233032	2014-15	2.54	3.19	0.00	0.13	0.43	0.00	0.13	0.37	0.00	0.00	0.06	0.00
66.		Capital Enterprise, TIN 15111175009	2012-13	0.91	2.26	0.00	0.05	0.31	0.00	0.05	0.27	0.00	0.00	0.03	0.00
			2013-14	6.37	8.76	0.00	0.32	1.18	0.00	0.32	1.18	0.00	0.00	0.00	0.00
			2014-15	42.29	10.21	18.46	2.11	1.38	3.69	0.47	0.85	0.50	1.64	0.52	3.19
Total				**4509.55**	**5664.31**	**18.46**	**226.41**	**764.70**	**3.69**	**169.80**	**719.04**	**0.50**	**56.59**	**45.63**	**3.19**
				10192.32			**994.80**			**889.34**			**105.41**		

Source: Departmental records

Appendix-4.7

Statement showing the details of under-assessment of purchase turnover in respect of four dealers under Assistant commissioner of Taxes (ACT), Central and North Zone

(Reference: Paragraph-4.15; Page-131)

(₹ in lakh)

Sl. No.	Taxing Authority (Period of Audit)	Name of the dealer {Tax payee Index No. (TIN)}	Assess-ment Year	Taxable purchase turnover as per assessment/AO					Taxable purchase turnover as per Audit						Difference				Tax payable				Total tax levi-able
				4 *Per cent*	5 *Per cent*	12.5 *Per cent*	13.5 *Per cent*	Total	4 *Per cent*	5 *Per cent*	12.5 *Per cent*	13.5 *Per cent*	Total	4 *Per cent*	5 *Per cent*	12.5 *Per cent*	13.5 *Per cent*	Total	4 *Per cent*	5 *Per cent*	12.5 *Per cent*	13.5 *Per cent*	
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**
1.	ACT, Central Zone (October 2014)	Mana & Sons (15200005080)	2008-09	4.15	-	155.30	-	159.45	4.15	-	283.94	-	288.09	-	-	128.64	-	128.64	-	-	16.08	-	**16.08**
			2011-12	-	-	183.20[3]		183.20	-	-	157.49	47.01	204.50	-	-	21.30[4]	-	21.30	-	-	2.66	-	**2.66**
			2012-13	-	-	-	161.96	161.96	-	-	-	175.88	175.88	-	-	-	13.92	13.92	-	-	-	1.88	**1.88**
Sub-Total				**-**				**504.61**	**-**				**668.47**	**-**				**163.86**	**-**				**20.62**
2.	ACT, Central Zone (October 2014)	Central Store (15110712035)	2012-13	-	11.45	-	28.40	39.85	-	2.84	-	52.28	55.12	-	(-) 8.61	-	23.88	15.27	-	(-) 0.43	-	3.22	**2.79**
Sub-Total				**-**				**39.85**	**-**				**55.12**	**-**				**15.27**	**-**				**2.79**

[3] Purchase as observed by assessing officer was not classifiable into the tax rate of 12.5 *per cent* and 13.5 *per cent*

[4] Taken as taxable at 12.5 *per cent* instead of 13.5 *per cent*

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
3.	ACT, Central Zone (October 2014)	LL Enterprise (15110052031)	2008-09	-	-	21.91	-	21.91	-	-	43.96	-	43.96	-	-	22.05	-	22.05	-	-	2.76	-	**2.76**
			2009-10	-	-	27.48	-	27.48	-	-	45.73	-	45.73	-	-	18.25	-	18.25	-	-	2.28	-	**2.28**
			201 0-11	-	-	19.08	-	19.08	-	-	27.92	-	27.92	-	-	8.84	-	8.84	-	-	1.11	-	**1.11**
			2011-12	-	-	24.76[5]		24.76	-	-	33.68	6.42	40.10		-	8.92	6.42	15.34			1.12	0.87	**1.99**
			2012-13	-	-	-	36.34	36.34	-	-	-	40.08	40.08	-	-	-	3.74	3.74	-	-	-	0.50	**0.50**
Sub-Total				-				**129.57**	-				**197.79**	-				**68.22**	-				**8.64**
4.	ACT, North Zone (November 2013)	LZ Agencies (15111830060)	2010-11	-	-	114.20[6]	-	114.20	-	-	195.20[7]	-	195.20	-	-	81.00	-	81.00	-	-	10.13	-	**10.13**
Sub-Total				-				**114.20**	-				**195.20**	-				**81.00**	-				**10.13**
Grand Total				-				**788.23**	-				**1116.58**	-				**328.35**	-				**42.18**

Source: Departmental records

[5] Purchase as observed by assessing officer was not classifiable into the tax rate of 12.5 *per cent* and 13.5 *per cent*
[6] Purchase as per F-form
[7] Purchase as per F-form

Appendix-4.8 (a)

Statement showing details of vehicle-wise outstanding balances on All Mizoram Maxi Cabs up to March 2013

(Reference: Paragraph-4.16; Page-132)

Sl. No.	Registration No.	Permit valid from	Permit valid to	Permit fees renewal due	Years	Month	Penalty
1.	MZ01C 2585	13-01-2008	12-01-2009	8000	4	2	4400
2.	MZ01A 9407	04-02-2008	03-02-2009	8000	4	1	4200
3.	MZ01B 7555	04-03-2008	03-03-2009	8000	4	0	4000
4.	MZ01B 9300	11-03-2008	10-03-2009	8000	4	0	4000
5.	MZ01B 9984	09-05-2008	08-05-2009	6000	3	10	5000
6.	MZ01B 9258	15-05-2008	14-05-2009	6000	3	10	5000
7.	MZ01C 0640	25-06-2008	24-06-2009	6000	3	9	4800
8.	MZ01B 0790	29-06-2008	28-06-2009	6000	3	9	4800
9.	MZ01C 0716	03-07-2008	02-07-2009	6000	3	8	4600
10.	MZ01B 6219	13-07-2008	12-07-2009	6000	3	8	4600
11.	MZ01C 1095	06-08-2008	05-08-2009	6000	3	7	4400
12.	MZ01C 1203	13-08-2008	12-08-2009	6000	3	7	4400
13.	MZ01C 1369	22-08-2008	21-08-2009	6000	3	7	4400
14.	MZ01E 1053	05-09-2008	04-09-2009	6000	3	6	4200
15.	MZ01C 1427	06-09-2008	05-09-2009	6000	3	6	4200
16.	MZ01C 1410	16-09-2008	15-09-2009	6000	3	6	4200
17.	MZ01C 1751	0l-10-2008	30-09-2009	6000	3	6	4200
18.	MZ01C 5829	02-10-2008	01-10-2009	6000	3	5	4000
19.	MZ01E 1547	07-10-2008	06-10-2009	6000	3	5	4000
20.	MZ01C 1657	14-10-2008	13-10-2009	6000	3	5	4000
21.	MZ01C 1609	05-11-2008	04-11-2009	6000	3	4	3800
22.	MZ01C 2071	13-11-2008	12-11-2009	6000	3	4	3800
23.	MZ01C 2144	0l-12-2008	30-11-2009	6000	3	4	3800
24.	MZ01C 2309	11-12-2008	10-12-2009	6000	3	3	3600
25.	MZ01C 4671	04-01-2009	03-01-2010	6000	3	2	3400
26.	MZ01C 2464	06-01-2009	05-01-2010	6000	3	2	3400
27.	MZ01C 2623	15-01-2009	14-01-2010	6000	3	2	3400
28.	MZ01B 5468	28-01-2009	27-01-2010	6000	3	2	3400
29.	MZ01D 4790	14-02-2009	13-02-2010	6000	3	1	3200
30.	MZ01C 3157	25-02-2009	24-02-2010	6000	3	1	3200
31.	MZ01C 2751	05-03-2009	04-03-2010	6000	3	0	3000
32.	MZ01A 9647	19-03-2009	18-03-2010	6000	3	0	3000

Sl. No.	Registration No.	Permit valid from	Permit valid to	Permit fees renewal due	Years	Month	Penalty
33.	MZ01C 3411	24-03-2009	23-03-2010	6000	3	0	3000
34.	MZ01C 1900	29-03-2009	28-03-2010	6000	3	0	3000
35.	MZ01C 3900	21-05-2009	20-05-2010	4000	2	10	4000
36.	MZ01B 9732	28-06-2009	27-06-2010	4000	2	9	3800
37.	MZ01C 4640	11-08-2009	10-08-2010	4000	2	7	3400
38.	MZ01C 4764	20-08-2009	19-08-2010	4000	2	7	3400
39.	MZ01C 4922	09-09-2009	08-09-2010	4000	2	6	3200
40.	MZ01C 5239	13-10-2009	12-10-2010	4000	2	5	3000
41.	MZ01C 5240	14-10-2009	13-10-2010	4000	2	5	3000
42.	MZ01B 5366	19-11-2009	18-11-2010	4000	2	4	2800
43.	MZ01D 7379	19-11-2009	18-11-2010	4000	2	4	2800
44.	MZ01C 5629	26-11-2009	25-11-2010	4000	2	4	2800
45.	MZ01C 5644	29-11-2009	28-11-2010	4000	2	4	2800
46.	MZ01E 9877	02-12-2009	0l-12-2010	4000	2	3	2600
47.	MZ01C 5802	16-12-2009	15-12-2010	4000	2	3	2600
48.	MZ01C 5830	17-12-2009	16-12-2010	4000	2	3	2600
49.	MZ01D 7571	17-12-2009	16-12-2010	4000	2	3	2600
50.	MZ01B 5729	10-01-2010	09-01-2011	4000	2	2	2400
51.	MZ01D 6969	14-01-2010	13-01-2011	4000	2	1	2200
52.	MZ01D 4504	18-01-2010	17-01-2011	4000	2	2	2400
53.	MZ01D 8128	23-01-2010	22-01-2011	4000	2	2	2400
54.	MZ01D 8122	24-01-2010	23-01-2011	4000	2	2	2400
55.	MZ01D 8127	28-01-2010	27-01-2011	4000	2	2	2400
56.	MZ01C 6286	09-02-2010	08-02-2011	4000	2	1	2200
57.	MZ01C 3131	24-02-2010	23-02-2011	4000	2	1	2200
Total				**304000**	**-**	**-**	**198400**

Source: Departmental records

Appendix-4.8 (b)

Statement showing details of vehicle-wise outstanding balances on Inter-State Maxi Cabs up to March 2013

(Reference: Paragraph-4.16; Page-132)

Sl. No.	Registration No.	Authorisation permit issued for the States	Yearly renewal due/ outstanding	Renewal permit fees clue	Penalty		
					Period outstanding		Amount
					Year	Month	
1.	MZ01D 6910	Mizoram, Meghalaya and Assam	11-02-2011	51000	2	1	5000
2.	MZ01D 7628	Mizoram, Meghalaya and Assam	19-06-2011	25500	1	9	4200
3.	MZ01D 8056	Mizoram, Meghalaya and Assam	18-04-2011	25500	1	11	4600
4.	MZ01D 8122	Mizoram, Meghalaya and Assam	22-07-2009	76500	3	8	8800
5.	MZ01D 8966	Mizoram, Meghalaya and Assam	22-10-2011	25500	1	5	3400
6.	MZ01D 9581	Mizoram, Meghalaya and Assam	07-02-2009	102000	4	1	9800
7.	MZ01E 2099	Mizoram, Meghalaya and Assam	14-11-2011	25500	1	4	3200
8.	MZ01C 7953	Mizoram, Meghalaya and Assam,	06-02-2011	51000	2	1	5000
9.	MZ06 1676	Mizoram, Meghalaya and Assam	27-02-2010	76500	3	1	7400
10.	MZ01B 3145	Mizoram, Meghalaya and Assam	26-03-2010	76500	3	0	7200
11	MZ05 4362	Mizoram, Meghalaya and Assam	08-04-2011	25500	1	11	4600
12.	MZ05 0565	Mizoram, Meghalaya and Assam	23-09-2010	51000	2	6	6000

Sl. No.	Registration No.	Authorisation permit issued for the States	Yearly renewal due/ outstanding	Renewal permit fees clue	Penalty		
					Period outstanding		Amount
					Year	Month	
13.	MZ01D 0402	Mizoram, Meghalaya and Assam	21-02-2011	51000	2	1	5000
14.	MZ1D 7620	Mizoram, Meghalaya and Assam	14-07-2011	25500	1	8	4000
l5.	MZ01C 8209	Mizoram, Meghalaya and Assam	08-08-2011	25500	1	7	3800
16.	MZ01D 5740	Mizoram. Meghalaya and Assam	23-11-2008	102000	4	4	10400
17.	MZ01D 1786	Mizoram, Meghalaya and Assam	27-06-2008	102000	4	9	11400
18.	MZ01D 6142	Mizoram, Meghalaya and Assam	02-07-2008	102000	4	8	11200
19.	MZ01C 8642	Mizoram, Meghalaya and Assam	20-09-2008	102000	4	6	10800
20.	MZ01D 7060	Mizoram, Meghalaya and Assam	29-04-2008	102000	4	11	11800
21.	MZ01D 7196	Mizoram, Meghalaya and Assam	14-11-2008	102000	4	4	10400
Total				**1326000**	**-**	**-**	**148000**

Source: Departmental records

Appendix-5.1

Statement showing investments made by State Government in SPSUs whose accounts are in arrears

(Reference: Paragraph-5.11; Page-139)

(Figures in columns 4 & 6 to 8 are ₹ in lakh)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts audited	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
Working Government Companies							
Sector : Agricultural Marketing							
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	645.10	2011-12 2012-13 2013-14 2014-15	25.00 - - -	- - - -	- - - 112.00
Sector : Financing							
2.	Zoram Industrial Development Corporation Limited	2012-13	1578.10	2013-14 2014-15	- -	- -	96.00 339.77
Sector : Manufacturing							
3.	Zoram Electronics Development Corporation Limited	2005-06	745.40	2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15	64.50 40.00 45.00 22.50 115.00 155.00 127.00 122.00 169.00	- - - - - - - - -	- - - - - - - - -
4.	Mizoram Food & Allied Industries Corporation Limited	2011-12	2000.00	2012-13 2013-14 2014-15	- - -	- - -	486.81 500.00 438.11
Sector : Miscellaneous							
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2010-11	-	2011-12 2012-13 2013-14 2014-15	- - - -	- - - -	229.58 224.00 325.00 374.06
6.	Mizoram Mineral Development Corporation Limited	2013-14	-	2014-15	-	-	-
Total			**4968.60**		**885.00**	**-**	**3125.33**

Source: Departmental records

Appendix-5.2

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Reference: Paragraph-5.13; Page-139)

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

Sl. No.	Sector/ name of the Company	Period of Accounts	Year in which accounts audited	Paid-up capital	Loans outstand-ding at the end of year	Accumulated profit (+)/ loss(-)	Turn-over[8]	Net profit (+)/ loss[9](-)	Net impact of Audit comments	Capital employed[10]	Return on capital employed[11]	Percentage of return on capital employed	Manpower[12]
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Working Government Companies												
	SECTOR: AGRICULTURAL MARKETING												
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	2013-14	6.45	-	6.43	0.29	(-) 1.63	-	12.24	(-) 1.01	-	25
	Sector Wise Total			**6.45**	**-**	**6.43**	**0.29**	**(-) 1.63**	**-**	**12.24**	**(-) 1.01**	**-**	**25**
	SECTOR: FINANCING												
2.	Zoram Industrial Development Corporation Limited	2013-14	2014-15	15.78	23.46	19.57	7.09	0.37	-	29.00	1.36	4.36	54
	Sector Wise Total			**15.78**	**23.46**	**19.57**	**7.09**	**0.37**	**-**	**29.00**	**1.36**	**4.36**	**54**
	SECTOR: MANUFACTURING												
3.	Zoram Electronics Development Corporation Limited	2005-06	2013-14	7.45	-	4.31	1.29	(-) 0.32	-	0.97	(-) 0.77	-	44
4.	Mizoram Food & Allied Industries Corporation Limited	2011-12	2013-14	20.00	0.16	19.33	8.38	(-) 1.58	-	21.10	(-)0.34	-	82
	Sector Wise Total			**27.45**	**0.16**	**23.64**	**9.67**	**(-) 1.91**	**-**	**22.07**	**(-) 1.11**	**-**	**126**

8 As per provisional figures furnished by the Companies
9 As per provisional figures furnished by the Companies
10 Capital employed represents Shareholders fund and long term borrowings
11 Return on Capital has been worked out by adding profit and interest charged to profit and loss account
12 Regular employees only

1	2	3	4	5	6	7	8	9	10	11	12	13	14
SECTOR: MISCELLANEOUS													
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2010-11	2013-14	-	-	8.23	0.37	0.62	-	2.26	0.06	2.64	54
6.	Mizoram Mineral Development Corporation Limited	2013-14	2015-16[13]	-	-	0.02	-	-	-	(-) 0.02	-	-	-
Sector Wise Total				**-**	**-**	**8.25**	**0.37**	**0.62**	**-**	**2.24**	**0.06**	**2.64**	**54**
Grand Total				**49.68**	**23.62**	**57.89**	**17.42**	**(-)3.28**	**-**	**65.55**	**(-) 0.70**	**-**	**259**

Source: Departmental records

[13] NRC issued on May 2015

Appendix-5.3

Statement showing details of shortage of stores/cash in the centres at the time of handing over of charges by the store keepers under DCSO, Saiha

(Reference: Paragraph-5.18; Page-142)

Sl. No.	Name of Relived Officer (in-charge of the store)	Name of Relieving Officer (in-charge of the store)	Name of Centre (Godown)	Date of Handing & Taking over	Shortage of 'A' rice/'C' rice/ Sugar/Cash (in Qtl./₹ in lakh)		Rate per Qtl (in ₹)	Amount (₹ in lakh)
1.	VL Mawia Khenglawt	V. Sawla	Vawmbuk	10.11.2012	'A' rice	37.44	930	0.35
					Cash	0.72	-	0.72
2.	V Sawla	SS Shah	Tuipang	13.12.2006	'A' rice	144.72	930	1.35
3.	Chima Nohro	K.H Pawhra	Tuipang	22.06.2010	'A' rice	450.00	930	4.18
					Cash	6.62	-	6.62
			Vahai	22.06.2010	'A' rice	150.37	930	1.40
4.	KH Pawhra	S Pawla	Tuipang	19.04.2012	'A' rice	313.65	930	2.92
5.	V Sawla	KH Pawhra	Saiha	18.02.2013	'A' rice	953.19	930	5.97
					Sugar	30.83	1330	0.41
6.	VL Mawia	V Sawla	Saiha	20.06.2011	'A' rice	43.21	930	0.40
7.	S. Paula	H. Vantuma	Zawngling	08-06-2011	'A' rice	5.37	930	0.05
8.	VLH Fawnvela	Avijit Chowdhury	Chakhang	21.11.2011	'A' rice	470.62	930	4.38
9.	H. Lalruata	Nelson Hlychho	Vahai	19.03.2014	'A' rice	644.28	930	5.99
					Cash	0.08	-	0.08
10.	KH Pawhra	H Lalruata	Vahai	09.03.2012	'A' rice	33.78	930	0.31
11.	JH Lalrawngbawla	Lalrokima	Lungtian	14.05.2011	'A' rice	1258.07	930	11.70
12.	V. Sawla	Lalrokima	Lungpher	06.06.2011	'A' rice	1186.64	930	11.04
13.	JR Thianghlima	Liansanga	Serkawr	06.05.2014	'A' rice	6.54	930	0.06

Sl. No.	Name of Relived Officer (in-charge of the store)	Name of Relieving Officer (in-charge of the store)	Name of Centre (Godown)	Date of Handing & Taking over	Shortage of 'A' rice/'C' rice/ Sugar/Cash (in Qtl./₹ in lakh)		Rate per Qtl (in ₹)	Amount (₹ in lakh)
14.	Kiran Mala	J. Malsawmthanga	Niawhtlang	16.09.2014	'A' rice	7027.78	930	65.36
15.	K. Cholua	Beireisi	Tuisih	05.04.2011	'A' rice	3722.53	930	31.64
					'C' rice	54.61	730	0.40
16.	Lalnuntluangi	JR Thianghlima	Bualpui NG	10.03.2014	'A' rice	830.36	930	7.72
17.	RKL Bana	JR Thangkhuma	Kawlchaw	29.02.2012	'A' rice	1540.91	930	14.33
					Cash	10.59	-	10.59
18.	Avijit Choudhury	TC Chozah	Siata	01.06.2010	'A' rice	901.07	930	8.38
Grand Total								**196.35**

Source: Departmental records