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Report of the Comptroller and Auditor General of India on Social, Economic, General and Economic (PSUs) Sectors

For the year ended 31 March 2015

GOVERNMENT OF MEGHALAYA

Report No. 2 of 2016

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PREFACE

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

The Report contains significant results of the performance and compliance audit of the departments of the Government of Meghalaya under the Social, Economic (including Public Sector Undertakings) and General Sectors including Public Health Engineering, Labour, Health & Family Welfare, Housing, Urban Affairs, Education, Public Works, Border Areas Development, Programme Implementation & Evaluation, Transport, Power, Tourism departments and Public Sector Undertakings. However, audit observations on Revenue Sector of the Government of Meghalaya are excluded and covered in the Report on Revenue Sector.

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

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

Executive Summary

EXECUTIVE SUMMARY

This Report contains chapters on Social, Economic and General Sectors and State Public Sector Undertakings comprising three performance audits and 13 compliance audit paragraphs, based on the audit of certain selected programmes and activities and the financial transactions of the Government and Public Sector Undertakings.

Copies of the compliance audit paragraphs and performance audits were sent to the concerned Secretaries to the State Government by the Accountant General (Audit) with a request to furnish replies within six weeks. In respect of two performance audits and eight audit paragraphs in this Report, no response was received from the concerned Secretaries to the State Government.

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

SOCIAL SECTOR

Performance Audits

Implementation of Water Supply Schemes

The Public Health Engineering Department 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 which had population 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 Water Supply Schemes (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.

(Paragraph 1.2)

Functioning of Industrial Training Institutes in Meghalaya

The Industrial Training Institutes (ITIs) were set up with the objective of imparting 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. Our Audit revealed that this remained largely unachieved. The XI & XII Five Years Plan targets of having a pool of 13 ITIs in Meghalaya were not made. 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 specifically earmarked for this purpose was not fully utilised. There was undue delay by the Directorate of Employment and Craftsmen Training in disbursing stipend to trainees.

There was inordinate delay in getting trades affiliated to the National Council of Vocational Training (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/Meghalaya State Council for Training in Vocational Trades, physical verification of stock and internal audit were totally absent.

(Paragraph 1.3)

Compliance Audit Paragraphs

Procurement of medicines by the Joint Mission Director, National Rural Health Mission, Meghalaya 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.

(Paragraph 1.4)

The State was deprived of Additional Central Assistance of ₹ 17.41 crore due to failure to implement the reforms as per timelines under Jawaharlal Nehru National Urban Renewal Mission. Further, delay in completion of Greater Shillong Water Supply Project (Phase-III) led to unfruitful expenditure of ₹ 131.84 crore.

(Paragraph 1.5)

Delay in completion of the Solid Waste Management Projects by Meghalaya Urban Development Authority (MUDA) at Tura and Nongpoh resulted in unfruitful expenditure of ₹ 10.24 crore.

(Paragraph 1.6)

Injudicious release of funds and lack of monitoring by Education Department resulted in incurring of unfruitful expenditure of ₹ 1.71 crore on construction of Tikrikilla College Complex at West Garo Hills.

(Paragraph 1.7)

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

(Paragraph 1.8)

ECONOMIC SECTOR

Compliance Audit Paragraphs

Faulty selection of road for implementing the new technology and execution of road work using RBI Grade 81 by Public Works Department without ensuring availability of proper equipment resulted in incurring wasteful expenditure of ₹ 51.44 lakh.

(Paragraph 2.2)

Injudicious decision by the Public Works Department to substantially increase the height of the bridge than that provided in the Detailed Project Report resulted in the project remaining incomplete even after expenditure of ₹ 18.08 crore and pending liabilities of ₹ 0.48 crore. The Department needs to incur additional expenditure of at least another ₹ 4.68 crore to complete the project. Besides, the project objectives to provide efficient transportation for the Leskha Hydro Power Project remained unachieved.

(Paragraph 2.3)

Failure to monitor the project by the Border Areas Development Department led to unfruitful expenditure of ₹ 0.94 crore on creation of tourism infrastructure at Ranikor. The objective of harnessing the potential of adventure and river cruise tourism to create employment opportunities and generate income for the people living in those areas also stood defeated.

(Paragraph 2.4)

GENERAL SECTOR

Compliance Audit Paragraph

Deputy Commissioner, Jowai irregularly released excess funds of ₹ 0.70 crore (including release of ₹ 0.59 crore for purchase of hospital equipment not permitted) to a Society in contravention of the scheme guidelines. The irregular release is likely to go up further when the ongoing process of releasing additional ₹ 0.25 crore is completed.

(Paragraph 3.2)

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

Performance Audit

State Transport Utilities in the State of Meghalaya

The Meghalaya Transport Corporation (Corporation) is mandated to provide public transport service in the State of Meghalaya. In addition, Meghalaya Urban Development Agency (MUDA) and Urban Local Bodies (ULBs) had also been operating to provide public transport services in the State. The performance audit (PA) covers the performance of the Corporation and the performance of buses operated by the Corporation/MUDA under Jawaharlal Nehru National Urban Renewal Mission (JnNURM) of Government of India (GoI). The coverage of the PA had to be restricted to four years from 2010-11 to 2013-14 due to non-availability of the financial data of the Corporation for 2014-15.

As the operations of the vehicles run by ULBs have already been covered previously and audit findings featured under Annual Technical Inspection Report on Urban Local Bodies for the year ended 31 March 2014, Government of Meghalaya, the same have been excluded from the present PA.

During 2010-11 to 2014-15, share of the Corporation in state public transport was below one *per cent* of total public service vehicles (public and private) in the State. The Corporation could not compete with private players in the State on account of several reasons like absence of a well thought of state transport policy and long term planning for gradual and systematic increase in its share in the State Public Transport, inability to increase the fleet strength due to the financial constraints, operational inefficiencies and high cost of operations leading to continuous operational losses.

The Corporation had a low fleet strength which ranged from 50 to 65 buses during 2010-11 to 2014-15. Fleet utilisation was also low and ranged from 47 to 65 *per cent* during the last five years. This coupled with high cost of operation and operational inefficiencies resulted in non-recovery of cost of operation resulting in continuous operational losses to the Corporation.

MUDA failed to ensure the projected returns as envisaged in the detailed project report (DPR) through operations of 120 buses purchased (October 2010 to July 2013) under JnNURM.

MUDA did not effectively enforce the terms of the agreements with private operators and monitor their performance with reference to the agreed commitments leading to extension of undue financial favour to private operators.

The Corporation failed to exploit its vast idle land resources located in prime locations for commercial use. Further, letting out of building space below the market rates resulted in loss of rental income of ₹ 5.04 crore during the last five years. The Corporation also failed to recover an amount of ₹ 1.48 crore due from Indian Railways against the commission earned on railway ticketing services.

The Corporation failed to finalise its accounts from 2010-11 onwards. As a result, authentic and reliable data on various financial and performance activities of the Corporation was not available.

The Corporation continued to incur losses and the accumulated losses (provisional) of ₹ 101.64 crore had completely wiped off the entire capital contribution of ₹ 88.08 crore of the Corporation as on 31 March 2014.The Corporation has not devised any fund management policy and did not demonstrate utmost discipline in following up its claims for recovery in time. As a result, the Corporation was highly dependent on budgetary allocations from GoM to meet its financial requirements, which was not a healthy practice for progressive development of the Corporation.

(Paragraph 4.2)

Compliance Audit Paragraphs

The Meghalaya Energy Corporation Limited irregularly transferred the contract load from the consumer to its sister concern without insisting for settlement of earlier dues of the consumer leading to accumulation of unpaid dues of ₹ 13.40 crore.

(Paragraph 4.3)

Failure to obtain the insurance cover at correct value of assets led to avoidable loss of ₹ 0.76 crore to the Meghalaya Energy Corporation Limited on account of underinsurance.

(Paragraph 4.4)

The Meghalaya Energy Corporation Limited incurred unwarranted expenditure of ₹ 0.51 crore on Survey & Investigation works after handing over the Project to private Developer.

(Paragraph 4.5)

There was unauthorised retention of statutory dues aggregating ₹ 7.76 crore by the Meghalaya Tourism Development Corporation Limited.

(Paragraph 4.6)

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.

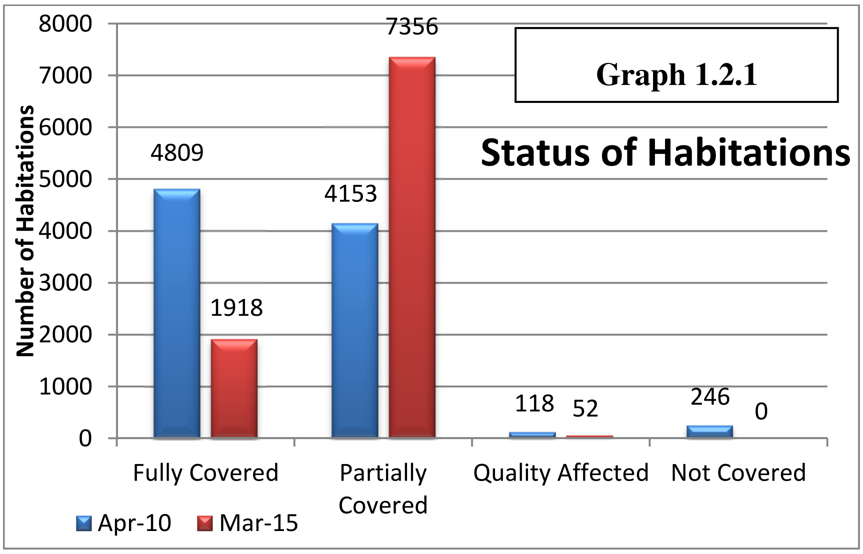
(Paragraphs 1.2.9.1 & 1.2.9.4)

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

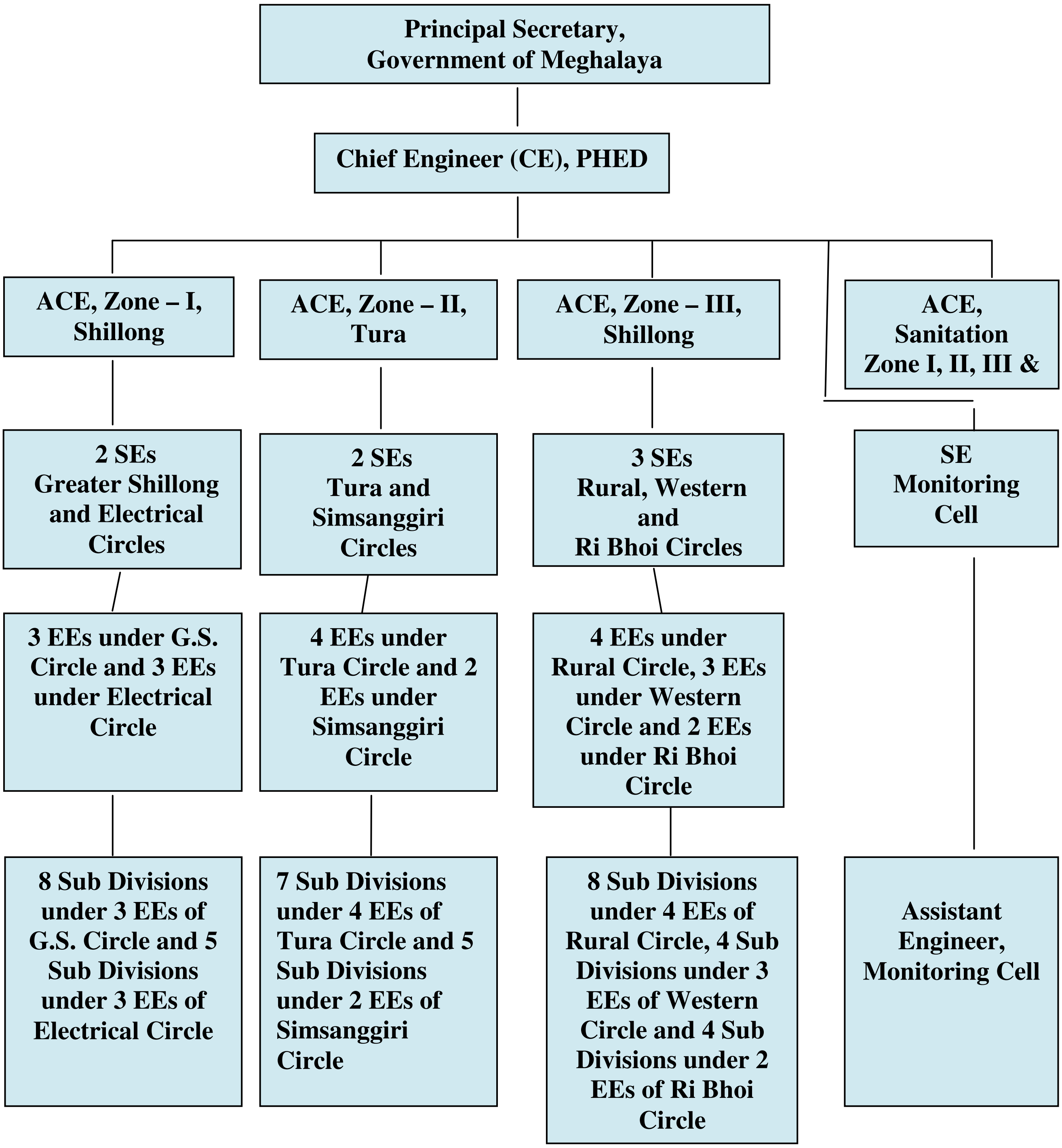


(Source: CE, PHED)

[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.

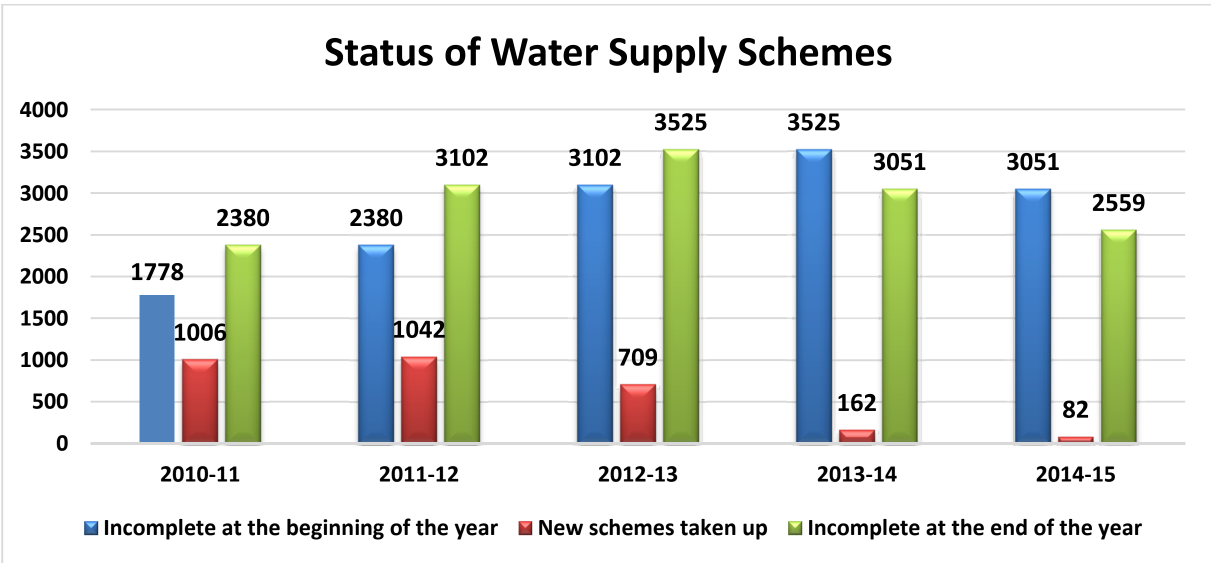
Audit observed that the State had not focussed (March 2015) on providing 70 lpcd and/or on providing individual household pipe water connection in rural areas. In none of the nine divisions selected for audit, were any targets set to achieve the above objective. Moreover, none of the nine selected divisions 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.

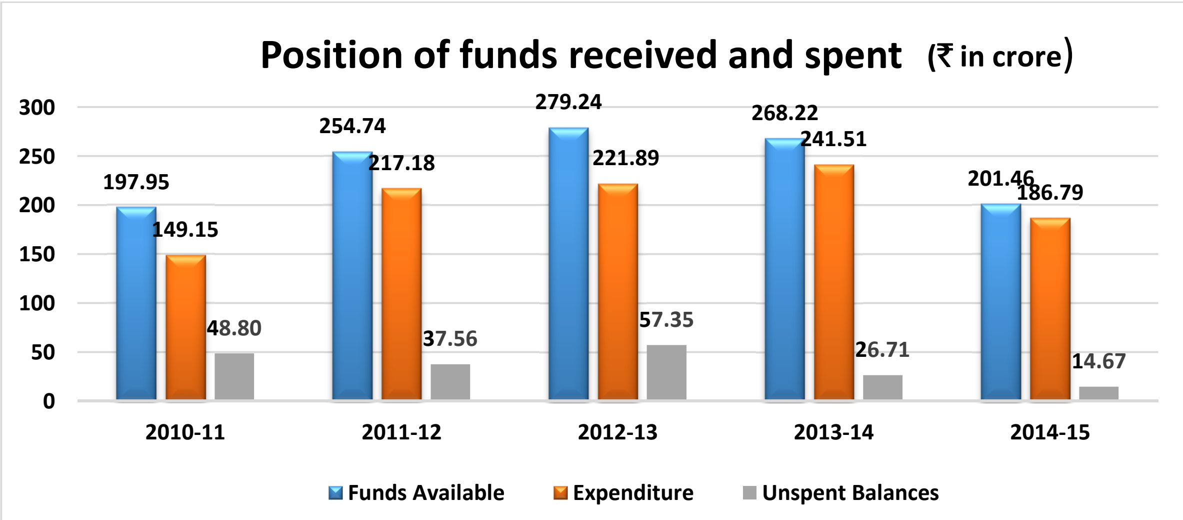
1.2.7 Financial management

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.

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:

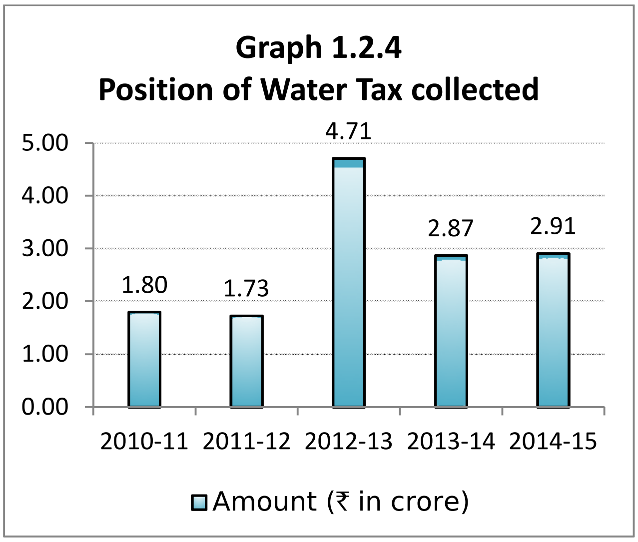


Table – 1.2.4
Position of Water Tax collected
(₹ in crore)

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.

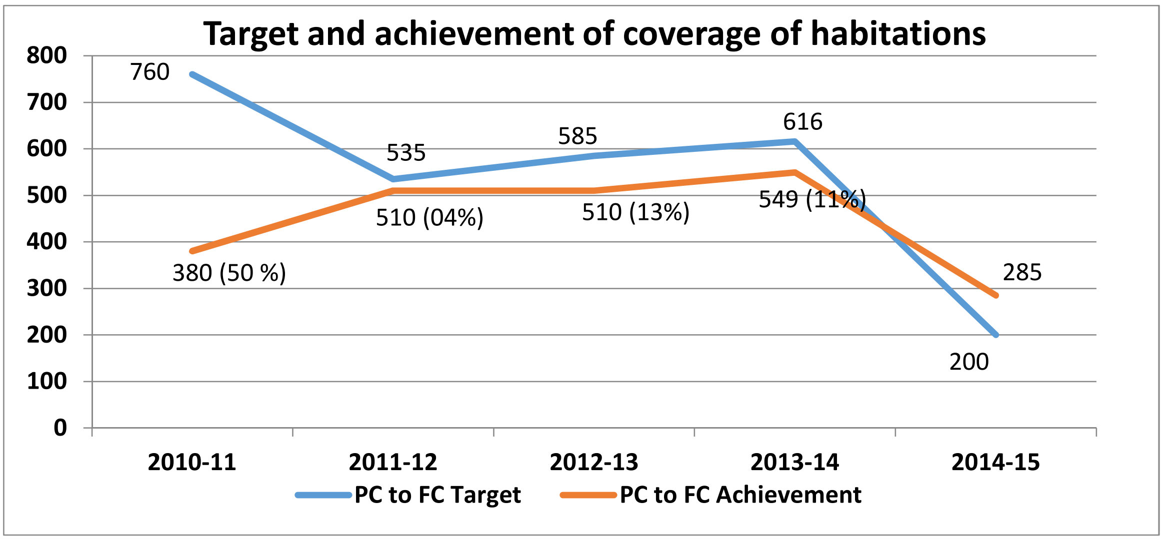
1.2.8 Implementation

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.

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[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.

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[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).

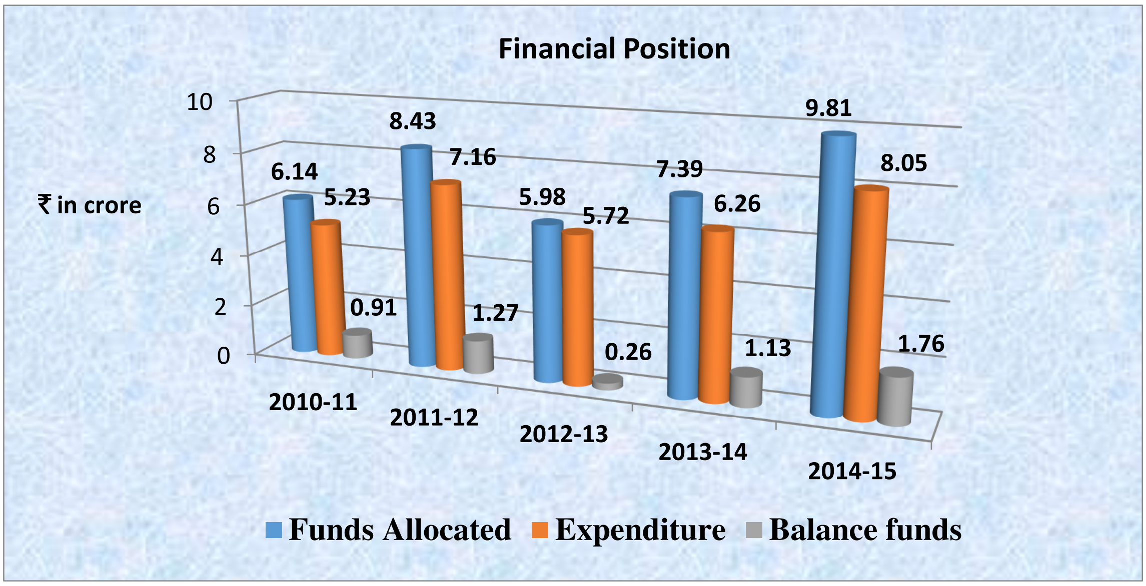
1.3.7 Financial Management

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.

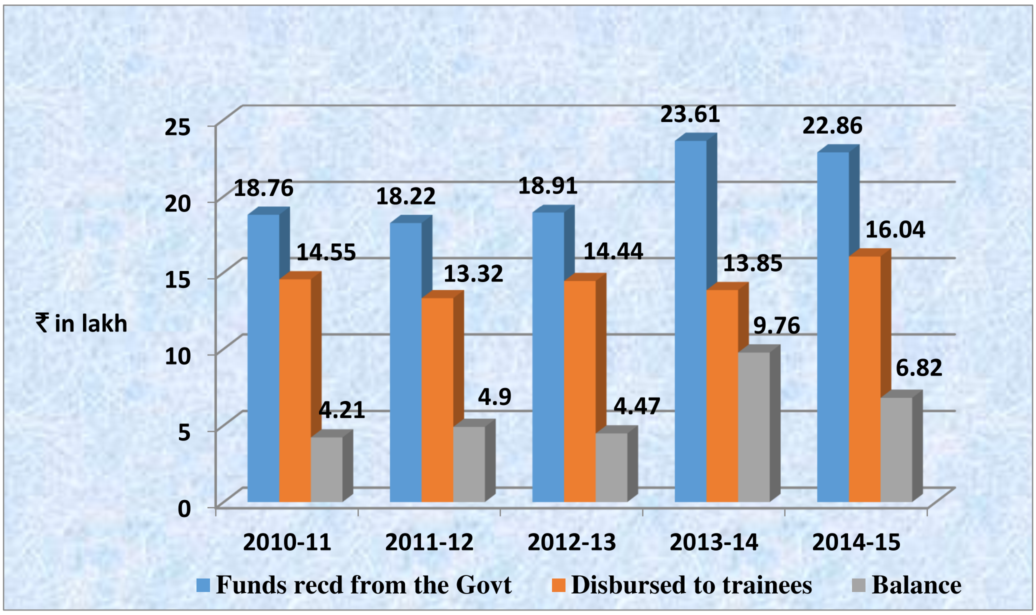
But the fact remained that delay in disbursement of stipend deprived the trainees of critical financial support.

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

<table>
<tr><th>No.</th><th>ITI</th><th>Trade</th><th>Year of commencement</th><th>Nature of shortcomings due to which NCVT affiliation was not granted</th></tr>
<tr><td>1</td><td>Baghmara</td><td>Wireman</td><td>2008</td><td rowspan="18">Shortage of tools and equipment</td></tr>
<tr><td>2</td><td>Jowai</td><td>Welder, MV Mechanic and Electrician</td><td>2001</td></tr>
<tr><td rowspan="3">3</td><td rowspan="3">Nongpoh</td><td rowspan="3">Welder,
Wireman
Plumber</td><td>1999</td></tr>
<tr><td>1996</td></tr>
<tr><td>2009</td></tr>
<tr><td>4</td><td>Nongstoin</td><td>Wireman and Carpentry</td><td>2001</td></tr>
<tr><td>5</td><td>Resubelpara</td><td>Wireman</td><td>2012</td></tr>
<tr><td rowspan="2">6</td><td rowspan="2">Shillong</td><td>Fruit & Vegetable Preservation (FVP)</td><td rowspan="2">2009</td></tr>
<tr><td>Information Technology & Electronic System Maintenance (IT&ESM)</td></tr>
<tr><td rowspan="2">7</td><td rowspan="2">Sohra</td><td>Wireman</td><td>2012</td></tr>
<tr><td>Plumber</td><td>2013</td></tr>
<tr><td rowspan="2">8</td><td rowspan="2">Tura</td><td>FVP</td><td rowspan="2">2009</td></tr>
<tr><td>IT&ESM</td></tr>
<tr><td rowspan="2">9</td><td rowspan="2">Williamnagar</td><td>Wireman</td><td>2006</td></tr>
<tr><td>Stenography</td><td>2011</td></tr>
</table>

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

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

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.

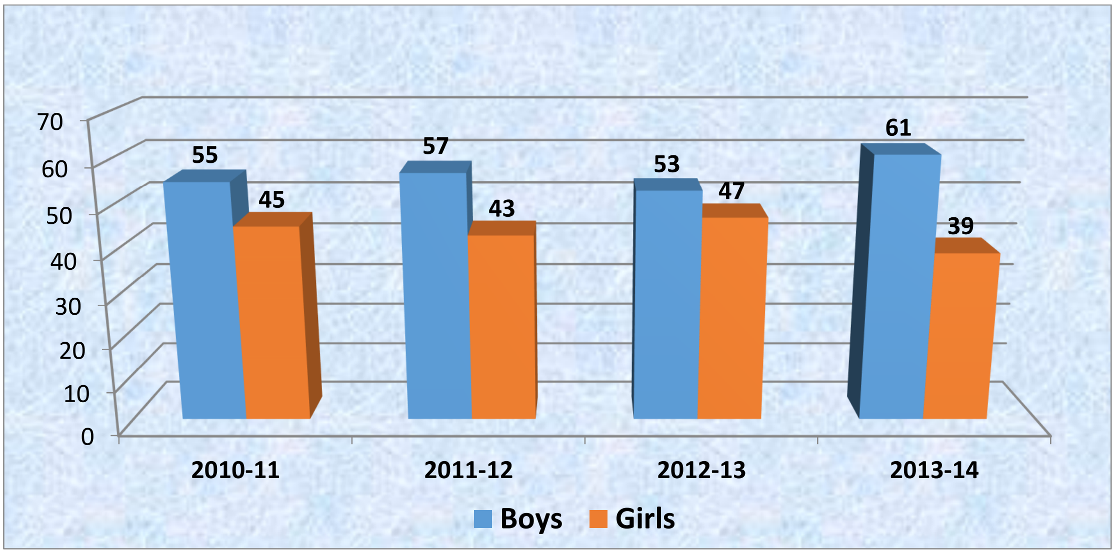
[36] The information for the year 2014-15 was not available with DECT.

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.

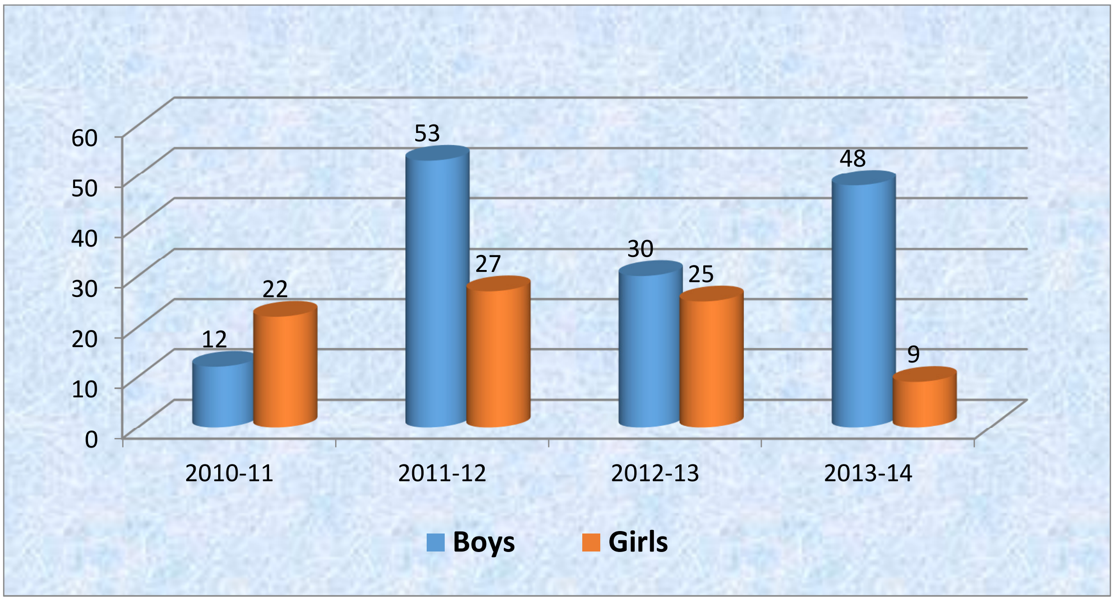
(ii) Performance of girls

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:

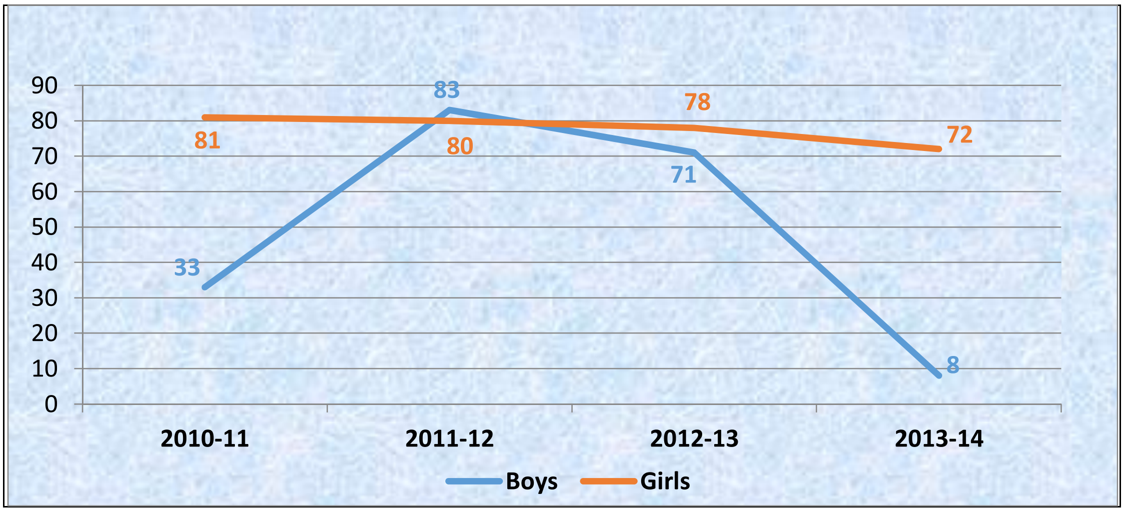
Graph 1.3.3: Admissions in percentage



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

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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:

[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]

[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.

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[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.

CHAPTER-II

ECONOMIC SECTOR

CHAPTER II : ECONOMIC SECTOR

2.1 Introduction

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

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

Table 2.1.1

(₹ in crore)

Sl. No.	Name of Department	Budget provisions (Original and Supplementary)	Expendi-ture
1.	Public Works	741.01	625.72
2.	Agriculture	780.10	366.99
3.	Planning	402.99	97.81
4.	Community & Rural Development	629.36	506.05
5.	Power	304.43	206.19
6.	Forest	224.24	146.66
7.	Industries	226.24	147.97
8.	Mining & Geology	118.05	115.23
9.	Fisheries	34.29	18.20
10.	Co-operation	100.47	84.85
11.	Soil Conservation	334.81	103.38
12.	Animal Husbandry and Veterinary	114.36	85.46
13.	Tourism	30.37	17.09
	Total	**4040.72**	**2521.60**

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

Audit process starts with the assessment of risks faced by various departments of the 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 ₹ 2096.07 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Economic Sector. The chapter contains three 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 Economic Sector detected in audit during the year 2014-15 are discussed in the succeeding paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

PUBLIC WORKS DEPARTMENT

2.2 Wasteful expenditure

Due to faulty selection of road for implementing the new technology and execution of road work using RBI Grade 81 without ensuring availability of proper equipment resulted in incurring wasteful expenditure of ₹ 51.44 lakh.

In order to provide road communication to the mineral rich villages lying along the Mynska – Myntriang road, the Executive Engineer (EE), Public Works Department (PWD), (Roads), North Jowai Division prepared (2010) an estimate of ₹ 6.03 crore[1], for improving and blacktopping the 10 km long Mynska – Myntriang road starting from 12 km of Shangpung Sutnga Road. For paving the road, the Department decided to use 'RBI Grade-81' which was a new pavement material and soil stabilizer technology. For success of this technology, factors such as optimum moisture content of the soil, proper compaction using a vibratory compactor, and curing time of minimum five hours were critical.

Administrative approval of ₹ 6.03 crore for the work was sanctioned (March 2011) by the Government and technical sanction accorded (July 2011) by the Chief Engineer (CE), N.H. PWD (Roads), Meghalaya, Shillong. The work order for a tendered value of ₹ 5.26 crore was awarded (July 2011) by the CE, NH PWD (Roads), Meghalaya to a contractor, with the stipulation to complete the work within 18 months[2] from the date of issue of the work order.

Scrutiny (March-April 2014) of records of the EE, PWD (Roads), North Jowai Division, revealed that the work of construction of pavement using RBI Grade 81 started from the 2nd km of Mynska – Myntriang road in February 2012. The work upto one km length using RBI Grade 81 was completed by April 2012 at a total cost of ₹ 51.44 lakh and the amount accordingly paid (December 2013) to the contractor. The laying of pavement was also carried out under the technical supervision of the representatives of the manufacturer[3] of RBI Grade 81. An inspection carried out by the Division during November 2012 found that the work had failed as depression/deformations had developed in some stretches and cracks had developed throughout the length of the road. The reasons for the failure were attributed to weak subgrade[4] and inability to close the road for traffic to allow a minimum curing time of five hours as it was a single lane road. The EE, PWD (Roads), Jowai North Division then proposed re-construction of the entire 10 km of road using conventional water bound macadam (WBM) method, and submitted (July 2013) a modified estimate of ₹ 6.03 crore to the Chief Engineer for approval. The modified estimate was also

[1] Estimate was drawn on the basis of Schedule of Rates of 2007-08 for National Highways Works
[2] December 2012
[3] Alchemist Toughnology Ltd.
[4] Material underneath a constructed road/pavement

drawn up for the same amount of ₹ 6.03 crore as in the approved original estimate and the expenditure of ₹ 51.44 lakh incurred on constructing the one km stretch of road using RBI Grade 81 was adjusted within it. A revised technical sanction was accorded (December 2013) and the work was executed using the conventional WBM method. Upto June 2015, an amount of ₹ 6.03 crore had been spent and only 90 *per cent* of the work had been completed.

Further examination revealed that during construction, the manufacturer had apprised the Division about the shortcomings in the execution process such as non-availability of vibratory compactor, the wearing course[5] not laid or not laid properly and heavy movement of traffic on the road. No remedial action was taken by the Division to address the issues raised by the manufacturer. No record was also available to justify why this particular road was selected for using the new technology when it was known that the road was a single lane and had no scope for diversion of traffic. Thus, due to faulty selection of road for implementing the new technology and poor execution of the work resulted in wasteful expenditure of ₹ 51.44 lakh.

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

2.3 Unfruitful expenditure

Injudicious decision to substantially increase the height of the bridge than that provided in the DPR resulted in the project remaining incomplete even after expenditure of ₹ 18.08 crore and pending liabilities of ₹ 0.48 crore. The Department needs to incur additional expenditure of at least another ₹ 4.68 crore to complete the project. Besides, the project objectives to provide efficient transportation for the Leskha Hydro Power Project remained unachieved.

Based on a detailed project report (DPR) prepared by the Meghalaya Public Works Department (PWD) for 'Improvement, widening, strengthening including re-construction of bridges, culverts of Rymbai-Iapmala-Suchen Road (1st – 17th Km) by engaging a New Delhi based firm[6], the Ministry of Development of North Eastern Region (DONER), Government of India (GoI), approved a project (February 2005) at an estimated cost of ₹ 18.77 crore under the Non-Lapsable Central Pool of Resources (NLCPR). The objective of the project was to boost industrial development by providing efficient transportation to agricultural and minerals rich villages lying along the Rymbai - Suchen road and also to enable transportation of heavy machineries for the Leskha Hydro Power Project[7].

Government of Meghalaya (GoM) accorded (May 2006) administrative approval for the project and technical sanction was accorded (August 2006) by the Chief Engineer (CE), NH PWD (Roads), Meghalaya. The main scope of the work included

[5] The top layer of a road surface which is worn down by traffic
[6] Distinct Planning and Design Consult (P), Ltd., New Delhi.
[7] Project of Meghalaya Energy Corporation Limited.

upgrading the existing road to double lane blacktopped road with provision for major reinforced cement concrete Arch Type Bridge (RCC bridge) over Kalipai river.

Detailed Notice Inviting Tender (NIT) for Improvement, widening, strengthening of the Rymbai-Iapmala-Suchen Road (Road works) was called (January 2006) by the CE, PWD (Roads), Meghalaya in two groups (group I & group II) at a tender value of ₹ 7.07 crore for group I and ₹ 6.98 crore for group II. Another detailed NIT for construction of the RCC bridge over Kalipai river was called (March 2006) at a tender value of ₹ 2.57 crore. The work orders for groups I and II of the road works and constructing the RCC bridge over Kalipai river were issued (March, June and August 2006 respectively) to three contractors[8] at par with a stipulation to complete the work within two years.

The groups I and II of the road works commenced in June 2006 and were completed during April 2008. The construction of the RCC bridge commenced in August 2006 and was completed during October 2010. The scope of group I of the road work increased during execution due to site condition and accordingly the CE, NH PWD (Roads) enhanced (March 2010) the tender value of the work from ₹ 7.07 crore to ₹ 7.93 crore. Similarly, the tender value for construction of RCC bridge was also enhanced (March 2011) from ₹ 2.57 crore to ₹ 3.28 crore. Upto March 2015, the Executive Engineer (EE), PWD (Roads), NEC Division, Jowai, paid ₹ 18.08 crore to the three contractors with pending liabilities of ₹ 0.48 crore.

Examination of records (March 2015) of the EE, PWD (Roads), NEC Division, Jowai, however, revealed that despite the work being reported as completed, the desired connectivity between Rymbai-Iapmala-Suchen could not be established since the approaches to the bridge from both Rymbai and Suchen side had not been constructed. Audit noticed that the approaches could not be completed with the available funds as the height of the bridge was substantially raised then that provided in the DPR, resulting in the deck level of the bridge being higher than the existing road. As per the DPR the height of the bridge was only 8.013 metres (m), whereas the Division raised the height of the bridge to 11.50 m from Rymbai side and 18.00 m from the Suchen side. Reasons for increasing the height was neither on record nor furnished. As the height of the bridge was raised, the scope of the work also increased necessitating enhancement of the value of the work from ₹ 2.57 crore to ₹ 3.28 crore.

The photographs of the RCC Arch bridge as seen during the joint physical verification (November 2015) is shown below.

[8] M/S Lyngdoh Engineers and Builders Co. Pvt. Ltd for group-I; Shri Phromiwell Lyngdoh for group-II; and , Shri Pyrkhat Hinge for the RCC bridge.

	
View of the RCC bridge and the existing road from Rymbai side	**View of the RCC bridge from Suchen side**

In order to construct the approach roads to raise it to the deck level of the new constructed RCC bridge, a fresh DPR at an estimated cost of ₹ 4.68 crore was prepared (April 2013) for ‘construction of missing approaches of bridge over Kalipai river on Rymbai-Iapmala-Suchen Road’. Accordingly, tender was invited (June 2014) by the CE, NH PWD (Roads), Meghalaya and the work was awarded (December 2014) to Shri Borin Shadap at a tender value of ₹ 4.44 crore with a stipulation to complete the work by December 2016. Administrative approval and technical sanction was however, accorded during February 2015 and March 2015 respectively.

Thus, due to injudicious decision of the Department to substantially increase the height of the bridge than that provided in the DPR, without any recorded reasons, resulted in the deck level of the bridge being higher than the existing road level and consequently the project remained incomplete even after more than 10 years of the project being sanctioned and an expenditure of ₹ 18.08 crore with further pending liabilities of ₹ 0.48 crore. The injudicious decision had also caused the Department to incur additional expenditure of at least another ₹ 4.68 crore in constructing the approaches to the bridge in order to complete the project. Besides, non-completion of the project had also resulted in the objectives of the Department to provide efficient transportation to agricultural & minerals rich on-route villages and enable transportation of heavy machineries for the Leskha Hydro Power Project remaining unachieved.

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

BORDER AREAS DEVELOPMENT DEPARTMENT

2.4 Unfruitful expenditure

Failure to monitor the project led to the Department incurring unfruitful expenditure of ₹ 0.94 crore on creation of tourism infrastructure at Ranikor. The objective of harnessing the potential of adventure and river cruise tourism to create employment opportunities and generate income for the people living in those areas also stood defeated.

In order to harness the potential of adventure and river cruise tourism and develop new tourist circuits, the Director of Border Area Development (DBAD), Meghalaya prepared a detailed project report (DPR) of ₹ 2.03 crore for tourism development in two phases[9] at Ranikor through a Guwahati based consultant, M/s Brahmaputra Cruise Private Limited (BPCL), Guwahati. In phase –I the DPR proposed to procure river cruising, rafting and angling equipment and construct one tourist lodge. The phase –I of the DPR was approved (June 2007) by the State Level Screening Committee (SLSC) and on its recommendation the Ministry of Home Affairs, Department of Border Management, Government of India (GoI) approved and released (March 2008) an amount of ₹ 0.98 crore for the project as Special Central Assistance (SCA) under Border Area Development Programme (BADP) to the Government of Meghalaya (GoM). In addition, the SLSC also sanctioned (April 2011) an amount of ₹ 10.00 lakh under SCA for 2011-12 for constructing the approach road, parking place, chowkidar shed, septic tank and water supply installation of the tourist lodge at Ranikor.

For supply of river cruising and rafting equipment the DBAD, Meghalaya issued (January 2009) a work order to BPCL, Guwahati valuing ₹ 0.51 crore. BPCL completed (July 2010) the work and DBAD paid a total amount of ₹ 0.53 crore[10] between January 2009 and September 2010 to BPCL.

Since the BADP guidelines, permits that work be carried out by the beneficiaries themselves and assets created be handed over to them, the DBAD issued two work orders valuing ₹ 0.41 crore to the Syiem[11] of Maharam Syiemship for constructing the tourist lodge. The work was completed within the sanctioned estimate and the DBAD paid the amount between December 2008 and September 2011. The details are as shown below:

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9 Phase – I ₹ 0.98 crore, and Phase – II ₹ 1.04 crore.

10 One luxury cruise vessel; one semi luxury cruise vessel; two speed boats; one inflatable rubber boats; consultancy charge ₹ 1.52 lakh and quality control charges ₹ 1.75 lakh.

11 Included in the term 'Chief' of an administrative unit as defined in the United Khasi-Jaintia Hills Autonomous District (Appointment and Succession of Chiefs and Headmen) Act, 1959

Table 2.4.1: Details of payments made to Syiem of Maharam

(₹ in lakh)

Work	Approved cost	Date of issue of work order	Amount paid to Syiem of Maharam between 12/2008 and 09/2011	Date of completion
Construction of (C/o) tourist lodge	31.25	01/12/2008	31.25	26/08/2011
Completion of tourist lodge (C/o approach road, parking place, chowkidar shed, septic tank & water supply installation).	10.00	20/06/2011	10.00	
Total			**41.25**	

Source: Records of DBAD

Scrutiny of records of the DBAD (May 2015) regarding execution of the project revealed the following irregularities:

- The DBAD without inviting any tender engaged M/s BPCL, Guwahati as a consultant for preparing the DPR and despite the conflict of interest gave the firm work order for supplying the river cruising and rafting equipment valuing ₹ 0.53 crore. The reasons and competencies for choosing the firm were not found evaluated on record.

- The DBAD handed over the river cruising and rafting equipment and the tourist lodge to the Myntri[12] Ranikor, Maharam Syiemship, Mawkyrwat, West Khasi Hills District on behalf of the village committee through two handing over agreements dated 15 September 2010 and 19 September 2011 respectively. The assets created at an amount of ₹ 0.94 crore were meant to enable the Maharam Syiemship to create employment opportunities and generate income to the people living in those areas. However, the rafting equipment was handed over without any stipulation and the tourist lodge was handed over with the only monitoring condition that the party operating the tourist lodge shall permit the representative of Border Area Development Department to inspect the premises from time to time. Even this clause was not followed since, as pointed out in subsequent paragraph, Audit found (May 2015) the assets in dilapidated condition.

- The DBAD instead of handholding the project and providing regular professional guidance and support to the village committee to ensure that the project fulfill its objectives, simply functioned as grant disbursing agency without having any stake in the success of the project. It left it to the Myntri, Ranikor Village to decide how and who would run the tourist lodge and operate the river cruising and rafting equipment. The Myntri Ranikor Village in turn entered (January 2011) into a 15 years lease agreement with the Green Hills Mawkyrwat Tourism Society (lessee) for management and maintenance of the asset on payment of negligible annual lease of ₹ 5000 for the first year, to be raised by an additional ₹ 5000 every year upto the fifteeth year. The lessee failed to operate the project and had paid only ₹ 0.15 lakh of lease rent till May 2015.

[12] Included in the term 'Headman' as defined in the United Khasi-Jaintia Hills Autonomous District (Appointment and Succession of Chiefs and Headmen) Act, 1959

- A joint physical verification conducted on 08 May 2015 by a team consisting of an audit party, the BADO, Ranikor and Myntri Ranikor Village revealed that the tourist lodge and the chowkidar shed were in dilapidated condition with no beds and other furniture. Most of the doors and windows were broken and bore signs of animal movement. Both the luxury and semi luxury cruise vessels were found damaged/submerged in water and un-operational. The speed boats were damaged while the inflatable rubber boats were found missing. Moreover, since the assets created more than four to five years ago were non-functional and deteriorating, they were at risk of becoming inoperable over time. There was nothing on record to show that the premises had been inspected from time to time by the DBAD so that the deterioration of the assets could have been checked in time.

Thus, failure to monitor the project led to the entire expenditure of ₹ 94.03[13] lakh incurred in procuring the river cruise and rafting equipment and in construction of the tourist lodge remaining unfruitful. The objectives of harnessing the potential of adventure and river cruise tourism to develop new tourist circuits and to enable the village committee to create employment opportunities and generate income to the people living in those areas also stood defeated.

On being pointed out (September 2015), BADD in its reply stated (October 2015) that as per the report submitted by the Myntri Ranikor, Maharam Syiemship the assets under river cruising was running smoothly and had helped the local people by generating annual income and employment to the local youth of the village and that due to causes of nature (August 2014) both the luxury and semi luxury cruise vessels sank in the river. The BADD also stated that since the river cruise functioned well from January 2011 to August 2014 the project was not a total loss. The BADD further stated that the DBAD had instructed the lessee (July 2015) to restore the building and other facilities available in the premises to good condition before terminating the contract.

The reply is untenable as DBAD had failed to monitor the project timely to prevent deterioration of the assets. Resultantly, the lessee failed to operate the project and the Myntri Ranikor Village received a negligible amount of ₹ 0.15 lakh only as lease rent upto May 2015. The assets too lay in a deteriorated condition without use from August 2014. No documentary evidence was also furnished to show that the project functioned well from January 2011 to August 2014.

[13] ₹ 52.78 lakh paid to M/s BPCL and ₹ 41.25 paid to the Contractor.

CHAPTER-III

GENERAL SECTOR

CHAPTER III : GENERAL SECTOR

3.1 Introduction

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

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

Table 3.1.1

(₹ in crore)

Sl. No.	Name of Department	Budget provision (Original and Supplementary)	Expenditure
1.	Finance	876.58	975.18
2.	Home/Police/Jail	676.97	584.11
3.	Election	23.71	17.35
4.	Transport	28.51	18.98
5.	Printing & Stationery	24.44	20.14
6.	Law	28.80	22.58
7.	Assembly Secretariat	71.32	58.05
8.	Chief Minister's Secretariat, Secretariat Administrative Department, Personnel, including Passport	103.81	93.80
	Total	**1834.14**	**1790.19**

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

3.1.1 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 ₹ 1761.07 crore (including expenditure pertaining to previous years audited during the year) of the State Government under General Sector. The chapter contains one Compliance Audit paragraph.

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 General Sector detected in audit during the year 2014-15 are given below.

COMPLIANCE AUDIT PARAGRAPH

PROGRAMME IMPLEMENTATION & EVALUATION DEPARTMENT

3.2 Irregular release of funds under MPLAD scheme

Deputy Commissioner, Jowai irregularly released excess funds of ₹ 0.70 crore (including release of ₹ 0.59 crore for purchase of hospital equipment not permitted) to a Society in contravention of the scheme guidelines. The irregular release is likely to go up further when the ongoing process of releasing additional ₹ 0.25 crore is completed.

The Member of Parliament Local Area Development Scheme (MPLADS) provides that an MP can recommend community infrastructure and public utility building works for registered Societies/Trusts subject to a ceiling of ₹ 0.38 crore[1] in areas inhabited by Scheduled Tribes for one or more works in the life time of each Trust/Society. From November 2005, the scheme guidelines prohibits purchase of hospital equipment other than for hospitals belonging to Central, State, Union Territory and Local Self Governments. Under the scheme the responsibility for executing the sanctioned works rest with the District Authority (DA) and it is his duty to bring to notice of MPs any inadmissible works being recommended by them so that the MPs can recommend alternative works.

Scrutiny (March 2015) of records of the Deputy Commissioner, Jaintia Hills District, Jowai (DC Jowai) revealed that during the years 2002-03 to 2014-15 two MPs (Rajya Sabha and Lok Sabha) recommended 15 works under MPLADS valuing ₹ 1.33 crore in favour of a non-governmental non-charitable hospital[2] registered as a Society[3] under the Societies Registration Act XXI of 1860. Between June 2004 and June 2014 the DC (Jowai) released ₹ 1.08 crore[4] for 14 works through the Block Development Officer, Thadlaskien (BDO) for the Society and the amount was accordingly utilised by the Society for purchase of hospital equipment and construction of hospital wards. Therefore, it is evident that almost all critical items of the hospital items were funded by MPLADS. The balance amount of ₹ 0.25 crore for another work[5] was sanctioned (December 2014) and the process for release of fund was on-going (March 2015) **(Appendix –3.2.1).**

Audit noticed that the DC (Jowai) failed to bring to the notice of the MPs the inadmissibility of the works recommended and in contravention of the scheme guidelines irregularly released excess funds of ₹ 0.70 crore (₹ 1.08 crore -

[1] The ceiling for works for registered Societies/Trusts in its lifetime was ₹ 25 lakh upto 15 November 2012. From 16 November 2012, this was raised to ₹ 37.50 lakh for works in areas inhabited by Scheduled Tribes.

[2] Dr. Norman Tunnel Hospital, Jowai. Earlier known as Khasi Jaintia Presbyterian Assembly (KJP) Hospital

[3] Registration No. SR/KJPSHJ-45/81 of 1981

[4] ₹ 0.72 crore for purchase of hospital equipment and ₹ 0.36 crore for building works

[5] Purchase of three Multi Parameter Vital Sign Monitors valuing ₹ 12.90 lakh

₹ 0.38 crore) to the Society between July 2007 and June 2014. This excess release under MPLADS resulting in undue financial benefit to the Society is likely to go up further with the release of additional ₹ 0.25 crore for work sanctioned in December 2014. Further, although purchase of hospital equipment for a non-governmental hospital was not permitted after November 2005, ₹ 0.59 crore was released between March 2006 and June 2014 for purchase of hospital equipment for the Society **(Appendix – 3.2.1)**.

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

CHAPTER-IV

ECONOMIC SECTOR
(PUBLIC SECTOR UNDERTAKINGS)

CHAPTER IV: ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

4.1 Functioning of State Public Sector Undertakings

4.1.1 Introduction

The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature keeping in view the welfare of people and also occupy an important place in the State economy. As on 31 March 2015, in Meghalaya, there were 16 SPSUs. None of these companies was, however, listed on the stock exchange. During the year 2014-15, one SPSU[1] was incorporated while no SPSU was closed down during the year. The details of the SPSUs in Meghalaya as on 31 March 2015 are given below.

Table 4.1.1: Total number of SPSUs as on 31 March 2015

Type of SPSUs	Working SPSUs	Non-working SPSUs[2]	Total
Government Companies[3]	13	1	14
Statutory Corporations	2	Nil	2
Total	**15**	**1**	**16**

The working SPSUs registered an aggregate turnover of ₹ 640.05 crore as per their latest finalised accounts as of September 2015. This turnover was equal to 2.53 *per cent* of Gross State Domestic Product (GSDP) of ₹ 25,333[4] crore for 2014-15. The working SPSUs incurred overall loss of ₹ 220.92 crore as per their latest finalised accounts as of September 2015. They had employed total 4287 employees as at the end of March 2015.

As on 31 March 2015, there was one non-working SPSU[5] which was defunct since 2006 and involved investment of ₹ 4.72 crore. This is a critical area as the investments in non-working SPSUs do not contribute to the economic growth of the State.

4.1.2 Accountability framework

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

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1 Meghalaya Basin Management Agency.

2 Non-working SPSUs are those which have ceased to carry on their operations.

3 Government companies include Other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013. Including three subsidiary companies of Meghalaya Energy Corporation Limited (MeECL) viz. Meghalaya Power generation Corporation Limited (MPGCL), Meghalaya Power Transmission Corporation Limited (MPTCL) and Meghalaya Power Distribution Corporation Limited (MPDCL) which were incorporated on 18 December 2009.

4 Source: Official website of Ministry of Statistics & Programme Implementation, Government of India.

5 Meghalaya Electronics Development Corporation Limited.

commenced earlier than 1 April 2014 continued to be governed by the Companies Act, 1956.

According to Section 2 (45) of the Companies Act, 2013 (Act), a Government Company is one in which not less than 51 *per cent* of the paid-up capital is held by the Central and/or State Government (s) and includes a subsidiary of a Government Company. The process of audit of Government companies under the Act is governed by respective provisions of Section 139 and 143 of the Act.

Statutory Audit

The financial statements of a Government Company defined in Section 2(45) of the Companies Act, 2013 are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 139 (5) or (7) of the Companies Act. These financial statements are subject to supplementary audit to be conducted by CAG under the provisions of Section 143 (6) of the Act.

Further, the Statutory Auditors of any other company *(Other Company)* owned or controlled, directly or indirectly, by the Central and/or State Government (s) are also appointed by CAG as per the provisions of Section 139 (5) or (7) of the Act.

As per the provisions of Section 143 (7) of the Act, the CAG, in case of any company (Government Company or *Other Company)* covered under sub-section (5) or sub-section (7) of Section 139 of the Act, if considers necessary, by an order, cause test audit to be conducted of the accounts of such Company (Government Company and *Other Company)* and the provisions of Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit.

Audit of Statutory Corporations is governed by their respective legislations. Out of two Statutory Corporations, CAG is the sole auditor for Meghalaya Transport Corporation. In respect of the other Corporation (viz. Meghalaya State Warehousing Corporation), the audit is conducted by Chartered Accountants and supplementary audit by CAG.

Role of Government and Legislature

The State Government exercises control over the affairs of these SPSUs through its administrative departments. The Chief Executives and Directors to the Board of these SPSUs are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of State Government Companies and Separate Audit Reports in case of Statutory Corporations are placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

4.1.3 Stake of Government of Meghalaya

The State Government has huge financial stake in these SPSUs. This stake is of mainly three types:

- **Share Capital and Loans-** In addition to the Share Capital contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the SPSUs as and when required.
- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the SPSUs from Financial Institutions.

4.1.4 Investment in State SPSUs

As on 31 March 2015, the investment (capital and long-term loans) in 16 SPSUs was ₹ 2,691.91 crore as per details given in **Table 4.1.2** below.

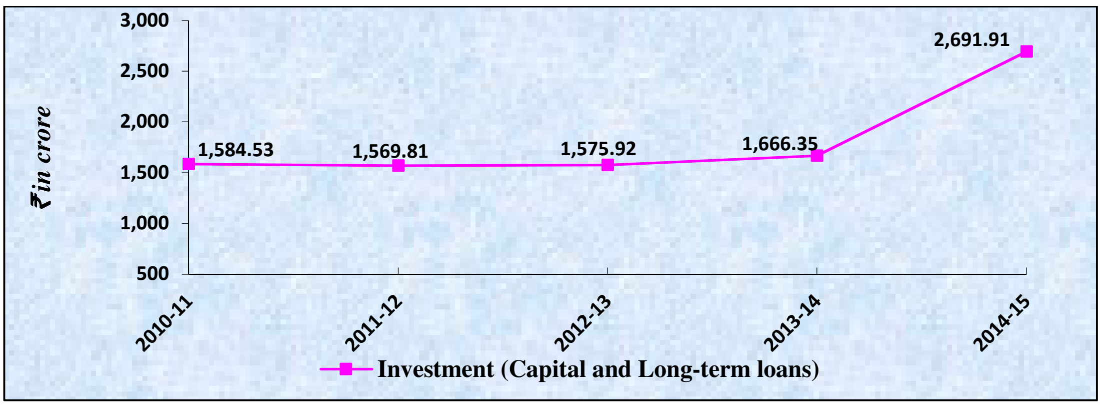
Table 4.1.2: Total investment in SPSUs

(₹in crore)

Type of SPSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working SPSUs	1,282.36	1,311.64	2,594.00	93.19	Nil	93.19	2,687.19
Non-working SPSU	4.72	Nil	4.72	Nil	Nil	Nil	4.72
Total	**1,287.08**	**1,311.64**	**2,598.72**	**93.19**	**Nil**	**93.19**	**2,691.91**

Out of the total investment of ₹ 2,691.91 crore in SPSUs as on 31 March 2015, 99.82 *per cent* was in working SPSUs and the remaining 0.18 *per cent* in non-working SPSUs. This total investment consisted of 51.27 *per cent* towards capital and 48.73 *per cent* in long-term loans. The investment has grown by 69.89 *per cent* from ₹ 1,584.53 crore in 2010-11 to ₹ 2,691.91 crore in 2014-15 as shown in **Chart 4.1.1** below.

Chart 4.1.1: Total investment in SPSUs



The sector wise summary of investments in the State PSUs as on 31 March 2015 is given below:

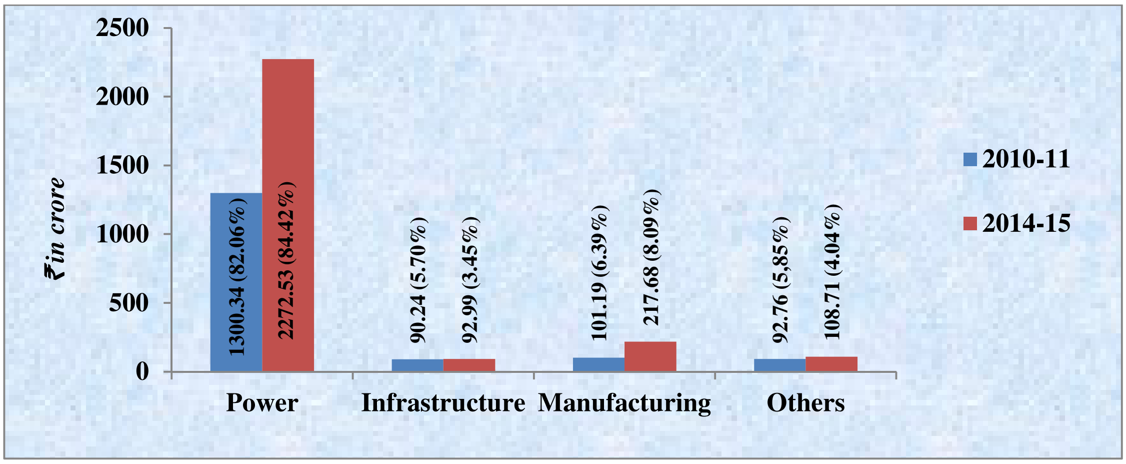
Table 4.1.3:Sector-wise investment in SPSUs

(*₹in crore*)

Name of Sector	Government/ *Other*[6] *Companies*		Statutory Corporations	Total Investment
	Working	Non-Working	Working	
Power	2,272.53	Nil	Nil	2,272.53
Manufacturing	212.96	4.72	Nil	217.68
Finance	Nil	Nil	Nil	Nil
Miscellaneous	4.31	Nil	3.36	7.67
Service	7.96	Nil	89.83	97.79
Infrastructure	92.99	Nil	Nil	92.99
Agriculture & Allied	3.25	Nil	Nil	3.25
Total	**2,594.00**	**4.72**	**93.19**	**2,691.91**

The investment in various important sectors and percentage thereof at the end of 31 March 2011 and 31 March 2015 are indicated in **Chart 4.1.2**. The thrust of SPSU investment was mainly in power sector, which was 82.06 *per cent* during 2010-11 and has marginally increased to 84.42 *per cent* in 2014-15.

Chart 4.1.2: Sector wise investment in SPSUs



It could be observed from the **Chart** above that the investment in power sector which was at ₹ 1,300.34 crore in 2010-11 has increased by 74.76 *per cent* to ₹ 2,272.53 crore in 2014-15 mainly on account of investment of ₹ 972.04 crore in one[7] power sector in the form of equity (₹ 807.28 crore) and loans (₹ 164.76 crore). Besides, the investment in manufacturing sector has also increased significantly by 115.12 *per cent* from ₹ 101.19 crore (2010-11) to ₹ 217.68 crore (2014-15) mainly due to investment of equity (₹ 93.96 crore) in one SPSU[8].

4.1.5 Special support and returns during the year

The State Government provides financial support to SPSUs in various forms through annual State budget allocations. The summarised details of budgetary outgo towards

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[6] '*Other Companies*' as referred to under Section 139 (5) and 139 (7) of the Companies Act, 2013.
[7] Serial No. A-7 of ***Appendix 4.1.2***
[8] Serial No. A-5 of ***Appendix 4.1.2***

equity, loans, grants/ subsidies, loans written off and interest waived in respect of State PSUs for three years ended 2014-15 are given in **Table 4.1.4** below:

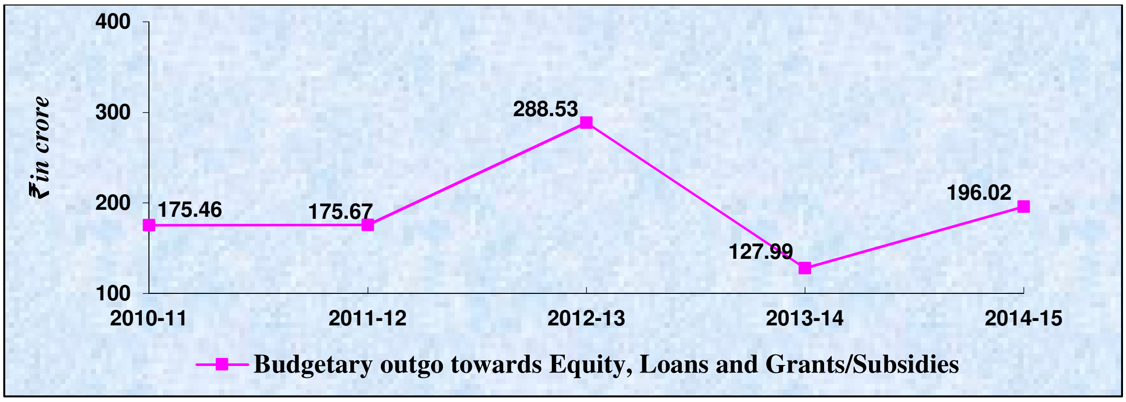
Table 4.1.4: Details regarding budgetary support to SPSUs

(₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	2	38.57	4	11.75	4	40.30
2.	Loans given from budget	-	-	-	-	2	2.46
3.	Grants/Subsidy from budget	5 3	235.45(G) 14.51 (S)	4 3	97.50(G) 18.74(S)	5 2	128.53(G) 24.73(S)
4.	**Total Outgo (1+2+3)**	**6**	**288.53**	**9**	**127.99**	**10**	**196.02**
5.	Waiver of loans and interest	-	-	-	-	1	3.00
6.	Guarantees issued	1	56.10	1	85.63	Nil	Nil
7.	Guarantee Commitment	2	888.43	2	985.00	3	758.18

The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years from 2010-11 to 2014-15 are depicted in **Chart 4.1.3**.

Chart 4.1.3: Budgetary outgo towards Equity, Loans and Grants/Subsidies



The budgetary outgo during 2010-11 was ₹ 175.46 crore which increased to ₹ 288.53 crore in 2012-13. However, the budgetary support during 2013-14 was all time low in five years at ₹ 127.99 crore which increased thereafter in 2014-15 to ₹ 196.02 crore mainly due to extension of grants/subsidy of ₹ 142.84 crore to one power sector SPSU (viz. Meghalaya Energy Corporation Limited).

In order to enable SPSUs to obtain financial assistance from Banks and Financial Institutions, State Government provides guarantee subject to the limits prescribed by the Constitution of India, for which the guarantee fee is being charged. This fee varies from 0.25 *per cent* to one *per cent* as decided by the State Government depending upon the borrowing entity. The guarantee commitment decreased to ₹ 758.18 crore during 2014-15 from ₹ 888.43 crore in 2012-13. There was one SPSU[9] which had accumulated outstanding guarantee fees of ₹ 36.40[10] crore as on 31 March 2015. The said SPSU had not paid any guarantee fee during the year 2014-15.

[9] Sl No. 7 of ***Appendix 4.1.2***

[10] Figure of MeECL is as per Finance Accounts 2014-15 (₹ 36.40 crore).

4.1.6 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the Finance Department and the SPSUs concerned should carry out reconciliation of differences. The position in this regard as at 31 March 2015 is summarised in **Table 4.1.5** below.

Table 4.1.5: Equity, loans, guarantees outstanding as per Finance Accounts *vis a vis* records of SPSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs[11]	Difference
Equity	357.27[12]	1380.27[13]	(-) 1023.00
Loans	Not available[14]	1311.64	--
Guarantees	1148.36[15]	758.18	(+) 390.18

Audit observed that the differences occurred in respect of 3 SPSUs and some of the differences were pending reconciliation since 2007-08. Though the Principal Secretary, Finance Department, Government of Meghalaya as well as the management of the SPSUs concerned were apprised (September 2015) by Audit about the differences from time to time and stressed upon the need for early reconciliation, no significant progress was noticed in this regard. The matter was also regularly taken up with the Chief Secretary, Government of Meghalaya to take necessary steps. The Government and the SPSUs concerned should take concrete steps to reconcile the differences in a time-bound manner.

4.1.7 Arrears in finalisation of accounts

The financial statements of the companies for each financial year are required to be finalised within six months after the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96 (1) the Act. Failure to do so may attract penal provisions under Section 99 of the Act. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Table 4.1.6 below provides the details of progress made by working SPSUs in finalisation of their annual accounts including arrears as on 30 September 2015.

[11] Information as provided by 16 SPSUs

[12] Includes ₹ 2.14 crore in MSWC, ₹ 81.27 crore in MTC, ₹ 91.59 crore in MIDC, ₹ 162.79 crore in MCCL, ₹ 2.32 crore in MMDC, ₹ 1.97 crore in FDCM, ₹ 0.75 crore in MGCCL, ₹ 11.70 crore in MTDC and ₹ 2.74 crore in MH&HDC.

[13] Includes ₹ 3.36 crore in MSWC, ₹ 89.83 crore in MTC, ₹ 92.24 crore in MIDC, ₹ 162.90 crore in MCCL, ₹ 2.32 crore in MMDC, ₹ 1.97 crore in FDCM, ₹ 0.75 crore in MGCCL, ₹ 7.96 crore in MTDC, ₹ 4.26 crore in MH&HDC, ₹ 4.72 crore in MEDCL, ₹ 1009.28 crore in MeECL, ₹ 0.05 crore in MePDCL , ₹ 0.05 crore in MePGCL, ₹ 0.05 crore in MePTCL, ₹ 0.48 crore in MBCL and ₹ 0.05 crore in MBMA. (As per details furnished by the management of the respective PSUs).

[14] State Government's loans to State PSUs are extended through the Government Departments. These Government Departments reallocate the loan funds to different PSUs. Hence, the PSU-wise figures of State Government loans are not available in the Finance Accounts.

[15] Guarantee commitment given by the State Government against loans were ₹ 1090.96 crore (Principal = ₹ 713.24 crore and interest = ₹ 377.72 crore) for MeECL ₹ 45.21 crore (Principal only) for MCCL and ₹ 12.19 crore (Principal only) for MMDCL.

Table 4.1.6: Position relating to finalisation of accounts of working SPSUs

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Number of Working SPSUs	14	14	15	15	15
2.	Number of accounts finalised during the year	15	18	15	9	13
3.	**Number of accounts in arrears**	**56**	**52**	**52**	**58**	**60**
4.	Number of Working SPSUs with arrears in accounts	10	13	14	14	15
5.	Extent of arrears (numbers in years)	1 to 15	1 to 16	1 to 15	1 to 16	1 to 14

As could be noticed from the **Table** above, the number of accounts in arrears showed a decreasing trend upto 2012-13 but increased thereafter mainly on account of less number of accounts finalised by working SPSUs during 2013-14 and 2014-15. As of September 2015, total 60 accounts relating to 15 SPSUs were in arrears, which was highest in last five years. The major arrears of accounts pertained to three working SPSUs namely, Meghalaya Tourism Corporation Limited (14 years), Forest Development Corporation Limited (10 years) and Meghalaya Handloom & Handicrafts Development Corporation Limited (10 years).

The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSUs within stipulated period. As part of regular monitoring of the progress made in this regard, audit has taken up (21 August 2015) the issue with the Chief Secretary, Government of Meghalaya with a request to convene a meeting with the Administrative Heads of the SPSUs concerned and chalk out a time bound action plan to clear the backlog of accounts. The response of the Chief Secretary, Government of Meghalaya on the issue was awaited (January 2016). This issue was also taken up (1 July 2015) with the Meghalaya Legislative Assembly Secretariat impressing upon the need for intervention of the Committee on Public Sector Undertaking (COPU) in the matter so as to elicit prompt action from defaulting SPSUs.

The State Government had invested an amount aggregating ₹ 526.17 crore in 9 SPSUs {equity: ₹ 57.08 crore (5 SPSUs), loans: ₹ 67.74 crore (1 SPSU) and grants ₹ 401.35 crore (7 SPSUs)} during the years the accounts of these SPSUs were pending finalisation as detailed in ***Appendix 4.1.1***. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not. Thus, State Government's investment in such SPSUs remained outside the control of State Legislature.

In addition to above, as on 30 September 2015, there were arrear of 9 accounts in respect of the only non-working SPSU[16] as on 30 September 2015. The said SPSU having arrears for 9 years became non-working in 2006 and was in the process of liquidation since June 2011.

[16] Meghalaya Electronics Development Corporation Limited (MEDC)

Table 4.1.7: Position relating to arrears of accounts in respect of non-working SPSU

No. of non-working companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
1	2006-07 to 2014-15	9

4.1.8 Placement of Separate Audit Reports

The position depicted in **Table 4.1.8** below shows the status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 30 September 2015) on the accounts of Statutory Corporations in the Legislature.

Table 4.1.8: Status of placement of SARs in Legislature

Sl. No.	Name of the Statutory Corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government
1	Meghalaya Transport Corporation	2004-05	2005-06 to 2009-10	12 April 2012
2	Meghalaya State Warehousing Corporation	2012-13	2013-14	3 November 2015

4.1.9 Impact of non-finalisation of accounts

As pointed out under **paragraphs 4.1.10 to 4.1.12,** the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of the above, the actual contribution of SPSUs to the State GDP for the year 2014-15 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that:

- **The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.**
- **The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.**
- **The Government should make finalisation of accounts as a condition for fresh grants/investments.**

4.1.10 Performance of SPSUs as per their latest finalised accounts

The financial position and working results of working Government Companies and Statutory Corporations are detailed in ***Appendix 4.1.2***. A ratio of SPSU turnover to State GDP shows the extent of SPSU activities in the State economy. **Table 4.1.9** below provides the details of working SPSU turnover and State GDP for a period of five years ending 2014-15.

Table 4.1.9: Details of working SPSUs turnover vis-a vis State GDP

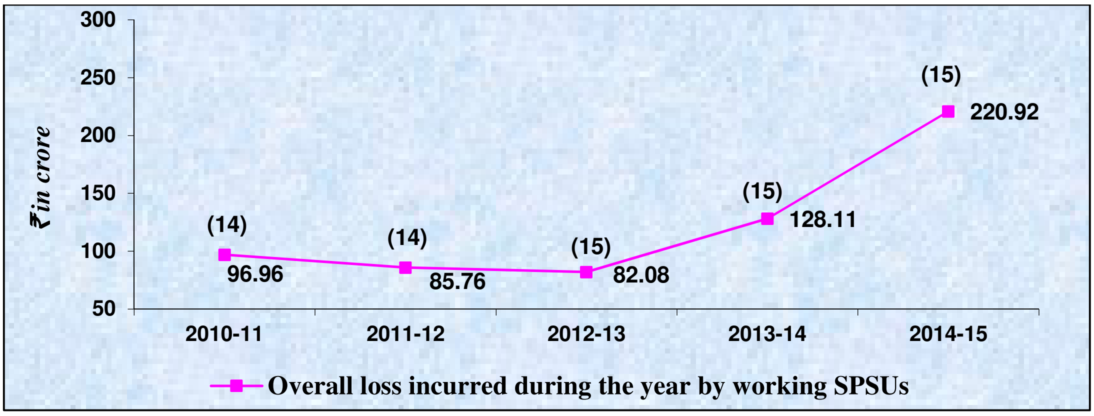
(₹in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover[17]	457.06	463.31	461.00	430.20	640.05
State GDP[18]	14,583.00	17,199.00	19,000.00	21,922.00	25,333.00
Percentage of Turnover to State GDP	3.13	2.69	2.43	1.96	2.53

From the **Table** above, it could be noticed that during the last five years ending 2014-15, the overall percentage of SPSUs turnover to State GDP had declined from 3.13 *per cent* (2010-11) to 2.53 *per cent* (2014-15). Contrary to the constant growth registered by State GDP during 2010-11 to 2014-15, the turnover of State PSUs had shown a decreasing trend upto 2013-14 (excepting 2011-12). As a result, the contribution of State PSUs turnover to State GDP in percentage terms has shown a decreasing trend upto 2013-14. During 2014-15, the percentage of State PSUs turnover to State GDP has improved because of the increase in the SPSUs turnover figure, which was mainly on account of increase of ₹ 148.36 crore in the turnover of one power sector company (viz. Meghalaya Energy Corporation Limited).

The overall losses incurred by State working SPSUs during 2010-11 to 2014-15 as per their latest finalised accounts as on 30 September of the respective year have been depicted below in **Chart 4.1.4**.

Chart 4.1.4: Losses of working SPSUs



(Figures in brackets show the number of working SPSUs in respective years)

From the **Chart** above, it could be noticed that the overall losses of working SPSUs had shown a decreasing trend upto 2012-13. The losses of working SPSUs has increased considerably during 2014-15 and reached at peak in last five years to ₹ 220.92 crore (2014-15) mainly due to the huge losses (₹ 203.99 crore) incurred by one power sector company (viz. Meghalaya Energy Corporation Limited). During 2014-15, out of 15 working SPSUs, 2 SPSUs earned profit of ₹ 1.63 crore while 10 SPSUs incurred loss of ₹ 222.55 crore as per their latest finalised accounts as on 30 September 2015. Three working SPSUs[19], however, had not commenced the

[17] Turnover of working SPSUs as per the latest finalised accounts as on 30 September of the respective year.
[18] Source: Ministry of Statistics & Programme Implementation, Government of India
[19] Serial No. A-8, A-9 and A-10 of ***Appendix 4.1.2***

commercial activities. The main contributor to profit was Meghalaya Government Construction Corporation Limited (₹ 1.59 crore). The heavy losses were incurred by Meghalaya Energy Corporation Limited (₹ 203.99 crore), Mawmluh Cherra Cements Limited (₹ 11.48 crore) and Meghalaya Transport Corporation (₹ 3.55 crore).

Some other key parameters of SPSUs are given below.

Table 4.1.10: Key Parameters of State PSUs (Provisional figures)

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Return on Capital Employed (*per cent*)*	-	-	-	-	-
Debt	1129.38	1080.12	1047.53	1126.21	1310.44
Turnover[20]	457.06	463.14	461.00	430.20	640.05
Debt/ Turnover Ratio	2.47:1	2.33:1	2.27:1	2.62:1	2.05:1
Interest Payments	42.35	42.65	40.80	31.52	41.98
Accumulated losses	620.74	668.37	671.82	358.41	576.93

** Negative figures in all the five years*

From the **Table** above, it could be noticed that during 2010-15 (excepting 2013-14) the debt-turnover ratio has shown an improving trend. During 2014-15, the debt-turnover ratio (2.05:1) was at its best in five years due to increase in the SPSUs turnover from ₹ 430.20 crore (2013-14) to ₹ 640.05 crore (2014-15), which was mainly on account of increase of ₹ 148.36 crore in the turnover of one power sector company (viz. Meghalaya Energy Corporation Limited) during 2014-15. There were significant variations in the figures of SPSUs accumulated losses during 2013-14 (decrease of ₹ 313.41 crore) and 2014-15 (increase of ₹ 218.52 crore). This was mainly on account of corresponding changes in the accumulated losses of the said power sector company during 2013-14 (decrease of ₹ 332.61 crore) and 2014-15 (increase of ₹ 203.99 crore). This is indicative of the fact that the overall operational results of the SPSUs are highly influenced by the functioning of the said power sector company (viz. Meghalaya Energy Corporation Limited).

The State Government had not formulated any dividend policy for payment of minimum return by SPSUs on the paid up share capital contributed by the State Government. As per their latest finalised accounts as on 30 September 2015, two SPSUs[21] earned aggregate profit of ₹ 1.63 crore but none of them declared any dividend.

4.1.11 Winding up of non-working SPSUs

There was one non-working SPSU involving investment of ₹ 4.72 crore as on 31 March 2015. Though the liquidation process of non-working SPSU had commenced in June 2011, the winding up of the same was still in process (December 2015). As this SPSU has not finalised the annual accounts since 2006-07, the up-to date details of the expenditure incurred by it on salaries, establishment expenditure etc. were not available. As the non-working SPSU is neither contributing to the State economy nor

[20] Turnover of working SPSUs as per their latest finalised accounts as on 30 September of the respective year.

[21] Meghalaya Government Construction Corporation Limited and Meghalaya Mineral Development Corporation Limited

meeting its intended objectives, the winding up process of the SPSU may be expedited so as to close down the SPSU at the earliest.

The stages of closure in respect of non-working SPSU are given below.

Table 4.1.11: Closure of Non -working PSUs

Sl. No.	Particulars	Companies	Statutory Corporations	Total
1.	Total No. of non-working SPSUs	1	Nil	1
2.	Of (1) above, the No. under	-	-	-
(a)	liquidation by Court (liquidator appointed)	-	-	-
(b)	Voluntary winding up (liquidator appointed)	1	-	1
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	-	-	-

4.1.12 Accounts Comments

During the year 2014-15[22], 8 working companies have forwarded 12 audited accounts to Accountant General (AG). Of these, 8 accounts of 5 companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of the comments of statutory auditors and CAG are given below.

Table 4.1.12: Impact of audit comments on working Companies

(Amount ₹in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	3.41	1	1.46	2	0.53
2.	Increase in loss	7	4.77	0	0.16	3	109.58
3.	Non-disclosure of material facts	3	2.54	3	34.21	2	2.93
4.	Errors of classification	1	0.21	2	6.28	2	56.21

During the year, the Statutory Auditors had given qualified certificates to all 12 accounts of 8 companies. In addition, CAG has also issued qualified certificates on all 8 accounts of 5 companies selected for supplementary audit. No adverse certificates (which means that accounts do not reflect a true and fair position) or disclaimers (meaning the auditors are unable to form an opinion on accounts) were issued by the Statutory Auditors or CAG on any of the accounts during the year. The compliance of companies with the Accounting Standards remained poor as there were 26 instances of non-compliance relating to 8 accounts.

Similarly, during the year 2014-15, one working Statutory Corporation[23] forwarded its audited accounts for one year for supplementary audit to AG which was completed.

[22] October 2014 to September 2015
[23] Meghalaya State Warehousing Corporation Limited.

The Statutory Auditors and the CAG had given qualified certificate on the accounts of the Corporation.

4.1.13 Response of the Government to Audit

Performance Audits and Paragraphs

For the Chapter on Economic Sector (PSUs) of the Report of the CAG for the year ended 31 March 2015, Government of Meghalaya one Performance Audit and four audit paragraphs were issued to the Principal Secretaries of the respective Departments with a request to furnish replies within six weeks. The replies of the State Government in respect of the Performance Audit Report and one paragraph were, however, awaited from the State Government (December 2015).

4.1.14 Follow up action on Audit Reports

Replies outstanding

The Reports of the CAG represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. To ensure accountability of the executive about the issues contained in these Audit Reports, the Public Accounts Committee (PAC) of the Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the administrative departments concerned within one month of presentation of the Audit Reports to the State Legislature.

Table 4.1.13: Explanatory notes not received (as on 30 September 2015)

Year of the Audit Report (Commercial/ SPSUs)	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2010-11	23 March 2012	1	5	-	1
2011-12	9 October 2013	1	1	-	-
2012-13	16 June 2014	Nil	4	-	3
2013-14	24 September 2015	Nil	6	Nil	6
Total		**2**	**16**		**10**

From the above, it could be seen that out of 16 paragraphs and 2 performance audits (PAs), explanatory notes to 10 paragraphs in respect of 4 Departments, which were commented upon, were awaited (September 2015).

Discussion of Audit Reports by COPU

The status as on 30 September 2015 of PAs and paragraphs that appeared in the Chapter on Economic Sector (PSUs) of the Audit Reports and discussed by the Committee on Public Undertakings (COPU) was as under.

Table 4.1.14: PAs/Paras appeared in Audit Reports *vis a vis* discussed as of September 2015

Period of Audit Report	Number of PAs/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2010-11	1	5	-	3
2011-12	1	1	1	1
2012-13	-	4	-	1
2013-14	-	6	-	-
Total	**2**	**16**	**1**	**5**

Compliance to Reports of Committee on Public Undertakings (COPU)

Action Taken Notes (ATN) to 15 recommendations[24] pertaining to three Reports of the COPU presented to the State Legislature between November 2010 and March 2015 had not been received (December 2015) as indicated below:

Table 4.1.15: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total no. of recommendations in COPU Report	No. of recommendations where Action Taken Notes (ATNs) not received
2008-09	1	7	7
2009-10	1	7	7
2010-11	-	-	-
2011-12	1	1	1
2012-13	-	-	-
2013-14	-	-	-
Total	**3**	**15**	**15**

It is recommended that the Government may ensure: (a) sending of replies to Inspection Reports/explanatory notes/draft paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) recovery of loss/ outstanding advances/overpayments within the prescribed period; and (c) revamping of the system of responding to audit observations for their early redressal.

4.1.15 Coverage of this Report

This Chapter contains four audit paragraphs and one Performance Audit relating to State Transport utilities in the State of Meghalaya involving financial effect of ₹ 101.30 crore.

4.1.16 Disinvestment, Restructuring and Privatisation of SPSUs and any reforms in power sector

During the year 2014-15, no instance of Disinvestment, Restructuring and Privatisation of SPSUs and any reforms in power sector were noticed.

[24] Against four paragraphs and one performance audit

PERFORMANCE AUDIT

TRANSPORT DEPARTMENT

4.2 State Transport Utilities in the State of Meghalaya

The Meghalaya Transport Corporation (Corporation) is mandated to provide public transport service in the State of Meghalaya. In addition, Meghalaya Urban Development Agency (MUDA), Urban Local Bodies (ULBs) and private operators had also been operating to provide public transport services in the State. The performance audit (PA) covers the performance of the Corporation and the performance of buses operated by the Corporation/MUDA. The coverage of the PA had to be restricted to four years from 2010-11 to 2013-14 due to non-availability of the financial data of the Corporation for 2014-15. Following are the highlights of the PA.

Highlights

Though the fleet strength of the Corporation had increased from 50 in 2010-11 to 63 buses in 2014-15, the average number of passengers travelled per day by Corporation run buses had reduced from 22 (2010-11) to 17 (2014-15). This was indicative of the fact that the Corporation could not augment its passenger base corresponding to the increase in number of buses during 2010-15.

(Paragraph 4.2.8)

During the period from 2010-11 to 2014-15, the Corporation purchased total 29 vehicles (Tata buses) costing ₹ 4.43 crore from a Dealer without inviting open tenders. The Corporation, however, did not recover the penalty of ₹ 48.86 lakh from the Dealer as per the terms of the purchase order despite delay in delivery of buses thereby extending undue commercial favour to the Dealer.

(Paragraph 4.2.9)

MUDA failed to effectively enforce the terms of the agreements with private operators and monitor their performance with reference to the agreed commitments. Audit could not find any justification for handing over the bus operation to private operators which further resulted in undue commercial favour to these operators.

(Paragraph 4.2.10)

Non-implementation of land development projects had resulted in idling of the surplus land since incorporation of the Corporation (1976). Further, non-revision of rent in consonance with market rates had resulted in loss of rental income of ₹ 5.04 crore for the period April 2011 to August 2015. Against ₹ 2.42 crore receivable from the Indian Railways as commission during 2010-15, it received only ₹ 0.94 crore leaving an outstanding amount of ₹ 1.48 crore as of March 2015.

(Paragraph 4.2.11)

The Corporation was highly dependent on GoM for allocation of funds from State Budget to meet its financial requirements, which was not a healthy practice for progressive development of the Corporation.

(Paragraph 4.2.12.2)

The Corporation failed to finalise its annual accounts since 2010-11 onwards. The Corporation did not have a comprehensive system for recording of operational and financial data through maintenance of specific registers for documenting each aspect of functioning.

(Paragraph 4.2.12.1 and 4.2.13.1)

4.2.1 Introduction

Meghalaya Transport Corporation (Corporation) was established in 1976 under section 3 of the Road Transport Corporation Act, 1950 (the Act) and is mandated to provide an efficient, adequate, economical and properly co-ordinated road transport in the State of Meghalaya. Apart from the Corporation, Meghalaya Urban Development Agency (MUDA), Urban Local Bodies (ULBs) and private operators had also been operating in providing public transport services in the State. The Corporation plies mainly inter-city buses (except school buses) while MUDA buses ply only within the city. ULB vehicles mainly ply within the city/towns falling under the jurisdiction of the respective ULB/Municipal Boards.

The Corporation functions under the administrative control of the Transport Department of the Government of Meghalaya (GoM). The Corporation was managed by a Board of Directors (BoD) comprising of the Chairman, Vice Chairman and six Directors including the Managing Director (MD). The Managing Director who is the Chief Executive, manages the day to day affairs of the Corporation with the assistance of two Deputy General Managers and one Chief Accounts Officer. As on 31 March 2015, the Corporation had five Depots, three Sub-Depots one Central Workshop and Central Store, and one Maintenance Centre.

The Corporation had a fleet strength of 63 buses (including 10 small stage carriages with seating capacity of seven) as on 31 March 2015. During 2010-15, the share of the Corporation in the passenger transport operations in the State was ranging between 0.51 and 0.59 *per cent* while the remaining 99.41 to 99.49 *per cent* pertained to private operators and others[25]. The fleet of the Corporation carried an average of 988 passengers per day during 2010-11 to 2014-15. During 2013-14[26], the total revenue of the Corporation was ₹ 8.90 crore (out of which ₹ 3.47 crore was traffic revenue), which was equal to 0.04 *per cent* of the State Gross Domestic Product (₹ 21,922 crore[27]) for 2013-14. The Corporation had 265 permanent employees on its rolls as at 31 March 2015. MUDA had a fleet strength of 120 buses obtained

[25] Others include Urban Local Bodies and MUDA.
[26] Figures for 2014-15 have not been compiled by the Corporation.
[27] Source: Official website of Ministry of Statistics & Programme Implementation, Government of India.

(November 2009) under JnNURM Scheme while ULBs had total strength of 304 vehicles being run under six Municipal Boards.

A review on the working of the Corporation was included in the Report of the Comptroller and Auditor General of India for the year 2008-09, Government of Meghalaya. The Report was discussed (September 2010) by the Committee on Public Undertakings (COPU) and its recommendations were included in the Fourth Report of COPU 2008-09. The Report of the COPU was presented to the Legislature in November 2010. Important recommendations of COPU included in the said Report have been discussed in the present Report at the relevant places.

4.2.2 Scope and Methodology of Audit

The present performance audit (PA) was conducted during April 2015 to July 2015 to assess the performance of the Corporation for the period from 2010-11 to 2013-14. Scope of the PA had to be restricted to four years from 2010-11 to 2013-14 as the Corporation had not compiled even the provisional figures for 2014-15. The PA also covers the areas of operation of the Corporation for the year 2014-15 wherever the data was available. Besides, the PA also covers the operational performance of the buses operated by the Corporation and MUDA under Jawaharlal Nehru National Urban Renewal Mission (JnNURM) Scheme of the Government of India. The audit examination involved scrutiny of records at the Office of the Commissioner of Transport, Head Office of the Corporation, Central Workshop, Central Store as well as all its Depots/Sub-Depots and the Head Office of MUDA. As the Corporation had not finalised the annual financial accounts since 2010-11, the Audit had to rely upon the provisional data provided by the Corporation and also had to compile certain data at its own for the purpose of conducting the present audit. As regards the operations of the vehicles run by ULBs, the same have already been covered previously and audit findings featured under Annual Technical Inspection Report on Urban Local Bodies for the year ended 31 March 2014, Government of Meghalaya. Hence, the present PA did not cover the operational performance of ULB run vehicles.

The methodology adopted during the course of audit entailed explaining the audit objectives to top management during an 'Entry Conference' held on 01 May, 2015, scrutiny of records maintained at Head Office of the Corporation and MUDA as well as unit offices of the Corporation, interaction with the personnel of the Corporation/MUDA, analysis of data with reference to audit criteria, raising of audit queries, study of the survey results of passengers/employee conducted by Audit and discussion of audit findings with the Management of the Corporation/MUDA. The (Draft) Audit Report was issued (October 2015) to the Corporation/MUDA/GoM for their response. The findings of the Report were also discussed with the representatives of the Corporation/MUDA and GoM in an Exit Conference held on 03 December 2015. The Corporation and MUDA had submitted (November/December 2015) their replies while the replies from GoM had not been received (December 2015). The formal replies of the Corporation/MUDA and the views expressed by the representatives of the Corporation/MUDA and GoM in the Exit Conference have been suitably considered and incorporated in the Audit Report.

4.2.3 Audit Objectives

The objectives of the performance audit were to assess whether:

- the Corporation was rendering services in an efficient, effective and economic manner advantageous to the public, trade and industry,
- the Corporation had re-aligned the business model in an effective and efficient manner so as to tap non-conventional sources of revenue,
- the Fund Management System of the Corporation was efficient and effective in meeting its financial commitments,
- the Corporation had an effective monitoring and evaluation system in place.

4.2.4 Audit Criteria

The criteria adopted to assess the achievement of the audit objectives were derived from the following:

- Road Transport Corporation Act, 1950
- Motor Vehicles Act, 1988
- All India averages for performance parameters;
- Performance indicators of STUs in neighbouring States.
- Instructions of the Government of India (GOI) and State Government and other relevant rules and regulations;
- Procedures laid down by the Corporation.

4.2.5 Financial Position and Working Results

As the Corporation had not finalised its accounts since 2010-11, authentic financial data were not available for the years from 2010-11 to 2013-14 covered under the PA. The Corporation had not even compiled complete provisional financial figures for the year 2014-15. The financial position and working results of the Corporation for the four years up to 2013-14 have been given in ***Appendix 4.2.1*** and ***4.2.2*** respectively. It would be observed that during the period from 2010-11 to 2013-14, the Corporation had been incurring continuous loss ranging from ₹ 1.46 crore (2011-12) to ₹ 7.91 crore (2010-11) mainly on account of high operating costs. During the years from 2010-11 to 2013-14, the operating costs of the Corporation ranged between 360 *per cent* (2013-14) and 559 *per cent* (2012-13) of the operating revenue. As of March 2014, the Corporation had accumulated losses of ₹ 101.64 crore, which had completely wiped off the entire capital contribution of ₹ 88.08 crore of the Corporation.

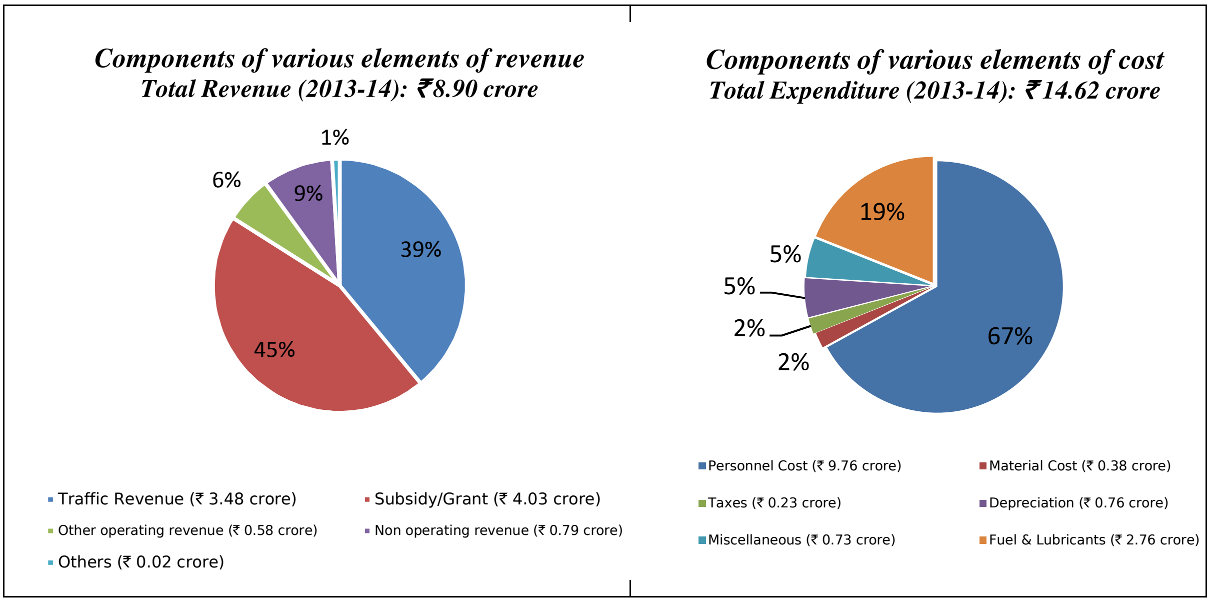
Elements of cost and revenue

As could be noticed from ***Appendix 4.2.2***, subsidy/grant was the major element of revenue during 2010-11 to 2013-14, which ranged between 45 *per cent* (2013-14) and

73 *per cent* (2012-13) of the total revenue of the Corporation. On the other hand, personnel cost of the Corporation was the major cost element, which ranged between 67 *per cent* (2013-14) and 80 *per cent* (2012-13) of the total costs during the four years under reference. Thus, the subsidy/grants so received by the Corporation were completely absorbed in meeting the personnel cost of the Corporation during all the four years.

Major elements of revenue and costs of the Corporation for 2013-14 have been depicted below in **Chart 4.2.1**.

Chart 4.2.1



Source: Provisional financial statements of the Corporation

Audit Findings

The audit findings are discussed below.

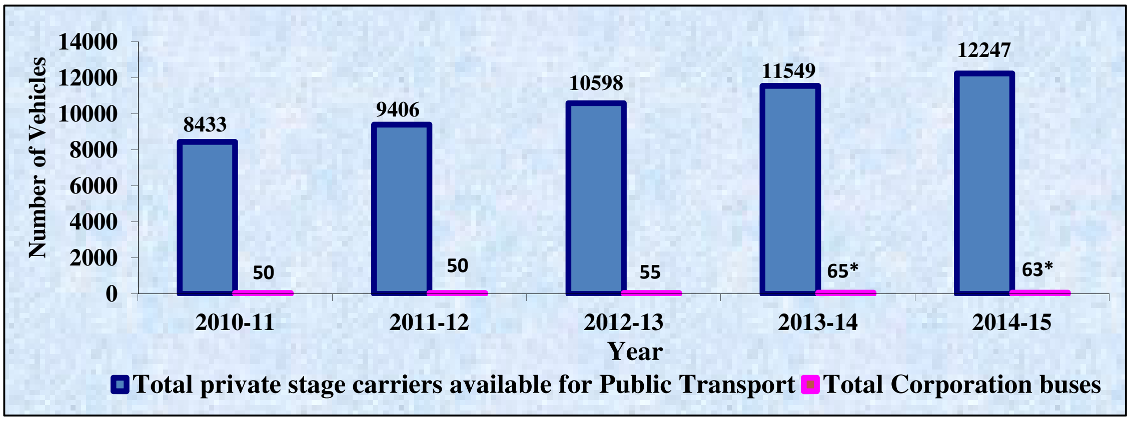
Objective 1: Efficiency, effectiveness and economy achieved by the Corporation in rendering services to the public, trade and industry.

4.2.6 Share of the Corporation in the State public road transport services

During 2010-11 to 2014-15, the Corporation had a contribution in providing public transport services in the State which ranged between 0.59 (2010-11) and 0.51 (2014-15). As against total 12,310 number of public service vehicles[28] registered and operated in the State as of March 2015, only 63 vehicles (0.51 *per cent*) belonged to the Corporation. Further, during the last five years, 4816 number public service vehicles were registered in the State out of which only 31 vehicles (0.64 *per cent*) belonged to the Corporation. The following **Chart** depicts the year-wise contribution of the Corporation *vis-a-vis* private carriers in the total bus passenger traffic of the State as a whole during the five years from 2010-11 to 2014-15.

[28] As per Section 2(35) of the Motor Vehicles Act, 1988, Public service vehicle means any motor vehicle used or adapted to be used for the carriage of passengers for hire or reward.

Chart 4.2.2



**Including 10 small stage carriages with seating capacity of seven*
Source: Transport Department, GoM and Corporation

It could be seen that during 2010-11 to 2014-15, though the number of private service vehicles had increased by 45 *per cent* from 8433 (2010-11) to 12247 (2014-15), the growth in the number of Corporation owned vehicles was only 26 *per cent*. Further, the Corporation failed to constantly improve its service as the per capita kilometres run had declined from 0.75 in 2010-11 to 0.68 in 2014-15 during the five years under reference despite steady increase in the population during these years as depicted in **Table 4.2.1** under **paragraph 4.2.8.1** *infra*.

It was observed that during the five years from 2010-11 to 2014-15, the number of taxis in operation (with capacity of five passengers) in the State has increased by 31 *per cent* from 5865 (2010-11) to 9265 (2014-15), which accounted for 76 *per cent* of total private service vehicles (12,247 no.) operational in the State as of March 2015. The taxi operations were ideal for link services in the city but the same could not be a substitute for public transport in the State. Besides, the spurt in the number of taxis had also contributed towards heavy traffic congestion in city areas thereby causing adverse impact on healthy environment and free vehicular/passenger movement. The tremendous increase in taxis also points towards inadequacy of public transport in the city.

In reply, the Corporation accepted (November 2015) that its share in public transport was meagre and stated that this was largely due to the State Government giving permission (since 1990) to private operators on all routes.

The reply was indicative of the inability of the Corporation to compete with the private operators.

4.2.7 Planning

Public transport has definite benefits over personalised transport in terms of costs reduction, congestion on roads and environmental impact. It was observed that the GoM had not devised a State Transport Policy for systematic growth and improvement of public transport system in the State. The Corporation had also not prepared any long term perspective business plan despite GoM direction (February

2010) in this regard and this being one of its action plan recommended by COPU in November 2010. Further, the Corporation had not fixed any operating targets nor conducted any study to compare with its counterparts operating efficiently in other States.

The Corporation failed to grow and establish itself as major operator (level playing) in the State public transport. The negligible operations of the Corporation owned vehicles in the public transport system of the State was attributable on several factors like,

- absence of a well thought State Transport Policy and long term planning for gradual and systematic increase in the share of the Corporation in the State Public Transport,
- inability to increase the fleet strength due to financial constraints faced by the Corporation,
- operational inefficiencies leading to continuous operational losses (due to high operational cost /personnel costs, etc.) as discussed in subsequent text.

In reply, the Corporation stated (November 2015) that due to shortage of capable officers and staff, it is contemplating to outsource the work of preparation of perspective plan.

Considering the immediate need to improve the operational area and efficiency of the Corporation, the work of preparation of a well thought long term perspective business plan should be expedited.

4.2.8 Operational inefficiencies

4.2.8.1 Fleet strength and utilisation

The following table indicates the year-wise figures relating to the fleet strength of the Corporation and its utilisation during the five years from 2010-11 to 2014-15.

Table 4.2.1

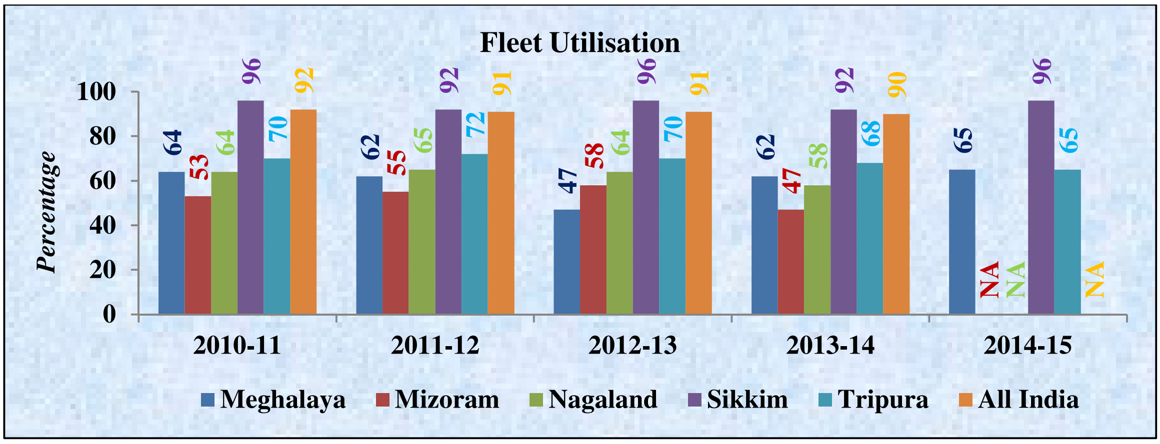
Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
A	Total number of buses at the end of the year	50	50	55	65*	63*
B	Total number of buses on road	32	31	26	40	41
C	Fleet utilisation (in *per cent*) [(B) ÷ (A) X 100]	64	62	47	62	65
D	Total effective kilometres operated (in lakh)	22.23	19.78	16.21	21.16	22.58
E	Total number of passengers travelled (in lakh)	4.02	3.72	2.97	3.46	3.86
F	Average number of Passengers travelled per bus (Corporation) per day [(E) ÷ (A) x 365]	22	20	15	15	17
G	Average KMs operated by per bus per day (viz., vehicle productivity) [(D) ÷ (A) X 365]	122	108	81	89	98
H	Estimated population (lakh)	29.67	30.48	31.31	32.11	32.99

** Including 10 small stage carriages with seating capacity of seven*
Source: Operational data of the Corporation

The fleet strength of the Corporation had increased from 50 in 2010-11 to 63 buses in 2014-15, however, the average number of passengers travelled per day by Corporation run buses had reduced from 22 (2010-11) to 17 (2014-15). This was indicative of the fact that the Corporation could not augment its passenger base corresponding to the increase in number of buses during 2010-15. The reduction in the passenger base was partly on account of underutilisation of buses as evident from the fact that the average kilometres operated per bus per day had decreased from 122 in 2010-11 to 98 in 2014-15. Audit observed that the low operation of buses of the Corporation was mainly due to frequent cancellation of trips, excessive time consumed on repairs and maintenance of buses, etc.

A comparative position of fleet utilisation of the Corporation and that of four neighbouring North Eastern States (*viz*., Mizoram, Nagaland, Sikkim and Tripura) with reference to the All-India average has been presented in **Chart 4.2.3** below.

Chart 4.2.3



Figures for 2014-15 in respect of Mizoram, Nagaland and All-India average were not available
Source: Meghalaya Transport Corporation and Review of the Performance of State Road Transport Undertakings, Ministry of Road Transport and Highways, Govt. of India

It could be seen that while the fleet utilisation of the Corporation was consistently better in neighbouring States like Sikkim and Tripura, no efforts had been made to study the best practices in these States for implementation in Meghalaya.

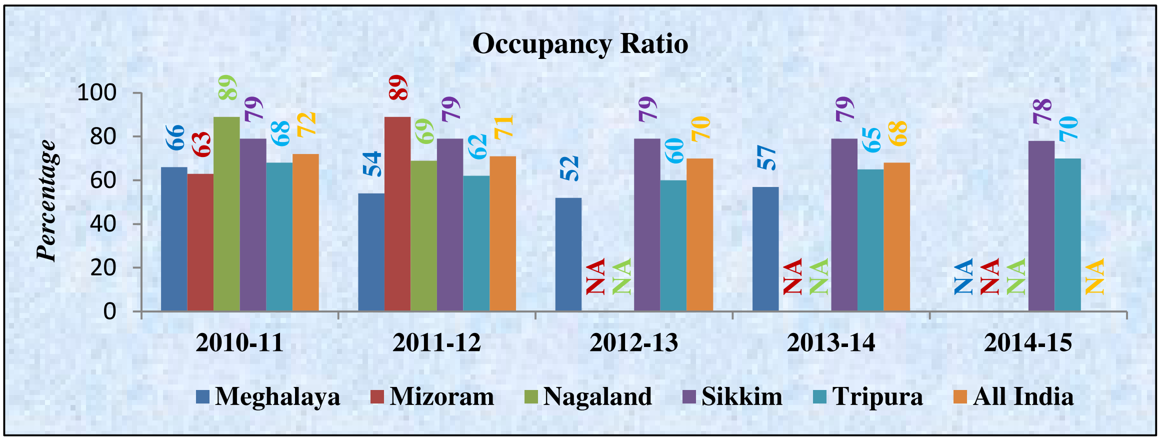
4.2.8.2 Capacity Utilisation and Occupancy Ratio

The Occupancy Ratio (Load Factor) represents the percentage of passengers carried to seating capacity. Scheduling of commercial operations is decided after proper study of routes under operation, trends relating to number of passengers travelled, fleet availability, operations of private players on the route, etc. Further, periodical review and revision of scheduling based on the requirement are equally important to improve the Occupancy Ratio. The Occupancy Ratio of the Corporation had registered a decrease of 9 *per cent* during four years (2010-11 to 2013-14) from 66 *per cent* (2010-11) to 57 *per cent* (2013-14). Major reasons attributable to low occupancy ratio were (i) operation of buses on uneconomical routes, (ii) lack of route planning, (iii) failure to augment the operations to more passengers, and (iv) increase in the number of private taxis plying on the routes operated by the Corporation.

Even though the Occupancy Ratio was deteriorating over the years, the Corporation had not taken any remedial actions to improve the same including scientific route planning. The GoM had also not devised a suitable transport policy for rationalisation of the transport sector in the State (October 2015). Further, the Corporation did not maintain route and bus-wise details of the Occupancy Ratio to identify the uneconomic and non-profitable routes for taking necessary remedial measures.

A comparative picture of the Occupancy Ratio of the Corporation run buses during five years from 2010-11 to 2014-15 *vis-à-vis* that of the four neighbouring North Eastern States (*viz*., Mizoram, Nagaland, Sikkim and Tripura) with reference to the All-India average has been depicted in **Chart 4.2.4** as follows:

Chart 4.2.4



Source: Meghalaya Transport Corporation and Review of the Performance of State Road Transport Undertakings, Ministry of Road Transport and Highways, Govt. of India

The Occupancy Ratio of the Corporation could not surpass any of the four neighbouring North Eastern States (excepting Mizoram during 2010-11) during the five years from 2010-11 to 2014-15.

4.2.8.3 Vehicle Productivity

Vehicle productivity refers to the average kilometres run by each bus per day. The vehicle productivity of the Corporation *vi/s-à-vis* the number of passengers travelled and passenger revenue per Km during the five years ending 2014-15 is shown in **Table 4.2.2** below.

Table 4.2.2

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
A	Effective Kms operated (lakh)	22.23	19.78	16.21	21.16	22.58
B	No. of buses at the end of the year	50	50	55	65*	63*
C	Vehicle productivity (Kms) [(A) ÷ (B) X 365]	122	108	81	89	98
D	Number of passengers travelled (lakh)	4.02	3.72	2.97	3.46	3.86
E	Passenger revenue per Km	14.98	14.06	16.28	16.42	NA

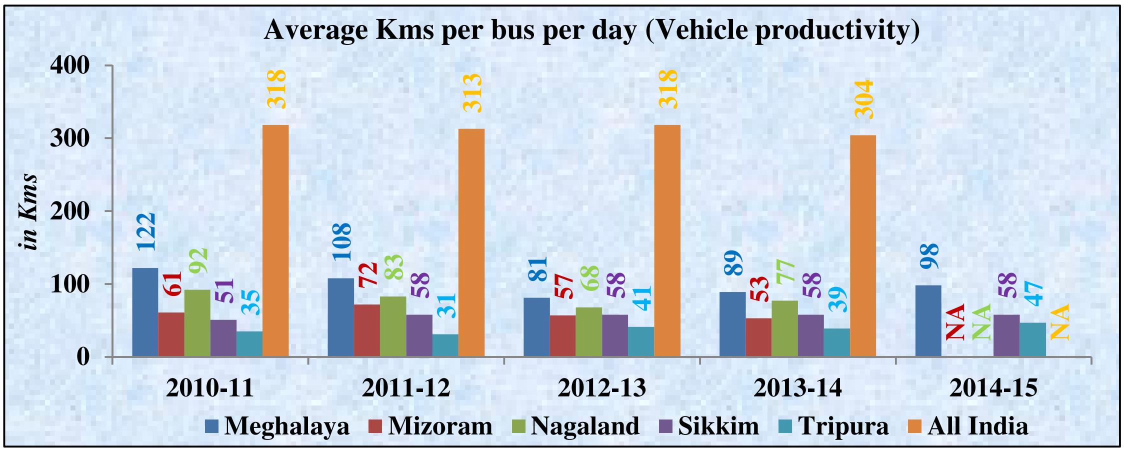
**Including 10 small stage carriages with seating capacity of seven*

Source: Operational and financial data of the Corporation

From the **Table** above, it could be seen that the vehicle productivity of the Corporation run buses had shown a declining trend up to 2012-13 and had increased thereafter. There was, however, overall decrease in the vehicle productivity from 122 kilometres in 2010-11 to 98 kilometres in 2014-15. The decrease in vehicle productivity was mainly due to cancellation of scheduled operations and low fleet utilisation. The vehicle productivity had improved after 2012-13 due to improvement in fleet utilisation from 47 *per cent* (2012-13) to 65 *per cent* (2014-15) which was mainly due to purchase of new buses. Low vehicle productivity impacted drop in passenger revenue by ₹ 2.98 crore[29] during 2011-14 as worked out based on vehicle productivity for 2010-11. It was further observed that the Corporation had not fixed any specific norms for the vehicle productivity of its fleet and had also not taken any measures to improve it.

The year-wise comparative position of vehicle productivity of the Corporation for five years (2010-11 to 2014-15) with that of the four neighbouring North Eastern States (*viz*., Mizoram, Nagaland, Sikkim and Tripura) with reference to the All-India average is given in **Chart 4.2.5** below:

Chart 4.2.5



Source: Meghalaya Transport Corporation and Review of the Performance of State Road Transport Undertakings, Ministry of Road Transport and Highways, Govt. of India

It could be seen from the above graphical presentation that although during 2010-11 to 2014-15 vehicle productivity of the fleet of the Corporation was comparatively better than the other four North Eastern States, it was far below the All-India average during all the years[30] under reference.

In reply, the Corporation accepted (November 2015) the audit observation on low fleet utilisation, low capacity ratio and low productivity and stated that the operational inefficiencies of the Corporation were due to granting of more permits by GoM to private operators on routes operated by the Corporation; frequent bandhs, landslides leading to cancellation of trips; law and order problems particularly in Garo Hills region; obligation of the Corporation to operate on uneconomical routes and forcible

[29] 2011-12 = 122 Kms – 108 Kms X 50 buses X 365 days X ₹ 14.06 = ₹ 35.92 lakh
2012-13 = 122 Kms – 81 Kms X 55 buses X 365 days X ₹ 16.28 = ₹ 133.40 lakh
2013-14 = 122 Kms – 89 Kms X 65 buses X 365 days X ₹ 16.42 = ₹ 128.56 lakh

[30] excepting 2014-15 for which All-India average figures were not available.

stoppage of transport operations at its main service depot (SJK Depot) due to court case, etc.

The reply is not tenable as the Corporation needed to address the above issues by devising a well thought long term planning with the concurrence of the GoM. The GoM may also consider formulating an appropriate Transport Policy in this regard so as to revive the operations and share of the Corporation in the State public transport system.

4.2.8.4 Cost of operations

The following **Table** indicates the year-wise details of the cost of operations *vis-à-vis* the revenue earned by the Corporation during the last four years from 2010-11 to 2013-14[31].

Table 4.2.3

Sl.No.	Particulars	2010-11	2011-12	2012-13	2013-14
1.	Operating Revenue	410.20	333.84	336.16	405.71
2.	Operating Cost (₹ in lakh)	1776.24	1486.61	1878.44	1462.16
3.	**Operating loss [(2) – (1)] (₹ in lakh)**	**1366.04**	**1152.77**	**1542.28**	**1056.45**
4.	Total effective Kms operated (lakh)	22.23	19.78	16.21	21.16
5.	Operating revenue per Km (₹) [(1) ÷ (4)]	18.45	16.88	20.74	19.17
6.	Operating Cost per Km (₹) [(2) ÷ (4)]	79.90	75.16	115.89	69.10
7.	Employee Cost (₹ in lakh)	1292.63	1134.91	1510.28	976.35
8.	**Operating cost as a percentage of operating revenue [(2) ÷ (1) X 100]**	**433**	**445**	**559**	**360**
9.	**Employee cost as a percentage of operating cost [(7) ÷ (2) X 100]**	**73**	**76**	**80**	**67**

Source: Operational and financial data of the Corporation

The operating cost of the Corporation for four years ranged between 360 (2013-14) and 559 *per cent* (2012-13) of the operating revenue of the Corporation for the corresponding years. Audit observed that the high cost of operation was mainly attributable to high employee cost which was ranging between 67 (2013-14) and 80 *per cent* (2012-13) (average 74 *per cent*) of the total operating cost during 2010-14. As a result, the Corporation was not able to recover its cost of operation during any of the four years under reference. The total operating loss accounted for ₹ 51.18 crore during 2010-14 affecting the Corporation's ability to provide efficient and effective transport services in the State.

The inefficient operation of buses coupled with high cost of operation and low earning resulted in huge operational losses to the Corporation during the period of four years from 2010-11 to 2013-14.

In reply, the Corporation accepted (November 2015) the observations and stated that under recovery of operational costs was mainly due to high employee cost and high cost of operation in hilly terrains as well as bad road conditions.

The Corporation and GoM needed to take immediate steps to fruitfully deploy its manpower for revival of the operations of the Corporation in the State.

[31] Figures for 2014-15 not available

4.2.8.5 Failure to implement COPU recommendation on Voluntary Retirement Scheme

The GoM introduced (January 2003) Voluntary Retirement Scheme (VRS) for the employees of all Public Sector Undertakings in the State. In pursuance to this, the Corporation implemented (October 2004) the first phase of VRS for 207 employees and accordingly, a compensation of ₹ 14.50 crore was paid by GoM to those employees who had opted for the VRS. In the second phase (June 2005), although the Corporation received VRS applications from 89 employees it did not process the applications further for reasons not on record. The COPU had also recommended (November 2010) to implement VRS in letter and spirit as the main liability of the Corporation was on account of salaries of employees. In the wake of COPU's recommendations, the Corporation prepared (April 2011) a list of 105 employees afresh and an additional list (March 2012) of 30 employees for implementing the 2nd phase of VRS. The 2nd phase of VRS was, however, not implemented on this occasion as well for no reasons on records. Finally, the Corporation submitted (July 2013) a list of 112 employees to GoM for sanctioning VRS. It was, however, observed that 11 employees out of total 112 employees shortlisted for the VRS under 2nd phase had already retired on superannuation as of July 2015. The list of employees submitted (July 2013) by the Corporation for 2nd phase of VRS was, however, still pending for sanction by GoM (October 2015).

Audit observed that though the staff cost constituted 67 to 80 *per cent* of the total operating cost during the period 2010-14, the Corporation failed to implement the 2nd phase of VRS even after lapse of more than 10 years of implementation (October 2004) of the first phase. The Corporation could have saved a total amount of ₹ 4.82 crore on account of employees cost incurred on the salaries of shortlisted (July 2013) 112 employees for VRS for the period from July 2013 to March 2015 by implementing the VRS Scheme in July 2013. A much higher amount could have been saved had the 2nd phase of the Scheme been implemented during 2005-06 itself. The lethargic attitude of the Corporation in implementing VRS adversely affected the financial position of the Corporation.

In reply, the Corporation stated (November 2015) that it could not implement VRS in absence of GoM sanction for funding of the Scheme.

The reply was not tenable as keeping in view its own financial interests, the Corporation should have pursued the issue with the GoM vigorously.

4.2.9 Purchase of vehicles without tendering

Till 2004-05, the Corporation had been purchasing chassis from the original manufacturers/authorised dealers and got the bus body fabricated by engaging private firms through inviting open tenders. The BoD decided (April 2005) to dispense with the existing system and opted for purchase of readymade (fully built) buses without inviting tenders. The BoD had also observed (April 2005) that though the cost of readymade buses would be higher than that of buying chassis and getting bus body fabricated, buying of readymade buses would be more beneficial. Subsequently, the Chairman had commented (February 2012) that if tender had been invited, there would have been more offers from manufacturers with competitive bidding and that would provide transparency in the procurement of vehicles. The Corporation, however, continued to purchase (since 2005-06) readymade buses directly from the Dealer (M/s Modrina Auto Enterprises) without inviting competitive tenders. During the period from 2010-11 to 2014-15, the Corporation purchased total 29 vehicles (Tata buses) costing ₹ 4.43 crore from the Dealer. In this connection following observations are made.

- The Corporation procured (April 2012 to March 2015) a total of 29 vehicles from the Dealer without inviting competitive bids or even negotiation with the dealer at an aggregate cost of ₹ 4.43 crore and thus, lost the opportunity to avail the benefits of competitive bidding or direct purchase from the manufacturers.
- The Corporation issued (March 2012) a Purchase Order (PO) in favour of the Dealer for supply of five numbers of Tata Marco polo buses and six numbers Deluxe Tata buses at an aggregate cost of ₹ 2.43 crore. As per the PO, Marco polo and Deluxe vehicles were to be delivered within 60 days and 90 days after payment of advance respectively. In case of default in delivery of vehicles within the agreed period, a penalty of ₹ 3,500/- per vehicle was recoverable from the Dealer for each day of delay in delivery. The Corporation paid (14 March 2012) advance amount of ₹ 2.17 crore against supply of these vehicles. Thus, the actual delivery should have been completed by 14 May 2012 and 14 June 2012 respectively. Audit observed that all the 11 vehicles were delivered by the Dealer after delay ranging from 105 to 169 days. The Corporation, however, did not recover the penalty of ₹ 48.86 lakh[32] from the Dealer as per the terms of the PO despite delay in delivery of buses thereby extending undue commercial favour to the Dealer.

In reply, the Corporation stated (November 2015) that buses were procured by inviting quotation from the dealer of Tata Motors which was the only manufacturer having wide spread network of sales and services in the State. The delay in delivery of buses was due to painting of the Corporation's colour scheme and logo besides unfavourable climatic conditions.

The reply is not acceptable as the dealers for other brands like Ashok Leyland, Force Motors, etc. were also available in the State. Thus, the Corporation should have preferred competitive tendering rather than purchasing the vehicles from a single Dealer so as to avail the benefits of competitive pricing and after sales services. The decision of the Board to do away with competitive tendering is questionable as the

[32] 4 vehicles X ₹ 3500 X 105 days = ₹ 14.70 lakh
1 vehicle X ₹ 3500 X 112 days = ₹ 3.92 lakh
5 vehicles X ₹ 3500 X 139 days = ₹ 24.32 lakh
1 vehicle X ₹ 3500 X 169 days = ₹ 5.92 lakh
₹ 48.86 lakh

Corporation could not explain the benefits availed under direct purchase from the Dealer. Further, the purchase order was for delivery of complete readymade buses within 60/90 days, hence the contention that delay was due to painting of logo and colour scheme was not tenable.

4.2.10 Operation of Buses by MUDA

MUDA purchased (November 2009) 120 buses under Jawaharlal Nehru National Urban Renewal Mission (JnNURM) at a total cost of ₹ 17.06 crore for deployment in Shillong City area after following the tendering process. Ninety *per cent* of the cost of buses was met from the Central share and remaining cost of ten *per cent* was to be borne by the State. The first lot of 50 Ashok Leyland buses was received by MUDA during October 2010-July 2011 while the remaining 70 buses (Tata) were received during October 2012-June 2013. Initially, 50 Ashok Leyland buses were operated (July 2011 to January 2013) by the Corporation. After January 2013, however, all the 120 buses were being operated by private parties under the supervision and control of MUDA.

In this connection, following observations are made:

4.2.10.1 Delay in selection of bus operators

As MUDA did not have adequate infrastructure and expertise to operate the buses procured under the Mission, it decided to hand over (October 2010-July 2011) the operation of 50 buses (Ashok Leyland make) procured under JnNURM to the Corporation in five batches. As per the agreement entered into (September 2011) with the Corporation, the net profit earned from the operation of these 50 buses (after adjusting operational expenditure) was to be shared between the Corporation and MUDA in 70:30 ratio. The Corporation operated these 50 buses during the period from July 2011 to January 2013 and thereafter the said buses were taken back by MUDA. The details of the revenue earned, expenditure incurred and net revenue earned by MUDA during the period (July 2011 to January 2013) from the operations of 50 buses through the Corporation have been summarised in **Table 4.2.4** below:

Table No. 4.2.4

1	Total revenue	₹ 412.73 lakh
2	Total Expenditure	₹ 330.67 lakh
3	Net revenue	₹ 82.06 lakh
4	30 *per cent* share of net revenue to MUDA	₹ 24.62 lakh
5	Number of days of operation	560 days
6	Average earning per Bus per day	₹ 1474
7	Average expenditure per Bus per day	₹ 1181

Source: Meghalaya Transport Corporation

It was observed that even though 40 out of 50 buses (in four out of five batches) were handed over (26 October 2010 to 15 March 2011) to Corporation till 15 March 2011, MUDA had accorded permission to operate these buses only on 27 July 2011 as MUDA was also exploring the possibilities of operating these buses through private parties. Due to the delay on part of MUDA in allowing the Corporation to operate buses, the JnNURM buses were kept idle for considerable period leading to loss of potential revenue of ₹ 122.49 lakh up to July 2011 as detailed in the ***Appendix 4.2.3*.**

In reply, MUDA stated (December 2015) that national tender was floated on 19 October 2010 for operators, but the response was not forthcoming despite extending the tender twice, It was also stated that there was further delay because of time taken by the Special Purpose Vehicle (SPV) of the State Government and the State Cabinet in approving (January 2011 to July 2011) the proposal for handing over of the buses to the Corporation.

The reply is not tenable as the MUDA should have taken advance action for floating of tenders for operation of the vehicles. Further, the procedural time of seven months (January – July 2011) taken by GoM/State Cabinet for deciding on handing over of buses to the Corporation was excessive and had also contributed towards delay in operations of these buses.

4.2.10.2 Operation of JnNURM buses through private operators

In addition to 50 buses handed over to the Corporation for operations, MUDA entered (October 2012/November 2012/July 2013) into agreements with three private parties[33] for operation of remaining 70 new buses (Tata make). The agreements with private parties were initially on trial basis for three months which were subsequently renewed. After taking back (January 2013) 50 buses (Ashok Leyland make) from the Corporation, MUDA entered (February 2013) into fresh agreements with the same three private parties for operation of said 50 buses. As per these agreements, the net profit earned from the operation of these 120 buses (net after adjusting the operating expenditure) was to be shared equally between MUDA and the private operators.

The above agreements in respect of 120 buses expired in September 2013 and January 2014. Following the expiry of the above agreements, MUDA invited (November 2014) fresh tenders for engagement of bus operators on the basis of minimum cut-off revenue of ₹ 430 per bus per day as fixed by MUDA. All four participating bidders were selected (May 2015) on the basis of highest quoted revenue of ₹ 570 per bus per day.

In this connection, following observations are made:

(i) Non-recovery of envisaged returns from private operators

Initially, three private operators (SSYWO, PTSO and SSHG) were hand-picked (September 2012) for operation of 70 Tata buses without inviting competitive bids. It was also observed that none of the three operators had any past experience in the field of operation of passenger buses/transport. Subsequently, the operations of 50 Ashok Leyland buses taken back from the Corporation were also handed over (February 2013) to these private operators. As per the revenue sharing agreement entered into with three operators, the net revenue earned out of the operations of buses was to be

[33] San Shnong Youth Welfare Organisation (SSYWO), Pioneer Transport Service Organisation (PTSO) and Synroplang Self Help Group (SSHG)

shared equally between the operators and MUDA. Accordingly, during October 2012 to March 2015, MUDA earned net revenue (being its share of 50 *per cent*) of ₹ 47.65 lakh from the operations of these 120 buses. In this regard, it would be pertinent to note that the DPR envisaged self-sustenance of bus operations in 3 years with an internal rate of return of 7.92 *per cent* per annum[34]. Thus, there was an overall shortfall of ₹ 2.42 crore (***Appendix 4.2.4***) in generation of revenue from operations of buses through private parties during October 2012 to March 2015 with reference to the revenue projections made in the DPR.

In reply, MUDA stated (December 2015) that in the DPR, calculation and estimation was made for 176 buses whereas only 120 buses were procured and taking the same IRR is not correct. It further stated that the Revenue Model under which the buses were given to the operators ensures the minimum revenue to be shared.

The reply is not tenable as the annual IRR projections of 7.92 *per cent* made in the DPR were linked with the investments made in the vehicles under operation. Accordingly, the shortfall in operational revenue pointed out by Audit has been worked out for 120 buses in operation through private operators during October 2012 to March 2015 taking into account the actual cost of these buses.

(ii) Irregularities in operation of buses

The irregularities/deficiencies in operation of buses by private operators have been discussed in the following paragraphs.

- MUDA did not ensure maintenance of separate bank accounts for depositing the revenue collected through sale of tickets and submission of audited annual financial statements by these operators. As a result, the statement of expenditure submitted by the private operators was not supported by any documentary evidence and the expenditure claimed as incurred by the operator seemed to be exaggerated. Even though the Monitoring Committee (MC) of MUDA reserved the right to examine the books of accounts of the operators for verification of the reported figures and to inspect any other records pertaining to the activities carried out in pursuance of the agreements, no such inspection/examination was conducted by the MC during the entire period of operation. This indicated complete absence of monitoring of the performance of the private operators despite violation of various provisions of agreements by these operators. In the absence of authentic records relating to revenue collection and expenditure, audit could not validate the quantum of net revenue realized (₹ 0.48 crore) by MUDA during the period of 30 months (October 2012 to March 2015) against operations of 120 buses. The contention of Audit is further substantiated with the fact that the actual net revenue (₹ 0.48 crore) realised by MUDA against the operations of 120 buses through private operators was short by ₹ 1.02 crore (detailed in the ***Appendix 4.2.4***) with reference to the revenue to be realised under the Revenue

[34] The internal return worked out to ₹ 2.89 crore per annum at the rate of 7.92 *per cent* on the cost (₹ 17.06 crore) of 120 buses.

Model envisaged in the agreements which was not effectively enforced and ensured by MUDA.

In reply, MUDA stated (December 2015) that the sale of tickets and fare collection was not much relevant and inspections were carried out to monitor the operation of these buses. It was further stated that two private operators actually earned more than what was envisaged in the Revenue Model for operation of Tata buses.

The reply is not acceptable as the sale of tickets should be the main basis for developing a Revenue Model which MUDA did not adopt. It was observed that the activities of the private operators were not properly monitored and several lapses noticed in the implementation of various terms of the Agreements. Further, the contention regarding earning of two operators in excess of the Revenue Model is also not tenable as the overall revenue earned against operations of all 120 buses was much lower the revenue/IRR envisaged in the DPR of the JnNURM buses as mentioned in the previous paragraph.

- As per the agreements, the operators were required to operate the buses at 90 *per cent* fleet utilisation. The actual fleet utilization by private operators during October 2012 to March 2015 was, however, in the range of 46 *per cent* to 73 *per cent* only. MUDA did not take cognizance of this fact and did not conduct necessary checks to verify whether the operators had diverted the buses for chartered services for unaccounted monetary gain. Further, it failed to enforce the penal provision in the agreements on the private operators for low fleet utilisation.

  In reply, MUDA accepted (December 2015) the facts and stated that fleet utilisation by operators was low as out of the 50 Ashok Leyland buses taken over from the Corporation, only 20 were road worthy.

  The reply was not tenable as even the average fleet utilisation of Tata buses by three private operators was only 68 *per cent*, which was far below the agreed level of 90 *per cent*.

- The agreements[35] for operation of buses with one private operator (PTSO) had expired in September 2013/January 2014. It was, however, noticed that the operator continued to operate 52 buses without any formal agreement up to September 2014 when MUDA finally terminated (October 2014) the operations of these buses. It was further observed that the MUDA had taken back the buses from the operator only in May 2015 when the same were handed over to new operators for their operation. The possibility of misuse of the 52 buses by the operator for unauthorised commercial gain during the period from November 2014 to April 2015 could not be ruled out. Further, as per the terms of the agreement, PTSO was required to deposit an amount of ₹ 22.69 lakh with MUDA towards Performance Guarantee (PG) for operation of 20 Tata Standard buses. The MUDA, however, allotted the buses to PTSO without collecting the PG thereby extending undue commercial favour to the operator. Since MUDA failed

[35] Two agreements relating to Tata mini buses and Ashok Leyland expired in September 2013 while one agreement in respect of Tata standard buses expired in January 2014.

to obtain the required PG from the private operator, it could not recover its share of revenue (₹ 7.28 lakh) from PTSO.

In reply, MUDA stated (December 2015) that the buses could not be taken back immediately since the condition of some of the buses were not road worthy and there was no available operator to manage these buses at the time. Keeping the buses idle would tantamount to depriving the public of the services which they were depending on. It was further stated that the issue of not depositing the PG by PTSO is being pursued legally.

The reply is not tenable as action should have been taken against the private operator for improper maintenance of these vehicles making them non-road worthy and also for irregularly keeping the vehicles under his possession. As regards obtaining of PG from PTSO, MUDA should have ensured the same before handing over the buses to the private operator.

It would thus be observed that MUDA failed to effectively enforce the terms of the agreements with private operators and monitor their performance with reference to the agreed commitments. Audit could not find any justification for handing over the bus operation to private operators which further resulted in undue commercial favour to these operators.

Objective 2*: *Efficiency and effectiveness of the Corporation to re-align the business model to tap non-conventional sources of revenue

4.2.11 Non- conventional Revenue

As the Corporation was mandated to provide an efficient, adequate and economic road transport to the public at affordable fare, it was imperative for the Corporation to tap non-traffic revenue sources to cross-subsidise its un-economical operations. One of the recommendations of COPU (November 2010) to the Corporation on the audit observations appeared in Report of the Comptroller & Auditor General of India for the year ended 31 March 2009, Government of Meghalaya, was to find avenues other than conventional means for increasing the revenue of the Corporation such as display of hoardings/advertisements on the buses and opening of shopping malls in all the transport complexes in the State wherever feasible. Presently, the Corporation had been earning non-conventional revenue from two sources, namely rental income earned from two Buildings of the Corporation and commission earned from Indian Railways against acting as agent for booking of rail tickets.

Summarised details of the non-conventional revenue earned by the Corporation through these two sources *vis-à-vis* the traffic revenue (ticket sales) earned from core activities during the years from 2010-11 to 2013-14 have been given in the **Table 4.2.5** below:

Table 4.2.5

(₹ in lakh)

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14
a	Rental income from Buildings	40.40	44.96	45.01	47.07
b	Commission from Indian Railways.	31.75	28.51	29.23	32.24
c	Total non-conventional revenue (a) + (b)	72.15	73.47	74.24	79.31
d	Traffic revenue (ticket sales)	332.98	278.17	263.91	347.49
e	Percentage of non-conventional revenue to traffic revenue.	21.67	26.41	28.13	22.82

Source: Provisional financial statements of the Corporation

From the **Table** above, it could be seen that the revenue from non-conventional sources as a percentage to Corporation's traffic revenue increased from 21.67 *per cent* in 2010-11 to 28.13 *per cent* in 2012-13 and thereafter dropped to 22.82 *per cent* in 2013-14. Even though the Corporation had huge potential for generating non-conventional revenue, it could not substantially tap the same as discussed in the following paragraphs.

4.2.11.1 Non utilisation of vast area of land located in prime locations

Though the Corporation had 1.01 lakh Square meters (Sq.m.) of surplus land at prime locations since incorporation (1976), it had not taken any effective steps for commercial exploitation of this surplus land. Even an attempt made by the Corporation (April 2012) for commercial utilisation of the land became futile because of the intervention of GoM as discussed below.

- The Corporation decided (April 2012) to construct shopping mall and complexes under Public Private Partnership (PPP) mode in the land (measuring 31,989 sq. meter) situated in five locations (Shillong, Jowai, Lad Nartiang, Ummulong and Williamnagar). Tenders were invited (August 2012) for land development of the proposed projects. The GoM, however, decided (August 2012) to set up a Special Purpose Vehicle (SPV) for the implementation of the project in Shillong. Based on the decision of the GoM, the Corporation cancelled (September 2012) the tender. No further action was taken by the Corporation/GoM for no reason on record and the land continued to be kept idle till date (September 2015).
- As regards implementation of land development projects in remaining four locations, it was observed that the Corporation had not taken any effective action to market and project the economic potential of the locations of its land so as to attract the investors for investment. As a result, the Corporation had not received any responses from investors against the tenders issued (August 2012) by the Corporation for development of land of the Corporation on these locations.

Non-implementation of projects to develop the surplus land reflects lack of initiative on part of the Corporation. The official apathy coupled with lackadaisical attitude of the Corporation/GoM had resulted in idling of the surplus land since incorporation of the Corporation (1976).

In reply, the Corporation accepted (November 2015) the facts and stated that it was actively considering construction of multi-storey buildings at important and centrally located centres.

Audit awaits further development in this regards.

4.2.11.2 Letting out of Building space

The Corporation had two buildings (new and old) located in Shillong. The registered office of the Corporation was situated in the new building at Shillong. The new and old buildings of the Corporation had total rentable area of 4,237 Sq.m. The rentable space had been leased out to the tenants after entering into lease agreements for periods ranging from three to ten years. As on March 2015, the Corporation had total 67 tenants occupying the entire rentable space of 4237.29 Sq.m as per the details given under ***Appendix 4.2.5***.

Audit reviewed these lease agreements and observed the following deficiencies /system lapses resulting in significant loss of revenue to the Corporation.

(i) Fixation of rent without reflecting market rates

The Corporation had last revised (April 2011) the rates of lease rent in respect of the leased out portion of its old and new buildings by 20 *per cent* over the then existing monthly lease rent of ₹ 175 per sq. meter (new building front and old building) and ₹ 125 per sq. meter (new building back part). Audit observed that the Corporation had been fixing the rent without any scientific basis and without considering the prevailing market rates. The Board of Directors of the Corporation had also observed (August 2010) that the rent fixed by the Corporation was too low and needed to be determined in consonance with prevailing market rates. Even though the Corporation collected (September 2010) prevailing market rates of same locality from MUDA, Corporation did not revise (April 2011) the lease rentals in respect of its leased out building on the basis of the market rates obtained from MUDA. Non-revision of rent in consonance with market rates had resulted in loss of rental income of ₹ 5.04 crore for the period April 2011 to August 2015 (details in the ***Appendix 4.2.5***).

In reply, the Corporation accepted (November 2015) that in the initial stages rent was fixed without any basis or considering the prevailing market rates. However, in recent years, the rates were increased and steps were being taken to fix rent as per provision of the Meghalaya Urban Areas (Rent Control) Act, 1972.

The reply is not tenable as the Corporation did not revise the rent after April 2011.

(ii) Non- recovery of lease rent

Test check of the records revealed that the Corporation was not prompt in collecting the monthly rent in time resulting in accumulation of rental dues. As of March 2014, an amount aggregating ₹ 1.85 crore was pending for recovery by the Corporation towards rent which included the rental dues of ₹ 1.29 crore recoverable from one tenant who had been allotted the space in 2001.

In its reply (November 2015), the Corporation accepted the Audit observations and stated that suits were filed against the defaulting tenant which is still pending in Court.

Further developments in this regard were awaited.

4.2.11.3 Operation of Railway Passenger Reservation System

On behalf of the Indian Railways, the Corporation had been operating Passenger Reservation System (PRS) counters at four locations[36] in the State for sale of railway tickets at a commission of 2 *per cent*[37] on the total amount of net sale proceeds (Gross sale *minus* refunds if any) of tickets. The Corporation was required to submit monthly bills to the Railways within the 15th of the next month to claim the commission. After verification of bills, Railway was to release 80 *per cent* of the commission within 10 days of receipt of the bills. The balance amount of commission (20 *per cent*) was to be released after cross checking the detailed statement received from the PRSs regarding net turnover and the actual amount payable. The final payments were to be released by cheque after deduction of applicable Income Tax and Surcharge.

Summarised details of the commission earned by four PRS counters of the Corporation during the period from April 2010 to March 2015 are shown in **Table 4.2.6** below.

Table 4.2.6

(₹ in lakh)

Year	Dues at the beginning of the year	Two *per cent* Commission earned during the year	Commission received during the year	Dues at the end of the year
2010-11	86.00	31.75	23.54	94.21
2011-12	94.21	28.51	15.97	106.75
2012-13	106.75	29.23	14.25	121.73
2013-14	121.73	32.24	-	153.97
2014-15	153.97	33.99	39.84	148.12
2010-15	**86.00**	**155.72**	**93.60**	**148.12**

Source: Meghalaya Transport Corporation

From the **Table** above, it could be observed that though the Corporation was to receive ₹ 2.42 crore as of March 2015 (including the opening outstanding of ₹ 0.86 crore) against the railway tickets sold during the last 5 years, it received only ₹ 0.94 crore leaving an outstanding amount of ₹ 1.48 crore as of March 2015. The Corporation did not pursue the issue with Indian railways effectively for timely recovery of these claims. The Corporation also failed to take up the matter with Indian Railways at appropriate higher level for early settlement of its long pending dues.

In reply, the Corporation stated (November 2015) that it had deputed officials to the Railways for recovery of pending commission. During the Exit Conference

[36] Shillong since March 1996, Tura since March 2007, Jowai since February 2008 and Nongpoh since December 2009

[37] Commission was 4 *per cent* prior to January 2007

(December 2015), it also stated that the General Manager, Northern Frontier Railways had visited the Corporation and was appraised of the situation.

The Corporation should vigorously follow up with Railways for early settlement of all pending claims.

4.2.11.4 Helicopter Services

In order to provide air connectivity to remote and other areas in the State with rest of India, helicopter services operated by Pawan Hans Helicopter Limited[38] (PHHL) were introduced (February 1999) by the GoM with subsidy from Ministry of Home Affairs, Government of India (GoI). According to the terms of the GoI Scheme, the subsidy portion was limited to 75 *per cent* of operational cost after adjusting recovery from passengers. The GoM entrusted (1999) the Corporation with commercial activities like sale and cancellation of tickets, handling of passengers and their baggage, etc., on the basis of commission payable at the rate of nine *per cent* of the sale proceeds of tickets. The GoM suspended the Helicopter Services in May 2011 and re-started (July 2012) the same after entering into one year agreement with PHHL.

In this connection, following observations are made:

(i) Unauthorised retention of Government revenue

The GoM had allowed (March 1999/June 2000) the Corporation, a commission at the rate of 9 *per cent* on the net sale proceeds of tickets from the operation of helicopter service. It was observed that the Corporation instead of depositing the sale proceeds to GoM Account had diverted the proceeds towards salary and other expenditure of the Corporation without approval of the GoM. The total amount so diverted by the Corporation during November 2012 to March 2015 without authorisation was ₹ 2.46 crore, which was irregular.

In reply, the Corporation stated (November 2015) that permission from the GoM was obtained (October 2012) for diversion of the funds towards payment of employee salaries.

The reply is not tenable in view of the fact that the permission of GoM referred to in the reply was for a "one time dispensation" only with specific directions to deposit the proceeds into the GoM Accounts in future. It was noticed that ignoring the specific directions (October 2012) of GoM, the Corporation continued to retain the Government revenue and utilise the same on employee related expenditure without authorisation.

(ii) Irregular subsidy claims of GoM

As per the norms of the Ministry of Home Affairs, Government of India, the subsidy portion against the helicopter services would be limited to 75 *per cent* of operational cost after adjusting recovery from passengers. On the basis of monthly bills issued by PHHL in respect of services rendered, the Corporation/GoM works out the 75 *per*

[38] a Central Public Sector Undertaking

cent Central Share (payable by the Ministry of Home Affairs, Govt of India) and 25 *per cent* State share (payable by the Government of Meghalaya). It was, however, observed that while working out the component of Central Subsidy, Corporation/GoM had not adjusted the revenue earned (₹ 4.58 crore) from chartering services rendered (April 2010 to March 2015) to Government functionaries from the operational cost of helicopter services. Thus, during the last 5 years, the GoM had irregularly claimed excess subsidy amounting to ₹ 3.44 crore[39] from the MHA, GoI, which was irregular.

No comments were offered by the Corporation/GoM on the issue.

Objective 3: Effectiveness of fund management of the Corporation in meeting its financial commitments and investment of surplus funds

4.2.12 Financial Performance Analysis

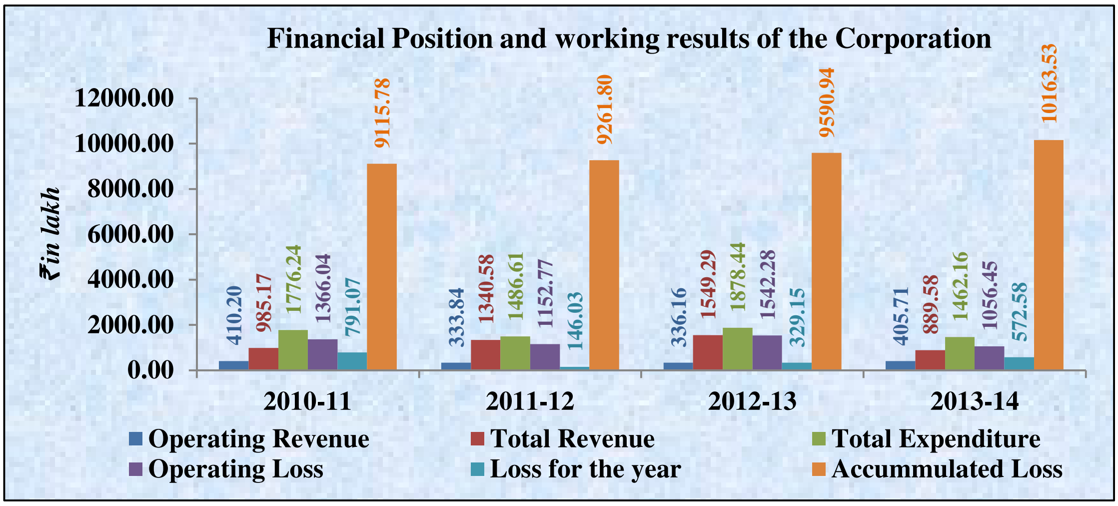
For an effective management of funds, the organisation should have a proper fund management policy. An efficient fund management policy ensures availability of adequate funds for day to day operational requirements, adequate return to the shareholders, safety and adequate return on investments.

4.2.12.1 Preparation of the Annual Accounts

The Corporation failed to finalise its annual accounts since 2010-11 onwards. The delay in preparation of the annual accounts had been attributed (November 2015) by the Corporation on rationalisation of staffing pattern after the retirement of some officers/staff dealing with accounts. Audit had been pursuing the issue regularly (August/July 2015, May 2014) with GoM/Corporation to clear the arrear accounts without further delay. The financial position and working results of the Corporation for last four years ending 2013-14, based on the provisional figures as provided by the Corporation have been summarised under ***Appendix 4.2.1*** and ***4.2.2.*** A graphical presentation of the financial position and working results of the Corporation for the four years under reference has also been depicted in the **Chart 4.2.6** below.

[39] 75 *per cent* of ₹ 4.58 crore

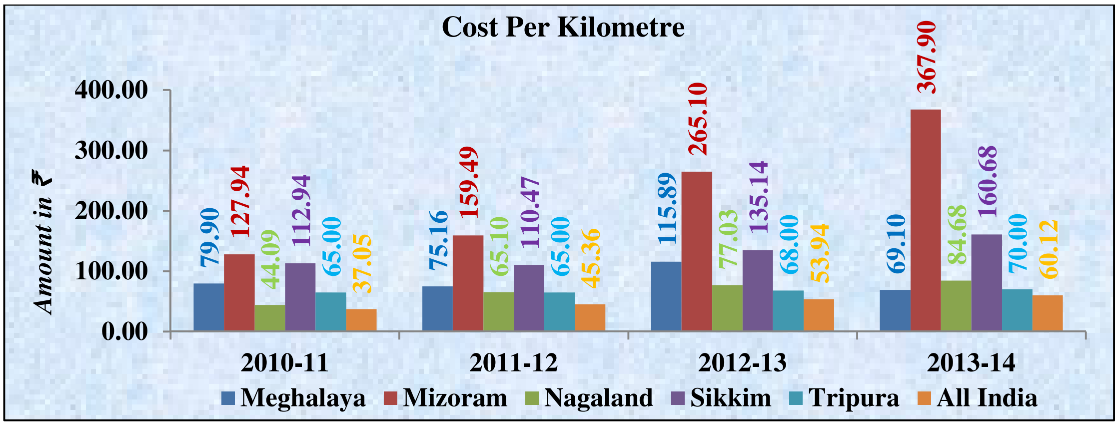
Chart 4.2.6



Source: Provisional Accounts of Meghalaya Transport Corporation

From the **Chart** above, it could be seen that the accumulated loss of the Corporation had increased from ₹ 91.16 crore in 2010-11 to ₹ 101.64 crore in 2013-14. The operating loss during 2010-11 to 2013-14 ranged from ₹ 10.56 crore (2013-14) to ₹ 15.42 crore (2012-13). The operational losses of the Corporation were mainly attributable on its operational inefficiencies and inability to recoup the operational expenditure. Year-wise comparison of the 'cost per kilometre' of the passenger transport operations for four years from 2010-11 to 2013-14 in respect of the Corporation and four neighbouring North-Eastern States (Mizoram, Nagaland, Sikkim and Tripura) *vis-à-vis* All-India average has been presented in the following **Chart**:

Chart 4.2.7



Source: Meghalaya Transport Corporation and Review of the Performance of State Road Transport Undertakings, Ministry of Road Transport and Highways, Govt. of India

From the **Chart** above, it could be seen that the 'Cost per kilometre' in Meghalaya was comparatively better than Mizoram and Sikkim while it fared worse than Nagaland, Tripura as well as All-India average during 2010-11 to 2013-14.

4.2.12.2 Absence of a Fund management Policy

The Corporation did not have a well-defined fund management policy so as to effectively regulate the investment and borrowing decisions of the Corporation. The Corporation, however, prepared annual plans based on the anticipated income and expenditure for submission to GoM. Based on the said annual plans, the GoM allocates funds out of State Budget to the Corporation in the form of capital contribution, loans, grants and subsidies. During the last four years ending March 2014, the Corporation received an amount aggregating ₹ 41.98 crore as budgetary allocations from GoM in the form of equity (₹ 12.30 crore), grants (₹ 15.91 crore) and subsidies (₹ 13.77 crore).

As could be observed from ***Appendix 4.2.2***, the GoM contribution in the form of grants and subsidy accounted for 62 *per cent* of the total revenue (₹ 47.65 crore) of the Corporation during 2010-14. Thus, the Corporation was highly dependent on GoM for allocation of funds from State Budget to meet its financial requirements, which was not a healthy practice for progressive development of the Corporation. In this connection, following observations are made:

(i) Heavy dependence on Subsidy from the State Government

The GoM had been providing financial support in the form of subsidy to the Corporation mainly to compensate the loss incurred on account of transport operation on uneconomic routes. During the last four years ending 2013-14, the Corporation had received a total subsidy of ₹ 13.77 crore from the GoM on this account. The year-wise subsidy so received by the Corporation during 2010-14 accounts for 14 *per cent* (2012-13) to 45 *per cent* (2013-14) of the total revenue. The subsidy claim had been allowed by the GoM without assessing the actual loss incurred on operation of uneconomic routes as the Corporation did not have authentic figures of operational loss in absence of approved annual accounts since 2010-11. The Corporation had not effectively taken any steps till now to improve the working results and to minimise dependence on Government subsidy. The COPU also recommended (November 2010) that the Corporation should take steps to minimise the dependence on GoM subsidy as it was not a healthy sign.

The Corporation did not offer (November 2015) any comments in the matter.

(ii) Claims and dues receivable

A summarised position of sundry debtors and other receivables of the Corporation for years from 2010-11 to 2013-14 is shown in **Table 4.2.7** below:

Table 4.2.7

(₹ in lakh)

Particulars	2010-11	2011-12	2012-13	2013-14
Bills Receivable	3.80	3.80	3.80	3.80
Receivable from Railway	94.21	106.75	121.73	153.97
Lease Rent Receivable	139.93	151.54	166.60	185.15
Postal Subsidy Receivable	10.68	8.07	9.36	9.86

Particulars	2010-11	2011-12	2012-13	2013-14
Road Warrant Receivable	1.23	1.23	1.23	1.23
Mizoram State Transport	0.64	0.64	0.64	0.64
Advance to MUDA	8.09	0.00	12.50	12.50
Total Debtors	**258.58**	**272.03**	**315.86**	**367.15**
Total turn over from core activities	**410.20**	**333.84**	**336.16**	**405.71**
Debtors as a percentage to total turn over	**63**	**81**	**94**	**90**

Source: Meghalaya Transport Corporation

From the **Table** above it could be seen that during the four years from 2010-11 to 2013-14, the total debtors of the Corporation had increased by 42 *per cent* from ₹ 258.58 lakh (2010-11) to ₹ 367.15 lakh (2013-14). The dues receivable from Railways against commission and lease rental receivable against lease of office space constituted 92 *per cent* of the total debtors as on March 2014. On the other hand, it was observed that the Corporation availed (September 2012) Cash Credit of ₹ 4.36 crore from the Meghalaya Rural Bank at a floating interest rate of 13.5 *per cent* to 14 *per cent* for payment of salaries and allowances to its employees. The outstanding balance of Cash Credit as on May 2015 was ₹ 0.78 crore.

The Corporation did not maintain age-wise analysis of debtors and also no system was in place to obtain confirmation of balances from these debtors. As such, Audit could not assess the recoverable status of the debtors as on 31 March 2014.

The Corporation has noted (November 2015) the Audit observations but did not offer any further comments on the issue.

Objective 4*: *Effectiveness of the monitoring and evaluation system

4.2.13 Monitoring and Evaluation

To achieve economy, efficiency and effectiveness in operation there should be well-thought norms for operations, service standards and financial and operational performance. Further, an effective and suitable Management Information System (MIS) is also essential to be in place so as to periodically report on achievement of targets and norms. The achievements need to be reviewed at regular intervals to address deficiencies and also to make appropriate revisions in the targets, if necessary, for subsequent years. The targets fixed should be realistic so as to make an organisation self-reliant.

In this connection, following observations are made.

4.2.13.1 Monitoring by top management

The Corporation did not have a comprehensive system for recording of operational and financial data through maintenance of specific registers for documenting each aspect of functioning. The essential records and registers, including the Cash Book, were not being properly maintained by the Corporation at Head Office or Depot level. There was no system of maintaining the Cost accounts at the Workshops. Non-maintenance of vital records in a complete and appropriate manner had deprived the Management of having reliable and authentic data with respect to various operational and financial performance causing a detrimental effect on decision making. Further, there was no effective system in place for periodical monitoring and evaluation of the performance of the Corporation at top management level. As per Section 11(1) of the Road Transport Act, 1951, "*the Board of Directors of the Corporation was required to meet at least once in every three months* to review and discuss transactions of business of the Corporation. It was, however, observed that against minimum 20 meetings mandatorily required to be held in five years, the Board met only 5 times during the five years from 2010-11 to 2014-15. The deficiency in holding the required minimum number of meetings by the Board indicated lack of adequate monitoring and apathy of the top management on the functioning of the Corporation. The GoM had also not made any serious attempt to improve the performance of the Corporation even though the accumulated losses (provisional) of ₹ 101.64 crore (as on 31 March 2014) had completely wiped off the entire capital contribution of ₹ 88.08 crore of the Corporation as on 31 March 2014.

Further, the Corporation had not evolved and ensured an effective Management Information System in place at different organisational levels. No targets for various key operational parameters (such as, fuel efficiency per kilometre, Cost per Kilometre, occupancy ratio number of passengers, and operational life of tyres /engine) had been fixed by the top management for compliance by its depots and workshops. The Corporation had also not made an attempt to treat each operating route as a cost centre to assess their viability based on the performance of respective routes so as to maximise revenue.

The Corporation had noted (November 2015) the Audit observations and no further comments were offered in the matter.

4.2.13.2 Internal Control System

Internal control system encompass a set of rules, policies, and procedures an organisation implements to provide reasonable assurance regarding the authenticity and reliability of its financial reports as well as effectiveness of its operational activities in compliance with applicable laws and regulations. Audit observed the following deficiencies in the internal control system of the Corporation.

Internal control mechanism in the Corporation was found to be inadequate as the Corporation had not developed an appropriate set of rules, polices and procedures for regulation and general management of its operational and financial activities. The Corporation had also not maintained proper and complete records showing full particulars including quantitative details and location of fixed assets. There was no system in place for conducting physical inspection/verification of the fixed assets at regular intervals so as to address the deficiencies noticed by taking timely remedial actions by top management.

The Audit observations were noted (November 2015) by the Corporation and no further comments were offered in the matter.

4.2.13.3 Internal Audit system

The Corporation did not have adequate Internal Audit System commensurate with the size and volume of its activities. The Internal Audit Wing of the Corporation consisted of only one official who was mainly involved in audit of ticket collection, remittance and local purchases of spare parts. Internal Audit did not cover other financial and operational performance of the Head Office and units.

The Corporation stated (November 2015) that only one official was deployed for auditing of operational and financial transactions both at the Head Office and Depots level.

The reply is not tenable as the internal audit did not cover the operational aspects as was seen from their internal audit reports.

4.2.13.4 Employee and Passenger Survey

Audit conducted (August 2015) a survey of 48 employees and 86 passengers to assess level of satisfaction towards the operation and services provided by the Corporation. The responses of the employees (20 parameters) and passengers (16 parameters) were grouped under different satisfactory levels varying between poor (lowest) and very good (highest). It was observed that more than 90 *per cent* of the employees were not satisfied with various parameters such as timely payment of salary, adequacy of incentive/bonus and retirement benefits. Further, 66 to 83 *per cent* of the employees had registered their response as 'average and poor' towards the parameters set against promotion opportunities, working environment, level of motivation and opportunities for career growth in the Corporation.

Further, out of 86 passengers surveyed, 85 to 100 *per cent* of the passengers were not satisfied (responded average and poor) with cleanliness of buses, comfort, luggage carrying facility and first aid services available in the Corporation run buses. About 74 *per cent* of the passengers were not satisfied with the overall promptness of Corporation's bus services. The behaviour of the crew with the passengers was graded as poor or average by 45 *per cent* of the passengers surveyed while 44 *per cent* graded them as good and 11 *per cent* as very good.

The details of parameters and responses by employees and passengers are given in ***Appendix 4.2.6***.

4.2.13.5 Non-implementation of COPU recommendations

The COPU (November 2010), while discussing the Report of the Comptroller and Auditor General of India for the year ended 31 March 2010 – Government of Meghalaya, had made seven recommendations for implementation and compliance by the Corporation. Audit reviewed the implementation status of these recommendations and observed that none[40] of these recommendations have been implemented by the Corporation so far (November 2015), as detailed in **Table 4.2.8** below.

[40] Excepting the pension liabilities of the Corporation which was taken over by GoM w.e.f 2013-14

Table 4.2.8

Sl. No.	COPU Recommendation	Compliance by Corporation
1.	Expedite implementation of the programmes drawn in the action plan such as, • Voluntary Retirement Scheme(VRS) • Payment of pension liability by GoM • Preparation of a perspective business plan • Improvement of Transport Service	1. The Corporation failed to implement VRS in letter and spirit (**paragraph 4.2.8.5**). 2. The GoM decided (March 2015) to take over all pension liabilities of the Corporation w.e.f. 2013-14. 3. The Corporation failed to prepare perspective plan (**paragraph 4.2.7**). 4. The Corporation failed to improve its transport service (**paragraphs 4.2.6 and 4.2.8.1**).
2.	Take steps to see that plying the buses for non-commercial activities which is termed as social obligations should not be at a loss and should do something to avoid such unnecessary burden.	The Corporation did not take any steps for avoiding unnecessary burden on account of operation of buses on social obligations, but stated (November 2015) that it was making efforts (**paragraph 4.2.8.2 and 4.2.8.3**).
3.	Steps should be taken to cross minimise its dependence or subsidy from the State Government.	The Corporation did not take any steps for minimising dependence on Government subsidy, but stated (November 2015) that it was making efforts {**paragraph 4.2.12.2 (i)**}.
4.	Steps should be taken at the earliest to find avenues other than conventional means for increasing its revenue such as hoarding in the buses, opening of shopping malls in the Transport Complex in the State wherever feasible, etc.	The Corporation has not taken steps for commercial use of land and finding other non-conventional sources of revenue (**paragraphs 4.2.11.1, 4.2.11.2 and 4.2.11.3**).
5.	Goods transport should also be introduced by the Corporation as there is good scope of earning more revenue from this source.	The Corporation has not taken steps for introduction of goods transport as it considered it unviable owing to stiff competition from private operators.
6.	Corporation should improve its administrative functions and take appropriate steps to ensure discipline and sincere work among all sections of workers to ensure that the Corporation should not only be self-sufficient but earns more revenue as it was intended.	The Corporation failed to motivate its employees and to inculcate a better work culture (**paragraph 4.2.13.4**).
7.	With the implementation of the action plan prepared and approved by the Board, the Corporation would improve its functioning and earnings, otherwise the Committee will be compelled to suggest to the Government for its closure, or the Government may find out alternative means for its improvement.	The Corporation failed to implement its own approved action plan and also failed to improve its functioning and earnings. With accumulated loss at ₹ 101.64 crore (March 2014) which had already eroded the total capital (₹ 88.08 crore), there is no sign of any improvement for turnaround. In this background, the COPU recommendation should be seriously considered by the GoM.

Conclusion

During last five years from 2010-11 to 2014-15, the share of the Corporation in State public transport was ranging between 0.59 *per cent* (2010-11) and 0.51 *per cent* (2014-15). The Corporation failed to grow as a major operator in the State public transport system and could not compete with private players in the State on account of several reasons like, absence of a well thought of state transport policy and long term planning for gradual and systematic increase in its share in the State Public Transport, inability to increase the fleet strength due to the financial constraints, operational inefficiencies and high cost of operations leading to continuous operational losses, etc.

Meghalaya Urban Development Authority (MUDA) failed to ensure the projected returns as envisaged in the Detailed Project Report (DPR) through operations of 120 buses purchased under Jawaharlal Nehru National Urban Renewal Mission (JnNURM) of Government of India (GoI).

MUDA did not effectively enforce the terms of the agreements with private operators and monitor their performance with reference to the agreed commitments leading to extension of undue financial favour to private operators.

Even though the Corporation had huge potential for generating revenue through non-conventional sources, it could not substantially tap these sources to re-align the business model to its benefit.

Absence of well-defined fund management policy and lack of monitoring and persuasion with debtors has resulted in accumulation of receivables and heavy dependence on capital contributions/subsidy from Government of Meghalaya (GoM).

Ineffective monitoring and evaluation resulted in lack of control over operational and financial performance.

Recommendations

- A well thought State Transport Policy after comparing with the successful comparable States should be drawn out and appropriate short and long term plans should be framed for effective implementation of the said policy.
- The Corporation needs complete make over by taking several steps, which may include improving the condition of buses, ensuring sound business principles and discipline, creating ideal work environment and deploying the staff in an effective manner.
- The Corporation should improve its operational efficiency by identifying more profitable routes and enforcing strict cost control measures in line with the best practices in other States.
- MUDA/Government should ensure that the operation of JnNURM buses generate guaranteed returns as envisaged, and activities of private operators are effectively monitored to meet the agreed commitments.
- The Corporation/Government should take effective steps for commercial utilisation of the available surplus land and periodic revision of the building rent in consonance with market rates. The Corporation may also explore the option of PPP mode for development of infrastructure wherever feasible.
- The Corporation should evolve a fund management policy and fix responsibility for delay in finalisation of arrear accounts.
- The Corporation should strengthen monitoring and evaluation by top management and implement COPU recommendations without further delay.

COMPLIANCE AUDIT PARAGRAPHS

POWER DEPARTMENT

MEGHALAYA ENERGY CORPORATION LIMITED

4.3 Undue favour

The Company irregularly transferred the contract load from the Consumer to its sister concern without insisting for settlement of earlier dues of the Consumer leading to accumulation of unpaid dues of ₹ 13.40 crore.

M/s Greystone Smelters Private Limited (the Consumer), an industrial unit located in the Export Promotion Industrial Park (EPIP), Byrnihat was allotted (August 2004) power supply by Meghalaya Energy Corporation Limited (Company) at 132 KV for a contract demand of 4 MVA. This was further enhanced to 8 MVA with effect from April 2005 and to 10 MVA from September 2005. The Consumer had outstanding electricity dues of ₹ 2.22 crore as on June 2009.

The Meghalaya State Electricity Regulatory Commission (Commission), while disposing of the truing up[41] petition filed by the Company for the financial year (2008-09), reduced the tariff notified for 2008-09 with retrospective effect from October 2008 to November 2009**.** Not satisfied with the quantum of reduction, Byrnihat Industrial Association[42] (BIA), on behalf of the State Industrial consumers, filed an appeal before the Appellate Tribunal (Tribunal) demanding further reduction in the tariff. The Tribunal, however, had upheld (10 August 2010) the truing up order passed by the Commission. Consequent to this, an appeal was filed by the BIA in the Supreme Court against the decision of the Tribunal. The Supreme Court had also dismissed (August 2012) the appeal thereby upholding the truing up orders of the Commission for downward revision of the tariff for the FY 2008-09.

In the meantime, M/s CMJ Breweries Private Limited (CMJ), a sister concern of the Consumer applied (June 2009) for re-allocation of 1 MVA power from the 10 MVA power already allocated to the Consumer. The Chief Executive Officer, Western Circle, MeECL, Umiam while forwarding (August 2010) the request of CMJ to the Additional Chief Engineer (Distribution/Eastern Zone) for decision had observed that the Consumer from whom the load is proposed to be transferred to CMJ had an unpaid outstanding dues of ₹ 5.93 crore[43] as on July 2010. The Additional Chief Engineer (Distribution/East Zone) forwarded (November 2010) the case to Chief Engineer with observation that the Consumer was required to pay off the outstanding

[41] For fixation of tariff, a distribution utility has to file a tariff petition before the Electricity Regulatory Commission showing the Aggregate Revenue Requirement (ARR) and Expected Revenue from Charges (ERC). As these would be prepared on an estimate basis, the utility has to file a truing up petition subsequently on the basis of audited accounts. If there are considerable differences between the ARR and ERC and the Audited Accounts; tariff may be refixed retrospectively.

[42] It is an Association of Industries located in Byrnihat, Ri-Bhoi District.

[43] After dismissal (August 2012) of the appeal of BIA by the Supreme Court, the dues of the Consumer as of July 2010 were reworked (March 2013) by Company at ₹ 3.53 crore.

dues as the Tribunal had already upheld (August 2010) the truing up orders passed by the Commission for the financial year 2008-09.

Accordingly, the Chief Engineer (Distribution) {CE (D)} forwarded (February 2011) the request of CMJ for transfer of load (1 MVA) from the Consumer to the Director (Distribution) with specific recommendations that the request of CMJ should not be considered until the outstanding dues of the Consumer were cleared. It was, however, observed that ignoring the specific recommendations of CE (D) on the issue, the Chairman-cum-Managing Director (CMD) of the Company who was also the Chief Secretary of the State had, as a special case, approved (March 2011) the transfer of 1 MVA power from the Consumer (M/s Greystone Smelters) to its sister concern (CMJ) without insisting for the clearance of unpaid dues by the Consumer and accordingly, the power allocation of 1 MVA was transferred (November 2011) from the Consumer to CMJ. The unpaid dues of the Consumer as of November 2011 worked out to ₹ 7.16 crore.

In this regard, the following observations are made:

1. The decision of the CMD to transfer 1 MVA power to CMJ, a sister concern of the Consumer without clearance of outstanding dues (₹ 7.16 crore) of the latter was against the recommendation of the technical officers of the Company including the Chief Engineer (Distribution). It was observed that this decision was made treating the request by M/s CMJ Breweries Private Limited as a "special case" without recording the reason for such special treatment. This arbitrary decision was against the commercial interest of the Company clearly and tantamount to extending of undue financial favour to the Consumer and its sister concern (CMJ).
2. Since the Tribunal had already upheld (August 2010) the truing up orders of the Commission for the financial year 2008-09, the Consumer was under the obligation to clear the entire outstanding dues as on date. Ignoring this aspect, however, the Company did not insist upon the Consumer to settle his unpaid dues at the time of transfer of 1 MVA power to CMJ. As a result, the Consumer continued to draw power from the Company without paying any dues till the power supply was finally disconnected (August 2012) by the Company when the dispute on truing up orders (financial year 2008-09) of the Commission was finally settled after dismissal of the appeal of BIA by the Supreme Court. By this time, the outstanding dues which were ₹ 3.53 crore[44] in July 2010 increased to ₹10.24 crore (August 2012) and further to ₹ 13.40 crore[45] (March 2015) (including delayed payment charges[46]).

Thus, the Company irregularly transferred 1 MVA power of contract load from the Consumer (M/s Greystone Smelters) to its sister concern (CMJ) without insisting for

[44] Unpaid dues as reworked out (March 2013) by the Company after dismissal (August 2012) of the appeal of BIA by the Supreme Court.
[45] The Company had not updated the figures of the unpaid dues of the Consumer after March 2015.
[46] At simple rate of interest of 12 *per cent* per annum.

settlement of earlier dues of the Consumer which led to accumulation of unpaid dues of the consumer to ₹13.40 crore.

The matter was reported (July 2015) to the Company/Government (July 2015); their replies had not been received.

4.4 Loss due to under insurance

Failure to obtain the insurance cover at correct value of assets led to avoidable loss of ₹ 0.76 crore to the Company on account of under insurance

The Umiam Stage I Power Station of Meghalaya Energy Corporation Ltd (Company) was commissioned in 1965. The Hydro-electric project (HEP) having an installed capacity of 36 MW was part of the Umiam system. Umiam Stage I Power Station was renovated and modernised in 2003 at a cost of ₹ 91.63 crore.

The Company had obtained (April 2008) an insurance policy from M/s Reliance General Insurance Limited (RGIL) to cover material damage caused by fire and special perils in respect all hydro-electric power stations under the Umiam system including dams and tunnels. The total sum insured under the policy was ₹ 333 crore (including plant and machinery of Umiam Stage I power station at ₹ 67.90 crore) against the annual premium of ₹ 0.19 crore. A fire accident occurred (22 March 2009) in Stage-I Power Station of Umiam HEP causing extensive damage to 132 KV control panels, Generator of Unit-III, Generation protection panels, 11 KV panels and others. The accident was attributed to short circuit caused by a high voltage surge. The Company lodged the claim (September 2009) with the insurer, RGIL against the loss of assets sustained in the fire incident.

Based on the final report submitted (March 2012) by the Surveyor[47], the gross loss was assessed at ₹ 6.81 crore. After taking into account various deductions as per the insurance terms, the RGIL finally admitted the net claim amount at ₹ 3.78 crore. The final pay out was arrived at by RGIL after deducting an amount of ₹ 0.76 crore towards under insurance at 16.77 *per cent*.

In the above context it was observed that at the time of obtaining (April 2008) the insurance cover, the Company had not assessed the value of the assets to be insured on the basis of 'the value at risk[48]' (₹ 81.58 crore) and instead got the asset insured at the 'written down value' (₹ 67.90 crore) of the assets as on April 2008. In view of the average clause[49] specified in the policy document, the insurer while processing the claim had deducted ₹ 0.76 crore (16.77 *per cent)* towards under insurance. This was clearly avoidable had Company insured the asset at correct value.

[47] M/s Cunningham Lindsey International Private Limited

[48] This represents market value of the asset less accumulated depreciation as on date.

[49] The policy document contained a clause which stipulated that "*If the property insured shall at the breaking out of any fire or at the commencement of any destruction or damage to the property by any other peril hereby insured against be collectively of greater value than the sum insured thereon, then the insurer shall be considered as being his own insurer for the difference and shall bear a rate able proportion of the loss accordingly*".

Thus, failure to insure the asset at proper value resulted in a loss of ₹ 0.76 crore to the Company.

In reply, Government accepted (August 2015) that the loss due to under insurance occurred because the asset was insured at book value only. It was further stated that a consultant was appointed subsequently to advise the Company on insurance related matters and based on their advice, the assets to be insured were revalued and it was ensured that loss due to under insurance would not occur in future.

The reply is not tenable as the loss on account of under insurance was avoidable had the Company obtained the insurance cover on assets at the value of risk instead of written down book value. As however, verified from the records of the Company, it has already started obtaining the insurance cover on the said assets at higher value in the subsequent years.

4.5 Unwarranted expenditure

The Company incurred unwarranted expenditure of ₹ 0.51 crore on Survey & Investigation works after handing over the Project to private Developer

NEC accorded administrative approval (January 2011) at an estimated cost of ₹ 4.48 crore for Survey & Investigation (S&I) of Upper Khri Diversion Hydro Electric Project[50], Stage-I and II (15 MW+10 MW) and released an amount of ₹ 2.15 crore[51] between January 2011 to March 2013 for the work.

The S&I work was taken up (June 2010) by Meghalaya Energy Corporation Limited (MeECL) departmentally pending approval from NEC. While the S&I work was nearing completion, the State Government decided (October 2012) to implement the Hydro Electric Projects (up to 100 MW) including Upper Khri Diversion HEP through private Developers on Build Own Operate and Transfer (BOOT) basis. After following the tendering process, the State Government issued (January 2013) Letter of Intent (LOI) in favour of M/s S.M. Energenco Limited (Developer) for implementation of Upper Khri Diversion HEP including the S&I works.

The Empowered Committee[52] decided to recover 50 *per cent* of the expenditure incurred towards S&I work for projects whose S&I works are funded by the NEC or any other agency. In return the Power Department would hand over all available data and the built up infrastructure at the project sites to the Developers.

The Developer requested (February 2013) the State Government (Power Department) to hand over the S&I Report which contained all the hydrological and meteorological data. The Company handed over (December 2013) the S&I Report containing all the

[50] The project was planned in 1970, and the S&I work was completed in 1978. The project did not progress due to protests of the local people. The project was re-visited in April 2009 with changed location of the dam.

[51] ₹ 0.65 crore (24 January 2011), ₹ 1.00 crore (28 February 2012) and ₹ 0.50 crore (25 March 2013)

[52] The Committee with 11 members was constituted by the Governor of Meghalaya under the chairmanship of the Chief Minister of Meghalaya.

hydrological and meteorological data to the Power Department, along with the statement of expenditure (₹ 1.45 crore) spent on S&I works up to March 2013 for onward transmission to the Developer. The Power Department intimated (February 2014) to the Developer that an amount aggregating ₹ 0.73 crore, being the 50 *per cent* of the total expenditure (₹ 1.45 crore) incurred by the Company on the S&I works (up to March 2013) needs to be recovered from the private Developer before handing over the S&I data. The Developer agreed (April 2015) that he would reimburse the amount of ₹ 0.73 crore at the time of signing the Implementation Agreement.

In this connection, the following observations are made:

1. The Company issued (January 2013) Letter of Intent (LOI) in favour of the Developer for implementation the project along with the balance S&I works on BOOT basis. It was observed that even after issuing (January 2013) the LOI in favour of the Developer, the Company drew (March 2013) another installment (₹ 0.50 crore) from NEC and incurred an additional expenditure of ₹ 0.51 crore towards S&I work during April 2013 to June 2014.It was irregular and unwarranted to draw and spend NEC funds on S&I works after issuing of LOI in favour of the private Developer for implementation of the project. It would also be pertinent to note that prior to incurring of the said additional expenditure, the Director (Generation) of the Company had instructed (March 2013) that since the project had been handed over to a private Developer by the Government, new/fresh work of S&I may not be pursued.
2. It was noticed that while forwarding (December 2013) the S&I Report and statement of expenditure incurred on the S&I works to State Government for onward transmission to the Developer, the Company did not make mention regarding the additional works and related expenditure being spent by the Company after March 2013. The Company had also not communicated the details of this additional expenditure to the State Government/Developer even at later date, which made it difficult for the Company to recover the amount so spent on S&I works after March 2013. Resultantly the Developer has agreed to reimburse only ₹ 0.73 crore which is the amount incurred before March 2013 and was communicated by the State Government.

In reply, Government stated (August 2015) that after handing over the Project to the Private Developer, fresh works on the Project were discontinued. The works which were already started/half-done/nearing completion were continued till completion as mandated for bringing out the necessary Report. As such the expenditure incurred by the Company after March 2013 was unavoidable for clearance of the outstanding liabilities and establishment charges. Regarding recovery from the Developer the government intimated that the issue will be referred to the Empowered Committee.

The reply is not tenable as spending of further expenditure on S&I works after issuing (January 2013) of LOI in favour of the private Developer for implementation of the project was irregular and unwarranted. The Company/Government should recover the amount (₹ 0.51 crore) spent on S&I works after March 2013.

TOURISM DEPARTMENT

MEGHALAYA TOURISM DEVELOPMENT CORPORATION LIMITED

4.6 Statutory dues not remitted

There was unauthorised retention of statutory dues aggregating ₹ 7.76 crore by the Company

The Company had three hotel units[53] engaged in providing the services of boarding, lodging, meetings and conferences to the tourists against the service charges recoverable from them as per the applicable tariff. In addition, the hotel units were also required to realise components of Value Added Tax (VAT) and Luxury Tax from the customers to be remitted into the Government Account as per the provision of Section 106 (3) of the Meghalaya Value Added Tax Act 2003 (MVAT Act) and Section 4 (1) of Meghalaya Tax on Luxuries (Hotels and Lodging Houses) Act, 1991 (MLTX Act) (amended in 2011) respectively.

As per Section 106 of the MVAT Act, the hotel units of the Company shall deduct VAT at source in the prescribed manner at the rates specified in the Schedule to the Act. Further as per Rule 39 of Meghalaya Value Added Tax Rules, 2005 (MVAT Rules), the VAT deducted at source shall be deposited into the Government Accounts within 10 days after the expiry of each month. In case of failure in depositing the VAT amount into the Government Accounts within the prescribed period, a penal interest[54] was payable by the service providers on the arrears of the VAT amount. Further, as per Section 3 (1) of the MLTX Act, the Luxury tax was to be recovered by the hotel units from each customer as per the rates provided in the Act.

Scrutiny of records of the Company revealed that during the period from 2005-06 to 2014-15, an amount aggregating ₹ 10.28 crore was realised by three hotel units as VAT (₹ 3.15 crore) and Luxury Tax (₹ 7.13 crore) from the consumers (***Appendix 4.6.1***). It was, however, observed that out of the tax amount (₹ 10.28 crore) so collected, the Company had remitted an amount of ₹ 2.52 crore only to Government Accounts and balance amount of ₹ 7.76 crore was irregularly retained by these hotel units without authorisation. The tax money so retained by these hotel units was irregularly utilised by them for meeting their working capital requirements. The matter regarding non-remittance of VAT and Luxury Tax to Government Accounts was first discussed (28 September 2012) in the meeting of the Board of Directors (BoD) of the Company. In the said meeting, BOD while expressing serious concern in the matter had observed that the onus of accountability in this regard would rests on

[53] Pinewood Hotel, Shillong, Orchid Hotel, Shillong and Orchid Lake Resort, Barapani
[54] 2 *per cent* simple rate of interest per month

the hotel units concerned. The BoD had also directed that the outstanding VAT and Luxury Tax should be cleared in a phased manner and strict vigil should be kept to ensure that the current liabilities on this account are discharged regularly.

It was, however, noticed that despite the specific directions of the BoD on the issue, all three hotel units of the Company, had continued to retain VAT and Luxury Tax amount and utilise the same irregularly on their business purposes. As of March 2015, the tax amount so retained by the Company without remitting to Government Accounts had accumulated to ₹ 7.76 crore, which included un-remitted VAT dues of ₹ 2.27 crore. Although the applicable rules provide for imposing of penal interest on the VAT amount not deposited to the Government Accounts within the prescribed period, no such demand was raised by the Taxation Department of the State Government on the Company so far (December 2015).

The Company needs to put an appropriate internal control mechanism in place to ensure that all the funds realised against VAT/Luxury tax are remitted to Government Accounts immediately after collection.

In reply, the Government stated (August 2015) that the statutory dues could not be fully deposited into the Government Accounts due to working capital constraints. It was further stated that from the financial year 2015-16, all taxes were being remitted to Government Accounts on regular basis by the respective Units.

Audit acknowledges the response of the Government/Company for prompt action in remittance of outstanding statutory dues to Government Accounts. As verified by Audit, the Company had remitted the tax amount aggregating ₹ 0.61 crore to Government Accounts between April 2015 and July 2015.

CHAPTER-V

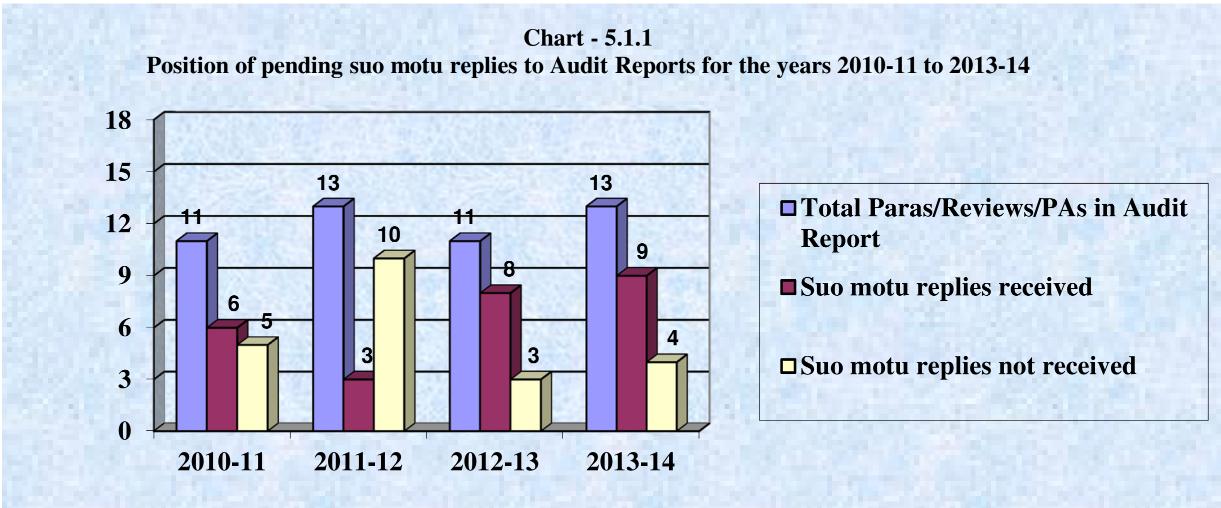
FOLLOW UP OF AUDIT OBSERVATIONS

CHAPTER V : FOLLOW UP OF AUDIT OBSERVATIONS

5.1 Failure to submit *suo motu* explanatory notes

Every year Reports of the Comptroller and Auditor General of India are prepared and presented to the State Legislature. To ensure accountability of the executive about the issues contained in these Audit Reports, the Public Accounts Committee (PAC) of the Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presentation of the Audit Reports to the State Legislature.

As of March 2015, 13 departments (civil departments including Public Works Department) did not submit *suo motu* explanatory notes on 17 paragraphs and five Performance Audits (PAs) included in the Audit Reports (Civil & Commercial) for the year 2010-11 and Audit Reports (Social, Economic, General and Economic (PSUs) Sectors) for the year 2011-12, 2012-13 and 2013-14, details of which are given below:



5.2 Response of the departments to the recommendations of the Public Accounts Committee

The administrative departments were required to take suitable action on the recommendations made in the Report of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, the departments were to prepare action taken notes (ATNs) indicating action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat. The PAC specified the time frame for submission of such ATNs as six weeks up to 32nd Report of the PAC and six months in 33rd Report. Review of 16 Reports of the PAC involving 14 departments (containing recommendations on 57 paragraphs of Audit Reports) presented to the Legislature between April 1995 and March 2012 (16

Reports)[1], revealed that none of these departments had sent the ATNs to the Assembly Secretariat as of March 2015. Thus, the fate of the recommendations contained in the Reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

5.3 Monitoring

The following Committees have been formed at the Government level to review the follow up action on Audit Reports and explanatory notes.

5.3.1 Departmental Audit & Accounts Committee

Departmental Audit & Accounts Committee (DAAC) had been formed (August 2009) by all departments of the Government under the Chairmanship of the Departmental Secretary to review and oversee the progress in disposal of pending inspection reports, audit matters pertaining to Public Sector Undertakings, follow up action on Audit Reports and explanatory notes to PAC/COPU, *etc*. The DAAC were to hold meetings quarterly.

Two DAAC meetings were held during 2014-15 wherein 15 Inspection Reports, (IRs) containing 71 paragraphs were discussed and 03 IRs, containing 13 paragraphs were settled.

5.3.2 Apex Committee

An Apex Committee (State Audit and Accounts Committee) had been formed (August 2009) at the State level under the Chairmanship of Chief Secretary to review and oversee the progress in disposal of outstanding audit objections, timely furnishing of explanatory notes to PAC/ COPU, other accounts or audit related matters *etc.* The Apex Committee was to meet at half yearly intervals.

The details of the Apex Committee meetings held during 2014-15 were awaited (January 2016).

5.3.3 Outstanding Inspection Reports (IRs)

The Meghalaya Financial Rules, 1981 provide for prompt response by the executive to the IRs issued by the Accountant General (Audit) of the State (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies and lapses noticed during inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their

[1] Between April 1995 and December 1997 (10 Reports), in June 2000 (one report), April 2005 (one report), April 2007 (one report), March 2010 (one report) , March 2011 (one report) and March 2012 (one report)

compliance to the AG. Serious irregularities are also brought to the notice of the Heads of the Department by the AG through a half-yearly report in respect of pending IRs to facilitate monitoring of the Audit observations and for taking appropriate corrective action. At the end of March 2015, 586 IRs involving 2734 paragraphs pertaining to the period 1989-90 to 2014-15 were outstanding.

Shillong
The

(L. Hangsing)
Accountant General (Audit)
Meghalaya

Countersigned

New Delhi
The

(Shashi Kant Sharma)
Comptroller and Auditor General of India

APPENDICES

Appendix – 1.2.1
Statement showing details of implementation of 28 selected WSS
(Reference: Paragraph 1.2.4)

(₹ in crore)

Name of Division	Prog-ramme	Name of WSS	Month and year of sanction	Estimated cost	Stipulated date of completion	Status of schemes as on March 2015		Period of delay	Reasons for delay
						Physical (percentage)	Financial (percentage)		
PHE Electrical Division, Jowai	MNP	8-Mer Tuber Sohshrieh Combined WSS	March 2009	5.06	March 2011	50	3.77 (75)	4 yrs	Fund constraints
	NRDWP	Synrang Ummyrho WSS	March 2011	37.95	March 2013	35	16.40 (43)	2 yrs	Limited working season
	NRDWP	Synrang Umlawhe WSS	February 2011	114.23	February 2014	42	56.27 (49)	1 yr 1 mnth	-do-
	NRDWP	Ratacherra Combined WSS	March 2011	29.46	March 2013	15	9.06 (31)	2 yr	Awaiting forest clearance
	NLCPR	Renovation of Jowai WSS	June 2003	15.41	March 2011	96	14.71 (96)	4 yrs	Delay in issue of trading licence and site condition
PHE Investiga-tion Division	ARWSP	Lyngkyrdem WSS	March 2004	4.71	March 2014	100	4.44 (94)	1 yr	Due to change in alignment
GSWS I	MNP	Lawsohtun WSS	March 2010	2.54	March 2012	98	2.35 (93)	3 yrs	Delay in obtaining land gift deed
	MNP	Replacement of Phase II Feeder Main GSWS	March 2010	5.90	March 2013	35	5.16 (87)	2 yrs	Awaiting forest clearance
PHE Electrical Division, Mawphlang	NRDWP	Laitryngew 12 Shnong & neighbouring villages	March 2013	244.15	March 2016	Only pipes procured. Work not started	11.71 (5)	-	-
	NRDWP	Dympep Combined WSS	March 2012	12.44	March 2014	Only pipes procured. Work not started	4.69 (26)	1 yr	Delay in handing over land
	Urban	Modification of Pumping System	March 2005	34.68	March 2008	87	22.12 (64)	7 yrs	Paucity of fund
	NRDWP	Sustainability of Wahdingding WSS	March 2011	8.36	March 2013	100	8.86 (106)	2 yrs	-
	NLCPR	Upper Shillong WSS	March 2011	33.02	March 2014	44	22.05 (67)	1 yr	Delay in handing over land
	NRDWP	Umthlong Kharmuti WSS	March 2012	1.44	March 2014	85	1.12 (78)	1 yr	-
	Urban	Providing approach road, pwer supply etc	March 2008	2.28	March 2010	100	2.35 (103)	3 yrs	Rainfall zone
GSWS II	NRDWP	Laitmawpen Laitmawhin WSS	March 2010	0.65	March 2012	100	0.65 (100)	2 yrs	-
	NRDWP	Pomlum WSS	March 2011	0.61	March 2013	96	0.52 (85)	2 yrs	-
PHE Tura Division	NRDWP	Jengjal WSS	March 2011	1.99	March 2014	60	1.77 (89)	1 yr	-
	Urban	Augmentation of Tura Phase I & II WSS	October 2011	50.00	October 2015	40	35.40 (71)	-	-

Name of Division	Prog-ramme	Name of WSS	Month and year of sanction	Estimated cost	Stipulated date of completion	Status of schemes as on March 2015		Period of delay	Reasons for delay
						Physical (percentage)	Financial (percentage)		
PHE Nongstoin Division	ARWSP	Umjakoid WSS	February 2009	1.09	March 2012	100	1.12 (104)	2 yrs	-
	Urban	Nongstoin Urban WSS	March 2011	133.94	March 2014	Work not started	13.02 (10)	1 yr	-
	NRDWP	Nongspung Combined WSS	March 2012	1.86	March 2014	70	1.49 (80)	1 yr	Due to constructon of PWD road
	MNP	Mawkadiang Nongkaniang Combined	March 2005	1.93	March 2008	100	1.92 (100)	7 yrs	-
PHE Ampati	NRDWP	Modergaon WSS	March 2009	3.50	March 2012	90	2.56 (73)	3 yrs	Late receipt of pipes
	NRDWP	Kishanpara WSS	March 2005	1.27	March 2008	100	1.27 (100)	7 yrs	Late receipt of pipe and delay on part of contractor
	RWSS	Boldamgre WSS	March 2001	0.97	March 2004	100	1.06 (109)	11 yrs	-do-
PHE Tura North	NLCPR	Greater Selsella WSS	March 2013	12.04	March 2015	35	4.33 (36)	-	Non receipt of pipes
	RGNDWM[1]	Rongsaiggre WSS	October 2002	5.49	March 2004	100	5.77 (105)	11 years	Delay in laying of MS pipe

[1] Rajiv Gandhi National Rural Drinking Water Mission

Appendix – 1.2.2

Statement showing number of ongoing and new WSS taken up by PHED year-wise

(Reference: Paragraph 1.2.6.5)

Year	Number of WSS				
	Incomplete at the commencement of the year	Newly sanctioned	Completed out of ongoing schemes	Completed out of new schemes	Incomplete at the end of the year
2010-11	1778	1006	404	-	2380
2011-12	2380	1042	290	30	3102
2012-13	3102	709	264	22	3525
2013-14	3525	162	619	17	3051
2014-15	3051	82	551	23	2559
Total		**3001**			

(Source: Information furnished by CE, PHED)

Appendix – 1.2.3

Statement showing undue benefit to contractor due to failure to deduct VAT

(Reference: Paragraph 1.2.7.6)

Sl No	Name of Division	Name of WSS	Number of contractor	No of Running Account (RA) bill paid to contractor	Value of work done as per RA bill *(₹in lakh)*	Amount of VAT due but not deducted *(₹in lakh)*
1	PHE Electrical Division, Mawphlang	Sustainability measures of Wahdingding WSS	1	7 RA bills including final bill	830.20	77.83
2		Providing approach roads, power supply, drains, fencing to residential building in PHE complex at Mawphlang including external electrification	17	17 First & Final Bills	58.57	5.49
3	PHE Electrical Division, Jowai	Renovation of Jowai Water WSS	1	6 RA bills	177.86	16.67
		Total				**99.99**

Appendix – 1.2.4

Statement showing shortfall in achievement of target and slip back of habitations from fully covered (FC) to partially covered (PC)

(Reference: Paragraph 1.2.8.1)

ear	PC to FC Habitations		Shortfall (-) / Excess (+)	Percentage of Shortfall/ Excess	No. of slip back habitations which reverted from FC to PC during the year
	Target	Achievement			
2010-11	760	380	(-) 380	50	147
2011-12	535	510	(-) 20	4	646
2012-13	585	510	(-) 75	13	3592
2013-14	616	549	(-) 67	11	452
2014-15	200	285	(+) 85	42	843
Total	**2696**	**2234**	**(-) 462**	**17**	**-**

(Source: CE, PHED)

Appendix – 1.2.5

Statement showing status of 24 WSS executed under PHE Electrical Division, Jowai

(Reference: Paragraph 1.2.8.3)

(₹in lakh)

Sl No.	Name of Scheme	Sanction order No. & Date (Administrative Approval) Original (O) Revised (R)	Estimated Cost Original (O) Revised (R)	Stipulated date of completion	Date of commence -ment	Position as on 01/04/15		Position as on 01/04/15		Reason for delay in completion
						Expen-diture	Physical progress (%)	Expen-diture	Physical progress (%)	
1	Reconstruction of Nongbah WSS	PHE.336/2001/7 Dt. 30.3.02(0) PHE.308/2006/7 Dt. 31.3.07(R)	142.43 (0) 435.87 (R)	March 2007	2005-06	427.71	94%	427.71	94%	Work in progress
2	Improvement of Ryrnbai WSS	PHE/*327/2003/14* Dt. 31.3.2005(0) PHE/327/2003/47 Dt. 31.3.2009(R)	1743.11.00 (O) 2744.79 (R)	March 2006	2006- 07	1930.05	71%	1930.05	71%	-do-
3	Wahiajer WSS	PHE.24312004/23 Dt. 31.3.2005(0) PHE.279/2008/24 Dt. 2.3.2009(R)	315.70 (0) 510.64 (R)	March 2010	2006- 07	473.46	94%	473.46	94%	-do-
4	Nongjngi WSS	PH*E*./247/2004/25 Dt. 31.3.2005(0) PHE./281/2008/24 Dt. 31.3.2009(R)	230.33(0) 430.89 (R)	August 2010	2006- 07	316.44	86%	316.44	86%	-do-
5	Mynso WSS	PHE.280/2008/12 Dt. 31.3.2009	341.58 (O)	March 2011	2008- 09	277.85	100%	277.85	100%	The scheme physically completed and commissioned. Financial liabilities yet to be cleared.
6	IShangpung WSS	PHE.249/2008/15 Dt. 31.3.2005(0) PHE.278/2008/5 Dt. 31.3.2009(R)	222.71(0) 442.25 (R)	-	2008- 09	341.69	93%	341.69	93%	Work in progress
7	8-Mer Tuber-Shohshrieh combined WSS	PHE.282/2008/5 Dt.28.3.2009	505.92	March 2011	2009- 10	377.14	50%	377.14	50%	-do-
8	Renovation of Jowai WSS	PHE.304/2002/15 Dt. 6.5.2003	1541.13	March 2010	2005 -06	1471.28	96%	1471.28	96%	-do-
9	Deinchynrum WSS	PHE.153/2009/14 Dt. 6.5.2003	91.66	March 2005	2011-12	14.80	16%	14.80	16%	-do-
10	Synrang Umlawe combined WSS	PHE.323/2010/9 Dt. 9.2.2011	11422.60	March 2014	2011-12	5626.89	42%	5626.89	42%	-do-
11	Synrang Ummyrho combined WSS	PHE.4712011/18 Dt. 31.3.2011	3795.09	March 2014	2011-12	1640.21	35%	1640.21	35%	-do-

Sl No.	Name of Scheme	Sanction order No. & Date (Administrative Approval)	Estimated Cost	Stipulated date of completion	Date of commence -ment	Position as on 01/04/15		Position as on 01/04/15		Reason for delay in completion
		Original (O)	Original (O)			Expen- diture	Physical progress (%)	Expen- diture	Physical progress (%)	
		Revised (R)	Revised (R)							
12	Umrnulong - Moodymrnai. Combined WSS	PHE.296/2008/8 Dt. 9.2.2011	2099.41	March 2014	2011 -12	1320.15	38%	1320.15	38%	-do-
13	Ratacherra Combined WSS	PHE.4712011/17 Dt. 31.3.2011	2945.71	March 2015	2011- 12	905.52	15%	905.52	15%	-do-
14	Huroi- Hingaria combined WSS	PHE. 109/2012/28 Dt. 31.3.2012	616.38	March 2015	2012-13	165.13	5%	165.13	5%	-do-
15	Lahalemt (Lailong) WSS	PHE.109/2012/28 dated 31. 3 2012	207.55	March 2015	2012-13	49.89	5%	49.89	5%	-do-
16	Sustainability measures on development and protection of Ummulong Moodymmai combined WSS	PHE.295/20I0/18 A Dt. 15.2.2011	740.81	March 2014	2012-13	79.97	10%	79.97	10%	-do-
17	Sustainability measures Urniurem river source of Greater Raliang WSS	PHE.4612011/13 Dt.31.3.2011	576.41	March 2013	2011-12	-	0%	-	0%	-do-
18	Sustainability measures on development and protection of Greater Rymbai WSS	PHE. 120/2012/47 Dt. 31.3.2012	34.78	March 2014	2012-13	15.00	50%	15.00	50%	-do-
19	Sustainability measures on development and protection of source of Svnrang Umlawe WSS	PHE. 120/2012/47 Dt. 31.3.2012	34.78	March 2014	2012-13	15.32	40%	15.32	40%	-do-
20	Sustainability measures on development and protection of source of Nongjngi WSS	PHE. 120/2012/47 Dt. 31.3.2012	70.12	March 2014	2012-13	23.00	15%	23.00	15%	-do-
21	Sustainability measures on development and protection of source of Synrang- Ummyrho WSS	PHE. 120/2012/47 Dt. 31.3.2012	36.54	March 2014	2012-13	18.00	1%	18.00	1%	-do-

Sl No.	Name of Scheme	Sanction order No. & Date (Administrative Approval)	Estimated Cost	Stipulated date of completion	Date of commence -ment	Position as on 01/04/15		Position as on 01/04/15		Reason for delay in completion
		Original (O)	Original (O)			Expen-diture	Physical progress (%)	Expen-diture	Physical progress (%)	
		Revised (R)	Revised (R)							
22	Greater Raliang WSS	PHE.180/2009/37 Dt. 31.3 .2010	2156.20	-	2010-11	1377.00	41%	1377.00	41%	-do-
23	Construction of Office building for PHE Electrical Sub:Division, Rvmbai	PHE.165/2007/10 Dt.31.3.2008	59.15	March 2010	2009-10	47.20	90%	47.20	90%	-do-
24	Construction of Office building for PHE Electrical Division, Jowai	PHE.28/2010/13 Dt. 31.3 .2010	99.56	March 2012	-	9.35	5%	9.35	5%	-do-
Total			**31939.82**					**16923.05**		

Appendix – 1.2.6

Statement showing extra expenditure on procurement of D.I. Pipes

(Reference: Paragraph 1.2.8.6)

(Amount in ₹)

Sl No.	Supply order & date	Stipulated date of delivery	Size of D.I. pipe (mm)/ Qty of pipe (Rm)	Rate per Rm as per supply order	Increased rate to be allowed as per escalation	Difference to be paid per Rm	Difference actually paid per Rm	Excess payment per Rm	Total excess payment
1	2	3	4	5	6	7	8	9	10
Upper Shillong WSS									
1	CE/PHE/TB-168/2010-11/43 dated 26/03/2011	30/06/2011	200 K7)/16.5	1454	1742.39	288.39	325.23	36.84	608
2		30/06/2011	100K7/4207.5	807	967.04	160.04	184.76	24.72	104009
3		30/06/2011	100K7/781	807	967.04	160.04	184.76	24.72	19306
4		30/06/2011	100K7/781	807	967.04	160.04	184.76	24.72	19306
5		30/06/2011	100K7/4372.5	807	967.04	160.04	184.76	24.72	108088
6		30/06/2011	300K7/38.5	2409	2855.56	446.56	498.85	52.29	2013
7		30/06/2011	100K7/462 200K7/814	807 1454	967.04 1742.39	160.04 288.39	180.49 325.23	20.45 36.84	16503 29988
8		30/06/2011	100K7/3206.5	807	967.04	160.04	184.76	24.72	79265
9		30/06/2011	100K7/38.5	807	967.04	160.04	184.75	24.71	951
10		30/06/2011	100K7/428.5	807	967.04	160.04	184.75	24.71	10588
11		30/06/2011	100K7/66.5	807	967.04	160.04	180.49	20.45	1360
12		30/06/2011	100K7/148.55	807	967.04	160.04	180.49	20.45	3037
13		30/06/2011	100K7/2156 200K7/1681	807 1454	967.04 1742.39	160.04 288.39	180.49 325.23	20.45 36.84	44090 61928
14	CE/PHE/TB-168/2010-11/42 dt.26.03.2011	Jun-11	100K7/1787 100K9/356.5	807 899	967.04 1077.30	160.04 178.30	180.49 201.09	20.45 22.79	36544 8125
15		Jun-11	100K7/557.5	807	967.04	160.04	180.49	20.45	11810
16		Jun-11	100K7/2059.5 100K9/561	807 899	967.04 1077.30	160.04 178.30	180.49 201.09	20.45 22.79	42117 12785
17		Jun-11	100K7/120.5	807	967.04	160.04	180.49	20.45	2464
18		Jun-11	100K7/577.5 100K9/880	807 899	967.04 1077.30	160.04 178.30	180.49 201.09	20.45 22.79	11810 20055
19	CE/PHE/TB-168/2010-11/43 dt.26.03.2011	Jun-11	100K7/3585	807	967.04	160.04	195.73	35.69	127949
20		Jun-11	100K7/61	807	967.04	160.04	184.75	24.71	1507
21		Jun-11	100K7/313.5	807	967.04	160.04	195.73	35.69	11189
22		Jun-11	100K7/1402.5	807	967.04	160.04	195.73	35.69	50055
Ratacherra Combined WSS									
1	CE/PHE/TB-168/2010-11/52 dt.30.03.2011	31/07/2011	100K7/2491.5	807	967.04	160.04	216.49	56.45	140645
2		31/07/2011	100K7/7718.5 150K7/219.5 200K7/165	807 1188 1454	967.04 1402.49 1742.39	160.04 214.49 288.39	216.49 319.72 390.09	56.45 104.23 101.70	435709 22878 16781
3		31/07/2011	150K7/558	1188	1402.49	214.49	318.72	104.23	58160
4		31/07/2011	150K7/5041	1188	1402.49	214.49	318.72	104.33	525928
5		31/07/2011	150K7/1281.5	1188	1402.49	214.49	318.72	104.33	133699
6		31/07/2011	200K7/3355	1454	1742.39	288.39	390.02	101.70	341204
7		31/07/2011	200K7/266.5	1454	1742.39	288.39	371.31	82.92	22098
8		31/07/2011	200K7/6692.5	1454	1742.39	288.39	390.09	101.70	680627
9		31/07/2011	100K9/851	899	1077.30	178.30	218.07	39.77	33844
10		31/07/2011	100K9/1936	899	1077.30	178.30	218.07	39.77	76995
11		31/07/2011	150K7/4642 200K7/5224	1188 1454	1402.49 1742.39	214.49 288.39	303.37 371.31	88.88 82.92	412581 433174
12		31/07/2011	200K7/1435.5	1454	1742.39	288.39	379.90	91.51	131363
13		31/07/2011	100K9/913	899	1077.30	178.30	218.07	39.77	36310
14		31/07/2011	200K7/55	1454	1742.39	288.39	379.90	91.51	5033
	Grand total								**4344479**

Appendix –1.2.7

Statement showing water supply schemes not functioning due to theft of laid pipes

(Reference: Paragraph 1.2.8.11)

Sl No	Name of WSS	Estimated cost (₹ in lakh)	Expenditure on the scheme (₹ in lakh)	Month & Year of completion	Month & year from which not functioning	Cost of materi-als stolen (₹ in lakh)	Date of FIR	Remarks
1	Bolmoramdapgre WSS	1.31	1.31	Feb-90	Jan-15	3.24	12/02/08	Cost of materials stolen were assessed on the basis of PHE SOR prevailing at the time of occurrence of theft
2	Asilchiring WSS	1.10	1.10	Feb-96	Aug-14	2.50	01/09/14	
3	Dalbinggre WSS	79.13	79.14	Marc-13	Dec-11	0.84	14/12/11	
4	Nishangram Babupara WSS	27.17	27.17	Mar-14	Aug-13	0.21	12/11/13	
5	Moorapuchai WSS	8.80	8.80	Mar-06	Dec-14	21.34	13/12/14	
6	Augmentaion of Rongram & Ganolgre WSS	137.48	137.22	Mar-07	Oct-13	0.15	08/10/13	
7	Siragre WSS	16.82	9.21	Ongoing	Jan-15	0.76	31/01/15	
8	Rangsakona WSS	74.18	78.67	Feb-12	Apr-14	0.10	11/04/14	
9	Tilagaon Combined WSS	58.34	58.34	Mar-11	Sep-14	4.13	02/09/14	
10	Sonatola WSS	40.09	40.10	Mar-11	Nov-11	6.80	03/11/11	
11	Chirakatta WSS	28.34	28.33	Mar-13	Nov-11	5.01	03/11/14	
Total			**469.39**			**45.08**		

Appendix – 1.2.8

Format of the Beneficiary Survey
(Reference: Paragraph 1.2.9.5)

Village Information

Name of the Village/ Habitation	
Name of the Block	
Name of the District	

Individual Information

Name of the Respondent			
Sex (Male/ Female)		*Age in Years*	
Education Level *[1 = Illiterate;* *2 = Literate (below primary);* *3 = Primary (Class V complete) ;* *4 = Upper Primary (Class VIII Complete);* *5 = Secondary (Class X Complete);* *6 = High School (Class XII Complete)* *7 = Above High School]*		*Caste Group (If applicable)* *[1 = SC; 2 = ST; 3 =OBC; 4 = Other]*	
Are you are a member of VEC/ AEC? Specify the post.			

Questionnaire

Name of the Water Supply Scheme		Lawsohtun WSS
Date of Sanction		31 March 2010
Status as on March 2015		98 per cent completed
1	Are you aware that the above mentioned water supply scheme was sanctioned for your village?	
2	Are all the households in the village connected with a water pipe connection?	
3	If not, what is the percentage of households (roughly) without water connection.	
4	Is your village/ habitation connected to any water supply pipeline other than the one mentioned above? If yes please state the name of the WSS.	
5	Usually how many days a week is water supplied to the village.	
6	How many litres of water does each household receive in a day?	
7	Do you feel that the amount of water received per household is enough for (please tick) A. Drinking B. Cooking C. Domestic needs (Bathing etc) D. For livestock	
8	If water received is not enough for the above then how do you manage A. Purchase Bottled Water B. Other Sources (please mention the source)	
9	If you do not receive water from the system, what is the reason? A. Water does not reach, because of low pressure B. The system does not supply water at all C. Other (please mention) D. Do not know	

10	Is the pipe water your only source of water in your village. If not please mention the other sources. A. Well B. Natural Spring C. Collected Rainwater D. Water purchased from vehicle tankers E. Open/ Surface Water: lake, river, stream	
11	How many times a year is the water source tested? A. For Bacteria B. For Chemical	
12	Are the members of the Village Council consulted while testing the source?	
13	Is the water source treated? If yes, how many times in a year?	
14	Have the officials tested the water source using Field Test Kit (FTK)? If yes, how many times do they check in a year?	

Date : Signature/ Thumb Impression of the participant

Appendix-1.3.1
Delay in disbursement of stipends
(Reference: Paragraph 1.3.7.2)

No.	ITI	Trade	Period	Delay in months
1	Baghmara	Wireman	2010-12	6
			2012-14	5
2	Jowai	Electrician	2010-15	2
		Mechanic (M.V)		5
		Welder		8
		Stenography		11
3	Nongpoh	Wireman	2010-15	2-5
		Plumber		2-9
		Welder		2-8
4	Nongstoin	Wireman	2010-15	4-14
		Carpentry	2010-11	4
5	Resubelpara	Wireman	2011-15	16
6	Tura	Typewriting, Stenography, Electrician, PF&V, M.V Mechanic, Fitter, Welder and Plumber	2010-15	2-8
7	Williamnagar	Wireman	2009-11	4
		Stenography	2010-15	17-29

Source: Respective ITIs.

Appendix-1.3.2
Undisbursed stipends
(Reference: Paragraph 1.3.7.3)

(₹ in lakh)

ITI	Year	Scholarships/Stipends/Trainee Grants		Undisbursed balance	% of undisbursed balance
		Received from the Government	Disbursed to trainees		
Nongpoh	2010-11	0.2	0.17	0.03	15.00
	2011-12	0.81	0.73	0.08	9.88
	2012-13	0.69	0.52	0.17	24.64
	2013-14	0.75	0.23	0.52	69.33
	2014-15	0.49	0.49	-	
Total		**2.94**	**2.14**	**0.80**	**26.19**
Nongstoin	2010-11	0.7	0.25	0.45	64.29
	2011-12	0.7	0.67	0.03	4.29
	2012-13	0.11	0.11	0	0.00
	2013-14	0.65	0.6	0.05	7.69
	2014-15	0.35	0.27	0.08	22.86
Total		**2.51**	**1.9**	**0.61**	**24.30**
Resubelpara	2010-11	Nil	Nil	Nil	
	2011-12	Nil	Nil	Nil	
	2012-13	0.76	0.18	0.58	76.32
	2013-14	0.52	0.22	0.3	57.69
	2014-15	0.8	0.4	0.4	50.00
Total		**2.08**	**0.8**	**1.28**	**61.54**
Shillong	2010-11	10.36	6.91	3.45	33.30
	2011-12	8.5	6.16	2.34	27.53
	2012-13	7.54	6.37	1.17	15.52
	2013-14	11.92	6.47	5.45	45.72
	2014-15	11.62	7.81	3.81	32.79
Total		**49.94**	**33.72**	**16.22**	**32.48**
Shillong (Women)	2010-11	1.80	1.70	0.10	5.56
	2011-12	2.98	1.60	1.38	46.31
	2012-13	2.35	1.70	0.65	27.66
	2013-14	2.52	2.10	0.42	16.67
	2014-15	2.8	2.50	0.30	10.71
Total		**12.45**	**9.6**	**2.85**	**30.12**
Sohra	2010-11	Nil	Nil	Nil	
	2011-12	Nil	Nil	Nil	
	2012-13	1.50	1.02	0.48	32.00
	2013-14	0.80	0.34	0.46	57.50
	2014-15	0.80	0.37	0.43	53.75
Total		**3.10**	**1.73**	**1.37**	**44.19**
Tura	2010-11	5.7	5.52	0.18	3.16
	2011-12	5.23	4.16	1.07	20.46
	2012-13	5.96	4.54	1.42	23.83
	2013-14	6.45	3.89	2.56	39.69
	2014-15	6	4.2	1.8	30.00
Total		**29.34**	**22.31**	**7.03**	**23.96**
Grand Total		**102.36**	**72.20**	**30.16**	**30.30**

Source: Respective ITIs.

Appendix-1.3.3
Shortage of Technical Staff
(Reference: Paragraph 1.3.8.1)

No.	ITI	Post	Sanctioned posts	Vacant posts	Vacant since
1	Shillong	Stenography Instructor	1	1	2010
		Drawing Instructor	2	1	2013
2	Tura	Surveyor Instructor	1	1	2012
		Civil Draughtsman Instructor	1	1	2012
		Mechanic Draughtsman Instructor	1	1	2012
		Welder Instructor	2	1	2013
3	Williamnagar	Stenography Instructor	1	1	2012
		Total	**9**	**7**	

Source: DECT, Meghalaya.

Appendix-1.3.4
Academic performance of trainees
(Reference: Paragraph 1.3.8.3)

Year	Sanctioned seats	Admissions	Vacant	Drop-outs	Appeared for exam	Passed	Percentage of vacancy	Percentage of drop outs	Percentage of passing
1	**2**	**3**	**4=2-3**	**5**	**6**	**7**	**8=4/2 x 100**	**9=5/2 x 100**	**10=7/6 x100**
2010-11	660	580	80	221	359	188	12.12	33.48	52.37
2011-12	660	580	80	193	387	233	12.12	29.24	60.21
2012-13	660	540	120	176	364	255	18.18	26.67	70.05
2013-14	660	520	140	145	375	307	21.21	21.97	81.87
2014-15	708	Admission list not yet finalised							

Source: DECT, Meghalaya.

Appendix-1.3.5
Academic performance of boys and girls in number & percentage
(Reference: Paragraph 1.3.8.3)

Particulars	2010-11		2011-12		2012-13		2013-14		Total	
	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls
Admissions	97	79	146	108	115	104	124	78	482	369
(Percentage)	*55*	*45*	*57*	*43*	*53*	*47*	*61*	*39*	*57*	*43*
Drop outs	12	17	78	29	35	26	59	7	184	79
(Percentage)	*12*	*22*	*53*	*27*	*30*	*25*	*48*	*9*	*38*	*21*
Appeared for exams	83	62	58	79	82	76	65	71	288	288
Passed	27	50	48	63	58	59	5	51	138	223
(Percentage)	*33*	*81*	*83*	*80*	*71*	*78*	*8*	*72*	*48*	*77*

Source: DECT, Meghalaya.

Appendix – 1.4.1

Statement showing excess expenditure in procuring Iron Injection (5ml) from M/s Eastern Pharma, Shillong

(Reference: Paragraph 1.4)

(Amount in ₹)

Sl. No.	Supply order No. & date	Quantity procured (units)	Rate (5ml)	Procure-ment rate per ml (col 4 ÷ 5ml)	Manufac-turer	Amount paid (col 3 x col 4)	L1 rate for 2ml	Avoidable excess expenditure per ml (col 8 ÷ 2ml)	Avoidable excess expenditure (col 3 x 5ml x col 9)
1	2	3	4	5	6	7	8	9	10
1	3616 dated 28/02/2011	5000	115.05	23.01	Aristo Pharma	575250	17	14.51	362750
	2720 dated 13/10/2011	133385	115.05	23.01	Cachet Pharma	15345944	17	14.51	9677082
						15921194			10039832
Add VAT 5 %						**796060**			**501992**
Total Amount						**16717254**			**10541823**

Appendix – 1.4.2

Statement showing medicines procured at higher and also at rates which were not bid during the tendering process

(Reference: Paragraph 1.4)

(Amount in ₹)

Sl. No.	Supplier	Name of the medicine	Supply order No. & date	Quantity procured	Procureme nt rate/ packing	Amount paid	Lowest rate (L1)/ packing as per comparative statement	Amount that would have been payable as per L1	Avoidable excess expenditure
1	2	3	4	5	6	7 (5 x 6)	8	9 (5 x 8)	10 (7 - 9)
1	Health Care Distributor	Tab. Amoxycillin and Clavulanic Acid 625 mg	2790 dated 18/10/2011	500000	42.47/ 6 tab	3539167	10.35/ 10tab	517500	3021667
2	Areng Medical	Gentamycin Eye/Ear Drops 3%	1788 dated 12/05/2011	400000	4.44	3474921	4.00	3130560	344361
			4524 dated 11/10/2011	382640					
3		Inj. Oxytocin 1 ml	1788 dated 12/05/2011	599868	4.00*	2399472	1.96/2ml or 0.98 /1ml	587871	1811601
8	ABCO Pharmaceuticals	Drop Sulphacetamide eye 20% 10 ml	2802 dated 18/10/2011	5000	30.50	152500	19.00	95000	57500
10	Areng Medical	Inj Dexamethasone 40 mg	4524 dated 11/10/2011	101000	4.00**	404000	3.70	373700	30300
		Total				**9970060**			**5265429**
	Add VAT 5%					**498503**			**263271**
	Grand total					**10468563**			**5528700**

* L7 rate quoted by a different supplier.

** Supplier had quoted L1 rate but supply was made on higher unquoted rate.

Appendix – 1.4.3.

Statement showing medicines of same specifications procured at two different rates
(Reference: Paragraph 1.4)

(Amount in ₹)

Sl. No.	Medicine	Procurement at higher rate from M/s Krom Rapsang				Procurement at Lower Rate				Difference in rates	Avoidable extra expenditure
		Supply order No.& date	**Qnty**	**Rate/ Packing**	**Amount paid**	**Supplier**	**Bill No. & date**	**Qnty**	**Rate/ Packing**		
1	Inj. Pantoprazole	3410 dt. 22/12/11	35000	45.31	1585850	Meghalaya Pharmaceutical	G 002 dt. 04/4/2011 & G 012 dt. 28/2/2012	324967	12.80/ each	32.51	1137850
2	Tab. Cefexime 200 mg	3410 dt. 22/12/11	200000	100.70/ 10 tab	2014000		G 002 04/4/2011	45000	38.00/ 10 tab	62.70	1254000
							G 012 28/2/2012	649000	38.00/ 10 tab		
3	Tab Pantoprazole	3410 dt. 22/12/11	250000	41.92/ 10 tab	1048000	Gee Cee Pharmaceutical	GCP 011 dt. 01/6/2011	100000	6.3/ 10 tab	35.62	890500
Total					**4647850**						**3282350**
Add 5%					**232393**						**164118**
Grand Total					**4880243**						**3446468**

Appendix – 1.8.1
Statement showing details of missing antiquities and antiques not found but claimed to be transferred to Jowai Museum, Shilpagram (Guwahati), *etc*.
(Reference: Paragraph 1.8)

(Amount in ₹)

No.	Item	Accession Register Page No.	Year of acquisition	Value at the time of acquisition	Source
1	3x3" square gold locket, weighing 2½ *tolas* (Gold)	11	1976	Not mentioned	Donated by Shri. D. Singh, IAS
2	One head *chura* 5" diameter, with one circular red stone ½" diameter, weighing 2 ½ *tolas*	11	1976	-do-	
3	Two Gold Stars 1 ½ *tolas*	11	1976	-do-	
4	One pair silver earrings	11	1976	-do-	
5	One pair gold earrings	11	1976	-do-	
6	One pair gold earrings	17	1982	5,000	Not available
7	One big *paila* of silver and pure gold (30 *tolas*)	20	1984	4,000	
8	Life-size bronze statues of Khasi, Jaintia and Garo Ladies	23	1985	30,000 (10,000 each)	
9	Kynjri Thabah	2	1976	1700	Taken to Jowai Museum
10	Ryngkhap	2	1976	1000	
11	Kynjri tabah (silver)	53	1995	5000	
12	Sai Khyllong (Silver head band)	53	1995	10000	
13	Mahu (Silver Armlets)	53	1995	10000	
14	Brass Statue (Male)	54	2005	12000	
15	Brass Statue (Female)	54	2005	12000	
16	Acrylic Canvas (The Quest)	60	2009	20500	
17	Canvas (Evil has a place)	61	2009	18000	
18	Canvas (Union)	61	2009	28000	
19	22709	61	2009	20000	
20	Celestial Encounter (Acrylic)	62	2011	5000	
21	Triumph of uncertainty	62	2011	35000	
22	Peace & Purity (Acrylic)	62	2011	8000	
23	Landscape (Acrylic)	63	2013	8000	
24	Landscape (Acrylic)	63	2013	6000	
25	Sawdong ka lyngwiar dpei	62	2011	5000	Taken to Brookside
26	Khasi lady (medium pencil sketch)	62	2011	5000	
27	Double Decker Bridge (Acrylic)	62	2011	14000	
28	Landscape	62	2011	20000	
29	Kynjri Thabah	5	1976	1700	Taken to Shilpagram, Guwahati
30	His music (Medium Acrylic)	62	2011	8000	
31	Rilang River (Acrylic)	62	2011	8000	
32	Untitled (wood & iron)	62	2011	15000	
33	David Scott Bridge at Ladmawphlang (Acrylic)	62	2011	8000	
34	Litang rally (Acrylic)	62	2011	10000	
35	Under the Influence (Acrylic)	62	2011	20000	
36	Blowing in the wind (Acrylic)	62	2011	3500	
37	Rooster (2 nos)	62	2011	3500	
38	Ka khoh (Acrylic)	63	2013	12000	
39	Monoliths of Mawsynram (Pencil Sketch)	63	2013	4000	

Appendix – 3.2.1
List of Medical Equipment/Apparatus and civil construction works sanctioned to KJP/Dr. Norman Tunnel Hospital, Jowai under MPLADS during the period 2002-03 to 2014-15.
(Reference: Paragraph 3.2)

(₹ in lakh)

Sl. No.	Name of MP	Year	Name of Project/Work	Date of release of fund to the BDO	Status	Amount released	Cummu-lative amount released
1	Shri R. Kharshiing (Rajya Sabha)	2002-03	Purchase of X-Ray machine 60 MA	16/06/04 & 17/09/04	Completed	2.00	2.00
2		2002-03	Construction of Hospital Ward	16/06/04 & 17/09/04	Completed	1.00	3.00
3		2003-04	Purchase of Ultra Sound Scanner (USG)	23/02/05 & 22/08/05	Completed	8.50	11.50
4		2003-04	Purcahse of O.T. Light General Surgery	19/07/04 (sanction date)	Completed	1.80	13.30
5		2003-04	Purchase of Pulse Oxymeter	19/07/04 (sanction date)	Completed	0.75	14.05
6		2004-05	Purchase of Multi Parameter Vital Sign Monitor (03 No.s)	30/03/06 & 31/03/06	Completed	12.90	26.95
7		2004-05	Purchase of 500 MA X-Ray (with Table)	30/03/06 & 31/03/06	Completed	8.30	35.25
8		2006-07	Purchase of ECG Machine 12 channels (Leads)	11/05/07 & 26/07/07	Completed	0.75	36.00
9		2006-07	Purchase of Defibrillator Zoll M Series	11/05/07 & 26/07/07	Completed	9.90	45.90
10		2006-07	Purchase of Anaesthesia Ventilator EV 700	11/05/07 & 26/07/07	Completed	10.00	55.90
11		2007-08	Purchase of USG Machine (Portable)	01/07/08 & 22/09/08	Completed	7.00	62.90
12	Shri V.H. Pala (Lok Sabha)	2009-10	Construction of Operation Theatre	05/04/11 & 12/09/11	Completed	15.00	77.90
13		2011-12	-Do-	27/02/12 & 20/03/13	Completed	20.00	97.90
14		2013-14	Provision of installation of Laproscopy and Upper G.I. Endoscopy unit	29/01/14 & 10/06/14	Completed	10.00	107.90
15		2014-15	Construction of Maternity Ward	**Not yet released**	**On-going**	25.00	
			Total			**132.90**	

Appendix 4.1.1
Statement showing investments made by State Government in SPSUs whose accounts were in arrears
(Reference: Paragraph 4.1.7)

(Figures in columns 4 & 6 to 8 are ₹ in Crore)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	**Working Government Companies**						
1.	Forest Development Corporation of Meghalaya Limited (FDCML)	2004-05	1.97	2005-06 to 2014-15	1.97	-	7.78[2]
2.	Meghalaya Bamboo Chips Limited (MBCL)	2013-14	0.48	2014-15	-	-	-
3.	Meghalaya Industrial Development Corporation Limited (MIDCL)	2011-12	91.09	2012-13 to 2014-15	0.65[3]	-	-
4.	Meghalaya Government Construction Corporation Limited (MGCCL)	2013-14	0.75	2014-15	-	-	0.16[4]
5.	Mawmluh Cherra Cement Limited (MCCL)	2013-14	124.90	2014-15	38.00	-	-
6.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2013-14	2.32	2014-15	-	-	0.65
7.	Meghalaya Energy Corporation Limited (MeECL)	2011-12	1009.28	2012-13 to 2014-15	-	67.74[5]	384.30[6]
8.	Meghalaya Power Generation Corporation Limited (MePGCL)	2011-12	0.05	2012-13 to 2014-15	-	-	-
9.	Meghalaya Power Distribution Corporation Limited (MePDCL)	2011-12	0.05	2012-13 to 2014-15	-	-	-
10.	Meghalaya Power Transmission Corporation Limited (MePTCL)	2011-12	0.05	2012-13 to 2014-15	-	-	-
11.	Meghalaya Tourism Development Corporation Limited (MTDCL)	2000-01	7.96	2001-02 to 2014-15	-	-	2.44[7]
12.	Meghalaya Handloom & Handicrafts Development Corporation Limited (MHHDCL)	2004-05	1.85	2005-06 to 2014-15	2.41[8]	-	-
13.	Meghalaya Basin Management Agency	2013-14	0.05	2014-15	-	-	-
Total A (Working Government Companies)			**1240.80**		**43.03**	**67.74**	**395.33**
B	**Working Statutory corporations**						
1.	Meghalaya Transport Corporation (MTC)	2009-10	73.78	2010-11 to 2014-15	14.05[9]	-	5.02[10]
2.	Meghalaya State Warehousing Corporation (MSWC)	2013-14	3.36	2014-15	-	-	1.00
Total B (Working Statutory Corporations)			**77.14**		**14.05**	**NIL**	**6.02**
Grand Total (A + B)			**1317.94**		**57.08**	**67.74**	**401.35**

[2] Includes ₹0.17 crore in 2006-07, ₹0.10 crore in 2007-08, ₹0.30 crore in 2008-09, ₹0.30 crore in 2009-10, ₹0.40 crore in 2010-11, ₹1.18 crore in 2011-12, ₹1.75 crore in 2012-13, ₹1.75 crore in 2013-14 and ₹1.83 crore in 2014-15.
[3] Includes Equity ₹0.15 crore in 2012-13 and ₹0.50 crore in 2013-14.
[4] Relates to the period 2014-15
[5] Includes ₹5.98 crore in 2012-13, ₹17.63 crore in 2013-14 and ₹44.13 crore in 2014-15.
[6] Includes ₹184.09 crore in 2012-13, ₹75.32 crore in 2013-14 and ₹124.89 crore in 2014-15.
[7] ₹0.23 crore (2001-02), ₹0.25 crore (2002-03), ₹0.03 crore (2003-04), ₹0.61 crore (2004-05), ₹0.57 crore (2005-06), ₹0.12 crore (2006-07), ₹0.63 crore (2007-08).
[8] ₹0.18 crore (2005-06), ₹0.24 crore (2006-07), ₹0.24 crore (2007-08), ₹0.25 crore (2008-09), ₹0.30 crore (2009-10), ₹0.30 crore (2010-11), ₹0.40 crore (2011-12), ₹0.45 crore (2013-14) and ₹0.05 crore (2014-15)
[9] Capital Contribution of ₹2.00 crore in 2010-11, ₹3.00 crore in 2011-12, ₹3.50 crore in 2012-13, ₹3.80 crore in 2013-14 and ₹1.75 crore in 2014-15.
[10] Includes ₹2.51 crore in 2011-12 and ₹2.51 crore in 2012-13.

Appendix 4.1.2

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2015 (Reference: Paragraph 4.1.10)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalized	Paid-up capital [11]	Loans outstand-ing at the end of year	Accumulated profit(+) / loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments[12]	Capital employed[13]	Return on capital employed[14]	Percentage of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
A. WORKING GOVERNMENT COMPANIES													
AGRICULTURE AND ALLIED													
1.	Forest Development Corporation of Meghalaya Limited (FDCML)	2004-05	2014-15	1.97	-	-5.41	0.70	-0.50	-0.07	1.97	-0.50	-	52
2.	Meghalaya Bamboo Chips Limited (MBCL)	2013-14	2014-15	0.48	14.54	-14.99	0.04	-0.90	-	15.02	-0.31	-	15
Sector Wise Total				**2.45**	**14.54**	**-20.4**	**0.74**	**-1.40**	**-0.07**	**16.99**	**-0.81**	**-**	**67**
FINANCE													
Sector Wise Total				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
INFRASTRUCTURE													
3.	Meghalaya Industrial Development Corporation Limited (MIDCL)	2011-12	2014-15	91.09	3.43	-28.91	5.07	-1.36	-35.87	94.52	-0.85	-	116
4.	Meghalaya Government Construction Corporation Limited (MGCCL)	2013-14	2015-16	0.75	-	-9.01	54.84	1.59	-	0.75	1.63	217.33	104
Sector Wise Total				**91.84**	**3.43**	**-37.92**	**59.91**	**0.23**	**-35.87**	**95.27**	**0.78**	**217.33**	**220**
MANUFACTURING													
5.	Mawmluh Cherra Cement Limited (MCCL)	2013-14	2014-15	124.90	46.09	-79.10	37.20	-11.48	-	170.99	-11.04	-	455

[11] Paid up Capital includes Share Application Money pending allotment
[12] Impact of Audit Comments include the net impact of comments of Statutory Auditors and C&AG and is denoted by (+) increase in profit/decrease in losses (-) decrease in profit/increase in losses.
[13] Capital employed represents Shareholders fund and long term borrowings
[14] Return on Capital Employed has been worked out by adding profit and interest charged to profit and loss account (Finance Cost).

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalized	Paid-up capital [11]	Loans outstand-ing at the end of year	Accumulated profit(+) / loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments[12]	Capital employed[13]	Return on capital employed[14]	Percentage of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
6.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2013-14	2014-15	2.32	-	-6.29	1.07	0.04	-0.23	2.32	0.04	1.72	12
Sector wise total				**127.22**	**46.09**	**-85.39**	**38.27**	**-11.44**	**-0.23**	**173.31**	**-11.00**	**1.72**	**467**
POWER													
7.	Meghalaya Energy Corporation Limited (MeECL)	2011-12	2014-15	1009.28	1240.35	-320.41	529.26	-203.99	-71.71	2249.63	-163.70	-	2949
8.	Meghalaya Power Generation Corporation Limited (MePGCL)[15]	2011-12	2013-14	0.05	-	-2.01	-	-	-	0.05	-	-	-
9.	Meghalaya Power Distribution Corporation Limited (MePDCL)[15]	2011-12	2013-14	0.05	-	-1.02	-	-	-	0.05	-	-	-
10.	Meghalaya Power Transmission Corporation Limited (MePTCL)[15]	2011-12	2013-14	0.05	-	-0.52	-	-	-	0.05	-	-	-
Sector Wise Total				**1009.43**	**1240.35**	**-323.96**	**529.26**	**-203.99**	**-71.71**	**2249.78**	**-163.70**	**-**	**2949**
SERVICE													
11.	Meghalaya Tourism Development Corporation Limited (MTDCL)	2000-01	2014-15	7.96	5.10	-5.74	2.53	-0.45	-	13.06	-0.34	-	290
Sector Wise Total				**7.96**	**5.10**	**-5.74**	**2.53**	**-0.45**	**-**	**13.06**	**-0.34**	**-**	**290**
MISCELLANEOUS													
12.	Meghalaya Handloom & Handicrafts Development Corporation Limited (MHHDCL)	2004-05	2012-13	1.85	0.40	-2.12	0.03	-0.20	-	2.25	-0.20	-	8

[15] Companies at Serial No. A-8, A-9 and A-10 had not commenced the commercial activities as of March 2012

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalized	Paid-up capital[11]	Loans outstand-ing at the end of year	Accumulated profit(+) / loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments[12]	Capital employed[13]	Return on capital employed[14]	Percentage of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
13.	Meghalaya Basin Management Agency[16]	2013-14	2014-15	0.05	-	-	-	-	-	0.05	-	-	-
Sector Wise Total				**1.90**	**0.40**	**-2.12**	**0.03**	**-0.20**	**-**	**2.30**	**-0.20**	**-**	**8**
Total A (All sector wise working Government companies)				**1240.80**	**1309.91**	**-475.53**	**630.74**	**-217.25**	**-107.74**	**2550.71**	**-175.27**	**-**	**4001**
B. Working Statutory Corporations													
1.	Meghalaya Transport Corporation (MTC)	2009-10	2011-12	73.78	-	-83.28	8.97	-3.55	-3.91	73.78	-3.55	-	276
Sector Wise Total				**73.78**	**-**	**-83.28**	**8.97**	**-3.55**	**-3.91**	**73.78**	**-3.55**	**-**	**276**
2.	Meghalaya State Warehousing Corporation (MSWC)	2013-14	2014-15	3.36	-	-0.44	0.34	-0.12	-	3.36	-0.12	-	10
Sector Wise Total				**3.36**	**-**	**-0.44**	**0.34**	**-0.12**	**-**	**3.36**	**-0.12**	**-**	**10**
Total B (All sector wise working Statutory Corporations)				**77.14**	**-**	**-83.72**	**9.31**	**-3.67**	**-3.91**	**77.14**	**-3.67**	**-**	**286**
Grand Total (A+B)				**1317.94**	**1309.91**	**-559.25**	**640.05**	**-220.92**	**-111.65**	**2627.85**	**178.94**	**-**	**4287**
Non-working Government Companies													
1.	Meghalaya Electronics Development Corporation Limited (MEDCL) (Subsidiary)	2005-06	2014-15	4.72	0.53	-17.68	0.08	-0.92	-	5.25	-0.92	-	NIL
Sector Wise Total				**4.72**	**0.53**	**-17.68**	**0.08**	**-0.92**	**-**	**5.25**	**-0.92**	**-**	**NIL**
Total C (All sector wise non-working Government companies)				**4.72**	**0.53**	**-17.68**	**0.08**	**-0.92**	**-**	**5.25**	**-0.92**	**-**	**NIL**
Grand Total (A+B+C)				**1322.66**	**1310.44**	**-576.93**	**640.13**	**-221.84**	**-111.65**	**2633.10**	**-179.86**	**-**	**4287**

[16] The net deficit of the Company (Serial No. A-13) for 2013-14 was negligible (₹ 11,236.00), hence, omitted in rounding off

Appendix 4.2.1

Financial Position of Meghalaya Transport Corporation (Provisional Figures) for the years from 2010-11 to 2013-14*

(Reference: Paragraph 4.2.5 and 4.2.12.1)

(₹ in lakh)

Particulars	2010-11	2011-12	2012-13	2013-14
	Provisional figures			
A. Liabilities				
Capital Contributed by State Government Contributed by Central Government Total Capital contribution	 6997.42 680.64 7678.06	 7397.42 680.64 8078.06	 7747.42 680.64 8428.06	 8127.42 680.64 8808.06
Capital Reserve	12.13	12.13	12.13	12.13
Loans	-	-	45.00	79.90
Current Liabilities & Provisions				
Deposits	38.82	39.26	38.97	38.97
Sundry Creditors	1826.52	1934.65	2151.63	1975.93
Accrued Charges	659.77	739.94	835.71	998.99
Depreciation Reserve	658.56	712.24	768.60	844.74
Provisions	152.81	140.27	145.27	132.73
Total	**11026.67**	**11656.55**	**12425.37**	**12891.45**
B. Assets				
Fixed Assets	908.36	909.32	1150.94	1309.88
Investments	45.94	70.43	60.44	45.43
Current Assets, Loans and Advances	956.65	1415.00	1623.05	1372.61
Accumulated losses	9115.78	9261.80	9590.94	10163.53
Total	**11026.67**	**11656.55**	**12425.37**	**12891.45**

* The Corporation has not finalized its accounts since 2010-11 and has not compiled even the provisional figures for 2014-15.

Appendix 4.2.2
Working Results of Meghalaya Transport Corporation (Provisional Figures) for the years from 2010-11 to 2013-14*
(Reference: Paragraphs 4.2.5, 4.2.12.1 and 4.2.12.2)

(₹ **in lakh**)

	Particulars	2010-11	2011-12	2012-13	2013-14
1	Passenger revenue	332.98	278.17	263.91	347.49
2	Operating Revenue other than passenger revenue	77.22	55.67	72.25	58.22
3	**Total Operating Revenue (1+2)**	**410.20**	**333.84**	**336.16**	**405.71**
4	Non-operating Revenue	72.15	73.47	74.24	79.30
5	Govt contributions (subsidy, grant, etc.)	501.07	926.08	1138.35	402.84
6	Other revenue	1.75	7.19	0.54	1.73
7	**Total Revenue (3+4+5+6)**	**985.17**	**1340.58**	**1549.29**	**889.58**
8	Operating Expenditure	1776.24	1486.61	1878.44	1462.16
9	Non-operating Expenditure	0	0	0	0
10	**Total Expenditure (8+9)**	**1776.24**	**1486.61**	**1878.44**	**1462.16**
11	Operating Loss (8-3)	1366.04	1152.77	1542.28	1056.45
12	Loss for the year (10-7)	791.07	146.03	329.15	572.58
13	Accumulated Loss	9115.77	9261.80	9590.95	10163.53
14	***Fixed Costs***				
15	Employee Costs	1292.63	1134.91	1510.28	976.35
16	Depreciation	58.50	53.68	56.36	76.14
17	**Total Fixed Costs(15+16+17)**	**1351.13**	**1188.59**	**1566.64**	**1052.49**
18	***Variable Cost***				
19	Fuel & Lubricants	234.78	186.12	205.97	275.83
20	Tyres ,Tubes & Flaps	34.65	19.53	17.47	21.99
21	Spares and batteries	43.98	18.12	18.23	15.69
22	Taxes (MV Tax, Passenger Tax, etc.)	25.27	5.01	6.20	23.43
23	Other Variable Costs	86.43	69.24	63.93	72.74
24	**Total Variable Costs**	**425.11**	**298.02**	**311.80**	**409.67**
25	Effective KMs operated(in lakh)	22.23	19.78	16.21	21.16
26	Earning *per* KM (₹)(7 ÷26)	44.32	67.77	95.58	42.04
27	Fixed Cost *per* KM (₹) (18 ÷26)	60.78	60.09	96.65	49.74
28	Variable Cost *per* KM (₹)(25 ÷26)	19.12	15.07	19.24	19.36
29	Cost *per* KM (₹)(10 ÷26)	79.90	75.16	115.89	69.10
30	Net Loss *per* KM	35.58	7.38	20.31	27.06
31	Passenger revenue *per* KM (1 ÷26)	14.98	14.06	16.28	16.42
32	Percentage of personal cost to total operating cost (15+16) ÷8) 100)	73	76	80	67

* The Corporation has not finalized its accounts since 2010-11 and has not compiled even the provisional figures for 2014-15.

Appendix 4.2.3
Revenue loss on account of idling of JnNURM buses
(Reference: Paragraph 4.2.10.1)

Date of allotment	No. of buses	No. of days idle till flag off on 27.07.2011	Loss (*₹ in lakh*) (Col. B X Col. C X ₹ 1474)
A	*B*	*C*	*D*
26.10.2010	17	273	68.41
24.01.2011	5	183	13.49
07.02.2011	10	169	24.91
15.03.2011	8	133	15.68
Total	**40**	**758**	**122.49**

Appendix 4.2.4
Shortfall in net Revenue earned on the operation of JnNURM buses by private operators
(Reference: Paragraph 4.2.10.2)

(₹ in lakh)

Operator	Period of operation	Revenue to be earned by MUDA as per IRR	Net Revenue to be earned by MUDA during the period of operation as per Revenue Model	Shortfall in Net Revenue Model compared to IRR (C) – (D)	Actual Net Revenue Earned by MUDA	Shortfall in net revenue earned against IRR (C) – (F)	Shortfall in net revenue earned against Revenue Model (D) – (F)
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*
SSYWO	November 2012 to June 2013	3.57	2.75	0.82	1.09	2.48 (69.47%)	1.66 (60.36%)
PTSO	October 2012 to March 2015[17]	131.79	90.38	41.41	9.27	122.52 (92.97%)	81.11 (89.74%)
SSHG	October 2012 to March 2015	154.12	56.58	97.54	37.29	116.83 (75.80%)	19.29 (34.09%)
Total		**289.48**	**149.71**	**139.77**	**47.65**	**241.83**	**102.06**

[17] Though the Agreement was terminated in October 2014, the buses were not taken back from the private operator until May 2015.

Appendix 4.2.5
Detail of Lease Agreements
(Reference: Paragraph 4.2.11.2)

(in ₹)

Sl. No.	Name of Tenant	Date of Tenancy	Area (m^2)	MTC Rent w.e.f. April 2011	Rent at MUDA rates	Shortfall
1	Smt. Shobhi Choudhury	1.3.1989	36.38	4096.00	11743.46	7647.46
2	Smt. Krishna Chakravarty	1.10.1989	25.78	2860.00	8321.78	5461.78
3	Sri Rahul Choudhury	7.4.2003	36.38	4438.00	11743.46	7305.46
4	Sri K.B. Das	19.9.95	36.38	4036.00	11743.46	7707.46
5	Sri Aren Imsong	1.4.1989	36.38	4036.00	11743.46	7707.46
6	Sri S.R. Sen	30.6.1995	36.38	4036.00	11743.46	7707.46
7	Sri Sujit Kr. Dey	17.4.1997	23.10	2196.00	7456.68	5260.68
8	Smt. Nircy Thangkhiew	1.7.2000	23.10	2246.00	7456.68	5210.68
9	Sri P.N. Sharma	20.11.2000	10.31	3282.00	3328.07	46.07
10	Sri S.B. Baidya	1.2.2000	30.25	2608.00	9764.70	7156.70
11	Sri Jayanta Kr. Dey	8.4.1996	30.25	2580.00	9764.70	7184.70
12	Sri Bidyut Roy	28.9.1999	29.30	2743.00	9458.04	6715.04
13	Smt. A.P. Syiem	17.11.1988	28.63	2426.00	9241.76	6815.76
14	M/s Decora Steelage	17.3.2003	29.87	2784.00	9642.04	6858.04
15	Sri Manoj Sakrani	20.5.2003	29.87	3556.00	9642.04	6086.04
16	Sri Sanjoy Das Gupta	18.12.1993	30.00	3326.00	9684.00	6358.00
17	Sri M. Chakravarty	1.7.1992	29.80	3305.00	9619.44	6314.44
18	M/s Chuttu Enterprise	12.8.1992	39.57	3354.00	12773.20	9419.20
19	Sri Kaushik Dey	8.1.1996	19.38	1642.00	6255.86	4613.86
20	Sri Pradip Choudhury	16.5.2006	15.10	2392.00	4874.28	2482.28
21	Smt. Maitrayee Choudhury	28.8.1991	18.85	2987.00	6084.78	3097.78
22	Smt. Chobi Dhar	1.12.1990	18.20	2884.00	5874.96	2990.96
23	Sri S.K. Das	1.3.1997	23.00	3642.00	7424.40	3782.40
24	Smt. Papiya Dey	1.3.2000	15.10	2392.00	4874.28	2482.28
25	Dr. A.C. Kar	28.11.1997	50.41	9570.00	16272.35	6702.35
26	Sri D. Das & Associates	1.9.1987	33.55	3720.00	10829.94	7109.94
27	Smt. Sashi Jain	1.6.1995	15.40	1608.00	4971.12	3363.12
28	Lt. Col. M. Choudhury	1.8.1997	14.50	1608.00	4680.60	3072.60
29	Sri L.D. Choudhury	4.8.2003	16.92	1608.00	5461.78	3853.78
30	Sri R.J. Bhattacharjee	6.7.1995	13.50	1668.00	4357.80	2689.80
31	Hotel Swastik	3.2.1999	299.00	31745.00	96517.20	64772.20
32	Smt. Papiya Dey	2.4.2004	11.35	1799.00	3663.78	1864.78
33	NEHHDC	15.4.1988	25.20	2634.00	8134.56	5500.56
34	Tourist Information Centre	1.7.1984	22.50	947.00	7263.00	6316.00
35	MHHDC	1.5.1992	20.20	2060.00	6520.56	4460.56

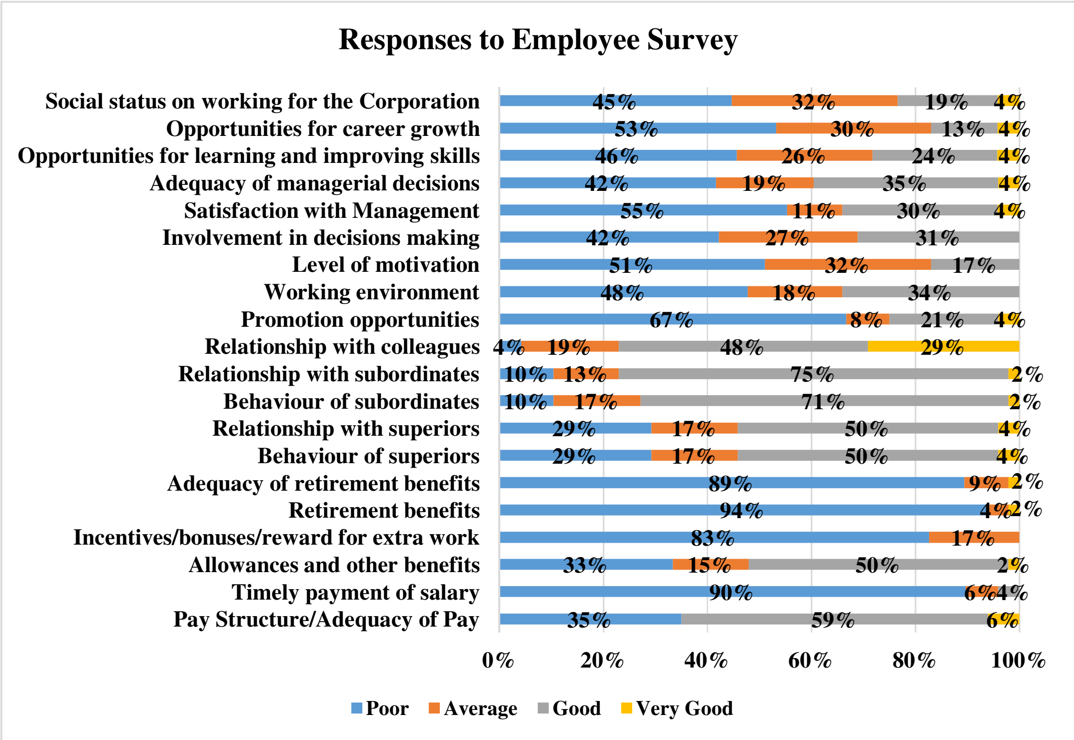
(in ₹)

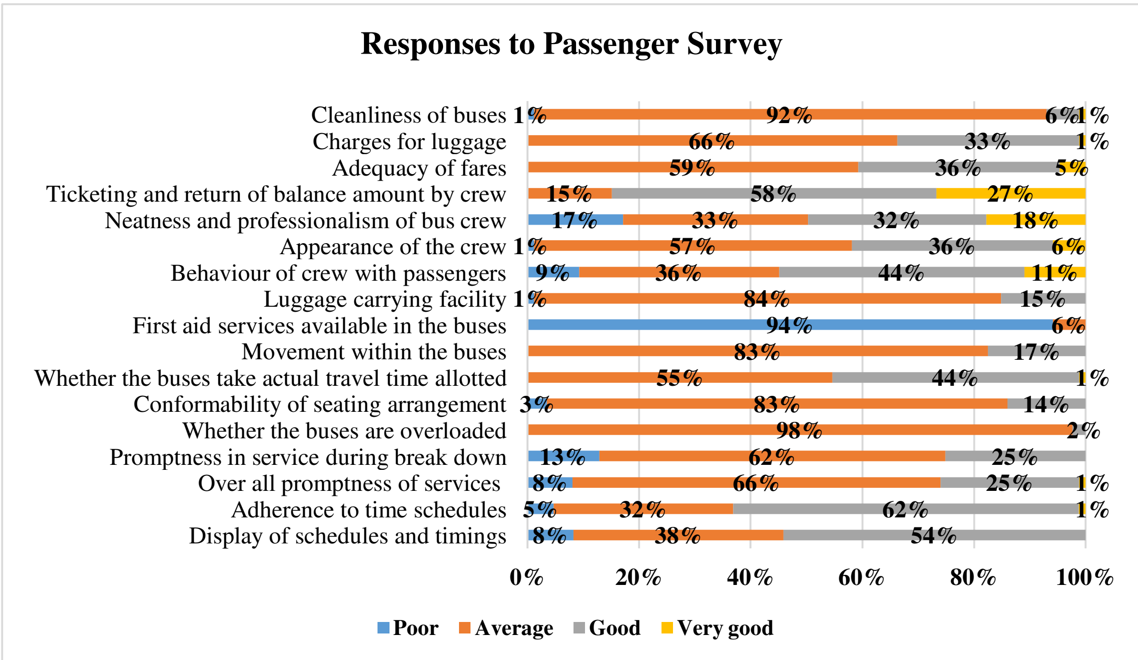
Sl. No.	Name of Tenant	Date of Tenancy	Area (m^2)	MTC Rent w.e.f. April 2011	Rent at MUDA rates	Shortfall
36	Smt. Kalsang Chodon	29.9.1988	31.75	2515.00	10248.90	7733.90
37	Smt. S.M. Sootinek	23.2.1989	21.81	1728.00	7040.27	5312.27
38	Smt. P. Kharmawlong	9.10.1991	22.50	1783.00	7263.00	5480.00
39	Smt. B. Marbaniang	1.1.1992	22.50	1783.00	7263.00	5480.00
40	Sri Ashok Sharma & Vikash Sharma	24.7.2009	241.00	21343.00	77794.80	56451.80
41	Sri Subir Sarkar	13.6.2001	5.40	634.00	1743.12	1109.12
42	Smt. Moushumi Chanda	4.8.2004	5.80	919.00	1872.24	953.24
43	Sri Sunil Jain	16.1.1992	6.95	1102.00	2243.46	1141.46
44	Hotel Suruchi	23.3.2004	29.70	7872.00	9587.16	1715.16
45	Sri Malcolm War	22.2.1993	23.86	3780.00	7702.01	3922.01
46	Smt. Mary Kharkongor	27.2.1992	6.30	998.00	2033.64	1035.64
47	Sri Rajesh Sharma	1.3.1994	1.66	238.00	535.85	297.85
48	Smt. W. Kharbuli	12.3.1997	2.00	286.00	645.60	359.60
49	Sri Pankaj Kr. Das	1.8.1992	10.49	1662.00	3386.17	1724.17
50	Sri Malti Singh	19.9.1997	4.07	452.00	1313.80	861.80
51	Sri Sameer Paul	3.9.1999	2.56	720.00	826.37	106.37
52	Sri B. Marbaniang	30.8.1997	7.00	1109.00	2259.60	1150.60
53	Smt. J. Sohtun	7.7.2000	2.72	1152.00	878.02	-273.98
54	Sri Rajeev Mehra	26.3.2004	10.31	2246.00	3328.07	1082.07
55	Sri Kajol Paul	1.6.1989	11.40	1584.00	3679.92	2095.92
56	Smt. E. Nongrum	1.1.1989	5.55	882.00	1791.54	909.54
57	Sri Shiv Kumar	1.1.1986	7.27	1152.00	2346.76	1194.76
58	Smt. B. Wahlang	29.1.1993	16.00	302.00	5164.80	4862.80
59	Smt. J. Chanda	1.4.1999	5.80	2160.00	1872.24	-287.76
60	Sri Satich Ch. Das	1.1.2001	15.38	1385.00	4964.66	3579.66
61	Smt. Geeta Damai	7.5.2003	16.06	1927.00	5184.17	3257.17
62	Sri K.C. Marak	3.8.2001	464.56	18720.00	149959.97	131239.97
63	Sri B.L. Marbaniang	1.1.1999	58.90	7776.00	19012.92	11236.92
64	Meghalaya Rural Bank (2nd Floor)	23.9.2009	549.00	125250.00	177217.20	144288.00
	Meghalaya Rural Bank (3rd Floor)	24.3.2010	286.00		92320.80	
65	Hotel Elgin (3rd Floor)	1.5.2001	396.00	53990.00	127828.80	269778.40
	Hotel Elgin (Terrace)		607.00		195939.60	
66	Dr. Debabrata Bordoloi	1.7.2006	15.10	398.00	4874.28	4476.28
67	Sri D. Das (Addis Event)		151.00	16110.00	48742.80	32632.80
Grand Total			**4237.29**	**417272.00**	**1367797.21**	**951025.21**

Monthly Shortfall in Rent, ₹ 9,51,025.21 X 53 Months = ₹ 5,04,04,336.24

Appendix 4.2.6

Responses recorded during Employee and Passenger Surveys
(Reference: Paragraph 4.2.13.4)





Appendix 4.6.1

Statement showing the details of tax collected & deposited
(Reference: Paragraph 4.6)

(₹in lakh)

Sl No.	Name of the Hotel	Details of Tax	Opening Balance as on 01.04.2009	Amount collected during the period 2009-10 to 2014-15	Total to be deposited	Amount deposited during the period 2009-10 to 2014-15	Balance to be deposited as on 31.03.2015
1.	Pinewood Hotel, Shillong	VAT	60.15	188.68	248.83	59.90	188.93
2.		Luxury Tax	266.15	301.6	567.75	131.71	436.04
Total			**326.3**	**490.28**	**816.58**	**191.61**	**624.97**
3.	Orchid Hotel, Shillong	VAT	0.77	18.64	19.41	13.12	6.29
4.		Luxury Tax	9.23	49.20	58.43	10.91	47.52
Total			**10.00**	**67.84**	**77.84**	**24.03**	**53.81**
5.	Orchid Lake Resort, Barapani	VAT	3.55	43.27	46.82	14.27	32.55
6.		Luxury Tax	9.80	77.31	87.11	21.62	65.49
Total			**13.35**	**120.58**	**133.93**	**35.89**	**98.04**
Grand Total			**349.65**	**678.70**	**1028.35**	**251.53**	**776.82**