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 units under Social Sector.

The names of the major State Government departments and the net budget provision and expenditure of the State Government under Social Sector during the year 2014-15 are given in the table below:

Table 1.1.1

(₹ in crore)

Sl. No.	Name of Department	Budget Provisions (Original and Supplementary)	Expenditure
1.	Education, Sports & Youth Affairs & Arts and Culture	3344.96	1301.55
2.	Health & Family Welfare	660.91	571.26
3.	Public Health Engineering	500.68	358.01
4.	Urban Development	300.16	79.07
5.	District Council Affairs and Social Welfare	873.34	299.37
6.	Labour	45.78	32.62
7.	Housing	51.42	7.81
	Total	**5777.25**	**2649.69**

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

1.1.1 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 and concerns. The audits were conducted during 2014-15 involving expenditure of ₹ 718.87 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Social Sector. The chapter contains Performance Audits on "Implementation of Water Supply Schemes" and "Functioning of Industrial Training Institutes in Meghalaya" and five Compliance Audit paragraphs.

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 Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India.

The major observations under Social Sector detected in audit during the year 2014-15 are given below.

PERFORMANCE AUDITS

PUBLIC HEALTH ENGINEERING DEPARTMENT

1.2 Performance Audit on Implementation of Water Supply Schemes by Public Health Engineering Department

The Public Health Engineering Department (PHED) implements various Water Supply Schemes (WSS) in Meghalaya to provide adequate and safe drinking water facilities to the people of the State. A performance audit on the implementation of water supply schemes revealed shortfall in coverage of identified habitations during 2010-15. The water supply schemes suffered from defective planning, inefficient execution, lack of monitoring and evaluation and undue delays in completion. Financial irregularities such as wrong reporting, undue financial favours and non-deduction of VAT were also noticed.

Highlights

Rural WSS in the State were designed to supply only 40 lpcd of water. Out of 9326 habitations, only 21 *per cent* were getting 40 or more lpcd. The State had not focussed on providing 70 lpcd of water and individual household connections though provided in the Ministry of Drinking Water & Sanitation guidelines.

(Paragraphs 1.2.6.4 & 1.2.6.3)

New WSS were sanctioned despite there being a large number of incomplete WSS. Village & District Water Security Plans were not prepared and PHED was implementing various WSS without ascertaining the needs of the villages.

(Paragraphs 1.2.6.5 & 1.2.6.6)

Despite spending ₹ 1016.52 crore (99 *per cent*) of the funds received, 83 *per cent* of the WSS remained incomplete as of March 2015. There was inordinate delay in completing WSS within the stipulated time. WSS were not completed in time even after creating a new division.

(Paragraphs 1.2.7.1, 1.2.8.2 & 1.2.8.3)

Pipes were procured without ascertaining the immediate requirement which led to idle investment of ₹ 67.37 crore. Old pipes were used in new schemes compromising the design period of the WSS.

(Paragraphs 1.2.8.4 & 1.2.8.5)

Cases of undue financial favour to supplier by way of granting time extension to supply material, wrong reporting and undue benefit to contractors in granting mobilisation advances were noticed.

(Paragraphs 1.2.8.6, 1.2.8.7 & 1.2.8.8)

Monitoring and evaluation mechanism was weak. Norms for inspection of WSS by departmental officers was absent. There was shortfall in water quality monitoring and surveillance.

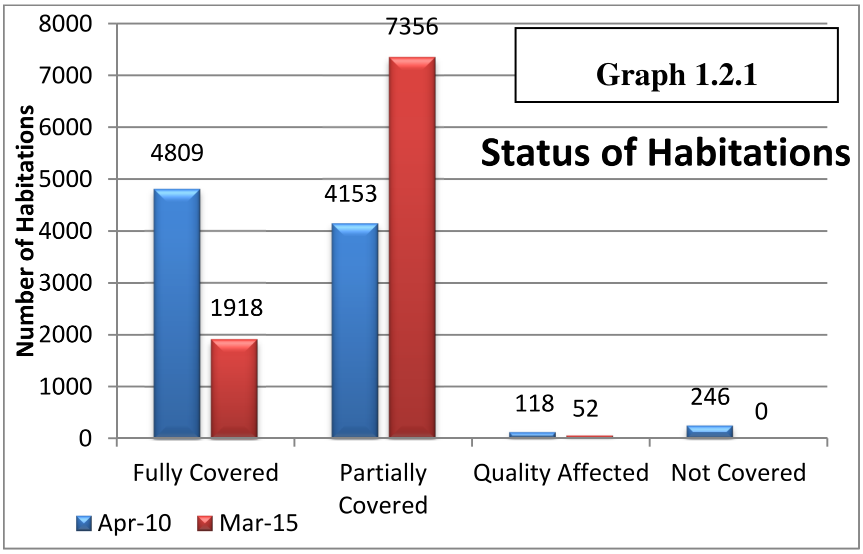
(Paragraphs 1.2.9.1 & 1.2.9.4)

1.2.1 Introduction

In Meghalaya, supply of sufficient and safe drinking water in both rural and urban areas of the State is the primary objective of the Public Health Engineering Department (PHED). The funds for implementing Rural & Urban Water Supply Schemes is provided by the State Government as well as funds made available by Government of India (GoI), Ministry of Drinking Water and Sanitation (MoDWS) and funds under Non-Lapsable Central Pool of Resources (NLCPR) by Ministry of Development of North-Eastern Region (MDONER) and Jawaharlal Nehru National Urban Renewal Mission (JNNURM) by Ministry of Urban Development (MoUD).

The focus of the Government in the Ninth and Tenth Five Year Plans under the Rural Water Supply Programme was on coverage of habitations. Coverage in this context referred to providing water, at a specific norm of 40 litres per capita per day (lpcd). A Nation wide survey on habitation *viz-a-viz* water supply was conducted in 1991 and was revalidated during 1994, 1999, 2003 and 2006. These surveys classified all habitations into three categories[1] *viz* Not Covered (NC), Partially Covered (PC) and Fully Covered (FC). A new category "Slipped Back", reflecting the habitations which had moved from FC to NC/PC came into usage. According to Census 1991, around 2.17 lakh habitations have water quality problems and do not have a safe source. These habitations were termed as Quality Affected (QA). In the Eleventh Plan, the programme was modified to move away from over dependence on single source to multiple sources and focus on sustainability, water conservation methods, etc. From the 12th Five Year Plan (2012-17), the focus has shifted to piped water supply of 70 lpcd. The vision for rural domestic water supply in the Strategic Plan of the MoDWS was to cover 80 *per cent* of all rural households with safe piped drinking water supply of 70 lpcd by 2022.

Graph 1.2.1

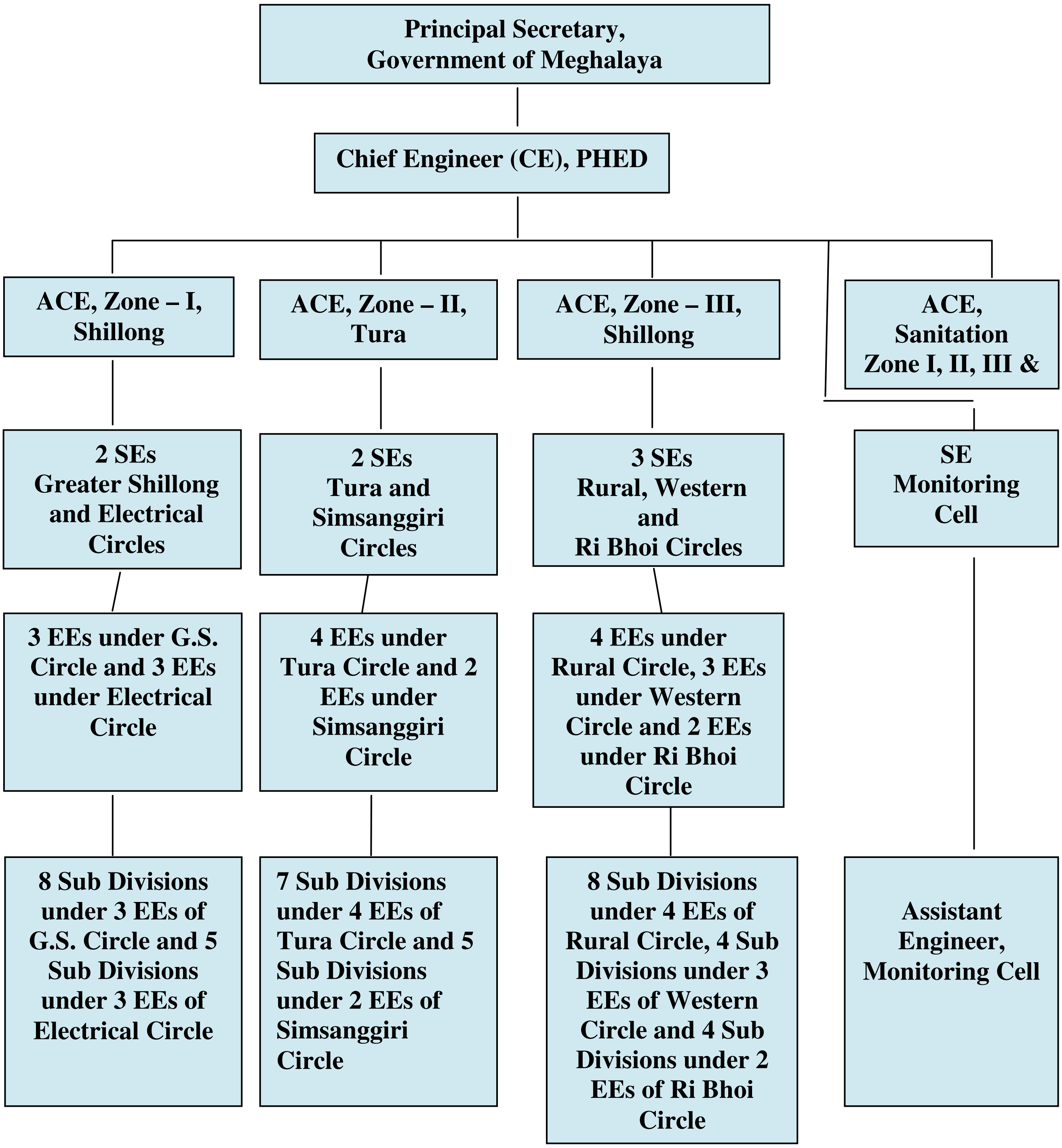


(Source: CE, PHED)

[1] NC – getting less than 10 lpcd, QA – habitations where water samples tested have indicated levels of chemical contamination higher than permissible limits set by Bureau of Indian Standards, PC – getting between 10 and 40 lpcd and FC – getting 40 or more lpcd, and with a source available within a walking distance of 1.6 km in the plains, or elevation of 100 metres in hilly areas. Another category *viz.* 'Slipped Back' reflects habitations which moved from FC to NC/PC

1.2.2 Organisational structure

The organisational structure of PHED, Meghalaya is given below:



1.2.3 Audit objectives

The objectives of the Performance Audit were to assess whether:

- the planning process was adequate for successful implementation of the water supply schemes;
- the fund management was economical and effective;
- the implementation was effective and efficient; and
- there existed an effective monitoring and evaluation mechanism.

1.2.4 Scope and methodology of Audit

The performance audit covering the period from 2010-11 to 2014-15 was conducted between July and August 2015. Scrutiny of records of the office of the Chief Engineer (CE), PHED and nine[2] out of 21 Divisions in six[3] out of 11 districts in the State falling under two broad geographical regions of Garo Hills and Khasi & Jaintia Hills was carried out. Out of the 85 WSS in the nine divisions whose expenditure was more than ₹ 1.00 crore, 28 WSS (33 *per cent*) (**Appendix – 1.2.1**) were selected for detailed check. All the three divisions falling under the selected districts of Garo Hills region were taken up in audit samples and three divisions falling under the Khasi & Jaintia Hills regions and the 28 WSS were selected using Probability Proportional to Size Without Replacement (PPSWOR) method of sampling.

An entry conference was held (10 June 2015) wherein the audit objectives, scope, criteria and methodology were explained to representatives of the Government and PHED and the audit findings were discussed with the Chief Engineer, PHED and officer from the Finance Department in an exit conference held on 27 November 2015. Replies of the Government was received on 06 January 2016 and taken into account while finalising this report.

1.2.5 Audit Criteria

Audit used the following sources of criteria as benchmarks to assess the implementation of WSS:

- GoI guidelines for different schemes;
- Meghalaya Financial Rules;
- Project Reports, estimates and sanction orders of individual schemes; and
- Prescribed monitoring mechanism.

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[2] (1) PHE Investigation Division, Shillong, (2) Greater Shillong Water Supply (GSWS) I Division , Shillong, (3) GSWS II, Mawphlang, (4) Electrical Division, Mawphlang, (5) Electrical Division, Jowai, (6) Nongstoin Division, (7) Ampati Division (8) Tura North Division, Tura and (9) Tura Division

[3] **Khasi & Jaintia Hills Region:** East Khasi Hills, East Jaintia Hills, West Jaintia Hills and West Khasi Hills districts. **Garo Hills Region:** South West Garo Hills and West Garo Hills district.

Audit Findings

1.2.6 Planning

Audit Objective 1: Whether the planning process was adequate for successful implementation of the water supply schemes

1.2.6.1 Introduction

While examining the planning process, audit noticed that the State Government failed to frame the State Water Rules or State specific guidelines taking into consideration the local conditions that could affect the State in implementing WSS and supply of safe drinking water. The PHED also failed to fully comply with the provision of the MoDWS guidelines. The audit findings are discussed in the succeeding paragraphs:

1.2.6.2 State Water Rules and State specific guidelines

Water is a prime natural resource, a basic human need and a precious asset of the State. Planning and development of water resources need to be governed considering the State specific condition. The requirement of utilising all available water resources, surface and ground, in a judicious and equitable, as well as in a sound economic manner needs well-defined State Water Rules/Policy/Guidelines, *etc*. Considering the importance of this resource, the States such as Rajasthan, Karnataka, Himachal Pradesh, *etc.* had already formulated their own State Water Policy.

In Meghalaya, the State Government only followed the guidelines issued by the Ministry of Drinking Water and Sanitation (MoDWS) in selection as well as sanctioning of schemes. The State Government had not framed any State Water Rules/Policy/State specific guidelines to utilise and manage its available water and to supply safe drinking water to its populace.

On being pointed out, the Department stated (January 2016) that the State Government had taken initiative on this aspect in framing the Meghalaya State Water Policy and the same was under finalisation.

1.2.6.3 Position of habitations

While showing the position of district-wise habitations of March 2015 in the State, the Department furnished the information as per the erstwhile seven Districts even though four new districts were created during July-August 2012. Also, the Annual Action Plan (AAP) of the Department for the years 2012-15 were prepared on the basis of the erstwhile seven districts. Though creation of new districts did not bring any change in the total number of habitations in the State, overlooking of the new districts led to not creating the required infrastructure in the new districts as discussed in paragraph 1.2.9.4

The district wise position of coverage of habitations with safe drinking water supply in Meghalaya beginning April 2010 and ending March 2015 is shown in the table below:

Table – 1.2.1: Status of Habitations

Status as of	Classification of habitations	District-wise status							
		East Khasi Hills	West Khasi Hills	Jaintia Hills	Ri Bhoi	West Garo Hills	East Garo Hills	South Garo Hills	Total *(Per cent)*
April 2010	Fully Covered	703	619	405	803	1157	591	531	***4809 (52)***
	Partially Covered	681	577	194	285	1397	632	387	***4153 (45)***
	Quality Affected	3	3	5	0	107	0	0	***118 (1)***
	Not Covered	11	141	10	56	9	0	19	***246 (3)***
	Total	***1398***	***1340***	***614***	***1144***	***2670***	***1223***	***937***	***9326***
March 2015	Fully Covered	355	159	48	227	374	210	545	***1918 (21)***
	Partially Covered	1043	1181	562	917	2248	1013	392	***7356 (79)***
	Quality Affected	0	0	4	0	48	0	0	***52 (1)***
	Not Covered	0	0	0	0	0	0	0	***0***
	Total	***1398***	***1340***	***614***	***1144***	***2670***	***1223***	***937***	***9326***

(Source: CE, PHED)

From the above table, it will be seen that:

- As of March 2015, out of 9326 habitations covered, only 1918 (21 *per cent*) were FC, 7356 (79 *per cent*) were PC and remaining 52 (one *per cent*) were QA.
- Though there were no NC habitations by March 2015, the percentage of FC habitations decreased from 52 to 21 *per cent* of the total habitations between April 2010 and March 2015.
- As per the guidelines, highest priority was to be given to QA habitations. Even after five years (April 2010 – March 2015), QA habitations was reduced by only 66 (56 *per cent*), and there remained 52 QA habitations.

In reply, the Department stated (December 2015) that the reason for increase in PC habitations was due to the fact that habitations considered earlier as FC with 40 lpcd were becoming PC due to the upward revision to 70 lpcd. It was however, seen that till date of audit (August 2015), no new WSS targeted to supply 70 lpcd had been sanctioned in the State. Regarding QA habitations, the Department stated that effort would be made to cover all the 52 QA habitations during 2015-16.

1.2.6.4 Coverage of rural habitations with household water connection

The MoDWS had prepared a Strategic Plan 2011-22, to ensure that every rural person has enough safe water of 70 lpcd throughout the year. To achieve the goal, the Ministry had set the minimum targets for rural households having piped water supply household connection at 35 *per cent* by 2017 and 80 *per cent* by 2022.

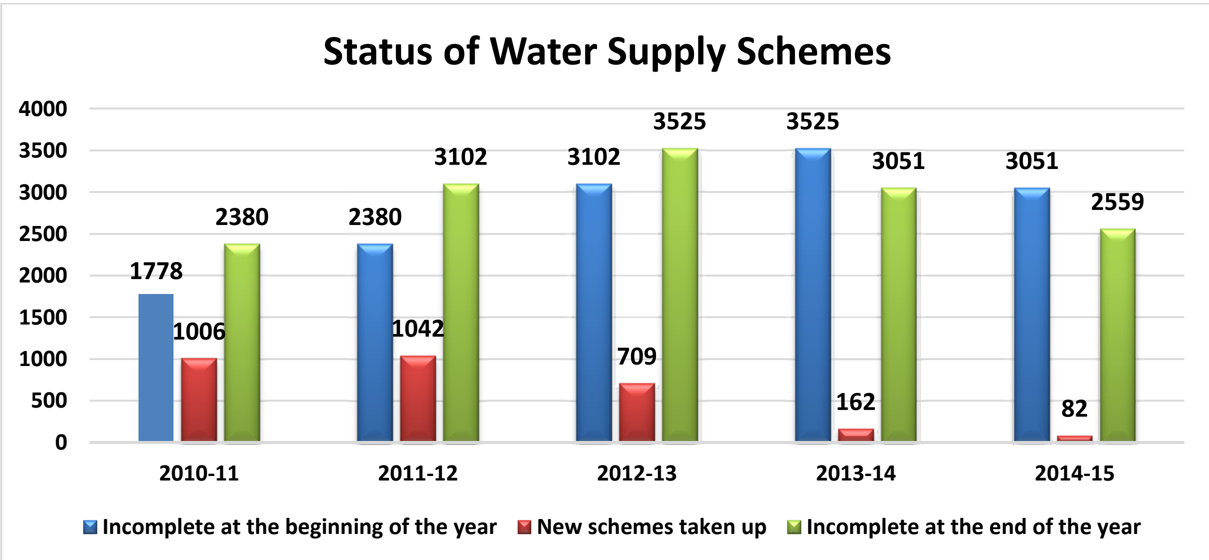
Audit observed that the State had not focussed (March 2015) on providing 70 lpcd and/or on providing individual household pipe water connection in rural areas. In none of the nine divisions selected for audit, were any targets set to achieve the above objective. Moreover, none of the nine selected divisions could furnish (July-August 2015) the actual number of rural households covered with household piped water connection. During the survey of 20 rural habitations (villages) carried out by audit (July-August 2015), none of the households had any pipe water connection. Thus, the possibility of achieving the targets set by the MoDWS for 2017 is remote.

The Department stated (January 2016) that effort had been made to give household piped water connection to rural areas and as on 05 January 2016, 2863 rural households had been provided with household piped water connection in the State. The fact however, remained that none of the nine selected divisions had data on the actual number of rural households covered with household piped water connection and during the sample survey of 20 rural habitations by audit, none of the households had any pipe water connection.

1.2.6.5 Planning in taking up of new WSS

As per the guidelines, completion of incomplete works was to be given priority over new works. Audit however, observed that 3001 new WSS were sanctioned during the period covered by audit (2010-15), despite there being a large number of incomplete WSS, at the end of every year from 2010-11 to 2014-15 (**Appendix - 1.2.2).** The graph 1.2.2 below depicts the position of incomplete schemes and new schemes taken up during 2010-15:

Graph 1.2.2



(Source: CE, PHED)

It can be seen from the above that despite there being 1778 incomplete WSS during April 2010, 3001 new WSS were sanctioned during 2010-15 resulting in 2559 WSS remaining incomplete at the end of 2014-15. This was not only in violation of the guidelines but also resulted in the Department spreading its financial and human resources thinly over many schemes without completing the ongoing schemes. Consequently, the beneficiaries were deprived the benefits of the schemes, despite the expenditure.

In reply, the Department stated (January 2016) that out of 2559 incomplete WSS, 2101 WSS had been physically completed but were financially incomplete and ongoing on account of fund constraint. No records were however, submitted in support of the contention.

1.2.6.6 Preparation of Village Water Security Plan and District Water Security Plan

As per the guidelines of MoDWS, Village Water Security Plans (VWSPs) were to be prepared, which *inter alia*, were to include the demographic and physical features, water sources, and other details of the village, and also indicate details of management, operation and maintenance of the systems and sources. The District Water Security Plan (DWSP) was to be prepared, based on all the VWSPs in the district.

Despite it being mandatory to prepare VWSPs, none of the nine selected Divisions could furnish VWSPs to Audit. Further, none of the six selected districts prepared any DWSP during 2010-15. Thus, the objective of having participative planning and implementation of integrated water resource management practices was not achieved. PHED implemented the various programmes without ascertaining the needs of the villages.

In reply, the Department stated (January 2016) that VWSPs and DWSP were circulated by the MoDWS in 2013 whereas the WSS selected in the PA were sanctioned prior to 2013 and in planning of new WSS the criteria relating to VWSP/DWSP was taken care of.

1.2.6.7 Convergence with other schemes

As per the guidelines, at the district level, convergence with programmes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Integrated Watershed Management Projects, National Rural Health Mission (NRHM) and Irrigation Schemes should be ensured. In order to ensure source security, convergence with MGNREGS for construction of new ponds and rejuvenation of the old ponds, including de-silting should be built into the system design and execution. Convergence with Total Sanitation Campaign (TSC) for low cost waste water management through stabilisation ponds to ensure ground and surface drinking water source protection should also be done.

It was however, seen that there was no convergence in any of the test checked Divisions for the period covered by audit.

The Department in its reply stated (January 2016) there existed a close convergence between drinking water supply with 'Nirmal Bharat Abhiyan/Swaatch Bharat Mission' (NBA/SBM) and village with piped water supply were considered on priority for taking sanitation work and vice versa. The Department also stated (January 2015) that convergence with other programmes like MGNREGS, with NBA/SBM had since been discontinued.

The reply was however, silent regarding convergence of WSS with programmes such as MGNREGS, Integrated Watershed Management Projects, NRHM and Irrigation Schemes.

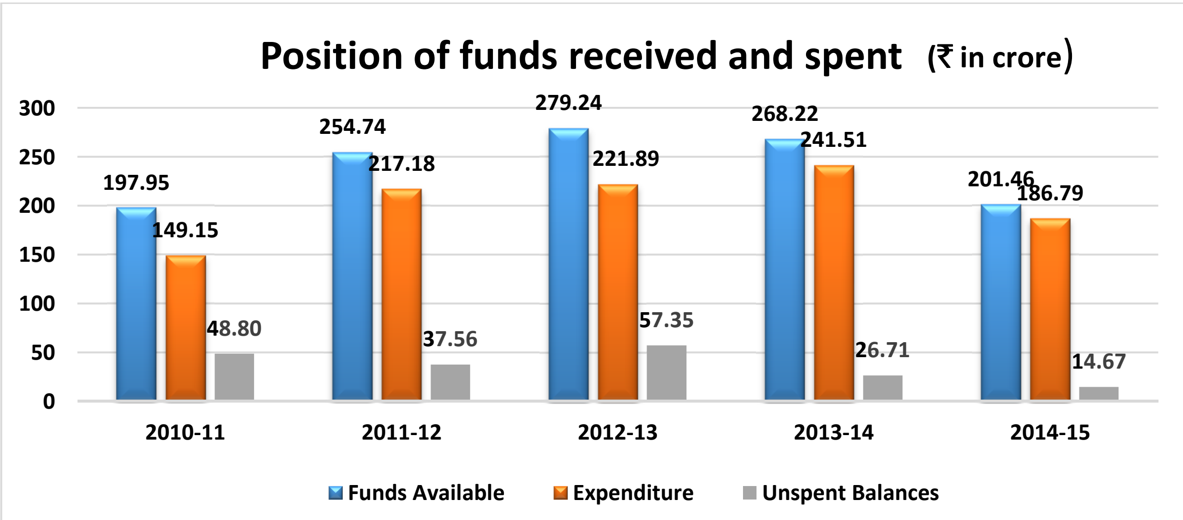
1.2.7 Financial management

Audit Objective 2: Whether the fund management was economical and effective

1.2.7.1 Fund Position

The position of funds received and expenditure incurred under various[4] water supply programmes during the period from 2010-11 to 2014-15 is depicted in the graph/ table below:

Graph 1.2.3



(Source: CE, PHED)

Table – 1.2.2: Fund position

(₹in crore)

Year	Opening Balance	Funds received	Total	Expenditure incurred	Unspent Balance (UB)	Percentage of UB
2010-11	29.09	168.86	197.95	149.15	48.80	25
2011-12	48.80	205.94	254.74	217.18	37.56	15
2012-13	37.56	241.68	279.24	221.89	57.35	21
2013-14	57.35	210.87	268.22	241.51	26.71	10
2014-15	26.71	174.75	201.46	186.79	14.67	7
Total		**1002.10**		**1016.52**		

(Source: Information furnished by CE, PHED)

[4] NRDWP, NLCPR, State Plan Schemes

It will be seen from the above that except for 2010-11 and 2012-13, the Department had been able to utilise funds received during the year including a portion of the previous year's balance. Consequently, during 2010-15, out of ₹ 1031.19 crore received including opening balance of 2010-11, the Department incurred □ 1016.52 crore (99 *per cent*). Despite spending 99 *per cent* of the funds, 83 *per cent* of the WSS remained incomplete as of March 2015.

The Department stated (January 2016) that the number of incomplete WSS also included physically completed WSS. No records were however, submitted in support of the contention.

1.2.7.2 Parking of funds in '8443 - Civil Deposit'

Audit observed that in contravention of Rule 211 of Meghalaya Treasury Rules, 1985, PHED routinely transferred money to *'8443- Civil Deposit'*, between 2011-12 and 2014-15, as tabulated below:

Table – 1.2.3: Funds parked in Civil Deposit

(₹ in crore)

Year	Opening Balance of Funds in Civil Deposit	Funds received during the year	Additional Funds kept in Civil Deposit (percentage)	Funds withdrawn	Closing Balance in Civil Deposit
2010-11	-	168.86	-	-	-
2011-12	-	205.94	18.50 (9)	-	18.50
2012-13	18.50	241.68	33.00 (14)	13.53	37.97
2013-14	37.97	210.87	42.11 (20)	4.97	75.11
2014-15	75.11	174.75	45.77 (26)	23.58	97.30
Total		**1002.10**	**139.38**		

(Source: CE, PHED)

As seen from the table above, during 2011-15 the PHED regularly transferred nine to 26 *per cent* of total funds received into Civil Deposit. At the end of March 2015, an amount of ₹ 97.30 crore representing 10 *per cent* of the total funds received was still lying in Civil Deposit. Parking of funds in '8443 – Civil Deposit' indicated the inability of the Department to utilise the funds in a timely manner, ultimately resulting in delaying the delivery of the intended benefits of the programmes.

In reply, the Department stated (January 2016) that it may not be a fact that the Department was unable to utilise the funds since they were mostly released at the end of the financial year. The reply was not tenable as funds kept in Civil Deposit were not withdrawn during the next financial year and the balance in Civil Deposit was increasing over the years.

1.2.7.3 Funds parked in Civil Deposit booked as expenditure

The State Government sanctioned (March 2009) ₹ 5.06 crore for 'Implementation of 8-Mer Tuber Sohshrieh Combined WSS' to be completed within two years from the date of sanction by EE, PHE Electrical Division, Jowai. As per the monthly accounts of March 2015 of the Division, it had incurred an expenditure of ₹ 3.77 crore on the project. Scrutiny of day book[5], however, revealed that the actual expenditure incurred was only ₹ 1.44 crore and the remaining amount of ₹ 2.33 crore was irregularly kept under 'Civil Deposit'.

Similarly, against 'Modification of Pumping System and replacement of treatment units of Greater Shillong Water Supply Scheme', though only ₹ 14.06 crore was spent, the Division irregularly booked ₹ 22.12 crore as expenditure in their monthly accounts (March 2015) by transferring ₹ 8.66 crore under 'Civil Deposit'.

Thus, the two divisions irregularly booked ₹ 10.99 crore as expenditure in its monthly account by parking it in 'Civil Deposit'.

In reply, the Department stated (January 2016) that funds were mostly released at the end of the financial year. The reply was however, silent regarding booking the amount as expenditure in its monthly accounts.

1.2.7.4 Funds under Deposit Head (Part V) booked as expenditure

Deposit Part V as per PWD Accounts Code contains miscellaneous deposits only. Scrutiny of 'Transfer Entry Order' register of PHE, Tura North Division for March 2014 revealed that an amount of ₹ 11.19 lakh allotted under '4215- RWSS Plan (MNP)' was kept under Deposit Head (Part V) but amount was irregularly booked as expenditure in the Register of Works against 'Implementation of Rongsaigiri WSS'.

Thus, keeping the scheme money in Deposit V and booking it as expenditure against the concerned work was irregular.

In reply, the Department stated (January 2016) that funds were mostly released at the end of the financial year. The reply was however, silent regarding booking the amount as expenditure in its monthly accounts.

1.2.7.5 Payment of ₹27.65 lakh towards inadmissible items

Scrutiny of records relating to "Modification of Pumping System and replacement of treatment units of Greater Shillong Water Supply Scheme" under PHE Electrical division, Mawphlang revealed that an amount of ₹ 27.65 lakh was paid by the EE towards electricity bills of SDO, GSWS Electrical Sub Division, Mawphlang even though there was no such provision in the sanctioned estimate. Spending scheme funds on inadmissible items was not only irregular but would also hamper the progress of scheme.

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[5] Record depicting the voucher wise monthly expenditure.

In reply, the Department stated (January 2016) that the payment was a result of mis-booking and the same was being rectified through transfer entry order.

1.2.7.6 Undue benefit to contractors

As per Section 106 of Meghalaya Value Added Tax (VAT) Act, 2003, the Drawing and Disbursing Officer (DDO) of each and every Government Department is responsible for deduction of VAT at source from the bills of suppliers/contractors, at the time of making payments.

Test check of vouchers of two[6] selected WSS under PHE, Electrical Division, Mawphlang and one[7] selected WSS under PHE Electrical Division, Jowai revealed that VAT amounting to ₹ 1.00 crore was not deducted while making payment to contractors (**Appendix – 1.2.3).**

Failure to deduct VAT not only led to loss of Government revenue but also resulted in undue financial favour to the contractors. Moreover, in 18 cases, as the final bills had already been paid, the chances of recovery of VAT amounting to ₹ 0.83 crore was bleak.

The Department stated (January 2016) that the details are being verified and if necessary, steps would be taken to recover the amount.

1.2.7.7 Realisation of Water Tax

During the period from 2010-11 to 2014-15, PHED realised revenue of ₹ 14.02 crore as water tax. The year-wise collection is depicted in the graph/table below:

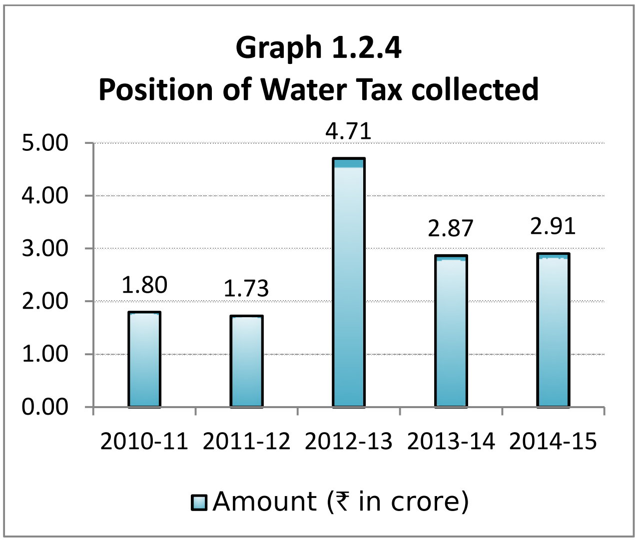


Table – 1.2.4
Position of Water Tax collected
(₹ in crore)

Year	Amount
2010-11	1.80
2011-12	1.73
2012-13	4.71
2013-14	2.87
2014-15	2.91
Total	**14.02**

(Source: CE, PHED)

6 "Sustainability measures of Wahdingding WSS" and "Providing approach roads, power supply, drains, fencing to residential building in PHE complex at Mawphlang including external electrification"
7 "Renovation of Jowai Water WSS"

During the performance review of WSS in Meghalaya, conducted between July – August 2015, audit noticed that PHED had not set any target for collection of water tax during 2010-11 to 2014-15. Audit further noticed that PHED had fixed targets for collection of water tax upto 2006-07 as was pointed out in Paragraph 3.4.9 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007. The PHED stopped fixing targets from the year 2007-08. No reasons were furnished for not fixing the targets though called for (June 2015).

Consequently, water tax of ₹ 63.79 crore from Shillong Municipal Board (₹ 41.87 crore) and Garo Hills Autonomous District Council (₹ 21.92 crore) remained outstanding as of March 2015. Laxity on the part of PHED to collect water tax dues in a timely manner impacts the finances of the State. Action needs to be taken to realise the outstanding dues from the defaulters.

The Department stated (January 2016) that bills on cost of water supplied were being regularly served though payment was yet to be made. Steps should be taken by the Department to effectively pursue the matter and realise the outstanding dues.

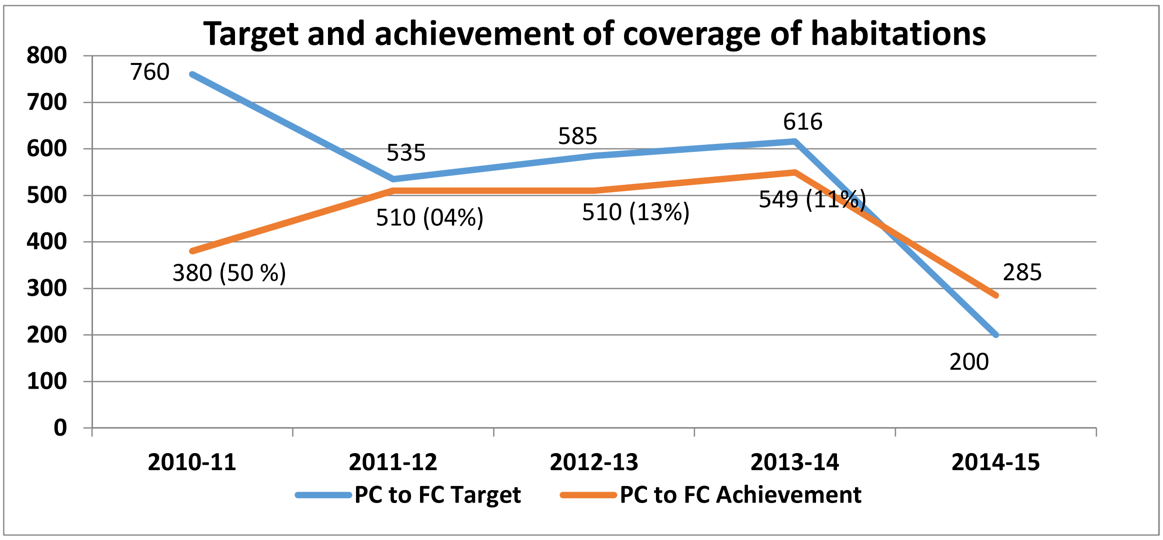
1.2.8 Implementation

Audit Objective – 3: Whether the implementation was effective and efficient

1.2.8.1 Coverage of habitations

Audit noticed that against the target fixed by GoI for coverage of habitations from PC to FC there was shortfall in achievement of target during 2010-11 to 2013-14 ranging from 4 to 50 *per cent* as depicted in the graph below:

Graph 1.2.5



(Source: CE, PHED)

In addition to the shortfall in achievement of target during the four years, Audit observed that the slipback from FC to PC ranged between 147 and 3592 habitations, during the years 2010-15 as shown in **Appendix - 1.2.4.**

Despite the yearly increase of FC habitations, the achievement were offset by the number of 'slipback' habitations. Reasons for 'slipback' was not furnished though called for (July 2015).

In reply (January 2016), while acknowledging that the achievement upto 2013-14 were below target, the Department stated that they had managed to exceed the target fixed for 2014-15.

1.2.8.2 Delays in completion of WSS within the specified time frame

Audit observed persistent delays in completion of schemes across all the nine selected Divisions. Of 28 WSS selected for audit scrutiny in nine divisions, none of the WSS were completed within the prescribed time, 19 WSS estimated at ₹ 740.22 crore, and targeted to cover 378 habitations, were incomplete as of March 2015 even though one to seven years of completion date had lapsed and expenditure of ₹ 228.50 crore had been incurred. The balance nine WSS were completed after a delay of one to eleven years. The delay in completing the schemes, ongoing and completed is shown in the table below:

Table – 1.2.5: Delay in execution of WSS

(₹ in crore)

Water Supply Schemes	Number	Estimated Cost	Expenditure till 31 March 2015	Period of delay
Completed within the prescribed time frame	Nil	766.97	255.94	-
Completed after delay	9			1 to 11 years
Incomplete as on 31 March 2015	19			1 to 7 years

(Source: Divisional EE)

The reasons for delay (Appendix - 1.2.1) as stated by the respective EEs are discussed below:

- In four[8] WSS, the concerned EEs stated that delay was due to late/ non-receipt of pipes. Audit however, noticed that Ductile Iron (DI) and Galvanised Iron (GI) pipes worth ₹ 67.37 crore were idling in three divisions, which shows the Department's failure in correctly assessing and scheduling the procurement of pipes.
- In three[9] WSS, the concerned EEs stated that the delay was due to delay in obtaining land. The reply indicated lack of proactiveness on part of the Department since finalisation of land deal should have been done at the initial stages of implementation.

[8] Serial No 24 – 27 of Appendix I
[9] Serial No 7, 10 and 13 of Appendix I

- In three[10] WSS, the respective EEs stated that delay was due to limited working season/ rainfall zone. The reply was not tenable since the extent of available working season and factors such as rainfall are known phenomenon and should have been accounted for while preparing the DPR and finalising the stipulated date of completion.
- In two[11] WSS, the respective EEs stated that delay occurred due to fund constraints. The reply was not tenable since it can be observed from paragraph 1.2.7.1 that there were unspent balances every year lying with the Department. Further, in case of 1 WSS, it was noticed that the Division had resorted to unauthorised payment towards inadmissible items though the WSS suffered from fund constraint as pointed out in paragraph 1.2.7.5
- In two[12] WSS, the reason stated by the respective EEs was due to delay in obtaining forest clearance from Forest Department. This indicated the Departments lackadaisical approach in implementing the WSS since necessary clearances should have been obtained in time.
- In two[13] WSS, the concerned EEs stated that delay was due to change in alignment and construction of PWD road. This indicated that proper survey was not conducted before taking up of the WSS.
- In one[14] WSS, the reason stated by the EE was due to delay in obtaining trading licence by contractor from the Jaintia Hill Autonomous District Council (JHADC). Since possession of a valid trading license was mandatory, the above reason stated by the EE indicated that proper screening of documents was not carried out by the Department at the time of awarding the work.
- In one[15] WSS, the reason stated by the EE was due to delay in laying of pipes. The reason stated by the EE was not acceptable since it was the Division's responsibility to ensure that work was carried out in timely manner by the contractors.

Audit however, observed that the primary reason for delay in most of the cases were because of delays in calling of tenders, finalisation of tenders and issue of work orders. The inability of the divisions to complete the schemes in time, not only led to time overruns, but also resulted in depriving the targeted population from access to safe drinking water.

In reply (January 2016), the Department attributed the delay to limitations of working season because of monsoon and the sources and habitations being located in harsh and inaccessible terrain. The reply was not tenable as the Department should have

[10] Serial No 2, 3 and 15 of Appendix I
[11] Serial No 1and 11 of Appendix I
[12] Serial No 4 and 8 of Appendix I
[13] Serial No 6 and 22 of Appendix I
[14] Serial No 5 of Appendix I
[15] Serial No 28 of Appendix I

factored both monsoon and inaccessibility of terrain while conducting survey and preparing the estimate.

1.2.8.3 Performance of PHE Electrical Division, Jowai in execution of WSS

PHE Electrical Division, Jowai was created in March 2006 to implement and supervise all works under PHE Electrical Sub Division, Jowai and PHE Electrical Sub Division, Rymbai. Since inception, the Division had undertaken implementation of 24 WSS of which 17 WSS were planned by the Division while the remaining seven were ongoing schemes transferred to it after its formation. All the 24 WSS implemented were to be completed between March 2005 and March 2015. Audit scrutiny however, revealed that the Division could complete only one WSS (Mynso WSS) and that too after a delay of four years. The remaining 23 WSS estimated to cost ₹ 315.98 crore were incomplete as on 31 March 2015 even after incurring an expenditure of ₹ 166.45 crore (**Appendix - 1.2.5).**

Thus, despite creation of a new Division, the progress of implementation of WSS remained tardy.

In reply (January 2016), the Department attributed the delay to monsoon, inaccessible terrain and other factors such as delay in obtaining revised sanction and delay in obtaining forest clearance. The reply was not tenable as monsoon and terrain were factors which should have been considered during survey itself. The other administrative factors such as delay in obtaining revised sanction *etc.* should have been taken care of prior to execution of the project.

1.2.8.4 Idle investment on purchase of pipes

Scrutiny of records in three[16] divisions revealed that DI pipes and Galvanised Iron (GI) pipes worth ₹ 70.01 crore and ₹ 3.11 crore respectively were procured between February 2011 and September 2014 by CE, PHED to be utilised in eight[17] WSS. Audit noticed that out of the above, DI pipes worth ₹ 65.02 crore and GI pipes worth ₹ 2.35 crore were lying unutilised in the open as of March 2015. These pipes were procured without ascertaining their immediate requirement which resulted in idling of investment of ₹ 67.37 crore.

The Department stated (January 2016) that though the pipes procured could not be immediately utilised but its procurement on time often saved cost as pipe cost tends to escalate with time. However, the fact remained that procurement of pipes without immediate requirement had resulted in idling of investment and will further harm the quality of pipes due to rusting and deterioration due to vagaries of weather.

[16] Jowai Electrical, Mawphlang Electrical and Nongstoin divisions

[17] Ratacherra WSS DI –₹ 5.05 crore ; Synrang Umryrho WSS DI –₹ 7.70 crore; Synrang Umlawe WSS – DI - ₹ 32.96 crore & GI - ; Renovation of Dympep WSS DI - ₹ 2.82 & GI –₹ 1.15 crore ; Laitryngew 12 Shnong WSS - ₹ 12.12 crore & GI - ; Upper Shillong WSS DI - ₹4.37 & GI - ₹ 0.50 crore; 8-Mer Tuber WSS GI - ₹ 0.54 crore; Nongspung WSS - ₹ 0.16 crore

1.2.8.5 Usage of old pipes in new schemes

The life and durability of pipe depends on several factors including quality control and proper storage. Normally the design period of a pipeline is considered as thirty years. Audit scrutiny revealed that PHED did not have a proper storage facility for pipes. Despite lack of proper storage facility, pipelines were being laid after an inordinate delay or old pipes from other WSS, which had already lost a considerable part of its shelf life, were being used. The details are as shown below:

- "Boldamgiri WSS" under PHE Tura Division, sanctioned during March 1981, had become unserviceable and crossed its design period. As per records, the pipes laid in this WSS had become rusted, damaged and unserviceable, which disturbed the water supply to public. In order to counter the problem, the department sanctioned (March 2001) a new scheme "Augmentation of Boldamgiri WSS" at a cost of ₹ 97.21 lakh, with the stipulated date of completion being March 2004. On creation of two new divisions, the WSS was transferred (September 2006) to PHE Tura North Division and again (March 2008) to PHE Ampati Division. The WSS was finally completed in March 2012, after an expenditure of ₹ 1.06 crore.

  In the sanctioned estimate of "Augmentation of Boldamgiri WSS", 29127 Running metres (Rm) of GI pipes of different diameters was required. The estimate also had a provision for utilising 2838 Rm of old GI pipes of "Boldamgiri WSS". It was however, seen that 7646 Rm of old pipes was actually utilised resulting in excess usage of 4808 Rm of old, rusted and unservicable pipes.

  Thus, utilisation of 30 year old pipes of the unserviceable WSS which had already completed its normal design period was not only injudicious but was also detrimental to the health of the intended users. Further, usage of old pipes would also shorten the life span of the new WSS.

- Mention was made in paragraph 3.4.13.5 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 regarding doubtful laying of Mild Steel (MS) pipe in the ongoing "Quality improvement of Rongsaigre WSS" under PHE Tura North Division which was sanctioned (October 2002) at an estimated cost of ₹ 5.49 crore.

  On further examination of this work, Audit noticed that as of March 2015, all the components were completed except for construction of retaining wall and staff quarters and expenditure incurred was ₹ 5.77 crore. As per the sanctioned estimate, 11990 Rm of MS pipes (250 mm diameter) and 14890 Rm of GI pipes (150 mm diameter) was required for gravity main and distribution system. These MS pipes and GI pipes were accordingly acquired between August 2003 and August 2004. The MS pipes were however, laid between May 2009 and March 2010 while the GI pipes were laid between December 2013 and March 2015 *i.e.* more than 6 years and 10 years of procurement of MS pipes and GI pipes.

- "Augmentation of Tura Phase I & II WSS" under PHE Tura Division was sanctioned during October 2011. As per the sanctioned estimate, 29075 Rm of MS pipe (400 mm diameter) was required out of which 26390 Rm was procured during December 2012. Another 1345.87 Rm was transferred (May 2012 to March 2013) from "Tura Phase III WSS". As of March 2015, 26938.10 Rm of MS pipe (400 mm diameter) had been laid and work for laying the balance 797.77 Rm was in progress. Audit noticed that 1345.87 Rm of MS pipes transferred from "Tura Phase III WSS" were procured during January 2004, and hence pipes which had already lost its shelf life by 10 years were being utilised in the WSS.

- Paragraph 3.4.13.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 pointed out wasteful expenditure of ₹ 67.38 lakh and idle investment of ₹ 77.81 lakh in "Implementation of Lyngkyrdem Combined WSS" under PHE Investigation Division due to change of water source.

On further examination of this work, Audit noticed that 4845.42 Rm of MS pipe (150mm diameter) worth ₹ 57.72 lakh procured (November 2004) for the above scheme was transferred (July 2008) to "Implementation of Nongskhen Combined WSS". The pipes transferred however, could not be utilised till March 2015 even after a lapse of more than 10 years of its procurement as the village headman protested against usage of old pipes. No further action had been taken by PHED . Thus, delay in utilising the pipes procured during November 2004 not only resulted in stock becoming old but further delay would lead to deterioration and eventually wastage of Government money of ₹ 57.72 lakh.

- Scrutiny revealed that 2710 Rm of GI pipes[18] procured during November 2008 for "Improvement of Lumiablot WSS" were transferred (June 2010) to "Improvement of Lawsohtun WSS" and laid during September 2013. Hence, pipes which were more than five years old were being utilised in the WSS.

- Similarly, 4496 Rm of GI pipes of different diameters (25 mm to 100 mm) procured (March 2003) for "Konapara WSS" was transferred (February 2009) and utilised (March 2009) for "Implementation of Modergaon Gravity WSS". Hence, GI pipes which were more than six years as of March 2015 were being utilised.

- For "Implementation of Umjakoid WSS" sanctioned during February 2009 under PHE Nongstoin Division, out of the estimated requirement of 24210 Rm of different diameters (15 mm to 100 mm) of GI pipes, the Division utilised 26497.54 Rm transferred from 24 other WSS. These pipes were procured between December 2002 and February 2010 and laid between February 2010 and December 2014. The surplus pipes taken from 24 WSS indicated that the Department failed to assess the actual requirement of pipes in WSS and also led to usage of pipes procured much before the scheme was sanctioned thereby affecting the shelf life of the WSS.

[18] 1410 Rm of 50 mm and 1300 Rm of 40 mm diameter GI pipes

The usage of old pipes was not only fraught with risk of disrupting the supply of safe drinking water but was likely to result in additional expenditure on repair and maintenance.

The Department stated (January 2016) that old pipes were used in the new WSS only after ascertaining that they were still serviceable. The fact however, remained that using old pipes affects both the effectiveness as well as the shelf life of the WSS. Moreover, in case of "Augmentation of Boldamgiri WSS", pipes which were relaid were the ones certified as rusted, damaged and unserviceable.

1.2.8.6 Extra avoidable expenditure

In March 2011, the CE, PHED issued three supply orders to M/s Electrosteel Casting Ltd., Kolkata, for supply of 86866 Rm of Ductile Iron (DI) pipes of different diameter (100 mm to 450 mm) worth ₹ 12.57 crore to two Divisions (Electrical Divisions Mawphlang and Jowai) for 'Implementation of Upper Shillong WSS' and 'Implementation of Ratacherra Combined WSS'. As per the terms and conditions of the supply orders, the pipes were to be delivered within 30 June 2011. The rates, inclusive of DGS&D inspection fees and all taxes, would be based on pig iron rates prevailing 30 days prior to the date of inspection of pipes. The rate of DI pipes shown in the supply orders were based on the pig iron rates of ₹ 21,000/Mt prevailing during April 2009 and the terms and condition permitted modification in the supply rate of DI pipes in case of any variation in the price of pig iron.

Since the supply was to be completed between March – June 2011 and the rates were to be based on pig iron rates prevailing 30 days prior to the date of DGS&D inspection, the rate of DI pipes based on pig iron rates prevailing between February 2011 - May 2011 were applicable against the three supply orders of March 2011.

Scrutiny of records revealed that the supplier failed to supply the materials on time and instead six months after the delivery period, requested (20 December 2011) the CE, PHED for an extension on the ground that the order was *'very big'*. The CE, PHED accordingly granted (23 December 2011) extension of delivery period to 31 March 2012 without imposing any condition. After receipt of extension, the pipes were supplied between December 2011 and March 2012 *i.e.* after a delay of five to eight months from the originally stipulated date of completion (June 2011). On delivery of the pipes, the supplier was initially paid at the rate of April 2009 as stipulated in the original supply order. Subsequently, the supplier submitted supplementary bills of ₹ 3.07 crore for increase in rate of DI pipes calculated on the basis of increased rate of pig iron during the period from 15 November 2011 to 14 December 2011. The EEs of Electrical Divisions Mawphlang and Jowai accordingly paid the additional amount of ₹ 3.07 crore between February 2012 and March 2013.

Audit observed that granting of extension of time on the supplier's request made six months after the stipulated period of completion on the ground that the order was *'very big'* was injudicious. Further, since the supplier was bound to complete all supplies by June 2011, the CE, PHED while granting extension should have insisted that no increase in rate would be permitted beyond the rates of pig iron prevailing upto May 2011. By failing to insist on pegging the rates as applicable upto May 2011, the Department incurred extra avoidable expenditure of ₹ 0.43 crore[19] as detailed in **Appendix - 1.2.6** calculated on the balance supplementary bill of ₹ 1.36 crore only. Since the rates for 400 mm and 450 mm diameter of DI pipes prevailing during May 2011 was not available in the divisions, the extra avoidable expenditure on supplementary bill of ₹ 1.71 crore could not be ascertained. The extra avoidable expenditure would further increase on ascertaining the rates of DI pipes of 400 mm and 450 mm diameter during May 2011.

The Department stated (January 2016) that extension was granted after due consideration of the case. The fact however, remained that the Department failed to safeguard its interests which resulted in extra avoidable expenditure of ₹0.43 crore.

1.2.8.7 Wrong reporting

As per the Quarterly Progress Report (QPR) of March 2013 furnished by the EE, PHE Electrical Division, Mawphlang to the CE, PHED the work "Providing approach roads, power supply, drains, fencing to residential building in PHE complex at Mawphlang including external electrification" sanctioned[20] (March 2008) at a cost of ₹ 2.28 crore was completed during March 2013 and expenditure of ₹ 2.35 crore was incurred.

A joint physical inspection of the work carried out (July 2015) by the Audit team with the departmental officers showed that only the approach road leading to the staff quarters and workshop were completed. The other roads namely, approach road to divisional office, EE's quarter, two SDOs' quarters and parking lot had not been completed. However, the Department while making payment to the contractor mentioned in the running account bill that the works had been completed. Hence, the status of work reported by the division was not only incorrect but even after spending ₹ 2.35 crore, which was more than the sanctioned amount, the PHED failed to complete the work in all respects.

Photograph of Approach Road to EE's quarter not constructed but reported completed. (PHE Electrical Division, Mawphlang)

Photograph of Approach Road to SDOs' quarters not constructed but reported completed. (PHE Electrical Division, Mawphlang)

[19] Calculated on the basis of pig iron rates prevailing during April-May 2011.

[20] Sanctioned estimate of the work included construction of the approach road (including parking lot) to the staff quarters, workshop, divisional office, EE's quarter and two SDOs' quarters.

Incidentally, audit also noticed from records that the divisional office of the EE, PHE, Electrical, Mawphlang was constructed in two phases at a total cost of ₹ 1.24 crore[21] and was reported as completed during February 2007 (Phase I) and September 2009 (Phase II) in the final Running Bills certified by measurement taken. During physical verification (July 2015), the audit team noticed that the office building was lying incomplete and was functioning from the quarter meant for sectional officer. The doors and windows of the Divisional office building including painting were incomplete. The Division however, made full and final payment (March 2007 and March 2010) of ₹ 1.24 crore to two contractors, Shri Lurshai Lyngdoh and Smti Emi Julet Lyngdoh. Wrong reporting or false depiction of the status of the project was irregular besides expenditure of ₹ 1.24 crore remained unfruitful, even after lapse of more than eight years.

	
Photograph of Approach Road and Parking Place in front of divisional office lying incomplete but reported completed. (PHE Electrical Division, Mawphlang)	*Incomplete Divisional office of PHE Electrical Division, Mawphlang.*

The Department in its reply stated (January 2016) that the works had since been completed. But the fact remained that the work had been completed after being pointed out by audit and the payment was made to the contractor without the works being completed indicating malafide intentions and rectificatory action had been initiated only after being pointed out by audit.

1.2.8.8 Undue benefit to contractor and objective not achieved.

Nongstoin was declared as an urban area in 1987, but the town was being supplied with drinking water quantitatively as per standard applicable to rural areas leading to water scarcity in almost every locality. Hence, in order to improve the quantity of supply and to meet the growing demand of Nongstoin town, PHED accorded administrative approval (March 2011) of ₹ 133.94 crore for "Implementation of Nongstoin Urban WSS" under PHE Nongstoin Division. As per the detailed project

[21] The divisional office was constructed in two phases (i) Construction of office building at a cost of ₹ 45.04 lakh and reported to be completed during February 2007 and (ii) Construction of additional floor in the office building at a cost of ₹ 78.92 lakh which was reported as completed during September 2009, hence total cost adds up to ₹ 1.24 crore.

report prepared by the PHE Nongstoin Division the work was to be completed in three years. The project was grouped into nine packages and because of fund constraint tender valuing ₹ 18.88 crore for package -1[22] only was invited (August 2012). Based on the lowest tender received, the work for package-1 was issued (January 2013) to M/s Tantia Construction Ltd, Kolkata (firm) to be completed by July 2014 at a cost of ₹ 28.91 crore.

As per the agreement (March 2013) entered into between PHED and the firm, a maximum of five *per cent* of the contract amount could be advanced to the firm as interest free mobilisation advance subject to furnishing of a bank guarantee for the equal amount. As first instalment, only 2.50 *per cent* was payable from the date of notice to proceed with the work with subsequent advance payable on proof of having incurred adequate expenditure.

The agreement also provided for payment of another five *per cent* of the contract amount for mobilising plant, equipment and machinery. This advance was chargeable at 12.50 *per cent* interest and the firm was required to furnish the list of equipment/ machinery that would be deployed for the project.

Scrutiny of records revealed that the EE, PHE Nongstoin Division in violation of the agreement irregularly paid (November 2014) ₹ 1.45 crore as five *per cent* interest free mobilisation advance in one instalment instead of 2.50 *per cent* only (₹ 0.72 crore) and another ₹ 1.45 crore as five *per cent* mobilisation for plants and machineries even though the firm had not furnished the list of equipment/ machinery brought to the site.

A joint physical inspection of the site carried out (July 2015) by the Audit team with the departmental officers showed that there was no trace of mobilisation of any resources or manpower at the site, nor was there any progress of work as evident from the following photographs:

Photograph of work site of Nongstoin Urban WSS taken during Joint Physical Inspection (July 2015) showing no trace of mobilisation of any manpower or plant and machineries (PHE Nongstoin Division)

[22] Package includes survey, engineering, design and construction of approach road to pumping station, etc, construction of raw water pumping system, water treatment plant, laying of treated water gravity main, gravity & feeder mains pipelines, including service reservoir and appurtenant work all complete.

Thus, in deviation to the contract terms, the Division made an irregular payment of mobilisation advance leading to extension of undue financial benefit of ₹ 2.17 crore (50 *per cent* of ₹ 1.45 crore + ₹ 1.45 crore) to the firm.

Further by failing to ensure that the work progresses as scheduled, the objective of the Department to supply safe drinking water to the habitation of Nongstoin town quantitatively as per standard applicable to urban areas remained unfulfilled.

In reply, the Department stated (January 2016) that mobilisation advance was extended to the firm against bank guarantee as per contract agreement and that information on availability of funds to start the work was communicated to the firm only in 2014 after release of funds by State Government. But the fact remained that there was no trace of mobilisation of resources/manpower at the site even till July 2015 when the joint physical verification was carried out by audit.

1.2.8.9 Improper survey

"Augmentation of Tura Phase I and II WSS" was sanctioned (October 2011) at a cost of ₹ 50 crore, and was to be executed by PHE Tura Division. The stipulated date of completion was October 2015. As per the DPR, the Tura Phase I (taken up during 1970) and Phase II WSS (during 1981) which was catering to water supply needs of Tura town was in need of urgent augmentation and improvement, as it had outlived its designed utility period, and also due to the drastic reduction in yield of Rongkhon stream and Ganol river, which are the sources of Tura Phase I and Tura Phase II WSS. For "Augmentation of Tura Phase I and II WSS", it was proposed to draw water from Daribok stream, a tributary of Simsang river. The work commenced in November 2012 and as of March 2015, the physical progress was 40 *per cent* and expenditure incurred was ₹ 35.40 crore.

Scrutiny of records revealed the following:

(A) Estimate

As per the sanctioned estimate, 29075 Rm of 400 mm diameter MS pipes was required for raw water gravity main pipe line from intake to treatment plant. Though proper survey was to be undertaken before preparing the estimate, the Division undertook a survey (October 2011) after sanction of the project and found a shorter alignment which showed that only 27730 Rm of 400 mm diameter MS pipes was required. This resulted in excess estimation and sanction of 1345 Rm of MS pipes valuing ₹ 1.13[23] crore.

(B) ***Finalisation of Site***

Upto March 2015, 26938.096 Rm of 400 mm diameter MS pipe had been issued to the contractor. The work of laying the pipes however, could not commence due to objection raised by a Simsang River Protection & Development Committee (SRPDC),

[23] As per the sanctioned estimate, the cost of procurement and laying of one Rm of 400mm diameter MS pipe was equal to ₹ 8387.96. Hence inflated amount = 1345 Rm X ₹ 8387.96 = ₹ 1.13 crore.

an NGO based in Garo Hills on the ground that the project would affect the livelihood of the villagers as well as the natural ecosystem.

Hence, selection of site without taking the villagers into confidence had led to completion of the WSS becoming uncertain even after incurring an expenditure of ₹ 35.40 crore (March 2015).

The Department replied (January 2016) that the NGOs were non-existent during the survey for the scheme and necessary steps were being taken to solve the problem.

1.2.8.10 Estimate and actual utilisation of pipes in the distribution system

"Implementation of Kishanpara WSS" under Accelerated Rural Water Supply Programme (ARWSP) was sanctioned (March 2005) at an estimated cost of ₹ 1.27 crore to supply safe drinking water to ten habitations under Zizzak Block of West Garo Hills District. The work was executed by PHE, Tura Division upto July 2006, by PHE, Tura North Division upto February 2008 and thereafter by PHE, Ampati Division. Even though the sanctioned estimate stipulated that the WSS be completed within two years *i.e.* by March 2007, the scheme was completed only in March 2012 after a delay of five years and expenditure of ₹ 1.27 crore.

Scrutiny of records revealed that even though the EE, PHE, Tura Division had certified (November 2004) that the length of the pipeline provided in the estimates was as per actual survey and requirement of site, audit noticed huge reduction in actual utilisation of GI pipes for laying the distribution system. The details of requirement as per estimate, receipt and utilisation of GI pipes is as shown below:

Table – 1.2.7: Utilisation of pipes in distribution system

Diameter of GI Pipe	Quantity (Rm)				Percentage less utilised	Transferred to other WSS (Rm)
	Requirement as per estimate	Received	Actual utilisation	Less utilised (Col 2-4)		
1	**2**	**3**	**4**	**5**	**6**	**4**
80 mm	5350	7846.51[24]	3380	1970	37	3046.51
65 mm	4460	6218.63	3722	738	17	2496.63
50 mm	2910	2910	2310	600	21	600
40 mm	3395	3392.41	2406.80	988.2	29	985.61
25 mm	1610	1606.80	1392.80	217.2	13	214
20 mm	530	526.12	Nil	3.88	01	Nil
15 mm	890	887	487	403	45	400
Total	**19145**			**4920.28**	**26**	

(Source: EEs of concerned divisions)

It can be seen from the above table that total length of pipeline utilised in the distribution system was lesser than the estimated requirement by 4920.28 Rm (26 *per cent*). Since the laying of pipeline in the distribution system fell short of the estimated

[24] 1420 Rm of pipe utilized in laying of Gravity Main of this WSS.

provision, it indicates that the intended habitations/beneficiaries were not fully covered.

The Department replied (January 2016) that during survey, the villages were scarcely located but during execution, the scattered villages migrated to the main village due to security reasons which resulted in less utilisation of pipes. The fact however, remained that this was neither documented in any of the files of the Department nor was any documentary evidence in this regard furnished with the reply.

1.2.8.11 Water Supply Schemes not functioning due to theft of pipes

Mention was made in Paragraph 3.4.19.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 regarding persistent problem of theft of pipes and the Department's submission to Public Accounts Committee (33rd Report of the Public Accounts Committee placed before the Assembly in June 2000) that constant vigil over laid pipes was being maintained. Audit noticed that despite the submission, the Department had not been able to place an effective vigil mechanism to prevent theft of pipes and/or to follow-up theft cases to deter future occurrences.

Despite completion of 11 WSS under different Divisions at a cost of ₹ 4.69 crore, the WSS failed to function because of theft of laid pipes worth ₹ 0.45 crore[25] between November 2011 and January 2015 (**Appendix – 1.2.7**). Reasons for not replacing the stolen pipes as well as not taking effective measures to protect the laid pipes were not on record. Though the concerned Divisions lodged First Information Reports (FIRs) with the police, outcome of police investigation in the cases were awaited (September 2015).

Thus, failure to keep the departmental material secure resulted in unfruitful expenditure of ₹ 4.69 crore as the intended benefits of supply of safe drinking water could not be extended to the targeted beneficiaries, besides loss of ₹ 0.45 crore being the value of stolen pipes.

In reply, the Department stated (January 2016) that it is humanely impossible to keep round the clock vigil of pipes laid through uninhabited areas, dense jungles etc. But the fact remained that the Department had assured the PAC that constant vigil over laid pipes was being maintained.

1.2.8.12 Anticipated increase in scheme cost

An amount of ₹ 199.22 lakh was sanctioned (March 2011) under National Rural Drinking Water Programme (NRDWP) for "Implementation of Jengjal WSS" to be executed by PHE Tura Division. The stipulated date of completion was March 2014. As of March 2015, all the components of the work were completed except for laying of gravity main and distribution system and expenditure of ₹ 177.06 lakh was incurred with additional pending liability of ₹ 15.40 lakh.

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[25] Costs of stolen materials were assessed on the basis of PHE SOR prevailing at the time of occurrence of theft.

Scrutiny of records revealed that even though 51675 Rm of GI pipe of different diameters (15-150mm) was required as per the sanctioned estimate, till the date of Audit (July 2015) the Division had procured only 30996 Rm between October 2011 and July 2013. The Department had not procured the remaining 20679 Rm (40 *per cent*) of the required pipes as per the sanctioned estimate.

In order to procure the remaining quantity of GI pipes, the Department would require an additional amount of ₹ 48.57 lakh when calculated as per the rates in the estimate. Thus, the expenditure of the scheme was likely to exceed the sanctioned amount by ₹ 41.81 lakh as calculated in the table below:

Table – 1.2.8: Requirement of excess fund for completion of WSS

(₹ in lakh)

Expenditure till March 2015	177.06
Pending liabilities	15.40
Amount required for procurement of remaining quantity of GI pipes	48.57
Total estimated expenditure	241.03
Amount sanctioned for the WSS	199.22
Estimated excess expenditure	41.81

(Source: EE PHE Tura Division)

Despite the probability of the expenditure exceeding the sanctioned estimate by 21 *per cent,* the Division had not initiated any action to revise the estimate as prescribed in Rule 281 of Meghalaya Financial Rules, 1981.

The Department stated (January 2016) that necessary steps had been taken to revise the cost of the WSS.

1.2.9 Monitoring and evaluation

Audit Objective – 4: Whether there existed an effective monitoring and evaluation mechanism

1.2.9.1 Absence of norms for inspection of WSS by Departmental Officers

Neither the State Government nor the CE, PHED had specified any norms for checking/inspection of implementation of WSS by engineers or their subordinates. The CE, PHED, stated that inspection/checking of water supply schemes was carried out by engineers to ensure proper implementation. The CE, PHED however, failed to specify the periodicity and frequency of inspection which was required to be done by departmental officers at various levels in order to ensure smooth and timely implementation of WSS.

As per the guidelines issued by MoDWS, the State Government should carry out regular monitoring and evaluation through State Technical Agency. However, information/ records in this regard were not furnished to audit, though called for (September 2015).

In reply, the Department stated (January 2016) that inspections were carried out as and when necessary. The reply was however, silent regarding the absence of norms.

1.2.9.2 Failure to produce records relating to monitoring of WSS by SLSSC

As per MoDWS guidelines, the State Level Scheme Sanctioning Committee (SLSSC) should hold meetings at least twice in a year, wherein apart from sanctioning new schemes, progress, completion and commissioning of the schemes approved earlier by the Committee should be reviewed. The Department however, failed to furnish any records including minutes of meetings held by SLSSC despite reminders (July & September 2015). As a result, the review exercise carried out by SLSSC could not be ascertained by audit.

The Department stated (January 2016) that six meetings were held during 2010-15 but minutes of those meetings were not made available to Audit for scrutiny.

1.2.9.3 Failure to conduct evaluation studies

The MoDWS guidelines also stipulate that all States should set up a Water & Sanitation Support Organisation (WSSO). One of the main functions of WSSO was to take up evaluation studies, impact assessment studies, R&D activities and share the findings with PHED for corrective action. The Department however, failed to furnish any information regarding setting up of WSSO and evaluation studies conducted by it despite reminders (7 & 22 September 2015).

The Department stated (January 2015) that necessary initiatives had been taken.

1.2.9.4. Water Quality Monitoring & Surveillance (WQM&S)

The audit observations on WQM&S as contained in the MoDWS guidelines in respect of Meghalaya are discussed in the succeeding paragraphs.

➢ ***Shortfall in setting up of laboratories***

Water quality surveillance requires strong and effective organisational framework for assessing the quality and accessibility of water supplied to the people. The guidelines stipulate that laboratories were to be set up at State, District and Sub-Divisional levels and drinking water sources be tested at least twice a year for bacteriological contamination and once a year for chemical contamination.

In Meghalaya, out of eleven districts and 41 sub-divisions, laboratories were set up in seven districts and 20 sub-divisions only while the remaining four districts and 21 sub-divisions did not have laboratories of their own. Out of the 20 sub-divisional laboratories setup, audit verified five[26] and found that three sub-divisional laboratories *viz* Ampati, Barengapara and Phulbari though set up during 2013 were not functional (March 2015) due to lack of trained manpower.

[26] Mawphlang, Pynursla, Ampati, Barengapara and Phulbari

The districts and sub-divisions which did not have laboratories were compelled to carry out the chemical and bacteriological tests in the nearest district/sub-divisional laboratory. It was however, seen that three[27] out of the nine selected divisions did not carry out any bacteriological tests as the facility to carry out bacteriological tests was not functioning. Failure to setup laboratories in all the districts and sub-divisions and also to make all the setup laboratories functional indicated callousness of the Department towards quality assurance of drinking water supplied to the people.

The Department stated (January 2015) that action had been initiated for setting up of laboratories in the remaining districts and sub-divisions and training were being imparted to the existing staff to man the laboratories at Ampati, Barengapara and Phulbari.

➢ ***Wasteful expenditure on Field Test Kits (FTKs)***

The CE, PHED procured 1000 FTKs (September 2012 and March 2014) at a cost of ₹ 37.05 lakh for detection of chemical and biological contamination of all drinking water sources in the villages. The FTKs were to be transferred to sub-divisions who were to impart training to selected villagers to use the FTKs. Out of 1000 FTKs, 20 were damaged, 581 were distributed to different divisions, and the remaining 399 FTKs were lying in the CE's office.

Photograph showing FTKs lying idle in CE's office

A joint physical verification conducted (July 2015) with departmental officers revealed that out of the 399 FTKs, 179 FTKs had become outdated by October 2013 resulting in wasteful expenditure of ₹ 8.16 lakh. Further, it was seen that the remaining 220 FTKs valuing ₹ 6.27 lakh was due to expire by August 2015. Since, the Department could utilise only 581 FTKs (between September 2012 and July 2015) in 35 months, the prospect of utilising 220 FTKs in just one month was bleak. On expiry of these 220 FTKs, the amount of wasteful expenditure would rise further.

[27] Ampati, Tura & Tura North PHE Divisions

Batch No : 712
Mfg Dt : July 2012
Exp. Dt : 15 months from the date of mfg.

Mfg. month : Feb-14
Best before use: 18 months from the date of Mfg.

	
Photograph showing expired reagents of FTKs lying in CE's office	*Photograph showing reagents of FTKs expiring by August 2015 lying in CE's office*

Moreover, during beneficiary survey of 30 villages/ localities, it was found that in 20 villages and in 3 urban localities, FTKs had never been used.

The Department stated (January 2016) that only the reagents of 179 FTKs had expired and would be replaced before issue to beneficiaries and balance of 220 FTKs had already been issued. The fact however remained that these FTKs were lying unutilised for more than two years and the Department would have to incur additional expenditure in replacing the expired reagents.

➢ ***Testing of Water quality and quantity at delivery points***

As per MoDWS guidelines, water quality and quantity of every delivery point are to be tested by the community periodically. Audit however, noticed in the selected nine Divisions that there was no community involvement during testing at delivery points. Even though the Divisions stated that quantity and quality testing at delivery points were conducted, supporting documents could not be produced by seven[28] Divisions while the remaining two[29] Divisions could produce records relating only to quality tests.

The Department stated (January 2016) that review on WQM&S would be carried out from time to time to ensure quality water supply to the public.

[28] PHE Electrical, Jowai, GSWS-I & II, Nongstoin, Ampati, Tura and Tura North Divisions.
[29] PHE Electrical Division, Mawphlang and PHE Investigation Division, Shillong

1.2.9.5 Beneficiary Survey:

To ascertain the performance of the Department, a beneficiary survey was conducted in 30[30] villages/localities covered by eight completed/ commissioned WSS, (seven[31] were rural WSS while one[32] was urban WSS). The questionnaire was designed to gather responses from the village/ locality headmen regarding awareness of the WSS, quantity of water available to them, availability of household connections and quality testing (**Appendix – 1.2.8**). The results of the survey are summarised below:

- All the 30 respondents were aware that the scheme was sanctioned.
- In the 10 urban localities surveyed, 10 to 60 *per cent* of households did not have pipe water connection.
- Out of 15 villages which responded to the query, none had any pipe water connection at the household level.
- All the 30 selected villages/localities were connected with only a single WSS.
- In the urban areas, only four localities were receiving water supply daily. In five localities, the water supply was not always regular and at times water was supplied only five days a week while in the remaining one locality, water supply was not certain in some areas.
- In rural areas, 14 villages were getting daily water supply while the remaining six were getting water supply four days a week during dry season.
- All the respondents of Lyngkyrdem and five other adjoining villages stated that the quantity of water received during the winter season[33] was only 20 lpcd, was insufficient and that water was supplied only on four days in a week. Those villages were being supplied water through "Implementation of Lyngkyrdem Combined WSS" sanctioned in March 2004 and completed in March 2014 at a cost of ₹ 4.44 crore.
- In rural areas, seven villages (35 *per cent*) stated that water supply was enough for drinking, cooking, domestic needs and livestock. Five villages stated that it was enough for drinking, cooking and domestic needs while the remaining eight stated that it was sufficient only for drinking and cooking.
- In urban areas, seven localities stated that water supply was adequate for drinking, cooking and domestic needs; two localities stated that water supply was enough only for cooking and drinking while remaining one stated that water supply was not adequate.

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[30] 20 rural villages and 10 urban localities.
[31] Mawkadiang Nongkaniang WSS, Umjakoid WSS, Wahdingding WSS, Laitmawpen-Laitmawshing WSS, Lawsohtun WSS, Umthlong Kharmuti WSS, Lyngkyrdem Combined WSS
[32] Renovation of Jowai WSS
[33] Winter season in Meghalaya is from December to February

- In rural areas, only four out of 20 villages were aware that testing of water sources was done by the Department while in urban areas, eight out of 10 localities were aware of the same.
- 14 villages in rural areas were not aware that bacteriological and chemical testing was required to be done. Two villages stated that testing was done biannually; three villages stated that it was done once a year while the remaining one village (five *per cent*) stated that testing was never done.
- In urban areas, nine localities (90 *per cent*) stated that testing was performed adequately while one locality (10 *per cent*) did not have any knowledge of it.
- Eight rural villages and two urban localities were unaware that water was treated prior to supply while the remaining 12 villages and eight localities were aware about treatment of water.
- In rural areas, FTKs were not used in any of the 20 selected villages while FTKs were used only in seven out of ten urban localities surveyed.

1.2.10 Conclusion

The PHED was implementing various programmes in order to supply sufficient and safe drinking water to both the rural as well as urban population of the State. The objectives of the programmes remained largely unachieved because habitations ranging between 147 and 3592 slipped back from 'fully covered' to 'partially covered' during the years 2010-15 and several schemes were not completed even after a lapse of many years from the stipulated date of completion of the schemes.

Out of 28 WSS selected for the purpose of performance audit covering 2010-15, not even one WSS could be completed by the Department in time. A total of 19 WSS were incomplete even after a lapse of one to seven years from the stipulated date of completion while nine WSS were completed after a delay of one to 11 years. The ineffective implementation and under achievement by the Department was due to lack of proper planning and effective monitoring, failure to utilise the available funds and poor fund management. Financial irregularities such as undue financial favour to supplier by way of granting time extension, undue benefit to contractors in granting mobilisation advances as well as undue benefit due to not deducting VAT were also noticed during the course of audit. In addition, there were cases of wasteful expenditure, unauthorised payment and wrong reporting. Only 50 *per cent* of the required sub-divisional laboratories were set up in the State. Evaluation studies on the performance of the schemes or to assess the performance of the Department were never taken up. There was virtual absence of any water quality and surveillance mechanism to ensure supply of safe drinking water.

1.2.11 Recommendation

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for streamlining the implementation of the WSS:

- *The State Government should frame a State Water Policy and State specific guidelines. Implementation of WSS should focus on providing 70 lpcd of safe drinking water and individual household connection as envisaged in the MoDWS guidelines.*
- *Planning for WSS be judicious to ensure that old WSS are completed on priority.*
- *Cases of 'slipback' of habitations from fully covered to lower category should be checked and monitored.*
- *Procurement, storage and distribution of pipes should be efficiently managed to prevent idling and deterioration.*
- *Wrong reporting should be discouraged.*
- *Monitoring and evaluation mechanism needs to be strengthened. The Department needs to set norms for inspection of WSS by departmental officers.*
- *Effective water quality monitoring and surveillance system should be put in place.*

LABOUR DEPARTMENT

1.3 Functioning of Industrial Training Institutes in Meghalaya

Highlights

The main objective of Industrial Training Institutes (ITIs) is to impart industrial training to the less privileged, poor and downtrodden school-leaving youth so that they acquire technical skills for gainful employment. The ITIs are supposed to ensure a steady flow of skilled workers in different trades for the industry.

Performance audit of the functioning of ITIs in Meghalaya revealed undue delays in getting NCVT affiliation, delayed disbursement of stipends, lack of building facilities due to not acquiring land, not utilising hostels, increase in dropouts among trainees, vacant seats, poor placement of ITI passed candidates, manpower shortage in ITIs and absence of monitoring mechanism. Moreover, new ITIs were not set up in the State as envisaged under the Eleventh Five Year Plan and Apprentice Act, 1961 was not implemented.

Eleventh and Twelfth Five Year Plan target of having a pool of 13 ITIs in Meghalaya was not achieved.

(Paragraph 1.3.6.1)

None of the ten ITIs in the State had provided apprentice training thus depriving ITI trainees of exposure to on the job training.

(Paragraph 1.3.6.3)

Of ₹ 37.75 crore received during 2010-15, ₹ 5.33 crore (14 *per cent*) was lying unspent as of March 2015.

(Paragraph 1.3.7.1)

There was undue delay of 2 months to 29 months in disbursing stipend to trainees.

(Paragraph 1.3.7.2)

There was inordinate delay ranging from 1 year to 27 years in getting trades affiliated to the National Council of Vocational Trade.

(Paragraph 1.3.8.2)

The percentage of successful trainees gaining employment or becoming self-employed was only 37 *per cent.*

(Paragraph 1.3.8.5)

Four ITIs were functioning in rented buildings for past 4 to 24 years due to not acquiring land/delay in constructing the ITI buildings.

(Paragraph 1.3.9.1)

Monitoring and inspection of the ITIs during the period of audit was absent.

(Paragraph 1.3.10)

1.3.1 Introduction

Industry is always in need of skilled manpower for its production and growth. In order to provide a steady flow of skilled workers in different trades to the industry, the Government of India (GoI) introduced the 'Craftsmen Training Scheme' (CTS), in 1950. Under the CTS, Industrial Training Institutes (ITIs) were established in various States/Union Territories to upgrade the skills of craftsmen. The administration of ITIs was transferred to State Governments in 1956.

The main objectives of ITIs were to ensure a steady flow of skilled workers to the industry to meet the manpower requirements in different trades; introduce new courses in emerging areas and create self-sustaining courses; impart training to the less privileged, downtrodden and early school leavers to acquire technical skills for gainful employment; provide sophisticated training opportunities to women in the field of electronics and information technology for gainful employment and to closely interact with the industries on issues relating to exchange of technical knowledge and experience for the mutual benefit of the institutes and the industry.

1.3.2 Organisational set up

The Principal Secretary was in charge of policy-making and was assisted by the Commissioner & Secretary and the Secretary, Labour Department in monitoring the activities of the ITIs. The ITIs function under the control of the Director of Employment and Craftsmen Training (DECT). The DECT was assisted by the Joint Director, Deputy Director and Assistant Director of Training. Each ITI was headed by a Principal/Vice-Principal, who was in-charge of managing the affairs of ITI and was responsible for ensuring that proper co-ordination was maintained in all trades and training programmes were carried out effectively.

The National Council of Vocational Training (NCVT), an advisory body set up by GoI prescribed standards and curricula for craftsmen training. The NCVT also prescribed standards in respect of syllabi and equipment, scale of accommodation, duration of courses and method of training. Trade tests were conducted on all India basis by the NCVT and successful trainees were awarded 'National Trade Certificates' in the trades concerned under the seal and authority of NCVT.

Besides, Meghalaya State Council for Training in Vocational Trades (MSCTVT) affiliated to NCVT functioned as a State agency to advise the State Government on all matters relating to training in vocational trades in the State.

1.3.3 Scope and methodology of Audit

As ITIs were a major source of trained manpower, a Performance Audit (PA) on functioning of Government ITIs was taken up to assess whether they meet the requirements of the industry by providing qualified manpower. The audit objectives and criteria of the PA were discussed with the Commissioner & Secretary, Labour Department, the DECT and the Deputy Director, during an Entry Conference held on

12 June 2015. Audit was conducted between June and August 2015 in all ten ITIs in Meghalaya and at the office of the DECT covering the period 2010-11 to 2014-15. The draft report of the PA was sent to the DECT on 10 November 2015 and reply received on 24 November 2015. The audit findings were also discussed with the Joint Secretary, Labour Department, the DECT and Officers from the Finance Department, GoM during the Exit Conference held on 30 November 2015. The response of the Department has been taken into account while finalising this report.

1.3.4 Audit Objective

The objectives of the Performance Audit were to:

- Examine the adequacy and effectiveness of various skill development training programmes and sponsored activities as per latest industrial/market requirements and technology and the system in place for ensuring placement of trainees.
- Examine the adequacy and effectiveness of the financial management and utilisation of financial resources in conformity with applicable rules and regulations.
- Assess the adequacy of human resources, performance evaluation and skill up-gradation and efficiency in their utilisation.
- Assess the adequacy and effective utilisation of infrastructure such as class rooms, workshops, hostels, and tools and equipment.
- 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

The findings were benchmarked against the following sources of criteria:

- Training Manuals for Industrial Training Institutes prescribed by the Director General of Employment and Training (DGET);
- GoI/State Government orders on imparting industrial training to trainees;
- NCVT norms;
- The Apprentices Act, 1961; and,
- Prescribed monitoring and evaluation mechanism.

Audit Findings

1.3.6 Planning

Objective 1: 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

1.3.6.1 Eleventh and Twelfth Five Year Plans

ITIs help the State to produce the required skilled manpower, which forms the backbone of industry. As of 2006-07, the State had eight ITIs. The Eleventh Five Year Plan (XI FYP) 2007-12, envisaged having a pool of 13 ITIs in Meghalaya and hence proposed setting up of five new ITIs during the period.

Audit noticed that only two new ITIs at Sohra (April 2010) and Resubelpara (April 2011) were opened during XI FYP. Since the State failed to achieve the targets for XI FYP, the target of creating a pool of 13 ITIs in the State remained the same even during XII FYP (2012-17). The remaining ITIs had not been taken up till the date of audit (August 2015).

On being pointed out, the DECT stated (November 2015) that one new ITI had been sanctioned during 2014-15 and proposals for setting up new ITIs in the newly created districts of South West Khasi Hills and East Jaintia Hills were under consideration of the Government.

1.3.6.2 Introduction of new trades

As per the DGET Manual, the DECT was required to conduct survey to assess the existing labour force/skilled workers and coordinate with local industries to obtain their latest requirements prior to introducing new trades.

The DECT introduced only four trades namely Draughtsmen (Civil), Draughtsmen (Mechanical); Surveyor; and Preservation of fruits and vegetables at ITI, Tura in August 2014 with World Bank assistance. The DECT however, did not conduct any survey to assess the requirement of skilled labour by the local industries. Lack of assessment of the industrial needs for introduction of new trades deprived the poor and downtrodden school-leaving youth from benefit of undergoing training under new trades required by local industries.

The DECT stated (November 2015) that new trades have been approved for introduction under Enhancing Skill Development Initiative (ESDI) scheme and under the ADB project titled "Supporting Human Capital Development in Meghalaya" and that various short term job oriented courses had also been conducted both within and outside the State.

The reply was however, silent regarding the reasons for not conducting any survey to assess the requirement of skilled labour by the local industries.

1.3.6.3 Implementation of Apprentice Act, 1961

The ITIs produced semi-skilled workers. To improve their skills and expose them to industrial environment, the trainees who successfully completed their training were sponsored and sent to industrial establishments and were given apprenticeship training under the Apprentices Act, 1961.

Audit noted that there was no system to provide apprenticeship training to the successful trainees in any of the ten ITIs in the State. This deprived the successful trainees of much needed industrial exposure and adversely impacted the employability of ITI pass outs.

The DECT stated (November 2015) that 172 establishments had been issued notices to provide manpower data to locate seats, 21 establishments had been brought under the purview of the Act and 181 seats in different trades located and notified.

The fact however, remained that no successful ITI trainee had undergone apprentice training till the date of audit (August 2015).

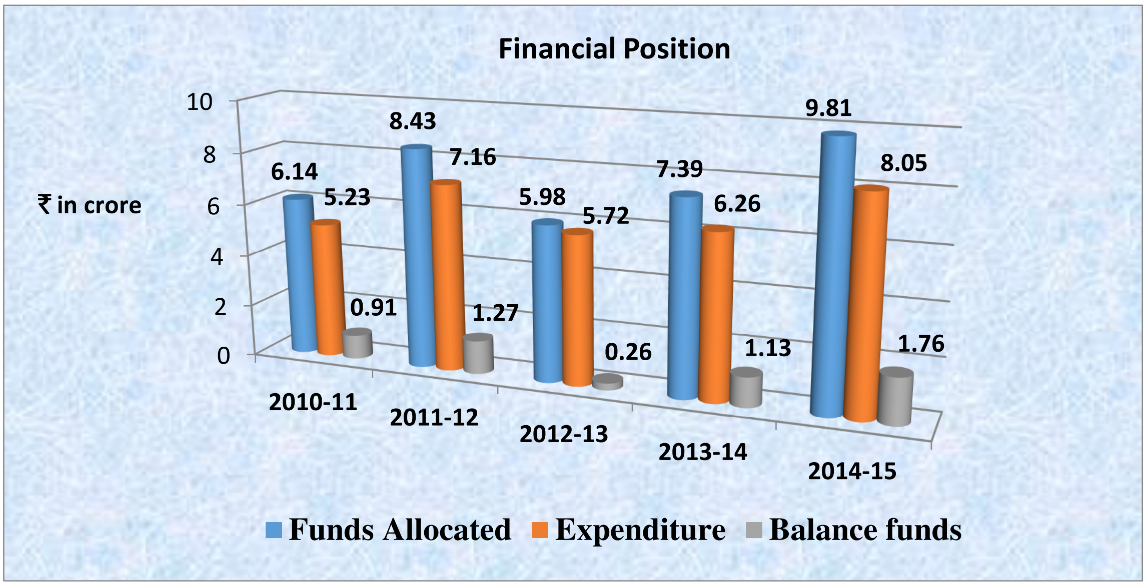
1.3.7 Financial Management

Objective 2: Adequacy and effectiveness of the financial management and utilisation of financial resources in conformity with the applicable rules and regulations

1.3.7.1 Allocation and expenditure

The details of allocation of funds for administration of ITIs and expenditure thereof during 2010-11 to 2014-15 are detailed in the graph/table below:

Graph 1.3.1: Allocation and Expenditure



During 2010-11 to 2014-15, against the total budget allocation of ₹ 37.75 crore, expenditure of ₹ 32.42 crore was incurred, leaving ₹ 5.33 crore (14.12 *per cent)* as balance.

Table 1.3.1: Allocation and Expenditure

₹ in crore

Year	Total		Balance funds	Percentage of balance funds
	Funds Allocated	Expenditure		
2010-11	6.14	5.23	0.91	14.82
2011-12	8.43	7.16	1.27	15.07
2012-13	5.98	5.72	0.26	4.35
2013-14	7.39	6.26	1.13	15.29
2014-15	9.81	8.05	1.76	17.94
Total	**37.75**	**32.42**	**5.33**	**14.12**

Source: DECT, Meghalaya.

The DECT stated (November 2015) that non-utilisation of funds was due to vacant posts, less expenditure on medical treatment, non-drawal of stipend, dropping out of trainees, and non-utilisation of World Bank schemes. The non-utilisation of funds indicates poor execution as brought out in Paragraphs 1.3.7.3, 1.3.8.1, 1.3.8.3, etc.

1.3.7.2 Delay in disbursement of stipend to the trainees

As per Clause 24 of the DGET Manual, stipend should be granted to trainees only after the aptitude tests were over and decisions taken regarding the discharge of supernumeraries. The award of stipend should be finalised within three months of the start of each session.

Audit observed that in seven ITIs, disbursement of stipend to the trainees was delayed between 2 and 29 months[34] during 2010-11 to 2014-15 (**Appendix - 1.3.1*).*** Thus, the trainees were deprived of critical financial support.

The DECT in reply (November 2015) attributed the delay in disbursement of stipend to the trainees due to scarcity of funds during relevant financial year, late submission of proposals by the ITIs, delay in receiving Letter Of Allocation from GoM and dropout of trainees.

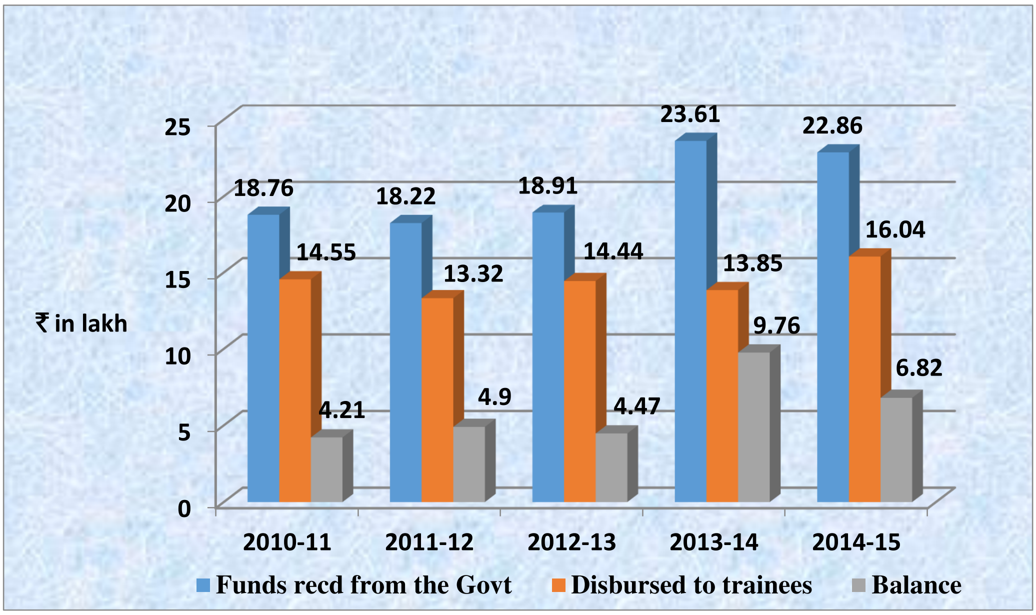
But the fact remained that delay in disbursement of stipend deprived the trainees of critical financial support.

1.3.7.3 Disbursement of stipend to the trainees not done

Audit observed that in seven ITIs, funds of ₹ 30.16 lakh meant for distribution as stipend to trainees were not disbursed during 2010-11 to 2014-15 (**Appendix - 1.3.2*)*** thereby depriving trainees of intended benefits and financial support. The position of funds received from the Government for stipend, amount disbursed to trainees and balance funds is depicted in the graph below:

[34] The period of delay was calculated three months after the commencement of course

Graph 1.3.2: Disbursement of stipend in seven ITIs (₹ in lakh)



The DECT stated (November 2015) that savings in disbursement of stipends was on account of trainees not turning up after sanction of stipend and deduction from stipend due to less percentage of attendance.

The fact remained that the deduction from stipend due to less percentage of attendance should have been credited back to Government Account which was not done.

1.3.7.4 Procurement of training material for trades not operational

Scrutiny of the stock register of the ITI Resubelpara revealed that during January 2012 and May 2014 plumbing training material worth ₹13.16 lakh were supplied as per supply orders issued by the DECT. In spite of procurement of training material worth ₹13.16 lakh, plumber trade was not operationalised (August 2015) in ITI Resubelpara resulting in idling of training material.

The Vice Principal, ITI Resubelpara stated (August 2015) that the training for plumber trade could not be taken up due to lack of availability of rooms. The DECT stated (November 2015) that due to inadequate annual plan budget, tools and equipment, furniture and training material were procured in a phased manner, because of which plumber trade was not operational.

The reply of the DECT appears to be an afterthought as the ITI Resubelpara was operating from a rented building and had no space to start a new trade. Procurement of training material without its immediate use indicated poor planning and implementation.

1.3.7.5 Absence of Annual Maintenance Plan

During the period under audit, the DECT, Meghalaya did not draw its Annual Maintenance Plan (AMP) for tools and equipment. As such, assessment and provision of funds for servicing of tools and equipment had not been carried out in the budget of DECT during 2010-15. In the absence of an AMP, the quality of maintenance and resultant availability of tools and equipment in proper working condition for training cannot be ensured.

The DECT stated (November 2015) that the delegation of financial powers to Principals/Vice-principals of ITIs was as per the State Delegation Financial Power Rules, as amended from time to time. The reply did not address the issue of non-preparation of AMPs by the DECT.

1.3.8 Implementation

Objective-3: Adequacy of human resources and efficiency in their utilisation, performance evaluation and skill up-gradation

1.3.8.1 Human Resource Management

(i) Shortage of technical instructors

DGET had prescribed a specific scale of technical staff admissible for ITIs. The number of posts admissible for an ITI depends upon the seating capacity of the institute and the number of units in various trades in an ITI.

Audit observed that seven technical posts were lying vacant in three ITIs for periods ranging between 3 and 5 years as detailed in the **Appendix - 1.3.3.** These vacant posts of technical instructors were being temporarily filled by employing casual staff for a period of 89 days at a time. Employing instructors for such short duration provides no assurance on the quality of training and was likely to have substantial impact on key performance indicators by way of drop-outs, pass out rate and employability.

The DECT stated (November 2015) that the Meghalaya Public Service Commission (MPSC) had been requested to fill up the vacant posts.

An audit query was issued asking for a copy of the request made to MPSC for filling up of vacant posts at Shillong, Tura and Williamnagar. The records enclosed by the DECT in reply indicated that no such proposals were sent to MPSC for the vacant posts. The fact therefore, remained that the posts were vacant leading to shortage of technical instructors.

(ii) Idling of trade instructor

The ITI Williamnagar had three trades namely Wireman, Stenography and Motor Vehicle (MV) Mechanic approved by the MSCTVT. To operationalise these trades, all six[35] sanctioned posts of trade instructors were filled up. Audit however, observed that despite having the instructors, only Wireman and Stenography trades were in operation while MV Mechanic trade had not started (August 2015). Thus, expenditure of ₹ 13.16 lakh incurred on payment of salary to the MV Mechanic trade instructor

[35] One each for Stenography and MV Mechanic and four for Wireman trade

since August 2011 to March 2015 had not only become unfruitful but not operating the trade had also deprived the unemployed youth of the State from acquiring the requisite skill of MV Mechanic.

The DECT in reply stated (November 2015) that the MV Mechanic trade could not be started due to absence of tools and equipment for which proposal had been sent under ESDI scheme.

(iii) Inadequate training to staff

The success and sustainability of any training system depends *inter alia* upon availability of good and trained instructors. The training programme should also plan for periodical training of all instructors so as to sharpen their teaching skills and to keep them abreast with emerging needs of the trade. The position of the ITI instructors who received training during 2010-11 to 2014-15 is detailed below:

Table 1.3.2: Status of training of Instructors

ITI	Technical instructors		Trade in which trained	Training Centre	Duration of training
	Total	Trained			
Baghmara	4	1	Wireman	Tata Motors Service Centre, Pune	6 days
Jowai	8	2	Motor Vehicle Mechanic	Tata Motors Service Centre, Pune	6 days
Nongpoh	6	2	Wireman/Welder	Nil	3 months 26 days
Nongstoin	4	0	Nil	Nil	Nil
Resubelpara	3	0	Nil	Nil	Nil
Shillong	25	3	Fitter, Electrician and Radio TV	ATI, Kolkata	1 year
Shillong (Women)	5	4	Dress making & Hair and skin care	Central Staff Training and Research Institute, Kolkata	5 days
Sohra	3	0	Nil	Nil	Nil
Tura	23	3	Welder/Electrician/MV Mechanic	CTI, Kolkata and ATI, Mumbai	1 year
Williamnagar	6	0	Nil	Nil	Nil
Total	**87**	**15**			

Source: Respective ITIs.

Audit observed that during 2010-15, only 15 out of 87 trade instructors (17 *per cent*) received training. Out of ten ITIs in the State, four ITIs (Nongstoin, Resubelpara, Sohra and Williamnagar) did not provide any training to its instructors. Out of six ITIs which provided training, three ITIs (Baghmara, Jowai and Shillong Women) provided training for 5 to 6 days only in a span of 5 years. Though ITI Shillong and Tura had 13 and 14 trades respectively, these ITIs imparted training to their technical instructors in only three trades ignoring the other trades.

Thus, majority of staff in ITIs were deprived of regular and periodic training required to stay informed of the emerging trends and also sharpen their teaching skills.

The DECT stated (November 2015) that GoI had established six Advanced Training Centres for training of instructors, and that in one year, the Craft Instructor could not be deputed due to the absence of leave reserved posts. It was also stated that 'Training of Trainers' was one of the components under ADB Project 'Supporting Human Capital Development in Meghalaya'.

The fact however, remained that only 17 *per cent* of the instructors received training during 2010-15.

1.3.8.2 Trades and affiliation

NCVT recognises training institutions run by Government or private agencies for purpose of the grant of National Trade Certificates and lays down conditions for such recognition/affiliation. As per NCVT norms, an ITI seeking affiliation for starting a new trade had to ensure the availability of the necessary infrastructure and instructors. The audit findings regarding trades and affiliation are brought out in the succeeding paragraphs:

➢ ***Unaffiliated trades***

Audit noticed that 18 trades in 9 out of 10 ITIs were unaffiliated with NCVT for want of required infrastructure as detailed below:

Table 1.3.3: Unaffiliated trades

No.	ITI	Trade	Year of commencement	Nature of shortcomings due to which NCVT affiliation was not granted
1	Baghmara	Wireman	2008	Shortage of tools and equipment
2	Jowai	Welder, MV Mechanic and Electrician	2001	
3	Nongpoh	Welder,	1999	
		Wireman	1996	
		Plumber	2009	
4	Nongstoin	Wireman and Carpentry	2001	
5	Resubelpara	Wireman	2012	
6	Shillong	Fruit & Vegetable Preservation (FVP)	2009	
		Information Technology & Electronic System Maintenance (IT&ESM)		
7	Sohra	Wireman	2012	
		Plumber	2013	
8	Tura	FVP	2009	
		IT&ESM		
9	Williamnagar	Wireman	2006	
		Stenography	2011	

Source: DECT, Meghalaya.

As such, trainees who had completed the courses successfully in the above trades were issued only provisional trade certificates by MSCTVT since they were not eligible for

NCVT certificates as those trades were not affiliated to NCVT. Due to not issuing NCVT certificate to trainees who had completed their training, they had no prospects of getting employed at the national level.

The DECT stated (November 2015) that non-affiliation of trades was due to the frequent revision of norms, criterion, guidelines and processes by GoI. The DECT further stated that trainees of non-affiliated trades were issued the SCVT Certification.

The reply was not tenable as the requests for affiliation were either not made by the ITIs or were turned down due to shortage of tools and equipment.

- ***Delay in affiliation of trades***

Audit observed that in ITI Shillong and Tura, there were undue delays in getting the trades affiliated with the NCVT as detailed below:

Table 1.3.4: Delay in affiliation

<table>
<tr><th>No.</th><th>Trade</th><th>Year of commencement</th><th>Date of NCVT affiliation</th><th>Time taken for affiliation (years)</th></tr>
<tr><td colspan="5">(a) ITI Shillong</td></tr>
<tr><td>1</td><td>Electrician</td><td rowspan="6">1976</td><td rowspan="7">07/10/1986</td><td rowspan="6">10</td></tr>
<tr><td>2</td><td>Fitter</td></tr>
<tr><td>3</td><td>MV Mechanic</td></tr>
<tr><td>4</td><td>Stenography</td></tr>
<tr><td>5</td><td>Welder</td></tr>
<tr><td>6</td><td>Wireman</td></tr>
<tr><td>7</td><td>Draughtsman (Civil)</td><td>1979</td><td>7</td></tr>
<tr><td>8</td><td>Mechanic (Radio & TV)</td><td>1989</td><td>24/04/1990</td><td>1</td></tr>
<tr><td colspan="5">(b) ITI Tura</td></tr>
<tr><td>1</td><td>Carpentry</td><td rowspan="2">1964</td><td>1982</td><td>18</td></tr>
<tr><td>2</td><td>Fitter</td><td>1991</td><td>27</td></tr>
<tr><td>3</td><td>Welder</td><td>1966</td><td rowspan="4">1982</td><td>16</td></tr>
<tr><td>4</td><td>Stenography</td><td>1975</td><td>7</td></tr>
<tr><td>5</td><td>MV Mechanic</td><td>1976</td><td>6</td></tr>
<tr><td>6</td><td>Electrician</td><td>1980</td><td>2</td></tr>
<tr><td>7</td><td>Plumber</td><td>1990</td><td>1991</td><td>1</td></tr>
</table>

Source: ITI Tura and Shillong

It can be seen from the above that there was inordinate delay ranging from 1 to 27 years in getting the trades affiliated to the NCVT by the two ITIs. This had resulted in depriving trainees of NCVT certificates thereby limiting their employment opportunities outside the State.

The DECT stated (November 2015) that the delay in affiliation of trades was due to the frequent revision of norms, criterion, guidelines and processes by GoI. Further, trainees of non-affiliated trades were issued the SCVT Certification. The reply was not tenable as there was inordinate delay in acquiring affiliation ranging between 1 and 27 years.

1.3.8.3 Administration of ITIs

(i) Trends in admission and dropout

The sanctioned strength, admission, vacant seats, drop-outs and passed out trainees in ten ITIs during 2010-14[36], as per the records of DECT, are detailed in **Appendix-1.3.4.**

As per the information, the overall percentage of vacant seats during 2010-14 ranged between 12 and 21 *per cent,* whereas the percentage of dropped out students ranged between 22 and 33 *per cent*.

Examination of the records of the ITIs however, revealed that percentage of vacant seats and dropped out students was very high as shown in the table below:

Table 1.3.5: Percentage of vacant and dropped out trainees

No.	ITI	Trade	Period	Percentage
(a) Vacant seats				
1	Baghmara	Wireman	2010-14	35-40
2	Jowai	MV Mechanic	2010-15	25-50
		Welder		64-93
		Stenography		40-70
3	Nongpoh	Plumber	2010-15	56-88
		Welder		67-100
		Wireman	2010-13	31-88
4	Nongstoin	Carpentry	2010-15	94-100
5	Shillong (Women)	Hair Dressing, Dress Making and Advance Dress Making		11-34
(b) Dropped out students				
1	Nongstoin	Wireman	2010-15	29-62
2	Resubelpara	Wireman	2011-14	35-47
3	Sohra	Wireman	2010-15	31-100
		Plumber		17-83
4	Tura	Overall		14-49
5	Williamnagar	Wireman		5-30
		Stenography		25-44

Source: Respective ITIs.

From the above, it can be seen that the percentage of vacancies was abnormally high in case of welder trade (ITI Jowai and ITI Nongpoh) and carpentry trade (ITI Nongstoin). The dropout rate was high in case of wireman and plumber trades at ITI Sohra.

The DECT stated (November 2015) that the high percentage of vacancies was due to lack of interest in the existing trades, low employment opportunities in particular trades, absence of placement cell in the ITIs and also due to personal grounds.

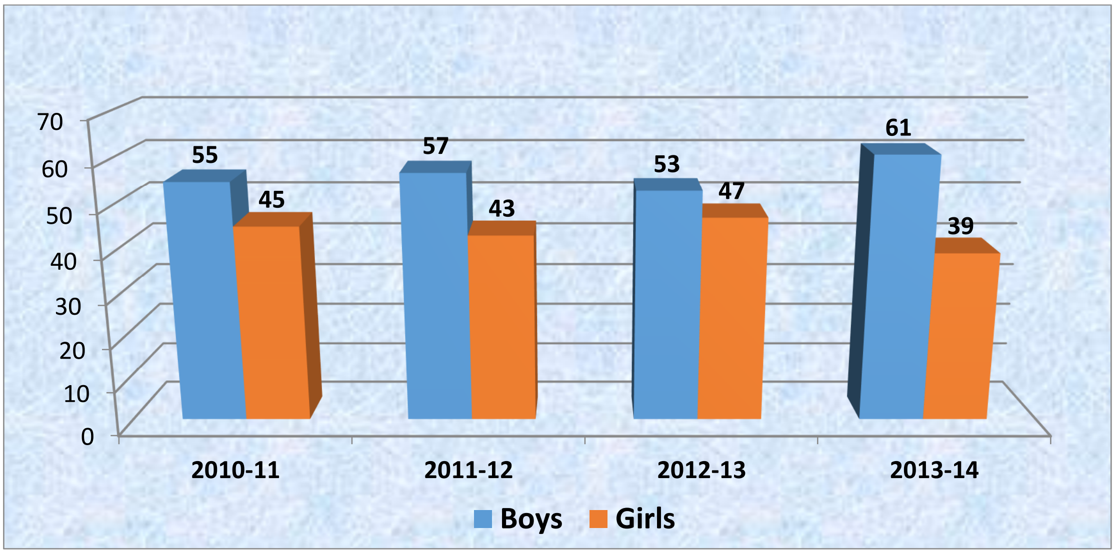
[36] The information for the year 2014-15 was not available with DECT.

The reply of the DECT indicates failure of the Department to achieve its objectives of providing skilled workers to meet the manpower requirements of the industry and provide gainful employment to less privileged early school leavers.

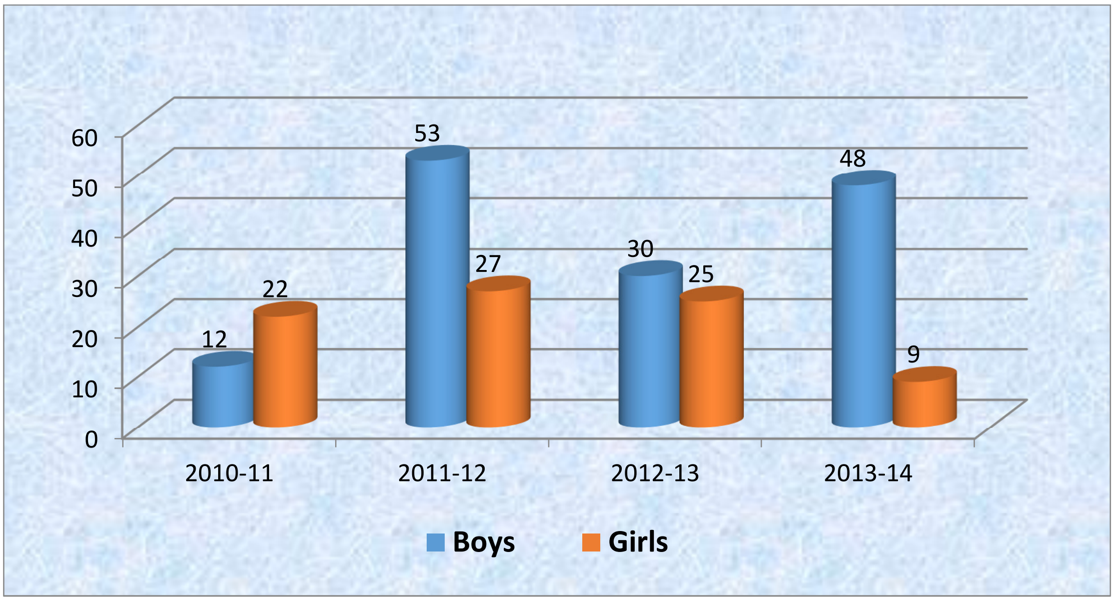
(ii) Performance of girls

During 2010-14, the percentage of enrolment of girls ranged between 39 and 47 *per cent*. The girls however, performed better than boys, in all other parameters such as having lower drop-outs and high pass percentage. The percentage of girls dropping out ranged between 9 and 27 *per cent* as against 12 and 53 *per cent* of boys. Similarly, the pass percentage for girls was consistently higher at 72 to 81 *per cent* as against 8 to 83 *per cent* for boys (**Appendix-1.3.5*)***. The graphical representation of the performance of boys and girls in percentage terms is depicted below:

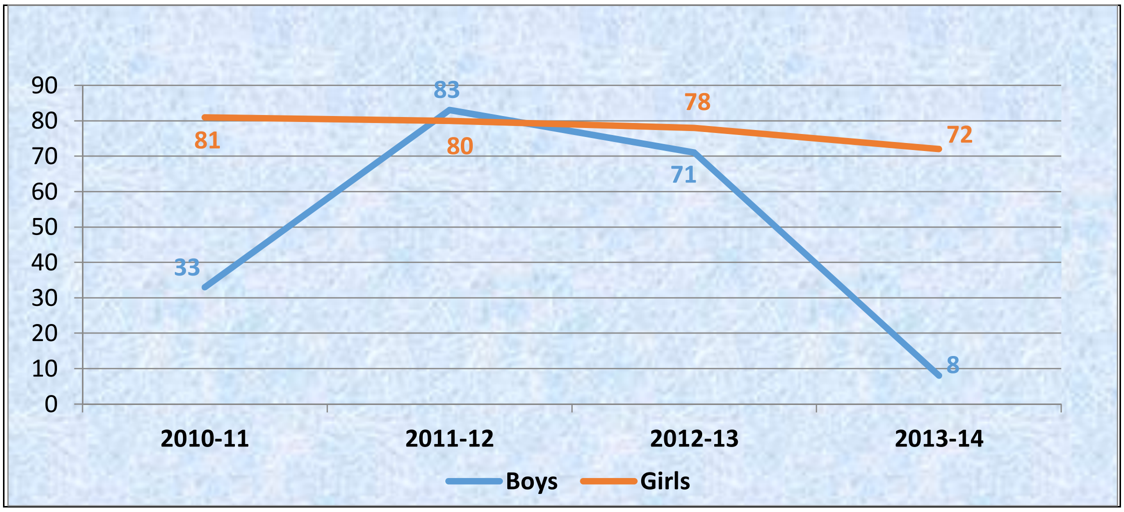
Graph 1.3.3: Admissions in percentage



Graph 1.3.4: Drop outs in percentage



Graph 1.3.5: Pass percentage



The DECT in its reply stated (November 2015) that the women only ITI in Shillong and two new trades for ITI Tura have been chosen for introduction keeping in mind the low percentage of women in ITIs.

(iii) Medical examination of trainees

As per Paragraph 12 of the DGET Manual, trainees were to be medically examined at the time of admission and thereafter, once every year. Trainees found medically unfit were to be discharged from the ITIs or to be allotted trades according to their health standards. Audit however, noticed that such medical tests were neither conducted at the time of admission of trainees nor during the period of the course.

The DECT stated (November 2015) that Principals/Vice-Principals would be instructed to follow the procedures as per the Manual.

(iv) Functioning of libraries in ITIs

The importance of a library for ITIs in the present day rapid technological advancement cannot be overemphasised. A well stocked library is not a source of information but also a means to keep abreast of emerging trends in the industry. Audit scrutiny however, revealed that library facility existed in only three ITIs (Nongpoh, Shillong and Tura) while seven other ITIs were functioning without this essential infrastructure.

On being pointed out, the DECT stated (November 2015) that provision of library and IT labs in all Government ITIs had been approved under the ADB Project 'Supporting Human Capital Development in Meghalaya'.

(v) Supply of raw material and consumables to trainees

According to the DGET Manual, a training grant of ₹ 400 per month per trainee for the engineering trades and ₹ 300 for the non-engineering trades per trainee per month was allowed to each institute to cover the cost of raw material, consumables, stationery etc.

Scrutiny of the records however, revealed that only 4 ITIs (Shillong, Shillong-Women, Sohra and Nongpoh) supplied raw material and consumables to the trainees. No records were however, available to indicate that these procurements were made as per the entitlement. Records were also not available with any of the ten ITIs that proposals were sent to the Government for providing adequate funds as training grant. Thus, the effectiveness of the training imparted without having adequate provision for raw material and consumables remained uncertain.

The DECT stated (November 2015) that funds were allotted according to the budget provision to procure raw material but due to shortage of funds raw material were not provided fully.

1.3.8.4 Implementation of Centrally Sponsored Schemes

(i) Up-gradation of ITIs under "Enhancing Skill Development Infrastructure in North East and Sikkim"

In April 2012, GoI, Ministry of Labour & Employment sanctioned and released ₹ 2.56 crore as first instalment to MSCTVT under "Enhancing Skill Development Infrastructure (ESDI) in North East and Sikkim" scheme for introducing three new trades in four ITIs and for supplementing the deficient infrastructure for existing trades. The breakup of the funds released to the ITIs is detailed below:

Table 1.3.6: Funds released under ESDI (₹ in lakh)

ITI	For introducing 3 new trades	For supplementing deficient infrastructure for existing 3 trades	Total
Nongpoh	31.52	35.49	67.01
Nongstoin	31.52	33.15	64.67
Resubelpara	31.52	30.82	62.34
Sohra	31.52	30.82	62.34
Total	**126.08**	**130.28**	**256.36**

Source: DECT, Meghalaya

Scrutiny of the records revealed that MSCTVT deposited the fund of ₹ 2.56 crore in its savings bank account on 06 June 2012. It was only after a delay of two years from the date of release of funds by the GoI (April 2012), that MSCTVT released (April 2014) ₹ 0.62 crore to the Public Works Department (PWD) for construction of buildings for ITIs at Resubelpara and Sohra after earning an interest of ₹ 14.67 lakh. The status of introducing three new trades[37] in these four ITIs and for supplementing the deficient infrastructure for existing trades is brought out in Paragraph 1.3.9. The balance fund of ₹ 1.94 crore had also been lying idle for more than three years and had not been utilised (September 2015). Thus, instead of channelising funds for early implementation of the scheme, the funds released by the GoI were kept idle earning

[37] Nongpoh (General painter, Floriculture & Landscaping and Mason), Nongstoin (Interior decoration & designing, Mason and General painter), Resubelpara (General painter, Floriculture & Landscaping and Mason) and Sohra (General painter and Mason)

interest. Consequently, the DECT was also far from achieving the objective of supplementing the deficient infrastructure and introducing three new trades in the four ITIs.

The DECT stated (November 2015) that the GoM had sanctioned funds for acquisition of land for ITIs at Nongstoin and Nongpoh and that 90 *percent* progress had been achieved in construction of buildings of ITI Sohra and work order had been issued for construction of ITI Resubelpara. The fact that the Department had not acquired land at Nongpoh and Nongstoin even after more than three years of the project being sanctioned indicates poor implementation by the Department.

(ii) Implementation of Vocational Training Improvement Project (VTIP) with World Bank Assistance

GoI, Ministry of Labour and Employment, accorded administrative approval and sanctioned (January 2010 and February 2014) ₹ 4.00 crore for upgrading ITI Tura into 'Centre of Excellence (COE)' under VTIP with World Bank assistance. The cost of the project was to be borne between the GoI and GoM in the ratio of 90:10. The details of the funds released by the GoI to GoM and from GoM to the Department are detailed below:

Table 1.3.7: Funds released under VTIP

(₹ in lakh)

Year	Amount sanctioned			Release by GoI to GoM		Release by GoM to Dept.			Funds released after (months)
	GoI	GoM	Total	Amount	Date	GoI's share	GoM's share	Date	
2010-11	270.00	30.00	300.00	33.00 159.79	11/01/10 31/03/11	33.00 159.79	3.67 17.75	28/09/10 22/02/12	8 10
2011-12	Nil								
2012-13									
2013-14	90.00	10.00	100.00	72.00	26/02/14	72.00	8.00	13/02/15	11
2014-15	-	-	-	44.59	27/03/15	-	0.00	Not released	-
Total	**360.00**	**40.00**	**400.00**	**309.38**		**264.79**	**29.42**		

Source: DECT, Meghalaya

The audit findings regarding the implementation of the project are given in the following paragraphs:

➢ ***Abnormal delay in implementation of the Project***

As per Action Plan of DECT, the work of constructing new workshops and classrooms for upgrading ITI Tura into CoE was to be executed by the PWD and completed by December 2011 at an estimated cost of ₹0.76 crore.

Scrutiny of records revealed that an amount of ₹ 0.68 crore was handed over (March 2012) to Chief Engineer (CE), PWD (Buildings) for construction of workshop and classroom for upgrading ITI Tura. During July 2013, the CE, PWD (Buildings) informed the Department that the work order was issued to Shri Jinberth R. Marak on 04 January 2013 but he subsequently withdrew from the work on 18 March 2013. It was suggested that since the estimates were based on Schedule of Rates (Buildings), 2008, the construction be now carried out within the approved amount of ₹0.75 crore based on SOR (B), 2013-14 by reducing the scope of work. The Department approved the suggestion of the CE, PWD (B) during August 2013. The extent to which the scope of work was reduced however, was not available on record of the DECT. No records were also available to indicate whether GoI approval for reducing the scope of the work was taken. Further, even after more than three years of handing over the amount to the CE, PWD (B) and reducing the scope of the work, the new workshops and classrooms for CoE had not been completed (July 2015).

Thus, the objective of the Department to make the ITI Tura into a CoE had not been achieved.

- ***Delay in release of funds by the State Government***

As per the terms and conditions of release, the grants sanctioned by the GoI, Ministry of Labour and Employment under VTIP, was to be utilised within one year from the date of issue of the sanction and any amount not spent by that time should be surrendered to the GoI. As such, the grant required that there should be no delay in releasing funds for the project. Scrutiny however, revealed that there was persistent delay ranging between 8 and 11 months by GoM in releasing the GoI's share along with its matching share to DECT thereby delaying the progress of the project.

The DECT stated (November 2015) that funds released by GoI is valid for 12 months. The fact however, remained that delays in release of funds affect the progress of the project.

- ***Sanctioned amount not released***

Of the total funds of ₹ 4.00 crore sanctioned, GoI had released ₹ 3.09 crore for the project. Out of the funds released by GoI, GoM had released only ₹ 2.65 crore of GoI's share to the Department. Reasons for not releasing ₹ 0.44 crore of GoI's share to the Department by GoM were not available on records. Similarly, the GoM had released only ₹ 29.42 lakh out of the share of ₹ 40.00 lakh. The balance of ₹ 10.58 lakh had not been released.

The DECT in its reply (November 2015) stated that the project cost was ₹3.00 crore and judicious planning had to be made to absorb additional funding above the project cost.

The reply was not acceptable as GoI had sanctioned ₹4.00 crore for the project in two phases.

- ***Parking of funds in Civil Deposits***

As per provision of the Meghalaya Treasury Rules, 1985, no money should be withdrawn unless it is required for immediate disbursement. Scrutiny however, revealed that out of the funds received, the DECT transferred ₹ 0.71 crore to "8443-Civil Deposits" and booked the same irregularly as expenditure. Parking of funds in "8443-Civil Deposits" indicated the inability of the Department to utilise the funds in a timely manner, ultimately resulting in delaying the delivery of the intended benefits of the project.

The DECT stated (November 2015) that funds were kept in Civil Deposit with the approval of the Finance Department.

But the fact remained that funds withdrawn without requirement for immediate disbursement was against the provision of the Meghalaya Treasury Rules, 1985.

(iii) Skill development Initiative Scheme

GoI introduced 'Skill Development Initiative (SDI) Scheme' during 2009-10 to improve the skills of early school leavers and existing workers in the industries by utilising the infrastructure available in the ITIs. Under this scheme, demand driven short term training courses were to be offered on various Modular Employment Skills (MES) by vocational training providers, the acquired skills were to be tested and the successful candidates were to be given certificates under the aegis of NCVT. The successful candidates were also expected to be provided placement within three months of completion of training.

Scrutiny of records revealed that under the SDI schemes, five ITIs were provided funds of ₹ 39.20 lakh during 2013-15 for conducting various short term courses on various MES. The details of the funds released to these ITIs, the amount utilised, actual number of persons trained and placement provided is shown in the table below:

Table 1.3.8: Funds released and utilisation under SDI

(₹ in lakh)

No.	ITI	Period	Funds			No. of Trainees		
			Released	Utilised	Unutilised	To be trained	Actually Trained	Employed
1	Baghmara	2013-14	6.00	0	6.00	NA*	0	0
2	Nongpoh		7.20		7.20	NA*		
3	Tura		10.00	0	10.00	120	0	0
4	Shillong (W)	2014-15	10.00	1.23	8.77	37	35	10
5	Sohra		6.00	0.02	5.98	28	9	0
Total			**39.20**	**1.25**	**37.95**	**185**	**44**	**10**

Source: Respective ITIs
****NA: Not Available***

Audit observed that of ₹ 39.20 lakh released to five ITIs, only ₹ 1.25 lakh was utilised by two ITIs leaving ₹ 37.95 lakh unutilised till the date of audit (August 2015).

Out of 185 trainees proposed to be trained, only 44 trainees (24 *per cent*) were trained by two ITIs and only 10 trainees (23 *per cent*) were able to secure employment. Two other ITIs (Baghmara and Nongpoh) had no information about the number of persons to be trained despite ₹13.20 lakh being released to them during 2013-14.

As such, funds released were neither fully utilised nor was the objective of providing employment to the successful trainees substantially achieved.

The DECT stated (November 2015) that overall implementation of the SDI scheme had been satisfactory and during the last two years 6699 persons had been trained and 1000 trainees were provided placement.

The reply was not acceptable in audit, as even the overall position shows that only 15 *per cent* (1000 out of 6699) could be provided placement after their training.

1.3.8.5 Post ITI-Follow up measures

(i) Employability of ITI trainees

Under the Craftsmen Training Scheme, the objective of establishment of ITIs was to impart industrial training to school-leaving youths so that they could acquire technical skills for gainful employment. The NCVT in its 36th meeting (December 2007) had recommended setting up of 'Placement Cell' in every ITI to assist the trainees in securing employment in different industries. The ten ITIs in the State train nearly 300 persons every year by imparting industrial training in various trades.

Scrutiny of records for the period 2010-15 however, revealed that none of the ITIs had any placement cell. These ITIs had not also been able to provide employment to a large percentage of trainees even after successful completion of the courses as shown below:

Table 1.3.9: Employment of passed trainees

No.	ITI	Total trained	Employed	Self-employed	Total employed	Percentage of employed including self-employed
1	Baghmara	25	Nil	Nil	Nil	-
2	Jowai	203	42	105	147	72
3	Nongpoh	46	Nil	Nil	Nil	-
4	Nongstoin	32	4	9	13	41
5	Resubelpara	13	Nil	13	13	100
6	Sohra	28	2	16	18	64
7	Shillong	834	263		263	32
8	Shillong (W)	173	0	57	57	33
9	Tura	89	23	12	35	39
10	Williamnagar	37	Nil	Nil	Nil	-
Total		**1480**	**546**		**546**	**37**

Source: Respective ITIs

As can be seen from above, only 546 out of 1480 skilled trainees (37 *per cent*) could get employed after passing out of the ITI. Thus, failure to have placement cell coupled with the fact that 63 *per cent* of the skilled trainees were unemployed, renders non-fulfilment of the vital objectives of Craftsmen Training Scheme.

The DECT stated (November 2015) that absence of a placement cell and personnel to man the cell was the reason for non-placement of ITI graduates.

1.3.9 Infrastructure and preparedness of ITIs

Objective-4: Effective utilisation and adequacy of infrastructure such as class room, work shop, hostel and tools and equipment

Deficiencies in infrastructure

The NCVT had prescribed norms for basic infrastructure such as classrooms and workshops. ITIs are to provide space for conducting various trades as per NCVT norms including availability of power. The ITIs were also to ensure availability of adequate hostel facilities and basic amenities such as potable water, playground, separate toilet facilities for girls and boys, compound wall, etc. GoI had also released (April 2012) ₹ 2.56 crore to MSCTVT under 'ESDI in North East and Sikkim' scheme for introducing three new trades in four ITIs and for supplementing the deficient infrastructure for existing three trades.

Scrutiny of records of the ITIs and the DECT however, revealed lack of infrastructure facilities such as non-availability of land, lack of basic amenities in ITIs, semi-completed hostels/unfurnished hostels, etc. The details of these inadequacies are discussed in the succeeding paragraphs.

1.3.9.1 Building adequacy

Out of the ten ITIs, four ITIs (Nongpoh, Nongstoin, Resubelpara and Sohra) did not have their own buildings as of March 2015. These four ITIs were functioning in rented buildings since their inception as detailed below:

Table 1.3.10: Operation of ITIs from rented premises

No.	ITI	Year of inception	Period of operation out of rented premises till March 2015 (years)
1	Nongstoin	1991	24
2	Nongpoh	1996	19
3	Sohra	2010	5
4	Resubelpara	2011	4

These rented buildings did not have the space as required under NCVT norms. As a result, not being able to fulfil the NCVT norms, all the four ITIs were unable to get NCVT affiliation and were running only MSCTVT approved courses.

Till the date of audit (August 2015), three ITIs were unable to acquire land for construction of their own building to overcome the constraints of functioning from a rented space which was lesser as compared to norms. The audit findings noticed regarding deficiencies in building adequacy for ITIs are detailed below:

- ***Delay in acquisition of land for ITI, Nongstoin***

  Even though, ITI Nongstoin was set up in 1991, it had failed to acquire land for setting up a permanent campus till the date of audit (August 2015). In

December 2013, the DECT identified a land measuring 3 acres at Sohpian, Nongstoin and had it valued (February 2014) by the Deputy Commissioner (DC), Nongstoin under the "Land Acquisition Act, 1894". The DC, Nongstoin initially valued the land at ₹ 0.41 crore which was revised (March 2015) to ₹ 0.61 crore under the provision of the newly enacted "Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013". Though sanction of ₹ 0.60 crore for acquiring the land at Sohpian was accorded by the GoM in March 2015, the process of acquisition had not been completed (August 2015).

➢ ***Delay in acquisition of land for ITI, Nongpoh***

Similarly, ITI Nongpoh, though set up in 1996 failed to acquire any land for setting up of its permanent site. The DECT received (August 2011) a willingness from Shri Bilson Nongrum to sell his land measuring 4.26 acres[38] at Nongkhrah, Nongpoh for stting up the permanent campus for ITI Nongpoh. On the request of the DECT (December 2011), the DC, Nongpoh valued (February 2012) the cost of the land at ₹0.56 crore under the "Land Acquisition Act, 1894". The DECT transferred (March 2013) the amount to the DC, Nongpoh only one year after the valuation was carried out. Scrutiny revealed that despite releasing the amount to the DC, Nongpoh, the land had not been acquired (August 2015). Reasons for not acquiring the land were not on records.

Further, since the "Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013" had become effective from September 2013, all acquisitions would now have to be made under this new Act. Because of the failure of the Department to acquire land for the last 22 years[39] under the "Land Acquisition Act, 1894", the cost of any land acquired under the newly enacted Act would be higher.

On being pointed out, the DECT stated (November 2015) that Shri Bilson Nongrum had withdrawn his offer and that the DC, Nongpoh had been requested (August 2015) to take up the matter with the competent authority for acquiring another plot of land at Raid Nongkhrah.

➢ ***Delay in acquisition of land for ITI, Resubelpara***

For setting up the permanent campus of ITI Resubelpara, the Nokma[40] of Resu A-King donated 3 hectares (7.41 acres) of A-King land[41] during April 2012. The Gift Deed of April 2012 was however, not registered with the jurisdictional Sub-Registrar. Reasons for not doing so were not available on record. Scrutiny of records however, revealed that 3 years after obtaining the

[38] 17265 sq meter
[39] From 1993 to 2015
[40] The Head of the Clan
[41] Land held by the Clan

gift deed from the Nokma, the VP, ITI Resubelpara and the Nokma of Resu A-King executed (March 2015) another gift deed by which the Nokma transferred 14 bighas (5.6 acres) of land for setting up the ITI. No records were available to indicate the reasons for reducing the area of gifted land from 7.41 acres to 5.6 acres.

Out of ₹ 2.56 crore received (April 2012) under ESDI in North-east and Sikkim, an amount of ₹ 0.31 crore was handed over (April 2014) to PWD (Buildings) for construction of ITI building at Resubelpara after a delay of two years. The construction work of the building had not begun (August 2015).

The DECT in its reply stated (November 2015) that work order for construction of the ITI building had been allotted.

➢ ***Status of construction of ITI building at Sohra***

GoM allotted 9.395 acres of land to ITI Sohra for setting up its permanent campus in April 2011. Similarly, as in case of Resubelpara, an amount of ₹ 0.31 crore of 'ESDI in North-east and Sikkim' funds was handed over (April 2014) to PWD (Buildings) for construction of ITI building at Sohra after a delay of two years. Construction work was in progress till the date of audit (August 2015).

The DECT stated (November 2015) that 90 *per cent* of physical progress in construction of ITI building at Sohra had been achieved.

Thus, due to the failure of the DECT to acquire land for construction of three ITI buildings and release of ₹ 0.62 crore to PWD for constructing the ITI buildings at Resubelpara and Sohra after delays not only resulted in four ITIs continuing to function from rented buildings but also had the following effect on the performance of the four ITIs.

- ➢ All the four ITIs do not have their own permanent building with space required for running trades as per NCVT norms. Hence, they were running only MSCTVT approved courses, thereby affecting the employability of the trainees at the national level.
- ➢ The objectives of 'ESDI in North-east and Sikkim' scheme to provide these four ITIs to introduce three new trades and supplement the existing three trades remained unfulfilled even after release of ₹ 2.56 crore by GoI during April 2012. This had consequently resulted in depriving the less privileged, downtrodden and early school leavers the opportunity of acquiring technical skills in new trades for gainful employment.

1.3.9.2 Availability of basic amenities

Lack of infrastructure adversely affects the performance indicators of training institutes such as having a high dropout rate, low interest in enrolment, etc.

Audit noticed that in none of the 10 ITIs were the basic amenities for trainees such as potable water supply, playgrounds and adequate toilet facilities available even till the end of March 2015. The details of the unavailable amenities are shown below:

Table 1.3.11: Lack of amenities in ITIs

No.	Amenities	ITIs where amenities were not available
1	Potable water supply	Jowai
2	Playground	Baghmara, Jowai, Nongpoh, Nongstoin , Resubelpara, Shillong (Women), Sohra and Williamnagar
3	Separate toilet facilities for girls and boys	Jowai, Nongpoh, Nongstoin, Resubelpara, Shillong and Williamnagar
4	Compound wall	Baghmara, Jowai, Nongpoh, Nongstoin, Resubelpara, Shillong, Shillong (Women), Sohra, Tura and Williamnagar
5	Facilities for extra-curricular activities	Baghmara, Jowai, Nongpoh, Nongstoin, Resubelpara, Shillong, Sohra, Tura and Williamnagar

Even the ITIs at Baghmara, Jowai, Shillong, Shillong (Women), Tura and Williamnagar, which were set up between May 1964 and September 2001 and had their own permanent campus, the basic amenities essential for providing all-round development oriented training had not been provided. Lack of basic amenities can also be attributed as one of the factors responsible for the high percentage of vacant seats and dropouts as pointed out in Paragraph 1.3.8.3.

The DECT stated (November 2015) that the approach of the Department was to set up ITIs in all district headquarters in the first phase within the budget allocation, which was inadequate to provide decent amenities. All other ITIs had been approved for upgradation under the Asian Development Bank Project 'Supporting Human Capital Development in Meghalaya'.

Reply was not acceptable in audit as these ITIs were set up 14 to 51 years ago and necessary infrastructure should have been created within this period. Further, the DECT consistently had unutilised funds at the end of each year as pointed out in Paragraph 1.3.7.1.

1.3.9.3 Other points of interest regarding physical infrastructure

➢ ***Irregular occupation of ITI Williamnagar buildings by security forces***

Between May 2008 and March 2009, the hostel, workshop building, staff quarters and guest house of ITI Williamnagar were requisitioned by the DC, Williamnagar and the Police Reserve Officer for accommodating the polling/security personnel and Assistant Commanding Officer of Central Reserve Police Force (CRPF). These accommodation had however, not been vacated since their occupation. As a result, ITI Williamnagar was facing shortage of space for staff quarters, for conducting training for wireman and stenography and for operationalising its MV Mechanic trade. The DECT had neither been able to ensure that the hostel, workshop building, staff quarters and guest house were vacated by the security personnel nor had it moved Government to provide alternative building for conducting its training programmes.

The DECT stated (November 2015) that the matter had been taken up with the competent authority to vacate the ITI Williamnagar hostel, workshop building, staff quarters and guest house.

- ***Encroachment of land of ITI Tura***

Out of 40 acres (100 *bighas*) of land available with ITI Tura[42], audit noticed that, as the land was not fenced, 20 acres (50 *per* cent) of land had already been illegally encroached upon by the local populace upto July 2009. The DECT had however, neither been able to evict the encroachers nor ensure that its area is fenced to prevent future encroachment (July 2015).

The DECT stated (November 2015) that efforts had been made to settle the encroachment problem in ITI Tura. The DECT also stated that in 1993, an attempt was made to temporarily fence the land which resulted in law and order problem. Action taken for evicting the encroachers was however, not stated.

- ***Infructuous payment of rent to the tune of ₹ 1.64 lakh for additional building***

ITI Nongstoin hired an additional building at a monthly rent of ₹ 23,363 for introducing new trades (General painter, Floriculture & Landscaping and Mason) under the ESDI scheme. GoM accorded (March 2015) sanction of ₹ 1.64 lakh for payment of monthly rent for the period August 2014 to March 2015. No new trade had however, been introduced till the date of Audit (August 2015). As such, the payment of ₹1.64 lakh as rental charges for an additional building which was never utilised for the purpose for which it was acquired, had rendered the expenditure infructuous.

The DECT stated (November 2015) that the additional building was taken on rent for introduction of three new trades under ESDI but those could not be introduced because the Purchase Board of Labour Department could not finalise the tender for purchase of tools, equipment and furniture. The DECT further stated that as getting suitable accommodation in Nongstoin was difficult, the Department was compelled to hold on to the additional rooms.

1.3.9.4 Hostel facilities

The DGET Training Manual stipulates that hostel facilities be made available for 50 *per cent* of the trainees in each ITI. Audit observed that hostel facilities were available only at Jowai, Shillong and Tura. Out of these places, only the hostel of ITI Tura was functioning. Provision for Girls' hostel was available only at ITI Shillong. The deficiencies noticed in functioning of hostels are detailed in the succeeding paragraphs:

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[42] Acquired on 27 November 1959 and handed over vide D.C.'s letter No.525 R, dated 09 February 1960

(a) Utilisation of Boys and Girls hostel at ITI Shillong

Construction of boys and girls hostels at ITI Shillong was entrusted to the PWD (Buildings) in 2001 by the DECT and the work was completed in 2007 at a cost of ₹ 0.89 crore. The completed hostel buildings were however, not handed over to the Department even till the date of audit (August 2015). Reasons for not handing over the hostels by the PWD were not found on records. No record of any action taken by the Department to request PWD to handover the completed buildings were also available. Audit further noticed that due to idling of hostel building, the Department incurred an additional expenditure of ₹ 0.23 core for repair/renovation work of girls' hostel.

The physical verification of the sites conducted during August 2015 revealed the following:

➢ The unutilised girls' hostel had not been furnished. It had no proper approach road and was lying unprotected with no boundary walls. The entire periphery of the hostel building was covered with weeds.

Unutilised Girls' hostel of ITI Shillong with no boundary walls and approach road	***Unfurnished Girls' hostel of ITI Shillong***

➢ The boys' hostel though completed was lying unutilised and unfurnished.

Boys' hostel of ITI Shillong lying unutilised and unfurnished.

Thus, expenditure of ₹ 1.12 crore (₹0.89 crore+ ₹0.23 crore) incurred on construction of the girls' and boys' hostel was rendered unfruitful due to failure of the DECT.

Besides, failure to make the hostels functional also deprived the poor and needy trainees from far flung areas with the boarding facilities.

While accepting, the DECT stated (November 2015) that there was a communication gap between the EE, PWD (Buildings), Shillong and Principal ITI Shillong which led to the delay in the handing/taking over of the two hostel blocks and that the Department was taking corrective measures to renovate one hostel block and utilise it.

(b) Utilisation of hostel and guesthouse building at ITI Jowai

The hostel and guesthouse building at ITI Jowai was constructed by the Meghalaya Government Construction Corporation Limited during 1990. As per the estimate, the cost of the work was valued at ₹ 23.59 lakh. The actual cost incurred in constructing the hostel and guest house was however, not available with the DECT. These infrastructure, though completed in 1990 had been lying unused for the past 25 years (August 2015).

The DECT stated (November 2015) that introduction of new trades had been approved under the ADB Project 'Supporting Human Capital Development in Meghalaya' and with the increase in trades and trainees, the hostel would be made operational.

	
Outside view of Hostel Building of ITI, Jowai lying unused since construction	***Damaged and unusable toilets of ITI, Jowai***
	
Guest House of ITI, Jowai lying unused since construction	***Dirty and seeping passage leading to the toilets of ITI, Jowai***

(c) Dilapidated condition of boys' hostel at ITI Tura

During the physical verification (July 2015) of the boys hostel at ITI Tura, it was seen that though the hostel was operational, the infrastructure and basic amenities provided to the trainees were not up to the required standards. Basic amenities such as toilet and bathrooms, kitchen and dining facilities were in a poor state. The toilets and bathrooms were dirty and were in need of urgent maintenance. The kitchen was shabby and broken down; the dining hall lacked infrastructure and was lying unused. The compound wall was not constructed.

The photographs taken (July 2015) of ITI Tura hostel are shown below:

Toilets and bathrooms of ITI, Tura needing urgent repairs and in dirty state

Shabby and broken down Kitchen of ITI, Tura

Dining hall lacking infrastructure

Hostel building without compound wall

The DECT stated (November 2015) that the hostel buildings were inherited from the erstwhile Government of Assam, and had long outlived their life, though minor repairs had been taken up by PWD from time to time. The steps taken to improve the condition of the boys' hostel were however, not stated.

1.3.9.5 Availability of diesel generator

DGET Manual prescribes that a diesel generator with sufficient capacity was to be installed in each ITI to facilitate uninterrupted training. Audit observed that seven ITIs (Baghmara, Jowai, Nongpoh, Nongstoin, Shillong-Women, Tura and Williamnagar) did not have diesel generators as prescribed in the Manual.

The DECT stated (November 2015) that allotted funds were not sufficient to procure diesel generators for each ITI and that corrective measures were under process to reform the ITIs under the ADB project.

1.3.10 Monitoring

Objective5: Efficiency and effectiveness of implementation of programmes for improving the standards of training and whether the requirement of the industry was met through a steady flow of skilled manpower in different trades

1.3.10.1 Inspection of ITIs

According to the DGET Manual, inspecting officers of the State Directorate of Training should inspect the ITIs in their charge as frequently as possible and give advice on the training. The MSCTVT was also to periodically monitor and review the functioning of the ITIs to assess whether sustainable quality vocational education was being imparted. Audit however, observed that no such inspection was carried out either by the DECT or by MSCTVT in any of the 10 ITIs during 2010-15. In the absence of monitoring and direction by MSCTVT and by the DECT, four ITIs (Nonstoin, Nongpoh, Resubelpara and Sohra) were without sufficient infrastructure and hence were able to run only MSCTVT affiliated trades. Lack of monitoring had resulted in the ITIs not being able to carry out the schemes effectively as pointed out in the preceding paragraphs.

1.3.10.2 Physical verification of stock

Physical verification of tools and equipment in the ITIs was to be conducted by Principals/VPs of the ITIs every year. Audit observed that no physical verification was carried out by the Principals/VPs of the ITIs in any of the 10 ITIs during 2010-15.

The DECT stated (November 2015) that measures were being undertaken for forming Trade Committee in all ITIs. The reply was however, silent regarding failure to carry out physical verification of stock.

1.3.10.3 Internal Audit

To ensure effective operation of internal control procedure, all field units under the control of the DECT including ITIs were to be audited by the Internal Audit of the DECT once a year. Audit however, observed that no such internal audit had been conducted during 2010-15.

The DECT stated (November 2015) that internal audit could not be carried out due to shortage of manpower at the Directorate level. However, the DECT agreed to carry out 'Peer Review' as suggested during the Exit Conference.

1.3.10.4 Meeting the requirement of the industry

The DECT did not conduct any survey to assess the requirement of skilled labour by the local industries (Paragraph 1.3.6.2) which resulted in 934 skilled trainees (63 *per cent*) remaining without employment after passing out of ITIs in the State (Paragraph 1.3.8.5).

It is evident from the above that the ITIs have not been able to meet the requirement of the industry through a steady flow of skilled manpower in different trades which was one of the prime objectives of setting up of ITIs.

1.3.11 Conclusion

The objectives of the ITIs to impart industrial training to the less privileged, poor and downtrodden school-leaving youth so that they acquire technical skills for gainful employment and to ensure a steady flow of skilled workers in different trades for the industry remained largely unachieved. The eleventh & twelfth Five Year Plan targets of having a pool of 13 ITIs in Meghalaya had not been achieved. Industrial exposure and on the job training for ITI trainees as required under the Apprentice Act, 1961 was not provided to the trainees. Huge funds were lying unspent as Government of India's assistance was not fully utilised. There was undue delay by the DECT in disbursing stipend to trainees.

There was inordinate delay in getting trades affiliated to the NCVT. Due to lack of infrastructure facilities and manpower shortage, 18 trades in 9 ITIs had not been affiliated to NCVT. Though the position of vacant seats and dropouts in ITIs was a matter of concern, the performance of girls *vis-à-vis* boys in performance indicators such as admissions, drop outs and pass percentage was much better. Even though 63 *per cent* passed out trainees remained without employment, none of the ITIs had a placement cell to assist them in obtaining employment.

Most of the ITIs lacked basic amenities such as potable water, toilet and bathroom facilities, playground, etc. Four ITIs were operating from rented buildings (4 to 24 years). Two of three hostel buildings had not been utilised till the date of audit (August 2015).

Monitoring of the ITIs by the inspecting officers of the State Directorate/MSCTVT, physical verification of stock and internal audit were totally absent.

1.3.12 Recommendations

- Government and DECT should prepare a time-bound programme to operationalise 13 ITIs by the twelfth Five Year Plan.
- Adequate infrastructure facilities and manpower should be provided in ITIs so as to get affiliation from the National Council of Vocational Training for all the trades, at the earliest.
- DECT should liaise more effectively with industrial units for providing much needed exposure to trainees. It may also explore taking assistance from the Industries Department for better implementation of the Apprenticeship Act, 1961.

Placement Cell should be created in all ITIs so as to ensure placement of successful trainees and to monitor their continued employment.

- Basic amenities such as potable water supply, playground, separate toilet facilities for girls and boys, compound wall, facilities for extra-curricular activities should be made available in all ITIs so as to attract more students. Hostels should be made operational at the earliest.
- Delay in disbursing stipends should be avoided. System must be put in place to ensure that stipends meant for trainees are either disbursed or credited back to Government Account.
- Inspection of ITIs should be conducted periodically as envisaged in the DGET manual so as to ensure quality in imparting technical skills to the trainees in line with changing technological needs.

COMPLIANCE AUDIT PARAGRAPHS

HEALTH AND FAMILY WELFARE DEPARTMENT

1.4 Avoidable extra expenditure

Procurement of medicines at higher than the approved rates resulted in extra expenditure of ₹ 1.94 crore and undue benefit of ₹ 0.49 crore to an unapproved firm.

The Meghalaya Delegation of Financial Powers Rules (MDOFPR), 2006 provide that purchases made by calling tenders should be at the lowest rate and in the event such a bid is rejected the tender committee is to record a speaking decision for such rejection.

The Joint Mission Director, National Rural Health Mission, (Jt. MD, NRHM), Meghalaya invited tenders (February 2011) for supply of specialised medicines manufactured by 148 companies for the years 2010-12. Based on the tenders received the departmental committee prepared a recommendation listing the rates and the firms from which the medicines manufactured by a specific pharmaceutical company were to be purchased. The recommendation of the departmental committee was approved by the MD, NRHM on 25 February 2011.

Scrutiny (December 2014) of the records of Jt. MD, NRHM, Meghalaya, regarding procurement of medicines revealed avoidable extra expenditure of ₹ 1.94 crore besides extension of undue benefit of ₹ 0.49 crore to an unapproved firm as shown under:

- Examination of the records showed that the tender (February 2011) inviting offer for supply of medicines included the medicine 'Iron Injection'. In response to the tender, firm 'A'[43] quoted the lowest price (L1) of ₹ 17.20 for supply of medicine of 2 ml packing manufactured by a company[44] listed in the approved list of 148 companies. The committee however, recommended the purchase of the medicine manufactured by 'Aristo Pharmaceuticals, Mumbai' in 5 ml packing at fourth lowest rate (L4) from the firm 'B'[45] by recording the remark '*Aristo preferred by Doctors*'. The records showing how the preference of the doctors was ascertained were not produced to audit. No reasons for rejecting the L1 to L3 rates was recorded by the committee despite the provision of MDOFPR, 2006 making it mandatory. Between February and October 2011 the Jt. MD, NRHM procured medicine worth ₹ 1.67 crore at L4 rates from the firm B resulting in avoidable extra expenditure of ₹ 1.05 crore (**Appendix – 1.4.1**). Further, out of the purchase of ₹ 1.67 crore, the Jt. MD, NRHM permitted the firm B to supply medicines valuing ₹ 1.02 crore[46]

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[43] M/s Arengh, Shillong.
[44] Shreya Life Science.
[45] M/s Eastern Pharma, Shillong.
[46] ₹ 96,77,082 + ₹ 4,83,854 (VAT 5%) = ₹ 1,01,60,936

manufactured by another pharmaceutical company[47] at the same L4 rates even though it was not among the 148 companies listed in the tender.

- Between May 2011 and October 2011, the Jt. MD, NRHM also procured medicines worth ₹ 1.05 crore at rates (L7) which were not only higher than the approved higher rate but also at rates which were not bid during the tendering process. This has resulted in incurring avoidable extra expenditure of ₹ 0.55 crores as detailed in **Appendix – 1.4.2.**
- Again, despite calling tenders for 2010-12, the Jt. MD, NRHM procured (December 2011) medicines worth ₹ 0.49 crore at higher rate from a firm (M/s Krom Rapsang) which had not even participated in the bidding process. During the same period (April 2011 to March 2012) purchases were also made from the firms which had participated in the bidding process at the lowest approved rate. This had resulted in extension of undue benefit of ₹ 0.49 crore to the unapproved firm besides incurring avoidable extra expenditure of ₹ 0.34 crore **(Appendix – 1.4.3).**

Thus, failure to adhere to the provision of MDOFPR, 2006 resulted in NRHM, Meghalaya incurring avoidable extra expenditure of ₹ 1.94 crore and extension of undue benefit of ₹ 0.49 crore to an unapproved firm.

On being pointed out (January 2015), the Jt. MD, NRHM stated (March 2015) that the prevailing price of Iron Injection manufactured by Aristo Pharmaceuticals was ₹ 197.65 and there appears to have been a printing mistake at the time of preparing the comparative statement and that medicines procured from M/s Krom Rapsang at a higher rate was based on the manufacturer's price list. The reply was however, silent regarding the reasons for rejection of the L1 to L3 rates quoted for Iron Injection. No reasons were furnished for vitiating the sanctity of calling tender by permitting the firm to supply medicine manufactured by another company not among the list of approved manufacturers in the tender document and also for procuring medicines from an unapproved firm even while the same medicines were being supplied by approved firms at a lower rate.

The matter was reported to Government (July 2015); reply was awaited (December 2015).

[47] Cachet Pharmaceuticals.

URBAN AFFAIRS DEPARTMENT

1.5 Unfruitful Expenditure / Liability

The State was deprived of Additional Central Assistance of ₹ 17.41 crore due to failure to implement the reforms as per timelines under JNNURM. Further, delay in completion of GSWSP Phase-III project led to unfruitful expenditure of ₹ 131.84 crore.

Guidelines for the Urban Infrastructure and Governance (UIG), a sub mission under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), stipulated that the State Governments should undertake certain mandatory and other optional reforms[48] at urban local body and state level in order to be eligible for Additional Central Assistance (ACA). The ACA was available up to the extended period of 31 March 2014 and thereafter the State Government was to complete the project out of their own resources.

As per the above guidelines, a detailed project report (DPR) for Greater Shillong Water Supply Project (GSWSP) Phase-III was prepared by the Public Health Engineering Department (PHED), Government of Meghalaya (GoM) in July 2008 at an estimated cost of ₹ 193.50 crore. The project was to be sourced from Umiew river. It *inter-alia* envisaged improvement, expansion of the existing distribution network and creation of infrastructure to reduce the unaccounted flow of water (UFW) by 55.75 million litres of water by 2011 and provide for supply of additional 24 million litres of water to the projected population ranging between 3.16 lakh and 5.12 lakh persons in the Shillong Urban Agglomeration[49] from 2011 to 2041. The DPR was approved by the Central Sanctioning and Monitoring Committee (CSMC), JNNURM, Ministry of Urban Development (MoUD), GoI in October 2008. The projected cost was ₹ 193.50 crore with Central share fixed at ₹ 174.15 crore and State share fixed at ₹ 19.35 crore. The project was to be completed by May 2011.

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[48] **ULB level reforms:** (1) E-Governance set up; (2) Shift to Accrual based Double Entry Accounting; (3) Property Tax – (85 *per cent* coverage & 90 *per cent* collection efficiency); (4) 100 *per cent* O&M cost recovery in Water Supply & Solid Waste Management; (5) Internal Earmarking of Funds for Services to Urban Poor and (6) Provision of Basic Services to Urban Poor.
State level reforms: (1) Implementation of 74th Constitution Amendment Act; (2) Integration of City Planning & Delivery; (3) Reform in Rent Control; (4) Stamp Duty Rationalization to (5) *per cent*; (5) Repeal of Urban Land Control RA and (6) Enactment of Community Participation Law and Enactment of Public Disclosure Law.
Optional reforms: (1) Introduction of Property Title Certification System in ULBs; (2) Revision of Building Bye laws – Streamlining the Approval Process; (3) Revision of Building Bye laws – To make rain water harvesting mandatory; (4) Earmarking 2(5) *per cent* developed land in all housing projects for EWS/LIG; (5) Simplification of Legal and Procedural framework for conversion of agricultural land for non-agricultural purposes; (6) Introduction of computerized process of Registration of land and Property; (7) Byelaws on Reuse of Recycled Water; (8) Administrative Reforms and (9) Structural Reforms and Encouraging Public Private Participation

[49] Areas falling under the Shillong Municipality & Cantonment Board, Nongthymmai, Part of Mawlai, Madanryting, Nongmynsong and Pynthorumkhrah.

Monitoring of the project was done by the Meghalaya Urban Development Authority (MUDA) being the nodal agency and the project was implemented by PHED. Funds to PHED were released through MUDA. The details of funds released by the Central and the State to MUDA and from MUDA to PHED for GSWSP Phase-III was as follows:

Table 1.5.1

(₹ in lakh)

<table>
<tr><th rowspan="2">Installment</th><th colspan="4">Central Share</th><th colspan="4">State Share</th><th rowspan="2">Total released</th></tr>
<tr><th>Due</th><th>Amt. released</th><th>Date of release by GoI</th><th>Date of release to PHED</th><th>Due</th><th>Amt. released</th><th>Date of release to MUDA</th><th>Date of release to PHED</th></tr>
<tr><td>First</td><td>4353.69</td><td>4353.69</td><td>20/10/08</td><td>04/09/09 & 08/02/10</td><td>483.74</td><td>483.74</td><td>16/12/09</td><td>04/10/10 & 31/03/11</td><td>4837.43</td></tr>
<tr><td rowspan="2">Second</td><td rowspan="2">4353.69</td><td rowspan="2">2612.21</td><td rowspan="2">08/06/11</td><td rowspan="2">05/08/11 & 26/09/11</td><td rowspan="2">483.74</td><td>290.24</td><td>05/07/11</td><td>26/09/11</td><td rowspan="2">3508.64</td></tr>
<tr><td>193.50 & 412.69</td><td>22/03/12</td><td>26/06/12</td></tr>
<tr><td>Third</td><td>4353.69</td><td>4353.69</td><td>27/01/12</td><td>2/7/2012</td><td>483.74</td><td>483.78</td><td>17/02/12</td><td>26/06/12</td><td>4837.47</td></tr>
<tr><td>Fourth</td><td>4353.69</td><td>-</td><td>-</td><td>-</td><td>483.74</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>17414.76</td><td>11319.59</td><td>-</td><td>-</td><td>1934.96</td><td>1863.95</td><td>-</td><td>-</td><td>13183.54</td></tr>
</table>

Source: Records of MUDA

Scrutiny (July 2015) of records of MUDA revealed that the State Government had committed to undertake the reforms stipulated in the guidelines, but due to its inability to adhere to them as per the timelines, the Ministry of Urban Development (MoUD), GOI deducted ₹ 17.41 crore being 10 *per cent* of the total ACA while releasing the 2nd installment to the State. According to 'reforms calibrated milestones and scores' as appraised by the MoUD, the State had achieved only 69 *per cent* of the stipulated reforms. To mitigate the shortfall, the GoM released an additional amount of ₹ 4.13 crore from its own share. During December 2011, the on-going project was inspected by an Independent Review and Monitoring Agency appointed by MoUD and based on its appraisal report the 3rd installment of ₹ 43.54 crore was released (January 2012) to the State Government. Thereafter, no further funds had been released by GoI.

Further examination revealed that although the project was to be completed by May 2011, only 36 *per cent* of the work had been completed up to December 2013 even after utilising ₹ 131.84 crore (68 *per cent*) towards the project. Consequently MoUD declined (September 2014) to release the 4th installment of the Central share of ₹ 43.54 crore as the extended period of 31 March 2014 was over, even after request for release of funds (February 2014) was made by MUDA. As per the quarterly progress report only 38 *per cent* of the work had been completed even up to March 2015.

Thus, inability of the State Government to implement the reforms as per timelines had resulted in the State being deprived of the ACA of ₹ 17.41 crore and failure to complete the project on time had led to additional loss of ACA of ₹ 43.54 crore. This had led to the State being burdened by additional liability of ₹ 60.95 crore[50] which had to be met from its own resources.

Further, failure to complete the project even after more than four years from the stipulated date of completion and after utilising ₹ 131.84 crore had rendered the entire expenditure incurred on the project unfruitful. The project was also fraught with risk of failure as no further funds had been released by GOM after June 2012. More importantly, the project objective of reducing the UFW by 55.75 million litres of water by 2011 and creating infrastructure to provide for supply of additional 24 million litres of water to the projected population of the Shillong Urban Agglomeration from 2011 to 2041 had been frustrated.

The matter was reported to the Government in August 2015; their reply was awaited (December 2015).

1.6 Unfruitful Expenditure

Delay in completion of the Solid Waste Management Projects at Tura and Nongpoh resulted in unfruitful expenditure of ₹ 10.24 crore.

Government of India (GoI) approved (March 2009) the detailed project reports (DPRs) for scientific disposal and management of solid waste in Tura and Nongpoh at an estimated cost of ₹ 14.33 crore[51] under the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) to be implemented by Meghalaya Urban Development Authority (MUDA), Government of Meghalaya (GoM). The cost of the project was to be shared between the Centre and the State in the ratio of 90:10 with the central share being ₹ 12.90 crore and the state share ₹ 1.43 crore. The project was to be completed by March 2012.

Audit noted that the objective of having the scientific disposal of solid waste in Tura and Nongpoh even after more than three years five months of the completion date was far from achieved due to change in scope of work, inordinate delay in commencement and completion, etc. Analysis of the reasons for non-achievement of the objective revealed the following:

- Even though GoI approved the project during March 2009, the land for the projects were handed over to MUDA in October 2009 and March 2011 by Tura Municipal Board and Nongpoh Town Committee respectively and the work commenced only in September 2011. On the delay being pointed out, MUDA stated (July 2015) that the delay was on account of change of demarcated site in Nongpoh, time required to clear the garbage as both the sites were existing garbage disposal sites and heavy monsoon. The reply was however, not tenable as heavy rain during monsoon is a regular occurrence in the State and this should have been

[50] ₹ 17.41 crore + ₹ 43.54 crore.
[51] ₹ 8.33 crore for Tura & ₹ 6.00 crore for Nongpoh

taken into account while fixing the timelines. The response also indicates that MUDA failed to properly survey and finalise the sites at the DPR stage itself.

MUDA invited (September 2009) tenders for turnkey implementation of solid waste management projects (SWMPs) at Tura and Nongpoh, at a tendered value of ₹ 13.88 crore[52]. As the bids received for both Tura and Nongpoh were higher[53] than the tendered value, MUDA reduced the scope of the work slightly and re-tendered (August 2010) the work at a tender value of ₹ 10.73 crore as 'supply' and 'construction' components instead of as a turnkey project. The remaining work[54] was to be executed departmentally.

- Based on the lowest bids received, the supply order for the component 'collection and transportation vehicles' and 'primary and secondary collection equipment' were awarded to two Shillong based firms and payments made as detailed below:

Table 1.6.1

Component for SWMPs at Tura and Nongpoh	Firm	Amount (₹ in lakh)	Date of award of work	Target date of completion	Date of payment
Supply of collection & transportation vehicles (4 Nos. Dumper Placers, 2 Nos. Reuse Collector with Side Loading, 30 Nos. Garbage Collection Tippers and 2 Nos. Heavy Waste Duty Tipper.	Modrina Auto Enterprise, Shillong.	251.68	08/12/10	April 2011	December 2010 and November 2011
Supply of primary and secondary collection equipment (105 Nos. Heavy Duty Barrow, 28 Nos. Dumper Placer Containers and 100 Nos. Twin Litter Bins with MS Structure).	M/s J. P. Enterprise, Shillong	44.39	08/12/10	April 2011	April 2012
Total		**296.07**			

Source: Records of MUDA

The supplies were completed and handed over to the Nongpoh Town Committee (NTC) and Tura Municipal Board (TMB) between January and March 2012. Since the execution of different components of the project was not properly sequenced, the 'Collection & Transportation vehicles' were handed over much before the civil works and the compost plants could be completed. As pointed out in the succeeding paragraph, even as of July 2015, the civil works and the compost plants at both Tura and Nongpoh had not been completed. As a result many of the vehicles had started requiring regular repairs. During a joint physical verification (May 2015), Audit noticed that out of the ten Garbage Collection Tippers (Tippers) handed over to NTC, three Tippers which had been repaired were lying unused and one Tipper valuing ₹ 4.37 lakh was burnt by miscreants (September 2013). The remaining vehicles, though being operated, were plying without registration in violation of the provision of Motor Vehicles Act, 1988. Out of the twenty Tippers and two Dumper Placers handed over to TMB, eleven Tippers and one Dumper Placer were lying unused.

[52] Tendered value of ₹ 8.06 crore for Tura & ₹ 5.82 crore for Nongpoh.

[53] Since even after negotiation, the rates were around 40 to 70 *per cent* higher than the approved tender value.

[54] Erection of transformers, Special handling equipments, Water supply, Provision of green belt, etc.

While the four Tippers were lying idle as they had not been registered, the remaining required repairs and were lying unutilised. MUDA replied (August 2015) that the three Tippers of NTC was being utilised by the Shillong Municipal Board (SMB) and that all the 16 Tippers of TMB are being utilised except for the four Tippers which had not been registered. The fact however, remained that NTC had to divert three Tippers due to improper sequencing of work and four Tippers meant for TMB were lying idle.

- For the civil works and compost plants at both Tura and Nongpoh, MUDA negotiated the rates with the tenderers having the highest eligible score for the respective components and awarded the work to them as under:

Table 1.6.2

Works	Firm	Amount (₹ in lakh)			Date of award of work	Target date of completion
		Tendered	Quoted	Awarded		
Construction of Solid Waste Disposal including external electrification at (1) Nongpoh	M/s Marbaniang Enterprise, Shillong	250.00	298.32	250.46	28/02/11	November 2011
(2) Tura	Shri. Roosevelt P. Marak, Williamnagar	355.00	405.52	364.70	28/02/11	November 2011
Design, Fabrication, Erection & Commissioning of Compost plants for Solid Waste Disposal at Tura and Nongpoh	Hem Marketing Services, Vadodara	169.54	188.89	178.13	21/12/10	June 2011
Total		**774.54**	**892.73**	**793.29**		

Source: Records of MUDA

Till the date of audit (July 2015) only 95 *per cent* civil work of the solid waste disposal plant at Tura and Nongpoh was completed while the works for design, fabrication, erection and commissioning of compost plants had not been undertaken. Though the work on the compost plant had not started, MUDA paid (March 2015) an advance of ₹ 0.40 crore to M/s Hem Marketing Services for the design and fabrication of the compost plant on the strength of a proforma invoice. MUDA stated (July 2015) that the work for design and fabrication had been completed at the fabricator's workshop and were ready for shipment. It also stated that the work would first commence in Nongpoh and then Tura would be completed in due time. The reply thus indicates that even after more than three years seven months of the scheduled date of completing the project component, the work was far from reaching its completion stage. The progress of works taken up departmentally by MUDA was however, not intimated.

- To implement the project, MUDA received ₹ 13.55 crore from GoI and the GoM[55]. As per the approval accorded by GoI during March 2009, GoI was to contribute ₹ 12.90 crore being 90 *per cent* of the project cost of ₹ 14.33 crore. Since MUDA decided to reduce the scope of the work and after re-tendering

[55] GoI - ₹ 12.12 crore between March 2009 and March 2013; GoM - ₹ 1.43 crore between January 2011 and January 2014.

(August 2010) revised the project cost to ₹ 13.47 crore[56], GoI reduced its contribution by ₹ 0.78 crore and revised its share (March 2013) from ₹ 12.90 crore to ₹ 12.12 crore (being 90 *per cent* of ₹ 13.47 crore) and released the amount between March 2009 and March 2013. Even though MUDA requested (April and June 2013) GoI to consider releasing the deducted amount of ₹ 0.78 crore, GoI had however, not considered the request. As per the quarterly progress report of March 2014, MUDA had utilised an amount of ₹ 10.24 crore for the project. While replying to the delay in completing the project, MUDA stated that the project was expected to be completed by December 2015 subject to the release of deficit funds. The reply did not state the extent of the deficit funds. The reply was not tenable since funds had already been released in excess of the revised (March 2013) project cost of ₹ 13.47 crore.

Thus, delay in deciding on the land where the project site was to be located, change in mode of execution from turnkey to departmental, delay in executing the civil and compost plant works have all led to the project remaining incomplete even after incurring expenditure of ₹ 10.24 crore and after more than three years five months of the scheduled completion date (March 2012) thereby frustrating the objective of scientific disposal of solid waste. Further, by failing to properly phase the implementation of the project, the 'collection and transportation vehicles' and 'primary and secondary collection equipment' procured at a cost of ₹ 2.96 crore and distributed to NTC and TMB during January – March 2012 were deteriorating and were likely to be replaced due to obsolescence and aging.

The matter was reported to Government in September 2015; reply had not been received (December 2015).

[56] Does not include cost for Additional civil works executed departmentally, Project management cost, Revised design, estimates and drawings cost and Cost for trail operation for 15 months.

EDUCATION DEPARTMENT

1.7 Unfruitful expenditure

Injudicious release of funds and lack of monitoring resulted in incurring of unfruiful expenditure of ₹ 1.71 crore on construction of Tikrikilla College Complex at West Garo Hills

Based on the proposal submitted (December 2004) by the Government of Meghalaya (GoM), Ministry of Development of North Eastern Region (MoDONER), Government of India (GoI) accorded (December 2006) administrative and financial approval (A&FA) to the project for construction of Tikrikilla College Complex at West Garo Hills, Meghalaya at a total cost of ₹ 5.38 crore of which ₹ 4.84 crore (90 *per cent*) was the Central share. The A&FA was later revised (November 2007) to ₹ 5.43 crore[57], and Central share fixed at ₹ 4.89 crore. The revised A&FA *inter-alia* stipulated that the State Government was to closely monitor the proper and timely implementation of the project and to get the project physically inspected at least once in a quarter. Prior to release of funds, the State Government was to also sign an agreement with the institution to safeguard the interests of public funds. The formalities were completed only in December 2008 and MoDONER released (March 2009) the first installment of ₹ 1.71 crore to GoM. The Director of Higher & Technical Education (DHTE), Meghalaya released (December 2009) the entire amount of ₹ 1.71 crore to the Secretary, Governing Body of Tikrikilla College.

Scrutiny (March 2015) of records of DHTE, Meghalaya revealed that based on the tender received, Secretary, Governing Body of Tikrikilla College awarded (March 2010) the work to Shri Thinkar Marak (contractor) for construction of the college complex at an agreed rate of ₹ 1.71 crore and paid him ₹ 1.00 crore in two installments[58] without having the work measured simply on the request of the contractor. On inspection of the project by the Additional Director of School Education and Literacy, West Garo Hills, Tura on 28 August 2010, the Department found that as per the assessment made by a private Architect appointed by the Tikrikilla College, the contractor had completed work valuing ₹ 0.34 crore only upto 24 June 2010 and that thereafter no further progress was made. During February 2011 the Secretary, Tikrikilla College, cancelled the work order issued to the contractor since the construction work had stopped and filed an FIR against the contractor for cheating. The contractor also filed (03 June 2011) a writ petition before the Shillong Bench of the Guwahati High Court against the cancellation of the work order. The Secretary, Tikrikilla College then filed a money suit (07 June 2011) in the Court of the Deputy Commissioner West Garo Hills, Tura for recovery of ₹ 0.81 crore

[57] Since while recommending the project for approval at ₹ 5.38 crore the cost of items 'Canteen' and 'Site Development' was taken as proposed in DPR instead of the cost vetted by Ministry of Urban Development and as there was also a totalling error in the original approval, the NLCPR Committee corrected the cost of the project for sanction at ₹ 5.43 crore.

[58] First installment of ₹ 0.60 crore was paid on 02 March 2010 and the second installment of ₹ 0.40 crore was paid on 16 April 2010.

which included an amount of ₹ 0.66 crore which the contractor was paid but had not executed the work. Even when being aware that no further progress in the construction work was taking place, no action was taken by the DHTE to recall the balance amount of ₹ 0.71 crore (out of the ₹ 1.71 crore) lying with the college.

During March 2012, the DHTE, on receipt of request for approval from the College to invite tenders and continue the construction work, did not specifically ask the College to keep the Department informed about the progress but rather advised the College that the issue of constructing the college complex be decided themselves and to abide by the conditions stipulated in the MoDONER's sanctions and the Court's order from time to time. It was only on 10 October 2012 that while reviewing the NLCPR projects in the State the Additional Development Commissioner, Planning Department, GoM, advised the Education Department to recall the funds and surrender it to MoDONER. Accordingly the Joint DHTE requested (November 2012) Tikrikilla College to windup the project and refund the amount of ₹ 1.71 crore. This was after more than two years and four months of the work not progressing any further since June 2010. The College however, reported that on the strength of the advice given by DHTE (March 2012) to decide on constructing the college complex, the work had re-started and the remaining amount utilised. The College also reported that it was trying to complete the construction work of first phase provided it can arrange finance by mobilising local resources. Other than issuing further reminders[59] to windup the project and refund the amount, no further action had been taken by the Department. Till the date of audit (March 2015), the College had neither refunded the amount nor had it submitted the utilisation certificate for ₹ 1.71 crore it received. It had also not furnished any evidence that the work had progressed further after the work order issued to the contractor was cancelled.

Since the contractor and the College had approached the Courts against each other, the possibility of early resumption of work looks difficult, rendering the entire expenditure of ₹ 1.71 crore on construction of Tikrikilla College Complex unfruitful. Besides with no further funds having been received from GoI, the possibility of completing the project also looks remote.

Even though the State Government (DHTE) was to closely monitor the implementation of the project and also safeguard public funds, it injudiciously released (December 2009) the entire installment of ₹ 1.71 crore to the college even before tenders were issued for the project. It also failed to monitor the progress of work or to direct the College to return ₹ 0.71 crore for more than one and half year of cancellation of the work order rendering funds of ₹ 1.71 crore becoming unfruitful.

The matter was reported to Government in August 2015; no reply had been received (December 2015).

[59] March 2013, January 2014 and November 2014.

ARTS AND CULTURE DEPARTMENT

1.8 Irregular expenditure due to weak Internal Controls

Weak internal controls in the Directorate of Arts & Culture, Shillong led to irregularities having financial implication of ₹ 2.78 crore besides loss of antiques.

Adequate internal control mechanism plays a vital role in helping an organisation address risks and to provide reasonable assurance of compliance with applicable laws and regulations, safeguarding resources, executing operations economically, efficiently and effectively.

Audit of the Directorate of Arts & Culture (DA&C), Shillong for the period August 2011 to December 2014 conducted during January-February 2015 on the basis of test checks indicated weak internal controls in its operations. Some major instances having combined monetary impact of ₹ 2.78 crore are discussed in the following paragraphs.

- **Unfruitful expenditure of ₹ 39.22 lakh.**

Based on the request for sponsorship received from a private entity *viz.* Shillong Chamber Choir (SCC), the Chief Minister, Meghalaya, directed (June 2012) that travel expenses of SCC to participate in the closing ceremony of the World Choir Games 2012, held at Cincinnati, USA from 04 to 14 July 2012 be borne by the Government of Meghalaya (GoM) on the condition that SCC promotes Meghalaya through the event. Accordingly, 20 members of SCC participated in the World Choir Games 2012 as part of the International Stage Choir which performed at the closing ceremony. An expenditure of ₹ 39.22 lakh was incurred by DA&C on the airfare of the participants.

Even though the Chief Minister had directed that SCC use the opportunity to promote Meghalaya through the event, there was nothing on record to indicate that the DA&C prescribed any modalities to SCC for promoting the State. It did not also have any record or report of action taken by the SCC to promote Meghalaya at the World Choir Games 2012.

Thus, incurring expenses of ₹ 39.22 lakh by DA&C simply as a grant without prescribing controls to ascertain whether the objective of promoting Meghalaya was duly fulfilled had rendered the expenditure unfruitful.

Further, the Ministry of Culture, Government of India (GoI) under the 'Scheme for Promoting International Cultural Relations' provides financial assistance by way of reimbursement of expenditure on such travel abroad for economy class air ticket only subject to a ceiling of ₹ 0.75 lakh or actual air fare whichever is less. The Art & Culture Department had however, not categorised artists eligible to avail financial assistance from the State Government for attending festivals, exhibitions, etc. abroad.

Audit also noticed that though under the provisions of Meghalaya Travelling Allowance Rules, 1985 and orders issued thereunder[60], it is the duty of the controlling officer to scrutinise and satisfy himself/herself that the TA claims are admissible and are in order in all respects and that the claims are supported by boarding passes alongwith the tickets. The DA&C however, failed to regulate the air fare claim of the SCC, as five members of SCC travelled business class with each ticket cost ranging between ₹ 2.88 lakh and ₹ 2.92 lakh while the remaining seventeen members travelled economy class with each ticket cost ranging between ₹ 1.03 lakh and ₹ 1.86 lakh. Had DA&C regulated the travel claim even upto the highest economy class fare, it could have avoided extra expenditure of ₹ 5.22 lakh as shown below.

Table 1.8.1

(₹ in lakh)

No.	Fare paid for business class	No. of persons travelled business class	Highest fare paid for economy class	Difference	Excess expenditure
1	2.92	3	1.86	1.06	3.18
2	2.88	2	1.86	1.02	2.04
	Total				**5.22**

Source: Records of DA&C

The DA&C also failed to seek boarding passes in support of the journey performed.

On being pointed out the Government stated (December 2015) that participation in an event of international repute by state based artists is itself promotion of the state. It also stated that the difference in class of travel and fare is due to the fact that only these seats were available. The Government also enclosed a self-certificate issued by Shillong Chamber Choir stating that boarding passes for all sectors have been misplaced.

The reply was not tenable as the Chief Minister had agreed to sponsor the travel under the condition that the Shillong Chamber Choir also promote the State's image and that there was nothing on record to indicate that the DA&CD prescribed any modalities to SCC for promoting the State. Further, payments being made without the boarding passes was violation of the order issued under the Meghalaya Travelling Allowance Rules, 1985.

- **Excess payment of ₹ 14.55 lakh**

The Arts & Culture Department organised a three day festival at Shillong from 09-11 October 2014 for youth and students captioned ***'18^{o} Festival'***. As a part of festival, a New Delhi based firm 'Bronx Model Management' (BMM) submitted (May 2014) a lump sum proposal of ₹ 21.35 lakh[61] for organising a fashion show on 09 October 2014 called ***'Creative Encounters II'***. The proposal covered expenses/payments for advertising, director, choreographers, designers, models, travelling cost, etc. and was

[60] OM No. FEM.60/98/90 dated 22 June 2010 issued by Finance Department, Government of Meghalaya.

[61] ₹ 11.24 lakh for the fashion show and ₹ 10.11 lakh for televising the festival on Zee Café

accordingly accepted (23 September 2014) by DA&C. The event was accordingly organised and BMM was paid ₹ 21.24 lakh in two installments[62].

Audit scrutiny revealed that in addition to the ₹ 21.24 lakh, another ₹ 8.55 lakh was paid (September 2014) to one Dasalanmi Lakiang, the Fashion Director of BMM for air tickets, hotels and taxi charges of designers, models and other personnel, though this cost was included in the approved proposal. Furthermore, the irregular excess payment was made on the strength of a lump sum bill without any details and supporting documents *viz.* vouchers, air tickets, boarding passes, *etc.*

BMM's proposal also included charges for two prominent designers – Ritu Beri and Daniel Syiem and records revealed that BMM paid ₹ 5.06 lakh and ₹ 0.75 lakh to Ritu Beri and Daniel Syiem on 27 September 2014 and 11 October 2014 respectively. Audit scrutiny however, revealed the DA&C again paid (07 October 2014) ₹ 6.00 lakh to one Collin Blah, as payment to these two designers (Ritu Beri - ₹ 5.00 lakh and Daniel Syiem - ₹ 1.00 lakh) without any acknowledgement from them.

No action was taken by DA&C to recover the excess payment of ₹ 14.55 lakh made to Dasalanmi Lakiang the Fashion Director of BMM and Collin Blah.

In its reply the Government stated (December 2015) that in the proposal of ₹ 21.35 lakh there was a typing mistake by BMM indicating Fashion Designers and that ₹ 8.55 lakh was paid to Dasalanmi Lakiang for air tickets, models and other personnel and ₹ 6.00 lakh to Collin Blah for payment to Ritu Beri and Daniel Syiem. The reply was untenable as BMM clearly highlighted that the Fashion Designers Ritu Beri and Daniel Syiem were part of the proposal.

➢ **Release of funds without obtaining mandatory clearance for commencing work**

Under the provision of Meghalaya Building-Bye Laws 2011, construction of a building can commence only after the structural plans, designs, etc. have been approved by the Meghalaya Urban Development Authority (MUDA).

Arts & Culture Department accorded (March 2014) administrative approval of ₹ 6.52 crore and sanctioned ₹ 1.54 crore for construction of Sein Jaintia Indigenous Culture-cum-Multipurpose Centre at a plot of land at Shillong belonging to a Shillong based Non-Governmental Organisation (Sein Jaintia). As the project was to be executed by Sein Jaintia, the DA&C released (July 2014) ₹ 1.54 crore to the General Secretary, Sein Jaintia, Shillong for implementation of the project.

Audit scrutiny revealed that the work had not commenced (January 2015) since the drawings for the 'Sein Jaintia Indigenous Culture-cum-Multipurpose Centre' were awaiting clearance from MUDA. The DA&C however, failed to ascertain the availability of mandatory clearance from MUDA and had prematurely released ₹ 1.54 crore to the General Secretary, Sein Jaintia, Shillong. Consequently this has led not

[62] ₹ 18 lakh on 23 September 2014 and ₹ 3.24 lakh on 07 October 2014

only to delay in commencement of project but had also extended temporary undue benefit of ₹ 1.54 crore to Sein Jaintia, Shillong.

The Government stated (December 2015) that in order to avoid lapse/keeping the fund under deposit the amount was released taking MUDA into confidence and that necessary clearance had since been received (July 2015) from MUDA. The fact however, remained that by releasing funds in anticipation of the clearance the DA&C extended temporary undue benefit of ₹ 1.54 crore for one year to Sein Jaintia, Shillong.

➢ **Work order issued without inviting tender and wanting UCs.**

Audit also noticed instances of other internal control failures such as work orders being issued without inviting tenders and undue delay in ensuring submission of UCs as detailed below:

- The DA&C issued supply orders of ₹ 41.57 lakh to four firms without calling for any tenders/quotations for organising the 'Creative Arts Literature and Music (CALM) Festival 2014'.

Table 1.8.2

(₹ in lakh)

Sl No	Name of the firm	Amount
1	SAHAKI Society	36.23
2	Jones Artistic Works and Handicraft	0.65
3	Purple House Production	3.21
4	J. J. Technologies	1.48
	Total	**41.57**

Source: Records of DA&C

The Government stated (December 2015) that the nature of the articles was such that it was required to be physically verified to determine quality and that exhaustive market survey was conducted prior to calling spot quotation. The Government also stated that adequate publicity was given by putting up the notice inviting quotation (NIQ) in the notice board of all the offices of the Department. The reply was not tenable as the guidelines issued by the Finance Department provide that the NIQ were to be published in the local dailies and the regional and national papers as may be appropriate.

- An amount of ₹ 28.00 lakh was released (April–May 2013) to various organisations for organising art and cultural events as shown in the table below:

Table 1.8.3

(₹ in lakh)

Sl No.	To whom released	Purpose of release	Amount	Date of release
1	President Jaintia Tourism & Environment Society.	Year of the youth.	8.50	30/04/13
2	Stage Fusion.	To organize a play 'Bollywood dreams'.	1.00	26/04/13

Sl No.	To whom released	Purpose of release	Amount	Date of release
3	Nelson Memorial School Nonglang .	Culture & Performing Arts – Preservation & Promotion through Competition.	5.90	29/04/13
4	Northern United Club Tura.	Megha beat (Beat Contest).	7.50	17/05/13
5	All Jaintia Dancers Association.	All Meghalaya Dancing Stars.	0.10	--
6	TynrongShibor Society.	Khasi Cultural Musical 'Pynjanai la Tynrai.'	5.00	17/05/13
	Total		**28.00**	

Source: Records of DA&C

Even after more than two years of the funds being released, the fund recipient organisations had not submitted the utilisation certificates (UCs). Though the D&AC was to monitor the implementation of the scheme, it had failed to ensure that UCs be submitted and/or seek report of completion of the scheduled events.

The Government in its reply stated (December 2015) that the organisations were being regularly contacted for furnishing UCs and that UCs from organisations listed at Sl. No. 1 and 3 had since been received.

➢ **Loss of antiques**

Provision of Meghalaya Financial Rules, 1981 stipulates that half-yearly verification of stock be done to ascertain whether the balance in hand represents the quantities in the account books. As no half-yearly verification of its antiquities was done by the DA&C during the period covered by audit[63], a joint physical inspection of 67 randomly selected artifacts entered in the Accession Register of the 'William Sangma Museum', Shillong was conducted (February 2015) by a team consisting of an audit party and the Museologist of the William Sangma Museum. The team found that out of 67 artifacts, eight artifacts of which only three were valued at the time of its acquisition at ₹ 0.39 lakh were missing and that 31 other artifacts were not found but claimed by the directorate that these items were transferred to Jowai Museum, Shilpagram (Guwahati) *etc.* The details are shown in **Appendix 1.8.1**. The documentary evidence pertaining to the transfer of these items to other sites were however, not available.

Thus, failure of the D&AC to conduct periodical verification resulted not only in loss of at least eight artifacts of the State with the likelihood of further loss being detected if detailed verification is carried out but more importantly had resulted in invaluable loss of artifacts depicting the rich traditional heritage of the people of the State . Again, lapses in properly documenting the transfer of artifacts to different exhibition sites was also fraught with risk of the State losing ownership of its artifacts with the passage of time.

[63] August 2011 to December 2014

The D&AC was advised (May 2015) to carry out a thorough verification of its artifacts. It had however, not intimated (October 2015) the action taken in this regard.

The Government stated (December 2015) that the DA&C was carrying out a thorough investigation and final report would be submitted after receipt of police report.