सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
on
Social and Economic Sectors

for the year ended 31 March 2020

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

GOVERNMENT OF MEGHALAYA

Report No. 3 of 2022

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Comptroller and Auditor General of India
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TABLE OF CONTENTS

PARAGRAPH	PARTICULARS	PAGE(S)
	Preface	v
	Overview	vii
	CHAPTER I – SOCIAL SECTOR	
1.1	Introduction	1
1.2	Implementation of Chief Minister's Social Assistance Scheme in Meghalaya *(Social Welfare Department)*	2
1.3	Excess expenditure *(Public Health Engineering Department)*	15
	CHAPTER II – ECONOMIC SECTOR	
2.1	Introduction	19
2.2	Direct Benefit Transfer in Meghalaya *(Community and Rural Development Department)*	20
2.3	Development and Promotion of Horticulture in the State of Meghalaya *(Agriculture & Farmer's Welfare Department)*	42
2.4	Idle expenditure *(Agriculture & Farmer's Welfare Department)*	85
2.5	Undue financial benefit to contractors *(Public Works Department)*	88
2.6	Injudicious expenditure *(Public Works Department)*	89
	CHAPTER III – ECONOMIC SECTOR (PUBLIC SECTOR ENTERPRISES)	
3.1	Functioning of Public Sector Enterprises	93
3.2	Irregular payment of additional retirement benefits *(Commerce & Industries Department)*	107
3.3	Undue dependency of MMDC on the Grants-in-aid of the State Government for its existence *(Mining & Geology Department)*	110
3.4	Infructuous expenditure *(Mining & Geology Department)*	112
3.5	Avoidable expenditure *(Transport Department)*	114

CHAPTER IV – FOLLOW UP OF AUDIT OBSERVATIONS		
4.1	Response of Departments to audit findings	117
4.2	Response of the Government to audit observations	118
4.3	Response of Government to audit paragraphs that featured in earlier reports	119
4.4	Discussion of Audit Reports by PAC/COPU	120
4.5	Response of the departments to the recommendations of the PAC/COPU	120

APPENDICES

		Page(s)
Appendix – 1.2.1	Double payment to the beneficiaries in Mylliem Block	123
Appendix – 1.3.1	Statement showing excess payment on 'Extra carriage charges of sand and stones' due to non-procurement of the materials from the nearest/nearer quarries.	124
Appendix – 2.2.1	List of Duplicate beneficiaries receiving double pension in same Bank account number against different Registration numbers.	125
Appendix – 2.2.2	List of different beneficiaries receiving pension in same Bank Account numbers	128
Appendix – 2.5.1	Statement showing Short-recovery of Forest Royalty (FR)	129
Appendix – 3.1.1	Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2020	132
Appendix – 3.1.2	Statement showing Rate of Real Return on Government Investment	135
Appendix – 3.2.1	Statement showing details of irregular excess payments made by MIDC to its employees on superannuation.	136
Appendix – 3.3.1	Statement of JVs/Lease/MOU entered by the MMDC and their Status	137
Appendix – 3.4.1	List of various Reports (Schemes and Guidelines) submitted by GMS to MMDC	138
Appendix – 3.5.1	Details of Interest and Damages levied by the EPFO	139
Appendix – 4.1.1	Department-wise break-up of Outstanding IRs and Paras	140

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 and Economic Sectors including Public Health Engineering, Agriculture and Farmers' Welfare, Mining and Geology, Commerce and Industries, Public Works and Transport Departments. Audit observations on Revenue Sector of the Government of Meghalaya are covered in a separate 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 2019-20, 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 2019-20 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.

Overview

OVERVIEW

This Audit Report has been prepared in four Chapters. Chapters I to III deal with Social Sector, Economic Sector and Economic Sector (State Public Sector Enterprises) respectively. Chapter IV deals with follow up of Audit Reports.

This Report contains eight Compliance Audit paragraphs including a Subject Specific Compliance Audit paragraph on implementation of the **Chief Minister's Social Assistance Scheme** and two Performance Audit *viz* (i) **Development and Promotion of Horticulture in the State of Meghalaya** and (ii) **Direct Benefit Transfer in Meghalaya**. The findings are based on the audit of certain selected programmes and activities of the Government departments and Public Sector Enterprises.

According to the existing arrangements, draft audit findings are sent by the Accountant General (Audit) to the concerned Secretaries of the State Government with a request to furnish replies within six weeks. In respect of five compliance 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

Compliance Audit Paragraph

Social Welfare Department

The Chief Minister's Social Assistance Scheme (CMSAS) was launched in Meghalaya after enactment of the Chief Minister's Scheme for Social Assistance to the Infirm, Widows and the Disabled Rules, 2012. The aim of the scheme is to provide social security by giving financial assistance in the form of pension to Infirm, Single Mothers and Persons with Disabilities (PwD), belonging to poor and marginalised sections of the society, having an income not exceeding ₹ 36000/-per annum.

Audit on implementation of CMSAS covering the period from 2017-18 to 2020-21 (upto July 2020) was conducted during April 2021, to assess whether the scheme implementation was consistent with scheme guidelines and intended objectives are achieved. For the purpose of this audit, three districts (out of eleven) were selected and from the three selected districts, eight CDPO blocks were selected.

Implementation of CMSAS in the three selected districts has been found deficient in many respects. There was undue delay in payment of pension/assistance since there was delay in release of funds by the Directorate of Social Welfare and CDPOs. Payments to the beneficiaries were made through bearer cheque, a system fraught with risk of payments not reaching the enlisted beneficiary. Audit also noticed deficiencies in record maintenance, including maintenance of beneficiary data which resulted in double payments and irregular payments to beneficiaries already availing benefits under other Schemes. In the overall analysis, audit concluded that the implementation of CMSAS was fraught with these deficiencies, in a big measure, due to non-implementation of the Scheme in DBT mode, which would have helped in streamlining the procedure of identification/registration of beneficiaries, processing of payments to the intended beneficiaries and minimising the intermediary levels in transfer of funds.

(Paragraph 1.2)

Public Health Engineering Department

In implementing the projects under Greater Shillong Water Supply Project, Public Health Engineering Department prepared Detailed Project Reports without ascertaining the actual distance of stone and sand quarries and resulting in excess payment of ₹ 1.71 crore on account of lump sum price being paid for carriage of stone chips and sand, instead of actual distance based carriage.

(Paragraph 1.3)

ECONOMIC SECTOR

Performance Audit

(A) Performance Audit on 'Direct Benefit Transfer in Meghalaya'.

The Performance Audit was taken up to assess whether (i) the infrastructure, organisation and management of DBT Cell was adequate and effective, and whether necessary process of re-engineering was done for implementation of DBT so as to minimise a) intermediary levels b) delay in payments to intended beneficiaries and c) pilferage and duplication.

The Performance Audit brought out that despite the State DBT Cell being constituted in May 2016, is yet to formulate any mechanism/guidelines/norms to identify/classify a scheme to be a DBT eligible scheme and is also yet to develop any Web based IT applications or application of Information and Communication Technology (ICT) for any Scheme to facilitate the scheme to DBT compliant. The State DBT Portal launched on 4 August 2017 on the URL http://megdbt.gov.in/ onboarded 79 schemes (February 2022) implemented through 15 Departments. However, the State DBT Cell is yet to develop any module to validate the information/data entered in the Portal by the implementing department/agency. Besides, the State DBT Cell had not provided any technical support to the DBT schemes implementing departments/agencies in the State.

The Performance Audit also brought out instances of double payment of pension benefits, payment of pension benefits to deceased beneficiaries, delay in release of pension money at various levels, which thereby led to delayed payment of monthly pension to the IGNOAPS beneficiaries, a test-checked scheme. In respect of another test-checked scheme *viz* Pradhan Mantri Awaas Yojana-Grameen (PMAY-G), various deficiencies such as selection of beneficiaries and allotment of houses not being made as per the priority list, absent of trigger in the AwaasSoft to detect the anomalies and raise red flags, delays in completion of houses, *etc*., were observed.

(Paragraph 2.2)

(B) Performance Audit on 'Development and Promotion of Horticulture in the State of Meghalaya'.

The Performance Audit was taken up to analyse the effectiveness of planning process, efficient provision, and effective utilisation of funds for the overall Development and Promotion of Horticulture in the State and to assess whether these had resulted in increased acreage of horticultural crops and diversification of horticultural production.

The Performance Audit brought out that Perspective Plan, though prepared, was neither submitted to the GoI nor formed the basis of preparation of the Annual Action Plans during 2015-16 to 2019-20. Base-line survey to determine status of horticultural production, potential and demand was also not conducted. In the absence of any baseline survey, there was no way to benchmark the targets and timelines.

The overall Financial Management of funds allocated to the Directorate under the HMNEH and under various State schemes was highly deficient. During the period from 2015-16 to 2019-20, the Directorate could utilise only ₹ 83.32 crore (35 *per cent*) out of total availability of ₹ 237.63 crore. The unspent balance ranged from 46 to 88 *per cent* and as on 31 March 2020, an amount of ₹ 37.90 crore was lying as unspent balance. Fund received from the GoI were retained at various levels and to reach the Implementing Agency, it took an average of 83 to 267 days. The delay in release of funds to the Implementing Agency by the State Government and Directorate had resulted to short release of GoI's share amounting to ₹ 120.69 crore. Delay in submission of UCs against the funds received under SPA, had also resulted in non-release of ₹ 13.50 crore of GoI share.

The Area, production and productivity remained the same at about 1.10 lakh ha, 8 lakh MT and 0.31 lakh Kg/ha respectively inspite of implementation of HMNEH and State Schemes during the period 2015-20. Due to non-establishment of Nurseries as per approved AAP, the targeted production could not be achieved. There was a high likelihood that there was over reporting and under reporting of achievements, as the progress reports under HMNEH and HAPIS data were not congruent, besides the fact that the data available with the Directorate could not be relied upon. The PA also brings out instances of Planting Material being supplied much beyond the planting season, thus rendering the whole exercise redundant. Planting Materials were procured from unaccredited Nurseries (private suppliers) in violation of the scheme Guidelines, despite availability of 10 Accredited Nurseries in the State. The State is yet to set up Seed Certifying Agency. Thus, the quality of Planting Material procured from private suppliers could not be ensured. Planting Material was purchased from Private suppliers at a higher rate compared to that of Government farms, which led to excess expenditure of ₹ 21.49 lakh.

Joint Physical Verification of 41 Poly houses under HMNEH and 24 Polyhouses under VDS and FDS revealed that 10 (24 *per* cent) and 7 (*per cent*) Polyhouses respectively were found not utilised for cultivation purpose due to various reasons like having been abandoned by the farmer, damaged/in bad condition due to lack of maintenance or by storm, *etc.* Further, all the 65 beneficiaries surveyed during the JPV stated the problems in procurement of inputs (planting material, fertilizers, pesticides, *etc.*), lack of knowledge about appropriate varieties, inadequate disease-free planting material and lack of availability of authentic variety of the planting material. It was also observed that the utilisation of Pack houses were for other purposes and not for storage of horticulture crops. Out of the 23 Pack houses (valued ₹ 46 lakh) taken up for Physical verification, 18 Pack houses (78 *per cent*) costing to ₹ 36 lakh, were utilised for other purposes like storage of construction material, kitchen, tea stall, *etc.,* and not for storage of horticulture crops for which they were constructed. All the 23 beneficiaries present during the JPV attributed this to non-availability of adequate/ sufficient raw material/ finished products for storage throughout the year.

(Paragraph 2.3)

Compliance Audit Paragraphs

Agriculture & Farmers' Welfare Department

Idle expenditure of ₹ 22.24 crore on creation of Integrated Farmers' Market Complex at Ampati, South West Garo Hills under Special Plan Assistance (SPA) due to failure of Director of Horticulture and Garo Hills Autonomous District Council to make the market functional even after 47 months since its completion**.**

(Paragraph 2.4)

Public Works Department

Recovery of forest royalty on stone and sand at a lesser rate by DPIU/PIU implementing the PMGSY schemes resulted in undue financial benefit of ₹ 1.14 crores to eight contractors.

(Paragraph 2.5)

Construction of 60m BUG bridge and 15m RCC bridge without approach roads in a road from Haldibari to Rochonpara road resulted in injudicious expenditure of ₹ 4.29 crore.

(Paragraph 2.6)

ECONOMIC SECTOR (PUBLIC SECTOR ENTERPRISES)

Functioning of State Public Sector Enterprises

As on 31 March 2020, the State of Meghalaya had 18 SPSEs (17 working and one non-working), which included 16 Government companies and two Statutory Corporations. As on 31 March 2020, the investment of the State Government (capital and long-term loans) in 18 SPSEs was 2,874.44 crore consisting of 92.84 *per cent* (₹ 2668.50 crore) towards capital and 7.16 *per cent* (₹ 205.94 crore) towards long-term loans. The combined investment of State and Other Stakeholders as on 31 March 2020 in SPSEs under various important sectors stood at ₹ 6766.54 crore. The investment was highest in the Power Sector SPSEs (₹ 6,287.60 crore) followed by Manufacturing Sector SPSEs (₹ 199.83 crore).

(Paragraphs 3.1.1 & 3.1.2)

As per the information furnished by the SPSEs, during 2019-20 the State Government has provided budgetary support of ₹ 263.53 crore in the form of capital (₹ 135.53 crore), long-term loans (₹ 2.70 crore) and grants/subsidy (₹ 125.30 crore).

(Paragraph 3.1.3)

As per the information available as on 30 September 2020, 17 working SPSEs had arrears of total 29 accounts ranging from one to four years. The highest arrears of four accounts related to Meghalaya Transport Corporation and Forest Development Corporation of Meghalaya Limited.

(Paragraph 3.1.5)

Compliance Audit Paragraphs

Meghalaya Industrial Development Corporation Limited

Payment of Additional Retirement Benefit and encashment of Commuted Leave on superannuation in addition to the Retirement Gratuity and Encashment of Earned Leave during 2015-16 to 2019-20 resulted in irregular expenditure of ₹ 3.52 crore.

(Paragraph 3.2)

Meghalaya Mineral Development Corporation Limited

MMDC has not earned any revenue from operations after it stopped its commercial activities in 2012-13. However, the Mining and Geology Department continued to provide Grant-in-aid (GIA) to MMDC for its existence.

(Paragraph 3.3)

Failure of the MMDC/State Government to take action on the Reports prepared by the consultant resulted in infructuous expenditure of ₹ 3.50 crore and creating additional liability of ₹ 0.35 crore incurred towards engagement of the consultancy firm.

(Paragraph 3.4)

Meghalaya Transport Corporation

Delays in remittance of Employees Provident Fund contribution to the Employees Provident Fund Organisation resulted in avoidable expenditure of ₹ 2.55 crore towards payment of interest and damages.

(Paragraph 3.5)

Follow up of Audit observations

Analysis of the position of outstanding paragraphs showed that 3,318 paragraphs relating to the period from 1988-89 to March 2020 were outstanding of which, 1,631 paragraphs were more than four years old.

(Paragraph 4.1)

As of June 2021, the departments concerned did not submit *suo motu* explanatory notes in respect of eight Performance Audits and 25 Compliance Audit Paragraphs out of 23 Performance Audits and 98 Compliance Audit Paragraphs awaiting discussion by Public Accounts Committee relating to Audit Reports from the years 2010-11 to 2018-19.

(Paragraph 4.3)

Review of 17 Reports of the PAC involving 15 Departments presented to the Legislature between April 1995 and March 2020, revealed that none of these Departments had submitted the ATNs to the PAC as of March 2020. Similarly, review of six Reports of COPU involving four Departments, *viz* Transport, Commerce & Industries, Tourism and Power presented to the Legislature between April 2008 and March 2020 revealed that out of 18 ATNs received, seven had been sent to the Assembly Secretariat as of March 2020.

(Paragraph 4.5)

CHAPTER-I

SOCIAL SECTOR

CHAPTER I – SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2020 deals with the findings on audit of the State Government's auditable entities under Social Sector.

Table 1.1.1 provides the net budget provision and expenditure of major State Government departments under Social Sector during the year 2019-20:

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	2774.18	2010.39
2.	Health & Family Welfare	1148.91	866.29
3.	Public Health Engineering	609.99	484.50
4.	Urban Development	288.99	92.23
5.	Social Welfare	1626.11	1581.41
6.	Labour	136.78	36.94
7.	Housing	25.19	19.69
8.	Information and Publicity	23.30	13.42
9.	Secretariat Social Services	2.91	1.09
	Total	**6636.36**	**5105.96**

Source: Appropriation Accounts 2019-20.

1.1.1 Planning and conduct of Audit

Audit process starts with risk assessment of various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. During 2019-20, we conducted Audits involving expenditure of ₹ 1471.72 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Social Sector. The chapter contains two Compliance Audit paragraphs, as discussed in the succeeding paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

SOCIAL WELFARE DEPARTMENT

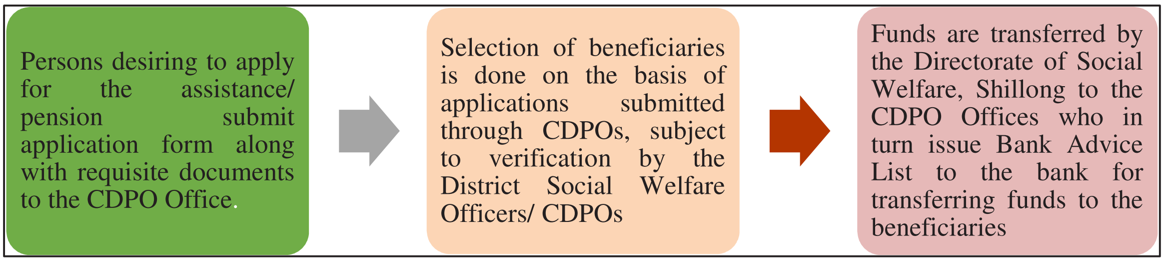
1.2 Implementation of Chief Minister's Social Assistance Scheme in Meghalaya

1.2.1 Introduction

The Chief Minister's Social Assistance Scheme (CMSAS) was launched in Meghalaya after enactment of the Chief Minister's Scheme for Social Assistance to the Infirm, Widows and the Disabled Rules, 2012. These Rules were amended in December 2015 and renamed as the Chief Minister's Scheme for Social Assistance to Infirm, Single Mothers and Persons with Disabilities (Amendment) Rules, 2015. The aim of the scheme is to provide social security by giving financial assistance in the form of pension to Infirm, Single Mothers and Persons with Disabilities (PwD), belonging to poor and marginalised sections of the society, having an income not exceeding ₹ 36000/-per annum. The pension/assistance payable to each person (Infirm/Widows/PwD) has been fixed at ₹ 500/- per month. The scheme is implemented by the Social Welfare Department, Government of Meghalaya with the assistance of the Child Development and Project Officers (CDPOs) at the block levels.

The process of operation of the CMSAS is shown below:

Chart 1.2.1



Audit on implementation of CMSAS covering the period from 2017-18 to 2020-21 (upto July 2020) was conducted during April 2021, to assess whether the scheme implementation was consistent with scheme guidelines and intended objectives are achieved. For the purpose of this audit, three[1] districts (out of eleven) were selected using Probability Proportionate to Size (PPS) with volume of expenditure determining the size and from the three selected districts, eight[2] CDPO blocks were selected using Simple Random Sampling Without Replacement (SRSWOR) method.

[1] Ri-Bhoi, East Khasi Hills and West Jaintia Hills.
[2] Umsning, Umling, Mawrynkneng, Mylliem, Shillong Urban, Pynursla, Khadarshnong Laitkroh and Thadlaskein.

1.2.2 Physical and Financial coverage of the Scheme

1.2.2.1 Physical coverage: As on 31.07.2020, there were 1,10,187 beneficiaries under the CMSAS. The sub-scheme wise position of beneficiaries during the period from April 2017 to July 2020 is given in the table below:

Table 1.2.1: Coverage of beneficiaries during 2017-21

Particulars	No. of beneficiaries covered				
	Existing as on 1.4.2017	New addition during 2017-21	Total	Deletion during 2017-21	No. of beneficiaries as on 31.07.2020
Single Mother	30284	4147	34431	158	34273
Infirm	53573	9136	62709	-	62709
Disabled	11695	1510	13205	-	13205
Total	**95552**	**14793**	**110345**	**158**	**110187**

Source: Data furnished by the Directorate of Social Welfare, Shillong.

1.2.2.2 Budget allotment and Expenditure: The budget allotment and expenditure of CMSAS during April 2017 to July 2020 is given in the table below:

Table 1.2.2: Budget allotment and Expenditure during 2017-21

(₹ in crore)

Year	Budget allotment				Actual expenditure			
	Single Mother	Infirm	PwD	Total	Single Mother	Infirm	PwD	Total
2017-18	18.17	32.14	7.02	57.33	18.05	32.00	6.95	57.00
2018-19	18.17	32.14	7.32	57.63	18.07	31.91	7.05	57.03
2019-20	18.17	32.14	7.32	57.63	19.34	34.97	7.66	61.97
2020-21 (July 20)	6.85	12.54	2.64	22.03	6.86	12.54	2.64	22.04
Total	**61.36**	**108.96**	**24.30**	**194.62**	**62.32**	**111.42**	**24.30**	**198.04**[3]

Source: Information furnished by the Director, Social Welfare Department, GoM.

Of the total budget allocation of ₹ 194.62 crore over the period of April 2017 to July 2020, the GoM spent ₹ 62.32 crore (32 *per cent*) on single mothers' assistance, ₹ 111.42 crore (57 *per cent*) for the assistance of infirm and ₹ 24.30 crore (12 *per cent*) on the assistance of PwDs.

1.2.3 Audit Findings

The audit findings are discussed in the succeeding paragraphs:

1.2.3.1 Undue delay in release of funds

As per the CMSAS Guidelines, funds will be placed at the disposal of the CDPOs of all 41 ICDS Projects in the State, which will be deposited in the Nationalised Bank available at the Block level. Payment of pension/assistance will be made on a quarterly basis. Monthly disbursement may also be made if so desired.

Contrary to the Guidelines, Audit observed that the financial assistance/pension to the beneficiaries under CMSAS was released for five to nine months at a time and there

[3] Due to increase in number of beneficiaries during the year 2019-20, actual expenditure exceeded the budget allotment.

were undue delays in release of funds by the Directorate of Social Welfare to the CDPO Offices ranging between two to 16 months as detailed below:

Table 1.2.3: Delay in release of funds by the Directorate

Sl. No.	Period for which Fund was Sanctioned	Date of RTGS by the Directorate	Number of months for which pension/ assistance released at a time	Delay in release calculated from last quarter (months)
1.	April 2017 to October 2017	02-11-18	7	10 to 16
2.	November 2017 to March 2018	20-12-18	5	9 to 12
3.	April 2018 to December 2018	20-12-18	9	6
4.	April 2018 to October 2018	27-05-19	7	5 to 11
5.	November 2018 to March 2019	31-05-19	5	2 to 5

Source: Sanctions orders issued by the Directorate of Social Welfare.

Further, the CDPOs on their part further delayed payment of pension/financial assistance to the beneficiaries ranging between 10 and 1078 days as detailed below:

Table 1.2.4: Delay in release of funds by the CDPOs

Sl. No.	Name of the selected District	Name of the selected CDPOs	Delay in release of funds to the beneficiaries (days)	
			Single Mothers & Infirm	PwDs
1.	East Khasi Hills	Shillong Urban	14 to 200	14 to 206
		Mylliem	22 to 473	12 to 120
		Khadarshnong Laitkroh	113 to 256	60 to 164
		Pynursla	64 to 90	38 to 232
		Mawryngkneng	Records not available	Records not available
2.	Ribhoi	Umsning	15 to 432	10 to 451
		Umling	14 to 1078	14 to 433
3.	West Jaintia Hills	Thadlaskein	Records not available	Records not available

Source: Sanctions orders issued by the Directorate of Social Welfare and Advice List sent to Banks.

Thus, delay in release of funds at the Directorate and at CDPOs level resulted in delay in the monthly pension/assistance reaching the beneficiaries' account.

The Director of Social Welfare stated (February 2022) that release of funds to the CDPOs depends on the timely sanction of funds. During 2017-18, no sanction was received for pension and sanction for 2017-18 and 2018-19 was received from the State Government only in 2018-19, hence the delay. The Director further stated that steps have been taken to release the fund regularly and payment of pension should be made on the first week of every month.

Recommendations:

1. ***The Government should release funds to the Department on time so that pension/assistance is available to the beneficiaries as per the time schedule prescribed under CMSAS guidelines.***

2. ***The CMSA scheme should be brought under direct benefit transfer (DBT) mode thereby eliminating the requirement of intermediary level of district and block officers.***

1.2.3.2 Payment of CMSAS benefits to the tune of ₹ 74.22 lakh to the beneficiaries by bearer cheques

As per CMSAS Guidelines, beneficiaries applying for pension/ assistance under CMSAS were mandatorily required to submit their bank account details for transfer of funds to their respective bank accounts.

Scrutiny of records of the selected 8 CDPOs out of 41 revealed that during the period April 2017 to July 2020 covered under audit, the CDPO, Mawryngkneng Block had issued 1907 bearer cheques amounting to ₹ 74.22 lakh for payment of pensions/assistances to beneficiaries under the CMSAS as detailed below:

Table 1.2.5: Payment by bearer cheques

Year	No. of bearer cheques issued to the beneficiaries	Amount (₹)
2017-18	160	7,42,000
2018-19	1616	61,43,500
2019-20	85	3,85,500
2020-21 (up to July 2020)	46	1,50,500
Total	**1907**	**74,21,500**

Source: Bank Statement, Cash Book and Bank Passbook.

The CDPO, Mawryngkneng Block stated (July 2021) in its reply that during the time of implementation of CMSAS under Mawryngkneng Block, most of the beneficiaries under Infirm, Widow and Disabled categories were yet to open bank account in the public sector bank / post office. This resulted in issue of bearer cheque to the tune of ₹ 74.22 lakh to be withdrawn in cash by 1907 beneficiaries. The reply further stated that direct account transfer system was implemented from the year 2017-18 onwards.

Reply of the CDPO, Mawryngkneng indicates that opening of bank account or post office account as prescribed in the guidelines was not made mandatory to the beneficiaries applying for receiving the intended pension/assistance under CMSAS. The CDPO also failed to produce actual payee receipt (APR) to prove the actual payment to the beneficiaries. Further, payment of financial assistance/pension to the beneficiaries in the form of bearer cheque system continued till the time of audit despite Jan Dhan Scheme being implemented in the State, where a basic savings bank deposit (BSBD) account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet, by persons not having any other account.

The Director of Social Welfare also stated (February 2022) that the seriousness of the lapses being pointed out by Audit has been noted and assured to issue instructions to all CDPOs to streamline the system for effective implementation of the scheme.

Recommendation:

1. ***Awareness drive regarding opening of bank accounts under Jan Dhan Scheme should be taken up so that financial assistance to the beneficiaries may be extended by way of bank transfer.***

1.2.3.3 Deficiency in record maintenance, inefficient fund management and poor implementation of the CMSAS resulted in blockage of funds to the tune of ₹ 4.90 crore

Audit observed that the CDPO of Thadlaskein block did not have proper records management system for efficient utilisation and implementation of CMSAS during the period of audit. The Office of the CDPO, Thadlaskein Block did not maintain a cash book for the CMSAS till the date of audit (April 2021). Further, the CDPO could not produce the bank advice lists issued for disbursement of financial assistance/pension during the period of audit. Though all the transactions of the Scheme were effected through banks, in the absence of cash book and bank advice lists, Audit could not vouchsafe the disbursement of funds to the beneficiaries by the CDPO Office in accordance with the funds released from the Directorate in terms of period and number of beneficiaries.

The Office of the CDPO, Thadlaskein Block has been maintaining two bank accounts i.e. a savings account as well as a current account for the implementation of the CMSAS. Though the Directorate intimated (August 2020) regarding change of primary account for CMSAS from savings to current account, both the accounts are still in operation having huge cash balances till the date of audit.

The CDPO, Thadlaskein while accepting the audit observation stated (July 2021) that proper cash book shall henceforth be maintained to record all transactions as per disbursement of funds to the beneficiaries. Regarding non-production of the bank advice list, it was stated that the audit observation was noted and the same would be rectified. It was further assured that the deficiency in record maintenance, inefficient fund management and poor implementation of the CMSAS would not happen again.

Further scrutiny of the sanction orders issued by the Directorate of Social Welfare and bank statements of CDPOs, Thadlaskein and Mawryngkneng revealed that the funds received from the Directorate of Social welfare were not disbursed fully resulting in blockage of funds of ₹ 2.84 crore and ₹ 2.06 crore respectively by the two blocks (as on 31 July 2020) as detailed in tables below:

Table 1.2.6: Funds position of Thadlaskein CDPO (₹ in lakh)

Year	Opening Balance	Receipts	Total	Total funds released to Beneficiaries (%)	Closing Balance
2017-18	37.55	185.13	**222.68**	180.44 (81)	42.24
2018-19	42.24	539.72	**581.96**	313.44 (54)	268.52
2019-20	268.52	210.79	**479.31**	222.45 (46)	256.86
2020-21 (up to July 2020)	256.86	48.83	**305.69**	22.02 (07)	283.67
Total	**605.17**	**984.47**	**1589.64**	**738.35 (46)**	

Source: Bank Statement of the CDPO, Thadlaskein Block.

Table 1.2.7: Funds position of Mawryngkneng CDPO (₹ in lakh)

Year	Opening Balance	Receipts	Total	Total funds released to Beneficiaries (%)	Closing Balance
2017-18	9.45	86.21	**95.66**	84.10 (88)	11.56
2018-19	11.56	207.18	**218.74**	64.65 (30)	154.09
2019-20	154.09	116.68	**270.77**	49.10 (18)	221.67
2020-21(upto July 2020)	221.67	37.04	**258.71**	52.46 (20)	206.25
Total	**396.77**	**447.11**	**843.88**	**250.31 (30)**	

Source: Cash book of CDPO, Mawryngkneng Block.

It is seen from **Tables 1.2.6 & 1.2.7** above that the CDPOs Thadlaskein and Mawryngkneng could not fully utilise the available funds. During the period from April 2017 to July 2020, the CDPO Thadlaskein had utilised ₹ 7.38 crore (46 *per cent*) out of the total available fund of ₹ 15.89 crore, while the CDPO Mawryngkneng utilised ₹ 2.50 crore (30 *per* cent) out of ₹ 8.44 crore. Failure to fully utilised the available funds by both the CDPOs had led to persistent savings during the period under review, and thereby resulted in blockade of funds amounting to ₹ 4.90[4] crore as of July 2020.

Audit observed that among the factors leading to the accumulation of unspent balances, a key factor was lack of efforts by the CDPO Blocks in identification, rectification and regular updation of the details of the beneficiaries whose intended benefits were not transferred on account of defects or closure of the bank accounts. Further, in the absence of bank advice lists showing release of funds to the beneficiaries, Audit could not vouchsafe whether funds were actually released to the beneficiaries fully in accordance with the sanctions received from the Directorate of Social Welfare. As such, possibility of non-release of funds to eligible beneficiaries for certain periods cannot be ruled out.

The CDPO, Thadlaskein while accepting the audit observation stated (July 2021) that the:

i. Office would maintain a proper cash book of all transactions as per disbursement of funds to the beneficiaries in accordance to funds released by the Directorate.

ii. Directorate office has been intimated regarding change of the primary account for CMSAS from saving to current account vide letter no. ICDS/T/CMSAS/ISMD/2/2012/261-263 dt. 26.08.2020 and the CDPO Thadlaskein currently functioned only from the current account.

iii. Audit observation on non-production of the bank advice list was noted and the same would be rectified.

iv. Deficiency in record maintenance, inefficient fund management and poor implementation of the CMSAS would not happen again.

The CDPO, Mawryngkneng while accepting the audit observation stated (July 2021) in her reply that absence of sincere effort by the dealing assistant for identification,

4 CDPO Thadlaskein: ₹ 2.84 crore + CDPO Mawryngkneng: ₹ 2.06 crore.

rectification and regular up-dation of the details of the beneficiaries coupled with inoperative bank accounts resulted in blockade of funds.

The Director of Social Welfare also stated (February 2022) that the CDPO, Mawryngkneng has been instructed to immediately verify all the genuine beneficiaries and start making the payments. He further added that the Department has seriously viewed the matter and necessary steps will be taken to ensure that the scheme is implemented effectively for the benefit of beneficiaries.

Recommendation:

1. ***Records in the form of cash book, bank advice lists and statement of failed transactions should be mandatorily maintained by the CDPOs for ensuring appropriate financial control over CMSAS fund.***

1.2.3.4 Payment of ₹ 49.20 lakh due to duplication of beneficiaries

As per the CMSAS Guidelines, there shall be regular verification of pensioners/ beneficiaries under the scheme by Officers deputed for the purpose by the Competent Authority.

Scrutiny (April 2021) of beneficiary list with the bank advice list[5] revealed that 252 beneficiaries (Single Mothers, Infirm and PwDs) in six out of eight selected CDPO had been paid the monthly pension benefits for more than once, resulting in double payments to the tune of ₹ 49.20 lakh during the period covered by audit as detailed below:

Table 1.2.8: Double payment to beneficiaries under CMSAS (₹ in lakh)

SL. No.	Name of the selected District	Name of CDPO/ block	No. of duplicate Single Mother Beneficiaries	Amount of double payment	No. of duplicate Infirm Beneficiaries	Amount of double payment	No. of duplicate PwD Beneficiaries	Amount of double payment	Total Double Payment (5+7+9)
1	2	3	4	5	6	7	8	9	10
1.	East Khasi Hills	Shillong Urban	5	1.00	4	0.81	0	0	1.81
		Mylliem	10	2.33	10	2.85	21	2.99	8.17
		Khadarshnong Laitkroh	1	0.48	4	1.01	3	1.12	2.61
		Mawryngkneng	26	3.63	40	7.27	22	4.14	15.04
2.	Ribhoi	Umsning	5	1.19	8	2.54	2	0.49	4.22
3.	West Jaintia Hills	Thadlaskein	25	4.64	63	11.74	3	0.97	17.35
Total			**72**	**13.27**	**129**	**26.22**	**51**	**9.71**	**49.20**

Source: Records of selected CDPOs.

Duplication of beneficiaries resulting in double payment of ₹ 49.20 lakh was due to maintenance of beneficiary data in MS-Word format and absence of unique ID in the form of EPIC/Registration number which did not give any scope for detection of duplicate entries.

The CDPOs concerned stated (July-December 2021) that necessary rectifications in the beneficiary list and adjustment of excess amount paid to beneficiaries shall be carried

[5] list sent to the bank for transferring funds to the beneficiaries.

out after due verification at the field level. Further communication from the CDPOs concerned is yet to be received (February 2022).

1.2.3.5 Double payment of ₹ 3.41 lakh to PwD beneficiaries

Scrutiny of records pertaining to transfer of funds under CMSAS to Persons with Disabilities (PwD), it was observed that CDPO, Mylliem Block transferred ₹ 15.78 lakh to 825 PwDs beneficiaries during March 2020 to June 2020. Further scrutiny of records revealed that the CDPO, Mylliem Block again released ₹ 3.41 lakh to 682 PwDs beneficiaries for the month of March 2020, who had actually been paid. This resulted in double payment of pension/assistances to 682 PwDs to that extent. The position of release of double payment to 682 PwDs for the month of March 2020 is given in **Appendix-1.2.1**.

The CDPO, Mylliem Block while accepting the audit observation stated (March 2021) that the excess payments made to 682 PwDs beneficiaries would be adjusted from their subsequent monthly pensions/ assistance. Further communication from the CDPO is yet to be received (February 2022).

Recommendations:

1. ***Online registration of beneficiaries and providing of unique ID to each beneficiary should be set up to avoid duplication. Exiting beneficiaries' records may be converged with the online database.***
2. ***The double benefits paid may be adjusted from subsequent instalments.***

1.2.3.6 Non-payment of benefits to the tune of ₹ 68.01 lakh due to failed bank transactions

As per the CMSAS Guidelines, payment of pension/assistance shall be credited into the Public Sector Bank/Post office accounts of the beneficiaries. The guidelines further envisaged that the District Co-ordination and Monitoring Committee shall be constituted in each District to review and monitor the implementation of the scheme. The Committee will co-ordinate with various agencies and stakeholders to ensure that the identification of beneficiaries and disbursement of pension/assistance are smooth and transparent at all levels within its jurisdiction.

Scrutiny of records[6] in the test-checked CDPOs revealed that during April 2017 to July 2020, an amount of ₹ 68.01 lakh sanctioned towards payment of pension/assistance to 1041 beneficiaries under CMSAS had not been credited to the beneficiaries' bank account on account of failed bank transactions. The detail position is given in the table below:

[6] Particularly 'Refund entries' in the cash books and bank statements.

Table 1.2.9: Details of failed bank transactions in three selected districts

(₹ in lakh)

Sl. No.	Name of the selected District	Name of the selected CDPO Block	Amount of failed and non-rectified transactions	No. of beneficiaries denied intended benefit
1.	East Khasi Hills	Shillong Urban	4.14	64
		Mylliem	15.88	39
		Khadarshnong Laitkroh	0.63	11
		Pynursla	1.80	NA
		Mawryngkneng	13.50	328
2.	Ribhoi	Umsning	8.56	258
		Umling	1.24	NA
3.	West Jaintia Hills	Thadlaskein	22.26	341
Total			**68.01**	**1041**

Source: Cash Books and Bank Statements of the CDPO Offices.

The reasons for these failed transactions were stated due to incorrect bank account details, *etc.* However, record showing action taken by the CDPOs to resolve the problem was neither found on records nor initiative taken to inform the concerned beneficiaries for providing the correct bank account details found on records.

Audit further observed that in none of the test-checked districts, District Co-ordination and Monitoring Committee was constituted. Thus, in absence of a Committee to co-ordinate various agencies and stakeholders to ensure that the identification of beneficiaries and disbursement of pension/assistance are smooth and transparent at all levels, 1041 beneficiaries were deprived of the intended benefits during the period under audit.

The CDPOs while accepting the audit observation stated (April-December 2021) that efforts would be made to rectify the bank accounts of the beneficiaries whose benefit could not be transferred to their account after due verification of the beneficiaries. Regarding non-constitution of the District Co-ordination and Monitoring Committee, the Director of Social Welfare stated (February 2022) that the committee comprising of all bank managers in the district and block will be constituted to ensure smooth payment of the amounts to the beneficiaries.

Recommendation:

1. ***CDPOs should reconcile failed transactions with the banks, intimate closure/defects in the bank account to the beneficiaries and assist the beneficiaries in correction of the same in co-ordination with the banks.***

1.2.3.7 Irregular expenditure of ₹ 22.91 lakh due to extension of CMSAS benefits to ineligible beneficiaries already covered under other schemes

As per the CMSAS Guidelines, the existing database of the Block MIS for the Indira Gandhi National Widow Pension Scheme (IGNWPS) and Indira Gandhi National Disability Pension Scheme (IGNDPS) will be taken into account to **avoid duplication**. Further, the Persons with Disabilities who are receiving unemployment allowances will not be eligible to apply for pension under CMSAS.

Scrutiny of database of the C&RD Blocks for the IGNWPS with the Single Mother beneficiaries list of the CMSAS under eight selected CDPO Blocks revealed that 41 beneficiaries (Single Mothers) have been extended benefit of ₹ 5.23 lakh under both the schemes during the period April 2017 to July 2020.

Similarly, scrutiny of database of the C&RD Blocks for the IGNDPS with the PwD beneficiaries list of the CMSAS under eight selected CDPO Blocks revealed that 15 beneficiaries had been extended benefit of ₹ 2.12 lakh under both the schemes.

Further, scrutiny of the list of PwD beneficiaries provided by the CDPOs receiving benefit under CMSAS with the list of PwD beneficiaries receiving unemployment allowances from the Office of the District Social Welfare Officer, it was observed that 55 PwD beneficiaries were extended benefits of ₹ 15.56 lakh of both schemes which was not permitted as per the Guidelines.

The position of 111 ineligible beneficiaries who received financial assistance/pension of ₹ 22.91 lakh under CMSAS is detailed below:

Table 1.2.10: Beneficiaries receiving dual assistance **(₹ in lakh)**

Sl. No.	Name of the selected District	Name of the selected CDPO	No. of Beneficiaries receiving assistance under two schemes	Amount
Single Mothers				
1.	East Khasi Hills	Mylliem	6	0.79
		Khadarshnong Laitkroh	3	0.41
		Pynursla	4	0.61
2.	Ri-Bhoi	Umsning	12	0.62
		Umling	8	0.44
3.	West Jaintia Hills	Thadlaskein	8	2.36
Sub-Total			**41**	**5.23**
Infirms				
1.	East Khasi Hills	Khadarshnong Laitkroh	2	0.15
		Mawryngkneng	1	0.15
2.	Ri-Bhoi	Umsning	4	0.24
		Umling	3	0.19
3.	West Jaintia Hills	Thadlaskein	5	1.39
Sub-Total			**15**	**2.12**
Persons with Disabilities				
1.	East Khasi Hills	Shillong Urban	20	5.88
		Mylliem	11	3.56
2.	Ribhoi	Umsning	6	1.44
		Umling	14	3.84
3.	West Jaintia Hills	Thadlaskein	4	0.84
Sub-Total			**55**	**15.56**
Grand Total			**111**	**22.91**

Source: Beneficiary Details from the C&RD Blocks and CDPO Offices.

From the above, it can be seen that due to extension of CMSAS benefits to 111 beneficiaries who were already availing benefits under IGNWPS (41), IGNDPS (15) and unemployment allowances (55), has resulted in irregular expenditure to the tune of ₹ 22.91 lakh.

The Director of Social Welfare, Meghalaya Shillong stated (February 2022) that the CDPOs have been instructed to strictly comply with the guidelines and ensure that before payment to the beneficiaries, step should be taken to verify the list of beneficiaries of the C&RD Blocks.

Recommendations:

1. ***Online registration of beneficiaries and providing of unique ID to each beneficiary should be set up to avoid duplication. Exiting beneficiaries' records may be converged with the online database.***
2. ***The double benefits paid may be adjusted from subsequent instalments***.

1.2.3.8 Poor monitoring and supervision of the CMSAS

As per the CMSAS Guidelines, there shall be regular verification of pensioners/ beneficiaries under the scheme by Officers deputed for the purpose by the Competent Authority. The Director of Social Welfare shall have over-all charge of the CMSAS to the Infirm, Widows and the Disabled. Necessary instructions for its proper implementation and procedures to be followed shall be issued from time to time. The District Co-ordination and Monitoring Committee shall be constituted in each District to review and monitor the implementation of the Scheme. The Committee will co-ordinate with various agencies and stakeholders to ensure that the identification of beneficiaries and disbursement of pension/assistance are smooth and transparent at all levels within its jurisdiction.

The deficiencies observed in the monitoring and supervision of the CMSAS in eight selected CDPO Blocks of three districts are detailed below:

- District Co-ordination and Monitoring Committee was not constituted in any of the sampled districts to review and monitor the implementation of the Scheme.
- There was absence of regular verification of pensioners/beneficiaries under the scheme by Officers deputed for the purpose by the Competent Authority.
- There was lack of co-ordination between the CDPO Block and the field officials (Anganwadi Workers) who are responsible for verification/addition/deletion of pensioners/beneficiaries under the scheme.
- Routine identification, verification, updating and deletion of pensioners/ beneficiaries under the scheme by the CDPOs was not done.
- No steps/actions were taken by the CDPOs for rectification/deletion of pensioners/beneficiaries under the scheme whose pension could not be transferred due to error in bank account details or closure of bank accounts.

While accepting the audit observation, the Director of Social Welfare, Meghalaya Shillong stated (February 2022) that the District Co-ordination and Monitoring Committee and Block Level Co-ordination Committee comprising of all bank managers in the District and Block will be constituted to ensure smooth payment of the amount to the beneficiaries. The co-ordination between the Supervisor, Anganwadi Workers and ASHA will be strengthened. Regular review meeting with the CDPOs will be made to streamline the implementation of the scheme.

Recommendation:

1. ***Strengthening of field staff and constitution of District Co-ordination and Monitoring Committee should immediately be undertaken in each District for proper implementation of the scheme.***

1.2.3.9 Non-implementation of CMSAS in DBT mode

As decided in the meeting held on 06 February 2017 regarding implementation of e-District Governance under Social Welfare Department, both NIC and IT Department were supposed to start implementation of DBT with the Office of the CDPOs immediately. Audit however, observed (April 2021) that the CMSAS has not been brought under the purview of DBT resulting in the following deficiencies:

- There was no mechanism for online registration of beneficiaries. Thus, data was not readily available with the Directorate of Social Welfare on total number of applications received, accepted and rejected during the year. The process of selection of beneficiaries is being done at the Block level by the CDPOs manually which is cumbersome and time taking.
- The process of disbursement of benefits directly to the beneficiaries has not fully been achieved due to non- implementation of DBT. Payments were first released by the Directorate to the CDPOs and then to the beneficiaries by the CDPOs with the help of bank advice lists. As such, the benefit was not transferred into the bank account of the beneficiary directly from the payment gateway (PFMS *etc.*) from the Bank account of the Directorate, Social Welfare Department (Nodal Authority). This resulted in undue delay in release of intended benefits to the beneficiaries as pointed out in ***Para 1.2.3.1***.
- There was no system in place to identify deceased beneficiaries from Registrar General of India/Local Bodies/Hospitals/Crematorium, *etc*. records and exclude them from the database so as to ensure stoppage of benefit payment. As such, there was no mechanism to check undue payment to migrated/ deceased beneficiaries except on manual reports from the Anganwadi Workers (AWWs), Local Headman/relative of the deceased.
- As per the minutes of the meeting held (24 November 2020) between the Social Welfare Department and the NIC regarding CMSAS, EPIC and address of the beneficiary were supposed to be included in the format of the excel sheet of beneficiary data. However, audit scrutiny revealed that apart from the list of beneficiaries containing name, address and bank account number in the electronic format (MS-Word), no registration number/ unique identification number/EPIC number allotted to the existing beneficiaries were available in the beneficiary details. Non-availability of these important details of beneficiaries provided scope for duplication of beneficiaries and fund pilferage which have been discussed in ***Paragraph 1.2.3.4*** and ***1.2.3.5***.

- There was no mechanism for identification, rectification and regular updation of the details of the beneficiaries whose intended benefits could not be transferred on account of defects/closure of the bank accounts as pointed out in ***Para 1.2.3.6***.

The Director of Social Welfare stated (February 2022) that the Department in collaboration with NIC is under process for providing a DBT platform for the CMSAS.

Recommendation:

1. ***The CMSA scheme should immediately be brought under the DBT mode for simplifying the registration process, eliminating the intermediaries and duplication of beneficiaries.***

1.2.4 Conclusion

Implementation of CMSAS in the three selected districts has been found deficient in many respects. There was undue delay in payment of pension/assistance since there was delay in release of funds by the Directorate of Social Welfare and CDPOs. Payments to the beneficiaries were made through bearer cheque, a system fraught with risk of payments not reaching the enlisted beneficiary. Audit noticed deficiencies in record maintenance, including maintenance of beneficiary data which resulted in double payments and irregular payments to beneficiaries already availing benefits under other Schemes. In the overall analysis, audit concluded that the implementation of CMSAS was fraught with these deficiencies, in a big measure, due to non-implementation of the Scheme in DBT mode, which would have helped in streamlining the procedure of identification/registration of beneficiaries, processing of payments to the intended beneficiaries and minimising the intermediary levels in transfer of funds.

1.2.5 Recommendations

Government should consider:

1. ***Setting up online registration of beneficiaries and providing a unique ID to each beneficiary to avoid duplication. Existing beneficiaries' records may be converged with the online database.***
2. ***To link beneficiary details with Aadhar to weed out the persons availing benefits under multiple schemes.***
3. ***Implementing the direct beneficiary transfers through DBT mode thereby completely eliminating the requirement of intermediary level of district and block officers to handle cash payments.***
4. ***Constitution of District Co-ordination and Monitoring Committee immediately in each District to review the implementation of the scheme.***
5. ***The double benefits paid may be adjusted from subsequent instalments and responsibility be fixed after detailed investigation.***

PUBLIC HEALTH ENGINEERING DEPARTMENT

1.3 Excess expenditure

In implementing the projects under Greater Shillong Water Supply Project, Public Health Engineering Department prepared Detailed Project Reports without ascertaining the actual distance of stone and sand quarries and resulting in excess payment of ₹ 1.71 crore on account of lump sum price being paid for carriage of stone chips and sand, instead of actual distance based carriage.

The North Eastern Council (NEC), Ministry of Development of North Eastern Region (MDoNER) accorded (February 2014) Administrative Approval for 'creating necessary infrastructure for storage of water to meet the emergency need of the State Capital-Shillong' at a total cost of ₹ 15.00 crore under the Anti Erosion of Flood Control and River Management & Water related schemes. The project was sanctioned with a fund sharing ratio of 90:10 between the NEC and the Government of Meghalaya.

The objective and scope of the project was to construct six RCC Reservoirs at different strategic locations in the vicinity of the existing Zonal Reservoirs of GSWSP[7] (Phase I,II & III) for additional storage of drinking water to meet the emergency need of the State Capital-Shillong in the event of any eventuality like breakdown in water works, power supply system, *etc*. The supply to these emergency storage reservoirs shall be from the existing supply lines of GSWSP and the outlet of these Reservoirs shall also be linked with the existing distribution Networks of the GSWSP. The strategic locations, capacity, specification, estimated costs and population coverage is shown in the table below:

Table 1.3.1

Sl. No.	Location	Capacity (ML)	Staging Height (m)	Amount (₹ in lakh)	Population (2011 census)
1.	Mawpat	1.00	3.00	260.14	16,057
2.	Laban/Lumparing	0.80	On ground	205.79	45,055
3.	Bara Bazaar	1.00	3.00	267.19	51,072
4.	Mawroh	1.00	3.00	260.84	42,748
5.	$4^{1/2}$ Mile	1.00	3.00	286.76	93,820
6.	Risa Colony	0.80	3.00	219.28	18,175
Total				**1500.00**	**2,66,927**

Source: Detailed Project Report.

The project was implemented by the Executive Engineer (EE), Public Health Engineering (PHE), Electrical Division, Mawphlang. Scrutiny (August 2020) of records of the EE, PHE, Electrical Division, Mawphlang revealed the following:

- Final Work Orders for construction of all the six reservoirs were awarded (July 2015) to six contractors on lump sum contract basis with directions to complete the work within 12 months from the date of issue of the work orders i.e. all the six reservoirs were due for completion in July 2016. The status of the six reservoirs as of August 2020 is detailed below:

[7] Greater Shillong Water Supply Project (GSWSP).

Table 1.3.2: Details of work order issued and present status.

Sl. No.	Location of the reservoir	Work Order No. & Date	Name of contractor	Present status/ Date of completion
1.	Mawpat	CE/PHE/TB:328/2013-14/45 dated 03/07/2015	Shri B.S. Lyngdoh, Mawlai Mawroh, Shillong-8	Completed in March 2019
2.	Laban/ Lumparing	CE/PHE/TB:328/2013-14/48 dated 06/07/2015	Shri D.C. Khongsit, Mawlai Motsyiar, Shillong-17	Ongoing (20%)
3.	Bara Bazaar	CE/PHE/TB:328/2013-14/46 dated 03/07/2015	Shri Donbert Pyrbot, Qualapatty, Shillong-2	Completed in July 2020
4.	Mawroh	CE/PHE/TB:328/2013-14/49 dated 09/07/2015	Shri Robertson Lamare, Jaiaw Laitdom, Shillong-2	Ongoing (80%)
5.	4$^1/_2$ Mile	CE/PHE/TB:328/2013-14/47 dated 06/07/2015	Shri T.S. Pariat, Cleve Colony	Completed in August 2020
6.	Risa Colony	CE/PHE/TB:328/2013-14/44 dated 03/07/2015	Shri Specialist Longtrai, Lummawbah, Shillong-5	Completed in August 2019

- The NEC released its total share of ₹ 13.50 crore in 3 (three) instalments[8], whereas the State Government has released ₹ 1.20[9] crore out of its matching share of ₹ 1.50 crore. The balance amount of ₹ 0.30 crore has not been released by the State Government till the date of Audit (August 2020).

Further scrutiny of records revealed that the overall financial progress of the project was ₹ 14.70 crore (August 2020), of which, a total amount of ₹ 2.62 crore was incurred towards an item *viz 'Extra carriage of Earth, Sand, Stones aggregates, stone chips and building stones, beyond the initial lead of 200m including loading and unloading'* as detailed below:

Table 1.3.3: Details of stone chips and sand extracted from various locations.

Sl. No.	Location	Stone chips				Sand				Total amount paid (6+10)
		Quarry Distance (in km)	Qty. utilised (in M^3)	Rate/ unit	Amount paid (4x5)	Quarry Distance (in km)	Qty. utilised (in M^3)	Rate/ unit	Amount paid (8x9)	
1	2	3	4	5	6	7	8	9	10	11
1	Mawpat	33	553.01	2791.10	1543506	80	324.85	6701.50	2176982	3720488
2	Laban/ Lumparing[10]	75	371.37	6285.50	2334246	80	183.57	6701.50	1230194	3564440
3	Bara Bazaar	80	595.06	6701.50	3987795	80	326.79	6701.50	2189983	6177778
4	Mawroh[11]	33	813.82	2791.10	2271453	80	432.88	6701.50	2900945	5172398
5	4$^1/_2$ Mile	33	544.75	2791.10	1520452	80	325.72	6701.50	2182813	3703264
6	Risa Colony	39	529.67	3290.30	1742773	81	311.10	6784.70	2110720	3853493
Total			**3407.68**		**13400225**		**1904.91**		**12791638**	**26191863**

As can be seen from the table above, the distance of carriage charges of stone chips and sand for the six locations ranged between 33 to 80 km and 80 to 81 km respectively even though the six reservoirs of the project are located within a radius of 3 to 4 km (approximate) in the Shillong city. The DPR also did not contain the details of quarries from where stones and sands were to be obtained and map showing location of the project sites and quarries was also not attached with the DPR. On this being enquired (27.08.2020) the EE, PHE (Electrical), Mawphlang, stated that Umphyrnai quarry and

8 ₹ 5.40 crore on 28.02.2014; ₹ 5.40 crore on 20.05.2019 and ₹ 2.70 crore on 24.02.2020.

9 ₹ 0.60 crore on 18.07.2018 and ₹ 0.60 crore on 20.12.2019.

10 10% physical progress.

11 83% physical progress.

Khri river were selected for stones and sand respectively, since the materials conform to the required quality and furnished the actual distance of the quarries which ranged from 21 to 29 km for stone chips and 71 to 85 km for sand.

The reply of the EE is not tenable because

i) The DFO (Territorial), Shillong confirmed (9.12.2021) that there is no mining lease holder in the name of Umphyrnai quarry and in regard to sand quarry the DFOs stated that no Sand mining lease has been granted by the Division.

ii) Further, PHE in its reply (02.02.2021) stated that it has no approved list of quarry for sand and stone chips and the Department utilised the approved list of the State PWD and as per approved lists of quarries obtained (November 2020) by Audit from the CE, PWD, it is noted that the name of Khri river and Umphyrnai quarry were not included. The PWD approved list, however, includes Laitkor quarry for stone chips and Umtyngar quarry for sand indicating a distance of 12 km and 22 km respectively.

iii) The EE could not produce record of evidence like receipts for purchase of the materials and transport challans to prove that the sand and stone were actually procured and transported by the contractors from Khri river and Umphyrnai quarry respectively.

It is pertinent to mentioned that for construction of a similar nature of water supply scheme *viz* **'Augmentation of Umpling Water Supply Scheme'**, located within the areas covered by GSWSP and which involved construction of Reservoirs, the Division had selected Laitkor quarry for stone and Umtyngar quarry for sand.

From the above, it appears that the sand and stone chips were not actually procured from the Khri river and Umphyrnai quarry, but procured from the nearby quarries. This had been possible because of the non-inclusion of the names and distances of the quarries in the DPR as well as due to absence of monitoring by the EE, PHE (Electrical) Division, Mawphlang.

Thus, Audit concluded that had Laitkor quarry for 'stone chips' and Umtyngar quarry for 'sand', been indicated in the DPR as had been indicated in the case of 'Augmentation of Umpling Water Supply Scheme', the expenditure on carriage charges of stone and sand for the project could have been limited to ₹ 47.19 lakh and ₹ 43.90 lakh respectively instead of ₹ 134.00 lakh for stone and ₹ 127.92 lakh for sand. This could have been avoided had the DPR of the project been prepared after ascertaining the details of the stone quarries and sand by the EE, PHE (Electrical) Division, Mawphlang or had the CE, PHED, Shillong detected and rectified the same, while vetting/approving the DPR. Thus, due to failure of both the EE, PHE(Electrical) division, Mawphlang and the CE, PHED, Shillong, the Department had incurred excess expenditure to the tune of ₹ 1.71 crore (**Appendix 1.3.1**).

The matter was reported to the State Government (September 2021); reply is awaited.

CHAPTER-II

ECONOMIC SECTOR

CHAPTER II – ECONOMIC SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2020 deals with the findings on audit of the State Government's auditable entities under Economic Sector.

Table 2.1.1 provides the net budget provision and expenditure of major State Government departments under Economic Sector during the year 2019-20:

Table 2.1.1

(₹ in crore)

Sl. No.	Name of Department	Budget provisions (Original and Supplementary)	Expenditure
1.	Public Works	1362.81	947.49
2.	Agriculture	327.48	148.32
3.	Community & Rural Development	1742.64	848.36
4.	Power	332.52	26.76
5.	Forestry and Wildlife	247.56	110.60
6.	Industries	153.01	88.13
7.	Secretariat Economic Services	1126.58	359.51
8.	Transport	191.50	15.27
9.	Mining & Geology	71.68	59.28
10.	Tourism	115.92	22.10
11.	Fisheries	67.02	47.18
12.	Co-operation	34.69	23.43
13.	Soil & Water Conservation	276.55	75.78
14.	Animal Husbandry and Veterinary	182.70	107.70
15.	Dairy Development	37.09	11.04
16.	Irrigation	252.54	47.52
17.	Census Survey and Statistics	88.14	30.94
18.	Food and Civil Supplies	54.22	41.79
19.	Border Area Development	53.12	25.31
20.	Finance (Public Debt + Loans to Government Servants)	629.88	447.89
	Total	**7347.65**	**3484.40**

Source: Appropriation Accounts 2019-20.

2.1.1 Planning and conduct of Audit

Audit process starts with risk assessment of various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. During 2019-20, we conducted Audits involving expenditure of ₹ 1540.32 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Economic Sector. The chapter contains two Performance Audit and three Compliance Audit paragraphs, as discussed in the succeeding paragraphs.

PERFORMANCE AUDITS

COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT

2.2 Direct Benefit Transfer in Meghalaya

2.2.1 Introduction

Direct Benefit Transfer (DBT) is a major reform initiative of the Government of India (GoI) to ensure better and timely delivery of benefits from Government to the people. This marks a paradigm shift in the process of delivering benefits like wage payments, fuel subsidies, food grain subsidies *etc*. directly into the bank accounts of the beneficiaries, removing leakages and enhancing financial inclusion.

DBT was rolled out in the country in 2013 in 43 districts, 24 selected Central Sector (CS) and Centrally Sponsored Schemes (CSS) in a phase-wise manner. In Phase II, DBT was further expanded across the country in December 2014 with 7 new scholarship schemes, and modified DBTL for Liquefied Petroleum Gas (LPG) subsidy and National Rural Employment Guarantee Scheme (300 districts) brought under its ambit.

Apart from its extended spread, the definition of DBT has also expanded over the years. Today, DBT not only encompasses direct transfer of cash benefits, but also In-kind benefit transfers and transfers to the service providers/enablers within the Scheme design. In totality, DBT has progressed onto becoming a revolutionary delivery mechanism, enabling the country to leapfrog generations of sub-optimal service delivery and migrate directly to a cutting-edge government delivery system.

The GoI has set a target of bringing in all Central Sector & Centrally Sponsored welfare and subsidy schemes within the purview of DBT by **March 2017**. This requires bringing in new mechanisms, re-engineering of Government processes, and appropriate distribution of authority and responsibility as well as financial resources for delivery public benefits/services.

2.2.1.1. DBT Performance ranking of Meghalaya

Out of 36 States/UTs, Meghalaya with the score of 46.6 *per cent* ranked at 27 position. The score of Meghalaya under different parameters *vis-à-vis* DBT performance ranking in comparison to other NE States (including Sikkim) is given in the table below:

Table 2.2.1: Score of Meghalaya under different parameters *vis-à-vis* DBT performance ranking in comparison to other NE States (including Sikkim)

State	Score under different parameters									
	State Aadhaar Act.	Aadhaar satur-ation	CSS identi-fication	Portal compl-iance	Data repor-ting	Savings Repor-ting compl-iance	Savings Expen-diture ration	DBT per Capita	Overall state score	Overall Rank-ing
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Tripura	100	76	99.9	100	100	100	0.1	85.5	80.2	3
Mizoram	0	75.8	93.9	100	100	100	11.3	52.8	62.0	13
Manipur	100	70.1	96.9	100	0	0	0	16.5	54.8	20
Nagaland	100	48.6	85.9	100	0	0	0	23.1	51.1	23
Sikkim	100	72.6	63.7	100	0	0	0	17.2	50.5	24
Meghalaya	**0**	**25**	**69**	**100**	**100**	**0**	**0**	**32.4**	**46.6**	**27**
Assam	0	15.7	100	50	0	0	0	19.1	26.4	35

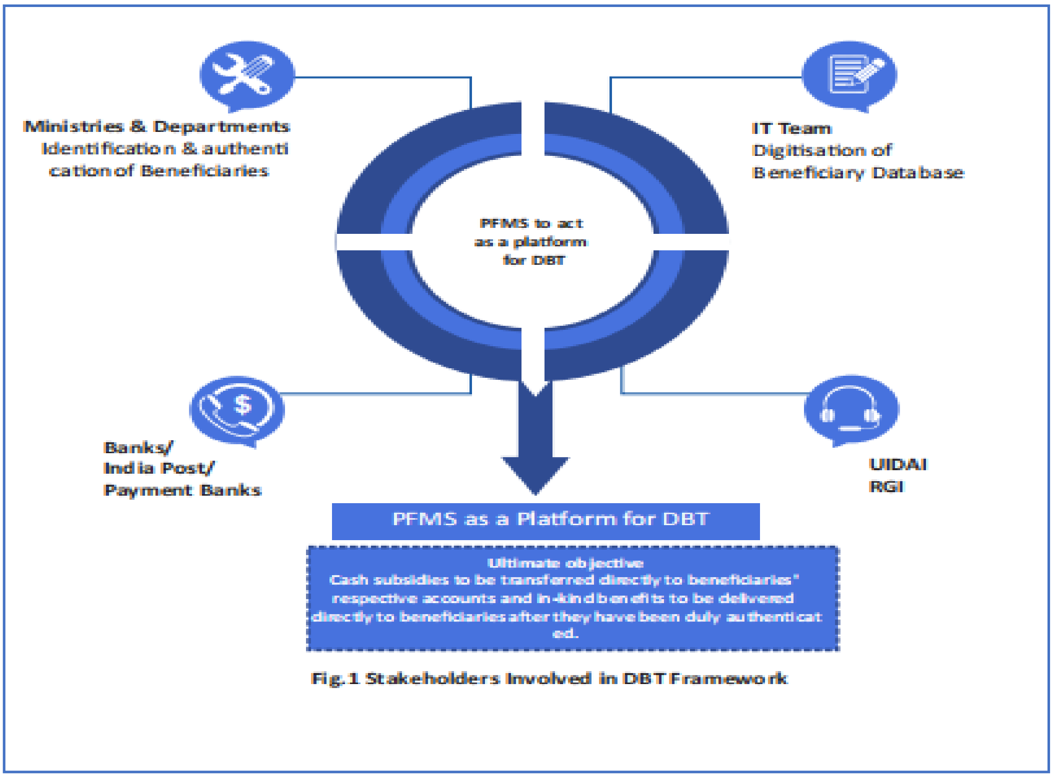
Sources: Government of India, DBT website.

As can be seen in the table above, Meghalaya ranked second last bottom among the eight NE States.

2.2.2 DBT Framework

Direct Benefit Transfer (DBT) framework has a multi-stakeholder architecture which capitalises on the competencies of various departments and institutions to deliver benefits to beneficiaries in a timely and effective manner. The figure below explains how different stakeholders work together to facilitate a holistic environment for successful implementation of DBT system.

Chart 2.2.1: Framework of DBT



Source: Standard Operating Procedure (SOP) of DBT.

Roles & Responsibilities of different stakeholders required for the implementation of DBT are given in the box below:

Stakeholder and their responsibilities	Stakeholder and their responsibilities
1. Ministries/Departments ➢ Creation of a DBT Cell to facilitate smooth transition of different schemes to DBT. ➢ Examination of all schemes to identify specific schemes and/or their components which are suitable for DBT. ➢ Identification and authentication of beneficiaries for respective schemes. ➢ Maintenance of database containing scheme wise beneficiary details. ➢ Seeding of *Aadhaar* into beneficiary database. ➢ Creation of payment files for disbursements to end beneficiaries. **2. IT Team of Ministry/Department** ➢ Digitization of verified beneficiary data ➢ Creation and maintenance of real time MIS portal ➢ Timely update and maintenance of data **3. UIDAI/Registrar General of India** ➢ Ensure *Aadhaar* enrolment ➢ Enable Bio- metric authentication to establish identity of individual **4. Banks/ Post Offices** ➢ Opening of bank accounts/postal accounts/Jan Dhan accounts. ➢ Updating Beneficiary data (Updating bank account numbers and linking them with *Aadhaar*). ➢ Carrying out payments to beneficiaries' accounts within the prescribed time limits. ➢ Generating payment status response files with PFMS. ➢ Dissemination of payment information to beneficiaries through SMS alerts about credit/debit of the fund transfer under a scheme	**5. PFMS** ➢ Facilitate mapping of schemes to bank accounts of different stakeholders by Program Divisions involved in fund flow under various schemes. ➢ Verification of bank account details of beneficiaries by maker/checker using PFMS platform. ➢ Processing of payment files to the sponsor bank of Ministry/ State Department/ Implementing Agency for disbursal of benefits: a) For DBT payments by Ministry/ Department- done by DDO/PAO of concerned Ministry/Department b) For DBT payments by implementing agency- done by maker and payment authority of Implementing Agency ➢ Sharing final payment response with the concerned Ministry/State Department/ Implementing Agency within the time limit as prescribed by banks. ➢ Establishment of reverse feedback loop to Ministries/Departments. ➢ Issue automatic Utilisation Certificates (UC) to the Ministries/Departments which have utilised their funds under a scheme. ➢ Provide training and hand-holding support to user departments. ➢ Dissemination of information about payments to beneficiaries through SMS alerts based on reverse information on credit success from Banks.

2.2.3 Audit objectives

The objectives of the Performance Audit were to assess whether:

i. The infrastructure, organisation and management of DBT Cell was adequate and effective.

ii. Necessary process of re-engineering was done for implementation of DBT so as to minimise a) intermediary levels b) delay in payments to intended beneficiaries and c) pilferage and duplication.

2.2.4 Scope and methodology of Audit

The PA covered implementation of two selected schemes over a period of three years and four months i.e. from April 2017 to July 2020 and involved test check of records of the (i) State DBT Cell, (ii) State Rural Employment Society, (iii) Directorate of C&RD and (iv) Selected C&RD Blocks. Audit also verified convergence of the scheme MIS data with the State DBT portal and DBT Bharat Portal to check the reliability of data at all levels.

The PA commenced with an Entry Conference (26 November 2020) with the Commissioner & Secretary to the Government of Meghalaya, Community and Rural Development Department and other State Government representatives wherein the Audit objectives, Audit Scope and Methodology and Audit Criteria to be adopted were discussed. Exit meeting was held with Commissioner Secretary of C&RD and other representatives of the State Government on 28 April 2022, wherein the audit findings were discussed in details and Departments' replies are incorporated in the report appropriately.

2.2.5 Audit criteria

Audit findings were benchmarked against the criteria sourced from the following documents:

1. Circulars, orders and notification issued from time to time by the GoI and State Government.
2. Standard Operating Procedures, Handbook on DBT and Guidelines for State DBT Cell issued by DBT Mission.
3. Scheme guidelines of the PMAY and IGOAPS on the process of identification and authentication of beneficiaries and payments.
4. Instructions regarding maintenance of database, generation of various reports and IT controls.

2.2.6 Audit sampling

As on April 2017, the State DBT Portal listed 58 Centrally Sponsored Schemes and 9 State Schemes, of which, two schemes *namely* (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS) and (ii) Pradhan Mantri Awas Yojana- Gramin (PMAY-G) were selected for review based on the volume of expenditure during April 2017 to July 2020.

Further, three districts (out of eleven) were selected by using Probability Proportionate to Size (PPS) with volume of expenditure as the size, during April 2017 to July 2020. From each selected districts, one third (33 *per cent*) of the total number of blocks were selected using Simple Random Sampling Without Replacement (SRSWOR) method. The details of selected districts and blocks were given below:

Table 2.2.2: Detailed list of selected districts and blocks

Sl. No.	Name of the selected District	Total No. of C&RD blocks	Name of the selected Blocks
1.	Ri-Bhoi	4	i. Umsning ii. Umling
2.	East Khasi Hills	11	iii. Mawryngkneng iv. Mylliem v. Pynursla vi. Khadarshnong Laitkroh
3.	West Jaintia Hills	3	vii. Thadlaskein

Limitation: Out of the seven selected blocks, only four blocks from the two districts were actually covered due to lockdown imposed owing to COVID-19 pandemic as detailed below:

Table 2.2.3: Sampled districts and Blocks

Sl. No.	Name of the Districts covered	Name of the Blocks covered
1.	Ri Bhoi	i. Umsning
2.	East Khasi Hills	ii. Mylliem iii. Pynursla iv. Khadarshnong Laitkroh

2.2.7 Acknowledgement

The Indian Audit and Accounts Department acknowledged the cooperation of the Community and Rural Development Department and State Rural Employment Society of the State Government in providing necessary information and records for audit.

2.2.8 Audit Findings

2.2.8.1 Setting up of State DBT Cell and its functioning

The State DBT Cell, comprising of eight members, representing different departments/organisations[3], with Secretary, Finance Department being the Chairperson, was constituted (May 2016) with the following Terms of Reference (TOR):

i. To study the schemes, classify them and re-examine existing process flows and fund flow of the same.
ii. To develop Web based IT applications and facilitate automation of process flow and funds flow.
iii. To monitor and supervise the implementation of DBT on regular basis.
iv. Any other related matters.

Review on the role and responsibilities of the State DBT Cell in the light of its TOR, revealed the followings:

1. The State DBT Cell is yet to formulate any mechanism/guidelines/norms to identify/classify a scheme to be a DBT eligible scheme and is also yet to develop any Web based IT applications or application of Information and Communication Technology (ICT) for any Scheme to facilitate the scheme to DBT compliant.

2. The State DBT Portal was launched on 4 August 2017 on the URL http://megdbt.gov.in/ and as of February 2022, 79 schemes implemented by 15 Department were on boarded in the Portal. However, the State DBT Cell is yet to develop any module to validate the information/data entered in the Portal by the implementing department/agency. Besides, the State DBT Cell had not provided any technical support to the DBT schemes implementing departments/agencies in the State.

3. One of the objectives of the DBT Cell was to develop a system for reporting of data and ensuring that data on DBT transactions (reflected through the State DBT portal or elsewhere) was complete, accurate and reliable. Audit observed that:

[3] Planning Department, IT Department, NIC, SBI and representative of DBT implementing Departments.

- Though the State DBT portal was developed for monitoring the implementation of DBT in the State of Meghalaya, no scheme-specific MIS was integrated with the State DBT Portal.
- State DBT Portal did not have any module to validate the DBT information entered by the Departments. Such information was only being validated manually.
- No reconciliation of data was being done by the State DBT cell. There were discrepancies in financial figures reported by the DBT Cell and the figures reported by the implementing agencies ranging between 42 and 100 *per cent* in the test checked Schemes during 2017-21 as detailed below:

Table 2.2.4: Discrepancies in financial figures reported by the DBT Cell and the figures reported by the implementing agencies

₹ in crore

Name of Scheme	Benefit transfer as per Department during 2017-21	Benefit transfer as per DBT Cell during 2017-21	Discrepancy (%)
IGNOAPS	84.04	15.10	68.94 (82)
PMAY-G	313.22	65.86	247.36 (79)

The Director, Institutional Finance & Ex-Officio, Finance Department *cum* Member-Convenor of DBT Cell stated (December 2020) that DBT applicable Centrally Sponsored Schemes are identified for the State by DBT Bharat Mission and the applicability and implementation of such schemes is identified by the respective implementing Departments in the State for on boarding the same in the DBT Portal. In regard to technical support, he stated that respective implementing department may have technical support from respective ministries/departments in the GoI for different schemes.

The reply is not tenable because one of the main functions of the DBT state cell was to develop mechanisms for automated flow of information. Had the DBT cell developed this mechanism, there would have been a centralised and automated system of flow of information to the central DBT portal, rather than each implementing department doing such tasks. As a result, it seems that the DBT Cell could not evolve into a central hub for flow of information. More importantly, without the access of such data, the role of the DBT Cell to monitor the implementation of the scheme remained unfulfilled.

Audit therefore concludes that, the State DBT Cell though constituted in 2016, is yet to deliver on its Terms of Reference. The objectives of DBT, for simpler and faster flow of information/funds and to ensure accurate targeting of the beneficiaries, de-duplication and reduction of fraud are yet to be fully achieved.

Departments' reply is awaited.

2.2.8.2 Deficiencies in the IT Applications/Software/MIS of the Schemes

The deficiencies with respect to IT Applications/Software/MIS in Indira Gandhi National Old Age Pension Scheme (IGNOAPS) and Pradhan Mantri Awaas Yojana-Gramin (PMAY-G) are discussed below:

(I). Review of IT Applications/Software/MIS in respect of IGNOAPS

In order to enhance efficiency in the implementation of Indira Gandhi National Old Age Pension Scheme (IGNOAPS) for both sanction and disbursement of pensions, use of IT is essential. To put in place a fund management system that is IT-enabled, Ministry of Rural Development has developed National Social Assistance Programme (NSAP)-Pension Processing System (PPS) portal, which is transaction / work-flow based for all States and UTs to adopt.

Audit observed the following deficiencies in the NSAP-PPS system used by the Government of Meghalaya in the implementation of IGNOAPS:

A. Important fields like uploading of 'Age proof certificate' and 'Income certificate' were not made a mandatory field in the e-registration form resulting in extension of IGNOAPS benefits to ineligible people.

During test check of the NSAP-PPS portal, it was observed that the digital application form for NSAP-PPS pension scheme contained various important fields like submission of date of birth and income details but uploading of age proof certificate and income certificate of the beneficiaries were found not a mandatory field. This has resulted in registration and payment of pension to ineligible beneficiaries as pointed out in ***Paragraph 2.2.8.4(III).***

B. Weak control in the National Social Assistance Programme (NSAP)-Pension Processing System (PPS) database resulting in duplication of beneficiaries.

Test check revealed that NSAP-PPS database contained duplicate beneficiaries which were not detected by the software during the entry stage. Audit noticed pension money being credited in one bank account of person having different name, age and registration numbers and credited of pension in the same bank account of person having same name but different registration number. This indicated weak controls applied by the NSAP-PPS software, resulting in double payment of pension to beneficiaries as pointed out in ***Paragraph 2.2.8.4(IV).***

(II). Review of IT Application/Software/MIS in PMAY-G

AwaasSoft and AwaasApp were introduced for ensuring effective implementation and monitoring of the PMAY-G. Deficiencies observed in the software are detailed below:

A. Absence of checks in AwaasSoft for ensuring ranking as per Priority List

PMAY-G guidelines envisages that the allotment of houses under PMAY-G should be done according to the Socio Economic and Caste Census (SECC)-2011 based on priority list ranking of the beneficiary.

Audit observed that system could generate category wise ranked priority list which could be downloaded from the AwaasSoft by the implementing units and the following reports were available for public viewing:

i. Category-wise SECC data summary
ii. Status of priority list verification by gram sabha
iii. Status of Mapped SECC Villages to GPs of AwaasSoft
iv. Category-wise SECC data Verification Summary

In this regard, Audit however, observed that the following checks were not available in the AwaasSoft to prevent:

i. Modification of priority list as per SECC data
ii. Selecting a beneficiary arbitrarily and out of turn
iii. Privileges to modify the sequence of allotment.

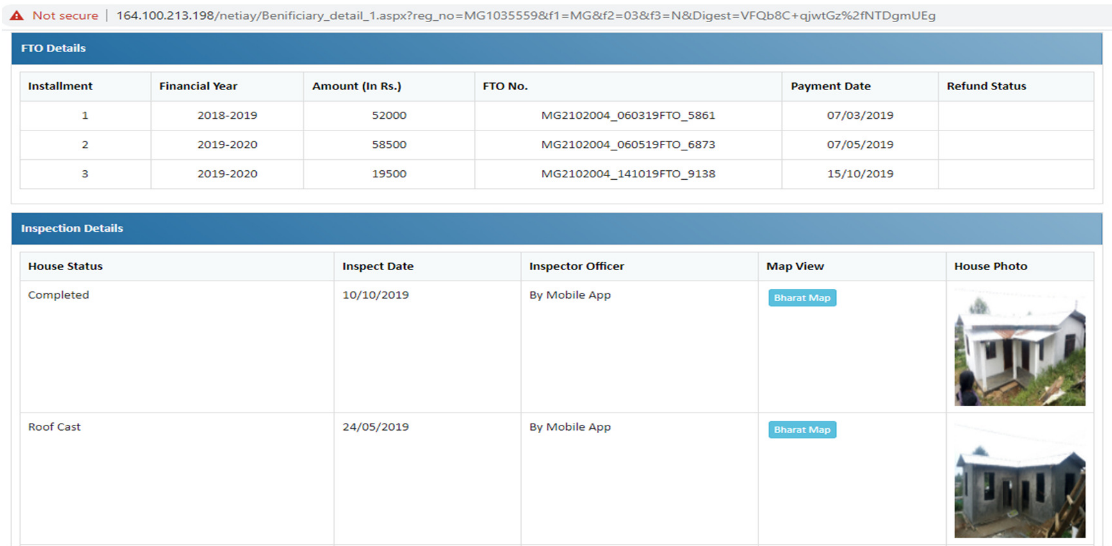
Non-availability of the above-mentioned checks proved to be hindrance in proper identification and selection of the beneficiaries as pointed out in ***Paragraph 2.2.8.5(I)***. These deviations could have been averted if these checks were available in the AwaasSoft.

B. Failure of AwaasSoft to ensure release of funds mapped to construction level

PMAY-G guidelines envisages that release of instalments to the beneficiaries has to be mapped to the construction levels *viz.*

i. 1st instalment – within 7 (seven) working days of sanction
ii. 2nd instalment – construction upto plinth level
iii. 3rd instalment – construction upto roof cast level

Audit however, observed that 3rd instalment was released only after completion of the construction of the house, as pointed out in the ***Paragraph 2.2.8.5(IV).*** Screenshot of AwaasSoft page of one beneficiary is shown below:



Not secure | 164.100.213.198/netiay/Benificiary_detail_1.aspx?reg_no=MG1035559&f1=MG&f2=03&f3=N&Digest=VFQb8C+qjwtGz%2fNTDgmUEg

FTO Details

Installment	Financial Year	Amount (In Rs.)	FTO No.	Payment Date	Refund Status
1	2018-2019	52000	MG2102004_060319FTO_5861	07/03/2019	
2	2019-2020	58500	MG2102004_060519FTO_6873	07/05/2019	
3	2019-2020	19500	MG2102004_141019FTO_9138	15/10/2019	

Inspection Details

House Status	Inspect Date	Inspector Officer	Map View	House Photo
Completed	10/10/2019	By Mobile App	Bharat Map	
Roof Cast	24/05/2019	By Mobile App	Bharat Map	

Source: As per data available at AwaasSoft for beneficiary reg. no. MG1035559.

Despite availability of required information, there was no trigger in the AwaasSoft to detect the anomalies and raise red flags during implementation of the scheme.

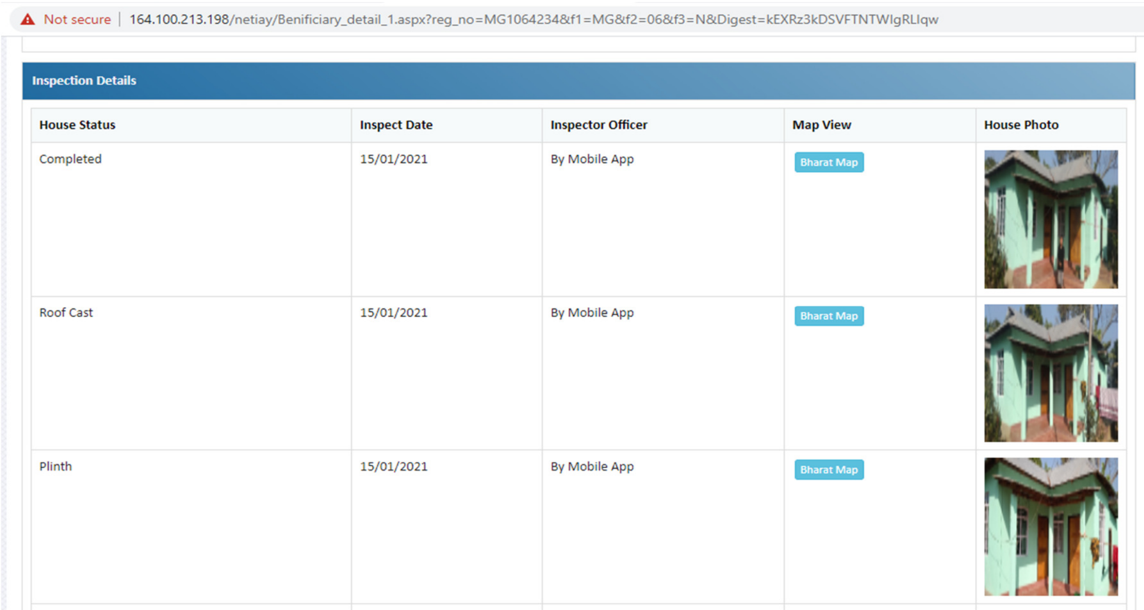
Furthermore, Audit also observed that the inspections up to plinth level and roof cast level construction were not conducted on various occasions in the four selected blocks. Block-wise numbers are shown in the table below:

Table 2.2.5: Inspections up to plinth level and roof cast level construction not conducted

Sl. No.	Name of the Block	No. of Houses where inspection was not conducted after plinth level construction	No. of Houses where inspection was not conducted after roof-cast level construction	No. of Houses where inspection was not conducted after both plinth level and roof-cast level construction
1.	Mylliem	3	0	0
2.	Khatarshnong Laitkroh	9	96	0
3.	Pynursla	27	54	26
4.	Umsning	11	20	1

Source: As per data furnished by the selected blocks.

Even though the inspection dates were same (as shown in the screenshot below) for different level of construction, there was no system in the AwaasSoft to detect such irregularities and raise red flags to ensure corrective actions.



Source: As per data available at AwaasSoft for beneficiary reg. no. MG1064234.

2.2.8.3 Physical and Financial coverage of selected schemes

During the period of review, a total amount of ₹ 399.00 crore was incurred under the two selected schemes namely PMAY-G (₹ 313.22 crore) and IGNOAPS (₹ 85.78 crore) against Physical coverage as given in the table below:

Table 2.2.6: Coverage of beneficiaries under selected schemes

Name of the test checked schemes	Number of beneficiaries extended benefits			
	2017-18	2018-19	2019-20	2020-2021
IGNOAPS	44192	45941	52623	55280
PMAY-G	3713	Nil	17100	21489

Source: MIS data for PMAY-G and IGOAPS/ Information furnished by the Director, Social Welfare.

Deficiencies observed in the implementation of the schemes are discussed in the succeeding paragraphs:

2.2.8.4 Implementation of Indira Gandhi National Old Age Pension Scheme - IGNOAPS

The Indira Gandhi National Old Age Pension Scheme (IGNOAPS) is implemented as part of the National Social Assistance Programme (NSAP) by the Ministry of Rural Development, Government of India. The assistance is applicable for persons belonging to Below Poverty Line (BPL) category. Further, the states are urged to provide an additional amount of at least an equivalent amount, to the assistance provided by the GoI so that the beneficiaries can get a decent level of assistance.

In Meghalaya, an amount of ₹ 500 per month is provided to those whose age is between 60-79 years and ₹ 550 per month to those whose age is above 80 years. This scheme envisages the electronic/IT enabled transfer of pension for efficient service delivery in a time bound manner. The scheme is implemented through the Community & Rural Development Department (C&RD), Government of Meghalaya. The Director, C&RD is the State Nodal Officer. Identification and addition of new beneficiaries is done at block level by the respective BDOs. The data of the scheme is uploaded and maintained in the scheme MIS, NSAP-PPS and the payment is released to beneficiaries through the PFMS portal w.e.f. August 2019.

In spite of the availability of the MIS, NSAP-PPS and PFMS enabled disbursements, Audit observed the following deficiencies in the implementation of IGNOAPS:

(I). Absence of data for establishing Applicant's eligibility as per Scheme Guidelines.

As per Para 2.3 of National Social Assistance Programme (NSAP) Guidelines, the assistance under the IGNOAPS is applicable to persons belonging to 'Below Poverty Line' category. Further, para 3.1.3 of the guidelines *ibid* provides that if an eligible person's name does not figure out in the BPL list, he/she should not be left out but the deserving person's eligibility should be established and included in the selection list. In addition, the Director, C&RD, GoM stated (March 2020) that NSAP benefits were not limited to BPL persons, but people whose socio-economic condition are vulnerable based on proper verification may also be considered for the benefits under this scheme even if their name does not figure in the BPL list.

Audit scrutiny of the application forms revealed that selection of the beneficiaries in the sampled blocks was made on the basis of age criteria only. Socio-economic condition of the eligible persons apart from the BPL list were not considered during the selection process.

The Under-Secretary, GoM, C&RD Department stated (January 2022) that the Gram Panchayat are given active role in identification of beneficiaries. Accordingly, the village authorities are consulted and requested to help the eligible persons to get them enrolled under the scheme. Hence, with a view to help the beneficiaries and also keeping the provisions of the guidelines, the documents issued by the village authority, certifying the vulnerable condition and eligibility of the person are accepted for enrolment of beneficiaries even though their name does not appear in the BPL List. The documents are, however, available in the block office.

However, the supporting documents as stated above were neither on record nor furnished to Audit for verification.

(II). Non-release of pension benefits

Scrutiny of records of BDO, Pynursla revealed that pension benefits of ₹ 8.82 lakh in respect of 573 beneficiaries for the period November 2018 to January 2019 were not released till the date of audit (April 2021) as detailed below:

Table 2.2.7: Non-release of pension benefits

Date of Sanction	Sanction number	Period of Payment	Number of beneficiaries suffered		Amount (₹)
			Age 60 to 79	Age 80+	
24.04.2019	No.DRDA.11(Accts-IGNOAPS) /2011-12/154	01.11.2018 to 31.01.2019	420	153	8,82,450

Source: Sanction orders of the DRDA.

There was nothing on record to explain the reasons for release of IGNOAPS fund directly to the BDO, Pynursla instead of transferring the same to the bank/postal accounts of the beneficiaries and the reason for retention of the fund by the BDO Pynursla.

The Under-Secretary, GoM, C&RD Department stated (January 2022) that these beneficiaries have now been onboarded in the DBT and have received pension through DBT along with arrears. However, records to show that the pension money was actually transferred to the beneficiaries' account were not furnished. Further, the reply is silent about the retention of ₹ 8.82 lakh for more than two years by depriving the 573 eligible beneficiaries of the intended benefits to that extant. This indicates the casual approach of the Department in the implementation of the scheme and absence of accountability as well as monitoring in the Department.

(III). Pension benefits extended to ineligible beneficiaries

Para 3.1.3 of NSAP guidelines states that for age proof, the birth certificate or school certificate may be relied on at the time of enrolment for pension. In their absence, ration card and Election Photo Identity Card (EPIC) may be considered. If there is no valid document, Medical Officer of any government hospital may be authorised to issue an age certificate.

Scrutiny of application forms and MIS data of IGNOAPS furnished by BDO, Mylliem revealed that two beneficiaries had been extended pension benefits even though the applicants had not attained the age of 60 years as detailed below:

Table 2.2.8: Pension benefits extended to ineligible beneficiaries

Sl. No.	Name of the Beneficiary	Block	DOB as per EPIC enclosed	DOB in the MIS	Date of approval by the BDO/ Date of enrolment in MIS	Age at the time of approval by BDO	Amount of pension released to the beneficiary (9/2020 to 2/2021) (₹)
1.	Bilian Mjaw	Mylliem	19.11.1961	02.01.1958	06.07.2020	58	6000
2.	Sengtimon Kharsohnoh	Mylliem	Age 43 (on 01.01.2007)	28.11.1956	06.07.2020	56	6000

Source: Data furnished by the C&RD Block.

It is seen from the table above, that the BDOs had considered the beneficiaries' eligibility without taking into account the date of birth as recorded in the EPIC but had manipulated the date of birth in the MIS to bring the applicants under the eligibility criteria which was in contravention to the scheme guidelines. This indicates weakness of data validation in respect of age proof in the system.

The Under-Secretary, GoM, C&RD Department stated (January 2022) that the applications of the above beneficiaries were approved based on the latest verification and their latest EPICs, as it was found that these beneficiaries had already attained the age of 60 years and above.

(IV). Double Pension benefit extended to beneficiaries

In spite of the availability of the MIS and NSAP-PPS enabled disbursements, Audit observed that 26 beneficiaries in two out of the four selected blocks were extended double pension benefits amounting to ₹ 3.36 lakh during the period of review as detailed below:

Table 2.2.9: Double payment of pension benefits

Sl. No.	Mode of payment to duplicate beneficiaries	No. of duplicate beneficiaries	Name of the block development office	Amount (₹ in lakh)
1.	Transferred of pension money for beneficiaries bearing different Application No.to same bank account.	19	Umsning	1.95
		3	Pynursla	0.60
2.	Transferred of pension money for different beneficiaries to same bank account.	4	Umsning	0.81
Total		**26**		**3.36**

Source: MIS and NSAP-PPS data furnished by the C&RD Blocks.

From the above table it can be seen as follows:

1. Two BDOs *viz* Umsning and Pynursla, had credited pension money (₹ 2.55 lakh) to same bank account of beneficiaries assigned with different Application No[4]. Crediting pension benefit in the same bank account for beneficiaries having different Application No. indicates double payment **(Appendix 2.2.1)**.

2. Umsning BDO credited pension money (₹ 0.81 lakh) to same bank account meant for different beneficiaries. This is a clear case of double payment of pension to the holder of the bank account **(Appendix 2.2.2)**.

While accepting the audit observation, the Under-Secretary, GoM, C&RD Department stated (January 2022) that the pension to duplicate beneficiaries have been discontinued after proper documents are received or after proper field verification.

(V). Pension extended to deceased beneficiaries

As per Para 3.4 of the guideline of NSAP, 'the list of beneficiaries to whom sanctions are issued should be displayed at the Gram Panchayat / Ward / Municipal Office and updated **every three months**. A file containing photocopies of all applications, the register recording receipt of applications and Sanction Orders and Rejections shall be kept open and accessible for inspection at respective offices.' Further the Gram

[4] The BDO, Umsning block stated (March 2022) that, Application No./ Sanction order No. is the unique IDs of the NSAP live beneficiaries which reflects the uniqueness of each beneficiary.

Panchayats / Municipalities shall report every case of death of pensioner to the designated Sanctioning Authority. Cases of mistaken / false identity should also be reported immediately for corrective action.

Audit observed that the list of beneficiaries under IGNOAPS had not been updated regularly by the sampled BDOs as stipulated in the guidelines. Delay in reporting /uploading of death certificates of the deceased beneficiaries was also observed in sampled blocks resulting in excess payment of pension benefits amounting to ₹ 15.78 lakh by three BDOs as detailed below:

Table 2.2.10: Pension extended to deceased beneficiaries **(₹ in lakh)**

Sl. No.	Name of the Blocks	Period of payment of pension after the death of beneficiary	No. of deceased beneficiaries	Amount
1.	Khadarshnong Laitkroh	3 to 48 months	9	0.86
2.	Umsning	1 to 65 months	59	4.81
3.	Pynursla	1 to 104 months	153	10.11
Total			**221**	**15.78**

Source: Data furnished by the C&RD Blocks.

It is seen from the table above that payment of pension benefits to 221 deceased beneficiaries continued for a period ranging from 3 to 48 months in Khadarshnong block, 1 to 65 months in Umsning block and 1 to 104 months in Pynursla block. This has not only resulted in excess payment of ₹ 15.78 lakh but also indicates lack of co-ordination between the BDO Offices and Field Workers like Gram Sevaks/ Sevikas, Village Headmen, *etc*., and absence of monitoring by the BDOs.

The Under-Secretary, GoM, C&RD Department, while accepting the audit observation, stated (January 2022) that payments of pension are discontinued based on the information of the family members or village headman supported by the death certificate.

(VI). Non-registration of mobile numbers and non-seeding of Aadhar numbers

The Ministry of Rural development, Government of India, in its letter (November 2018) to the Principal Secretary of all states suggested that Aadhar based authentication was to be completed in a mission mode by taking the following steps:

- The Aadhaar based authentication of the beneficiaries covered under NSAP was to be completed without any further delay.
- Cases where the beneficiaries have been provided the Aadhaar number but the same has not been validated needs to be expeditiously checked and verified.
- To address the failures of Aadhaar based authentication, alternative methods for identifying such persons shall be adopted after finding the causes of failure in such cases

Scrutiny of the data provided by the selected blocks revealed that registration of mobile numbers and seeding of Aadhaar numbers in bank accounts of the beneficiaries is yet to be completed even after several years of implementation of the scheme as detailed below:

Table 2.2.11: Position of registration of mobile numbers and seeding of Aadhaar Numbers

Name of the Block	Number of live beneficiaries	Numbers of beneficiaries whose mobile numbers are registered in MIS (%)	Numbers of beneficiaries whose Aadhaar seeding is done in MIS
Mylliem	482	NA	NA
Khadarshnong Laitkroh	630	97 (15)	NA
Pynursla	769	0 (0)	0
Umsning	1456	NA	NA

Source: Data furnished by the C&RD Blocks.

Non-registration of mobile numbers and non-seeding of Aadhaar numbers reflects poor implementation of the scheme and provide scope for pilferage of benefits through fraudulent claims of ineligible beneficiaries.

While accepting the audit observation, the Under-Secretary, GoM, C&RD Department stated (January 2022) that most of the beneficiaries have not enrolled themselves for Aadhar due to false conception in spite of the fact that Aadhar Camp was conducted in co-ordination with District Administration. District and Blocks have been instructed to expedite seeding of Aadhar and mobile numbers for beneficiaries who have submitted the details.

(VII). Undue delay in release of pension benefits by the DRDAs

Scrutiny of the sanction orders release by the District Rural Development Agencies (DRDAs) to the BDO Offices revealed that there was undue delay in release of funds ranging between 7 and 226 days as detailed below:

Table 2.2.12: Delay in release of pension benefits by the DRDAs

Sl. No.	Period for which fund was sanctioned	No. of months for which pension not released on	Block	Date of Sanction	Delay in release calculated from last date of first month (in days)
1	March 2017 to July 2017	5	Pynursla, Khadarshnong & Mylliem (EKH District)	23-08-2017	145
2	August 2017	1		28-09-2017	28
3	Sep. 2017 to Nov. 2017	3		21-12-2017	82
4	Dec.2017 to Feb 2018	3		13-03-2018	72
5	March 2018 to May 2018	3		29-06-2018	90
6	June 2018 to July 2018	2		16-08-2018	47
7	August 2018 to Oct.2018	3		04-12-2018	95
8	Nov. 2018 to Jan 2019	3		24-04-2019	145
9	Feb 2019 to March 2019	2		21-05-2019	82
10	April 2019 to June 2019	3		03-07-2019	93
11	July 2019	1		07-08-2019	7
12	Nov 2016	1	Umsning (Ribhoi District)	15-06-2017	226
13	Dec 2016 to Dec. 2017	13		15-06-2017	196
14	Dec 2017 to March 2018	4		19-03-2018	77
15	April 2018 to Oct 2018 (part payment for different age group)	6		20-07-2018	110
16	Aug 2018 to Jan 2019 (part payment for different age group)	6		15-01-2019	167
17	Feb 2019	1		08-03-2019	35
18	March 2019	1		30-03-2019	29
19	April 2019 to July 2019	4		14-07-2019	104

Source: Sanction orders issued by the DRDAs.

As evident from the table above, pension benefits were released with delays ranging between 7 and 226 days indicating failure on the part of the Department to achieve the objectives of IGNOAPS for timely release of assistance to the beneficiaries.

(VIII). Undue delay in release of pension benefits by the BDO Offices

Cross verification of the sanction orders issued by the DRDAs with the advice list sent to the banks by the BDO Offices revealed that there were undue delays ranging between 9 and 392 days in release of pension benefits as detailed below:

Table 2.2.13: Delay in release of pension benefits by the BDO Offices

Sl. No.	District	Block	Delay by BDO Office in sending of advice list to the bank for the pension payment (since the date of sanction order)	Number of months for which pension was released at a time
1	East Khasi Hills	Khatarshnong Laitkroh	9 to 392 days	1 to 5 Months
2		Pynursla	23 to 206 days	
3	Ribhoi	Umsning	26 to 270 days	1 to 13 Months

Source: Sanction orders issued by the DRDAs and Advice List sent to banks by the BDO Office.

Reasons for undue delay in release of funds by the BDO Offices in spite of receipt of funds from the DRDAs were neither on records nor could be explained to audit.

The Under-Secretary, GoM, C&RD Department stated (January 2022) that certain procedures are to be followed before the pension is credited by BDOs. Information on the verification of beneficiaries, discontinuation of the deceased beneficiaries and sanctioning of new beneficiaries are being asked from the BDOs to know the fund requirement. This leads to delay in releasing the fund to the BDOs. Further, pension is paid to the valid bank account of the beneficiaries. Some beneficiaries take time to bring the updated bank account to the block officials. Verification of the beneficiaries pose a delay for disbursement of pension.

Conclusion:

Implementation of IGNOAPS in the four selected blocks has been found deficient in many respects. Selection of the beneficiaries was made on the basis of age criteria only without considering the socio-economic condition of the eligible persons apart from the BPL list and cases of pension being extended to persons below the age of 60 years were also noticed. Instances of double payment of pension benefits and payment of pension benefits to deceased beneficiaries were also noticed. There was delay in release of pension money by the DRDAs ranging between 7 and 226 days and by the BDOs ranging between 9 and 392 days, which thereby delayed payment of monthly pension to the beneficiaries. In the overall analysis, audit concluded that the implementation of IGNOAPS was fraught with deficiencies due to non-implementation of the Scheme in a DBT mode, which would have helped in streamlining the procedure of identification/registration of beneficiaries, processing of payments to the intended beneficiaries and minimising the intermediary levels in transfer of funds.

Recommendations:

Government should consider:

1. ***To enrol the beneficiaries under Aadhaar and link the Aadhaar numbers with the bank accounts of the beneficiaries without further delay. The use of Aadhaar would obviate the need for multiple documents to prove one's identity and would bring in transparency and efficiency in beneficiary selection and payment of benefits conveniently.***
2. ***To take up the matter with the GoI highlighting the drawbacks of the central software (NSAP-PPS and Awaasoft) in the light of the audit observations and take effective steps to ensure that the software utilised by the States are made effective and are linked with the beneficiaries' database to rule out any manipulation while uploading/transacting beneficiaries claims through the software.***

2.2.8.5 Implementation of Pradhan Mantri Awaas Yojna-Grameen (PMAY-G)

The scheme of Indira Awaas Yojana (IAY) was re-structured into Pradhan Mantri Awaas Yojana-Grameen (PMAY-G) with effect from April 2016 to address the gaps in the rural housing program and in view of Government's commitment to provide "Housing for All" by 2022. It aims to provide a pucca house, with basic amenities, to all homeless households and those households living in kutcha and dilapidated house.

In PMAY-G, programme implementation and monitoring are carried out through an end to end e-Governance model using AwaasSoft and AwaasApp. While AwaasSoft is a workflow enabled, web-based electronic service delivery platform thorough which all critical functions of the PMAY-G, right from identification of beneficiary to providing construction linked assistance (through PFMS), is carried out; AwaasApp- a mobile application is used to monitor real time, evidence based progress of house construction through date and time stamped and geo-referenced photographs of the house. The two IT applications help identify the shortfalls in achievement of targets during the course of implementation of the program. All payments to beneficiaries are made through DBT to beneficiary's Bank/Post Office accounts registered in AwaasSoft MIS.

Deficiencies observed by Audit in the implementation of PMAY-G are discussed in the succeeding paragraphs:

(I). Non-compliance of Priority List ranking while allotment of houses

PMAY-G guideline envisages that 'the Annual Select List shall begin with the top households in the approved permanent waitlist and be restricted to the target assigned for each category to the Gram Panchayat for that year'. This implies that allotment of houses under PMAY-G should be done according to the priority list ranking of the beneficiary and any beneficiary ranked higher in the Socio Economic Caste Census (SECC)-2011 based priority list, should get the benefit first.

Audit however, observed that allotment of the benefit was not done strictly as per the priority list ranking in any of the selected blocks. Many instances of the benefits being extended to a lower ranked beneficiary in the priority list, ahead of higher ranking beneficiaries, have been noticed as detailed below:

Table 2.2.14: Non-allotment of benefits as per priority list

Sl. No.	Name of the Block	No. of Beneficiaries in the SECC-2011 list	No. of beneficiaries with higher priority ranking but didn't receive house or received only after the beneficiaries ranked below them			Percentage of beneficiaries who were skipped and benefit was given to the beneficiaries ranked below them
			No. of beneficiaries who received benefit in subsequent years	No. of beneficiaries who are yet to receive the benefit	Total	
1.	Mylliem	358	35	0	35	9.78
2.	Khatarshnong Laitkroh	545	63	1	64	11.74
3.	Pynursla	1282	593	4	597	46.57
4.	Umsning	2190	1020	38	1058	48.31
Total:		**4375**	**1711**	**43**	**1754**	**40.09**

Source: Data furnished by the selected C&RD Blocks.

Further, in the four selected blocks, 51 beneficiaries were surveyed and none of the beneficiaries were aware about their ranking in the SECC-2011 based priority list and subsequent allotment thereof. From the above, it is evident that the PMAY-G guidelines were not complied with during allotment of houses and beneficiaries remained unaware about their ranking in the scheme.

The Director, C&RD Department, Government of Meghalaya stated (August 2017) that 'some grassroot level officials involved in the implementation of PMAY-G scheme are making false promises to the beneficiaries whose names appear in the SECC Priority list on the pretext of doing them a favour just to gain some personal monetary gain.

The BDO, Khadarshnong Laitkroh C&RD block stated (March 2021) that they could not comply with the priority list ranking on account of non-availability of land and beneficiaries could not furnish necessary documents within specified timeframe. Further, the BDO, Mylliem C&RD block stated (February 2021) that the allotment was not done in accordance with the SECC-2011 Priority List because the beneficiaries were not genuine, landless, shifted or unwilling.

Reply of the BDOs is not acceptable as ensuring the availability of land is the responsibility of the State and the Block could not furnish any notice or IEC activity for speedy collection of necessary documents.

(II). Non-allocation of houses to the landless beneficiaries

PMAY-G Guidelines envisages that 'in case of a landless beneficiary, the State shall ensure that the beneficiary is provided land from the government land or any other land including public land (Panchayat common land, community land or land belonging to other local authorities)'.

Audit observed that house under PMAY-G was being allotted only when the beneficiary or relative of the beneficiary owns a land and permits the beneficiary to construct house in that land. Landless beneficiaries, although eligible under PMAY-G, have not been provided the scheme benefit. During the period under review, 46 eligible beneficiaries in the selected blocks had not been provided houses under PMAY-G as detailed below:

Table 2.2.15: Non-allotment of benefits to landless beneficiaries

Sl. No.	Name of the Block	No. of Landless Beneficiaries
1.	Mylliem	41
2.	Khatarshnong Laitkroh	1
3.	Pynursla	Nil
4.	Umsning	4

Source: Data furnished by the selected C&RD Blocks.

The Principal Secretary to the GoM, Community & Rural Development Department stated (January 2022) that the State has so far identified 914 landless beneficiaries out of which 624 beneficiaries have been provided with community/clan lands till date. Further, 224 beneficiaries have been removed on being permanently migrated/ untraceable/expired with no legal heir/beneficiaries not willing to construct houses and 66 remaining beneficiaries to be provided. Efforts are being made from the State, District and Block level to find out ways and means to provide land to all the remaining genuine landless beneficiaries.

(III). Delay in completion of houses

As per Para 5.6 of the PMAY-G guidelines, "Delay in construction of the house leads to complications in completion of the house. With delay, not only the cost of inputs increases but it may also lead to diversion of fund to other pressing needs, including consumption requirements, as the beneficiaries are from a strata of the society that is vulnerable to various insecurities of life. Such situations would become irretrievable leading to incomplete houses. The States/UTs, thus, have to very closely monitor the construction of the house by the beneficiary and ensure constant handholding. The State/ UT Governments may incentivise early and timely completion of construction by beneficiaries.

As per Para 5.4.1 of the PMAY-G guidelines, "The first instalment shall be released to the beneficiary electronically to the registered bank account of the beneficiary within a week (seven working days) from the date of issue of sanction order."

The construction of house should be completed within 12 months from the date of sanction.

In the four selected blocks, year-wise break-up of the number of houses sanctioned in 2017-18 and 2019-20 along with their actual completion (as on 31 March 2021) are detailed in the table below:

Table 2.2.16: Delay in completion of PMAY-G houses

Sl. No.	Name of the Block	No. of Houses (Target Year-wise)					
		2017-18		2019-20		Total	
		Sanctioned	Completed as on 31 March 2021 (%)	Sanctioned	Completed as on 31 March 2021 (%)	Sanctioned	Completed as on 31 March 2021 (%)
	Mylliem	31	31 *(100%)*	44	28 *(63.6%)*	75	59 *(78.7%)*
	Khadar shnong Laitkroh	30	30 *(100%)*	232	112 *(48.3%)*	262	142 *(54.2%)*
	Pynursla	63	63 *(100%)*	295	13 *(4.4%)*	358	76 *(21.2%)*
	Umsning	112	23 *(20.5%)*	531	12 *(2.3%)*	643	35 *(5.4%)*
Total		**236**	**147 *(62.3%)***	**1102**	**165 *(15%)***	**1338**	**312 *(23.3%)***

Source: Data furnished by the C&RD Blocks.

As evident from the table above, out of 1338 houses sanctioned in 2017-18 and 2019-20 in the four test checked blocks, construction of only 312 houses (23.3 *per cent*) was completed as on 31 March 2021. The completion rate was highest in Mylliem block (78.7 *per* cent) and lowest in Umsning block (5.4 *per cent*). In Umsning block, the completion rate of houses sanctioned in 2017-18 was only 20.5 *per cent*, whereas in other three selected blocks, all the houses sanctioned in 2017-18 were completed.

Audit observed that the major reason for delay in construction was due to delay in release of financial assistance to the beneficiaries. Average time taken to release 1st, 2nd and 3rd instalments in the selected blocks are shown in the table below:

Table 2.2.17: Delay in release of financial assistance

Sl. No.	Name of the Block	No. of Beneficiaries who received First Instalment (Target Year 2017-18 to 2020-21)	Average Time taken to release 1st Instalment from Date of Sanction (Days)	No. of Beneficiaries who received Second Instalment (Target Year 2017-18 to 2020-21)	Average Time taken to release 2nd Instalment from Date of Inspection for Plinth level (Days)	No. of Beneficiaries who received Third Instalment (Target Year 2017-18 to 2020-21)	Average Time taken to release 3rd Instalment from Date of Inspection for Roof-cast level (Days)
1.	Mylliem	72	234	68	23	58	106
2.	Khatarshnong Laitkroh	273	124	247	46	154	32
3.	Pynursla	434	154	271	54	81	58
4.	Umsning	744	117	468	47	91	60

Source: Data furnished by the C&RD Blocks.

From the above table, it is evident that the average time taken to release 1st instalment from the date of sanction order was 234 days for Mylliem block, 124 days for Khatarshnong Laitkroh block, 154 days for Pynursla block and 117 days for Umsning block. This was in contravention of the PMAY-G Guidelines which stipulates a time of seven working days from the date of issue of sanction order for release of the first instalment electronically to the registered bank account of the beneficiary. Thus, non-adherence of timeline set for release of funds to the beneficiaries account was also one of the major causes for hindering the completion of the houses within 12 months as envisaged.

The Principal Secretary to the GoM, C&RD Department stated (January 2022) in his reply that the availability of fund in SNA for the release of next installments is also equally dependent. The fund flow to the State as a whole was erratic. From 2020 onwards, there is an improved flow of fund to the SNA.

(IV). Release of 3rd Instalment after completion of houses in selected blocks

As per the Guidelines, for implementation of PMAY-G in the State of Meghalaya, release of 3rd instalment to the beneficiaries has been mapped to the construction up to roof-cast level, *i.e.* 3rd instalment will be released after completion up to roof-cast level.

Contrary to the above Guidelines, Audit observed that 3rd instalment was being released to the beneficiaries only after completion of the construction of the house, which in turn forced the beneficiaries to arrange for construction costs beyond roof-cast level construction, by themselves. Number of beneficiaries in the selected blocks who received 3rd instalment only after completion of the house are detailed below:

Table 2.2.18: Beneficiaries receiving financial assistance after completion of houses

Sl. No.	Name of the Block	Completed as on 31 March 2021	No. of Beneficiaries who received 3rd Instalment after completion of the House	Percentage
1.	Mylliem	59	56	94.9
2.	Khatarshnong Laitkroh	142	110	77.5
3.	Pynursla	76	66	86.8
4.	Umsning	35	13	37.1
Total		**312**	**245**	**78.5**

Source: Data furnished by the C&RD Blocks.

As evident from the table above, 78.50 *per cent* beneficiaries in the four selected blocks were provided the 3rd instalment only after completion of the construction of the house. Further, in Mylliem block, 56 out of 59 beneficiaries *i.e.* 94.90 *per cent* beneficiaries received the 3rd instalment only after completion of the house.

As such, mapping of the 3rd instalment with the completion of the entire construction work instead of roof-cast level construction not only violated the PMAY-G guidelines but also resulted in additional financial burden on the beneficiaries.

The Principal Secretary to the GoM, C&RD Department stated (January 2022) in his reply that necessary instructions will be issued to the Blocks for timely release of installments to the beneficiaries.

(V). Payment details not intimated to the beneficiaries through SMS

As per the PMAY-G Guidelines, beneficiaries should be intimated through SMS about issue of sanction and the State would ensure with the Bank in which State Nodal Account is maintained, to send an SMS to the beneficiary conveying the transfer of fund.

Based on a survey questionnaire raised to 51 beneficiaries of the selected blocks during field visits made by audit in January 2020, March-April 2020, it was noticed that none of the surveyed beneficiaries received SMS in their mobiles about the issue of sanctioned amount. Further, 38 out of 51 surveyed beneficiaries (75 *per cent*) stated in their replies that they did not receive any intimation from banks about the receipt of instalments.

The Principal Secretary to the GoM, C&RD Department stated (January 2022) in his reply that the issue has been noted and the State will take necessary action in this regard.

(VI). Poor monitoring and supervision of PMAY-G

Monitoring under PMAY-G is conceived to be multi-level and multi-agency with the use of technology. Monitoring for overall scheme implementation and quality supervision should also be done at different levels. Uploading of beneficiary data and payment details in the AwaasSoft can only be effective if the uploaded data is monitored and evaluated at the Block Level, District Level and the State Level on regular basis.

Audit, however observed poor monitoring and supervision by the departmental officials in implementation of PMAY-G in the selected Blocks as detailed below:

- Allotment of the houses were to be made as per the SECC-2011 Priority List as per the scheme guidelines. The Priority List and the selected beneficiaries list in each target year were also available in the AwaasSoft. However, audit observed that the allotment of houses was not done as per the Priority List as pointed out in ***Paragraph 2.2.8.5(I)***.
- Real-time photographs were to be uploaded on AwaasSoft at different stages of construction. Photographs at various levels of house construction were meant to increase the transparency level of the scheme. However, Audit observed that some of the photographs uploaded at various levels of house construction were confusing, unclear and unreliable, indicating poor monitoring and supervision at each stage of house construction. Absence of inspections at the required stages and non-availability of construction level photographs threatened to jeopardise the very purpose of the scheme.
- Undue delays in release of funds were observed even though the administrative approval, order sheet generation and subsequent payment schedules were available on the AwaasSoft for necessary action to be taken as pointed out in ***Paragraph 2.2.8.5(III)***.

Conclusion:

Implementation of PMAY-G in the four selected blocks has been found deficient in many respects. Selection of the beneficiaries and allotment of houses were not made as per the priority list and there was no trigger in the AwaasSoft to detect the anomalies and raise red flags during implementation of the scheme. Houses were not allotted to 46 landless beneficiaries in four selected blocks though they were eligible for receiving the intended beneficiaries under the scheme. There were delays in completion of houses in four selected blocks as only 12.9 *per cent* of total sanctioned houses have been completed as on 31 March 2021. Funds were not released in accordance with the levels of construction of the houses and 3rd installments were released only after completion of the houses which created additional financial burden on the beneficiaries. Implementation of scheme was deficient in terms of absence of multi-level and multi-agency monitoring and supervision.

Recommendations:

1. ***The existing database of beneficiaries should be thoroughly reviewed to identify duplicate/ incomplete/ missing records, and only verified records should be retained. Government may consider mandatory Aadhaar based verification of beneficiary records to the existing database.***

2. ***To implement IGNOAP Scheme in full DBT mode to ensure that eligible beneficiaries receive monthly payments.***

3. ***Houses should be sanctioned/allotted to the landless and deserving beneficiaries and selection of beneficiaries should be as per the priority list.***

4. ***The drawbacks of the central software (Awaasoft and AwaasApp) may be highlighted to GoI for strengthening the system in the light of the audit observations.***

AGRICULTURE & FARMER'S WELFARE DEPARTMENT

2.3 Development and Promotion of Horticulture in the State of Meghalaya

2.3.1 Introduction

The total geographical area of Meghalaya is approximately 22.42[5] lakh hectares (ha) out of which, the net cultivated area is 3.43 lakh ha (15.28 *per cent*). The unutilised potential area was about 5.55 lakh ha (24.75 *per cent*) of the total area which signifies the availability of land and the potential for large scale horticulture.

The State enjoys a temperate climate. It is directly influenced by the South-West Monsoon and the northeast winter wind. The four Seasons of Meghalaya are: Spring - March and April, Summer (Monsoon) - May to September, Autumn -October and November and Winter - December to February. Maximum rainfall occurs over the southern slopes of the Khasi Hills, i.e over the Sohra and the Mawsynram platform, which receives the heaviest rainfall in the world. The average rainfall in the State is 12,000 mm. Principal Agricultural products are rice, maize, patato, ginger, tezpata, arecanut, *etc.,* while mandarin orange, plum, peach, pear, pineapple, *etc* are the principal fruits grown in the State.

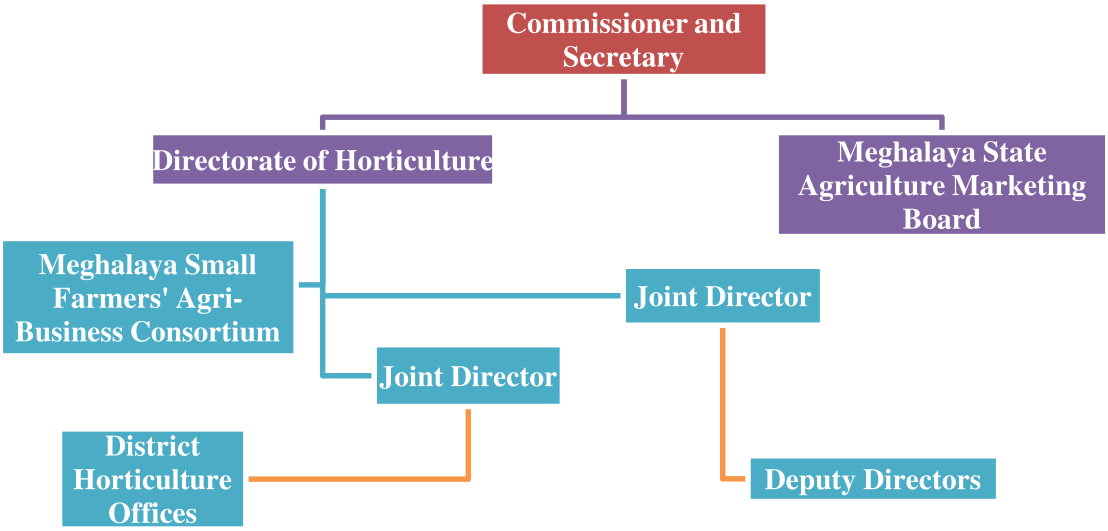
The Government of Meghalaya (GoM) has implemented several horticulture development schemes for area expansion of fruits, vegetables, spices, plantation crops and floricultural crops; promotion of organic cultivation and protected cultivation by using plasticulture interventions, construction of water harvesting structures, setting up of post-harvest management, marketing facilities and human resource development.

2.3.2 Organisational set-up

The Commissioner and Secretary, Department of Agriculture and Farmers' Welfare is the administrative head of the Directorate of Horticulture and Meghalaya State Agriculture Marketing Board at the Government level. The organisational set up of the Department is as shown below:

[5] As per website of MgSFAC, nodal agency for implementation of HMNEH.

Chart 2.3.1: Organisational Structure



2.3.3 Audit Objectives

The objectives of carrying out Performance Audit (PA) on Development and Promotion of Horticulture in the State of Meghalaya were to assess whether:

- Effective planning process was in place fixing priorities for State/ different districts/ regions in consonance with the diverse agro climate features. Whether various schemes/projects for increase of production area and productivity of Horticulture Crops were planned effectively;
- Implementation of the schemes/projects and provision and utilisation of funds was efficient and effective and has resulted in increased acreage of horticultural crops and diversification of horticultural production as envisaged;
- Post-harvest management, processing and marketing for holistic growth of horticulture sector in consonance with comparative advantage in the State/region was achieved;
- Skills of the local youth have been developed to create employment opportunities in the horticulture sector; and
- Monitoring and evaluation system including internal controls were adequate and effective.

2.3.4 Scope of Audit

The PA covered the schemes implemented over a period of five years i.e. 2015-16 to 2019-20. During these periods, the Directorate implemented four Centrally Sponsored

Schemes[6] (CSS), 14 State Schemes[7] and three schemes for market infrastructure[8]. The following were the schemes selected based on volume of expenditure during the review period 2015-20:

Chart 2.3.2: Details of schemes selected for detailed audit

Centrally Sponsored Schemes	*State Schemes*	*Schemes for Market Infrastructures*
• **HMNEH:** The Horticulture Mission for North East and Himalayan States (HMNEH), a sub-scheme of Mission for Integrated Development of Horticulture (MIDH)	• (1) Development and Maintenance of Orchard cum Horticulture Nursery • (2) Maintenance of Horti-Hub • (3) Vegetable Development Scheme • (4) Tea Development Scheme • (5) Fruit Development Scheme • (6) Mushroom Development Scheme • (7) Floriculture Development Scheme	• (1) Special Plan Assistance (SPA) • (2) Special Central Assistance (SCA) • (3) Scheme for Farmer's Market (SFM)

Out of 11 districts that implemented the above schemes, four districts[9] *viz* East Khasi Hills, Ri-Bhoi, West Khasi Hills and West Jaintia Hill were selected for test check, through Simple Random Sampling without Replacement (SRSWOR).

The following audit themes were identified for the PA:

Chart 2.3.3: Audit Themes

Planning	Financial Management	Implementation

2.3.5 Audit Methodology

The PA commenced with entry conference (24.11.2020) with the Director of Horticulture and selected District Horticulture Officers (DHOs), wherein the Audit objectives, criteria, scope of audit and methodology were discussed. Audit involved test-check of records of the Agriculture Department at Secretariat, Directorate, Managing Director of Meghalaya Small Farmers Agri Business Consortium (MgSFAC), selected DHOs and Tea Development Centres, Regional Centre for

6 Horticulture Mission for North East and Himalayan States (HMNEH), Rashtriya Krishi Vikas Yojana (RKVY), Mission Organic and Mission Organic Value Chain Development For North East Regions (MOVCDNER).

7 Development and Maintenance of Orchard cum Horticulture Nursery, Maintenance of Horti-Hub, Vegetable Development Scheme, Tea Development Scheme, Fruit Development Scheme, Mushroom Development Scheme, Floriculture Development Scheme, Spice development scheme, Plant Protection, Agro Forestry, Organic Manure, Plantation Crop Development Scheme, Vegetable Garden and Oil & Palm seed.

8 Special Plan Assistance (SPA), Special Central Assistance (SCA) and Scheme for Farmer's Market (SFM).

9 Garo Region have been excluded from the sampling due to travel and accommodation restrictions due to Covid-19 pandemic.

training and production of Mushroom and Managing Director of Meghalaya State Agriculture Marketing Board (MSAMB). Joint Physical Verification (JPV) with departmental officials was also conducted to verify the assets created out of HMNEH and SPS. Beneficiary survey involving 535[10] farmers/beneficiaries selected through judgemental sampling spread over four test checked districts was also carried out to ascertain the extent of support received from the Directorate. Exit meeting was held with Deputy Secretary, Department of Agriculture & Farmers Welfare, Government of Meghalaya, Director of Horticulture and DHOs on 30 March 2022, wherein the audit findings were discussed in details and department replies are incorporated in the report appropriately.

2.3.6 Audit Criteria

Audit findings were benchmarked against the criteria in the following documents:

- Operational Guidelines of MIDH and other relevant scheme/project guidelines;
- Annual Action Plans;
- Guidelines, Circulars, Notifications and various orders issued by the Government of India (GoI)/GoM from time to time;
- Departmental Manual/Rules/Policies *etc*; and
- Meghalaya Financial Rules.

2.3.7 Acknowledgement

The Indian Audit & Accounts Department acknowledges the co-operation of the Department, DHOs of four selected districts and other offices in providing necessary information and records for conducting the PA.

2.3.8 Audit Findings

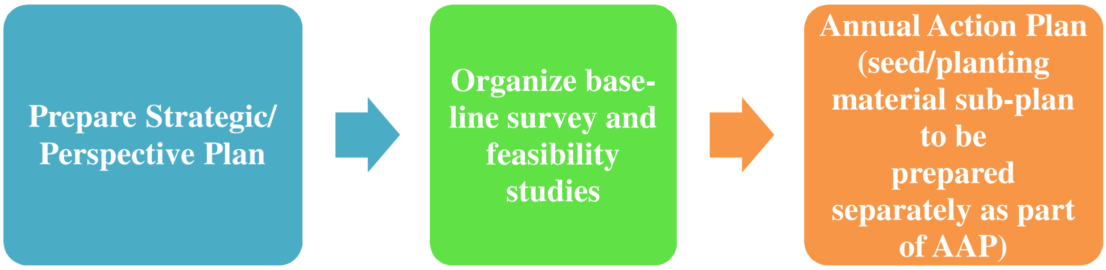
The Audit findings are enumerated in succeeding paragraphs:

2.3.8.1 Planning

Planning is the basic framework of a scheme/programme on which the success of the programme depends. Audit observed the followings in the planning process under HMNEH:

[10] Area Expansion/Maintenance (322 out of 6,099 beneficiaries), Rejuvenation (36 out of 438 beneficiaries), Community Tank/Farm Pond (28 out of 185 beneficiaries), Bee Keeping (37 out of 625 beneficiaries), Protected Cultivation (64 out of 547 beneficiaries), Vegetable Development Scheme/Floriculture Development Scheme (23 out of 120 beneficiaries), Pack House (23 out of 232 beneficiaries) and Primary Processing Units (2 out of 2 beneficiaries).

Chart 2.3.4: Planning Process



(I). Preparation of Perspective Plan under HMNEH

MIDH Operational Guidelines (para 5.1) envisaged preparation of perspective/strategic plan and road map for overall development of horticulture crops in respective state, duly projecting the targets to be achieved which would form the basis of preparing Annual Action Plans (AAP).

The Perspective Plan should invariably contain information on geography and climate, potential of horticulture development, availability of land, SWOC[11] analysis, strategy for development and plan of action proposed to be taken to achieve goals in each district of the State. The State Level Executive Committee (SLEC) in its 4th meeting (March 2016) also directed for preparation of five years road map (2016-17 to 2020-21) for development of horticulture under MIDH.

In Meghalaya, since HMNEH was implemented through MgSFAC, it was expected that such a perspective plan would have been prepared by them. However, Audit observed that there was no perspective/strategic plan or a document detailing the overall development targets over a specified period of time during the period 2015-20.

During Exit meeting (March 2022) the Department stated that Perspective Plan for five years (2015-20) had been prepared. The Department could neither give the date of submission of Perspective plan to GoI nor produce copy of forwarding letter of the same to audit. However, the Deputy Secretary confirmed that approval of the Perspective Plan by the GoI had not been received till date.

Scrutiny of the Perspective Plan (2015-20) furnished by the Directorate (25 March 2022) revealed that, there were no targets in the Perspective Plan for components like establishment of nurseries, creation of community tanks and farm ponds, installations of polyhouses under protected cultivation, integrated post-harvest management, human resource, *etc*. Moreover, the AAP were prepared without any reference to the Perspective Plan. As a result, the targets in Perspective Plan were far behind the targets set in AAP. The physical targets of area for expansion under six crops/components, projected in the Perspective Plan (2970 ha) was less by 6824 ha than that of the AAPs of 2015-16 to 2019-20 (9794 ha) as detailed below:

[11] SWOC=Strengths, Weaknesses, Opportunities and Challenges.

Table 2.3.1: Comparison of physical targets of area for expansion (in ha) between Perspective Plan and AAPs for the period 2015-16 to 2019-20

Name of crops	Target of area expansion as per Perspective Plan (in ha)	Target of area expansion as per as per AAP (in ha)	Difference (in ha)
Fruits	985	3,055	2,070
Vegetables	1,050	3,740	2,690
Flowers	-	165	165
Spices	825	1,790	965
Aromatic Plants	-	242	242
Plantation Crops	110	802	692
Total	**2,970**	**9,794**	**6,824**

Source: Perspective Plan and AAP of HMNEH.

The huge mismatch of targets of areas for expansion between the two documents indicated that the Perspective Plan was prepared as a mere formality without forming the basis of the successive AAPs. This is also reflected in the fact that there is no formal approval of Perspective Plan on record till date.

Thus, Audit infers that the Department failed to have any long-term perspective for development of horticulture and relied on year to year plans for implementation of horticulture development schemes, without having any set goals to be achieved over a period of time. Further, the Department did not set any benchmarks for measuring the achievement under the AAPs, as detailed in the next paragraph.

(II). Conduct of Baseline Survey under HMNEH

As per Para 4.8 (c) of the MIDH Operational Guidelines, the MgSFAC being the state level implementing agency of HMNEH, was required to organise base-line survey and feasibility studies for distinct areas/clusters (District, sub-district, or a group of districts) to determine status of horticultural/ bamboo production, potential and demand, and tailor assistance accordingly.

Further para 5.2 of the guidelines envisaged that the AAP needs to be supported with data/write up on outcome of past interventions covering the details of area expansion (variety/species introduced, increase in productivity achieved and number of clusters created), water resource development as per felt need of the State (amount of irrigation potential created, whether linked with micro irrigation, maintenance etc), Integrated Nutrient Management (INM)/Integrated Pest Management (IPM) (including requisite infrastructure created and how these are being utilised for benefit of farmers) and organic farming. Area expansion should be determined based on availability of planting materials and a seed/planting material sub-plan was to be prepared separately as part of AAP.

Audit observed that MgSFAC had not conducted any baseline survey and feasibility studies. The AAP for the period 2015-16 to 2019-20 did not contain the data/write up on outcome of past interventions covering the details of area expansion, water resource development (irrigation potential created, linked with micro irrigation, maintenance *etc.*). The AAPs also did not include seed/planting materials sub-plan and thus, the area expansion were planned without any assessment of the availability of planting materials. Further, supply of planting materials procured out of HMNEH were supplied to the farmers after the planting seasons as discussed in ***Paragraph 2.3.8.4 (III)***.

Thus, audit noted that the Directorate did not have long term plans and objectives, for both the central and state schemes, against which year to year achievements could be measured. Since the baselines surveys were also not conducted, there was no possible way for benchmarking the targets and timelines.

In the absence of targeted activities, it was also not clear how the spending priorities were decided by the department in order to achieve the overall goal of development of the horticulture sector.

The Director stated (25 March 2022) that GoI has not earmarked funds for Baseline survey during these years. The reply of the Directorate was not tenable because Audit observed that, no proposal for baseline survey was made in the AAPs (2015-16 to 2019-20). During exit meeting (March 2022), the Deputy Secretary assured that Directorate will incorporate the proposal for baseline survey in the next AAP.

(III). Planning under State Plan Schemes

Table 2.3.2: Deficiencies in the planning of State Plan Schemes

Sl No.	Name of SPS	Objectives	Audit findings
1.	Development & Maintenance of Orchard cum Horticulture Nursery	For production and multiplication of good quality high yielding, diseased free planting materials in the Government farms for sale through DHOs and introduction of new high yielding varieties of mother plants, suitable to the different areas of the State.	No targets for production of planting materials through Government Orchards cum Horticulture Nursery.
2.	Maintenance of Horti-Hub	To procure and multiply good quality disease free and commercially accepted varieties of the identified flowers and to serve as a demonstration cum training ground for those who intend to earn their livelihood through Floriculture.	No targets for production of planting material through Government Horti-Hub.
3.	Vegetable Development Scheme	To promote vegetable production through HYV seeds/ Hybrids/ Improved/ Open Pollinated seedlings, including assistance to farmers and 100 *per cent* assistance for 100sqm per unit area of poly house.	No terms and conditions for maintenance of low-cost polyhouses.
4.	Floriculture Development Scheme	To motivate the farmers to take up floriculture (traditional and non-traditional flowers) as commercial venture through protected cultivation to augment their income and low-cost poly-house free of cost for a minimum area of 100sqm/unit.	No terms and conditions for maintenance of the low-cost polyhouses.

Source: Records of State Plan Schemes.

Conclusion:

Perspective Plan, though prepared, was neither submitted to the GoI nor formed the basis of preparation of the Annual Action Plans during 2015-16 to 2019-20. Base-line survey to determine status of horticultural production, potential and demand was also not conducted. In the absence of any baseline survey, there was no way to benchmark the targets and timelines.

Recommendations:

1. ***Government should consider developing and documenting a holistic long-term plan for development of the Horticulture in the State, which should be basis of Annual Action Plans.***
2. ***Immediate steps should be taken to conduct baseline surveys and feasibility studies for distinct areas/clusters (District, sub-district, or a group of districts) to determine status of horticultural production, potential and demand, and tailor assistance accordingly.***
3. ***Implementation of the State Plan Schemes for the promotion and development of Horticulture should be assessed against some targeted benchmarks to ensure achievement of the intended objectives of the Government policies for developing the horticulture sector.***

2.3.8.2 Financial Management

Funding under HMNEH is shared between GoI and the GoM in the *ratio* of *90:10.* As per the terms and conditions of the GoI, the first instalment of Central share is to be released after approval of the AAP and release of the second instalment is subject to utilisation of the first instalment and release of State matching share to the implementing agencies.

For Special Plan Assistance (SPA), the cost is shared between GoI and GoM in the ratio of 90:10. In respect of Special Central Assistance (SCA), the project was fully funded by the GoI. The State Schemes and Scheme for Farmer's Market (SFM) were fully funded by the GoM.

Audit examined the financial management under various schemes and noted the following observations:

(I). Funds under HMNEH

The position of funds released by GoI / GoM, along with interest earned on funds kept in banks, *vis-à vis* projected requirements as per the approved AAP, and expenditure incurred during the period 2015-20 is given in the table below:

Table 2.3.3: Requirement of funds, amount released, interest earned *vis-a-vis* expenditure during the period from 2015-16 to 2019-20 under HMNEH

(₹ in crore)

Year	Amount required as per AAP			Unspent balance of previous years	Amount released		Interest/ other receipts	Total available fund	Expenditure (%)	Unspent balance (%)
	GoI	GoM	Total		GoI	GoM				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2015-16	50.40	5.60	**56.00**	25.63	18.00	2.00	1.48	**47.11**	18.41 (39)	**28.70 (61)**
2016-17	29.10	3.23	**32.33**	28.70	18.75	2.08	0.66	**50.19**	18.10 (36)	**32.09 (64)**
2017-18	31.19	3.47	**34.66**	32.09	15.36	1.71	0.97	**50.13**	26.86 (54)	**23.27 (46)**

Year	Amount required as per AAP			Unspent balance of previous years	Amount released		Interest/ other receipts	Total available fund	Expenditure (%)	Unspent balance (%)
	GoI	GoM	Total		GoI	GoM				
2018-19	50.21	5.58	**55.79**	23.27	21.00	2.33	0.51	**47.11**	14.76 (31)	**32.35 (69)**
2019-20	42.00	4.67	**46.67**	32.35	9.10	1.01	0.63	**43.09**	5.19 (12)	**37.90 (88)**
Total	**202.90**	**22.55**	**225.45**	**142.04**	**82.21**	**9.13**	**4.25**	**237.63**	**83.32 (35)**	

Source: Information furnished by the Directorate.

From the above table, it can be seen as follows:

(A) Inability of the Department to utilise available funds resulted in short release of Central Share amounting to ₹ 120.69 crore:

During the period from 2015-16 to 2019-20, the Department could utilise only ₹ 83.32 crore (35 *per cent*) out of the total available fund of ₹ 237.63 crore. The percentage in terms of unspent balance has been in an increasing trend from 61 *per cent* (2015-16) to 88 *per cent* (2019-20). The inability of the Department to fully utilise the available funds resulted in short release of Central Share amounting to ₹ 120.69 crore (₹ 202.90 - ₹ 82.21).

During Exit meeting (March 2022) the Department stated that the main reason for short utilisation of fund was due to delay in release of fund by the State Government due to unforeseen issues.

The reply of the Department is not tenable because as can be seen from **Table 1.3** above, the Department could barely utilised 12 to 54 *per cent* of the available funds. Thus, the inability of the Department to fully utilise the available funds was the main reason which led to short release of Central share amounting to ₹ 120.69 crore.

(B) Delay in release of funds

During the period from 2015-16 to 2019-20, the Department could not fully utilise the available funds in any of the year. The amount of unspent balance ranged from 46 to 88 *per cent*. As on 31 March 2020, an amount of ₹ 37.90 crore was lying unspent. One of the reasons for persistent savings was due to the delay in release of funds by the GoM to the Directorate and by the Directorate to the implementing agency as shown in the table below:

Table 2.3.4: Delay in release of funds under HMNEH **(₹ in crore)**

Year	Instal-ment	Amount sanction by GoI	Date of release by GoI to GoM	Date of release by GoM to Directorate	Delay (in days)	Date of release by Directorate to MgSFAC	Delay (in days)	Date of release by MgSFAC to Districts	Delay (in days)	Overall delay in release of GoI funds (in days)
2015-16	1st	4.00	21.12.2015	31.03.2016	101	18.07.2016	109	26.07.2016	8	218
	2nd	10.00	19.02.2016	31.03.2016	41	18.07.2016	109	26.07.2016	8	158
	3rd	4.00	31.03.2016	31.03.2016	0	18.07.2016	109	26.07.2016	8	117
2016-17	1st	12.75	27.09.2016	25.02.2017	151	17.06.2017	112	21.06.2017	4	267
	2nd	6.00	30.03.2017	31.03.2017	1	17.06.2017	78	21.06.2017	4	83
2017-18	1st	10.00	23.05.2017	01.08.2017	70	12.10.2017	71	12.10.2017	0	141
	2nd	5.36	23.03.2018	29.03.2018	5	08.08.2018	132	14.08.2018	6	139
2018-19	1st	21.00	25.07.2018	06.03.2019	224	02.04.2019	27	02.04.2019	0	251
2019-20	1st	9.10	27.11.2019	20.02.2020	85	02.04.2020	42	02.04.2020	0	127
Total		**82.21**								

Source: GoI and GoM sanction/release orders.

It is seen from the table above that the GoI's share were released by the GoM to the Directorate with delays ranging from 41 days upto 224 days.

The Directorate further delayed the release of the GoI funds to the MgSFAC for a period ranging from 27 to 132 days. Audit estimated that overall, it took from 83 days to 267 days for the GoI funds to finally reach the DHOs. The delay in release of funds to the DHOs not only affected the activities under HMNEH, the resultant savings due to delay in release of funds led to short release of GoI share.

During Exit meeting (March 2022), the Department stated that the main reasons for delay in release of funds by the State Government to the Directorate was due to unforeseen issues.

The reply is not tenable because as shown in **Table 2.3.4**, the issue of delay in release of funds was persistent at all levels during the five year period under audit. This indicated systemic roadblocks in channeling of funds in the Department, and required proper analysis of the prevailing system to ensure timely release of funds to the implementing agencies.

(II). Release of Funds and Expenditure towards implementation of State Schemes

The amount of funds released *vis-à-vis* expenditure incurred towards implementation of various Horticulture development schemes under State Schemes by the Directorate during the period from 2015-16 to 2019-20 was as given in the table below:

Table 2.3.5: Funds released and Expenditure under State Schemes

(₹ in crore)

Year	Release	Expenditure	(%) Utilisation
2015-16	26.98	9.53	35
2016-17	14.50	10.90	75
2017-18	19.83	9.49	48
2018-19	11.62	11.37	98
2019-20	50.05	31.23	62
Total	**122.98**	**72.52**	**59**

Source: Information furnished by the Directorate.

It is seen from the table above that during the period from 2015-16 to 2019-20, the Directorate was unable to fully utilise the available funds with an overall expenditure of only 59 *per cent*. It was further observed that despite availability of funds, the Directorate failed to incur any expenditure on three SPS as detailed below:

Table 2.3.6: Details of State Schemes where no expenditure was incurred during 2015-20 despite availability of funds

(₹ in crore)

Sl. No.	Name of the SPS	Total funds available for the scheme during 2015-20	Total expenditure
1.	Plant Protection including Integrated Pest Management (IPM)	1.44	Nil
2.	National Mission for oil & oil palm seed	0.19	Nil
3.	Plantation crop Development	29.62	Nil
	Total	**31.25**	

Source: Information furnished by Directorate.

Circumstances under which the Directorate could not incur any expenditure on the above three schemes, despite availability of resources were not stated.

Failure to utilise the allocated funds indicated not only lack of planning on part of the Directorate, it also indicated that the Department was not adequately prepared for the utilisation of funds.

During Exit meeting (March 2022), the Department stated that the main reason for short utilisation of fund was due to exclusion of 'coconut' from the scope of the scheme and due to the State Government's decision to not support area expansion for Arecanut crop because of its health implications.

While taking cognisance of department's reply, Audit is of the view that Government must come up with a white paper on its policy on horticulture crops not being supported under the planned schemes explaining the rationale for the same.

(III). Non-release of Centre share of ₹ 13.50 crore under Special Plan Assistance due to delayed submission of UCs

Government of India (GoI) accorded (February 2014) approval of ₹ 20 crore for construction of 20 Lay Bye Markets (LBMs) under Special Plan Assistance (SPA) with a fund sharing ratio of 90:10 between the GoI and the Government of Meghalaya (GoM). The GoI released (February 2014) ₹ 4.50 crore being the first instalment for construction of six out of the 20 LBMs @ ₹ 0.75 crore for each LBM. The GoM released (March 2014) the amount to the Directorate and the Directorate subsequently, released (November 2014) the amount to the Meghalaya State Agricultural Marketing Board (MSAMB), appointed to be the Implementing Agency. The MSAMB refunded (November 2016) the amount of ₹ 4.50 crore to the Directorate after retaining the amount for 24 months. Reason for the refund of money by the MSAMB was due to non-availability of qualified technical manpower to implement the scheme.

Thereafter, the GoM decided (November 2016) that construction of LBM under SPA be implemented by the District Rural Development Agency (DRDA) and directed the Directorate to release funds directly to the DRDAs. The Directorate released (January 2017) ₹ 4.50 crore to four DRDAs[12].

[12] Shillong, Tura, Nongpoh and Ampati.

From the above it can be seen that the State Government took about three years to release the GoI funds to the project implementing agency (DRDA). Thereafter the Directorate submitted (February 2017) the Utilisation Certificate (UC) of ₹ 4.50 crore under SPA to the GoI after a delay of three years. The UCs were submitted before the expenditure had been incurred. This resulted in delay in submission of UCs which was due to procedural delays in selection of Implementing Agencies. Due to the delay in submission of the UCs, the GoI had stopped to release the remaining amount of ₹ 13.50 crore (₹ 18 - ₹ 4.50 crore). This resulted in loss of ₹ 13.50 crore of GoI share under SPA.

During exit meeting (March 2022), the Department while accepting the Audit observations stated that the Special Plan Assistance (SPA) for 20 lay bye markets was a onetime scheme of the GoI. However, due to procedural delay in selection of the implementing agencies and also in procurement of lands, the Directorate was not able to submit the UCs in time.

Conclusion:

The overall Financial Management of funds allocated to the Directorate under the HMNEH and under various State schemes was highly deficient. During the period from 2015-16 to 2019-20, the Directorate could utilise only ₹ 83.32 crore (35 *per cent*) out of total availability of ₹ 237.63 crore. The unspent balance ranged from 46 to 88 *per cent* and as on 31 March 2020, an amount of ₹ 37.90 crore was lying as unspent balance. Fund received from the GoI were retained at various levels and to reach the Implementing Agency, it took an average of 83 to 267 days. The delay in release of funds to the Implementing Agency by the State Government and Directorate had resulted to short release of GoI's share amounting to ₹ 120.69 crore. Delay in submission of UCs against the funds received under SPA, had resulted in non-release of ₹ 13.50 crore of GoI share.

Recommendations:

1. ***The Government should examine the systemic loopholes to identify causes for delay in funds at all levels of the Department to avoid delay in reaching of fund to the Implementing Agency, improve its fund utilisation ability to avoid savings and to ensure smooth and effective implementation of all schemes.***
2. ***Government may consider bringing the schemes under DBT platform wherever feasible.***
3. ***Government should come out with a white paper on its policy for support of horticulture crops, clearly identifying the crops which are to be given priority.***

Implementation:

Audit analysed the implementation of HMNEH and State Plan which had impact on the area, production and productivity of the State and the findings are discussed in succeeding paragraphs.

2.3.8.3 Mission achievements

(I). Physical & Financial targets vis-a-vis achievement under HMNEH

HMNEH, which is a sub-component of MIDH, is a Centrally Sponsored Scheme which aimed at providing support, under various components, to expand the area under horticulture production and improve the productivity of horticulture crops through various interventions aimed at strengthening the backward and forward linkages in the horticulture sector.

The components of HMNEH and their description as per MIDH Operational Guidelines along with physical and financial targets *vis-a-vis* achievement during the period 2015-20 is given below:

Table 2.3.7: Target and achievement of HMNEH components during 2015-20

Sl. No.	Component	Description/Objectives	Unit	Physical		Financial (₹ in lakh)	
				Target	Achievement (%)	Target	Achievement (%)
1.	Production and Distribution of planting materials	Setting up new hi-tech nurseries and small nurseries for production to meet the requirement of planting material for bringing additional area under improved varieties of horticultural crops and for rejuvenation programme.	No.	766	212 (27.68)	958.79	364.28 (37.99)
2a.	Establishment of new garden	Coverage of area under improved varieties of horticultural crops.	Ha.	9794	7240 (73.92)	3499.4	2510.24 (71.73)
2b.	Maintenance 1st and 2nd year	Maintenance of orchards covered under area expansion.	Ha.	4281	3521 (82.25)	642.78	540.55 (84.10)
3.	Rejuvenation/ replacement of senile plantation	Rejuvenation programme to address orchards and plantations which have low productivity.	Ha.	1764	1150 (65.19)	352.8	228.39 (64.74)
4.	Creation of Water Sources	Construction of community Tanks and farm ponds to ensure life saving irrigation to horticulture crops	No.	1142	507 (44.40)	2377.4	720.05 (30.29)
5.	Protected Cultivation	Activities like construction of green houses, shade net house, plastic mulching, and plastic tunnels, anti bird/hail nets to be promoted.	No.	1408.4	527.36 (37.44)	3052.81	1399.10 (45.83)
6.	Integrated Nutrient Management	For requirement of fertilisers, *etc.* for horticulture crops.	Ha.	4000	0	48	0
7.	Organic Farming	Organic farming to be promoted to harness environmental and economic benefits by way of adoption of organic farming techniques along with its certification.	Ha.	3066	0	403	0
8.	Pollination support through Bee keeping	In order to maximise agricultural production, honeybee can be used as an important input for pollination support.	No.	24170	17930 (74.18)	592.8	347.20 (58.57)
9.	Human Resource Development (HRD)	Training of farmers, entrepreneurs, field level workers and officers for adoption of high yielding varieties of crops and farming system.	No.	55120	30,190 (54.77)	760.26	285 (37.49)
10.	Integrated Post Harvest Management	Activities like handling, grading, pre-conditioning, packaging, transient storage, transportation, distribution, curing and ripening and long-term storage can be taken up.	No.	2121	806 (38)	2982.39	1301.44 (43.64)

Sl. No.	Component	Description/Objectives	Unit	Physical		Financial (₹ in lakh)	
				Target	Achieve-ment (%)	Target	Achieve-ment (%)
11.	Establishment of marketing infrastructure	Development of marketing infrastructure for horticulture commodities, strengthen existing horticulture markets including wholesale and rural markets; farmers to realise better price; and create general awareness among farmers, consumers, entrepreneurs and market functionaries on market related agricultural practices.	No.	77	0	119.65	0
12.	Special Intervention of value chain in respect of Orange (Mandarin)	Innovative interventions not covered under any GoI schemes.	No.	2	0	374.98	0

Source: Information furnished by the Directorate.

The above table depicts that there was 100 *per cent* shortfall in achieving Physical and Financial targets under four components *viz* (i) Integrated Nutrient Management, (ii) Organic Farming, (iii) Establishment of marketing infrastructure and (iv) Special Intervention of value chain in Mandarin Orange. Further, there was a short fall of more than 50 *per cent* in both Physical and Financial targets under four components *viz* (i) Production of planting materials, (ii) Creation of Water Sources, (iii) Protected Cultivation and (iv) Integrated Post Harvest Management.

The extent of shortfall in almost all the major components of the scheme indicated that HMNEH has had a limited impact on the growth and expansion of horticulture sector in the state.

The Directorate while accepting the Audit observations stated (25 March 2022) that Audit recommendations were noted for improvement.

Audit has analysed the reasons for poor impact of the HMNEH and other State Schemes and the observations are discussed in detail in the succeeding paragraphs.

(II). Comparison of achievement reported under MIDH vis-à-vis HAPIS Data

Audit further examined the physical achievement reported through Annual Progress Reports for HMNEH (MIDH) *vis-à-vis* the details of area coverage under various horticulture crops during 2014-15 to 2019-20 available in Horticulture Area Production Information System (HAPIS)[13] website. The comparative statistics are as given below:

Table 2.3.8: Discrepancies in Area expansion between Annual Reports of HMNEH and HAPIS data during 2015-20

Crops	Area expansion during 2014-15 to 2019-20 (in Ha)		Difference (2-3)
	As per HAPIS data	As per Annual Report (HMNEH)	
(1)	(2)	(3)	(4)
Fruits	2,292	1,890	402
Vegetables	5,518	2,763	2,755
Flowers	(-)40	60	-
Spices	(-)761	1,875	-

[13] HAPIS is a web enabled workflow based system for State, District and Block level officials which is monitored at Central level.

Crops	Area expansion during 2014-15 to 2019-20 (in Ha)		Difference (2-3)
	As per HAPIS data	As per Annual Report (HMNEH)	
Aromatic Plants	0	112	(-)112
Plantation Crops	11,440	540	10,900
Total	**18,449**	**7,240**	

Source: Analysis of data of HAPIS website and Annual Reports furnished by Directorate.

The table above shows that, the overall growth in area under horticulture during 2014-15 to 2019-20, as per HAPIS was 18,449 ha whereas the same was shown as 7,240 ha in the Annual Reports for HMNEH, there being a difference of 11,209 ha *i.e.* 61 *per cent* between the two reports. Further, as per HAPIS website, no area was reported under cultivation of aromatic plants, whereas the Annual Reports shows area coverage 112 ha. Similarly, the area expansion under Vegetables and Plantation Crops as per HAPIS website were 5,518 ha and 11,440 ha as against 2,763 ha and 540 ha respectively, reported in the Annual Progress Reports. However, as per HAPIS data, there was decrease in area expansion of flowers (76 *per cent*) and spices (4 *per cent*) whereas the Annual Reports of HMNEH showed increase in area expansion.

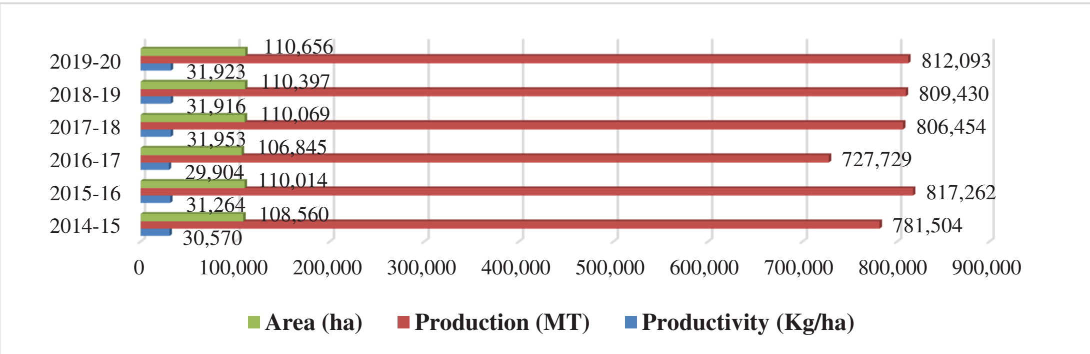
Audit found that the Directorate was responsible for compiling the data for the Annual Progress Reports as well as for uploading the data in HAPIS. Mismatch of data in HAPIS from that reported through Annual Progress Reports indicated a high likelihood of area under fruits, vegetables and plantation crops being over reported in the HAPIS system, compared to the actual coverage and under reported in flowers, spices and aromatic plants. Moreover, the information maintained by the Directorate could not be relied upon due to lack of reconciliation of data.

The Director stated (25 March 2022) that the differences of figures in area expansion as per HAPIS and Progress Reports of HMNEH will be reconciled.

2.3.8.4 Area Expansion and Production

The details of area, production and productivity of horticulture of the State during the period from 2015-16 to 2019-20 is given in **Chart 2.3.5** below:

Chart 2.3.5: Area, Production and Productivity



Source: Production data of the Directorate.

As seen in **Chart 2.3.5**, there was only a meagre increase in the Area of all crops[14] from 1,08,560 ha in 2014-15 to 1,10,656 ha in 2019-20, i.e. 1.93 *per* cent. The production

14 Fruits, Vegetables, Spices and Plantation Crops.

and productivity also showed only a marginal improvement from 7,81,504 MT and 30,570 Kg/ha (2014-15) to 8,12,093 MT and 31,923 Kg/ha (2019-20) *i.e.* an increase by 3.91 *per cent* and 4.43 *per cent* respectively.

Moreover, significant increase in Area, production and productivity could be achieved only in the two years from 2014-15 to 2015-16. Thereafter, the Area, production and productivity remained stagnant at about 1.10 lakh ha, 8 lakh MT and 0.31 lakh Kg/ha respectively despite expenditure of ₹ 64.91 crore during these years (2016-20) under HMNEH. During 2015-20, no assessment was carried out by the Directorate for the low increase in Area expansion, production and productivity.

The Director while accepting the Audit observations stated (March 2022) that Audit findings/suggestions had been noted for improvement.

(I). Establishment of Nurseries for Area expansion

Based on the proposal made by the GoM, ₹ 75 lakh (₹ 25 lakh per Nursery) was sanctioned in the AAP (2015-16), to create three Hi-Tech Nurseries for production of 1,50,000[15] plants per year. Again ₹ 375 lakh (₹ 12.50 lakh per Nursery) was sanctioned in the AAP (2016-17 and 2017-18), to create 30 small Nurseries for production of 7,50,000[16] plants per year.

Audit observed that no Hi-Tech Nurseries had been set up during the period 2015-16 to 2019-20 despite availability of fund. Further, out of 30 small Nurseries, only nine Nurseries were created at a cost of ₹ 135 lakh. The remaining 21 small Nurseries were yet to be established till date of Audit (March 2021). This resulted in non-achievement of the targeted production of 18,00,000[17] plants during 2015-16 to 2019-20 and thus, affected the Area expansion to that extent.

The Director stated (25 March 2022) that there are no high-tech nurseries proposed during 2015-16 but only small nurseries. Out of 30 nurseries funded during 2015-16 to 2019-20, establishment of nine nurseries has been completed.

As is evident from the Department's response, there is an acute shortage of nurseries in the State, which would have impacted the availability of adequate number of seeds/plants of required quality for area expansion. Moreover, since there are no Hi-tech nurseries, the State farmers are deprived of access to better technology and tools for cultivation of horticulture crops.

(II). Target and achievement in Area Expansion of different crops under HMNEH

The Directorate took up Area expansion component under HMNEH to increase areas under improved varieties of horticultural crops during 2015-16 to 2019-20 and a total expenditure of ₹ 25.10 crore was incurred for purchase and supply of various inputs (planting materials, fertilizers, pesticides *etc.*) to the beneficiaries. The target and

[15] 50,000 plants x 3 Hi-Tech Nurseries = 1,50,000 plants.

[16] 25,000 plants x 30 Small Nurseries = 7,50,000 plants.

[17] 6,00,000 plants (50,000 plants x 3 Hi-Tech Nurseries x 4 years) + 12,00,000 plants (25,000 plants x 8 Small Nurseries x 4 years + 25,000 plants x 6 Small Nurseries x 2 years + 25,000 plants x 4 Small Nurseries x 1 year).

achievement of Area expansion during the years 2015-16 to 2019-20 under the scheme HMNEH are given below:

Table 2.3.9: Targets and achievements in Area Expansion under HMNEH during 2015-20

Name of crops	Financial (₹ in lakh)		Physical (in ha)		Percentage of Achievement	
	Target	Achievement	Target	Achievement	Financial	Physical
Fruits	1,879.75	1,325.46	3,055	1,890	70.51	61.87
Vegetables	935.00	685.95	3,740	2,763	73.36	73.88
Flowers	79.15	29.00	165	60	36.64	36.36
Spices	335.50	325.33	1,790	1,875	96.97	104.75
Aromatic Plants	106.00	56.00	242	112	52.83	46.28
Plantation Crops	164.10	88.50	802	540	53.93	67.33
Total	**3,499.50**	**2,510.24**	**9,794**	**7,240**	**71.73**	**73.92**

Source: Progress Reports of HMNEH.

From the table above, it is seen that, the Physical target set for only one out of the six crops namely 'Spices' was achieved during the reviewed period. The shortfall in Area expansion was the lowest at 36.36 *per cent* in respect of Flowers followed by Aromatic plants (46.28 *per cent*) and Fruits (61.87 *per cent*). Further, against the total Physical target of 9,794 hectares, 7,240 hectares (73.92 *per cent*) was achieved.

The Director stated (25 March 2022) that Audit observations had been noted for improvement.

(III). Delay in supply of planting material

Timely distribution of good quality seeds and planting material to farmers are critical inputs to attain the objective of increasing production and productivity of horticulture crops since different plants/crops have their own planting season.

During 2015-20, expenditure of ₹ 4.04 crore was incurred by the sampled Districts for supply of 21,65,835 planting material pertaining to various crops *viz* Kiwi (25,776), Strawberry (7,81,451), Banana (1,48,718), Pineapple (8,95,025), Khasi Mandarin (2,23,938) and Temperate fruits (90,927).

In order to ascertain the timely supply of planting material, Audit test-checked the records of sampled Districts for the year 2016-17. Audit observed that, during 2016-17 total number of 4,37,992 planting materials were supplied, of which, 2,25,049 (51 *per cent*) were supplied beyond the planting season. The crop-wise and district-wise position is shown in the table below:

Table 2.3.10: Supply of planting materials under HMNEH during 2016-17 in the sampled districts

Crop (Planting season)	No. of planting material supply during 2016-17					Date of supply to DHOs by suppliers			
	EKH	WKH	RB	WJH	Total	EKH	WKH	RB	WJH
Kiwi (January to February)	1,008	1,142	-	5,668	7,818	Jan-17	Jun-17	-	Jan-18
Strawberry (August to October)	15,838	18,397	21,832	-	56,067	Jan-17	May-17	Oct-17	-
Banana (May to June)	6,343	4,538	20,228	19,450	50,559	Jun-17	Jul-17	Aug-17	Jun-18
Pineapple (April to June)	63,574	47,700	1,04,842	63,559	2,79,675	Jun-17	Jul-17	Jul-Aug '17	Jun-17
Khasi Mandarin (June to August)	4,400	3,330	3,975 4,907	8,000	24,612	Sep-17	Jul-17	Jul-Aug '17 & Feb.-18	Jun-17
Temperate fruits (January to February)	2,446	3,057	-	13,758	19,261	Jan-17	Jun-17	-	Jan-18
Total	**93,609**	**78,164**	**1,55,784**	**1,10,435**	**4,37,992**				

Source: Information furnished by the sampled districts.
Note: Highlighted cells in the Table represented supply of planting materials beyond planting seasons.

It is seen from the table above that West Jaintia Hills was the only district wherein the planting material was supplied during the planting season. The planting material of five out of the six crops supplied to West Khasi Hills were made beyond the planting season. Similarly, three out of four crops supplied to Ri-Bhoi and two out of six supplied to East Khasi Hills were also made beyond the planting seasons. Delay in receiving the planting material by the DHOs subsequently delayed in supply of the planting material to the farmers, far beyond the planting season. This indicated absence of effective planning in supply of planting material to the farmers in the right planting season to achieve the desired output.

The delay in supply of planting material may be one of the reasons for low increase in Area, Production and Productivity as discussed in ***Paragraph 2.3.8.4***.

During Exit meeting (March 2022), the Department stated that the planting materials that had been supplied were already planted in small polybags so that their survival rate can be increased before the same were supplied to the farmers.

However, the overall slow growth in area expansion and production of horticulture crops does not support the department contention that the planting materials had survived and or were distributed to the farmers beyond the planting season.

(IV). Procurement of planting material from unaccredited Nurseries

As per MIDH guidelines (Para 7.18) for new gardens, the planting material for Area expansion should be procured from Accredited Nurseries. During the period from 2015-16 to 2019-20, the sampled Districts incurred ₹ 10.62 crore for procurement of planting material[18] (₹ 7.92 crore) and fertilizers/pesticides etc. (₹ 2.70 crore). The district wise position of procurement of planting material is given below:

[18] Fruits, Vegetables, Spices, Flowers and Aromatic Plants.

Table 2.3.11: Year-wise expenditure on purchase of planting material

Sampled districts	Cost of planting materials (₹ in crore)	Number of private suppliers
East Khasi Hills	2.14	43
West Khasi Hills	1.48	57
Ri-Bhoi	1.66	64
West Jaintia Hills	2.64	46
Total	**7.92**	**210**

Source: Information furnished by the sampled districts.

It is seen from the table above that the DHOs of sampled Districts procured planting material valued ₹ 7.92 crore during 2015-16 to 2019-20 from 210 non-accredited Nurseries (private suppliers) in violation of the scheme guidelines, despite availability of 10 Accredited Nurseries in the State. Thus, the quality of the planting material purchased and distributed/sold to the farmers of the State, in the four sampled Districts during 2015-20 could not be vouchsafed in Audit.

The State Level Executive Committee (SLEC) in its 7th meeting (March 2018) decided to set up the Seed Certifying Agency (SCA) in the State to regulate systematic and scientific, quality seed production. However, it was observed that SCA is yet to be set up in the State till date (March 2021). In the absence of SCA in the State, procurement of planting material from the Accredited Nurseries is more important to ensure that quality planting material is supplied to the farmers.

Thus, due to procurement of planting material from the unaccredited Nurseries as well as absence of SCA, the quality of the planting material supplied to the farmers was not ensured and thus affected the Area expansion.

During Exit meeting (March 2022), the Department stated that the Directorate will be insisting on certifications from Government farms about unavailability of planting materials before the same were procured from private suppliers approved by the Directorate. In regard to the Seed Certifying Agency (SCA), it was stated that the SCA had not been set up till date due to high administrative cost.

(V). Excess expenditure of ₹ 21.49 lakh due to procurement of planting material from private suppliers

Test checked of records of the sampled DHOs revealed that three out of the four DHOs had procured 1,07,481 planting material of Khasi Mandarin at a total cost of ₹ 48.36 lakh from private suppliers during 2015-20 as detailed below:

Table 2.3.12: Procurement of Khasi Mandarin planting materials from private suppliers under HMNEH

Name of the District	No. of planting materials	Rate per plant as per Private Suppliers	Expenditure (₹ in lakh)	Rate per plant as per Government Farms	Difference in rates	Excess expenditure (₹ in lakh)
(1)	(2)	(3)	(4)	(5)	(6 = 3-5)	(7 = 2x6)
West Khasi Hills	24,437	45	10.99	25	20	4.89
Ri-bhoi	50,047	45	22.52	25	20	10.01
West Jaintia Hills	32,997	45	14.85	25	20	6.60
Total	**1,07,481**		**48.36**			**21.50**

Source: Records of sampled districts.

It is seen from above table, that the rate of the Government farm with ₹ 25/- per planting material was cheaper than that of the Private supplier (₹ 45/-). However, the three sampled Districts (West Khasi Hills, Ri-Bhoi and West Jaintia Hills) procured 1,07,481 number of Khasi Mandarin planting material from the private suppliers at a total cost of ₹ 48.36 lakh. Reason for not procuring the planting material from Government farms was not found on record. Thus, procurement of Planting Material of Khasi Mandarin from the private suppliers instead of Government farms, has resulted in excess expenditure of ₹ 21.49 lakh (₹ 48.36 - ₹ 26.87[19]) inspite of having huge closing stock of planting material as discussed in **Paragraph 2.3.8.8(II)**.

The Director stated (25 March 2022) that planting materials were taken from private firms approved by the Department if the planting materials are not available in the Government farms.

The reply of the Directorate is not tenable because details of non-availability of indented planting materials from the Government farms were not available on records. Besides, Audit also noticed that stocks at the Government farms were consistently available as discussed in **Paragraph 2.3.8.8(II)**.

(VI). Maintenance of fruit crops for Area expansion

As per MIDH guidelines (Annexure-V), funding for perennial crops was allowed in three instalments, 60 *per cent* of cost as first instalment, and 20 *per cent* of cost each year as first and second year maintenance cost. For non-perennial crops, funds were given in two instalments, 75 *per cent* of the cost as first instalment and 25 *per cent* cost as first year maintenance cost. The first and second maintenance assistances were admissible subject to the survival rate of 75 *per cent* and 90 *per cent* of the plantations in the second and third year respectively.

The details of expenditure incurred during 2015-16 to 2019-20 in the four sampled Districts for new plantation of horticulture crops and their maintenance was as below:

Table 2.3.13: Plantation and maintenance cost in the four sampled districts

(Physical: in ha and Financial: ₹ in lakh)

District	Perennial Crops[20]		Non-Perennial crops[21]		Maintenance Cost[22]		
					Perennial		Non-Perennial
	Physical	Financial	Physical	Financial	Ist	2nd	Ist
East Khasi Hills	187	70.56	25	12.42	20.58	21.72	8.08
West Khasi Hills	146	74.03	26	12.75	29.18	29.97	11.29
Ri-Bhoi	63	26.85	30	14.91	10.50	15.75	13.74
West Jaintia Hills	135	63.51	38	23.91	24.58	25.26	13.06
Total	**531**	**234.95**	**119**	**63.99**	**84.84**	**92.70**	**46.17**

Source: Progress Reports of HMNEH.

19 107481 x 25 = ₹ 26,87,025.00
20 A perennial plant is a plant that lives for more than two years.
21 A non-perennial plant is a plant that is capable to survive maximum of two growing seasons.
22 Including maintenance cost for plantations taken up prior to 2015-16.

It is seen from above table that the first instalments of ₹ 2.35 crore for perennial crops[23] and ₹ 0.64 crore for non-perennial crops[24] were incurred for purchase and supply of inputs such as planting materials, manures, *etc*., during the five-year period 2015-20 in the four sampled Districts for Area expansion of 650 ha.

Audit further observed that expenditure of ₹ 1.78 crore and ₹ 0.46 crore, for maintenance of perennial and non-perennial crops respectively, was incurred for purchase and supply of various inputs in the four sampled Districts without verification of actual survival of the new crops in violation of the guidelines.

This indicated that the reported physical achievement of 650 ha of Area expansion of Fruits in the four sample Districts and the subsequent maintenance cost incurred thereon by the Directorate may not reflect the actual position on the ground.

The Directorate should review as to how subsequent expenditure was incurred towards maintenance cost without ensuring fulfilment of the conditions of survival rate of 75 *per cent* and 90 *per cent* of the plantations in the second and third year respectively as laid down in the guidelines and take corrective action as appropriate to avoid such recurrence in future.

The Director, while accepting the Audit observations stated (25 March 2022) that instruction will be issued to all DHOs to strictly adhere to operational guidelines.

(VII). Beneficiary Survey under Area expansion

Audit conducted face to face interview with 322 beneficiaries from 24 villages of the four sampled Districts who were beneficiaries of selected fruits/crops[25] for Area expansion. The responses of the beneficiaries are summarised as below:

1. 98 *per cent i.e.* 316 out of 322 beneficiaries stated that there was no increase in Area under cultivation as the plantations were being carried out in the same garden and not in a new garden. Hence, the purpose of the component under HMNEH for Area expansion was not achieved.

2. 65 *per cent* of the surveyed beneficiaries stated that the Government assistance did not improve the condition of their gardens.

3. In response to the question on constraints being faced by the farmers in utilisation of the assistance for establishment of new garden (Area expansion), 51 *per cent* (164 out of 322) attributed the problem of 'Pest and Disease'; while the remaining beneficiaries stated the reasons such as 'plant did not survive' (15 *per cent*) and 'production not improved' (32 *per cent*).

(VIII). Rejuvenation of plantations

In order to increase production and productivity of orchards, MIDH Operational Guidelines (Para 7.20) envisaged rejuvenation programme to address orchards and plantations which

[23] Crops such as Kiwi, Khasi Mandarin, Temperate fruits and Litchi.
[24] Crops such as Banana, Pineapple and Papaya.
[25] Kiwi, Banana, Pineapple, Khasi Mandarin, Temperate fruits, Litchi, Strawberry, Vegetables, Spices, *etc.*

have low productivity and canopy management to increase production of orchards and plantations having low productivity. Assistance was to be made available only in respect of rejuvenating or replanting senile and unproductive plantations. The Directorate undertook the Rejuvenation of Khasi Mandarin (Orange Mandarin) in the test checked districts during the period 2015-20 as per details given below:

During the period from 2015-16 to 2019-20, an amount of ₹ 1.78 crore was incurred for rejuvenation/canopy management (purchase of planting material, tool kits and fertilisers *etc.*) in 900 ha for Khasi Mandarin (Orange Mandarin) and ₹ 0.50 crore for rejuvenation of Cashew in 250 ha in the State of Meghalaya.

In the four sampled Districts, ₹ 70.03 lakh was incurred for rejuvenation of Khasi Mandarin in 352 ha as details given in table below:

Table 2.3.14: Rejuvenation of Khasi Mandarin in sampled districts

(P - Physical: in ha and F - Financial: ₹ in lakh)

District	2015-16		2016-17		2017-18		2018-19		2019-20	
	P	F	P	F	P	F	P	F	P	F
East Khasi Hills	40	8.00	13	2.60	-	-	20	4.00	31	5.83
West Khasi Hills	40	8.00	11	2.20	-	-	10	2.00	31	6.20
Ri-Bhoi	40	8.00	11	2.20	-	-	20	4.00	30	6.00
West Jaintia Hills	40	8.00	11	2.20	-	-	4	0.80	-	-
Total	**160**	**32.00**	**46**	**9.20**	-	-	**54**	**10.80**	**92**	**18.03**

Source: Progress Reports of HMNEH.

Further scrutiny of records revealed that out of the total amount of ₹ 70.03 lakh, an amount of ₹ 18 lakh was utilised for supply of 65,895 planting material of Khasi Mandarin, ₹ 38 lakh for supply of fertilizers and ₹ 14 lakh for supply of tool kits[26] to the beneficiaries. Rejuvenation of Khasi Mandarin in the instant case was through plantations of fresh planting material by replacing the old plants along with the support of fertilizers.

However, it was observed that no field survey was conducted to identify unproductive/senile orchards which required rejuvenation or canopy management. No yield data was collected and assessed before and after rejuvenation. In the absence of such basic data, Audit could not assess the achievement in term of production through this intervention.

Further, Audit noticed that no trainings, seminars or exposure visits were provided to the beneficiaries to impart/inculcate the technique of rejuvenation/pruning and after care of plants as all 36 beneficiaries confirmed the same during Beneficiary Survey conducted by Audit.

The Director stated (25 March 2022) that Audit observations had been noted for improvement.

(IX). Construction of community tanks and farm ponds

MIDH Guidelines (Para 7.23) provided for construction of water sources i.e. community tank with a capacity of 30,000 cubic metre (cum) @ of ₹ 25 lakh or any

26 Pruning saw and Secateurs.

other smaller size on pro rata basis and individual farm ponds of 1,200 cum @ ₹ 1.80 lakh with a funding ratio of 50:50 between the GoI and the beneficiary or at pro rata basis for smaller size of ponds.

During the period from 2015-16 to 2019-20, the Directorate incurred ₹ 215.60 lakh for construction of two community tanks (₹ 50 lakh) and 184 individual farm ponds (₹ 165.60 lakh) in the four sampled Districts. Audit observed that the capacity of two community tanks for which payment was made, measured only 2,100 cum and 1,074.45 cum. Hence, payment should have been made on pro-rata basis as specified in the Guidelines i.e. @ ₹ 83/- per cum and the expenditure should have been limited to ₹ 2.63[27] lakh. This has resulted in excess expenditure of ₹ 47.37 lakh (₹ 50 lakh - ₹ 2.63 lakh).

Similarly, Audit observed that all the 184 individual farm ponds constructed were less than the prescribed capacity with the capacity being, 633.60 cum (East Khasi Hills), 540.00 cum (Ri-Bhoi), 131.95 cum (West Khasi Hills) and 399.00 cum (West Jaintia Hills). As the areas of each farm pond in the sampled Districts was smaller, the payment should be made on pro-rata basis and the expenditure should have been limited to ₹ 59.30 lakh[28] instead of ₹ 165.60 lakh. This has resulted in excess expenditure of ₹ 106.30 lakh[29].

Thus, failure of the Directorate to apply the pro-rata rate in the construction of the two community tanks and 184 individual farm ponds resulted in excess expenditure to the tune of ₹ 153.67 lakh (₹ 47.37 lakh + ₹ 106.30 lakh).

During Exit meeting (March 2022) the Department stated that the rates as mentioned in the guidelines of MIDH for construction of community tanks and farm ponds were very low when compared with the market rates in the State of Meghalaya. Hence, the capacities as mentioned in the MIDH guidelines could not be achieved.

Audit is of the opinion that state specific conditions having an impact on the costs of construction of tanks and ponds must be discussed with GoI in order to seek enhanced rates from the GoI. Further, State government should consider reviewing the parameter for the capacity creation of tanks and ponds to suit the state's geographical conditions.

(X). Joint Physical Verification of Community Tanks and Farm Ponds

The objective for construction of Community tank and farm ponds were to ensure life saving irrigation to horticulture crops. In order to ascertain this objective, a Joint Physical Verification (JPV) was conducted (February – March 2021) with the respective DHOs and concerned beneficiaries on the two Community Tanks and 27 Farm Ponds. The findings of the JPV are summarised below:

27 (2,100 cum + 1,074.45 cum) x ₹ 83 per cum.

28 East Khasi Hills (633.60 cum x 47 x ₹ 75) + Ri-Bhoi (540 cum x 49 x ₹ 75) + West Khasi Hill (131.95 cum x 46 x ₹ 75) + West Jaintia Hills (399 cum x 42 x ₹ 75).

29 ₹ 166 lakh - ₹ 69 lakh.

➢ As per guidelines (Para 7.23), lifesaving irrigation to horticulture crops was to be provided from the Community Tanks. However, no micro irrigation facilities were found to have been linked with the Community Tank, which would, otherwise, have helped the farmers to develop new gardens near the Community Tank. Thus, no Area expansion near the Community Tank was achieved.

Community Tank at Thangsning, EKH with no micro irrigation required for area.

➢ As per the detailed estimate, Community Tank was to be constructed with RCC. However, the Community Tank of West Khasi Hills was completed by blocking the flow of water through soil only instead of the RCC permanent structure as envisaged in the detailed estimate.

Community Tank at Mawkamoit, WKH with no RCC structure & micro irrigation.

➢ While nine Farm Ponds had good source of water, 18 Farm Ponds constructed at a total cost of ₹ 0.16 crore had completely dried up due to no access to source of water.

➢ In all the 27 Farm Ponds there was no irrigation system to connect the water supply to the gardens. In the vicinity of 17 Farm Ponds, no garden was seen.

Farm pond at Skhenpyrsit in West Jaintia Hills with no water.

➢ All 27 beneficiaries present during the JPV stated that the productivity of crops after using the water resources has increased.

During Exit meeting (March 2022), the Department stated that efforts will be made to link all community tanks and farm ponds with all nearby gardens through irrigation and the same will also be carried out through convergence mode with other irrigation schemes of the Agriculture Department.

2.3.8.5 Protected Cultivation

MIDH Operational Guidelines (Para 7.25) provide that Protected Cultivation activities like Naturally Ventilated Structure, Shade Net House, Green Houses, Plastic Mulching and Plastic Tunnels, etc should be promoted to increase the productivity. The Protected Cultivation under HMNEH were meant for cultivations of high value vegetables and flowers. Further, under the State Plan scheme, the Directorate also promoted the cultivations of vegetables and flowers through the allotment of low cost polyhouses to the beneficiaries from Vegetable Development Scheme and Floriculture Development Scheme.

During 2015-16 to 2019-20, the Directorate incurred expenditure of ₹ 13.99 crore for construction of 5,274 naturally ventilated tubular polyhouses, Shade Net House, *etc*., covering an area of 5,27,356 Sq.m in the State. Out of this, an amount of ₹ 4.90 crore was incurred for 241 beneficiaries in the four sampled Districts for construction of 241 naturally ventilated tubular polyhouses, Shade Net House, *etc*., covering an area of 35,583 Sq.m.

Audit observed the following deficiencies in the implementations of the components of Protected Cultivation in the sampled districts:

(I) Less coverage under protected cultivation due to payment at higher rate

MIDH Operational Guidelines and approved AAP stipulated the rates for construction of naturally ventilated structure, shade net, polyhouse and walk in tunnel at the range of ₹ 518 to ₹ 1,898 per Sq metre.

During 2015-20, the DHOs of the sampled districts received 1,209 applications applying for the scheme *viz* naturally ventilated structure, shade net, *etc*. under Protected Cultivation of which 241 beneficiaries (20 *per cent*) were allotted the scheme as details given below:

Table 2.3.15: Details of allotment made under Protected Cultivation of HMNEH

District	No. of Beneficiaries who applied	Minimum area to be covered @100[30] Sq.m. per beneficiary (Sq.m)	No. of beneficiaries allotted	No. of beneficiaries not allotted	Total Area covered (in Sq.m.)
(1)	(2)	(3 = 2 x 100)	(4)	(5)	(6)
East Khasi Hills	250	25000	82	168	7,139
West Khasi Hills	375	37500	70	305	9,453
Ri-Bhoi	332	33200	42	290	7,296
West Jaintia Hills	252	25200	47	205	11,695
Total	**1,209**	**1,20,900**	**241**	**968**	**35,583**

Source: Information furnished by the sampled districts.

As can be seen from the above table, the four sampled Districts extended the scheme to 241 beneficiaries against the total applicants of 1,209 beneficiaries with area coverage of 35,583 Sq.m as against the total average coverage of 1,20,900 Sq.m.

Further scrutiny of records of the sampled DHOs revealed that for installation of 35,583 Sq.m of the naturally ventilated structure, shade net, polyhouse and walk in tunnel, a total amount of ₹ 4.90 crore was released to 241 beneficiaries, the cost of which ranged from ₹ 883 to ₹ 5,450 per Sq metre as against the prescribed range of ₹ 518 to ₹ 1,898 per Sq.m.

Reasons for extending the scheme at higher rates ranging from ₹ 365 to ₹ 3552 per Sq.m was not stated. Fact remains that extension of the scheme at higher rate has not only led to excess expenditure of ₹ 1.76 crore but also resulted in less coverage of area at a minimum area of 12,636[31] Sq.m. under Protected Cultivation.

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30 For calculation of the minimum coverage a standard rate of 100 Sq.m is taken based on physical verification of 41 poly house, which were all in the size of 100 Sq.m.

31 ₹ 4.90 crore ÷ 35583 Sq.m.= ₹ 1377 per unit and ₹ 1.74 crore ÷ ₹ 1377 = 12,636 Sq.m.

During Exit meeting (March 2022), the Department stated that the rates as mentioned in the guidelines of MIDH for installation under Protected Cultivation were very low when compared with the market rates in the State of Meghalaya.

Audit is of the opinion that state specific conditions having an impact on the costs of installation of the naturally ventilated structure, shade net, polyhouse and walk in tunnel must be discussed with GoI in order to seek enhanced rates from the GoI. Further, State government should consider reviewing the parameters for the capacity creation of the naturally ventilated structure, shade net, polyhouse and walk in tunnel to suit the state's geographical conditions.

(II). Avoidable expenditure due to non/less recovery of beneficiary's share

Under Protected Cultivation, the Directorate was providing financial assistance for construction of Green House @ 50 per cent of cost and the balance cost was to be borne by the beneficiaries. As per norms adopted by the Directorate, the beneficiary should deposit their share to the respective DHO. The Directorate will pay the cost of the polyhouse to the supplier along with Government share before installation of the Green House.

During 2015-20, the four sampled Districts had incurred expenditure of ₹ 4.90 crore for installation of polyhouse and as per the Guidelines, ₹ 2.45 crore was recoverable from the beneficiaries. Audit however, observed that ₹ 1.72 crore was recovered from the beneficiaries leaving a short recovery of beneficiary's share amounting to ₹ 0.73 crore. Further scrutiny revealed that the shortfall occurred in two out of the four sampled Districts *viz* East Khasi Hills and Ri-Bhoi district. During 2015-20, in East Khasi Hills district 82 polyhouses with a total cost of ₹ 1.16 crore was provided to 82 beneficiaries of which ₹ 0.58 crore was recoverable as beneficiary's share. However, only ₹ 0.23 crore was recovered with a shortfall of ₹ 0.35 crore. Audit noticed that the shortfall was due to recovery at the rate of 25 *per cent* instead of the prescribed rate of 50 *per cent*. Similarly, in Ri-Bhoi district, 42 polyhouses valued at ₹ 1.00 crore were provided to 42 beneficiaries, of which, ₹ 0.12 crore was recovered as against recoverable amount of ₹ 0.50 crore leaving shortfall of ₹ 0.38 crore. In respect of Ri-Bhoi district, Audit noticed that recovery @ 50 *per* cent was made from only two beneficiaries, and no recovery was made from 40 beneficiaries.

Thus, due to failure of the DHOs and the Directorate to recover the beneficiary's share at the prescribed rate from 82 beneficiaries and non-recovery from 40 beneficiaries has resulted in avoidable expenditure to the tune of ₹ 0.73 crore.

The Director stated (25 March 2022) that the farmers of the State are small and marginal, of which, majority of them could not shell out the 50 *per cent* cost on polyhouse/ greenhouse.

In view of the Department's reply, Government may consider formalising threshold annual turnover to segregate small and marginal farmers from others, and exempt recovery of beneficiary share from the farmers.

III). Joint Physical Verification under Protected Cultivation

In order to ascertain the physical status of polyhouses and their actual utilization, a JPV was conducted (February/March 2021) on 65 polyhouses (41 polyhouses installed at the cost ₹ 0.56 crore under HMNEH and 24 polyhouses installed at the cost of ₹ 0.31 crore under Vegetable Development Scheme (VDS) and Floriculture Development Scheme (FDS) in the four sampled Districts. The JPV was conducted alongwith the concerned DHOs and beneficiaries. The findings of the JPV are summarised below:

- 10 out of the 41 Poly Houses under HMNEH, and seven out of 24 polyhouses under (VDS) and (FDS) were found not utilised for cultivation purpose due to various reasons like having been abandoned by the farmer, damaged/in bad condition due to lack of maintenance or by storm, *etc*.,

Polyhouse at Mawlai Nongkohlew, East Khasi Hills, lying idle.

- The average size of each polyhouse was 100 Sq.m.
- All the 65 beneficiaries present during the JPV stated the problems in procurement of inputs (planting materials, fertilizers, pesticides, *etc*.), lack of knowledge about appropriate varieties, inadequate disease-free planting material and lack of availability of authentic variety of planting material.

Polyhouse at Skhenpyrsit in West Jaintia Hills, lying idle due lack of supply of planting materials.

- The beneficiaries also stated that the problems existed in marketing of the produce, distance from the market, problem of storage facility, costly transportation charges, lack of cold chain facility at site, low price realisation, *etc*.

During Exit meeting (March 2022), the Department stated that the State Government provided a one time assistance for construction of polyhouses. Maintenance has to be done by the beneficiary as per the scheme guideline. However, the Department will work on an action plan, to introduce certain processes and conditions for proper maintenance and utilisation of the polyhouses by the beneficiaries.

(IV). Irregular expenditure of ₹ 0.52 crore

Under Pollination (Para 7.41) support through Beekeeping, assistance @ 40 per cent of the total cost ₹ 20,000 per Bee keeping equipment set[32], should be provided to each beneficiary. The objective of the scheme was to set up bee colonies to maximise production.

During 2015-20, an amount of ₹ 1.02 crore was incurred by the DHOs of the sampled Districts for procurement of 1274 Bee keeping equipment sets. Audit observed that these 1274 Bee keeping equipment sets were distributed to only 625 beneficiaries, i.e., all these beneficiaries were provided with more than one set, which is in contravention of the guidelines *ibid* and led to irregular expenditure of ₹ 0.52 crore {(1,274 – 625) x ₹ 8,000}.

During Exit meeting (March 2022), the Department stated that Bee keeping equipment sets were provided to the farmers based on their requirement. It was, however, assured that henceforth, the same will be issued as per guidelines and additional requirement (if any) will be met from other State Schemes.

2.3.8.6 Human Resource Development

Under MIDH, Human Resource Development (HRD) Programme (Para 7.33) such as training of farmers, entrepreneurs, field level workers and Officers is to be taken up. Also, assistance for organising training courses for Supervisors, Entrepreneurs and Gardeners are admissible. The target and achievements for various trainings during 2015-16 to 2019-20 in the State were as below:

Table 2.3.16: Details of trainings conducted during 2015-16 to 2019-20

(Physical: in no. and Financial: ₹ in lakh)

Sl. No	Type of Training	Target		Achievement	
		Physical	Financial	Physical (%)	Financial
A.	**Training of Farmers**				
1.	Within the State	39,793	397.93	21,540 (54)	215.40
2.	Outside the State (Project Based)	-	50.00	200	2.00
B.	**Exposure Visit of Farmers**				
1.	Outside the State (Project Based)	-	80.00	-	-
C.	**Training/Study Tour of Technical Staff/Field functionaries**				
1.	Study Tour to progressive State/Units	14,927	166.65	8,450 (57)	67.60
D.	**Human Resource Development for Gardeners**	**400**	**65.68**	**-**	**-**
	Total	**55,120**	**760.00**	**30,190**	**285.00**

Source: Progress Reports of HMNEH.

From the above table it can be seen that zero achievement was made during 2015-20 under two components *viz* (i) Exposure visit of farmers out the State and (ii) Human Resource Development for Gardeners, despite availability of ₹ 80 lakh and ₹ 65.68 lakh respectively. Further, the Physical achievement under 'Training of Farmers within the State' and 'Study tour to progressive State/units' was just 54 *per cent* and 57 *per cent* respectively. This indicated the casual approach of the Department towards Human Resource Development Programme.

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32 Consisting of honey extractor and food grade container, net, *etc.*

(I). Trainings for farmers in the sampled Districts

Out of the 21,540 farmers indicated as being trained within the State (**Table 2.3.16**), 8,564 farmers were from the four sampled Districts. Scrutiny of records of the sampled DHOs revealed the following:

(i) Out of 8,564 farmers trained during the period 2015-20 by the four sampled Districts, 4,533 farmers were trained on vegetables, fruits and post-harvest management.

(ii) Training to 1,902 farmers under Fruit Cultivation mainly relates to cultivation of strawberry, orange, temperate fruits and pineapple and did not include other fruits (kiwi, banana, litchi, guava, etc.) although Planting Material for these fruits was issued under HMNEH to the farmers during 2015-20.

(iii) Further, beneficiaries from Ri-Bhoi and West Khasi Hills, who had been allotted the polyhouses, were not trained under Protected Cultivation. This may be one of the reasons which led to non-utilisation of the polyhouses as discussed in ***Paragraph 2.3.8.5(III)***.

The above showed that training to the farmers was not conducted in consonance with components of the schemes being implemented under HMNEH.

The Director stated (25 March 2022) that all concerned DHOs had been instructed to conduct training for the farmers in consonance with the components of the scheme being implemented.

(II). Employment generation

As per AAP for the period from 2015-16 to 2019-20, 400 people were targeted to be provided with Skill Development in the State, of which, 200 people were provided with Skill Development at a total cost of ₹ 0.23 crore. No. Skill Development Programme was taken up during 2018-19, despite availability of fund amounting to ₹ 0.30 crore.

Examination of records, however, revealed that only 23 out of 200 local youth (12 *per cent*) got employment in horticulture sector after attending the above Skill Development training. Further, scrutiny of beneficiary lists in the four sampled Districts also revealed that none of the remaining 177 local youths, who had attended the above Skill Development availed any horticulture development schemes. Thus, the purpose for which the Skill Development were undertaken by the Directorate for the local youths did not achieve its intended objectives of employment generation in the horticulture sector.

During Exit meeting (March 2022), the Department stated that there is no compulsory requirement to provide direct/indirect employment under horticulture to the beneficiaries trained under Skill Development.

While accepting the Department's response, Audit is of the view that skill development programs should be linked with specific schemes so that the trained youth can take advantage of these schemes to start their own venture.

2.3.8.7 Integrated Post Harvest Management

To reduce the post-harvest losses (Para 7.46) and enhance efficiency in harvesting, handling, grading and processing, assistance has been provided for the establishment of pre-cooling units, 'on-farm' pack houses, mobile pre-cooling units, staging cold rooms, cold storage units with and without controlled atmosphere capability, integrated cold chain system, supply of refrigerated vans, refrigerated containers, primary/mobile processing units, ripening chambers, evaporative/low energy cool chambers, preservation units, onion storage units and zero-energy cool chambers.

(I). Construction of Pack houses

During the period from 2015-16 to 2019-20, the Directorate extended a total financial assistance of ₹ 464 lakh to 232 beneficiaries for construction of 232 Pack houses in the sampled Districts.

As per the guidelines, the provision for extending financial assistance @ 50 *per cent* of project cost maximum of ₹ 2 lakh per Pack houses for an area of 54 Sq. m (9M x 6M). The balance cost was to be borne by the beneficiaries. Hence, the admissible cost was ₹ 7,407 per Sq. metre (₹ 3,704 being GoI share). As per approved estimates, the area per Pack house was 18 Sq. m (East Khasi Hills), 27 Sq. m (Ri-Bhoi), 28 Sq. m (West Khasi Hills) and 28 Sq. m (West Jaintia Hills). As the Area of each Pack house in the sampled Districts was smaller, the payment should be limited to ₹ 208.76 lakh[33] instead of ₹ 464 lakh. This has resulted in excess expenditure of ₹ 255.24 lakh[34].

During Exit meeting (March 2022), the Department stated that the rates as mentioned in the guidelines of MIDH for construction of Pack houses were very low as the labour cost in the State of Meghalaya were very high. Hence, the dimensions and areas as mentioned in the MIDH guidelines could not be achieved.

Audit has however noted that the issues regarding the inability of the Directorate to construct Pack houses at the rates specified in the guidelines had never been taken up with the GoI.

(II). Joint Physical Verification of Pack House

In order to ascertain the physical status of Pack houses and their actual utilisation, a JPV was conducted (February/March 2021) on 23 Pack houses (valued ₹ 46 lakh) constructed in 14 villages of the sampled Districts. The JPV was conducted along with the concerned DHOs and beneficiaries. The findings of the JPV are summarised below:

Pack house at Umladkhur in West Jaintia Hills used for storage of construction materials.

[33] East Khasi Hills (18 Sq.m x 69 x ₹ 3,704) + Ri-Bhoi (27 Sq. m x 62 x ₹ 3,704) + West Khasi Hill (28 Sq. m x 47 x ₹ 3,704) + West Jaintia Hills (28 Sq. m x 54 x ₹ 3,704).

[34] ₹ 464.00 lakh - ₹ 212.76 lakh.

- The beneficiaries of 18 Pack houses (costing ₹ 36 lakh) utilised the Pack houses for other purposes like storage of construction material, kitchen, tea stall, *etc*., and not for storage of horticulture crops. Thus, the purpose for which the Pack houses were constructed remained unachieved.

Pack house at Mawlyngbna in East Khasi Hills used for kitchen purposes.

All the 23 beneficiaries present during the JPV attributed the reason for low utilisations/non-utilisation of the Pack houses to non-availability of adequate/ sufficient raw material/ finished products for storage throughout the year.

Pack house at Mawkamoit in West Khasi Hills used as tea stall.

The Director while accepting Audit observations stated (25 March 2022), that all concerned DHOs will be communicated and instructed for proper utilisation of the pack houses.

Conclusion:

Though the State Government undertook the ambitious exercise of expansion of the horticulture sector, in terms of area and productivity and diversification of horticulture crops, through implementation of HMNEH and other state schemes, the success of the Government's plan remained doubtful due to lack of any Perspective Plan/Strategic Plan that could have laid down a road map for a time bound development of the sector. The assistance under maintenances for perennial and non-perennial crops was released to the farmers without ensuring the survival rate of the plants as envisaged in the guidelines. The Area, production and productivity remained the same at about 1.10 lakh ha, 8 lakh MT and 0.31 lakh Kg/ha respectively inspite of implementation of HMNEH and State Schemes during the period 2015-20. Due to non-establishment of Nurseries as per approved AAP, the targeted production could not be achieved. There was a high likelihood that there was over reporting and under reporting of achievements, as the progress reports under HMNEH and HAPIS data were not congruent, besides the fact that the data available with the Directorate could not be relied upon.

Audit noticed instances of Planting Material being supplied much beyond the planting season, thus rendering the whole exercise redundant. Planting Materials were procured from unaccredited Nurseries (private suppliers) in violation of the scheme Guidelines, despite availability of 10 Accredited Nurseries in the State. The State is yet to set up Seed Certifying Agency. Thus, the quality of Planting Material procured from private suppliers could not be ensured. Planting Material was purchased from Private suppliers at a higher rate compared to that of Government farms, which led to excess expenditure of ₹ 21.49 lakh.

Audit found various instances of mismanagement of funds and non-compliance to schemes' Guidelines in incurring expenditure. The Directorate did not apply the pro-rata rate in the construction of two Community Tanks and 184 individual Farm Ponds, this had resulted in excess expenditure to the tune of ₹ 153.67 lakh. Community tanks were not connected with micro irrigation facilities and most of the Farm Ponds were not connected with irrigation system to supply water to the gardens.

Financial assistance for installation of Naturally Ventilated Structure, Shade Net, polyhouse and walk in tunnel was extended to 362 beneficiaries at the cost ranging from ₹ 883 to ₹ 5,450 per Sq metre as against the prescribed range of ₹ 518 to ₹ 1,898 per Sq.m, resulting in less coverage of 12,636 Sq.m. under Protected Cultivation besides leading to excess expenditure of ₹ 1.74 crore. Beneficiary's share had not been recovered at the prescribed rate and this has resulted in avoidable expenditure to the tune of ₹ 0.73 crore.

JPV of 41 Poly houses under HMNEH and 24 polyhouses under VDS and FDS revealed that 10 (24 *per* cent) and 7 (*per cent*) polyhouses respectively were found not utilised for cultivation purpose due to various reasons like having been abandoned by the farmer, damaged/in bad condition due to lack of maintenance or by storm, *etc*. Further, all the 65 beneficiaries surveyed during the JPV stated the problems in procurement of inputs (planting material, fertilizers, pesticides, *etc.*), lack of knowledge about appropriate varieties, inadequate disease-free planting material and lack of availability of authentic variety of the planting material.

No training was conducted under two components *viz* (i) Exposure visits of farmers out the State and (ii) Human Resource Development for Gardeners, despite availability of ₹ 80 lakh and ₹ 65.68 lakh respectively. Further, the physical achievement under 'Training of Farmers within the State' and 'Study tour to progressive State/units' was just 54 *per cent* and 57 *per cent* respectively. Training programme was not found in consonance with the scheme being implemented as no training was conducted during the review period for cultivation of fruits like kiwi, banana, litchi, guava, *etc*., although Planting Material for these fruits was issued under HMNEH to the farmers during 2015-20. Further, the beneficiaries from Ri-Bhoi and West Khasi Hills, who had been allotted the Poly houses, were not trained.

The sampled Districts paid to the beneficiaries ₹ 2 lakh per Pack house as the cost for an area of 18 to 28 Sq. metre against the permissible area of 54 Sq. metre which led to excess expenditure to the tune of ₹ 255.24 lakh. From JPV, it was observed that the utilisation of Pack houses was for other purposes and not for storage of horticulture crops. Out of the 23 Pack houses (valued ₹ 46 lakh) taken up for Physical verification, 18 Pack houses (78 *per cent*) costing to ₹ 36 lakh, were utilised for other purposes like storage of construction material, kitchen, tea stall, *etc*., and not for storage of horticulture crops for which they were constructed. All the 23 beneficiaries present during the JPV attributed this to non-availability of adequate/ sufficient raw material/ finished products for storage throughout the year.

Recommendations:

1. ***The State Government should review the reporting system under MIDH to confirm as to whether the actual field level data are collected for reporting the Physical achievement to ensure its reliability and reconcile with the official data of HAPIS for reporting of the Actual achievement of the scheme.***
2. ***The State Government should take proactive steps to establish horticulture nurseries, including Hi-Tech nurseries, to ensure timely availability of good quality planting materials.***
3. ***Government should expedite the setting up of the Seed Certifying Agency (SCA).***
4. ***Government should review the cost estimates for Community tanks, Ponds, polyhouses, etc., in accordance with State specific conditions and accordingly increase subsidy for supplementing financial assistance to farmers to meet the higher costs or consider convergence of such schemes with MGNREGA.***
5. ***Government should recover the excess subsidy paid to beneficiaries or supplement the State's share to the extent of excess subsidy paid so that Scheme targets are achieved.***
6. ***Training for youth under skill development programme should be linked with specific schemes so that the trained youth can take advantage of these schemes to start their own ventures.***
7. ***Government should take over the assets created out of HMNEH remaining idle.***

2.3.8.8 State Schemes

(I). Sale proceeds from Government farms/Horti-Hubs and Mushroom Development Centre

Under the State Scheme 'Development and Maintenance of Orchard cum Horticulture Nursery', the Government farms were being mandated for production and multiplication of good quality high yielding, disease free Planting Material in the Government farms for sale through DHOs. Similarly, under the State Scheme 'Maintenance of Horti-Hub', the Government Horti-Hubs were supposed to procure and multiply good quality disease free and commercially accepted varieties of the identified flowers and to serve as a demonstration cum training ground for those who intend to earn their livelihood through Floriculture. The Regional Centre for training and production of Mushroom was mandated to train farmers in the method of mushroom cultivation and to supply quality mushroom spawn and compost to farmers at 50 *per cent* subsidy.

In the four sampled Districts, there were 10 Government Farms[35] under the Development and Maintenance of Orchard-cum-Horticulture Nursery. These farms are being operated and maintained by the DHOs. Similarly, under Maintenance of Horti-Hub for developing cut flower production, six Horti-Hubs were established, and one

35 Two in EKH, one in WKH, three in WJH and four in RB.

Mushroom Development Centre was established at Regional Centre for training and production of Mushroom.

The position of expenditure incurred on payment of wages and procurement of material & supply and the revenue generated from the Government farms, Horti-Hubs and Mushroom Development Centre during the period 2015-16 to 2019-20 are given below:

Table 2.3.17: Comparison of production cost and sale proceeds of Government farms/Horti-hubs and Mushroom Development centre

(₹ in lakh)

Sl. No.	District	Wages	Materials	Cost of Production (Wages+ Material)	Sale proceeds	Percentage of Wages to Cost of production
Government Farms						
1.	East Khasi Hills	74.18	17.57	91.75	27.36	80.85
2.	West Khasi Hills	41.25	8.54	49.79	19.69	82.85
3.	Ri-Bhoi	203.71	38.57	242.28	60.77	84.08
4.	West Jaintia Hills	98.34	27.34	125.68	31.07	78.25
Sub-total		**417.48**	**92.02**	**509.50**	**138.89**	**81.94**
Government Horti-Hubs						
1.	East Khasi Hills	51.11	11.34	62.45	71.89	81.84
2.	West Khasi Hills	81.87	15.38	97.25	41.75	84.19
3.	Ri-Bhoi	37.88	8.59	46.47	0	81.51
4.	West Jaintia Hills	77.89	16.34	94.23	16.74	82.66
Sub-total		**248.75**	**51.65**	**300.40**	**130.38**	**82.81**
Mushroom Development Centre						
1.	East Khasi Hills	65.37	48.35	113.72	43.02	57.48
Sub-total		**65.37**	**48.35**	**113.72**	**43.02**	**57.48**

Source: Information furnished by DHOs.

It is seen from the table above, that Government farms had collected sale proceeds of ₹ 138.89 lakh (27 *per cent*) as against the total expenditure of ₹ 509.50 lakh during 2015-20. Hence, the purpose of Government farms to sell the Planting Material to the farmers could not generate any revenue. Similarly, the Government Horti-Hubs collected sale proceeds of ₹ 130.38 lakh (43 *per* cent) as against the total expenditure of ₹ 300.40 lakh. It was observed that 82 to 84 *per cent* of the cost of production of the hubs was on wages. Thus, the hubs incurred their expenditure mostly on wages which defeated the purpose of the hubs to procure good quality Planting Material for multiplication. The mushroom development centre collected ₹ 43.02 lakh (38 *per cent*) as against the total expenditure of ₹ 113.72 lakh which indicated that it did not recover even 50 *per cent* of the cost of production.

The above indicated that all farms could not convert their production into revenue, the expenditure of the hub on Planting Material was very less and the mushroom centre was not being able to recover even 50 *per cent* of the total expenditure. These indicated poor financial management of the farms/Hubs/Centre.

During Exit meeting (March 2022), the Department stated that since many of the labourers were involved in demonstration cum training for the farmers along with the maintenances of the Government farms and horti hubs, this led to higher cost of wages. However, steps will be taken to review the requirement of labours at the Government farms and horti hubs. It was further stated that the Government farms and horti-hubs will also be opened for visitors/tourists so that they can earn some revenue.

(II). Production and Supply of planting materials from Government Farms for Area Expansion

Production of the Fruit Planting Material at the Government farms of the four sampled Districts *vis-à-vis* quantity supplied to the farmers during the period from 2015-16 to 2019-20 was as given in the table below:

Table 2.3.18: Year-wise details of production, Supplied and closing stock of fruits plants

(In lakh)

Year	Farms at East Khasi Hills				Farms at West Khasi Hills				Farms at Ri-Bhoi				Farms at West Jaintia Hills			
	P	S	W	CS	P	S	W	CS	P	S	W	CS	P	S	W	CS
2015-16	1.41	0.32	0.03	1.05	0.17	0.12	0.00	0.05	0.21	0.07	0.00	0.14	1.49	0.62	0.00	0.86
2016-17	1.37	0.10	0.03	1.25	0.21	0.11	0.00	0.10	0.37	0.16	0.00	0.21	1.07	0.15	0.04	0.88
2017-18	1.89	0.30	0.03	1.56	0.23	0.16	0.00	0.07	0.27	0.03	0.00	0.24	1.34	0.37	0.06	0.91
2018-19	4.37	0.30	0.03	4.03	0.28	0.05	0.00	0.23	0.27	0.15	0.05	0.06	1.04	0.22	0.11	0.72
2019-20	0.42	0.00	0.00	0.42	0.43	0.07	0.00	0.36	0.25	0.11	0.00	0.14	0.93	0.01	0.08	0.84
Total	9.46	1.02	0.12	8.32	1.33	0.51	0.00	0.82	1.37	0.51	0.06	0.80	5.88	1.37	0.29	4.22
Supply rate[36]	***11***				***38***				***37***				***23***			

Source: Information furnished by the sampled districts.

(P: Production, S: Sales, W: Wastage and CS: Closing Stock)

From the above table, it can be seen that out of total production of 18.03 lakh Planting Material during 2015-20, only 3.41 lakh (19 *per cent*) were supplied to the farmers. None of the sampled DHO could ensure 100 *per cent* supply of the production to the farmers. The DHO, West Khasi Hills with 38 *per cent* supply rate ranked the highest, followed by DHO, Ri-Bhoi district, DHO, West Jaintia Hills and DHO, East Khasi Hills with 37 *per cent*, 23 *per cent* and 11 *per cent* respectively.

Audit further observed that, no targets were set by the Directorate for production at the Government farms and record showing monitoring being carried out by the Directorate level on the performance of the Farms in term of production and supply of the planting materials to the farmers was also not available on records.

Thus, in the absence of regular monitoring and fixation of targets for the farms in terms of production and supply, huge quantities of Planting Material were persistently lying in stock. Thus, the purpose for which the farms were established i.e., for sale of Planting Material to the farmers for Area expansion was not fully achieved.

The Director stated (25 March 2022) that the production of planting materials in the Government farms includes both ready to sale and not ready to sale depending on the age of the plants and all farms ensured that underage planting materials are not supplied/sold to the farmers. The Director further stated that no targets were set by the Directorate as the production of planting materials of any farm/ hubs is mostly based on local demand which varies from district to district and year to year and also on the schemes sanctioned.

[36] Supply ÷ Production.

During Exit meeting (March 2022), the Department stated that no age analysis had been carried out for both ready to sale and not ready for sale planting materials at the Government farms.

(III). Allotment of low cost polyhouses

As per the State Scheme Vegetable Development Scheme (VDS), in order to promote vegetable production through High Yielding Variety seeds/ Hybrids/ Improved/ Open Pollinated seedlings, the assistance to farmers as 100 *per cent* assistance for 100 Sq. m per unit area of Poly house was to be provided to the farmers. Similarly, under the State Scheme Floriculture Development Scheme (FDS), in order to motivate the farmers to take up Floriculture (traditional and non-traditional flowers) as commercial venture through protected cultivation to augment their income, low-cost Poly-house free of cost for a minimum area of 100 Sqm/unit was to be provided to the farmers.

As per the scheme guidelines for implementation of VDS, selected beneficiaries will have to enter into a Memorandum of Understanding (MoU) with the Directorate for the maintenance and production after allotment of polyhouses.

During the period from 2015-16 to 2019-20, the Directorate incurred a total amount of ₹ 1.62 crore in the four sampled Districts for supply of 120 low-cost Poly houses with a total area coverage of 12,000 Sq.m as details given below:

Table 2.3.19: Details of allotment made under low-cost polyhouse of Vegetable Development Scheme and Floriculture Development Scheme

District	Number of beneficiaries	Area per beneficiary (Sq. m)	Total area (Sq. m)	Cost borne by the sampled districts (₹ in lakh)
Vegetable Development Scheme				
East Khasi Hills	23	100	2,300	31.30
West Khasi Hills	12	100	1,200	15.40
Ri-Bhoi	17	100	1,700	21.90
West Jaintia Hills	18	100	1,800	23.10
Total	**70**		**7,000**	**91.70**
Floriculture Development Scheme				
East Khasi Hills	17	100	1,700	22.90
West Khasi Hills	10	100	1,000	14.70
Ri-Bhoi	13	100	1,300	17.10
West Jaintia Hills	10	100	1,000	15.90
Total	**50**		**5,000**	**70.60**
Grand Total	**120**		**12,000**	**162.30**

Source: Bills/Vouchers.

Audit observed that no MoU was entered between the Directorate and any of the beneficiary and no terms and conditions like minimum production per month, condition for proper utilisation of the polyhouses, *etc.,* were imposed on the beneficiaries before allotment of the polyhouses. The sampled DHOs also did not maintain or collect any production details from the polyhouses allotted to the beneficiaries under VDS and FDS. In the absence of production details from these low-cost polyhouses, the impact of allotment of polyhouses under VDS and FDS could not be assessed in audit.

During Exit meeting (March 2022) the Department stated that steps will be taken to review implementation of the scheme *viz* allotment of polyhouses free of cost under State Schemes.

Conclusion:

Collection of sale proceeds by the Government farms, Horti-Hubs and Mushroom Development Centre were negligible in comparison with the production cost of all. No targets were set for the production and supply of planting materials from the Government farms. Low-cost polyhouses were extended to the beneficiaries under State Schemes for promotion of Vegetable and Flower cultivations without execution of MoU though envisaged in the scheme guidelines.

Recommendations:

1. ***The State Government should ensure availability of proper Guidelines for all Horticulture Development Schemes being implemented under the State Plan Schemes to ensure proper implementation and monitoring.***
2. ***Review of assets created out of State Schemes remaining idle may be conducted.***

2.3.8.9 Market Infrastructures

Market infrastructure for horticulture crops in Meghalaya are basically categorized into three *viz* (i) Lay Bye Market (LBM), (ii) Farmer's Market (FM) and (iii) Wholesale Regulated Market (WRM). LBM type of market infrastructure are set up along the paved area of highway usually designed for commuters to stop in for emergency parking. In the LBM, the farmers were able to display and sell their produce to the passersby. FM type of market is where the farmers can sell their products directly to the wholesalers, consumers, food processors and large grocery firms without the involvement of middlemen in the market chain. WRM is the market facility where the produce is being brought by the farmers in the market for wholesale transactions before the produce gets despatched from the market. Audit examined the construction and utilisation of these markets for providing marketing facility to the farmers and the deficiencies noticed are discussed in the succeeding paragraphs:

(I). Construction of Lay-bye Markets

Government of India (GoI), Ministry of Finance, accorded (February 2014) approval of ₹ 20 crore for construction of 20 LBMs under Special Plan Assistance (SPA) 2013-14, with a fund sharing ratio of 90:10 between the GoI and the Government of Meghalaya (GoM) and has been discussed in ***Paragraph 2.3.8.2 (B) (III).***

Further, the GoM sanctioned (March 2015) ₹ 5 crore for construction of seven LBMs under Special Central Assistance (SCA) @ ₹ 0.71 crore for each LBM. In this case too, the GoM instructed (November 2016) that the construction of these seven LBMs under SCA be implemented by DRDA and accordingly, the Directorate released (January/February 2017) ₹ 5 crore to five DRDAs[37].

[37] Shillong, Jowai, Tura, Ampati and Resubelpara.

Scrutiny of records of the Directorate revealed the following:

1. Three out of the six LBMs under Special Plan Assistance (SPA) were completed, two were still in progress while one LBM[38] is yet to be started till date, due to delay in selection of site. Out of the three completed LBMs only one LBM was made functional. The other two completed LBMs were yet to be made operational due to pending land development, electricity and water supply.

LBM at Umran Niangbyrnai, Ri-bhoi lying unutilised due to pending land development.

2. Similarly, out of the seven LBMs sanctioned under Special Central Assistance (SCA), three had been completed; three were still in progress, while one LBM[39] was yet to be started due to non-availability of land. Out of the three completed LBMs, one was yet to be made operational due to pending electricity and water supply connection.

LBM at Pynursla, East Khasi Hills due to pending electric and water supply.

The reasons attributed for the two non-starter Lay Bye Market (LBM) *viz.* '**delay in identification of sites**' is un-acceptable, because prior identification of project site is a must and pre-requisite exercise for any project and should have been decided before the project was sanctioned. Similarly, attributing '**pending land development, electricity and water supply'** being the reason for non-operation of three completed LBMs even after 2-3 years from the dates of completion of markets is also unacceptable, as these issues/problems should have been resolved immediately after the civil works had been completed. This indicated the lacklustre approach of the Directorate and the respective DHOs.

The delay in completion of the markets as well as delay in operationalisation of the completed markets has deprived the farmers from the intended benefits of the project and the Government needs to fix responsibility and accountability to ensure completion of all the sanctioned LBMs and to avoid reoccurrence of such irregularities.

(II). Construction of Farmer's Markets

A. Farmer's Markets under Special Central Assistance (SCA)

The GoM sanctioned (March 2015) ₹ 3.00 crore under SCA for construction of two[40] Farmer's Markets (FMs) to be constructed by DRDA, Ampati. The Directorate released (January 2017) ₹ 3.00 crore to DRDA, Ampati. Scrutiny of records revealed that the construction of the two FMs had not been started till date due to unavailability of land.

[38] Chiringpara in South West Garo Hills District.
[39] Garobadha-Ampati Road in South West Garo Hills District.
[40] Garobadha and Betasing in South West Garo Hills District.

It was noticed that out of ₹ 3.00 crore, an amount of ₹ 1.50 crore was diverted for construction of another FM under Scheme for Farmer's Market (SFM) as discussed in ***Paragraph 2.3.8.9(I)B*** of which an amount of ₹ 1.08 crore was accorded sanction by GoM (July 2019). The remaining balance of ₹ 0.42 crore was utilised by DRDA, Ampati for construction of additional works for construction of FM complex at Betasing without the approval of GoM. Hence, due to lack of efforts by the DHOs and DRDAs to identify the availability of land for construction of FMs has not only deprived the farmers from the intended benefits of the project but also led to blockage of funds amounting to ₹ 1.50 crore besides diversion of fund to the tune of ₹ 1.50 crore for additional works of FMs under SFM.

During Exit meeting (March 2022), the Department stated that identification of land for the two farmers markets is under progress.

B. Farmer's Markets under Scheme for Farmer's Market (SFM)

Scrutiny of records revealed that the GoM sanctioned (March 2016) ₹ 34 crore under Scheme for Farmer's Market (SFM) for construction of four FMs to be implemented by DRDAs. The Directorate released (February 2017) ₹ 34 crore to four DRDAs[41].

However, it was observed that the construction of the four FMs were yet to be completed till date. Test check of records at Directorate revealed that the construction of one FM at Betasing was yet to be completed till date despite having spent the entire sanctioned amount of ₹ 6.69 crore from SFM and diversion of fund to the tune of ₹ 1.50 crore from SCA as discussed in ***Paragraph 2.3.8.9(II) A***. Further, the target date for completion of the other three FMs were August 2020 and October 2020. However, the constructions of the three FMs were yet to be completed till date (July 2021) which may result in time and cost overruns.

Audit conducted (March 2021) Joint Physical Verification of the FM of East Khasi Hills (EKH) and observed that out of three building blocks, the civil work of only one building block had been completed, however, the stalls inside the building block were yet to be completed. The civil work of another building block was in progress whereas the civil work of third building block and of parking spaces was yet to start.

The above showed that the progress of the construction of FM in EKH were very slow and hence, the objective of providing market infrastructures to the farmers in EKH is yet to be achieved.

[41] Tura, Baghmara, Ampati and Shillong.

	
Incomplete stalls inside the Farmers' Market at Mawryngkneng, East Khasi Hills.	**Slow progress of construction of the Farmers' Market at Mawryngkneng, East Khasi Hills.**

As per beneficiary survey under Area expansion and protected cultivation, the beneficiaries stated that they face problems in marketing their produce, distances from the market were far, storage facility was inadequate, no storage facility at site, high transportation charges, lack of cold chain facility at site, low price realization and lack of stable market, *etc*. However, with the delay in construction of LBMs and FMs and the non-utilisation of completed markets, the above problems of the farmers remained unresolved.

The Director stated (25 March 2022) that the reasons for delay in construction of Farmers' Market were due to establishment of unauthorised shops in front of the approach road of the market, unavailability of construction materials during the pandemic period, change of the plan and estimate, issues with the village authority which has been subsequently sorted out, *etc*.

Audit is of the view that, establishment of unauthorised shops in front of the approach road of the market indicated absence of regular monitoring by the Department. Further, the project was sanctioned in 2016, and the reasons attributed by the Department for delay in construction of farmer's markets, would have been avoided had the construction been completed in time.

(III). Construction of Wholesale Regulated Markets

The MSAMB constructed Garobadha Wholesale Regulated Market (GWRM) in South West Garo Hills District at a cost of ₹ 2.79 crore in 1996 through Central Assistance 1990-91 for setting up of Rural Godowns. However, it was observed that the GWRM had not been made functional from 1996 till date and the market was lying unutilised for more than 25 years. The main reason for GWRM being non-functional was its location and reluctance of the local marketing committee to shift to the market. Hence, the expenditure incurred for construction of GWRM remained wasteful.

Further, MSAMB constructed Cold Storage at GWRM in 1998 at a cost of ₹ 0.99 crore through Centrally Sponsored Scheme 1996-97 for setting up of Cold Storage. The Cold Storage at GWRM with a capacity of 1000 MT was constructed with the aim to store the marketable surplus during the peak harvesting season when prices of commodities were not remunerative to the farmers. It was, however, observed that despite the fact that MSAMB was aware that GWRM was not functional since 1996, MSAMB constructed the Cold Storage at a cost of ₹ 0.99 crore in 1998 which was not utilised till date due to GWRM being non-functional. Further, MSAMB engaged five[42] officials and the expenditure on salary and wages of these officials from 2002-03[43] to 2019-20 amounting to ₹ 1.40 crore remained wasteful as the GWRM was not functional.

Thus, the Garobadha WRM remained unutilised as the farmers found its location unsuitable and there was reluctance on part of the local marketing committee to shift to the market. Along with this, non-functioning of the Cold Storage installed/constructed in the WRM, resulted in wasteful expenditure of ₹ 5.18 crore. Besides the very purpose of construction of the wholesale marketing infrastructure to give the farmers the stage where they can sell their products at better price could not be achieved.

During Exit meeting (March 2022), the Department stated that the site for Garobadha WRM was selected after proper market study. However, due to reluctance of the farmers to shift inside the wholesale market, the market is lying unutilised till date. The reply further added that the Department will review all unutilised assets under its control including Lay Bye markets and wholesale markets for their proper utilisations.

(IV). Establishment of Cold Chain infrastructure, Tissue Culture Facilities, procurement of Reefer Van including construction of two Banana Ripening Centres

The Directorate released ₹ 8.28 crore to MSAMB for implementation of Post-Harvest Marketing Scheme[44] (₹ 1.18 crore on 02.9.2014), establishment of Cold Chain infrastructure and Tissue Culture Facilities (₹ 6.50 crore on 12.11.2014), and installation of four Cold Rooms (₹ 0.60 crore on 28.02.2017). Out of ₹ 8.28 crore, the MSAMB spent ₹ 0.15 crore for construction of one Cold Room and released (February 2017) ₹ 0.20 crore to DHO, Williamnagar for Banana Ripening Centre. The balance amount of ₹ 7.93 crore was parked in Savings Account and Fixed Deposit. After earning bank interest of ₹ 1.42 crore, the MSAMB refunded ₹ 9.35 crore (₹ 6.50 crore in October 2019 and ₹ 2.85 crore in June 2020) to the Directorate. The MSAMB attributed lack of proper directives from the Directorate for not implementing the schemes.

Thus, failure of both the Directorate and the MSAMB to implement the sanctioned schemes, the objective of the schemes to establish Post Harvest storage and marketing facilities as well as providing facilities for transportation of horticulture products (procurement of Reefer Vans) had not been achieved. Besides there was blockage of fund to the tune of ₹ 7.93 crore from 39 to 68 months.

During Exit meeting (March 2022), the Department stated that the funds being pointed out by Audit had been reallocated to Ri-Bhoi district which will be implemented very soon.

Conclusion:

Out of 13 Lay-bye markets (LBMs), sanctioned under SPA (February 2014) and SCA (March 2015), only six have been completed; five were still in progress and two were yet

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[42] Secretary of Market Committee upto January 2012, two Chowkidars and three Muster Rolls.
[43] Cost of Salary and Wages from 1996 to 2001-02 were not available.
[44] Includes procurement of 3 Reefer Van and construction of two Banana Ripening Centres.

to be started even after 6-8 years of sanction due to delay in identification of sites. Further, out of the six completed LBMs, only three were made functional, the other three LBMs completed at a total cost of ₹ 2.21 crore in October 2018, July 2019 and August 2019 were lying unutilised due to pending land development, electricity & water supply connection. The reasons attributed for the two non-starter LBMs *viz.* '**delay in identification of sites**' is un-acceptable, because prior identification of project site is a must and pre-requisite exercise for any project and should have been decided before the project was sanctioned. Similarly, attributing '**pending land development, electricity and water supply'** being the reason for non-operational of the three completed LBMs even after 2-3 years from the dates of completion of the markets was also unacceptable, because, these issues/problems should have been resolved immediately after the civil works had been completed. This indicated the lacklustre approach of the Directorate and the respective DHOs.

Recommendations:

1. ***Government should ensure immediate operationalisation of three completed markets lying unutilised. It should further investigate reasons for delay in completion of these five markets and fix responsibility for non-operationalisation/delay in completion of these markets to avoid repetition of such lapses in future.***

2. ***Government should review the problem of Garobadha Wholesale Regulated Market to ensure its fruitful utilisation.***

2.3.8.10 Monitoring and Evaluation

(I). Monitoring

MIDH Operational Guidelines envisaged formation of State Level Executive Committee (SLEC) to release funds, monitor and review implementation of the programmes. The Guidelines also envisaged constitution of District Mission Committee (DMC) for carrying forward the objectives for the project formulation, implementation and monitoring of these programmes. Apart from the SLEC and DMC, the Directorate was also supposed to monitor regularly the implementation of the State Plan Schemes.

Audit observed that SLEC meetings were conducted mainly for approval of AAPs and project-based components. Important issues like actual achievement of targets, release of assistance like maintenances for fruits, constructions and utilisations of Community Tank, Water Harvesting, Pack houses, Protected Cultivation, *etc.,* were never discussed in the SLEC.

The District Mission Committee (DMC) for all the districts were constituted in May 2014. It was, however, observed that DMC of three out of four sampled Districts started functioning only in 2019-20 even though the same were formulated in 2014 itself. The DMC of the sampled Districts did not monitor the implementation of HMNEH during the period 2015-19 as it started functioning only during 2019-20. Even during the period 2019-20, the DMC met only for the approval of AAP of the District.

The Director, while accepting the Audit observation stated (25 March 2022) that Audit recommendations had been noted for improvement.

(II). Evaluation

The GoI entrusted (October 2019) the task of Impact Evaluation Study of HMNEH to M/s Global Agri System Private Limited, New Delhi to assess the effectiveness of HMNEH in meeting the objectives for which the scheme was conceptualised. From the report, it was observed that the change in Area, Production and Productivity of horticulture crops in Meghalaya during the period 2014-19 was from 124.10 ha to 126.40 ha (1.82 *per cent*), 1027.10 MT to 951.50 MT (-7.36 *per cent*) and 8.30 MT/ha to 7.50 MT/ha (-9.01 *per cent*). As per the report, there was no positive impact of HMNEH on the average income of the beneficiaries in Meghalaya. Accordingly, the report made recommendations on various issues, few of the recommendations relevant to Meghalaya yet to be implemented are given below:

- The fund from the Centre should be directly released to the State Horticulture Mission (SHM) to get the fund from the Centre on time.
- The project of MIDH is considered for assistance under the scheme only after a satisfactory visit by the officials of SHM.
- The beneficiaries availing benefits of MIDH scheme may be covered under short duration training programme and may be given exposure by a visit to places of horticulture excellence.

The Director, while accepting the Audit observation stated (25 March 2022) that Audit recommendations had been noted for improvement.

Conclusion:

Regular monitoring was found lacking at all levels. Important issues like actual achievement of the targets, release of assistance for Area expansion, construction and utilisation of Community Tank, Water Harvesting, Pack Houses, Protected Cultivation, *etc.,* were never discussed in the SLEC. District Mission Committee (DMC) though constituted in May 2014 had started functioning only in 2019-20. Besides, the recommendations made in the Impact Evaluation Study of HMNEH are yet to be adopted/implemented.

Recommendations:

1. ***The SLEC should ensure regular review and monitor the implementation of HMNEH particularly review actual achievement of the targets, release of assistance like maintenances for fruits, constructions and utilisations of Community Tank, Water Harvesting, Pack Houses, Protected Cultivation, etc.***
2. ***Government should implement the recommendations made in the Impact Evaluation Study of HMNEH immediately.***

COMPLIANCE AUDIT PARAGRAPHS

AGRICULTURE & FARMERS' WELFARE DEPARTMENT

DIRECTORATE OF HORTICULTURE

2.4 Idle expenditure

Idle expenditure of ₹ 22.24 crore on creation of Integrated Farmers' Market Complex at Ampati, South West Garo Hills under Special Plan Assistance (SPA) due to failure of Director of Horticulture and Garo Hills Autonomous District Council to make the market functional even after 47 months since its completion.

Under the Special Plan Assistance (SPA) 2010-11, the Planning Commission, Government of India (GoI) approved (21 March 2011) the Construction of Integrated Farmer's Market Complex (the Market) at Ampati at a total project cost of ₹ 18.00 crore on a fund sharing basis of 90:10 between the Central and State[45]. The project proposal regarding construction of Integrated Farmer's Market Complex at Ampati (March 2011) contained the following objectives:- (i) Ampati, which falls within 5 km of the Indo-Bangladesh Border, is a traditional centre of trade and commerce in the western part of Meghalaya, (ii) The Ampati weekly market (Haat/Bazar) is the biggest in the region attracting traders from all over the North east and North Bengal with a gathering of 15,000-20,000 people on market days, (iii) The popularity of the bazaar has grown manifold over the years but the infrastructure has failed to catch up. The project proposal further stated that the tangible benefits would include increase in trade volumes, increase in the range of goods on offer and remunerative prices for producers *etc*.

The Director of Horticulture (DoH) entrusted (13 February 2012) the execution of work to the Meghalaya Government Construction Corporation Ltd. (MGCCL). Following the tendering process, MGCCL awarded (11 December 2012) the work to M/s Srinath Builders & Housing Co(P) Ltd., Guwahati at ₹ 1641.21 lakh (13.50 *per cent* above the tender value) for civil work and ₹ 97.00 lakh (30 *per cent* above the tender value) for electrical works to be completed within 24 months (December 2014). As the site at which the market was proposed to be constructed belonged to the Garo Hills Autonomous District Council (GHADC), a Memorandum of Understanding (MoU) was signed (30 May 2013) between the GHADC and the Government of Meghalaya (GoM) which *inter alia* contained the following terms and conditions:

i. the GoM shall construct the market and hand-over the said market building to the GHADC upon completion.

ii. that the GHADC shall be responsible for the day to day functioning and maintenance of the market building including allotment of rooms in consultation with the GoM.

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[45] Central share: ₹ 16.20 crore and State share: ₹ 1.80 crore.

iii. that the Management Committee shall be constituted under terms of reference by the GHADC for the said building for a term of one year unless sooner dissolved.

iv. that the profit accruing from management of the said building shall be apportioned at 50 *per cent* to the GHADC, 25 *per cent* to the Management Committee and 25 *per cent* shall be set aside for maintenance and other miscellaneous expenditure.

During construction, the plan and designs were altered based on the Chief Ministers' instructions (July 2014 and September 2015) and accordingly the estimate was revised to ₹ 22.24 crore which was accorded administrative approval in March 2017. The work was completed (389 stalls excluding covered sheds and toilets) in 10 January 2018 at a total expenditure of ₹ 19.94 crore (Civil works: ₹ 18.60 crore and electrical works: ₹ 1.34 crore) while the remaining ₹ 2.30 crore[46] was utilised for other expenses. The MGCCL handed over (31 March 2018) the market to the District Horticulture Officer (DHO), Ampati who in turn handed over the market to the GHADC on the same day. The Management Committee was, however, constituted (30 September 2020) after a delay of 30 months from the date of handing over.

As per the Memorandum of Understanding (MoU), the GHADC was responsible for allotment of stalls in consultation with the GoM, however, till date of Audit (September 2020), the process of allotment of stalls by the GHADC in consultation with the DoH had not yet started. The DoH on its part had also failed to enquire about the delay in allotment. The GHADC confirmed (13 October 2020) that the market still remained non-functional. It, however, did not furnish the reasons for the same.

In order to ascertain the present status of the Market complex, a Joint Physical Verification was conducted with the District Horticulture Officer, Ampati on 22.12.2021. Audit noted that the stalls were still not allocated and therefore remained unutilised, as such the objectives of the project proposal are yet to be achieved. Thus, the amount of ₹ 22.24 crore spent on the construction of the market complex remained idle for more than 47 months since its completion without achieving the objective for which it was created.

Photo-1: Traders selling their goods outside the Market building.

Photo-2: Stalls of Ampati market building lying unutilised.

46 External electrification including 250 KVA Substation: ₹ 25.28 lakh, Contingency: ₹ 36.80 lakh, Labour cess: ₹ 20.20 lakh, Agency charges: ₹ 1.24 crore and Consultancy fees: ₹ 23.15 lakh.

The matter was reported to the State Government (March 2021); reply is awaited.

Recommendation:

1. ***The Government may take immediate steps to allot the stalls and make the market complex functional. In order to prevent such idle expenditure, Government may take up projects which are based upon genuine demand/requirement and also by keeping in view the local needs of people.***

PUBLIC WORKS DEPARTMENT

2.5 Undue financial benefit to contractors

Recovery of forest royalty on stone and sand at a lesser rate by DPIU/PIU implementing the PMGSY schemes resulted in undue financial benefit of ₹ 1.14 crores to eight contractors.

Government of Meghalaya, Forest and Environment Department vide Notification dated 19 June 2014 fixed the rate of royalty for stone and sand at ₹ 240 and ₹ 90 per cum respectively with the stipulation that this order shall come into force from the date of notification. The Chief Engineer (Standards) *cum* Empowered Officer, State Rural Roads Development Agency (SRRDA), Pradhan Mantri Gram Sadak Yojana (PMGSY), Shillong is required to ensure that royalty on stone and sand at the prescribed rates are recovered from the contractor's bills and deposited the same to the respective head of Government account.

Test check (November 2020) of records of the Chief Engineer (Standards) *cum* Empowered Officer, SRRDA, Pradhan Mantri Gram Sadak Yojana (PMGSY), Shillong for the period from April 2003 to September 2020 revealed that five DPIUs/Implementing divisions had recovered forest royalty (FR) on sand and stone at lesser rates in respect of 17 projects, implemented during 2014 to 2017 without recovering the Government's prescribed rate of forest royalty. The details are shown in the table below: -

Table 2.5.1: DPIU/Implementing division-wise short recovery of forest royalty

Sl. No.	Implementing DPIUs/Division	Prescribed rates/ Cum (in ₹)		Rate at which FR was recovered (in ₹)		Quantity utilised (in cum)		Short recovery of FR (₹ in lakh)		
		Stone	Sand	Stone	Sand	Stone	Sand	Stone	Sand	Total
1	DPIU, East Garo Hills Williamnagar.	240	90	80.00	30.00	8122.27	3651.398	13.00	2.19	15.19
2	EE(TC) PWD (Rds) cum DPIU, West Garo Hills, Tura.	240	90	85.00	32.00	10696.65	3406.03	16.58	1.98	18.56
3	PIU, NEC division, Tura.	240	90	85.65	32.35	39195.48	16216.38	60.50	9.35	69.85
4	DPIU, West Garo Hills, Tura.	240	90	80.00	30.00	4698.79	2670.94	7.52	1.60	9.12
5	EE, PWD (Rds), Resubelpara division.	240	90	80.00	30.00	983.99	145.50	1.57	0.08	1.65
Total						**63697.18**	**26090.25**	**99.17**	**15.21**	**114.37**

Source: Chief Engineer (Standards)'s records.

Audit observed that lesser rates of forest royalty on stone and sand were applied in 17 projects implemented by eight contractors resulting in short recovery of ₹ 1.14 crore and undue financial benefit to these contractors. Details of 17 projects are provided in **Appendix 2.5.1**. Short recovery of royalty against each contractor is detailed below:

Table 2.5.2: Contractor-wise short recovery of forest royalty

Sl. No.	Name of contractors	Materials utilised (in cum)		Prescribed rate per cum (in ₹)		Recoverable amount of FR (₹ in lakh)			Amount of FR recovered (₹ in lakh)	Short recovery of FR (₹ in lakh)
		Stone	Sand	Stone	Sand	Stone	Sand	Total		
1.	M/s M.P. Agrawal Pvt. Ltd.	2921.49	492.73	240	90	7.01	0.44	7.45	2.51	4.94
2.	Shri D.C. Marak	5488.00	3194.438	240	90	13.17	2.88	16.05	5.35	10.70
3.	Shri Len Ch. Momin	1077.69	367.24	240	90	2.59	0.33	2.92	0.97	1.95
4.	Shri Gary Ch. Momin	3134.97	713.00	240	90	7.52	0.64	8.16	2.89	5.27
5.	Shri Abdul Rashid	43894.27	18887.32	240	90	105.35	17.00	122.35	43.38	78.97
6.	Shri B.R. Marak	2875.64	1162.76	240	90	6.90	1.05	7.95	2.82	5.13
7.	Shri Aloysius Arengh	2165.30	625.55	240	90	5.20	0.56	5.76	2.04	3.72
8.	Smti G.C. Momin	2139.82	647.21	240	90	5.14	0.58	5.72	2.03	3.69
Total		**63697.18**	**26090.248**			**152.88**	**23.49**	**176.37**	**61.99**	**114.37**

Source: Departmental Records.

Reasons for recovery of forest royalty at lesser rates than the prescribed rates, was not stated by the Department. However, Audit noticed that the request made (January 2015) by the Chief Engineer (Standards) Roads *cum* Empowered Officer, SRRDA, PMGSY, Shillong to the Forest Department, Government of Meghalaya to exempt all PMGSY works falling under World Bank funded RRP-II from the applicability of the revised rates of forest royalty notified on 19.06.2014 had not been considered (July 2015). Despite knowing this fact, the CE (Standards) and the DPIUs recovered the forest royalty on sand and stone at lesser rates from eight contractors, while in respect of other contractors the forest royalty was recovered at prescribed rates during the same period. This resulted in undue financial benefit of ₹ 1.14 crores to eight contractors.

The matter was reported to the State Government (July 2021); reply is awaited.

Recommendation:

1. ***The reason for recovering forest royalty at lesser rate resulting in undue financial benefits to the contractors and loss of revenue to the Government needs to be looked into and action needs to be initiated taken against the DDOs responsible for the same.***

2.6 Injudicious expenditure

Construction of 60m BUG bridge and 15m RCC bridge without approach roads in a road from Haldibari to Rochonpara road resulted in injudicious expenditure of ₹ 4.29 crore.

Government of Meghalaya, Public Works Department accorded (31 March 2012) Administrative Approval of ₹ 4.62[47] crore for "Improvement of road from Haldibari (GSB[48]) to Rochonpara road including construction of 60m Build-Up-Girder (BUG) Bridge and 15m RCC Bridge alongwith protection wall (Length 0 to 3 Km)".

[47] The estimate for the project was prepared on the basis of Scheduled of Rates (SOR) for roads, bridges and E&D works for the year 2011-12 applicable in West Garo Hills District.

[48] Garobada-Selsela-Balachanda road.

Construction of both the bridges was needed for providing road connectivity between Haldibari and Rochonpara. As per DPR, the RCC bridge was to be constructed at a place located at about 100m from Singuil river, where a water stream used to form during rainy season. The BUG bridge was constructed on the Singuil river. The objective of the project was to provide vehicular road connectivity to eight villages[49] for upliftment of their standard and improve their living conditions.

Through tendering process, two work orders were allotted by the Chief Engineer, PWD (Roads), Meghalaya, Shillong as detailed below:

Table 2.6.1: Contractor-wise work order issued.

Sl. No.	Item of work	Name of contractor	Contract value (₹ in crore)	Date of issue of the work order
1.	Construction of embankment with approved material obtained from borrow pits, turfing side slopes of embankment with sods, construction of 60.00m span BUG bridge with RCC decking and PCC return wall, *etc.*, construction of RCC slab bridge of 15.00 m span with 7.50m top width including construction of PCC wing walls and dismantling of existing timber bridge.	M/s R.B. Corporation, Beldarpara Tura	2.59	6 March 2013
2.	Supply of Built-up BUG bridge 60.00m span (I unit)	Shri Grithson A. Sangma, Tura	1.37[50]	12 November 2013
	Total		**3.96**	

Scrutiny (February 2019) of records of the Executive Engineer, PWD (Roads), Tura North Division for the period from January 2015 to December 2018 revealed the following:

(i) The Division had incurred a total expenditure of ₹ 4.29[51] crore from December 2013 to December 2017, with last payment being made on 19 December 2017. The Executive Engineer of the Division stated (February 2019) that the project was physically completed.

(ii) The works executed between March 2013 and September 2014 i.e. upto 3rd Running bills dated 26.03.2014 involved mainly raising of the road formation by filling soil on the existing kutcha road and construction of Hume pipe culverts at four places, for which the Division had incurred a total expenditure of ₹ 1.20 crore. However, as per the report submitted by EE to the Deputy Commissioner, Tura, audit noted that

Villagers crossing the river through a temporary bamboo footbridge structure.

49 Sankarapara, Salbilla, Abima, Jonkipara, Mudapur, Abagre, Jewli and Rolchugre.
50 Enhanced from ₹ 89.93 lakh.
51 This includes ₹ 1.32 crore for supply of built up BUG bridge.

the newly upgraded road formation was washed out during the floods in September 2014.

Photo showing non-existence of road formation.

(iii) During a Joint Physical Verification (JPV) conducted[52] by Audit alongwith Engineers of the Division, Audit noted that the first village to be connected by this road project was Songkapara village which is located[53] on the other side of river Singuil over which the BUG bridge was constructed. However, due to **absence of approach roads** to the bridge, the bridge remained un-utilised and the villagers had to cross the river through a temporary bamboo footbridge structure.

(iv) No road formation was found existing between Haldibari (starting point of the project) to the RCC bridge and between the RCC bridge and the BUG bridge. However, four HP culverts constructed in this stretch of the road were found.

Photo showing the two bridges without approach roads.

(v) The RCC bridge and the BUG bridge were constructed at a distance of about 100m but no road formation/ approach roads to connect the two bridges was found.

The EE, PWD (Roads), Tura North Division stated (January 2021) that the road formation had been washed out by the flood due to non-metaling and blacktopping (MBT) of the road, which was not provided in the original estimate.

Further the EE, in his response dated January 2021 admitted that construction of approach roads to the two bridges was not included in the original estimates, and stated that additional estimate amounting to ₹ 2.53 crore for construction of the approach roads had been submitted to the CE, PWD (Roads) in March 2017. However, the estimates are yet to be sanctioned by the State Government (September 2021).

Based on the facts noted above, Audit concluded that the Public Works Department displayed lack of planning and poor judgement by not providing for (i) approach roads to the bridges which is an integral item of a road project that includes bridge(s), and (ii) by not providing for an all-weather road complete with MBT, in the project site which was a low lying area, prone to frequent floods.

Thus, the road from Haldibari to Rochonpara remained non motorable, despite incurring a total expenditure of ₹ 4.29 crore. This has not only resulted in injudicious

[52] On 10.02.2021 and 20.02.2019.
[53] Located at about 877.00 Rm from Haldibari.

expenditure of ₹ 4.29 crore but also deprived the villagers' from the intended benefits of the project. The President of Songkapara village stated to the JPV teams that the villagers were facing immense difficulties due to inaccessibility of the two bridges specially during medical emergencies and for transportation of agricultural products to and from the nearby markets located towards the Garobada-Selsela-Balachanda (GSB) road.

The matter was reported to the State Government (September 2021); reply is awaited.

Recommendation:

1. ***Government may fix responsibility on officials concerned for submitting the project proposal without providing for approach roads which are an integral item of a road project that includes bridges, and for not providing an all-weather road, since the project site was prone to frequent floods.***

CHAPTER-III

ECONOMIC SECTOR

(PUBLIC SECTOR ENTERPRISES)

CHAPTER III – ECONOMIC SECTOR (PUBLIC SECTOR ENTERPRISES)

3.1 Functioning of Public Sector Enterprises

3.1.1 Introduction

As of 31 March 2020, State of Meghalaya had 18 SPSEs (16 Government Companies and two Statutory Corporations) as detailed in the table below:

Table 3.1.1: Total number of SPSEs as on 31 March 2020

Type of SPSEs	Working SPSEs	Non-working SPSEs	Total
Government Companies[36]	15	1	16
Statutory Corporations	2	Nil	2
Total	**17**	**1**	**18**

None of the Government companies were listed on the stock exchange which means that the shares of the SPSEs cannot be traded in the stock exchange. The Meghalaya Electronics Development Corporation, which was incorporated in the year 1986 is under liquidation since June 2011.

During the year 2019-20, one company *i.e.* Shillong Smart City Limited, incorporated on the 22 January 2019 for which entrustment of the supplementary audit was given to this office on 24 December 2019 was yet to submit its first account as on 30 September 2020.

3.1.2 Investment in SPSEs

3.1.2.1 State Government's investment in SPSEs

The State's investment in its SPSEs was by way of share capital/loans and special financial support by way of revenue grants.

As on 31 March 2020, the investment of the State Government (capital and long-term loans) in 18 SPSEs was ₹ 2,874.44 crore[37] as per details given in the table below:

Table 3.1.2: Details of State's investment in SPSEs **(₹ in crore)**

Year	Equity Capital	Long term Loans	Total
2019-20	2668.50	205.94	**2874.44**
2015-16	2338.29	44.14	**2382.43**

Of the total investment as on 31 March 2020, 92.84 *per cent* was towards capital investment, 7.16 *per cent* in long-term loans as against 98.15 *per cent* (capital) and 1.85 *per cent* (long-term loans) as on 31 March 2016**. Chart 3.1.1** below presents the trend of State Government investment in SPSEs during last five years (2015-16 to 2019-20).

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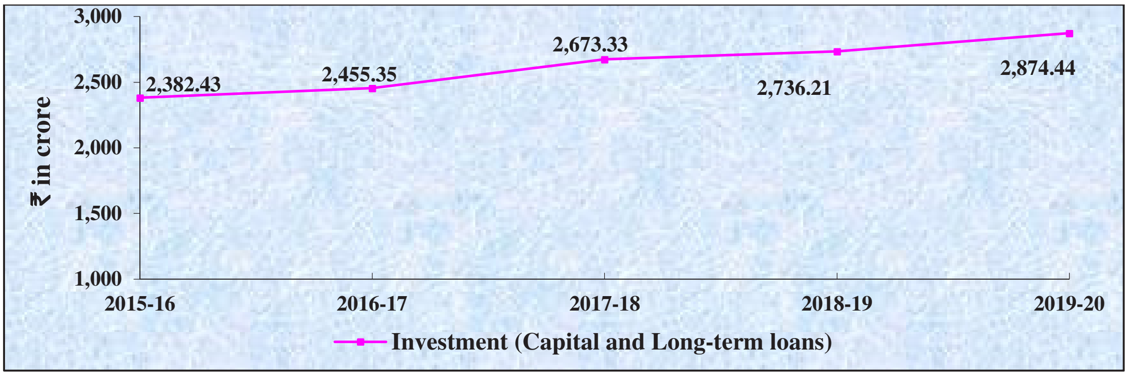
36 Government Companies includes other companies referred to in Section 139(5) and 139(7) of the Companies Act 2013.

37 Investment figures are provisional and as per the information provided by the SPSEs as none of the 18 SPSEs had finalised accounts for 2019-20 as of 30th September 2020.

Chart 3.1.1: State's total investment in SPSEs



The State Government's investment in SPSEs during last five years grew by 20.65 *per cent* from ₹ 2,382.43 crore in 2015-16 to ₹ 2,874.44 crore in 2019-20.

During 2019-20, out of 15 working SPSEs where State Government had made direct investment, 12 SPSEs incurred losses, only three[38] SPSEs earned profit (₹ 2.83 crore) as per their latest finalised accounts. None of the three profit making SPSEs had declared any dividend. There was no recorded information about the existence of any specific policy of the State Government regarding payment of minimum dividend by the SPSEs.

The State Government's investment (historical value) in SPSEs had eroded by 14.28 *per cent* in 2019-20, and the losses of seven[39] SPSEs (accumulated losses of ₹ 2,159.69 crore) had completely eroded the State's investment in their paid-up capital (₹ 1,147.33 crore), as per their latest finalised accounts.

3.1.2.2 State Government Investment in Power sector PSEs

The details of investment (equity and long term loans) in the four Power sector SPSEs as on 31 March 2020 is given in the table below:

Table 3.1.3: Investment in Power sector SPSEs as on 31 March 2020

Name of SPSE	Investment (₹ in crore)								
	Equity			Long-Term Loans			Total		Grand Total
	GoM	Others[40]	Total	GoM	Others[41]	Total	GoM	Others	
MeECL[42]	2,198.48	-	2,198.48	-	280.62	280.62	2,198.48	280.62	2,479.10
MePGCL[43]	-	918.77	918.77	159.14	874.18	1,033.32	159.14	1,792.95	1,952.09
MePDCL[44]	-	850.22	850.22	5.32	502.74	508.06	5.32	1,352.96	1,358.28
MePTCL[45]	-	425.59	425.59	41.48	31.06	72.54	41.48	456.65	498.13
Total	**2,198.48**	**2,194.58**	**4,393.06**	**205.94**	**1,688.60**	**1,894.54**	**2,404.42**	**3,883.18**	**6,287.60**

Source: *Information furnished by the Companies.*

38 excluding one SPSE (serial no. 14 of ***Appendix 3.1.1)*** functioning on '*no profit no loss*' basis and one SPSE has yet to submit its first accounts.
39 Sl. No. 4, 6, 7, 10, 12, 13 & 16 of ***Appendix 3.1.1***.
40 Investment of MeECL in its three subsidiary companies (MePGCL, MePDCL and MePTCL).
41 Includes banks and other financial Institutions *etc.*
42 Meghalaya Energy Corporation Limited.
43 Meghalaya Power Generation Corporation Limited.
44 Meghalaya Power Distribution Corporation Limited.
45 Meghalaya Power Transmission Corporation Limited.

As can be seen from the table above, the total investment ₹ 6,287.60 crore in Power sector SPSEs as on 31 March 2020, was made up of 69.87 *per cent* (₹ 4,393.06 crore) equity and 30.13 *per cent* (₹ 1,894.54 crore) long-term loans. The State Government's investment (equity and Loan) in power sector was 38.24 *per cent* (₹ 2,404.42 crore), of which their long-term loans from State Government was 10.87 *per* cent (₹ 205.94 crore) and from other financial institutions was to the tune of 89.16 *per cent* (₹ 1,688.60 crore).

3.1.2.3 Total Sector-wise investment in SPSEs

This para analyses the sector wise investment in SPSEs, over a period of five years (2015-16 to 2019-20). Total investment (equity and long term loans) of State Government and Other Stakeholders (Central Government, Holding companies, Banks, Financial Institutions, *etc.*) in SPSEs under various important sectors at the end of 31 March 2016 and 31 March 2020 has been given in the table below.

Table 3.1.4: Sector-wise details of total investments in SPSEs **(₹ in crore)**

Name of Sector	Government/Other Companies				Statutory Corporations				Total Investment			
	2015-16	In % age	2019-20	In % age	2015-16	In % age	2019-20	In % age	2015-16	In % age	2019-20	In % age
Power	4298.38	93.58	6287.60	94.37	-	-	-	-	4298.38	91.65	6287.60	92.92
Manufacturing	165.69	3.60	199.83	2.99	-	-	-	-	165.69	3.53	199.83	2.95
Infrastructure	108.69	2.37	159.69	2.40	-	-	-	-	108.69	2.32	159.69	2.36
Service	7.96	0.17	7.96	0.12	93.14	96.52	100.44	96.76	101.10	2.16	108.40	1.60
Agriculture & Allied	3.61	0.08	2.45	0.04	-	-	-	-	3.61	0.08	2.45	0.04
Miscellaneous	9.03	0.20	5.21	0.08	3.36	3.48	3.36	3.24	12.39	0.26	8.57	0.13
Total	**4593.36**		**6662.74**		**96.50**		**103.80**		**4689.86**		**6766.54**	

The comparative figures of 2015-16 and 2019-20 show that the bulk of Investment (equity and long term loans) was in power sector SPSEs, which ranged from 91.65 *per cent* (2015-16) and 92.92 *per cent* (2019-20). Further, during 2019-20 combined investment of State Government and Other Stakeholders in Power sector was ₹ 6,287.60 crore, in Manufacturing sector was ₹ 199.83 crore and in Infrastructure sector was ₹ 159.69 crore). The investment under power sector was mainly on account of the equity investment (₹ 492.71 crore) and long terms borrowings (₹ 1,496.51 crore) in four[46] power sector companies. However, increase in investment under Manufacturing and Infrastructure sector was only on account of equity investment. The investment in service sector SPSEs which were mere 2.16 *per cent* in 2015-16, further declined to 1.60 *per cent* in 2019-20. This is an area of concern as the service sector is the main driver of GSDP in the state (55.11 *per cent* in 2019-20). Government needs to find ways of attracting higher investment in this sector to boost economic growth.

3.1.3 Special support and guarantees to SPSEs during the year

The State Government provides financial support to SPSEs in various forms through annual budgetary allocations. The details of budgetary outgo towards equity, loans and

[46] Sl. No. 8, 9, 10 and 11 of ***Appendix 3.1.1***.

grants/subsidies in respect of SPSEs for three years ended 2019-20 are given in the table below:

Table 3.1.5: Details of budgetary support to SPSEs (₹ in crore)

Sl. No.	Particulars	2017-18		2018-19		2019-20	
		No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
1.	Equity Capital outgo from budget	4	90.47	4	31.19	3	135.53
2.	Loans given from budget	3	1.38	3	31.69	1	2.70
3.	Grants/Subsidy from budget (including Capital Grants)	8 2	(G)109.53 (S) 6.00	10 2	(G)222.02 (S)0.29	6 2	(G)104.48 (S)20.82
4.	**Total Outgo[47] (1+2+3)**	**13**	**207.38**	**13**	**285.19**	**9**	**263.53**
5.	Guarantees issued during the year	Nil	Nil	1	230.00	1	630
6.	Guarantee Commitment (Cumulative)	3	1,087.78	3	1,096.78	4	1,689.82

Source: As furnished by Companies/Corporations. **(G): Grants; (S): Subsidies.**

As can be noticed from the table above, during the three year (2017-20) the budgetary support provided by the State Government to SPSEs were highest during the 2018-19, this was mainly due to grants (₹ 174.71 crore) provided to one SPSE namely Meghalaya Basin Development Agency for execution of externally aided projects. However, the budgetary support provided by State Government to SPSEs increased from ₹ 207.38 crore in 2017-18 to ₹ 263.53 crore in 2019-20, mainly due to budgetary support to four[48] power sector SPSEs amounting to ₹ 231.97 crore (equity ₹ 118.18 crore, loan ₹ 2.70 crore and grants/subsidies ₹ 111.09 crore).

As on 31 March 2020, the Government of Meghalaya has guaranteed ₹ 1,689.82 crore in respect four[49] SPSEs to availed loan from various institutions (Bank, Financial Institutions and others). During 2019-20, the Government of Meghalaya has issued new guarantees of ₹ 630 crore to Meghalaya Energy Corporation Limited for restructuring of high interest loans for its subsidiary companies *i.e.*, Meghalaya Power Generation Corporation Limited, Meghalaya Power Transmission Corporation Limited and Meghalaya Power Distribution Corporation Limited.

3.1.4 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 (Act) and audit of the financial statements in respect of financial years that

[47] Actual number of SPSEs, which received equity, loans, grants/subsidies from the State Government.

[48] Meghalaya Energy Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Transmission Corporation Limited and Meghalaya Power Distribution Corporation Limited.

[49] Meghalaya Government Construction Corporation Limited (₹ 1 crore), Meghalaya Energy Corporation Limited (₹ 630 crore), Meghalaya Power Generation Corporation Limited (₹ 665.08 crore) and Meghalaya Power Distribution Corporation Limited (₹ 393.74 crore).

commenced earlier than 1 April 2014 continued to be governed by the Companies Act, 1956. The new Act has brought about increased Regulatory Framework, wider Management responsibility and higher Professional Accountability.

3.1.4.1 Statutory Audit/Supplementary Audit

Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG) audit the financial statements of a Government Company. In addition, CAG conducts the supplementary audit of these financial statements under the provisions of Section 143(6) of the Act.

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

3.1.4.2 Role of Government and Legislature

The State Government exercises control over the affairs of these SPSEs through its administrative departments. The Government appoints the Chief Executives and Directors on the Board of these SPSEs.

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSEs. For this purpose, the Annual Reports of State Government Companies together with the Statutory Auditors' Reports and comments of the CAG thereon are required to be placed before the Legislature under Section 394 of the Act. Similarly, the Annual Reports of Statutory Corporations along with the Separate Audit Reports of CAG are required to be placed before the Legislature as per the stipulations made under their respective governing Acts. The Audit Reports of CAG are submitted to the State Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

3.1.5 Arrears in finalisation of accounts

The financial statements of the companies are required to be finalised within six months after the end of the financial year *i.e.* by September end in accordance with the provisions of Section 96(1) of 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 to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Timely finalisation of accounts is important for the State Government to assess the financial health of the SPSEs and to avoid financial misappropriation and mismanagement. Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money going undetected apart from violation of the provision of the Companies Act, 2013.

Table 3.1.6 below provides the details of finalisation of annual accounts of SPSEs as on 30 September 2020.

Table 3.1.6: Position relating to finalisation of accounts of working SPSEs

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Number of Working SPSEs	16	16	16	16	17
2.	Number of accounts finalised during the year	35	13	30	16	20
3.	Number of accounts in arrears	43[50]	46	32	32	29
4.	Number of Working SPSEs with arrears in accounts	15	16	16	16	17
5.	Extent of arrears (numbers in years)	1 to 14	1 to 11	1 to 7	1 to 5	1 to 4

GOC: Government/Other Companies; SC: Statutory Corporations.

As can be seen from the table above, total numbers of pending accounts have come down from 43 in 2015-16 to 29 as on 30 September 2020. Out of the total arrears of 29 accounts, Meghalaya Transport Corporation and Forest Development Corporation of Meghalaya Limited have maximum accounts in arrears for four years each. Shillong Smart City Limited, incorporated on the 22 January 2019 had not submitted its first accounts as of 30 September 2020.

The Accountant General (Audit), Meghalaya has regularly pursued the matter with the State Government for liquidating the arrears of accounts of SPSEs.

3.1.6 Investment by State Government in SPSEs whose accounts are in arrears

The State Government invested ₹ 183.23 crore in six SPSEs {equity: ₹ 151.26 crore (three SPSEs) and long term loans: ₹ 31.97 crore (three SPSEs)} during the years for which the accounts of these SPSEs had not been finalised as detailed in the table below.

Table 3.1.7: Investment by State Government in SPSEs having accounts in arrears

(₹ in crore)

Sl. No.	Name of SPSE	Accounts finalised upto	Accounts pending finalisation	Investment by State Government during the period of accounts in arrears	
				Equity	Loans
1.	Meghalaya Industrial Development Corporation Limited	2017-18	2018-19 to 2019-20	16.35	-
2.	Meghalaya Energy Corporation Limited	2017-18	2018-19 to 2019-20	127.61	-
3.	Meghalaya Power Generation Corporation Limited	2017-18	2018-19 to 2019-20	-	30.39
4.	Meghalaya Power Distribution Corporation Limited	2017-18	2018-19 to 2019-20	-	1.22
5.	Meghalaya Power Transmission Corporation Limited	2017-18	2018-19 to 2019-20	-	0.36
6.	Meghalaya Transport Corporation	2015-16	2016-17 to 2019-20	7.30	-
	Total			**151.26**	**31.97**

[50] Including two accounts of Meghalaya Infrastructure Development and Finance Corporation Limited incorporated during 2015-16.

In the absence of accounts and their subsequent audit, it cannot be verified if the investments made and the expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not.

The Government may consider setting up a special cell under the Finance Department to oversee the expeditious clearance of arrears of accounts of SPSEs. Until the accounts are made as current as possible, Government may consider not giving further financial assistance to such companies.

3.1.7 Performance of SPSEs as per their latest finalised accounts

The financial position and working results of working Government Companies and Statutory Corporations are detailed in **Appendix 3.1.1**. Table below provides the comparative details of working SPSEs turnover and State GDP for a period of five years ending 2019-20.

Table 3.1.8: Details of working SPSEs turnover vis-a-vis State GDP

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover[51]	935.69	1,108.66	1,136.88	1,121.40	1,203.88
State GDP[52]	25,117.36	27,438.62	29,508.31	33,480.64	36,571.81
Percentage of Turnover to State GDP	3.73	4.04	3.85	3.35	3.29

From the above table, it can be seen that contribution of SPSEs to the State GDP ranged from 3.26 *per cent* (2018-19) to 4.04 *per cent* (2016-17) during the period.

The SPSEs' turnover registered an overall growth of ₹ 268.19 crore (28.66 *per cent*) during the last five years from ₹ 935.69 crore (2015-16) to ₹ 1203.88 crore (2019-20). There was an overall increase of ₹ 292.77 crore in the turnover of four power sector companies[53] from ₹ 809.49 crore (2015-16) to ₹ 1109.26 crore (2019-20).

3.1.7.1 Financial Performance

Key parameters of SPSEs financial performance as per their latest finalised accounts as on 30 September of the respective year are given in the table below.

Table 3.1.9: Key Parameters of SPSEs **(₹ in crore)**

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Debt	1,231.99	1,418.51	1,756.87	1,768.72	1,921.98
Turnover[54]	935.69	1,108.66	1,136.90	1,121,40	1,203.88
Debt/ Turnover Ratio[55] (DTR)	1.32:1	1.28:1	1.55:1	1.58:1	1.59:1
Interest Payments	137.13	139.90	154.94	166.87	251.66
Accumulated losses	1,113.47	1,533.80	2,182.97	2,229.77	2,747.35

51 Turnover of working SPSEs as per the latest finalised accounts as on 30 September of respective year.

52 Source: Ministry of Statistics & Programme Implementation, Government of India.

53 Meghalaya Energy Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Distribution Corporation Limited and Meghalaya Power Transmission Corporation Limited.

54 Turnover of working SPSEs as per the latest finalised accounts as on 30 September of the respective year.

55 Arrived at 'total debt of all SPSEs divided by total turnover of all SPSEs' as per their latest finalised accounts.

(A) Debt-Turnover Ratio

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can signal of having too much of debt against the income of SPSEs from core activities. Thus, the SPSEs having lower DTR are more likely to successfully manage their debt servicing and repayments.

(B) SPSE Debt

During the period of five years, the SPSEs debt increased by ₹ 689.99 crore (56.01 *per cent*) from ₹ 1,231.99 crore (2015-16) to ₹ 1,921.98 crore (2019-20). This had correspondingly increased the interest expenditure of SPSEs from ₹ 137.13 crore (2015-16) to ₹ 251.66 crore (2019-20), which was one of the factors contributing towards increase in the accumulated losses of SPSEs during the five years.

As seen from **Table 3.1.9** above, there was overall deterioration in the DTR in last five years from 1.32:1 (2015-16) to 1.59:1 (2019-20), mainly due to overall growth in SPSE-debt (56.01 *per cent*) during last five years from ₹ 1,231.99 crore (2015-16) to ₹ 1,921.98 crore (2019-20).

3.1.7.2 Erosion of capital due to losses

The paid-up capital and accumulated losses of 16[56] working SPSEs as per their latest finalised accounts as on 30 September 2020 were ₹ 4,605.73 crore and ₹ 2,747.35 crore respectively **(Appendix 3.1.1)**.

The Return on Equity (RoE) in respect of 9 out of 16 working SPSEs was (-) 6.83 *per cent* as per their latest finalised accounts. The accumulated losses (₹ 2,159.69 crore) of remaining seven[57] working SPSEs had completely eroded their paid up capital (₹ 1,147.33 crore) as per their latest finalised accounts. Of these nine SPSEs, the primary erosion of paid-up capital was in respect of three SPSEs as detailed in the table below:

Table 3.1.10: SPSEs with primary erosion of paid-up capital **(₹ in crore)**

Name of SPSE	Latest finalised accounts	Paid up capital	Accumulated losses
Meghalaya Power Distribution Corporation Limited	2017-18	844.24	1778.59
Mawmluh Cherra Cement Limited	2018-19	197.51	234.79
Meghalaya Transport Corporation	2015-16	93.05	106.69

Source: As per latest finalised accounts of the SPSEs.

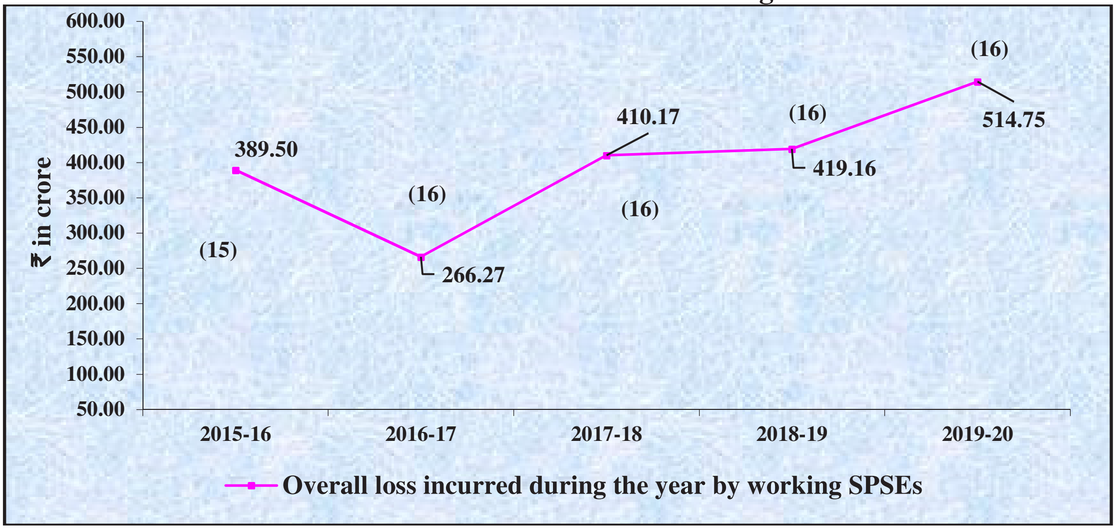
The Accumulated losses of these SPSEs had eroded public wealth, which is a cause of serious concern and the State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.

[56] Excluding one Government Company (Shillong Smart City Limited) which is yet to submit its first accounts.

[57] Sl. No. 4, 6, 7, 10, 12, 13 and 16 of ***Appendix 3.1.1***.

The overall position of losses incurred by the working SPSEs during 2015-16 to 2019-20 as per their latest finalised accounts as on 30 September of the respective year has been depicted below in **Chart 3.1.2**:

Chart 3.1.2: Overall losses of working SPSEs[58]



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

From the Chart above, it can be observed that overall losses of working SPSEs during last five years had shown an increasing trend (except during 2016-17). The high losses of the working SPSEs during 2018-19 (₹ 419.16 crore) and 2019-20 (₹ 514.75 crore) were contributed by the power sector companies to the extent of 88.07 *per cent* (₹ 369.19 crore) and 92.97 *per cent* (₹ 478.54 crore) respectively.

During 2019-20, out of 16 working SPSEs, three SPSEs earned profits of ₹ 2.83 crore while 12 SPSEs incurred losses of ₹ 517.58 crore. The remaining one SPSE (Meghalaya Basin Management Agency) was functioning on 'no profit no loss' basis. The details of major contributors to overall losses of working SPSEs as per their latest finalised accounts are given in the table below:

Table 3.1.11: Major contributors to profits and losses of working SPSEs

(₹ in crore)

Name of SPSE	Latest finalised accounts	Profit (+)/ loss (-)
Meghalaya Power Distribution Corporation Limited	2017-18	(-) 286.55
Meghalaya Power Generation Corporation Limited	2017-18	(-) 163.54
Mawmluh Cherra Cements Limited	2018-19	(-) 25.22
Meghalaya Energy Corporation Limited	2017-18	(-) 14.61
Meghalaya Power Transmission Corporation Limited	2017-18	(-) 13.84
Forest Development Corporation of Meghalaya Limited	2015-16	(+) 1.52
Meghalaya Tourism Development Corporation Limited	2018-19	(+) 1.18

3.1.8 Performance of power sector SPSEs

The power sector SPSEs play an important role in the economy of the State. Apart from providing critical infrastructure required for development of the State's economy, the sector also adds significantly to the Gross State Domestic Product (GSDP). As

[58] As per the latest finalised accounts as on 30 September of the respective year.

mentioned under ***Paragraph 3.1.7***, SPSE-turnover to GSDP during 2019-20 stood at 3.29 *per cent*; of which, major portion to the extent of 3.03 *per cent* (₹ 1,109.26 crore) was contributed by the power sector SPSEs.

(I) High losses of power sector SPSEs

The position of aggregate losses incurred by four power sector SPSEs during the past three years as per their latest finalised accounts is given in the table below:

Table 3.1.12: Details of aggregate losses of power sector SPSEs

Year	2016-17	2017-18	2018-19	2019-20
Total No. of power sector SPSEs	4	4	4	4
Number of loss making SPSEs	3	3	3	4
Number of profit earning SPSEs[59]	1	1	1	0
Net overall losses in power sector(*₹ in crore*)	(-) 234.92	(-) 369.72	(-) 369.19	(-) 478.54
Accumulated losses (*₹ in crore*)	(-) 1,226.91	(-) 1,812.90	(-) 1,836.03	(-) 2,314.57

(II) Key parameters

Some of the key parameters of the operational efficiency of four power sector SPSEs as per their latest finalised accounts as on 30 September 2020 are given in the table below:

Table 3.1.13: Key parameters of the operations of power sector SPSEs during 2019-20

(₹ in crore)

Sl. No.	Name of the Company	Latest finalised accounts	Paid-up capital	Net Loss for the year	Accumu-lated losses	Net worth[60]
1.	Meghalaya Power Distribution Corporation Limited	2017-18	844.24	(-) 286.55	(-) 1,778.59	(-) 934.25
2.	Meghalaya Power Generation Corporation Limited	2017-18	798.91	(-) 163.54	(-) 363.70	(+) 435.21
3.	Meghalaya Energy Corporation Limited	2017-18	2,070.87	(-) 14.61	(-) 152.09	(+) 1,918.78
4.	Meghalaya Power Transmission Corporation Limited	2017-18	423.82	(-) 13.84	(-) 20.19	(+) 403.63
	Total		**4,137.84**	**(-) 478.54**	**(-) 2,314.57**	

It can be seen from the **Tables 3.1.12** and **3.1.13** above that during last four years (2016-17 to 2019-20), the overall losses of power sector SPSEs have increased by more than two folds from ₹ 234.92 crore (2016-17) to ₹ 478.54 crore (2019-20). Further, during 2019-20, the net worth of one SPSE (MePDCL) was negative at (-) ₹ 934.25 crore due to complete erosion of its equity capital by the accumulated losses. The net worth of MePDCL turned negative for the first time during 2016-17 when it's paid-up capital (₹ 801.20 crore) was completely eroded by the accumulated losses (₹ 961.42 crore) as per it's latest finalised accounts (2014-15) as on 30 September 2017. During October 2017 to September 2020, MePDCL had finalised three annual accounts

[59] During 2016-17 to 2018-19, Meghalaya Power Transmission Corporation Limited was the only power sector SPUE, which registered profit of ₹ 7.17 crore (2016-17) and ₹ 8.15 crore (2017-18 & 2018-19) as per its latest finalised accounts.

[60] Net Worth means the sum total of the 'paid-up capital' and 'free reserves and surplus' *minus* 'accumulated losses' and 'deferred revenue expenditure'.

(2015-16 to 2017-18). However, the net worth of the Company remained negative during all these years.

This gradual process of incurring losses by the power sector SPSEs is a drain on the State's economy and resources. Despite constant deterioration in the overall performance of four power sector SPSEs, the State Government continued to provide significant budgetary support to these SPSEs. Analysis of records of power sector SPSEs revealed that the State Government provided budgetary support aggregating ₹ 430.04 crore to four power sector SPSEs during 2017-18 (₹ 137.26 crore), 2018-19 (₹ 60.81 crore) and 2019-20 (₹ 231.97 crore) by way of equity (₹ 164.98 crore), loans (₹ 35.77 crore) and grants/subsidy (₹ 229.29 crore). This included budgetary support of ₹ 157.09 crore provided to MePDCL during 2017-18 (₹ 94.26 crore), 2018-19 (₹ 12.22 crore) and 2019-20 (₹ 50.61 crore) by way of loans (₹ 1.73 crore) and grants/subsidy (₹ 155.36 crore).

To enable SPSEs to obtain financial assistance from Banks and Financial Institutions, State Government provides guarantee subject to the prescribed limits. The guaranteed amount in respect of three SPSEs for loans raised from various institutions (Bank, Financial Institutions and others) has constantly increased over the years being ₹ 1,086.78 crore (2017-18), ₹ 1,095.78 crore (2018-19) and ₹ 1,688.82 crore in (2019-20) respectively. Sudden increase in 2019-20, was due to issue of new guarantees by Government of Meghalaya of ₹ 630 crore to Meghalaya Energy Corporation Limited for restructuring of high interest loans for its three subsidiary companies. These guarantees may become liabilities of the State Government in case of default by the borrower for whom the Guarantee has been extended by the State Government as all of them are loss making Power sector SPSEs having huge accumulated losses as discussed above.

3.1.9 Return on Investment on the basis of Present Value of Investment

The Rate of Real Return (RORR) measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for their time value. To determine the RORR on Government Investment in the State SPSEs, the investment of State Government in the form of equity, interest free loans and grants/subsidies given by the State Government for operational and management expenses less the disinvestments (if any), has been considered and indexed to their Present Value (PV) and summated. The RORR is then calculated by dividing the 'profit after tax' (PAT) of the SPSEs by the sum of the PV of Government investment.

During 2019-20, as per their latest finalised accounts out of 15[61] working SPSEs where State Government had made direct investment, 12 SPSEs[62] incurred loss and only three SPSEs[63] earned profit. On the basis of return on historical value, the State Government

[61] including one SPSE (serial no. 14 of ***Appendix 3.1.1)*** functioning on '*no profit no loss*' basis and one Government Company (Shillong Smart City Limited) which is yet to submit its first accounts.

[62] Sl. Nos. 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13 and 16 of ***Appendix 3.1.1***.

[63] Sl. Nos 1, 12 and 17 of ***Appendix 3.1.1***.

investment had eroded by 14.28 *per cent* during 2019-20. As per the RORR where the PV of investment is considered, the State Government investment eroded by 9.45 *per cent* as shown in **Appendix-3.1.2**. This difference in the percentage of investment erosion was on account of the adjustment made in the investment amount for time value of money.

3.1.10 Impact of Audit Comments on Annual Accounts of SPSEs

During October 2019 to September 2020, 14 working companies had forwarded 18 audited accounts to the Accountant General (Audit), Meghalaya (AG). Of these, 15 accounts of 12 Companies were selected for supplementary audit while three accounts of two Companies[64] were issued 'non-review certificates'. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needed to be improved substantially. The details of aggregate money value of the comments of statutory auditors and CAG are given in the table below:

Table 3.1.14: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2017-18		2018-19		2019-20	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	0.13	4	4.47	1	0.53
2.	Increase in loss	7	61.31	5	42.06	10	342.92
3.	Non-disclosure of material facts	12	332.52	13	402.99	5	84.59
4.	Errors of classification	8	570.28	7	593.60	1	0.59

Source: As per latest finalised annual accounts of SPSEs.

During the year, the statutory auditors had given qualified certificates for all 18 accounts of 14 companies. In addition, CAG had also issued qualified certificates on 15 accounts of 12 companies selected for supplementary audit. The compliance of companies with the Accounting Standards (AS) remained inadequate as there were 83 instances of non-compliance with AS relating to 15 accounts of 11 companies.

During the year 2019-20, one Statutory Corporation (Meghalaya Transport Corporation) forwarded two years accounts for which Accountant General (Audit), Meghalaya is the sole auditor and both accounts were selected for audit. Another statutory corporation, namely, Meghalaya State Warehousing Corporation did not submit any accounts for audit during 2019-20.

3.1.10.1 Gist of some of the important comments of the statutory auditors and CAG in respect of accounts of the SPSEs are as under:

[64] Meghalaya Infrastructure Development and Finance Corporation Limited and Meghalaya Handloom & Handicrafts Development Corporation Limited.

Table 3.1.15: Gist of Significant comments on the accounts of the SPSEs

Sl. No.	Name of the Company	Year of Account	Comments
1.	Meghalaya Energy Corporation Limited	2017-18	**Non accounting of inventories** The company has not accounted the inventories (₹ 5.53 crore) available with Material Management Division as per Physical Verification Report as on 31 March 2018. This has resulted in understatement of 'Inventories' with corresponding overstatement of 'Retained Earnings - Other Equity (debit balance)' to that extent
2.			**Booking subsidiary companies expenditure from its accounts** The company booked the consultancy charges amounting to ₹ 1.26 crore paid on behalf of the subsidiary companies. This expenditure pertains to subsidiary companies (Meghalaya Power Generation Corporation Limited, Meghalaya Power Transmission Corporation Limited and Meghalaya Power Distribution Corporation Limited) which should have been booked from their respective companies. This has resulted in overstatement of 'Other Expenses' and 'loss for the year' to that extent.
3.	Meghalaya Power Generation Corporation Limited	2017-18	**Company does not have the party wise details of liabilities** The company included ₹ 4.99 crore, being the liabilities for supply of material (capital) lying unadjusted since 2013-14. The company did not have the party-wise details to whom the amount was payable as well the details of the scheme works on which the said materials was utilised.
4.			**Company has not accounted revenue for the year** The company has not accounted ₹ 1.02 crore of the agency charges (7.50 *per cent* of the total project cost) received by the holding company (Meghalaya Energy Corporation Limited) from the Education Department, Government of Meghalaya on behalf of the Company against construction of school under Rashtriya Madhyamik Siksha Abhiyan Scheme. This has correspondingly resulted in overstatement of 'loss for the year' and understatement of 'Other Current Assets – Receivables from Meghalaya Energy Corporation Limited' to that extent.
5.	Meghalaya Power Distribution Corporation Limited	2017-18	**Non accounting of expenditure** The company did not account ₹ 10.08 crore depreciation for the period from 2008-09 to 2016-17 on the capital expenditure (₹ 26.32 crore) incurred (November 2008) towards Building and Lines and Cables HV under APDRP Scheme but capitalised during 2017-18. This has correspondingly resulted in understatement of 'depreciation for the year' by ₹ 10.08 crore with corresponding understatement of 'loss for the year' to the same extent.
6.			**Non Provisioning of doubtful recovery** The Company has not created provision amounting to ₹ 31.79 crore against 4561 consumer whose power supply was disconnected during the period from February 2002 to March 2015 which has become time barred as per the Electricity Act. The non-provision of the same resulted in overstatement of Trade Receivables with corresponding understatement of Loss to the same extent.
7.	Meghalaya Power Transmission Corporation Limited	2017-18	**Non accounting of expenditure** Company has not included ₹ 51.81 lakh being the Annual Maintenance Contract Charges payable to Watchmen guarding, Lines Maintenance and SCADA/EMS Systems at SLDC. Non accounting of the same has resulted in understatement of 'Other Expenses' & understatement of 'Loss for the year' to the same extent.
8.	Meghalaya Industrial Development Corporation Limited	2017-18	**Wrong adjustment of advances paid to the Contractor** The company accounts was understated by ₹ 0.63 crore, due to improper adjustment of the advances paid (November 2017) to the contractor (M/s MD Construction) for construction of business incubation centre at Bakasapura against the 'current liabilities' relating to various projects. The Company should have shown both the items separately under 'current assets' and 'current liabilities'. This has correspondingly resulted in understatement of 'current liabilities' to the same extent.
9.			**Non provisions of interest liability** The Company received (March 2015) first instalment of ₹ 9.30 crore towards grant under ASIDE Scheme for creation of infrastructure for four projects and kept the same unutilised till March 2018. As per the sanction order, the Scheme fund was to be utilised till March 2016 and in case the fund is not utilised within the prescribed time, interest at the rate of 10 *per cent* per annum was chargeable on unspent scheme fund. Contrary to the Scheme conditions, the Company have not provided for the interest liability and have neither disclosed the reason for non-provisioning for the same.

Sl. No.	Name of the Company	Year of Account	Comments
10.	Meghalaya Transport Corporation	2015-16	**Short provisioning against penal interest receivable from tenant** House Rent Receivable of ₹ 0.25 crore was understated due to non-accounting of Penal interest receivable from one tenant (Hotel ELGIN) for default in payment of next dues (₹ 0.81 crore) as on 31st March 2016. This resulted in understatement of 'Non-operating revenue' and overstatement of 'Loss for the year' by ₹ 0.25 crore each.
11.			**Company does not have the party wise details of Sundry Debtors** Sundry Debtors amount aggregating to ₹ 7.68 crore, for which the corporation could not produce supporting documents. The corporation also did not make any correspondence during the year to confirm the existence of these balances. Hence, the authenticity of these figures could not be verified in audit.
12.	Meghalaya Bamboo Chips Limited	2018-19	**Statutory Auditor's Report wrongly disclosed that company has a regular programme of physical verification of its fixed assets** The Auditor's Report stated that the Company has a regular programme of physical verification of its fixed assets. Also in their report, it was stated that the title deeds of immovable properties are held in the name of the company. However, scrutiny of available records revealed that there was no such regular programme of physical verification of fixed assets. Also the landed property was not held by the company.

COMPLIANCE AUDIT PARAGRAPHS

COMMERCE & INDUSTRIES DEPARTMENT

MEGHALAYA INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

3.2 Irregular payment of additional retirement benefits

Payment of Additional Retirement Benefit and encashment of Commuted Leave on superannuation in addition to the Retirement Gratuity and Encashment of Earned Leave during 2015-16 to 2019-20 resulted in irregular expenditure of ₹ 3.52 crore.

The Salary and post retirements benefits of employees of MIDC are regulated under the service rules of MIDC, namely '**Meghalaya Industrial Development Corporation Ltd., Employees' (Terms and Conditions of Service) Rules, 1986**. As per rule-26 of the Rules *ibid* '**Gratuity**' not exceeding ₹ 10.00 lakh[65] was payable to all eligible employees as per the provisions of the 'Payment of Gratuity Act, 1972'. Further, **Encashment of Earned Leave**, is provided under rule - 11.03 of the MIDC (Terms and Conditions of Service) Rules, 1986.

During scrutiny (November 2020) of records of MIDC, Audit noticed that in addition to Retirement Gratuity and encashment of Earned Leave, the Company had paid Additional Retirement Benefit (ARB) and Encashment of Commuted leave (ECL) to its retired employees. During the period from 2015-16 to 2019-20, 18 employees of the Company had been superannuated from services and the Company had made a total payment of ₹ 7.07 crore towards retirement benefits as detailed below:

Table 3.2.1: Details of payment made towards retirement benefits during 2015-20

(Amount in ₹)

Sl. No.	Particulars	Amount
1.	Retirement Gratuity	2,20,29,151
2.	Additional Retirement Benefit	2,20,29,151
3.	Encashment of Earned Leave	1,34,65,048
4.	Encashment of Commuted Leave	1,31,62,252
Total		**7,06,85,602**

As can be seen from the table above, during 2016-20, the Company had made payment of both Retirement gratuity (₹ 2.20 crore) and ARB (₹ 2.20 crore), and ₹ 1.32 crore and ₹ 1.35 crore towards encashment of commuted leave and encashment of earned leave respectively. The employee wise detail is given at **Appendix 3.2.1.** Audit noted that the MIDC Service Rules did not provide for payment of ARB as well as ECL to its superannuating employees. Thus, payment of ARB (₹ 2.20 crore) and ECL (₹ 1.32 crore) over and above the Retirement Gratuity and Encashment of Earned Leave resulted in irregular expenditure of ₹ 3.52 crore.

[65] The amount has been enhanced to ₹ 20 lakh by the Board of Directors in its 212nd meeting (June 2018).

The Managing Director (MD) of MIDC stated (August 2021) that MIDC is a registered Private Limited Company and not to be misconstrued as a Government Department. The Government of Meghalaya is only a share holder in the said Company and the Board of Directors is the supreme body of the said Company and the decision of giving ARB and ECL on superannuation of its employees was taken by the Board of the Company in its meeting held on 29th June 2007. The MD further added that the Company does not depend on the Government for salary & financial benefits on superannuation of its employees and hence payment of ARB and the Encashment of Commuted Leave to its retired employees is not irregular. On further enquiry regarding the basis of these payments being made, the MD stated (October 2021) that, payment for the two benefits were made *suo moto* and not based on request received from the employees.

The reply of the MIDC is not acceptable because (i) The statement of MIDC that it is a private Ltd. Company and not to be misconstrued as a Government Department is immaterial as GoM is 100 *per cent* shareholder of the MIDC, and as per section 2 (45) of the Companies Act, 2013, 'any company in which not less than fifty-one *per cent* of the paid-up share capital is held by the Central Government, or by any State Government' is a Government Company. Further, the MIDC comes under the administrative control of the Commerce & Industries Department and Board of Directors of the Company comprises of Government Directors nominated from various Departments (Commerce & Industry/Finance/Planning, *etc.*) by the State Government. As such, the consent of the State Government for payment of ARB and ECL should have been obtained by the Board of Directors of MIDC. (ii) Payment of additional retirement benefit on top of gratuity and encashment of commuted leave, on top of Earned leave not only amounts to double payment, it is irregular as these are not provided in the MIDC Rules. Moreover, the MIDC has adopted the pay structure of 5th Pay Commission of the State Government under which these payments are not provided for. (iii) MIDC's contention that the Company does not depend on Government for salary & financial benefits on superannuation of its employees is also untenable because GoM's Capital investments of ₹ 157.94 crore as on 31 March 2020 are being utilised for payment of employee benefits since the MIDC has not earned any profit since 2009-10. Total revenue generated from operation during previous five years was mere ₹ 4.52 crore as shown below:

Table 3.2.2: Details of Income and Expenditure during 2015-20

(₹ in lakh)

Year	Income			Expenditure		
	Operation	Other[66]	Total	Employee cost	Other	Total
2015-16	**57.99**	614.26	672.25	**681.35**	43.04	724.39
2016-17	**60.19**	423.45	483.64	**682.16**	47.69	729.85
2017-18	**91.12**	334.09	425.21	**785.64**	58.39	844.03
2018-19	**207.02**	346.53	553.55	**638.29**	51.92	690.21
2019-20	**35.90**	733.47	769.37	**827.46**	61.16	888.62
Total	**452.22**	**2451.80**	**2904.02**	**3614.90**	**262.20**	**3877.10**

66 Includes income from Bank interest and repayment of Staff's loan.

It is seen from the table above that, the total income of the Company was not sufficient even to meet the employee cost during 2015-16 to 2019-20. It is therefore clear that substantial outgo on account of irregular payment additional post-retirement benefits has contributed to the erosion of the Capital Investment (₹ 53.04 crore[67]) of the State Government in MIDC.

In regard to encashment of commuted leave, there is no such provision made in MIDC (Terms and Conditions of Service) Rules, 1986. Besides, however, *commutation of half-pay leave into full pay leave is permitted to Government Employees while they are in service and only when* the employee requests for the same and not *suo moto*. Thus, allowing encashment of commuted leave at the time of superannuation is irregular.

Thus, payment of Additional Retirement Benefit (ARB) and Encashment of Commuted Leave (ECL) by the MIDC to its superannuating employees based on the injudicious decision of the Board of Directors of MIDC in contravention to the prescribed rules was not only illegal but also resulted in irregular expenditure of ₹ 3.52 crore.

The matter was reported to the State Government (July 2021); reply is still awaited (November 2021).

Recommendations:

1. ***The State Government may initiate action to fix responsibility/accountability for failure/lapses which resulted in such irregular payments and may advise the MIDC to stop the payment of Additional Retirement Benefit and Encashment of Commuted Leave to its employee with immediate effect.***
2. ***Process may be initiated to recover irregular excess payments made to employees already superannuated.***

67 Accumulated losses as reflected in the Annual Accounts of MIDC for the year 2019-20.

MINING AND GEOLOGY DEPARTMENT

MEGHALAYA MINERAL DEVELOPMENT CORPORATION LIMITED

3.3 Undue dependency of MMDC on the Grants-in-aid of the State Government for its existence

MMDC has not earned any revenue from operations after it stopped its commercial activities in 2012-13. However, the Mining and Geology Department continued to provide Grant-in-aid (GIA) to MMDC for its existence.

The Meghalaya Mineral Development Corporation Limited (MMDC) is a State Government Company incorporated (31 March 1981) under the Companies Act, 1956. The primary objective (core activities) of MMDC is to explore mine, develop, process, trade in mineral and mineral products and to acquire mining rights by obtaining licenses/leases from any State Government and to promote, subsidise or otherwise assist any company(ies) or any other concern within or outside the State for the purpose of prospecting/mining of minerals by leasing or sub-leasing. The business of the Company is being managed by the Board of Directors (BoD) as per powers conferred in the Memorandum of Association (MoA) of the Company. As per the notification dated May 2020, the Company had seven BoDs including Director & Member Secretary who is also the Managing Director to exercises control over the day to day activities of Company's administrative and financial matters.

The Commercial operations of MMDC commenced in 1989 with canalisation of export of coal to Bangladesh which was stopped after decentralisation of coal trade in 1993. Thereafter, MMDC entered into MOUs/agreements for setting up various Joint Venture Companies (JVs) for different purposes but none of the JVs were successful (**Appendix 3.3.1**). All commercial activities were stopped w.e.f. March 2012 and MMDC had not earned revenue from operations since 2012-13.

On scrutiny (March 2021) of records of MMDC, Audit observed that since 2011-12, the Company had been fully dependent on the Grant-in-aid (GIA) for making payment of salary and other emoluments to its employees[68] and the Chairman and Vice-Chairman.

The Year-wise receipt of funds and expenditure of MMDC during 2015-16 to 2019-20 was as shown in the table below:

[68] 16 persons (including the Managing Director) were in service (October 2020).

Table 3.3.1: Year-wise receipt of funds and expenditure of MMDC during 2015-16 to 2019-20

(₹ in lakh)

Year	Receipt				Expenditure			Excess/ Deficit over expenditure
	GIA from GoM	Revenue from operation	Other source[69]	Total	Salary & perks	Misc[70]	Total	
2015-16	130.59	0.00	25.45	156.04	97.04	74.58	171.62	-15.58
2016-17	278.75	0.00	5.72	284.47	111.85	141.60	253.45	31.02
2017-18	269.98	0.00	1.90	271.88	160.42	146.73	307.15	-35.27
2018-19	182.04	0.00	13.49	195.53	135.52	37.84	173.36	22.17
2019-20	140.33	0.00	3.98	144.31	120.01	4.22	124.23	20.08
Total	**1001.69**	**0.00**	**50.54**	**1052.23**	**624.84**	**404.97**	**1029.81**	**22.42**

Source: Annual Accounts and Records of the MMDC.

As can be seen from the table above, though the Company had stopped its commercial operations since March 2012, it continued to incur expenditure on administration and salary of staffs. During the last five years, 60.67 *per cent* i.e. ₹ 6.25 crore out of the total expenditure of ₹ 10.30 crore was incurred towards payment of salary to the staffs (₹ 5.51 crore) and perks and facilities to the Chairman and Vice-chairman of MMDC (₹ 0.74 crore). Whereas, revenue from operation of the company during the same period was nil. Despite of the fact mentioned above Government of Meghalaya has not initiated any steps to revive or liquidated the Company, instead it continues to pump financial assistance from State's annual budget. This, resulted in draining of the State coffer to the tune of ₹ 10.02 crore during the period from 2015-16 to 2019-20.

The Company while accepting the Audit observation stated (October 2021) that, they are actively working to revive the Company and recently (January 2021) have entered a lease agreement for land at prime location to allot seven acres out of twelve acres to private parties for lease rent of ₹ 80.49 lakh per annum. Further, other Joint ventures are in clearance stage.

Audit is of the view that, leasing of land for rent is not a core activity for which the Company has been formed. Further, income of expected lease rent mentioned above is not even sufficient to meet staff salary. Thus, budgetary support for continuation of the Company which has stopped its commercial operations since March 2012 is a drain on public exchequer and needs to be reviewed.

Recommendation:

1. ***The Department may review the operations of MMDC with a view to either restructure the Company to make it profitable, or wind it up if not found viable.***

[69] Bank interest (₹ 9.50 lakh), Income from Joint Ventures (₹ 39.17 lakh); Interest on Advances to staffs (₹ 1.08 lakh) and Misc. (₹ 0.79 lakh).

[70] It includes expenditure on (i) payment towards consultancy services (₹ 350.40 lakh) and (ii) Other office expenses (₹ 54.57 lakh).

3.4 Infructuous expenditure

Failure of the MMDC/State Government to take action on the Reports prepared by the consultant resulted in infructuous expenditure of ₹ 3.50 crore and creating additional liability of ₹ 0.35 crore incurred towards engagement of the consultancy firm.

M/s Globally Managed Services India Private Limited (GMS)[71] offered (June 2014) Meghalaya Mineral Development Corporation Limited (MMDC) to provide consulting and advisory services in the mining domain for Meghalaya State and MMDC on the basis of informal correspondence (emails). As MMDC was unable to bear the financial implication the proposal submitted by GMS was referred (August 2014) to Government of Meghalaya (GoM). The GoM directed (June 2015) MMDC to issue Expression of Interest (EOI)/advertisement for appointment of consultant with regard to the Implementation of the Meghalaya Mines and Minerals Policy – 2012. Accordingly, MMDC issued (June 2015) EOI of which four bidders participated and subsequently GMS was selected as successful bidder. Memorandum of Agreement (MOA) was entered between the MMDC and the GMS on the 24 September 2015 to be effective for a period of 3 (three) years i.e. upto 23 September, 2018.

As per MOA, GMS was appointed as a consultant to provide technical assistance and advisory services to the MMDC/Directorate of Mineral Resources (DMR)/State Government for consolidating the requirements of the various authorities for regulation and development of mining activities in the State and in implementation of the Meghalaya Mines and Mineral Policy (MMMP) 2012.

Scrutiny (March 2021) of records of the MMDC revealed that (i) the MOA was terminated on 29 June 2018, and (ii) an amount of ₹ 3.50 crore out of ₹ 3.85 crore preferred by the GMS, had been paid during June 2016 (₹ 0.60 crore); June 2017, (₹ 1.49 crore) and July 2018 (₹ 1.41 crore). The balance amount of ₹ 0.35 crore is yet to be paid and remains as liability (March 2021). The expenditure was met out of State budgetary support as Grant in Aid received specifically for this purpose.

In this regard Audit noted that the GMS had submitted various Reports pertaining to schemes and guidelines for mining to the MMDC as detailed in **Appendix-3.4.1**.

Audit also noticed, that there was nothing on the record to show that MMDC had reviewed these Reports nor had made any recommendation to the Government based on these reports. These Reports were simply forwarded to the DMR and Mining and Geology Department, GoM as and when received from the GMS. No action was taken by DMR on these Reports. Thus, these Reports remained as a draft and were not utilised by the Government for promulgation of consolidated policies regarding mining and management of mineral resources nor has the MMMP, 2012 been amended.

71 A Mumbai based Private Limited.

On this being pointed out by Audit, the Managing Director of MMDC stated (November 2021) that due to unavailability of technical staff all the Reports submitted by GMS were forwarded to DMR for their views and comments, however, no response was forthcoming from DMR. *The reply of MMDC was endorsed by the GoM (February 2022).*

The reply of MMDC indicates that there was no prior plan or strategy to utilise the consultant service as the MMDC has admitted that they did not have the technical competence to utilise the reports given by the consultant. Further, MMDC's reply that the reports were forwarded to DMR is untenable since DMR was not signatory to MOA (24 September 2015).

Thus, it appears that not only did the proposal for the consultancy services originate from MMDC, even the services provided remained a mere paper exercise. In the absence of any monitoring and review by the State Government, the objective for which the consultancy firm was hired remained a mere statement of intention, rendering the entire expenditure of ₹ 3.50 crore infructuous and creating additional liability of ₹ 0.35 crore for MMDC.

Recommendation:

1. ***The Government may institute an enquiry and fix responsibility/ accountability for the failure to take any benefit from Consultancy Service of GMS.***

TRANSPORT DEPARTMENT

MEGHALAYA TRANSPORT CORPORATION

3.5 Avoidable expenditure

Delays in remittance of Employees Provident Fund contribution to the Employees Provident Fund Organisation resulted in avoidable expenditure of ₹ 2.55 crore towards payment of interest and damages.

Section 6 of 'the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (Act) makes it mandatory for an employer to contribute employer's contribution at the rate of 12 *per cent* of the basic wages, dearness allowance and retaining allowance, if any, for the time being payable, towards provident fund in respect of each of the employees whether employed by him directly or through a contractor. Further, as per clause 38 of the Employees' Provident Funds Scheme, 1952 (EPF Scheme), the employer is required to deposit the employer's contribution along with employee's contribution within 15 days of the close of every month. The Act and EPF Scheme has treated non-deposit of provident fund dues as a punishable offence under Section 14 and Clause 7Q respectively. Further, the employer may also be liable to pay penalties in the form of interest and damages for default in payment of any contribution as stated below:

- simple interest at the rate of 12 *per cent* per annum or at such higher rate as may be specified in the scheme on any amount due under this Act from the date on which the amount has become due till the date of its actual payment; and
- penalty damages ranging between 5 and 25 *per cent* per annum of the arrears at the rates given below:

Table 3.5.1: Rate of damages specified under clause 32A of the EPF scheme 1952

(in *per cent*)

Sl. No.	Period of default	Rate of damages w.e.f 26 September 2008 (% of arrears per annum)
1.	Less than two months	5
2.	Two months and above but less than four months	10
3.	Four months and above but less than six months	15
4.	Six months and above	25

Scrutiny (June 2019) of records of the Managing Director of the Meghalaya Transport Corporation (MTC) relating to contributions and remittances of Employees Provident Funds (EPF) during the period from 2011-12 to 2019-20, revealed that the MTC had been persistently irregular in remitting employees' as well as employer's contributions to the Employees Provident Fund Organisation (EPFO). The delay in remittance of the EPF ranged from 40 days to 2036 days (**Appendix 3.5.1**). The delay in remittance of the funds to the EFPO has attracted interest and damages under the Act and Scheme *ibid* and as a result, the MTC had paid ₹ 2.55 crore during September 2014 to February 2020 to the EPFO being interest and damages (**Appendix 3.5.1**).

The MTC while confirming payment of the penalty, attributed (July 2021/November 2021) the reasons for the delay in payment of the funds to the EFPO to constraint of funds. The EPF dues are statutory liability and payment of which cannot be withheld on ground of funds constraint. Moreover, records also indicated that huge budgetary support ₹ 61.79 crore[72] from the GoM in the form of Grant-in-Aid for salary was received by the MTC. Thus, despite budgetary support from the GoM for salary expenses, MTC failed to remit the statutory EPF contributions on due dates in compliance with the provisions of the Act and Scheme which resulted in avoidable extra expenditure of ₹ 2.55 crore.

Recommendation:

1. ***The Company needs to deposit its share alongwith the employee's contribution to Employees Provident Fund Organisation immediately after recovery of the same from the salaries of the employees to avoid payment of penalty.***

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[72] **₹ 61.79 crore** [₹ 6.51 crore (2011-12), ₹ 6.75 crore (2012-13), ₹ 4.03 crore (2013-14), ₹ 6.78 crore (2014-15), ₹ 6.92 crore (2015-16), ₹ 7.50 crore (2016-17), ₹ 5.80 crore (2017-18), ₹ 7.50 crore (2018-19) and ₹ 10.00 crore (2019-20)]. *Information provided by the entity.*

Chapter-IV

FOLLOW UP OF AUDIT OBSERVATIONS

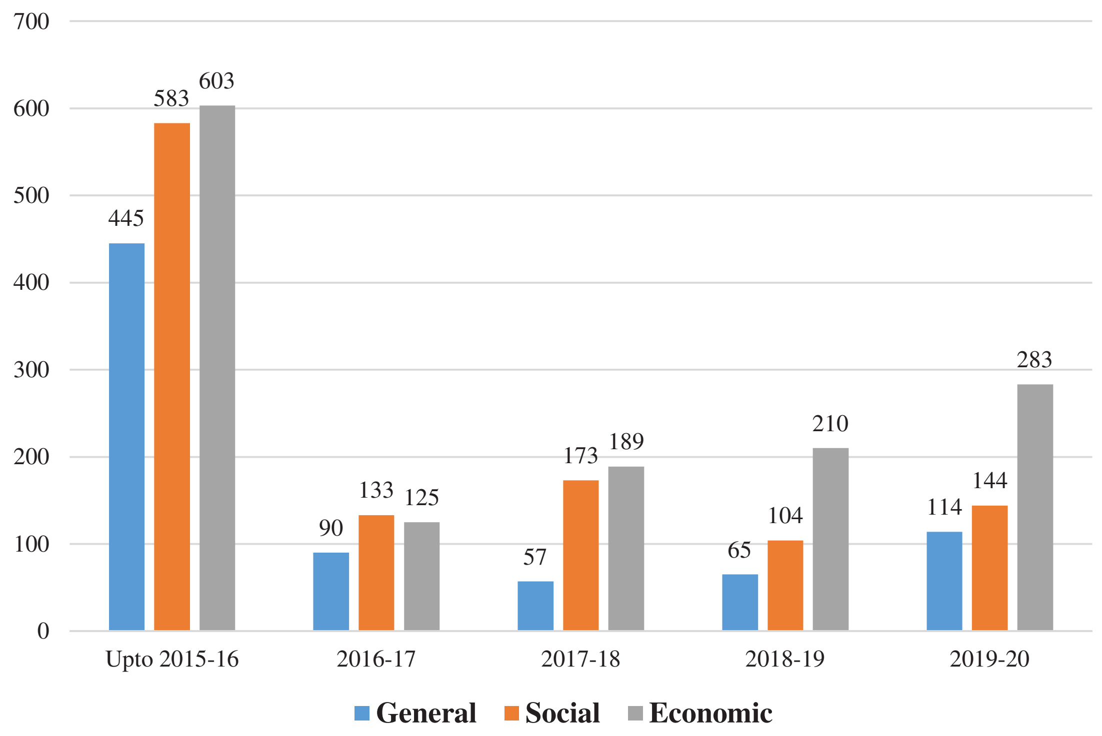
CHAPTER IV – FOLLOW UP OF AUDIT OBSERVATIONS

4.1 Response of Departments to audit findings

The Meghalaya Financial Rules, 1981 provide for prompt response by the Executive to the Inspection Reports (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 audit inspection. The Heads of offices and next higher authorities are required to respond to the audit observations communicated through IRs and take corrective actions promptly. Audit observations contained in the IRs are also discussed at periodical intervals in meetings in the District/State levels by the officers of the AG's office with officers of the concerned departments. 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.

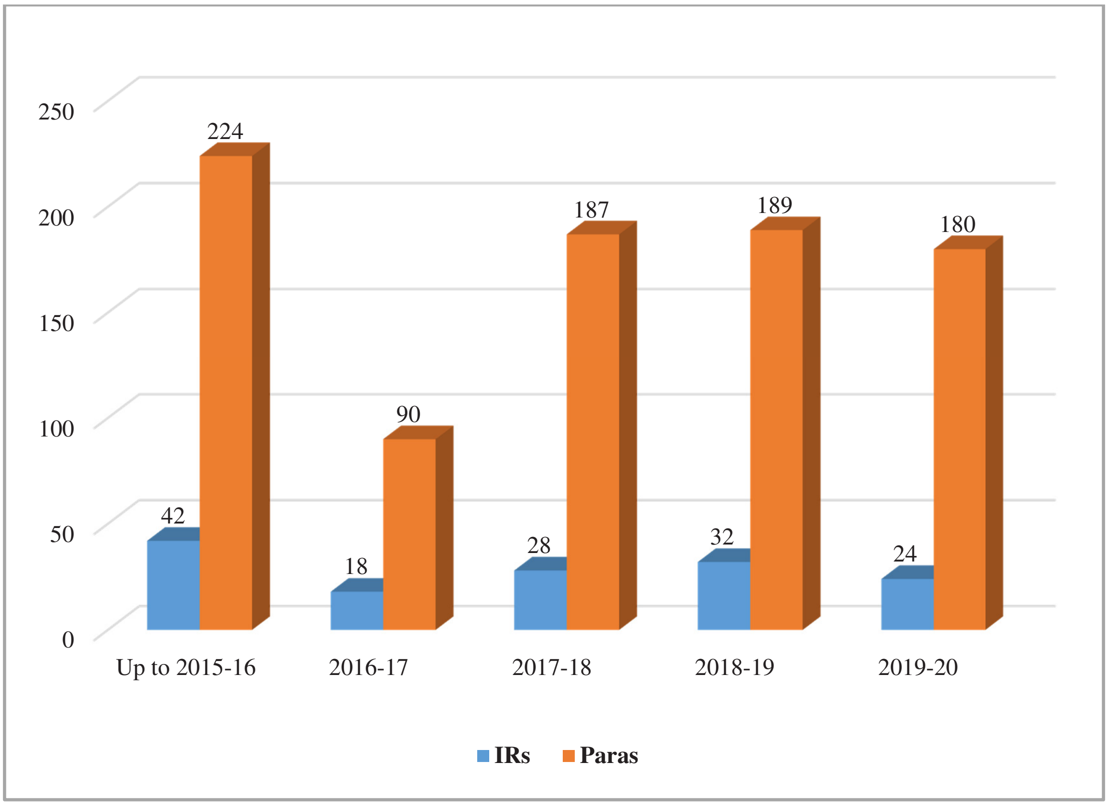
At the end of March 2020, 3318 paragraphs pertaining to General, Social and Economic Sectors for the period 1988-89 to March 2020 were outstanding (**Appendix-4.1.1**). The year-wise break-up of the outstanding paragraphs upto 2019-20 is given below:

Chart 4.1: Sector-wise number of outstanding paragraphs



Out of the total 3,318 outstanding paragraphs pertaining to 687 IRs, first reply against 870 paragraphs pertaining to 144 IRs is yet to be received from the auditees. The year-wise position of IRs and paras where even the first reply is yet to be received are shown in the **Chart** below:

Chart 4.2: Numbers of IRs and Paras where even first reply not received



Lack of action on IRs and audit paragraphs for long periods is fraught with the risk of perpetuating financial and compliance irregularities pointed out in those reports. It may also result in dilution of internal controls in the governance process as the irregularities pointed out in audit are not acted upon by those in charge of the governance process. This results in inefficient and ineffective delivery of public goods and services, fraud, corruption and loss to public exchequer. State Government, therefore, needs to institute an effective mechanism to review and take expeditious action to address the concerns flagged in the IRs and audit paragraphs.

4.2 Response of the Government to audit observations

All Heads of Departments (HoDs) are required to send their responses to draft audit paragraphs proposed for inclusion in the CAG's Report within six weeks of their receipts.

During 2019-20, eight draft paragraphs were forwarded to Addl. Chief Secretary/ Principal Secretary/Commissioner & Secretary of the departments concerned, drawing their attention to the audit findings and requesting them to send responses within the stipulated time. The matters contained in these draft paragraphs were brought to their personal attention through demi-official letters, stating that since these paragraphs were considered for inclusion in the CAG's audit report, it would be highly desirable to include their comments/responses to the audit findings.

Despite this, three out of six departments did not furnish reply to four draft paragraphs as on the date of this Report. The responses of the Government, whenever received have been appropriately incorporated in the Report.

4.3 Response of Government to audit paragraphs that featured in earlier reports

The Reports of the Comptroller and Auditor General of India are prepared and presented to the State Legislature. To ensure accountability of the Executive to 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 in the State Legislature. For this, the departments are not required to wait for any notice from the PAC. *Suo motu* Explanatory Notes are yet to be received from 12 departments in respect of eight PA reports and 25 draft paragraphs which featured in the Audit Reports for the year 2010-11 to 2018-19, as on 30 June 2021. The position of *suo motu* explanatory notes not received as on 30 June 2021 is shown in the table below:

Table 4.1.1: Explanatory notes not received (as on 30 June 2021)

Year of Audit Report	Date of placement of Audit Report in the State Legislature	Total performance audits (PAs) and Paragraphs in the Audit Reports		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2010-11	23 March 2012	3	14	Nil	1
2011-12	9 October 2013	2	13	Nil	4
2012-13	16 June 2014	3	12	2	1
2013-14	24 September 2015	3	16	Nil	1
2014-15	23 March 2016	3	13	Nil	4
2015-16	24 March 2017	3	9	2	3
2016-17	27 September 2018	3	7	2	1

Year of Audit Report	Date of placement of Audit Report in the State Legislature	Total performance audits (PAs) and Paragraphs in the Audit Reports		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2017-18	19 December 2019	2	8	2	5
2018-19	19 March 2021	1	6	Nil	5
Total		23	98	8	25

4.4 Discussion of Audit Reports by PAC/COPU

Of the 23 PAs and 98 compliance audit paragraphs listed in table 5.1.1 above, as of 31 December 2020, the PAC discussed 20 compliance audit paragraphs and the Committee on Public Undertakings (COPU) discussed 16 paragraphs. While the PAC had discussed one PA, the COPU discussed 2 PAs that featured in the Audit Reports for the period 2010-11 to 2018-19.

4.5 Response of the departments to the recommendations of the PAC/COPU

The Administrative Departments are required to take suitable action on the recommendations made in the Report of the PAC/COPU presented to the State Legislature, submit action taken notes (ATNs) indicating action taken or proposed to be taken on these recommendations. The PAC specified the time frame for submission of ATNs as six weeks upto its 32^{nd} Report (December 1997) and six months in its 33^{rd} Report (June 2000).

Review of 17 Reports[1] of the PAC involving 15 Departments[2] presented to the Legislature between April 1995 and March 2020, revealed that none of these Departments had submitted the ATNs to the PAC as of March 2020.

Similarly, review of six Reports of COPU involving four Departments, *viz* Transport, Commerce & Industries, Tourism and Power presented to the Legislature between April 2008 and March 2020 revealed that out of 18 ATNs received, seven had been sent to the Assembly Secretariat as of March 2020.

[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), March 2012 (one report) and March 2017 (one report).

[2] Containing recommendations on 59 paragraphs of Audit Reports.

Thus, the fate of the recommendations contained in the Reports of the PAC/COPU and whether they were being acted upon by the Administrative Departments could not be ascertained in audit.

During 2019-20, PAC/ COPU did not submit any Report to the State Legislature.

Shillong	**(SHEFALI SRIVASTAVA ANDALEEB)**
The 28 June 2022	**Accountant General (Audit), Meghalaya**

Countersigned

New Delhi	**(GIRISH CHANDRA MURMU)**
The 11 July 2022	**Comptroller and Auditor General of India**

Appendices

Appendix 1.2.1

Double payment to the beneficiaries in Mylliem Block

(Reference: Paragraph 1.2.3.5)

Sl. No.	Office Order No. & Date	No. of beneficiaries	Cheque No. & date	Amount Released (₹)	Name of the Bank
1	ICDS/MP/CMS-PWD/590/2018-19/26 dt. 1.4.2020	38	181209 dt. 1.4.20	19,000	Bank of Baroda
2.	ICDS/MP/CMS-PWD/590/2018-19/27 dt. 1.4.2020	2	181210 dt. 1.4.20	1,000	Bank of India
3.	ICDS/MP/CMS-PWD/590/2018-19/30 dt. 1.4.2020	1	181213 dt. 1.4.20	500	Federal Bank
4.	ICDS/MP/CMS-PWD/590/2018-19/32 dt. 1.4.2020	258	181215 dt.1.4.20	1,29,000	Meghalaya Rural Bank
5.	ICDS/MP/CMS-PWD/590/2018-19/43 dt. 1.4.2020	360	181266 dt.1.4.20	1,80,000	State Bank of India
6.	ICDS/MP/CMS-PWD/590/2018-19/36 dt. 1.4.2020	3	181219 dt. 1.4.20	1,500	Syndicate Bank
7.	ICDS/MP/CMS-PWD/590/2018-19/39 dt. 1.4.2020	1	181222 dt.1.4.20	500	Corporation Bank
8.	ICDS/MP/CMS-PWD/590/2018-19/42 dt. 1.4.2020	12	181225 dt.1.4.20	6,000	Punjab National Bank
10.	ICDS/MP/CMS-PWD/590/2018-19/37 dt. 1.4.2020	3	181220 dt. 1.4.20	1,500	Union Bank of India
11.	ICDS/MP/CMS-PWD/590/2018-19/38 dt. 1.4.2020	4	181221 dt.1.4.20	2,000	Vijaya Bank
	Total	**682**		**3,41,000**	

Source: Bank Advice List for March 2020.

Appendix 1.3.1

Statement showing excess payment on 'Extra carriage charges of sand and stones' due to non-procurement of the materials from the nearest/nearer quarries

(Reference: Paragraph 1.3)

(Amount in ₹)

Sl. No.	Site location of Reservoir	Name & location of quarry as per DPR	Distance of quarry for which payment was made	Name & location of quarry	Average distance of quarry from the work site based on the DPR of Water Supply Scheme of Umpling	Distance inflated in km (4-6)	Rate for 1st km	Rate for sub-sequent km	Rate/ unit for which payment was made	Qty. utilised (in cum)	Amount actually paid for carriage cost (10 x 11)	Correct rate/ unit	Actual carriage cost payable (11x13)	Excess payment (12-14)	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
(A) Statement showing excess payment on 'Extra carriage cost of stone chips' due to payment made based on inflated distance of stone quarry															
1.	Mawpat	Not mention in the DPR	33	Laitkor	15	18	128.7	83.2	2791.1	553.01	1543506	1293.5	715318	828188	As per DPR
2.	Bara Bazar		80	Laitkor	17	63	128.7	83.2	6701.5	595.06	3987795	1459.9	868728	3119066	
3.	$4^{1}/2$ Mile		33	Laitkor	19	14	128.7	83.2	2791.1	544.75	1520452	1626.3	885927	634525	
4.	Risa Colony		39	Laitkor	15	24	128.7	83.2	3290.3	529.67	1742773	1293.5	685128	1057645	
5.	Mawroh		33	Laitkor	15	18	128.7	83.2	2791.1	813.82	2271453	1293.5	1052676	1218777	As per utilisation and Recovery statement of Forest Royalty
6.	Laban		75	Laitkor	16	59	128.7	83.2	6285.5	371.37	2334246	1376.7	511265	1822981	
Total (A):										**3407.68**	**13400225**		**4719043**	**8681182**	
(B) Statement showing excess payment on 'Extra carriage cost of sand' due to payment made based on inflated distance of sand quarry															
1.	Mawpat	Not mention in the DPR	80	Umtyngar	30	50	128.7	83.2	6701.5	324.85	2176982	2541.5	825606	1351376	As per DPR
2.	Bara Bazar		80	Umtyngar	26	54	128.7	83.2	6701.5	326.79	2189983	2208.7	721781	1468202	
3.	$4^{1}/2$ Mile		80	Umtyngar	24	56	128.7	83.2	6701.5	325.72	2182813	2042.3	665218	1517595	
4.	Risa Colony		81	Umtyngar	26	55	128.7	83.2	6784.7	311.1	2110720	2208.7	687127	1423594	
5.	Mawroh		80	Umtyngar	30	50	128.7	83.2	6701.5	432.88	2900945	2541.5	1100165	1800781	As per utilisation and Recovery statement of Forest Royalty
6.	Laban		80	Umtyngar	25	55	128.7	83.2	6701.5	183.57	1230194	2125.5	390178	840016	
Total (B):										**1904.91**	**12791638**		**4390074**	**8401563**	
Total (A+B)										**5312.59**	**26191863**		**9109117**	**17082745**	

Appendix 2.2.1

List of Duplicate beneficiaries receiving double pension in same Bank account number against different Registration numbers.

(Reference: Paragraph 2.2.8.4 (IV))

Sl. No.	Pensioner Name	Husband/father Name	Age/Sex/ DOB	Registration No.	Block	A/C No	Pension effective month	Last payment	Total Payment (₹)	Excess/ Double Payment(₹)
1.	THIAN SYLLIANG	M.NONGRUM	82{F}	MG-S-00083013	Umsning	30372463286	01-08-2016	31-07-2019	11000	
	THIAN SYLLIANG	UNKNOWN	80{F}	MG-S-00139069	Umsning	30372463286	01-07-2019	31-07-2019	550	550
2.	ANJELA KHARHUJON	O. KYRSIAN	81{F}	MG-S-00084218	Umsning	30578344076	01-08-2016	31-07-2020	30250	
	ANJELA KHARHUJON	UNKNOWN	86{F}	MG-S-00139116	Umsning	30578344076	01-07-2019	31-07-2020	7150	7150
3.	DORIA LYNGDOH LYNGKHOI	UNKNOWN	66{F}	MG-S-00135883	Umsning	87001905480	01-08-2017	31-07-2019	10000	10000
	DORIA L.LYNGKHOI	UNKNOWN	66{M}	MG-S-00139758	Umsning	87001905480	01-08-2017	31-07-2020	19500	
4.	PHRALI KHARBANI	UNKNOWN	70{M}	MG-S-00139765	Umsning	87002299171	01-08-2017	31-07-2020	19500	
	PHRALI KHARBANI	UNKNOWN	70{M}	MG-S-00139766	Umsning	87002299171	01-08-2017	31-07-2019	10000	10000
5.	TRINSIBON MALIEH	R.KHRKRANG	76{F}	MG-S-00083182	Umsning	702018024561	01-08-2016	31-07-2020	19500	
	TRINSIBON MALIEH	UNKNOWN	76{F}	MG-S-00141351	Umsning	702018024561	01-07-2019	31-07-2020	6500	6500
6.	HOLBES SAKRA	UNKNOWN	66{M}	MG-S-00158738	Umsning	702018026535	01-04-2018	31-07-2020	14000	14000
	HOLBES SAKRA	M.MATTLANG	81{M}	MG-S-00084978	Umsning	702018026535	01-08-2016	31-07-2020	21450	
7.	TROS UMBAH	UNKNOWN	66{M}	MG-S-00158739	Umsning	702018026557	01-04-2018	31-07-2020	14000	14000
	TROS UMBAH	D. MYNSONG	80{M}	MG-S-00085005	Umsning	702018026557	01-08-2016	31-07-2020	21450	
8.	RIL LALOO	UNKNOWN	66{F}	MG-S-00158737	Umsning	702018018944	01-04-2018	31-07-2020	14000	14000
	RIL LALOO	P.MARKHAP	82{F}	MG-S-00084999	Umsning	702018018944	01-08-2016	31-07-2020	21450	
9.	JAT MUJAI	UNKNOWN	66{F}	MG-S-00158742	Umsning	702018018966	01-04-2018	31-07-2020	14000	14000
	JAT MUJAI	K.MANGU	68{F}	MG-S-00084997	Umsning	702018018966	01-08-2016	31-07-2020	19500	
10.	JIST MARSING	R.SHADAP	75{F}	MG-S-00084992	Umsning	702018019302	01-08-2016	31-07-2020	19500	
	JISTI MYRSING	B MYNSONG	66{F}	MG-S-00158752	Umsning	702018019302	01-04-2018	31-07-2020	14000	14000

Sl. No.	Pensioner Name	Husband/father Name	Age/Sex/ DOB	Registration No.	Block	A/C No	Pension effective month	Last payment	Total Payment (₹)	Excess/ Double Payment(₹)
11.	BELSHON MYNSONG	UNKNOWN	66{F}	MG-S-00158743	Umsning	702018019313	01-04-2018	31-07-2020	14000	14000
	BELSHON MYNSONG	R MUKTIEH	65{M}	MG-S-00084990	Umsning	702018019313	01-08-2016	31-07-2020	19500	
12.	ESTAR MARKHAP	UNKNOWN	66{F}	MG-S-00158747	Umsning	702018019357	01-04-2018	31-07-2020	14000	14000
	ESTAR MARKHAP	B.LALOO	69{F}	MG-S-00084983	Umsning	702018019357	01-08-2016	31-07-2020	19500	
13.	KRE SUJAI	UNKNOWN	66{M}	MG-S-00158748	Umsning	702018019380	01-04-2018	31-07-2020	14000	14000
	KRE SUJAI	L.LALOO	73{F}	MG-S-00084993	Umsning	XXXXXXXX9 380	01-08-2016	31-07-2020	19500	
14.	THRIN LALOO	UNKNOWN	66{F}	MG-S-00158750	Umsning	702018019391	01-04-2018	31-07-2020	14000	14000
	THRIN LALOO	W.ARJRI	80{F}	MG-S-00084994	Umsning	702018019391	01-08-2016	31-07-2020	21450	
15.	HEMO SAMSOL	UNKNOWN	78{M}	MG-S-00140442	Umsning	1374010103381	01-07-2019	31-07-2020	6500	6500
	HEMO SAMSONG	D. SAMSOL	77{M}	MG-S-00083289	Umsning	1374010103381	01-08-2016	31-07-2020	27500	
16.	PANISURRI SAKRA	UNKNOWN	68{M}	MG-S-00140443	Umsning	1374010103404	01-07-2019	31-07-2020	6500	6500
	PANISURI SAKRA	D. MUKTIEH	87{F}	MG-S-00083287	Umsning	1374010103404	01-08-2016	31-07-2020	21450	
17.	TRED KURBAH	TROT MAKDOH	78{F}	MG-S-00083040	Umsning	1374010103619	01-08-2016	31-07-2020	19500	
	TRED KURBAH	UNKNOWN	79{M}	MG-S-00140444	Umsning	1374010103619	01-07-2019	31-07-2020	6500	6500
18.	DWER K. MUTI	B.MAWLONG	81{M}	MG-S-00083038	Umsning	1374010103763	01-08-2016	31-07-2020	21450	
	DWER KHARMUTI	UNKNOWN	83{M}	MG-S-00140447	Umsning	XXXXXXXXX 3763	01-07-2019	31-07-2020	7150	7150
19.	MUJAI UMBAH	M LAMA	70{F}	MG-S-00085047	Umsning	17100018422900843	01-08-2016	31-07-2019	10000	(1.4.18 to 31.7.19) is **₹ 8000**
	MUJAI UMBAH	UNKNOWN	64{M}	MG-S-00158414	Umsning	17100018422900843	01-04-2018	31-07-2020	14000	
20.	HILDA TYNSONG	NEVERWELL KHONGLAH	1941-07-01	MG-S-00075556	Pynursla	30403165361	01-08-2016	31-07-2020	20000	
	HILDA TYNGSONG	N. KHONGLAH	1955-07-01	MG-S-00108573	Pynursla	30403165361	01-08-2016	31-07-2020	20000	20000
21.	THERINA KHRIAM	SHRI. LEBI KHONGJOH	1941-07-01	MG-S-00075896	Pynursla	30687036077	01-08-2016	31-07-2020	20000	
	THIERINA KHRIAM	L.KHONGJAH	1947-07-01	MG-S-00112788	Pynursla	30687036077	01-08-2016	31-07-2020	20000	20000

Sl. No.	Pensioner Name	Husband/father Name	Age/Sex/ DOB	Registration No.	Block	A/C No	Pension effective month	Last payment	Total Payment (₹)	Excess/ Double Payment(₹)
	MATRIK KHONGTIM	J. MAWKHLIENG	1943-07-01	MG-S-00076140	Pynursla	30869029177	01-08-2016	31-07-2020	20000	
	MATRIK KHONNGTIM	P.RYNGNGA	1953-07-01	MG-S-00108978	Pynursla	30869029177	01-08-2016	31-07-2020	20000	20000
Total Payment										**2,54,850**

Appendix 2.2.2

List of different beneficiaries receiving pension in same Bank Account numbers

(Reference: Paragraph 2.2.8.4 (IV))

Sl. No.	Name of beneficiary	Age/DOB/ Sex	Father/ Husband Name	Block	Application/ Sanction No.	Full Bank account number	Pension Effective Month	Last month of payment in Review period	Total Amount Paid (₹)
1.	Buisila Syiemlieh	75(F)	J. Suting	Umsning	MG-S-00083638	**702018038904**	01-08-2016	31-07-2020	20000
2.	Meldila Kharnaior	76(F)	D.Nongshli	Umsning	MG-S-00083646	**702018038904**	01-08-2016	31-07-2020	20000
3.	Perinsibon Nongshli	66{F}	M.Syngkli	Umsning	MG-S-00083770	**702018115799**	01-08-2016	31-07-2020	19500
4.	Phlensibon Nongshli	83{F}	R. Shadap	Umsning	MG-S-00083774	**702018115799**	01-08-2016	31-07-2020	21450
Total Payment in mentioned 2 Bank Account									**80,950**

Appendix 2.5.1

Statement showing Short-recovery of Forest Royalty (FR)

(Reference: Paragraph 2.5)

Sl. No.	Name of contractor	Name of work	Agreement No. and Date	Bill No. and date.	DPIU under which work executed	Qty. of materials utilised		Prescribed rate of FR		Amount of FR to be deducted (in ₹)			Rate at which FR was recovered		Amount of FR recovered (in ₹)			Less/ short recovery of FR (13-18)
						Stone (Cum)	Sand (Cum)	Stone (Cum)	Sand (Cum)	Stone	Sand	Total	Stone	Sand	Stone	Sand	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	M/s M.P. Agrawal Pvt. Ltd.	Construction including MBT of a road from Rajasimla Songma to Rongdai Atimbo via Rangsa	PW/EO-SRRSA/ PMGSY/236/ 2014/19 dt.19.12.14	CCIV/246 dt.25.04.2016	DPIU, East Garo Hills Williamnagar,	1556.58	89.72	240	90	373579	8075	381654	80.00	30.00	124526	2692	127219	254435
		Construction including MBT of a road from Rajasimla Rongdal Atimbo to Rangsa Road	PW/EO-SRRDA/ PMGSY/236/ 2014/19 dt.19.12.2014	CC-III/128 dt.7.3.2016	EE, PWD (Rds), Resubelpara division	983.99	145.5	240	90	236158	13095	249253	80.00	30.00	78719	4365	83084	166169
		Construction including MBT of a road from Damal Asim to Aigre	PW/EO-SRRDA/ OMGSY/63/2 014/26 dt.11.12.2014	CC-I/DPIU/ PMGSY/ WGH/880 dt.21.3.2017	EE(TC) PWD (Rds) cum DPIU, West Garo Hills, Tura,	380.92	257.51	240	90	91421	23176	114597	85.65	32.10	32626	8266	40891	73706
						2921.49	***492.73***			***701158***	***44346***	***745503***			***235871***	***15323***	***251194***	***494309***
2.	Shri D.C. Marak	C/o a road including MBT from Jingnamgre to Dinaminggre	PW/EO-SRRDA/ 265/2014/19 dt.18.3.15	CC-II/244 dt.19.04.2016	DPIU, East Garo Hills Williamnagar,	290.33	330.72	240	90	69679	29765	99444	80.00	30.00	23226	9922	33148	66296
		Construction including MBT of a road from Chiminmingre to Kakwa Duragre	PW/EO-SRRDA/ PMGSY/152/ 2014/18 dt.26.8.14	CC-III/218 dt.7.12.2015	DPIU, East Garo Hills Williamnagar,	4269.85	1772.858	240	90	1024764	159557	1184321	80.00	30.00	341588	53186	394774	789547
			PW/EO-SRRDA/ PMGSY/152/ 2014/19 dt.26.8.14	CC-I/160 dt.21.2.2015	DPIU, East Garo Hills Williamnagar,	927.82	1090.86	240	90	222677	98177	320854	80.00	30.00	74226	32726	106952	213902
						5488.00	***3194.438***			***1317120***	***287499***	***1604619***			***439040***	***95833***	***534874***	***1069745***

Sl. No.	Name of contractor	Name of work	Agreement No. and Date	Bill No. and date.	DPIU under which work executed	Qty. of materials utilised		Prescribed rate of FR		Amount of FR to be deducted (in ₹)			Rate at which FR was recovered		Amount of FR recovered (in ₹)			Less/ short recovery of FR (13-18)
						Stone (Cum)	Sand (Cum)	Stone (Cum)	Sand (Cum)	Stone	Sand	Total	Stone	Sand	Stone	Sand	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
3.	Shri Len Ch. Momin	Construction including MBT of a road from Rongap to Rongap Songitcham	PW/EO-SRRDA/ PMGSY/134/ 2014/18 dt.26.8.14	CC-II/184 dt.4.6.2015	DPIU, East Garo Hills Williamnagar,	1077.69	367.24	240	90	258646	33052	291697	80.00	30.00	86215	11017	97232	194465
						1077.69	*367.24*			*258646*	*33052*	*291697*			*86215*	*11017*	*97232*	*194465*
4.	Shri Gary Ch. Momin	Construction including MBT of a road from NH-51 road to Aguragre	PW/MEGH/P MGSY-VIII (III)107 dt. 15.12.2014	CC-IV/NH-II/ PMGSY/ Rongram/3 dt.30.3.17	EE(TC) PWD (Rds) cum DPIU, West Garo Hills, Tura,	3134.97	713	240	90	752393	64170	816563	85.00	32.00	266472	22816	289289	527274
						3134.97	*713.00*			*752393*	*64170*	*816563*			*266472*	*22816*	*289289*	*527274*
5.	Shri Abdul Rashid	Construction including MBT Dokagre to Dabakgre	PW/EO-SRRDA/ PMGSY/261/ 2014/20 dt.24.3.2015	CC-IV/DPIU/ PMGSY/ WSH/873 dt.18.3.2017	PIU, NEC division, Tura	5571.61	2750.2	240	90	1337186	247518	1584704	85.65	32.35	477208	88969	566177	1018527
			PW/EO-SRRDA/ PMGSY/261/ 2014/20 dt.24.3.15	CC-III/DPIU/ PMGSY/ WGH/804 dt.15.12.2016	PIU, NEC division, Tura	3399.79	2750.2	240	90	815950	247518	1063468	85.65	32.35	291192	88969	380161	683307
			PW/EO-SRRDA/ PMGSY/261/ 2014/20 dt.24.3.15	CC-III/DPIU/ PMGSY/ WGH/803 dt.15.12.2016	PIU, NEC division, Tura	7673.17	1764.21	240	90	1841561	158779	2000340	85.65	32.35	657207	57072	714279	1286061
		Construction including MBT of a road from Rangsagre to Bolbokgre	PW/EO-SRRDA/ PMGSY/107/ 2014/19 dt.22.12.14	CC-IV/DPIU/ PMGSY/ WGH/874 dt.18.3.2017	PIU, NEC division, Tura	6799.25	1783.97	240	90	1631820	160557	1792377	85.65	32.35	582356	57711	640067	1152310
			PW/EO-SRRDA/ PMGSY/107/ 2014/19 dt.22.12.14	CC-III/DPIU/ PMGSY/ WGH/806 dt.15.12.2016	PIU, NEC division, Tura	5968.31	1783.97	240	90	1432394	160557	1592952	85.65	32.35	511186	57711	568897	1024055
		Construction including MBT of a road from Nagargaon to Sabang	-- dt.27.06.2014	CC-IV/DPIU/ PMGSY/ WGH/770 dt.11.11.2016	DPIU, West Garo Hills, Tura,	3233.2	1051.08	240	90	775968	94597	870565	80.00	30.00	258656	31532	290188	580377

Sl. No.	Name of contractor	Name of work	Agreement No. and Date	Bill No. and date.	DPIU under which work executed	Qty. of materials utilised		Prescribed rate of FR		Amount of FR to be deducted (in ₹)			Rate at which FR was recovered		Amount of FR recovered (in ₹)			Less/ short recovery of FR (13-18)
						Stone (Cum)	Sand (Cum)	Stone (Cum)	Sand (Cum)	Stone	Sand	Total	Stone	Sand	Stone	Sand	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
		Construction including MBT of a road from L-025 to Belbari including Bridge	PW/EO-SRRDA/ PMGSY/129/ 2014/18 dt.19.6.14	CC-V/DPIU/ PMGSY/ WGH/823 dt. 2.2.2017	PIU, NEC division, Tura	3558.44	2353.25	240	90	854026	211793	1065818	85.65	32.35	304780	76128	380909	684909
		Construction including MBT of a road from T-03 to Dalangsa including bridge	PW/EO-SRRDA/ 107/2014/19 dt.22.12.14	CC-V/DPIU/ PMGSY/ WGH/824 dt.2.2.2017	PIU, NEC division, Tura	4123.21	2500.22	240	90	989570	225020	1214590	85.65	32.35	353153	80882	434035	780555
		Construction including MBT of a road from Dabakgre to Gonda Songgitcham	-- dt.22.12.2014	CC-I/DPIU/ PMGSY/ WGH/809 dt.16.12.2016	DPIU, West Garo Hills, Tura,	1465.59	1619.86	240	90	351742	145787	497529	80.00	30.00	117247	48596	165843	331686
		Construction including MBT of a road from T-04 to Bhalujhora	PW/EO-SRRDA/ PMGSY/ 129/2014/18 dt.19.6.14	CC-III/DPIU/ PMGSY/ WGH/805 dt.15.12.2016	PIU, NEC division, Tura	2101.7	530.36	240	90	504408	47732	552140	85.65	32.35	180011	17157	197168	354972
						43894.27	***18887.32***			***10534625***	***1699859***	***12234484***			***3732996***	***604728***	***4337724***	***7896760***
6.	Smti B.R. Marak	Construction including MBT of a road from NH-51 road to Ringgigre	PW/MEGH/P MGSY/-VIII (III)148 dt. 15.01.2015	CC-V/DPIU/ PMGSY/ WGH/734 dt.01.08.2016	EE(TC) PWD (Rds) cum DPIU, West Garo Hills, Tura,	2875.64	1162.76	240	90	690154	104648	794802	85.00	32.00	244429	37208	281637	513165
						2875.64	***1162.76***			***690154***	***104648***	***794802***			***244429***	***37208***	***281637***	***513165***
7.	Shri Aloysius Arengh	Construction including MBT of a road from Baljek Agal to Bottegre	PW/MEGH/ PMGSY/- VIII (III)/96 dt.11.12.14	PW/MEGH/P MGSY- VIII(III)96 dt nil	EE(TC) PWD (Rds) cum DPIU, West Garo Hills, Tura,	2165.3	625.55	240	90	519672	56300	575972	85.00	32.00	184051	20018	204068	371904
						2165.3	***625.55***			***519672***	***56300***	***575972***			***184051***	***20018***	***204068***	***371904***
8.	Smti G.C. Monin	Construction including MBT of a road from NH-51 road to Aguragre	PW/MEGH/ PMGSY-VIII (III)/107 dt.15.12.14	CC-III/DPIU/ PMGSY/ WGH/801 dt.13.12.2016	EE(TC) PWD (Rds) cum DPIU, West Garo Hills, Tura,	2139.82	647.21	240	90	513557	58249	571806	85.00	32.00	181885	20711	202596	369210
						2139.82	***647.21***			***513557***	***58249***	***571806***			***181885***	***20711***	***202596***	***369210***
		Total				**63697.18**	**26090.25**			**15287323**	**2348122**	**17635446**			**5370960**	**827654**	**6198614**	**11436832**

Appendix 3.1.1

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2020

(Reference: Paragraph 3.1.7)

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

Sl. No.		Period of Accounts	Year in which accounts finalised	Paid-up capital	Loans outstand-ing at the end of year	Accumulated profit(+) /loss(-)	Turnover	Net profit (+)/ loss(-)	Capital employed	Return on capital employed	Percen-tage of return on capital employed	Man power
A. WORKING COMPANY												
AGRCULTURE AND ALLIED												
1.	Forest Development Corporation of Meghalaya Limited	2015-16	2020-21	1.97	0	-0.45	2.08	1.52	1.52	1.52	100	41
2.	Meghalaya Bamboo Chips Limited	2018-19	2020-21	0.48	0	-0.35	0	-0.01	0.13	-0.01	-7.69	0
	Sector Wise Total			**2.45**	**0.00**	**-0.80**	**2.08**	**1.51**	**1.65**	**1.51**	91.52	
INFRASTRUCTURE												
3.	Meghalaya Industrial Development Corporation Limited	2017-18	2020-21	157.94	0	-50.50	0.91	-4.18	107.44	-4.18	-3.89	88
4.	Meghalaya Government Construction Corporation Limited	2018-19	2019-20	0.75	0	-19.04	46.54	-4.12	-18.29	-4.12	-	103
5.	Meghalaya Infrastructure Development and Finance Corporation Limited	2018-19	2020-21	1.00	0	-0.13	0	-0.05	0.87	-0.05	-5.75	11
	Sector Wise Total			**159.69**	**0.00**	**-69.67**	**47.45**	**-8.35**	**90.02**	**-8.35**	-9.28	

Sl. No.		Period of Accounts	Year in which accounts finalised	Paid-up capital	Loans outstand-ing at the end of year	Accumul ated profit(+) /loss(-)	Turnover	Net profit (+)/ loss(-)	Capital employed	Return on capital employed	Percen-tage of return on capital employed	Man power
MANUFACTURING												
6.	MawmluhCherra Cement Limited	2018-19	2020-21	197.51	147.53	-234.79	19.49	-25.22	110.25	-13.60	-12.34	312
7.	Meghalaya Mineral Development Corporation Limited	2018-19	2020-21	2.32	0	-7.1	0	-0.21	-4.78	-0.21	-	15
	Sector Wise Total			**199.83**	**147.53**	**-241.89**	**19.49**	**-25.43**	**105.47**	**-13.81**	-13.09	
POWER												
8.	Meghalaya Energy Corporation Limited	2017-18	2020-21	2070.87	193.5	-152.09	0	-14.61	2112.28	11.35	0.537334	269
9.	Meghalaya Power Generation Corporation Limited	2017-18	2020-21	798.91	1014.66	-363.7	191.36	-163.54	1449.87	-25.29	-1.74429	1020
10.	Meghalaya Power Distribution Corporation Limited	2017-18	2020-21	844.24	492.09	-1778.59	831.9	-286.55	-442.26	-221.4	50.06105	1827
11.	Meghalaya Power Transmission Corporation Limited	2017-18	2020-21	423.82	65.46	-20.19	86	-13.84	469.09	-3.39	-0.72268	461
	Sector Wise Total			**4137.84**	**1765.71**	**-2314.57**	**1109.26**	**-478.54**	**3588.98**	**-238.73**	-6.65175	
SERVICE												
12.	Meghalaya Tourism Development Corporation Limited	2018-19	2020-21	7.96	8.35	-8.42	19.67	1.18	7.89	1.41	17.87	156
	Sector Wise Total			**7.96**	**8.35**	**-8.42**	**19.67**	**1.18**	7.89	**1.41**	17.87072	
MICELLANEOUS												
13.	Meghalaya Handloom & Handicrafts Development Corporation Limited	2018-19	2020-21	1.50	0.39	-5.06	0.13	-0.82	-3.17	-0.82	*	13

Sl. No.		Period of Accounts	Year in which accounts finalised	Paid-up capital	Loans outstand-ing at the end of year	Accumul ated profit(+) /loss(-)	Turnover	Net profit (+)/ loss(-)	Capital employed	Return on capital employed	Percen-tage of return on capital employed	Man power
14.	Meghalaya Basin Management Agency	2018-19	2020-21	0.05	0	0	0	0	0.05	0	0.00	592
15.	Shillong Smart City Limited	First Annual Accounts yet to submit.										
	Sector Wise Total			**1.55**	**0.39**	**-5.06**	**0.13**	**-0.82**	**-3.12**	**-0.82**	26.28205	
	Total A (All sector wise working Government Companies)			**4509.32**	**1921.98**	**-2640.41**	**1198.08**	**-510.45**	3790.89	**-258.79**	-6.82663	
	B. WORKING STATUTORY CORPORATION											
	SERVICE											
16.	Meghalaya Transport Corporation	2015-16	2020-21	93.05	0	-106.69	4.88	-4.43	-13.64	-4.43	*	228
	Sector Wise Total			**93.05**	**0.00**	**-106.69**	**4.88**	**-4.43**	**-13.64**	**-4.43**	32.47801	
	MISCELLANEOUS											
17.	Meghalaya State Warehousing Corporation	2017-18	2017-18	3.36	0	-0.25	0.92	0.13	3.11	0.13	4.18	8
	Sector Wise Total			**3.36**	**0.00**	**-0.25**	**0.92**	**0.13**	3.11	**0.13**	4.180064	
	Total B (All sector wise working Government Companies)			**96.41**	**0.00**	**-106.94**	**5.80**	**-4.30**	**-10.53**	**-4.30**	*	
	Grand Total (A+B)			**4605.73**	**1921.98**	**-2747.35**	**1203.88**	**-514.75**	**3780.36**	**-263.09**	-6.95939	
	C. NON-WORKING GOVERNMENT COMPANY											
	MANUFACTURING											
18.	Meghalaya Electronics Development Corporation Limited	2017-18	2018-19	0	0	0	0	0	0	0	0	0
	Sector Wise Total			**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	0	**0.00**	0	
	Total C (All sector wise working Government Companies)			**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	
	Grand Total (A+B+C)			**4605.73**	**1921.98**	**-2747.35**	**1203.88**	**-514.75**	**3780.36**	**-263.09**	**-6.9594**	**5144**

Appendix 3.1.2

Statement showing Rate of Real Return on Government Investment

(*Reference: Paragraph 3.1.9*)

(₹ in crore)

Financial Year	Present value of total investment at the beginning of the year	Equity infused by the State government during the year	Net interest free loan given by the State Government during the year	Interest free loan converted into equity during the year	Grants/ subsidies given by the State government for operational and administrative expenditure	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings/ profit after tax (PAT) for the year*
A	B	C	D	E	F	G	H	I	J	K K=I x (1+J)	L L= I + ((I x J) ÷100)	M
Upto 2012-13**		2136.62	0.00	0.00	62.33	0.00	2198.95	2198.95	6.24	2336.16	137.21	-82.08
2013-14	2336.16	89.56	0.00	0.00	100.52	0.00	190.08	2526.24	6.61	2693.23	166.98	-128.11
2014-15	2693.23	164.38	0.00	0.00	165.39	0.00	329.77	3023.00	6.22	3211.03	188.03	-221.84
2015-16	3211.03	3.31	0.00	0.00	25.02	0.00	28.33	3239.36	6.70	3456.40	217.04	-390.16
2016-17	3456.40	38.90	0.00	0.00	97.12	0.00	136.02	3592.42	6.47	3824.85	232.43	-266.93
2017-18	3824.85	90.47	0.00	0.00	115.52	0.00	205.99	4030.84	6.40	4288.81	257.97	-410.83
2018-19	4288.81	31.19	0.00	0.00	222.31	0.00	253.50	4542.31	6.53	4838.92	296.61	-419.16
2019-20	4838.92	135.65	0.00	0.00	125.30	0.00	260.95	5099.87	6.85	5449.21	349.34	-514.75
		2690.08			**913.51**		**3603.59**	**28252.99**				

** worked out in respect of 15 SPSEs where State Government made direct investment on the basis of profit/loss as per their latest finalised accounts.*

***these are cumulative figures upto 2012-13 for Columns C, D, E, F, G and H.*

Year	Total earnings/ loss in 2018-19	Investment by the State Government as per total of the column H above	Return on State Government investment on the basis of historical value	Present value of State Government investment at the end of 2018-19	Real return on State Government investment considering the present value of investments
	A	B	C	D	E
	Value of column M of above table	Total of the column H of above table	A*100/B	Value of column K of above table	A*100/D
2019-20	-514.75	3603.59	-14.28	5449.21	-9.45

Appendix 3.2.1

Statement showing details of irregular excess payments made by MIDC to its employees on superannuation.

(Reference: Paragraph 3.2)

(Amount in ₹)

Sl. No.	Name of the Employee	Designation	Amount paid as ARB	Amount Paid for Commuted Leave	Year of retirement
1.	Shri Edward Sohtun	Asstt. Manager	9,80,863	3,88,309	2015-16
2.	(L) Shri Johanesh M Momin	Peon	6,09,606	2,02,273	
3.	Shri C. M. Chetri	Operator	7,92,669	2,87,877	2016-17
4.	Shri George Kharkongor	Asstt. Manager	10,00,000	5,17,542	
5.	Shri Julie Lyngdoh	Asstt. Manager	10,00,000	2,93,436	
6.	Shri Prinomai Syiemlieh	Asstt. Manager	10,00,000	4,59,678	
7.	Shri Khlur Singh Kharsyntiew	Chowkidar	6,46,013	18,129	
8.	Smt Mary Jechobed Nongrum	Manager	10,00,000	4,19,673	
9.	Shri Winester Ksanlah	Dy. Gen. Manager	10,00,000	11,75,715	2017-18
10.	Shri P. K .Marbaniang	Managing Director	10,00,000	11,37,150	
11.	Shri Donbok Syiemlieh	General Manager	10,00,000	10,67,500	
12.	Shri Samuel Swett	General Manager	10,00,000	8,94,230	
13.	Shri Bounty Marvella Shylla	Managing Director	10,00,000	10,98,085	
14.	(L) Shri Challenge Star Kurbah	Asstt. Gen. Manager	20,00,000	10,51,724	2018-19
15.	Shri Skim Singh Khongkhliam	Dy. Gen. Manager	20,00,000	13,09,130	
16.	Shri Frejedas G. Momin	Staff Officer	20,00,000	8,92,380	2019-20
17.	Shri Nithen T Sangma	Data Entry Supervisor	20,00,000	7,12,199	
18.	Shri Oswald Thangkhiew	Dy. Gen. Manager	20,00,000	12,37,223	
Total			**2,20,29,151**	**1,31,62,253**	
Grand Total			**3,51,91,404**		

Appendix 3.3.1

Statement of JVs/Lease/MOU entered by the MMDC and their Status

(Reference: Paragraph 3.3)

Sl. No.	Name of Party/JVs	Description of JVs/Lease/MOU	Date of Agreement/ allotment/ Handing over	Status of JVs/Lease/MOU
1.	Mandakini 'B' Coal Block	Ministry of Coal allotted (July 2007) Mandakini 'B' Coal Block to Assam Mineral Development Corporation, Tamil Nadu Electricity Board, Odisha Mining Corporation Limited and MMDC with estimated reserve of 1200 Million Tonnes.	July 2007	The Inter Ministerial Group recommended for deallocation of Mandakini 'B' Coal Block in December 2012.
2.	MIDC (15 acre out of 50 acre land transferred)	To developed Land Custom Station at Ghasuapara funded through ASIDE fund	4 May 2009	The MIDC stated that the building was completed in 2014. However, before taking over the building, the MMDC and the MIDC officials jointly conducted (May 2017) a physical verification and found out the following defectives: 1. Portion of Boundary wall has not been constructed; and 2. Most of the electrical fittings including wirings have been removed/broken. The MMDC requested the MIDC to first rectified the defectives and to hand-over the same to them, which the MIDC had not complied till date (November 2021).
3.	Mahacol Trexim Private Limited	High-wall Mining Technology (HMT) under JVC named as Meghalaya Mahacol Miners Private Limited (MMMPL).	8 April 2010	MMMPL intimated (February 2014) the keenness of 13 landowners of Jowai to introduce HMT of coal on their land but the same could not proceed due to complete ban on coal mining by the National Green Tribunal in April 2014. MMDC sought (July 2019) legal advice/views of the Advocate General through its administrative department i.e. Mining and Geology Department on the status of the JVC in the light of Mines and Minerals (Development and Regulation) Amendment Act, 2015 and Supreme Court judgement dated 3rd July 2019 on coal mining in the State. However, no legal advice/views of the Advocate General has been received (March 2021).
4.	M/s Calm Spirits Farms and Resorts Private Limited (CSFRPL)	For setting up a 5-star hotel at MMDC land at Mawsmai (Jorabat) Meghalaya.	30 May 2011	The project was not taken up even after 5 years due to disagreement with the GoM on Mortgage Clause. JV was terminated (March 2017). MMDC filed money suit for ₹ 72.25 lakhs for recovery of balance quarterly financial assistance due as per agreement.
5.	Trumps Supreme India Limited (TSIL)	For exploration/production of boulders for export to Bangladesh across Meghalaya border from Umpung in South West Khasi Hills District under JVC named as Trumps Supreme Meghalaya Limited (TSML)	19 June 2018	Still under clearance stage.

Appendix 3.4.1

List of various Reports (schemes and guidelines) submitted by GMS to MMDC

(Reference: Paragraph 3.4)

Sl. No.	Particulars	Date of submission
1.	Note on the Meghalaya Environment Protection and Restoration Fund	24.12.2015
2.	‘Skill Development’ and draft/proposed Memorandum of Understanding between Skill council for Mining Sector	19.01.2016
3.	Draft Model Mining Plan – Coal	15.02.2016
4.	Proposed ‘Terms of Reference for Model Environment Assessment of a coal Mine area.	29.03.2016
5.	MOA proposal for preparation of the following miming Projects in Meghalaya: Mining Plans Closure Plans Environment impact Assessment (EIA) Environment Management Plans (EMP)	21.04.2016
6.	Suggestion on aspects for Mining of Minor Minerals in Meghalaya	27.07.2016
7.	Draft Mineral Concession and Development Rules (MCDR) 2016 for conservation and systematic development of minerals.	03.08.2016
8.	Key highlight of the Compensatory Afforestation Fund Act 2016	05.08.2016
9.	Various Suggestion during the meeting of the Central Coordination-Cum-Empowered Committee (CECC) on 5.8.2016 at Delhi under the Chairmanship of Union Secretary (Mines).	22.08.2016
10.	Draft Coal Blocks Allocation Rules’ seeking public comments for views of State of Meghalaya	25.01.2017
11.	Proposed Sub Lease/MDO Model for undertaking coal mining in the State	23.06.2017
12.	Comprehensive proposal for strengthening of MMDC technically and administratively.	13.07.2017
13.	Creation of corpus Fund for MMDC for undertaking Exploratory Works.	13.10.2017
14.	Draft Business Plan and Commercial Terms	8.12.2017
15.	Draft PFR/Model Business Plan for Coal Mining in Meghalaya	29.01.2018
16.	Guidelines for Limestone Mining by Firms in collaboration with MMDC	15.02.2018
17.	Suggestion to MMDC on preparedness & action plans for Scientific and secure coal mining in the State.	27.06.2018

Appendix 3.5.1

Details of Interest and Damages levied by the EPFO

(Reference: Paragraph 3.5)

(Amount in ₹)

Sl. No.	Period of salaries/wages	Due dates for remittance(s)	Actual date(s) of remittance(s)	Delay (in days)	Interest levied u/s 7Q	Damages levied u/s 14B
1.	June 2011 to April 2013	15 July 2011 to 15 May 2013	02 September 2014 & 10 February 2015	43 to 685	3,40,656	7,09,576
2.	November 2011 to May 2015	15 December 2011 to 15 June 2015	26 January 2016, 21 September 2017 and 06 October 2017	48 to 1226	8,85,510	16,73,098
3.	March 2012 to December 2012	15 April 2012 to 15 January 2013	5. October 2016 and 15 September 2017	1168 to 1437	11,01,710	22,95,238
4.	January 2013 to September 2014	15 February 2013 to 15 October 2014	16 February 2018 to 8 March 2018	548 to 1206	11,88,119	24,75,289
5.	September 2013 to September 2017	15 October 2013 to 15 October 2017	30 January 2019 and 4 February 2019	40 to 1354	43,66,469	89,33,312
6.	July 2013 to December 2018	August 2013 to January 2019	23 July 2019	52 to 2036	4,54,362	6,15,974
7.	January 2019 to April 2019	February 2019 to May 2019	17 February 2020	165 to 2013	1,71,781	3,26,339
	Total				**85,08,607**	**1,70,28,826**
	Grand Total = ₹ 85,08,607 + ₹ 1,70,28,826 = ₹ 2,55,37,433					

Source: Data from EPFO Demand Notices.

Appendix 4.1.1

Department wise break-up of Outstanding IRs and Paras

(Reference: Paragraph 4.1)

Department	Upto 2015-16		2016-17		2017-18		2018-19		2019-20	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
General										
District Council Affairs	2	12	-	-	1	5	-	-	-	-
KHADC	2	19	1	15	1	20	-	-	1	14
JHADC	4	30	-	-	-	-	-	-	2	18
GHADC	16	166	1	10	1	16	-	-	1	19
Sainik Board	3	4	-	-	-	-	-	-	-	-
MPSC	-	-	-	-	-	-	-	-	1	12
Revenue & Disaster Management	3	8	-	-	-	-	-	-	-	-
Election	6	30	-	-	-	-	1	6	-	-
Printing & Stationery	1	2	-	-	-	-	-	-	2	17
Programme Implementation	1	2	-	-	-	-	-	-	-	-
General Administration	3	8	-	-	-	-	3	20	-	-
Secretariat Administration	3	10	-	-	1	4	-	-	-	-
Governor's Secretariat	2	3	-	-	-	-	-	-	-	-
Meghalaya Legislative Assembly	3	29	-	-	1	12	-	-	-	-
District Administration	5	41	1	14	-	-	2	15	-	-
Societies	-	-	1	20	-	-	-	-	-	-
Finance	3	6	-	-	-	-	1	7	-	-
Autonomous Bodies	2	27	-	-	-	-	-	-	-	-
Home (Police)	13	31	5	22	-	-	-	-	4	22
Home (Prisons & Correctional Services)	3	9	-	-	-	-	2	9	-	-
Home (Civil Defence & Home Guards)	1	1	-	-	-	-	-	-	2	6
Planning	2	7	-	-	-	-	-	-	1	3
Law	-	-	1	9	-	-	1	8	1	3
Total	**78**	**445**	**10**	**90**	**5**	**57**	**10**	**65**	**15**	**114**
Social										
Social Welfare	10	36	-	-	-	-	5	19	-	-
Health	19	66	5	19	5	28	2	28	6	33
Education	26	83	2	13	5	27	-	-	5	24
Sports	4	20	-	-	2	11	-	-	-	-
Labour	-	-	-	-	-	-	1	13	-	-
PHE	25	104	3	18	4	26	-	-	-	-
NERCORMP	-	-	1	8	-	-	-	-	-	-
Meghalaya State Rural Livelihood Society	-	-	1	4	-	-	-	-	-	-
Meghalaya State Skill Development	-	-	1	14	-	-	-	-	-	-
State Education Mission Authority	-	-	-	-	-	-	-	-	-	-

Department	Upto 2015-16		2016-17		2017-18		2018-19		2019-20	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
MBOWB	2	14	1	6	1	2	-	-	1	8
Information & Public Relation	3	10	-	-	-	-	-	-	2	16
Housing	7	39	-	-	2	8	-	-	-	-
Municipal Boards	18	138	5	42	6	60	6	36	6	40
Urban Affairs	4	4	1	4	-	-	2	8	1	9
MUDA	4	19	1	5	-	-	-	-	1	11
Arts & Culture	2	8	-	-	1	3	-	-	-	-
Tourism	6	42	-	-	1	8	-	-	1	3
Total	**130**	**583**	**21**	**133**	**27**	**173**	**16**	**104**	**23**	**144**
Economic										
PWD	36	120	8	59	6	44	11	65	8	77
Water Resources	8	19	6	22		-	-	-	-	-
Border Area	11	45	-	-	2	14	-	-	-	-
C&RD	32	93	-	-	3	14	6	36	-	-
Soil & Water Conservation	4	16	-	-	-	-	2	9	-	-
MBDA	-	-	-	-	-	-	-	-	1	14
State Institute of Rural Development	1	2	1	7	-	-	-	-	-	-
State Rural Employment Society	1	5	-	-	-	-	-	-	-	-
Agriculture & MECOFED	3	7	2	6	1	1	-	-	1	10
Sericulture	4	8	-	-	-	-	-	-	1	8
Co-operation	8	11	-	-	-	-	-	-	-	-
Horticulture & Food, Civil Supplies and Consumer Affairs	4	13	1	5	-	-	-	-	1	16
Fisheries	2	12	-	-	-	-	-	-	1	25
Commerce & Industries	12	32	-	-	2	31	5	29	2	11
Mining & Geology	17	61	-	-	4	22	1	1	5	33
Power	9	20	3	5	4	17	5	17	3	27
ICAR	4	7	-	-	1	2	1	1	1	3
Animal Husbandry & Veterinary	6	16	-	-	2	13	2	11	-	-
Transport	54	116	8	21	6	27	8	41	7	47
State PSUs	-	-	-	-	1	4	-	-	1	3
Legal Metrology	-	-	-	-	-	-	-	-	2	9
Total	**216**	**603**	**29**	**125**	**32**	**189**	**41**	**210**	**34**	**283**
Grand Total	**424**	**1631**	**60**	**348**	**64**	**419**	**67**	**379**	**72**	**541**

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