



Report of the Comptroller and Auditor General of India

**(Social, General and Economic Sectors
and Public Sector Undertakings)**

For the year ended 31 March 2013



GOVERNMENT OF MEGHALAYA
Report No. 2 of 2014

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Comptroller and Auditor General of
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PREFACE

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

The Report presents the results of the audit of the Departments of the Government of Meghalaya under the Social, Economic and General Services. However, audit observations on revenue receipts of the Government of Meghalaya are excluded and covered in the Report on Revenue Services.

The cases mentioned in this Report are those, which came to notice in the course of test audit of accounts for the year 2012-13 as well as those, which came to notice in earlier years, but could not be dealt with in previous Audit Reports. Matters relating to the period subsequent to 2012-13 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 Report contains chapters on Social, Economic and General Sectors and State Public Sector Undertakings comprising three performance reviews and 12 audit paragraphs, based on the audit of certain selected programmes and activities and the financial transactions of the Government and Public Sector Undertakings.

Copies of the audit paragraphs and performance reviews were sent to the concerned Secretaries to the State Government by the Accountant General (Audit) with a request to furnish replies within six weeks. In respect of two reviews and seven 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 in this overview.

SOCIAL SECTOR

Indira Awaas Yojana

Indira Awaas Yojana (IAY) was launched in the State in 1996 to provide financial assistance for construction of houses to rural BPL households. Implementation of IAY in the State was adversely affected due to improper planning, failure of the department to utilise available funds due to poor financial management and ineffective implementation and monitoring of the scheme.

- Priority list and seniority order were not maintained while extending IAY benefit.
- Financial assistance of ₹ 1.81 crore was extended to 396 ineligible persons, who were neither in the BPL list nor in the IAY Waitlist.
- 17 villages having BPL households were totally deprived of the IAY benefits.
- Deduction of Central assistance of ₹ 5.27 crore and ₹ 4.69 crore due to excess carryover beyond permissible limit and short release of State share respectively. There were cases of undue delay in release of funds by the State government.
- Convergence of IAY with other schemes like Total Sanitation Campaign, Rajiv Gandhi Grameen Vidyutikaran Yojana, National Rural Water Supply Programme, etc. was inadequate and ineffective in the State thereby failing to achieve the objective of making IAY house a complete dwelling unit.

(Paragraph 1.2)

The Health & Family Welfare Department failed to make a Drug Testing Laboratory functional even after eight years thereby rendering an expenditure of ₹ 80.39 lakh unfruitful.

(Paragraph 1.3)

The Health and Family Welfare Department extended undue patronage to an unlicensed pharmaceutical firm which was functioning without compliance of 'Good Manufacturing Practices' and extended undue financial benefit of ₹ 2.50 crore on purchase of drugs from this firm for use in Government hospitals and health centres.

(Paragraph 1.5)

GENERAL SECTOR

Arbitrary action of the Public Works Department in execution of works for Nongstoin and Nongpoh jails contrary to the State's Financial Rules and exorbitant delay at every stage resulted in an unfruitful expenditure of ₹ 8.40 crore.

(Paragraph 2.2)

ECONOMIC SECTOR

Roads & Bridges funded by Non Lapsable Central Pool of Resources and North Eastern Council

One of the objectives of the Non Lapsable Central Pool of Resources (NLCPR) and the North Eastern Council (NEC) was to develop infrastructure, especially construction of Roads and Bridges (R&B). Though the assets created by the NLCPR and the NEC funds have helped the State to bridge the infrastructural gap to some extent, certain aspects like poor planning, ineffective financial management, tardy implementation and lack of proper monitoring and supervision adversely affected the implementation of these projects.

- The State Planning Department neither submitted the priority lists in time nor was proper analysis of infrastructural gaps conducted.
- Huge amount of funds lying unutilised with State Finance Department indicates that the executing department, viz. Public Works Department (PWD), did not have effective arrangement to absorb the allotted funds under NLCPR and NEC funded R&B projects.
- PWD incurred an extra expenditure amounting to ₹ 2.08 crore towards inadmissible items. Certain items of work were executed in excess of the

sanctioned provision which resulted in excess expenditure by an amount of ₹ 5.89 crore.

- Allocation of same works to more than one contractor led to an avoidable expenditure to the tune of ₹ 1.59 crore. Injudicious decision of the PWD in selecting the stone quarry led to an avoidable expenditure of ₹ 97.90 lakh on haulage.
- Funds amounting to ₹ 1.38 crore were diverted from NLCPR and NEC funded R&B projects to other works which fell under Special Plan Assistance and other NEC projects

(Paragraph 3.2)

Tourism Development Activities in Meghalaya

Meghalaya is blessed with picturesque landscape of rolling hills, meandering rivers, cascading waterfalls, lush forests, diverse flora and fauna and unique culture and tradition. All these factors present a great potential for development of tourism in Meghalaya. Tourism Department is responsible for the development of tourism sector in the State.

- The Tourism Department did not effectively implement the Tourism Policy 2001. The Department had also not prepared Master Plan for integrated tourism development, training needs analysis and formulation of marketing strategy/plan as envisaged in the Tourism Policy of 2011.
- There were huge unspent balances of Central Financial Assistance ranging between ₹ 29.66 crore and ₹ 63.22 crore during 2008-09 to 2012-13.
- There were undue delays ranging from 30 to 75 months in completion of centrally sponsored projects which led to the State being denied the opportunity to obtain new sanctions for 12 projects amounting to ₹ 67.82 crore.
- In respect of State sponsored projects, no time schedule for completion of the projects was set by the State Government. However, in all these projects, the contractors failed to complete the work within the time specified as per the work orders.
- Due to delay in release of NEC funds by the State Government, there was avoidable extra cost of ₹ 1.28 crore in respect of the project for improvement of Marngar Lake in Ri-Bhoi District into a tourist spot.
- The capacity building programmes undertaken by the Department were not fully effective.

- The Department had not established adequate internal control mechanisms for effective functioning of the various offices under its control.

(Paragraph 3.3)

The objective of creating residential and non-residential infrastructure for seven newly created Community & Rural Development Blocks was yet to be achieved due to the failure of the Department to properly monitor the execution of these works as a result of which an expenditure of ₹ 9.88 crore incurred so far was unfruitful.

(Paragraph 3.4)

Arbitrary decision of the Departmental Tender Committee of the Water Resources Department in rejection of tender of a contractor in connection with the Ajarar Flow Irrigation Project resulted in extra expenditure of ₹ 51.57 lakh, besides delay in completion of the project.

(Paragraph 3.6)

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

Overview of State Public Sector Undertakings

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2013, the State of Meghalaya had 14 working State Public Sector Undertakings (SPSUs) (12 companies and two statutory corporations) and one non-working company, which employed 4518 employees. The working SPSUs registered a turnover of ₹ 461 crore for 2012-13 as per their latest finalised accounts as of September 2013. This turnover was equal to 2.48 *per cent* of State Gross Domestic Product indicating a moderate role played by SPSUs in the economy. However, the working SPSUs incurred an overall loss of ₹ 82.08 crore in the aggregate for 2012-13 as per their latest finalised accounts as on 30 September 2013.

Investments in SPSUs

As on 31 March 2013, of the total investment in SPSUs, 99.70 *per cent* was in working SPSUs and the remaining 0.30 *per cent* in one non-working SPSU. This total investment consisted of 33.53 *per cent* towards capital and 66.47 *per cent* in long-term loans. The investment has increased by 14.83 *per cent* from ₹ 1372.41 crore in 2007-08 to ₹ 1575.92 crore in 2012-13.

Performance of SPSUs

During the year 2012-13, out of 14 working SPSUs, two SPSUs namely Meghalaya Government Construction Corporation Limited and Meghalaya Industrial Development Corporation Limited earned profit aggregating to ₹ 2.44 crore and remaining twelve SPSUs incurred loss of ₹ 84.52 crore. The major losses were incurred by Mawmluh Cherra Cements Limited (₹ 18.71 crore) and Meghalaya Energy Corporation Limited (₹ 58.43 crore). The losses of working SPSUs were mainly attributable to deficiencies in financial management, planning, implementation of projects, operations and monitoring. A review of the latest Audit Reports of CAG shows that the SPSUs incurred losses to the tune of ₹ 60.23 crore which was controllable with better management. Thus, there is tremendous scope to improve the functioning of SPSUs and minimise losses.

Quality of accounts

The quality of accounts of SPSUs needs improvement. All the 17 accounts finalised by working SPSUs during October 2012 to September 2013 received qualified certificates. There were thirty seven instances of non-compliance with the Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated certain weak areas.

Arrears in accounts

Fourteen working SPSUs had arrears of 51 accounts as of September 2013. The SPSUs need to set targets for the work relating to preparation of accounts with special focus on arrears. There was one non-working company as on 31 March 2013. The company is under liquidation process as all its employees had opted for VRS in December 2006. As no purpose was served by keeping this non-working company in existence, the Government needs to expedite the process of closure of this company.

(Paragraph 4.1)

POWER DEPARTMENT

Meghalaya Energy Corporation Limited

Extra Irregular Expenditure

Failure of the Meghalaya Energy Corporation Limited to correctly regulate payments to a firm resulted in an extra irregular expenditure of ₹ 226.57 lakh (Transformers: ₹ 120.95 lakh; Service Tax: ₹ 105.62 lakh).

(Paragraph 4.2)

Avoidable Expenditure

Faulty implementation of the solar lantern scheme by the Meghalaya Non-conventional and Rural Energy Development Agency resulted in an avoidable expenditure of ₹ 53.39 lakh besides ineligible retention of central assistance of ₹ 2 crore.

(Paragraph 4.3)

COMMERCE AND INDUSTRIES DEPARTMENT

Meghalaya Industrial Development Corporation Limited

Sanction of loan to a Private Company where the interested Director held substantial shares

The Meghalaya Industrial Development Corporation sanctioned and disbursed a loan of ₹ 45 crore and equity participation of ₹ 6 crore to a private company whose majority shares were held by a Director of MIDC and allowed undue benefit of ₹ 54.23 lakh.

(Paragraph 4.4)

Irregular appointment of staff

44 officers and staff were appointed during April 2004 to May 2013 in the Meghalaya Industrial Development Corporation Limited without following due procedures.

(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 2013 deals with the findings on audit of the State Government units under Social Sector.

The names of the major State Government departments and the net budget provisions and expenditure of the State Government under Social Sector during the year 2012-13 are given in the table below:

Table 1.1.1

(₹ in crore)

Sl. No.	Name of Department	Budget Provisions (Original and Supplementary)	Expenditure
1.	Education, Sports & Youth Affairs & Arts and Culture	1367.89	961.14
2.	Health & Family Welfare	476.25	396.71
3.	Public Health Engineering	458.53	288.65
4.	Urban Development	341.22	61.83
5.	District Council Affairs and Social Welfare	292.10	167.54
6.	Labour	43.33	18.82
7.	Housing	15.70	6.57
	Total	2995.02	1901.26

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

Besides the above, the Central Government had transferred a sizeable amount of funds (approximately ₹ 476.31 crore) during 2012-13 directly to the Implementing agencies under the Social Sector to different agencies of the State. The details are given below:

Table 1.1.2

(₹ in crore)

Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
National Rural Health Mission	State Health Society, Meghalaya	87.95
National Rural Drinking Water Programme	SWSM, Meghalaya	97.23
Sarva Shiksha Abhiyan	Sarva Shiksha Abhiyan State Mission Authority of Meghalaya	186.71
Rural Housing – Indira Awaas Yojana	District Rural Development Agencies (DRDAs)	48.95
Others	Various agencies	55.47
	Total	476.31

Source: Central Plan Scheme Monitoring System of CGA website

1.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. The audits were conducted during 2012-13 involving expenditure of ₹ 1139.49 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Social Sector. The chapter contains performance audit on 'Indira Awaas Yojana' and three Compliance Audit paragraphs.

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

The major observations under Social Sector detected in audit during the year 2012-13 are given below.

COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT

1.2 Indira Awaas Yojana

Highlights

Indira Awaas Yojana (IAY) was launched in the State in 1996 to provide financial assistance for construction of houses to rural BPL households. Implementation of IAY in the State was adversely affected due to improper planning, failure of the department to utilise available funds, poor financial management and ineffective implementation and monitoring of the scheme.

Priority list and seniority order were not maintained while extending IAY benefit.

(Paragraph 1.2.7.1)

Financial assistance of ₹ 1.81 crore was extended to 396 ineligible persons, who were neither in the BPL list nor in the IAY Waitlist.

(Paragraph 1.2.7.2)

Deduction of Central assistance of ₹ 5.27 crore and ₹ 4.69 crore due to excess carryover of funds beyond permissible limit and short release of State share respectively.

(Paragraph 1.2.8.2)

There were cases of undue delay in release of funds by the State government.

(Paragraph 1.2.8.3)

Convergence of IAY with other schemes like Total Sanitation Campaign, Rajiv Gandhi Grameen Vidyutikaran Yojana, National Rural Water Supply Programme, etc. was inadequate and ineffective in the State thereby failing to achieve the objective of making IAY house a complete dwelling unit.

(Paragraph 1.2.10)

Involvement of officials at all levels for monitoring the implementation of the IAY scheme in the State could not be ascertained in the absence of schedules of inspections.

(Paragraph 1.2.11.1)

1.2.1 Introduction

Indira Awaas Yojana (IAY), the flagship scheme of the Ministry of Rural Development (MoRD), Government of India (GoI) for fulfilment of housing needs of the rural poor population, was launched in May 1985 as a sub-scheme of Jawahar Rozgar Yojana. It is being implemented as an independent scheme since 1st January 1996. The IAY aims at helping rural people below the poverty-line (BPL) belonging to SCs/STs, freed bonded labourers and non-SC/ST categories in construction of

dwelling units and upgradation of existing unserviceable *kutcha* houses by providing assistance in the form of full grant. From 1995-96, the IAY benefits have been extended to widows or next-of-kin of defence personnel killed in action. Benefits have also been extended to ex-servicemen and retired members of the paramilitary forces as long as they fulfil the normal eligibility conditions of IAY. Three *per cent* of funds are reserved for the disabled BPL persons in rural areas. Since 2006-07, IAY funds are also being earmarked for minorities.

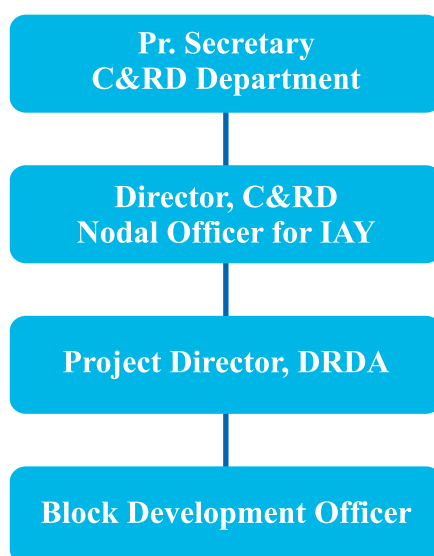
IAY was implemented by the Community and Rural Development (C&RD) Department in the State. IAY was funded on cost sharing basis between the Union Government and the State Government in the ratio of 75:25 up to 2008-09. However, from 2009-10 onwards, the funding was shared between GoI and State in the ratio of 90:10 respectively in the case of North-eastern states. Central assistance in the form of grant-in-aid is directly released to the District Rural Development Agencies (DRDAs), who in turn release the assistance to the Block Development Officers (BDOs) at the Block level.

In Meghalaya, the financial assistance provided under IAY for new construction and up-gradation up to March 2010 was ₹ 38,500 and ₹ 15,000 respectively and from April 2010 onwards ₹ 48,500 and ₹ 15,000 respectively.

1.2.2 Organisational set-up

In Meghalaya, the C&RD Department is the nodal department for implementation of IAY. The Project Directors of DRDAs under the C&RD Department are in charge at the district level. The BDOs at the Block level were the implementing officers. The organisational set up is given below:

Chart 1: Organisational Chart



1.2.3 Scope of audit

Performance audit on implementation of IAY was conducted during May-August 2013 covering the period 2008-09 to 2012-13. For test check, Audit selected¹ four out of seven districts, eight out of 39 blocks, 74 out of 1812 Area Employment Councils (AECs), 148 villages and 6 beneficiaries from each village. Details are as shown below:

Table 1.2.1

Name of the selected Districts	Name of the selected Blocks	Number of selected AECs	Number of selected villages	Number of beneficiaries selected
East Khasi Hills	Mawkynrew	7	14	84
	Pynursla	7	13	78
West Khasi Hills	Mawshynrut	10	20	120
	Mawkyrwat	10	19	114
East Garo Hills	Songsak	10	18	108
	Resubelpara	10	20	120
West Garo Hills	Dalu	10	20	120
	Tikrikilla	10	20	120
Total		74	144	864

1.2.4 Audit Objective

The objectives of this Performance audit were to assess whether:

- the systems and procedures in place for identification and selection of the target groups and the processes for allotment, construction and up-gradation of dwelling units were adequate and conformed to the scheme provisions;
- the allocation and release of funds under IAY were made in an adequate and timely manner and that these were utilised economically and efficiently in accordance with the scheme provisions;
- the physical performance under IAY in terms of number of units constructed and upgraded as against planned and targeted and that the construction corresponded to the quality and financial parameters set out in the scheme guidelines;
- the convergence of the IAY activities with other programmes as envisaged was effectively achieved and ensured availability of a complete functional dwelling unit and;
- the mechanism in place for monitoring and evaluation of the outcomes of the programme were adequate and effective.

¹ Districts were selected using Probability Proportionate to Size With Replacement (PPSWR) method, blocks were selected using Simple Random Sampling Without Replacement (SRSWOR), AECs were selected using SRSWOR and villages and beneficiaries were selected randomly.

1.2.5 Audit Criteria

The findings were benchmarked against the criteria contained in the following sources:

- Guidelines of IAY issued by the MoRD, GoI;
- Periodical reports/ returns prescribed;
- Circulars/instructions issued by the MoRD, GoI;
- Prescribed monitoring mechanism; and
- BPL Survey Report 2002.

1.2.6 Audit Methodology

The Performance audit commenced with an Entry Conference held on 15 May 2013 where the audit objectives, criteria, scope and methodology were discussed and agreed upon.

Audit test checked the records of the C&RD Department, four DRDAs and eight BDOs. The audit evidence was collected through issue of questionnaire, examination of records, analysis of the data collected, discussion with the concerned authorities at various levels and joint physical verification. Audit findings were discussed with the officers of the C&RD Department led by the Principal Secretary at an Exit Conference held on 28 November 2013 and their views incorporated at appropriate places.

Audit Findings

1.2.7 Planning

Objective-1: *Whether the systems and procedures in place for identification and selection of the target groups and the processes for allotment, construction and up-gradation of dwelling units were adequate and conformed to the scheme provisions.*

As per Para 2.1 and 2.2 of the IAY guidelines, the beneficiaries were to be selected from the permanent IAY Waitlists prepared on the basis of BPL lists in order of seniority. A separate list of SC/ST families in the order of their ranks may be derived from the larger IAY list. Beneficiaries were to be prioritised on the basis of categories, viz. SC/ST households, non-SC/ST BPL households, physically and mentally challenged persons, etc.

The Gram Panchayats were to draw out the shelterless families from the BPL list strictly according to the seniority list. In the absence of Panchayati Raaj Institution (PRI) in Meghalaya, Village Councils were responsible for selection of beneficiaries.

Irregularities noticed in identification of the beneficiaries are discussed in the subsequent paragraphs.

1.2.7.1 Maintenance of priority list and seniority order

Permanent IAY Waitlist in the State was prepared as per the BPL list of 2002. However, the seniority as per BPL list was not maintained while preparing the Permanent IAY Waitlist.

Audit observed that eight blocks in four selected districts did not have any category wise priority list and beneficiaries were identified randomly which is in contravention to the IAY guidelines. Moreover, it was also noticed that eligible BPL households having low BPL score were not kept in the same order in the IAY Waitlist thereby depriving them of the IAY benefit in the seniority order they deserved.

1.2.7.2 Assistance given to persons not appearing in the BPL List as well as the IAY Waitlist

Out of 144 villages selected for test-check (2008-09 to 2012-13), it was noticed that in 90 villages, 396 ineligible rural households not appearing in the IAY Waitlist and BPL List, were extended IAY benefit to the tune of ₹ 1.81 crore. This action of the Department had not only deprived the genuine BPL households of housing facility, but also tantamount to misutilisation of Government funds to that extent. Details of which are shown below:

Table 1.2.2

(₹ in lakh)

Sl. No.	Name of the Selected Blocks	No. of villages involved	Beneficiaries not in BPL as well as IAY Waitlist	Amount paid
1.	Mawshynrut	6	9	4.26
2.	Mawkyrwat	7	16	7.76
3.	Mawkynew	9	59	26.41
4.	Pynursla	11	42	17.97
5.	Dalu	18	54	23.59
6.	Tikrikilla	16	118	54.03
7.	Resubelpara	10	66	32.01
8.	Songsak	13	32	15.22
Total		90	396	181.25

Source: BPL Lists and IAY Waitlists

1.2.7.3 Extension of IAY assistance to BPL households whose names were not included in the IAY Waitlist

In six villages out of 144 villages selected for test check, it was noticed that 39 ineligible rural BPL households not appearing in the IAY waitlist, were extended IAY benefit to the tune of ₹ 16.09 lakh. Details are shown below:

Table 1.2.3

(₹ in lakh)

Sl. No.	Name of District	Name of the Block	Name of the Village	No. of BPL households	No. of BPL households extended benefit whose names were not in IAY Waitlist	Amount paid
1	East Khasi Hills	Mawkynrew	Mawrasai	11	7	3.39
			Mawjatap	1	1	0.48
		Pynursla	Nongshken	249	16	6.36
			Rngain	1	1	0.48
2	West Garo Hills	Tikrikilla	Roni Asim	5	7	2.69
			Roni Para	6	7	2.69
Total				273	39	16.09

Source: BPL Lists and IAY Waitlists

1.2.7.4 Villages having BPL households but totally deprived of the IAY benefit

In three blocks of two selected districts, it was noticed that 188 BPL households were included in the BPL List as well as IAY Waitlist. None of the families from these 17 villages were extended IAY benefits. Details are shown below:

Table 1.2.4

Sl No.	Name of the District	Name of the Block	Name of the village totally left out	No. of BPL households in IAY Waitlist
1	West Khasi Hills	Mawshynrut	Jasyllar	-
			Swangre Achang	-
			Porla Nongtra	1
			Domsynrang	12
			Rongthok	-
			Shinianggri	12
			Porsohlang	1
			Shallang B	36
			Mawthengkut	3
2		Mawkyrwat	Tiehtaliar	-
			Rembyrngaw	6
			Mawkabait	23
			Umsaitshriew	34
			Dommawthung	21
3	East Garo Hills	Resubelpara	Katongre	16
			Kitmadamgre	7
			Boro Gokolgre	16
Total				188

Source: BPL Lists and IAY Waitlists

1.2.7.5 Persons appearing in the IAY Waitlist but not in the BPL list

In 96 villages out of 144 villages selected for test check, it was noticed that 671 rural households were included as beneficiaries, whose names were appearing in the IAY waitlist but not in the BPL list. Details are shown below:

Table 1.2.5

Sl. No.	Name of the Selected Blocks	No. of Villages involved	Persons in IAY Waitlist but not in BPL list
1	Mawshynrut	12	55
2	Mawkyrwat	16	115
3	Mawkynrew	10	39
4	Pynursla	8	21
5	Dalu	9	33
6	Tikrikilla	7	17
7	Resubelpara	19	205
8	Songsak	15	186
Total		96	671

Source: BPL Lists and IAY Waitlists

The Deputy Director, C&RD Department stated (January 2014) that IAY Waitlist was generated from the BPL List 2002, based on which the selection of beneficiaries was being done. It further stated that there were some flaws in the BPL List of 2002 due to which genuine BPL families who were in need of a house were not included in the list. Further, added that due to delay in publishing of BPL list due to the Supreme Court order, some beneficiaries who were living below poverty line by the time the survey was done may have become Above Poverty Line (APL) and *vice-versa*. It added that stern action would be taken against any official responsible for mala fide practices, if any found.

1.2.8 Financial Management

Objective-2: *Whether the allocation and release of funds under IAY were made in an adequate and timely manner and that these were utilised economically and efficiently in accordance with the scheme provisions.*

1.2.8.1 Financial position

The details of receipt and expenditure for implementation of IAY in the State during the period 2008-09 to 2012-13 are detailed below:

Table 1.2.6

Year	Funds released				Total	Actual Expenditure	Unspent Balance	Percentage of unspent balance to total funds available
	Opening Balance	Central Share	State Share	Misc. Receipts/ Interest				
1	2	3	4	5	6 (2+3+4+5)	7	8 (6-7)	9
2008-09	178.68	2169.86	694.24	8.00	3050.78	2642.63	408.15	13.38
2009-10	408.15	3520.84	367.37	13.51	4309.87	3853.72	456.15	10.58
2010-11	456.15	5055.91	589.70	30.07	6131.83	5778.78	353.05	5.76
2011-12	353.05	5824.95	534.87	47.08	6759.95	6375.80	384.15	5.68
2012-13	384.15	5447.19	505.39	58.37	6395.10	5216.19	1178.91	18.43

Source: Information furnished by C&RD Department

During the period 2008-09 to 2012-13, the total unspent balances lying with the DRDAs ranged from ₹ 3.53 crore to ₹ 11.79 crore (i.e. between 6 and 18 *per cent*).

1.2.8.2 Denial of benefit of Central assistance

As per Para 4.2 of IAY guidelines, Central assistance under the IAY was to be released in two instalments and the second instalment was to be released on fulfilment of some conditions, such as, (i) 60 *per cent* of the total available funds were utilised while submitting the proposal for the second instalment, (ii) opening balance of the District should not exceed 10 *per cent* of the funds available during the previous year and (iii) the State Government released all its contribution due up to the date of the application. In case, the opening balance exceeds the limit of 10 *per cent*, the Central share of the excess was to be deducted proportionately. Similarly, in the event of shortfall in State share, corresponding amount of Central share (i.e three times the shortfall of State share) was to be deducted from the amount of Central share of the second instalment.

It was noticed that during the period (2008-09 to 2012-13), GoI while releasing second instalment of Central assistance, deducted ₹ 5.27 crore on the ground of excess carryover of fund beyond permissible limit as detailed below:

Table 1.2.7

(₹ in lakh)

Year	Districts	Deductions on account of Excess Carryover
2008-09	East Khasi Hills	42.53
2009-10	East Khasi Hills	228.98
2010-11	West Garo Hills	202.14
2012-13	West Khasi Hills	53.15
Grand Total		526.80

Source: Sanction orders of MoRD

While admitting the fact, the Deputy Director, C&RD stated (August 2013) that this was due to release of GoI's second instalment at the very end of every year leaving no scope for utilisation within the year. The reply of Deputy Director, C&RD is irrelevant as the amount pointed out by audit was deducted at the time of release of second instalment, which implies that the department was not able to fulfill the conditions stipulated for release of second instalment.

Further scrutiny of sanction orders (2008-09 to 2012-13) revealed that while releasing the second instalment, Central assistance of ₹ 4.69 crore was deducted by GoI due to short release of State share as detailed below:

Table 1.2.8

(₹ in lakh)

Year	Districts	Deductions on account of Short release of State share
2009-10	West Khasi Hills	154.33
	West Garo Hills	314.85
Grand Total		469.18

Source: Information furnished by DRDAs, West Khasi Hills and West Garo Hills Districts

Had the Central assistance of ₹ 9.96 crore not deducted by the GoI, the amount could have been sufficient to construct about 2587² houses in the selected districts.

1.2.8.3 Delay in release of State share

As per para 4.6 of the IAY guidelines, the State Government shall release its share to the DRDAs within one month after the release of GoI's share.

In four selected districts, Audit found that there were delays ranging between two and seven months on the part of the State Government in release of its matching share against GoI's release of first instalment, details of which are shown below:

Table 1.2.9

Year	Name of the District	Date of release of First Instalment by GoI	Date of release of First Instalment by State Govt.	Time taken by State Govt. for release of State share (in months)	Period of Delay (in months)
2008-09	West Garo Hills	18-03-2009	11-11-2009	8	7
2009-10	East Khasi Hills	12-05-2009	21-08-2009	3	2
2010-11	West Khasi Hills	07-05-2010	27-07-2010	3	2
	East Garo Hills	12-04-2010	21-07-2010	3	2
2011-12	East Khasi Hills	11-05-2011	23-09-2011	4	3
	West Khasi Hills	05-04-2011	22-08-2011	5	4
	East Garo Hills	13-05-2011	03-09-2011	4	3
	West Garo Hills	13-05-2011	29-09-2011	4	3
2012-13	East Khasi Hills	05-07-2012	31-10-2012	4	3
	East Garo Hills	24-05-2012	03-10-2012	4	3
	West Garo Hills	07-06-2012	11-10-2012	4	3

Thus, delay in release of State share is bound to affect the achievement of physical targets set for the year.

The Deputy Director, C&RD stated (August 2013) that it takes considerable time in receiving GoI's sanction, processing of sanction by the State Government and release of funds to the DRDAs.

1.2.8.4 Payment to the beneficiaries

As per para 4.10 of IAY guidelines, funds under IAY should be transferred only directly into the beneficiaries' account in a bank or post office. For this purpose, as soon as the beneficiaries are selected, they should be asked to open a Bank/Post Office account, in case they do not already have an account in any Bank or Post Office, and to intimate the account number to the Gram Panchayat/BDO/DRDA, as the case may be.

Audit, however, observed that funds of ₹ 5.95 crore and ₹ 13.62 crore were paid to the beneficiaries in cash and in bearer cheques respectively. Details are as shown below:

² ₹ 9.96 crore ÷ ₹ 38500 (rate for construction per house)

Table 1.2.10

(₹ in lakh)

Year	Payments made in cash				Total
	West Garo Hills		East Garo Hills		
	Dalu	Tikrikilla	Songsak	Resubelpara	
2008-09	39.55	85.78	72.15	43.38	241.16
2009-10	57.06	51.72	157.01	0	265.79
2010-11 ³	0	0	87.77	0	87.77
Total	96.61	137.50	316.93	43.38	594.72

Source: Information furnished by BDOs, Dalu, Tikrikilla, Songsak & Resubelpara

Table 1.2.11

(₹ in lakh)

Year	Payments made in bearer cheque								Total
	East Khasi Hills		West Khasi Hills		East Garo Hills		West Garo Hills		
	Pynursla	Mawkynrew	Mawkyrwat	Mawshynrut	Songsak	Resubelpara	Dalu	Tikrikilla	
2008-09	10.15	20.44	13.08	16.70	-	-	31.88	-	92.25
2009-10	64.13	46.56	74.28	59.72	-	189.36	90.67	32.70	557.42
2010-11 ⁴	-	-	-	-	88.74	119.85	117.38	173.23	499.20
2011-12 ⁵	-	-	-	-	29.51	-	-	183.59	213.10
Total	74.28	67.00	87.36	76.42	118.25	309.21	239.93	389.52	1361.97

Source: Information furnished by BDOs, Pynursla, Mawkynrew, Mawkyrwat, Mawshynrut, Dalu, Tikrikilla, Songsak & Resubelpara

During 2012-13, all payments were transferred directly to the beneficiaries' account in Bank or Post Office.

The Deputy Director, C&RD stated (August 2013) that payments by cash or bearer cheques were made due to poor banking facilities in rural areas.

1.2.8.5 Allocation of fund for Minorities

As per the instruction issued on 03 November 2008 by the MoRD, GoI, 15 per cent of the total resources were to be allocated for the minorities and in case there were no more eligible BPL minority households for availing an IAY house, a Certificate in this regard was to be furnished so that the target of the State could be transferred to some other State.

Scrutiny of the total financial achievement of IAY vis-a-vis funds allocated to the minorities during the period 2008-13 in the State revealed the following:

³ Cash payment up to August 2010

⁴ In 2010-11, Songsak block made payments both in cash and bearer cheque

⁵ Cheque payment upto August 2011

Table 1.2.12

Year	Funds released			(₹ in lakh)	
	Central	State	Total	Funds released to minorities	Percentage of funds released to minorities
1	2	3	4 (2+3)	5	6 (5/4 x 100)
2008-09	2169.86	694.24	2864.10	76.71	2.68
2009-10	3520.84	367.37	3888.21	61.61	1.58
2010-11	5055.91	589.70	5645.61	28.13	0.50
2011-12	5824.95	534.87	6359.82	92.15	1.45
2012-13	4956.07	459.72	5415.79	350.66	6.47
Total	21527.63	2645.90	24173.53	609.26	2.51

Source: Information furnished by C&RD Department

It could be seen that though the percentage of minorities provided IAY benefits were very minimal in the State, a Certificate in this regard was not issued to the MoRD so that the target of the State could be transferred to some other State.

The Deputy Director, C&RD stated (August 2013) that Meghalaya being a Christian dominated State, the percentage of the minorities in the State is very negligible and most of them are confined only in West Garo Hills District. It was further stated that though they are negligible in numbers, they are not left out for assistance under IAY and target for them is always maintained.

The reply is not tenable because the benefit extended to the minorities during the period under review ranged between 0.50 *per cent* and 6.47 *per cent* as against 15 *per cent* stipulated by the MoRD and the required certificate to the effect that there were no more eligible BPL minority households in the State had not been sent to the MoRD.

1.2.9 Implementation

Objective-3: *Whether the physical performance under IAY in terms of number of units constructed and upgraded as against planned and targeted and that the constructions corresponded to the quality and financial parameters set out in the scheme guidelines.*

1.2.9.1 Physical targets and achievement

The physical targets and achievement under IAY in the State is shown below:

Table 1.2.13

Year	Houses sanctioned during the year	Houses completed during the year	Houses under construction		
			Sanctioned during the last or current year	Sanctioned prior to last year	Total
2009-10	10174	9875	3971	5	3976
2010-11	12710	11316	3835	39	3874
2011-12	12715	12550	986	143	1129
2012-13	13232	5356	8580	119	8699
Total	48831	39097			17678

Source: MIS Return

From the above, it is evident that the physical achievement under IAY in the State was satisfactory. However, the physical targets and achievements in four selected districts revealed the following picture:

Table 1.2.14-A

Year	East Khasi Hills District			West Khasi Hills District		
	Target	Achievement	Shortfall (Percentage)	Target	Achievement	Shortfall (Percentage)
2008-09	977	600	377 (39)	926	434	492 (53)
2009-10	1697	751	946 (56)	1043	625	418 (40)
2010-11	1591	1367	224 (14)	1321	978	343 (26)
2011-12	1176	1118	58 (5)	1291	634	657 (51)
2012-13	1301	456	845 (65)	1426	785	641 (45)

Table 1.2.14-B

Year	East Garo Hills District			West Garo Hills District		
	Target	Achievement	Shortfall (Percentage)	Target	Achievement	Shortfall (Percentage)
2008-09	750	750	0 (0)	1410	189	1221 (87)
2009-10	2407	2407	0 (0)	3217	2089	1128 (35)
2010-11	2179	2179	0 (0)	3899	3599	300 (8)
2011-12	2823	2823	0 (0)	3809	3809	0 (0)
2012-13	2444	0	2444 (100)	4730	2893	1837 (39)

Source: Information furnished by DRDAs East Khasi Hills, West Khasi Hills, East Garo Hills and West Garo Hills Districts and GoI's release orders

The following conclusions can be drawn from the above table:

- In all the four selected districts, there were shortfalls in achieving the targets during particular years.
- West Khasi Hills District was the worst performer having a persistent shortfall ranging from 26 per cent to 53 per cent.
- During 2012-13, the achievement in East Garo Hills District was Nil, whereas during previous years (2008-12), the achievement was cent per cent.
- Shortfall in achievement of target ranged between 5 per cent and 65 per cent in East Khasi Hills District.
- Performance of West Garo Hills District was poor as shortfalls ranged between 8 per cent and 87 per cent.

The Deputy Director, C&RD stated (September 2013) that the shortfall in achieving the physical targets was due to non-receipt of second instalment and receipt of funds at the very end of the year.

1.2.9.2 Inventory register for IAY houses

Para 5.9 of the IAY guidelines provides that the implementing agencies should have a complete inventory of houses constructed/upgraded under IAY, giving details of the dates of start and the date of completion of construction of dwelling unit, name of the village and block in which the house is located; occupation and category of beneficiaries and other relevant particulars. Para 5.10 of the guidelines further provides that completion of dwelling unit in no case should take more than two years.

Audit, however, observed that except Mawkynrew block (East Khasi Hills District), the remaining seven selected blocks had not maintained any inventory register for IAY houses. Due to non-maintenance of detailed inventory of IAY houses, seven blocks in four selected districts were not able to ascertain the total number of houses sanctioned to a AEC/village, number of houses completed, number of houses left incomplete, funds released and utilised *etc.* for a given period.

Further, scrutiny of inventory register of Mawkynrew block revealed that even after extending financial assistance of ₹ 24.64 lakh, 83 IAY houses still remained incomplete (August 2013). Details are shown below:

Table 1.2.15

(₹ in lakh)

Year	Total No. of beneficiaries	Incomplete houses	Financial assistance provided
2008-09	93	4	1.07
2009-10	100	13	3.12
2010-11	224	66	20.45
Total	417	83	24.64

Source: Information furnished by BDO Mawkynrew, East Khasi Hills District

The BDOs of seven blocks while accepting the Audit observation assured to maintain inventory of IAY houses with immediate effect. As regards Mawkynrew Block, while admitting the fact, the concerned BDO stated (August 2013) that in some cases the houses could not be completed due to illness or death of beneficiaries, and that the matter would be investigated and report thereof would be furnished.

1.2.9.3 Location of IAY houses and availability of other amenities

Para 3.5 of the IAY guidelines provides that the IAY dwelling units should normally be built on individual plots in the main habitation of the village. The houses can also be built in a cluster within a habitation so as to facilitate the development of infrastructure such as internal roads, drainage, drinking water supply, household and other common facilities. Care should always be taken to see that the houses under the IAY are located close to the village and not far away, so as to ensure safety and security, nearness to work place and social communication. To the extent possible, the site should not be located in disaster prone areas, for example frequently floodable areas.

Audit, however, observed that the IAY houses were made on the individual plots of land and not in a cluster. As such, other infrastructural facilities such as internal roads, drainage, drinking water supply and household toilets were not available to most of the

houses as verified during the physical verification of the beneficiaries. As such, such IAY houses could not be termed as complete dwelling units as envisaged in the Scheme.

The Deputy Director, C&RD stated (August 2013) that cluster approach was adopted in the State during implementation of IAY. However, construction of houses was not done in group or at a single site as the land for construction of houses was allotted by the community. Further, it was stated that geographical condition with no proper and common road system in rural areas of the State, division of villages in groups might deprive the deserving villages which are in urgent need of assistance.

1.2.9.4 Cost effectiveness and quality of materials

The IAY guidelines provide that effort should be made to utilise to the maximum possible extent, local materials and cost effective disaster resistant and environment friendly technologies developed by various institutions. Zilla Parishad/DRDA should contact various organisations/institutions for seeking expertise information on innovative technologies, materials, designs and methods to help beneficiaries in the construction/upgradation of durable, cost effective houses and disaster resistant houses.

It was noticed in eight selected blocks of four districts that no efforts were made by the State/DRDAs/Blocks to facilitate the use of local, cost effective, disaster resistance and environment friendly technologies so as to make economic and efficient IAY houses. The beneficiaries were not given any expert advice while construction/up gradation of the IAY houses.

The Deputy Director, C&RD stated (August 2013) that IAY being an old scheme, officers dealing with the implementation of the scheme were acquainted with the construction of the houses. There was no separate fund under the scheme earmarked for training of the officers to facilitate the use of local, cost effective, disaster resistance and environmental friendly technologies. The fact remains that the State Government has not formalised the system even after 17 years of implementation of IAY in the State.

1.2.9.5 Absence of uniform type design

Para 5.3 of the IAY guidelines provides that each State Government will finalise its type designs for IAY houses along with technical and material specifications. It is not necessary to have only one type design and one state can adopt more than one type designs depending upon local conditions.

In two out of four selected districts viz. West Garo Hills and East Garo Hills, the DRDAs had prescribed type design for the IAY houses. However, in another two selected districts namely East Khasi Hills and West Khasi Hills, there were no type designs for IAY houses and beneficiaries constructed their houses as per their need and choice within the prescribed monetary limits.

The Deputy Director, C&RD stated (August 2013) that the State Government had not prescribed any type design for IAY houses. However, it was left to the DRDAs for

preparation of type design and plan and estimate according to the local climatic conditions.

1.2.9.6 Implementation of the Homestead scheme

As per Para 8.1 of the IAY guidelines, a scheme for providing homestead sites to those rural BPL households who have neither agricultural land nor a housesite was launched as a part of IAY with effect from 24 August 2009.

Further, as per the direction of the MoRD (October 2009), the States were “to provide homestead sites to all by 2012” by regularizing the presently occupied land, if any, or by allotting surplus Government land and for this purpose, district wise number of homestead sites were to be identified for purchase/acquisition.

However, homestead scheme has not been implemented in the State till date.

In Tikrikilla block (out of eight selected blocks), Audit observed that a list of 34 landless rural BPL households was submitted by the BDO (July 2010) to the Project Director, DRDA, West Garo Hills. However, no action in respect of identification of site for purchase/acquisition of land was taken by the State Government (as of July 2013).

The Deputy Director, C&RD stated (August 2013) that in rural areas of the State, land is always owned by the community and the community is always ready to part its land for construction of IAY houses. The reply is not acceptable as the list of 34 landless rural BPL households in Tikrikilla block prepared by the BDO indicated that there were still landless rural BPL households in need of land for constructing IAY houses. Further, National Level Monitors has also recommended for implementation of homestead scheme in the State.

1.2.9.7 Differential Rate of Interest scheme

Paras 3.1.1 and 3.1.2 of IAY guidelines provide that in addition to the assistance provided under the scheme, a beneficiary could avail a loan up to ₹ 20,000 per housing unit under the Differential Rate of Interest (DRI) scheme at an interest rate of 4 *per cent* per annum DRDAs were to facilitate availing of such loan to the beneficiary. Audit observed that no such credit facility was availed by any IAY beneficiary in the State.

The Deputy Director, C&RD stated (August 2013) that the DRI scheme had been widely publicised in the State through the BDOs and Village Headmen so that the beneficiaries who were willing to avail the scheme could come up with application for the same. It was further stated that the matter had been discussed with the banks at district level and since no beneficiary had come forward to avail the scheme, it could not be implemented. The assertion of Deputy Director, C&RD has to be viewed in background of the fact that the beneficiary survey of 540 households conducted in eight selected blocks of four selected districts revealed that they were not even aware of the existence of such facilities.

1.2.9.8 Findings of Joint Inspection

Beneficiary Survey in the form of Joint Inspection comprising of the audit team, Junior Engineers and Gram Sevaks of the selected eight blocks (except Songsak block, East Garo Hills) covering 540 beneficiaries was conducted during May to July 2013. The findings of the Joint inspection are discussed in the succeeding paragraphs:

➤ **Registration of IAY house in the name of female beneficiary**

Para 2.4 of the IAY guidelines provides that allotment of dwelling units should be in the name of female member of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife. However, if there is no eligible female member in the family available/alive, house can be allotted to the male member of a deserving BPL family.

The position of allotment of IAY houses to the beneficiaries in the State is detailed below:

Table 1.2.16

Year	Houses sanctioned	Women	Jointly with husband	PH
2009-10	10174	4827	4240	256
2010-11	12710	6427	5013	200
2011-12	12715	5571	6579	219
2012-13	13232	6101	5012	269

From the above, it is evident that allotment of houses under IAY was mostly in the name of female beneficiaries or jointly with their husbands. However, beneficiary survey of 540 IAY beneficiaries in eight blocks of four selected districts revealed the following:

Table 1.2.17

Total number of IAY beneficiaries covered in Survey	Number of houses allotted in the name of female beneficiaries	Number of houses registered in the name of male beneficiaries
540	299	241

It is evident from the above that the houses were not allotted to female beneficiaries which could ensure retention of ownership of the house by the female after the death of their husbands.

➤ **Display of the IAY logo**

Para 5.10 of the IAY guidelines provides that on completion of an IAY dwelling unit, the DRDA concerned should ensure that for each house so constructed, a display board is fixed indicating the GoI Rural Housing logo, year of construction, name of the beneficiary *etc.* Beneficiary survey of 540 beneficiaries revealed the following:

Table 1.2.18

Total number of IAY beneficiaries	Number of houses displaying IAY logo	Number of houses not displaying IAY logo	Number of beneficiaries not aware of IAY logo
540	123	397	20

From the above, it was evident that the instruction regarding display of IAY logo was not followed in the State as 397 out of 540 beneficiaries (74 *per cent*) did not display the IAY logo while 20 beneficiaries were not even aware of it.

Hence, the fact remains that the DRDAs, who were responsible for ensuring display of IAY logos, did not discharge their responsibility as envisaged in the guidelines.

➤ ***Involvement of Beneficiary in the construction of house under IAY***

Para 2.3 of the IAY guidelines *inter alia* provides that involvement of beneficiaries in construction of IAY houses results in greater satisfaction and acceptability of the houses by the beneficiaries. Beneficiary survey of 540 beneficiaries revealed that only 55 houses were constructed by engaging family members and in other cases beneficiaries had to rely upon daily wage labourers.

1.2.10 Convergence with other flagship schemes

Objective 4: Whether the convergence of the IAY activities with other programmes as envisaged was effectively achieved and ensured availability of a complete functional dwelling unit.

Para 5.11 of the IAY guidelines provides that the DRDAs will make concerted efforts to identify the programme/schemes being implemented by various Ministries/Departments of the GoI like Total Sanitation Campaign (TSC) for constructing sanitary latrines, Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for providing free electricity connections and National Rural Water Supply Programme (NRWSP) for making provision of drinking water to IAY houses.

Audit observed that four selected DRDAs had not taken any initiative to coordinate with other departments in identifying the schemes/programme that could be converged with IAY. The following position further established during the joint inspection carried out by Audit along with the Junior Engineers and Gram Sevaks of the selected eight blocks:

Table 1.2.19

Total No. of beneficiaries	No. of houses having						
	Kitchen	Smokeless <i>chulha</i>	Ventilation	Sanitary facility under TSC	Drainage facility	Water supply under NRWSP	Electricity supply under RGGVY
540	236	47	340	108	51	14	122

From the above, it was evident that:

- Out of 540 beneficiaries covered during joint inspection, 236 beneficiaries were having kitchen, of which only 47 had smokeless *chulhas*.
- 340 (63 *per cent*) out of 540 IAY houses were provided with ventilation facilities.

- Sanitary facilities under TSC was only 108 (20 *per cent*) out of 540 beneficiaries were having sanitation facilities.
- Out of 540 IAY houses, only 122 (23 *per cent*) were having electricity connections under RGGVY.
- Water supply under NRWSP was negligible, i.e out of 540 IAY houses only 14 (3 *per cent*) were made drinking water available under this scheme.

Thus, basic amenities as provided in the guidelines were not provided in the houses constructed under IAY. Consequently, the beneficiaries had been deprived of the basic facilities of a clean environment, sanitation and infrastructure.

The Deputy Director, C&RD stated (August 2013) that the tradition of the people do not favour installation of smokeless *chulhas*. The reply is silent about shortfall in other amenities.

Thus, due to lack of coordination of DRDAs with other departments in identifying the schemes/programme to be converged with IAY, the purpose of providing quality houses with all intended benefits under various Government programmes could not be achieved.

1.2.11 Monitoring and Evaluation

Objective 5: *Whether the mechanism in place for monitoring and evaluation of the outcomes of the programme was adequate and effective.*

1.2.11.1 Inspection by State/District/Block level functionaries

Para 6.1 of IAY guidelines provides that officers dealing with the IAY at the State headquarters should visit districts regularly and ascertain whether the programme was being implemented satisfactorily and construction of houses was being carried out in accordance with the prescribed procedure. Likewise, officers at the district and block levels were to closely monitor all aspects of the IAY through visits to the worksites. A Schedule of inspection which prescribes a minimum number of field visits for each supervisory level functionary from the State level to the block level was to be drawn up and strictly adhered to.

Audit observed that the C&RD Department did not prescribe any schedule of inspection indicating minimum number of field visits for each supervisory level officer at the State, district and block level. As such, inspections were carried out in casual, haphazard and *ad hoc* manner.

The Deputy Director, C&RD stated (August 2013) that no schedule of inspection was prepared at any level. However, inspections were carried out at different intervals. The JEs at block level carried out the technical supervision as the release of fund is based on the physical progress of the construction of the houses. It was also stated that there was no separate fund under the scheme earmarked for monitoring through field inspections and the fund released by the GoI was meant for construction of houses only. Shortage of office vehicle at different levels also hindered the monitoring of

IAY through inspection. The fact remains that there were casual, haphazard and *ad hoc* field visits by the officers which could not ensure proper implementation of IAY as envisaged in the guidelines.

1.2.11.2 State Level Vigilance and Monitoring Committee

IAY is to be monitored at the State level by the State Level Vigilance and Monitoring Committee (SLVMC) headed by the Minister, C&RD Department as the Chairperson and the Commissioner-cum-Secretary, C&RD Department as the Member Secretary. A representative or nominee of the Ministry of Rural Development, GoI should invariably be invited to participate in the meetings of the committee. The Committee was primarily responsible for effective implementation of the IAY by ensuring better monitoring and supervision.

Scrutiny of records revealed that the SLVMC which was constituted in October 2006 met only five times during the period under review. During the five times when the committee met, no representative from the Ministry of Rural Development, GoI had participated. As per the proceedings of the meeting, only the financial and physical targets and achievements aspects were discussed. There were no records to show that the committee discussed the ways and means to improve implementation of the programme, remedial measures, proposals for new time lines *etc.*

The Deputy Director, C&RD stated (August 2013) that due to frequent change of the Chairman and his busy schedule, meetings of the SLVMC could be held only five times during the period under review. Holding of these meetings was informed to the MoRD but no representative could come to attend the meeting.

1.2.11.3 Social Audit

Paras 6.3.1 and 6.3.5 of the IAY guidelines provide that Social audit should be in place in order to ensure greater transparency in the implementation of IAY at various levels and hinges on the assumption that people should have access to information about implementation of these programmes in all their aspects.

Audit observed that the system of social audit was neither in place nor any social audit was conducted during the period covered by audit. As a result, audit could not ascertain whether transparency in the implementation of IAY in the State has been ensured.

While accepting the Audit observation, the Deputy Director, C&RD stated (September 2013) that social audit could not be conducted because there was no clear cut instruction or guidelines on the manner in which social audit should be conducted. Besides, no separate fund was provided for conducting the same.

1.2.11.4 Central Monitoring and Evaluation: AwaasSoft

The Ministry launched (July 2010) a web-based MIS programme called *AwaasSoft* to capture beneficiary-wise data to monitor IAY. *AwaasSoft* is a local language enabled workflow based transaction level Management Information System to facilitate

e-governance in the System. This is a tool for management, generate all reports, funds released, progress in construction of houses and tracks convergence of all benefits. The MIS will be accessible not only to all the stake holders including beneficiaries but also citizens at large.

Audit observed that though the *AwaasSoft* was introduced in the State in 2010, data entry and uploading of data is very slow. The Deputy Director, C&RD stated (September 2013) that slow progress in uploading of data was due to poor connectivity and absence of manpower at the DRDA level. Such slow progress in uploading data would have an adverse affect in release of GoI's second instalment which is linked with the expenditure generated through the *AwaasSoft* from the year 2013-14.

1.2.11.5 Implementation of recommendations made by National Level Monitors

A comprehensive system of National Level Monitoring (NLM) has been evolved by the MoRD by involving public spirited senior level retired Civil/Defence Service Officers and Academia, willing to provide voluntary services for a public cause. The basic premise is that by involving third party independent monitors, unbiased and objective monitoring can be achieved. The role of the NLMs in monitoring the programmes of the Ministry has become more important in the recent years due to significant increase in the allocation of funds for various rural development programmes and also due to the increase in demands of accountability and transparency in the execution of these programmes.

Reports of the NLM of three⁶ out of four selected districts made available to audit showed that the main recommendations of the NLMs were in the areas of display of IAY logos, providing homestead sites to the landless rural BPL households, and increasing the IAY assistance so as to build a minimum standard of house. However, audit observed that the display of IAY logos and scheme of Homestead sites to the landless BPL households have not been implemented in the State till date (August 2013). Moreover there were no records available which Audit could verify relating to increase in IAY assistance.

1.2.11.6 Evaluation Study

Para 6.2 of the IAY guidelines provides that the Central Government may conduct periodical evaluation studies on the implementation of IAY. These Evaluation studies were to be conducted by institutions and organisations of repute on the implementation as well as the issues thrown up by the Concurrent Evaluation, conducted by the GoI. The States may also conduct Evaluation Studies on their own regarding the implementation and impact of the programme in their State. Remedial action should be taken by the States on the basis of the observations made in these evaluation studies and also in the Concurrent Evaluation conducted by or on behalf of GoI.

⁶ (East Khasi Hills-3, West Khasi Hills-2 and West Garo Hills-3)

Audit observed that to conduct an evaluation study on implementation of IAY for the period 2007-08 to 2011-12 in the State, the State Government (Programme Implementation and Evaluation Department) had entrusted (November 2011) an Orissa based firm viz D.J Research & Consultancy Pvt. Ltd. with the task for which an amount of ₹ 4.30 lakh was paid (November 2011) by the Department. The firm in its report (June 2012) recommended for enhancement of assistance under IAY, rectification of the BPL list, transparency in selection of beneficiaries, convergence of scheme and strong monitoring and supervision.

It was noticed that none of the recommendations of the Evaluation study had been implemented till date (August 2013). Reason for not acting upon on any of the recommendations was not available on record.

1.2.12 Conclusion

The objective of IAY in providing housing to the rural poor was not achieved as envisaged due to lapses in planning, financial management, implementation and monitoring of the scheme.

There were instances of extending benefit to ineligible beneficiaries at the cost of eligible ones. Due to poor financial management central assistance were curtailed. There were instances of undue delays in release of state share.

Implementation of IAY was not satisfactory as there were shortfalls in achievement of targets during the period under review. Inventory of IAY houses were not maintained. No efforts were made by the DRDAs/Blocks to facilitate the use of local materials, cost effective and disaster resistant materials in the construction of IAY houses.

In the absence of coordination with other departments, convergence of IAY with other flagship schemes like TSC, NRWSP, RGGVY, MGNREGA, etc. was inadequate and ineffective in the State.

Monitoring mechanism of the scheme was inadequate and ineffective. Absence of schedule of inspection and lack of adequate field visits by supervisory officers resulted in poor implementation of the scheme.

1.2.13 Recommendations

- **The State Government should scrupulously take necessary steps for implementation of the various aspects as envisaged in the revised guidelines issued by Ministry of Rural Development, GoI in June 2013 for more effective implementation of the Scheme.**
- **The State Government should develop the implementation strategy for IAY by balancing the needs and advantages of habitation/cluster approach and individual household approach. Socio-Economic Caste Census (SECC) 2011 data should be used to identify the landless**

households and also to revise the existing priority list for IAY. The State Government should prioritise the habitations on the basis of transparent criteria with a five year and annual priority list.

- **The State Government should conduct a detailed survey with the involvement of the Panchayats to collect details of houses as well as other facilities in the habitations like physical connectivity, power connectivity, water supply, environmental sanitation and social infrastructure and list out all eligible beneficiaries from the selected habitation.**
- **State Government should ensure timely utilisation of available funds as well as timely release of its matching share.**
- **The State Government should take initiative to identify the landless rural BPL households and provide homestead sites for construction of IAY houses.**
- **Completion of all the IAY houses within prescribed time limit should be ensured. The DRDAs and BDOs should maintain proper inventory of IAY houses in the prescribed format.**
- **The State Government should make efforts to converge the programmes/schemes being implemented by various Ministries/ Departments and put in place an appropriate system which facilitates (i) construction of toilets, (ii) provision of portable drinking water and (iii) provide electrification to all IAY households**
- **Schedule of monitoring and supervision at each level should be established to ensure accountability of implementing agencies. Recommendations made by the NLMs and Evaluation Study Teams should strictly be adhered to.**

The matter was reported to Government in November 2013; reply had not been received (February 2014).

HEALTH & FAMILY WELFARE DEPARTMENT

1.3 Unfruitful expenditure on establishment of Drug Testing Laboratory

The Department failed to make a Drug Testing Laboratory functional even after eight years thereby rendering an expenditure of ₹ 80.39 lakh unfruitful.

Under the Centrally Sponsored Scheme for Quality Control of Ayurveda, Siddha, Unnani and Homoeopathy drugs, the Ministry of Health and Family Welfare, Government of India (GoI) approved (January 2003) ‘Strengthening and setting up of State Drug Testing Laboratory (DTL)’ with the objective to ensure quality of drugs under Indian System of Medicine and Homoeopathy (ISM&H). The GoI would provide up to ₹ 1 crore to set up a new DTL, which was to be run with the State’s own resources and with three Scientific Officers and four supporting staff.

On the basis of a proposal of the Government of Meghalaya (GoM), GoI sanctioned (January 2004) ₹ 88.62 lakh (Building: ₹ 25 lakh; Equipment, furniture, reference books and computer stationery: ₹ 57.66 lakh; Manpower: ₹ 5.96 lakh) to be utilised within 12 months for setting up one DTL for ISM&H drugs at Pasteur Institute, Shillong. The Department took two years time for getting the sanction of the State Finance Department, inviting and finalisation of tenders and issue of work order. Finally, the work order for construction of building for the DTL was issued only in January 2006. The work was completed in December 2006 at a cost of ₹ 25 lakh and the facility was taken over by the Directorate of Health Services (DHS), Research in June 2009. The delay of two and half years in taking over the facility was attributed (December 2013) by the Executive Engineer (HEW), DHS to delay in making payment and for execution of some minor works like wiring, painting, *etc.* The DHS incurred an expenditure of ₹ 49.60 lakh on procurement of equipment and chemicals, *etc.* and ₹ 5.79 lakh on payment of salaries to two Scientific Officers appointed in June 2010 on contract basis. Besides, one Ayurvedic physician was posted to the DTL in September 2011.

It was further noticed that a proposal to create two posts of Scientific Officers and six supporting staff required for effective functioning of the DTL was sent by the DHS to GoM only in September 2011. Of this, two posts of Scientific Officers and five supporting staff were sanctioned by GoM only in October 2013. However, these posts were yet to be filled up.

Thus, there were delays at every stage right from completion of the DTL building, taking over of the completed building, procurement of equipment and chemicals and submitting of proposal for the required staff. Even the manpower required for functioning of the laboratory, though sanctioned belatedly, were not engaged. Consequently, the DTL could not be made fully operational even after eight years of the stipulated date (January 2005) rendering the expenditure of ₹ 80.39 lakh

unfruitful, besides frustrating the objective of ensuring quality control of drugs in the State.

Government stated (September 2013) that most of the equipment required for the laboratory had been procured, but did not furnish any reason for delay of over eight years in making the laboratory fully operational.

1.4 Failure to enforce bond conditions

The Health & Family Welfare Department did not have a system in place to ensure that students selected by it for MBBS course complied with the conditions of the bond executed by them. As a result, the shortage of doctors in the Department had increased over the years. Further, bond money of ₹ 6.70 crore was not realised from 67 students.

Government of India (GoI), Ministry of Health & Family Welfare allocates quotas of Bachelor of Medicine & Bachelor of Surgery (MBBS) course to States/Union Territories who do not have medical colleges of their own to enable students from these states to pursue studies in this discipline. Meghalaya is one such recipient from this central pool. Against medical seats allotted to Meghalaya, Health & Family Welfare (H&FW) Department, Government of Meghalaya (GoM) sponsors the students who are selected on merit basis and as per the State's reservation policy. On selection, the students are required to execute a 'bond cum agreement' (bond) which *inter alia* stipulates that the student:

- diligently prosecute and complete the said course at the said college;
- upon completing the MBBS course inform the H&FW Department of this fact within 30 days;
- shall expressly request permission from the H&FW Department if he/she desires to pursue post-graduate studies and if such permission is granted, he/she shall within 30 days from the date of completing the post-graduate course intimate this fact to the H&FW Department; and,
- on completion of medical studies, he/she shall join the Meghalaya Health Service and serve in a rural area, posted by Government for a minimum period of five years at such remuneration as may be prescribed.

In the event of breach of any of the above conditions, the student and his/her father/mother/legal guardian shall jointly and severally become liable to pay the amount laid down in the bond (fixed at ₹ 10 lakh for the academic years 2000-10 and thereafter revised to ₹ 25 lakh). The duration of study including internship for a MBBS course is 5 ½ years.

During 2003-08, the Department sponsored 215 students for MBBS course. All these 215 students should have completed their studies between 2008-09 and 2013-14 (up to October 2013). Directorate of H&FW Department furnished information (July and

November 2013) in respect of only 194 students it has sponsored and no information regarding remaining 21 students was furnished. As per information furnished by the Department,

- 172 students have completed their MBBS course;
- While three students each have either discontinued their course or expired; and
- Remaining 16 were yet to complete their course.

Of the 172 students who have completed the MBBS course and should have joined the Meghalaya Health Services and served in a rural area for a minimum period of five years,

- only 95 have joined the Meghalaya Health Services and 5 more were awaiting appointment under the Meghalaya Health Services;
- four students are pursuing post-graduate studies;
- one student who did not join the Meghalaya Health Services and in lieu paid the bond amount; and
- remaining 67 students who have completed the MBBS course have not joined the Meghalaya Health Services as per conditions of the bond-cum-agreement executed by him/her.

However, the scrutiny of the records revealed that the Department had not invoked the bond conditions and initiated necessary action to recover the amount of ₹ 6.70 crore⁷ due from 67 students who have not joined the Meghalaya Health Services. It is apparent that the H&FW Department did not have a monitoring mechanism in place to collect regular information about students selected by it who have completed their MBBS courses and to invoke the bond conditions for students who did not join Meghalaya Health Service.

Audit noted that the vacancies of doctors had increased from 5 *per cent* (15 doctors) as on 31 March 2009 of the sanctioned strength of doctors in the H&FW Department to 21 *per cent* (92 doctors) as on 31 March 2013. This situation could have been averted if the H&FW Department had a system in place to monitor and ensure compliance of the bond conditions by the students selected for MBBS courses.

The matter was reported to Government in December 2013; reply had not been received (February 2014).

⁷ ₹ 10 lakh x 67 students sponsored between 2003-04 and 2007-08 = ₹ 6.70 crore

1.5 Undue financial benefit to a pharmaceutical firm manufacturing drugs without fulfilment of statutory requirements

The Health and Family Welfare Department extended undue patronage to an unlicensed pharmaceutical firm which was also functioning without compliance of 'Good Manufacturing Practices' and extended undue financial benefit of ₹ 2.50 crore on purchase of drugs from this firm for use in Government hospitals and health centres.

The Drugs and Cosmetics Act, 1940 and Rules framed thereunder stipulates that the business of import, manufacture, distribution and sale of drugs in India can only be carried out under licence. In Meghalaya, the Assistant Controller of Drugs (ACD), Government of Meghalaya (GoM) is the licensing authority for the purpose of enforcement of the Act and Rules which *inter alia* includes issuing licences to private parties in the State to manufacture, distribute and sell drugs. In December 2001, Government of India (GoI) amended the Rules to prescribe 'Good Manufacturing Practices' (GMP) relating to premises, plants, equipment needed to be evolved by the manufacturers of drugs and all drug manufacturers were obligated to be GMP compliant from January 2004 (later extended from 1st July 2005).

M/s Induscreed (firm), a small scale pharmaceutical unit in the State was granted a licence in April 1998 to manufacture, distribute and sell certain types of oral liquids, tablets and capsules⁸. The licence was renewed in June 2002 for a period of five years from January 2002 to December 2006.

Test check (August 2013) of records of Director of Health Services, Medical Institutions (DHS-MI), Meghalaya revealed that since the firm was not 'Good Manufacturing Practices' (GMP) compliant, the ACD directed (July 2004 and September 2004) the firm to rectify the deficiencies. In June 2006 a committee comprising the Assistant Drugs Controller⁹, two Senior Inspectors of Drugs and one Inspector of Drugs again inspected the firm's premises and recommended that the firm should stop production forthwith and construct a GMP compliant factory. The DHS-MI, accordingly directed (September 2006) the firm to stop production forthwith and to construct a GMP compliant factory. The DHS-MI also informed (February 2007) the Health and Family Welfare (H&FW) Department, GoM that the order to stop production was issued to the firm in pursuance to the direction/policy adopted by GoI and also clarified that show cause notice was not at all necessary in this case, as the firm was given adequate opportunity to comply with the prescribed statutory requirements. But the H&FW Department directed (March 2007) the DHS-MI to revoke his order of September 2006 against the firm. In response, the DHS-MI proposed (March 2007) that the order might be revoked subject to compliance of the defects pointed out in the inspection report of June 2006 within six months.

⁸ The approval granted to the firm to manufacture tablets and capsules was withdrawn in July 2004

⁹ Assistant Drugs Controller, Central Drugs Standard Control Organisation, GOI, Kolkata.

The H&FW Department, GoM instead of ensuring that the firm complies with the provisions of the Act and ignoring the proposal (March 2007) of the DHS-MI, directed (April 2007) the DHS-MI to revoke its order of September 2006 as procedure prescribed as per the provisions of the Act for ordering the closure of production, such as issue of formal show cause notice prior to issuing the order of stopping the production was not complied with. Accordingly, the DHS-MI on 16 April 2007 revoked its order of September 2006.

Scrutiny of records, further revealed that the firm did not apply for renewal of licence after its expiry in December 2006. The firm without having a valid licence, however, continued to manufacture drugs till October 2012 after which it ceased production on its own due to renovation/construction of its factory.

Despite the firm not being GMP compliant or having a valid licence, the Departmental Purchase Board (DPB) of the H&FW Department in its meetings (July & October 2007) wrongly certified that the firm was provisionally given a certificate of GMP and accordingly accepted the tender of the firm. Between June 2008 and October 2012, the DHS-MI procured drugs worth ₹ 2.50 crore for use in GoM hospitals and health centres from an unlicensed and non GMP compliant firm. Of this, 17 types of drugs worth ₹ 1.26 crore purchased from the firm were not approved by the DPB. Further, out of the drugs purchased, one drug (*Tolu Syrup*) was subsequently tested (May 2010) by the Regional Drugs Testing Laboratory, Guwahati as ‘not of standard quality’ and another drug (*Albendazole Suspension*) was reported by the Ganesh Das Hospital, Shillong as ‘below the standard set by Indian Pharmacopoeia’.

Thus, instead of ensuring compliance with the provisions of Act and Rules, the H&FW Department directed the DHS-MI to allow an unlicensed and non-GMP compliant pharmaceutical firm to continue manufacturing drugs. The H&FW Department/DHS-MI by wrongly certifying the firm as GMP-compliant, irregularly procured drugs worth ₹ 2.50 crore from it for use in GoM hospitals and health centres resulting in extension of undue financial benefit. Such action of the H&FW Department/DHS was not only injudicious but also fraught with risk of affecting the health of the patients visiting the government hospitals and health centres.

The matter was reported to the Government in October 2013; reply had not been received (February 2014).

CHAPTER-II

GENERAL SECTOR

CHAPTER II : GENERAL SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2013 deals with the findings on audit of the State Government units under General Sector.

The names of the major State Government departments and the net budget provisions and expenditure of the State Government under General Sector during the year 2012-13 are given in the table below:

Table 2.1.1

(₹ in crore)

Sl. No.	Name of Department	Budget provision (Original and Supplementary)	Expenditure
1.	Finance	893.49	893.43
2.	Home/Police/Jail	488.85	439.52
3.	Secretariat General Services	55.78	51.71
4.	Assembly Secretariat	56.20	48.08
5.	Election	35.68	33.08
6.	Personnel, including Passport Political and Chief Minister's Secretariat	28.45	26.57
7.	Transport	24.31	15.31
8.	Printing & Stationery	20.89	20.44
9.	Taxation	19.17	14.40
10.	Excise	13.25	11.59
11.	Revenue	18.36	10.93
12.	General Administration	11.71	10.79
	Total	1666.14	1575.85

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

Besides the above, the Central Government had transferred a sizeable amount of funds (approximately ₹ 8.05 crore) directly to the Implementing agencies under the General Sector to different agencies of the State during 2012-13.

2.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. The audits were conducted during 2012-13 involving expenditure of ₹ 141.49 crore (including expenditure pertaining to previous years audited during the year) of the State Government under General Sector. The chapter contains two Compliance Audit Paragraphs.

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

The major observations under General Sector detected in audit during the year 2012-13 are given below.

HOME (PRISONS) DEPARTMENT

2.2 Unfruitful expenditure on construction of two jails

Arbitrary action of the Public Works Department in execution of works for Nongstoin and Nongpoh jails contrary to the State's Financial Rules and exorbitant delay at every stage resulted in an unfruitful expenditure of ₹ 8.40 crore.

The Shillong jail which in addition to East Khasi Hills District, was also catering to the two neighbouring districts (West Khasi Hills and Ri Bhoi). To overcome the problem of overcrowding of Shillong jail, Government of Meghalaya (GoM) acquired land in August 1997 and October 1999 to set up two new jails at Nongstoin, West Khasi Hills and Nongpoh, Ri-Bhoi respectively at a total cost of ₹ 78.28 lakh¹. Under the scheme “Modernisation of Prisons” Ministry of Home Affairs, Government of India (GoI), sanctioned in March 2003 and December 2003, construction of two jails at Nongstoin and Nongpoh respectively. This scheme was launched by GoI in 2002-03 and was operative till 2006-07 (later extended up to 2008-09) and any additional fund required on account of revision of estimate to complete the project beyond the extended period of the scheme was to be borne by the State Government. GoM accorded Administrative Approval² (AA) for construction of both the jails at an estimated cost of ₹ 12.55 crore³. The State Public Works Department (PWD) was to construct both the jails by 2006-07, for which ₹ 12.12 crore was released to the PWD. While conveying the administrative approval for the jail at Nongpoh, the Assistant Chief Engineer (Buildings) (ACE) directed (March 2004) the Executive Engineer (EE), PWD (Buildings), Shillong to submit detailed estimate for technical sanction before actual execution of work and in case of cost escalation, to submit the revised estimate immediately.

Test-check (June and October 2012) of records of the Director General of Prisons and Executive Engineer, PWD Building Division, Shillong revealed that both the jails have not been completed till date (March 2013). The works in Nongstoin and Nongpoh jail have been stalled since December 2009 and March 2010 after a physical progress of 72 per cent and 85 per cent at an expenditure of ₹ 2.80 crore and ₹ 4.82 crore respectively. The balance amount of ₹ 4.50 crore (out of ₹ 12.12 crore released to the PWD) is lying under ‘8443-PW Deposit-III’.

Further scrutiny revealed that in contravention of the mandatory requirement stipulated in Rule 243 of the Meghalaya Financial Rules, 1981 (MFR) that for every work (except petty works) a detailed estimate must be prepared for technical sanction of the competent authority which must be obtained before commencement of construction and ignoring the instructions of the ACE, construction works in both the

¹ Nongstoin: ₹ 11 lakh; Nongpoh: ₹ 67.29 lakh

² Administrative Approval: Nongstoin jail on 16 August, 2004 and Nongpoh jail on 11 March, 2004

³ Nongstoin: ₹ 6.26 crore; Nongpoh: ₹ 6.29 crore.

jails were started before preparation of the detailed estimate and obtaining the same technically sanctioned. In addition, Audit also observed that there were delays at every stage, which are discussed below:-

(A) Nongstoin Jail

The work was split into 20 components. Tenders for different components were invited in three instalments from July 2004 to as late as November 2006 (i.e. after a lapse of 27 months from the issue of AA). The final work orders for only 16 components of work were issued between November 2004 and August 2007 after considerable delays. Final work orders for the remaining four components of work (all related to construction of Security wall/Boundary fencing) were yet to be issued (as of March 2013) due to non-payment of Security Deposit or failure to sign the contract agreement by the selected contractors. However, no action was taken to allot the works to the next eligible contractors. As per final work orders these components of works were scheduled for completion between November 2005 and August 2008. Even after the issue of final work order, some contractors could not commence the work due to non-availability of site/building layout in time by the Division. Meanwhile, the detailed revised estimate was submitted only in January 2006 after a delay of two years from the issue of AA. The total estimated cost of the work increased to ₹ 7.98 crore against the preliminary estimate of ₹ 6.26 crore.

The construction works remained suspended since December 2009 due to non-sanctioning of the detailed/revised estimate. Till then, physical progress of 72 *per cent* was achieved after incurring an expenditure of ₹ 2.80 crore.

Thereafter, the estimates were revised twice, first in February 2010 to ₹ 9.81 crore and the second in July 2012 to ₹ 16.87 crore.

(B) Nongpoh jail

The works for construction of Nongpoh jail was split into 21 components. Tenders for different components were invited in three instalments from June 2004 to November 2006 (i.e. after a lapse of 3 to 32 months from the issue of AA). The final work orders for all the 21 components were issued between November 2004 and January 2010 after considerable delays. As per final work orders, these components of works were scheduled for completion between March 2006 and June 2010. However, like in the case of Nongstoin jail, even after the issue of final work order, some contractors could not commence the work due to non-availability of site/building layout in time by the Division. The construction works remained suspended since March 2010 due to non-sanctioning of the detailed/revised estimate. Till then, physical progress of 85 *per cent* was achieved after incurring an expenditure of ₹ 4.82 crore. Meanwhile, three detailed/revised estimates have been submitted so far; first in November 2007 for ₹ 8.84 crore; second in September 2009 for ₹ 9.06 crore and third in September 2012 for ₹ 10.77 crore.

In both the cases, none of the detailed/revised estimates had been sanctioned by the GoM till date (March 2013).

The Director General of Prisons, Meghalaya stated (June 2013) that due to price escalation, the amount released by Government was not enough for completion of the jails. The EE, Shillong Building Division stated (June 2013) that the delay in completion of the jails was due to non-sanction of revised estimate by GoM. The replies are not acceptable because timely action was not initiated by the executing department to ascertain the actual cost of the jails through preparation of a detailed estimate, which led to further escalation in the cost of the works.

Thus, due to arbitrary action of the PWD to commence works of both Nongstoin and Nongpoh jails without a technically sanctioned detailed estimate in contravention of the MFR and undue delay at every stage resulted in cost escalation. Consequently, these jails remained incomplete even after six years of the scheduled target of 2006-07 rendering the expenditure of ₹ 8.40 crore⁴ unfruitful, besides frustrating the intended objectives. Since the scheme under which the construction of both the jails sanctioned by GoI had been closed in 2008-09, the possibility of completion of these jails in near future is remote, due to resource crunch in the State as the additional cost of ₹ 15.52 crore⁵ has to be borne by the State Government for completion.

The matter was reported to Government in September 2013; reply had not been received (February 2014).

HOME (POLICE) DEPARTMENT

2.3 Idle expenditure on procurement of boots in excess of requirement

Twelve police formations had boots worth ₹ 76.71 lakh in stock in excess of requirement as at the end of March 2013.

The Meghalaya Police Handbook, 1991 lays down that personnel of the rank of constable to havildar/assistant sub-inspector are to be issued a pair of ‘ammunition boots’ (hereinafter referred to as ‘boots’) annually. The Assistant Inspector General of Police (Administration) [AIG] every year places the supply order for boots for the State’s police force.

The prescribed average lifespan of the boots is one year. As such, the entire process of requirement, tendering, purchase and issue to the formations is a cyclical annual event which needs to commence and conclude within a period of 12 months so that all eligible recipients receive fresh pair after lapse of 12 months from the date of previous issue.

⁴ ₹ 7.62 crore being the expenditure incurred on the two jails up to March 2010 plus ₹ 0.78 crore being the cost of acquiring the land for both the jails.

⁵ Latest revised estimated cost: ₹ 27.64 crore – Expenditure so far incurred: ₹ 7.62 crore = ₹ 20.02 crore - ₹ 4.50 crore = ₹ 15.52 crore.

The stocking and issue of boots pertaining to the years 2010-11, 2011-12 and 2012-13 was examined in 12⁶ randomly selected police formations (out of total of 32 formations).

The position of stock, receipt and issue of boots in the 12 formations is given below:

Table 2.3.1

Particulars	2010-11	2011-12	2012-13
Sanctioned Strength of police personnel in the 12 formations eligible to be issued boots	8474	8610	8730
Opening Balance (numbers in pairs)	1235	6093	15318
No. of pairs received by the formations during the year	6920	18319	10590
No. of pairs issued by the formations during the year	1961	7556	8291
No. of pairs transferred to <i>other</i> police formations during the year	100	1538	-
Closing Balance of boots (numbers in pairs)	6093	15318	17617
Approved price per pair of boots	₹ 260	₹ 418	₹ 447

Source: Data furnished by the 12 selected police formations

As can be seen from the above table:

- The stock (closing balance of boots) held by twelve formations had increased during successive years and stood at 17,617 pairs at the close of 2012-13 as compared to 6,093 pairs at the close of 2010-11.
- This was due to the fact that no proper mechanism existed in the office of the AIGP for collection of requirements from the units/formations and placing of supply order for the quantity to be supplied in the units as per requirement and sanctioned strength of the particular units.

Thus, procurement of boots without assessing the actual requirement as well as purchase of new stock despite availability of old stock resulted in accumulation of stock of boots. As of March 2013, 17,617 pairs of boots worth ₹ 76.71 lakh were lying idle. Such accumulation of stock of boots in remaining 20 units/formations not covered in audit cannot be ruled out.

Government stated (November 2013) that the excess quantities would be utilised by distributing to four new districts and new battalions. The reply is not acceptable as the closing stock as of March 2013 was enough to meet two years requirement of the units. Further, the strength of police force would not drastically increase because of formation of four new districts as the personnel already serving would be redistributed among newly formed districts.

⁶ **District Superintendents of Police:** (i) East Khasi Hills (ii) West Khasi Hills (iii) Ri-Bhoi (iv) West Garo Hills; **Police Battalions** (Bn.): (v) 1st MLP Bn. (vi) 2nd MLP Bn. (vii) 3rd MLP Bn. (viii) 4th MLP Bn. (ix) 5th MLP Bn.; **Police Organisations:** (x) Police Training School (xi) Meghalaya Police Radio Organisation (xii) Fire & Emergency Services

CHAPTER-III

ECONOMIC SECTOR

CHAPTER III : ECONOMIC SECTOR

3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2013 deals with the findings on audit of the State Government units under Economic Sector.

The names of the major State Government departments and the net budget provisions and expenditure of the State Government under Economic Sector during the year 2012-13 are given in the table below:

Table 3.1.1

(₹ in crore)

Sl. No.	Name of Department	Budget provisions (Original and Supplementary)	Expenditure
1.	Public Works	623.12	581.62
2.	Agriculture	606.51	326.45
3.	Planning	462.93	105.49
4.	Community & Rural Development	308.75	248.90
5.	Power (Electricity)	296.97	188.79
6.	Forest	159.68	79.58
7.	Agriculture, Animal Husbandry, Veterinary, Industries, Sericulture & Weaving, Mining & Geology	211.61	103.99
8.	Soil & Water Conservation	203.11	80.66
9.	Animal Husbandry & Veterinary	104.56	91.64
10.	Industries	102.85	92.48
11.	Mining & Geology	99.27	97.80
12.	Border Areas Development	85.49	85.76
13.	Fisheries	73.95	71.35
14.	Co-operation	44.83	21.54
Total		3383.63	2176.05

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

Besides the above, the Central Government had transferred a sizeable amount of funds (approximately ₹ 346.22 crore) directly to the Implementing agencies under the Economic Sector to different agencies of the State during 2012-13. The details are given below:

Table 3.1.2

(₹ in crore)

Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Mahatma Gandhi National Rural Employment Guarantee Act	District Rural Development Agencies (DRDAs)	226.11
Integrated Watershed Management Programme	Meghalaya State Watershed and Wasteland Development Agency, Shillong	37.92
Pradhan Mantri Gram Sadak Yojana	State Rural Road Development Agency	50.00
Others	Various agencies	32.18
Total		346.22

Source: Central Plan Scheme Monitoring System of CGA website

3.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of the Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. The audits were conducted during 2012-13 involving expenditure of ₹ 759.45 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Economic Sector. The chapter contains two performance audits on 'Roads & Bridges funded by Non Lapsable Central Pool of Resources and North Eastern Council' and 'Tourism Development Activities' and three Compliance Audit paragraphs.

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

The major observations under Economic Sector detected in audit during the year 2012-13 are discussed in the succeeding paragraphs.

PUBLIC WORKS DEPARTMENT

3.2 Roads & Bridges funded by Non Lapsable Central Pool of Resources and North Eastern Council

Highlights

One of the objectives of the Non-Lapsable Central Pool of Resources (NLCPR) and the North Eastern Council (NEC) was to develop infrastructure, especially construction of Roads and Bridges (R&B). Though the assets created by the NLCPR and the NEC funds have helped the State to bridge the infrastructural gap to some extent, certain aspects like poor planning, ineffective financial management, tardy implementation and lack of proper monitoring and supervision adversely affected the implementation of these projects.

The State Planning Department neither submitted the priority lists in time nor was proper analysis of infrastructural gaps conducted.

(Paragraph 3.2.7.1)

Huge amount of funds lying unutilised with State Finance Department indicates that the PWD did not have effective arrangement to absorb the allotted funds under NLCPR and NEC funded R&B projects.

(Paragraph 3.2.8)

PWD incurred an extra expenditure amounting to ₹ 2.08 crore towards inadmissible items. Certain items of work were executed in excess of the sanctioned provision which resulted in excess expenditure by an amount of ₹ 5.89 crore.

(Paragraphs 3.2.9.5 & 3.2.9.8)

Allocation of same works to more than one contractor led to an avoidable expenditure to the tune of ₹ 1.59 crore. Injudicious decision of the PWD in selecting the stone quarry led to an avoidable expenditure of ₹ 97.90 lakh on haulage.

(Paragraphs 3.2.9.7 & 3.2.10.1)

Funds amounting to ₹ 1.38 crore were diverted from NLCPR and NEC funded R&B projects to other works which fell under Special Plan Assistance and other NEC projects.

(Paragraph 3.2.9.6)

3.2.1 Introduction

The Government of India created a Non-Lapsable Central Pool of Resources (NLCPR) in the Union Budget for the year 1998-99 with a broad objective to ensure speedy development of infrastructure in North Eastern Region (NER) of which Roads and Bridges is of utmost importance specially in case of Meghalaya since the only mode of transportation in the State is roads and is, therefore, the catalyst of all economic and social activities.

The North Eastern Council (NEC) which came into existence in 1972 with the objective to develop infrastructure, especially construction of Roads and Bridges (R&B) in NER, is the regional planning body responsible for scrutinising the R&B projects proposed by the State Government for obtaining approval.

This Performance Audit covers the NLCPR and the NEC funded R&B projects during 2008-09 to 2012-13 in Meghalaya.

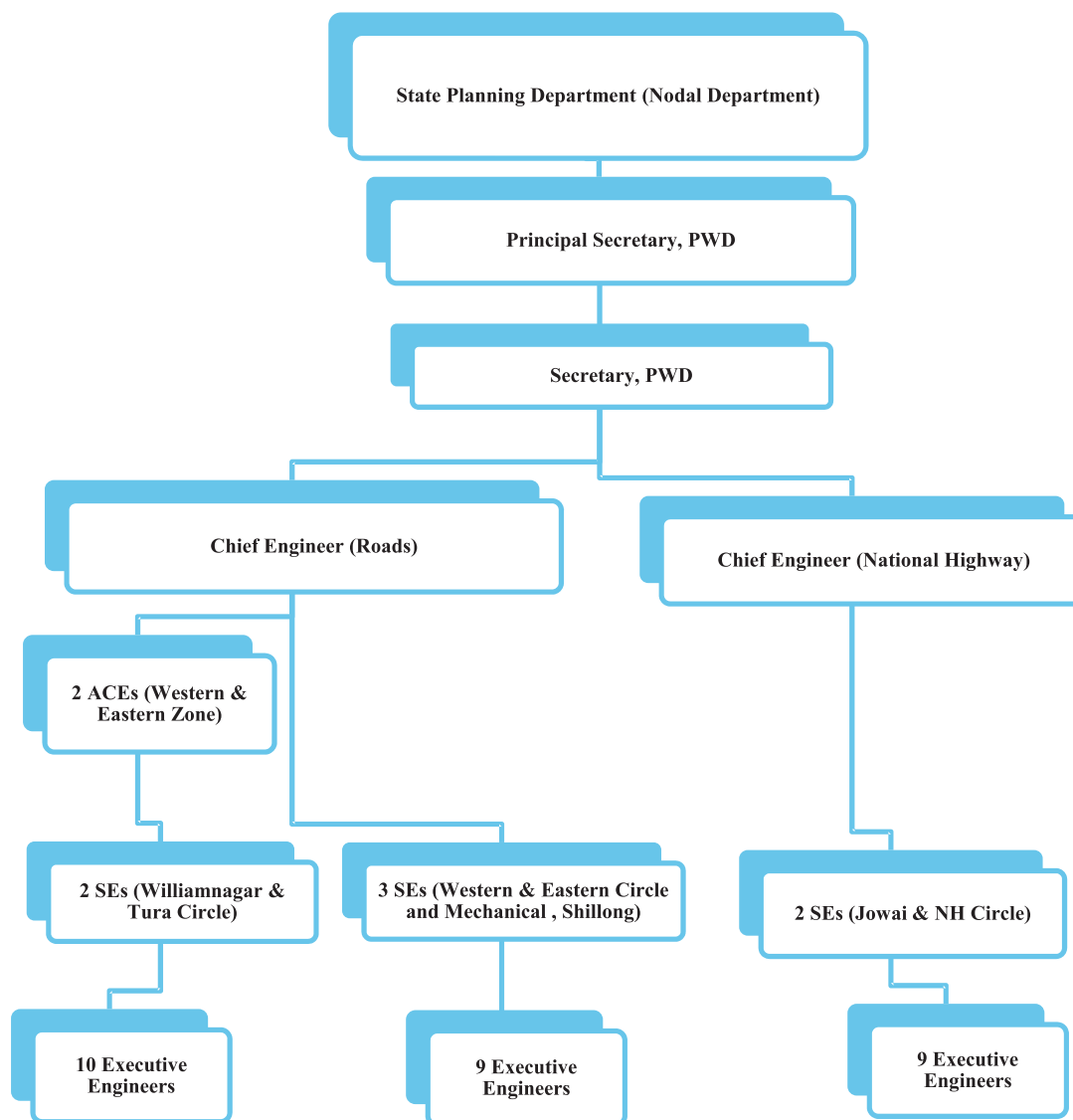
Prior to 2008, a total road length of 1090.568 km had been sanctioned by NLCPR & NEC in Meghalaya which were mostly upgradation/ improvement of existing road. Of this, 672.165 km had been covered up to 2008. Thereafter, during 2008-13, 346 km road length had been sanctioned while the total road length constructed during this period was 260.448 km. Hence, the total incomplete road length at the end of March 2013 was 503.955 km.

3.2.2 Operational Set up

The State Planning Department is the Nodal Department for implementation of NLCPR & NEC funded projects and all R&B projects were executed by State Public Works Department (PWD). The operational set-up for implementation of NLCPR and NEC funded R&B projects is shown below:

Operational Set up of the NLCPR and the NEC funded R&B Projects in Meghalaya

Chart 3.1



ACEs – Additional Chief Engineers, PWD
SEs – Superintending Engineers, PWD

3.2.3 Scope of Audit

Performance review of NLCPR and NEC funded R&B covering the period 2008-09 to 2012-13 was conducted (April-July 2013) through test-check of the records of the CE, PWD (R) and Executive Engineers of 12 divisions¹. Out of 31 NLCPR and 16 NEC funded R&B projects (**Appendix 3.2.1**) under execution during 2008-13, 10 NLCPR and five NEC funded projects (**Appendix 3.2.2**) were selected for detailed check on the basis of probability proportionate to size without replacement method.

3.2.4 Audit Objectives

The objectives of the Performance Audit of the NLCPR and the NEC funded R&B projects were to assess whether:

- the projects were planned appropriately and adequate infrastructural gap analysis was done;
- adequate funds were released in a timely manner and utilised for the given purpose;
- projects were executed efficiently and economically to achieve intended objectives;
- adequate and effective monitoring and evaluation was done; and
- the department took action on the recommendations made by the Public Accounts Committee.

3.2.5 Audit Criteria

The findings were benchmarked against the criteria drawn from the following sources:

- NLCPR Guidelines;
- Detailed Project Reports (DPRs);
- Conditions and norms of release of fund;
- Performance indicators relevant to the NLCPR & the NEC funded R&B projects; and
- Prescribed monitoring mechanism in place.

3.2.6 Audit Methodology

Audit started with an entry conference which was held in May 2013, wherein the audit objectives, criteria and methodology were discussed with the Secretary, PWD, Chief Engineer, Roads [CE (R)], CE, National Highways, officials of Finance and Planning Departments, Government of Meghalaya (GoM) and an official of the NEC. Further, before arriving at audit conclusions, various items like adequacy of funds, utilisation of funds, adherence to project guidelines, execution of various projects, *etc.* were analysed.

¹ Projects were selected using Probability Proportional to Size without Replacement (PPSWOR) method.

Audit findings were discussed with officials of the PWD as well as Finance and Planning Departments and NEC in an exit conference (28th November 2013) and the replies of the Government/Department have been incorporated in the report at appropriate places.

Acknowledgement

Audit acknowledges the co-operation extended by the officials of the PWD to Audit personnel in carrying out this assignment.

Audit Findings

3.2.7 Planning

Audit Objective 1: To assess whether the projects were planned appropriately and adequate infrastructural gap analysis was done.

3.2.7.1 *Delay in submission of priority list and non-analysis of infrastructural gaps*

Paragraph 4.1 of the NLCPR guidelines stipulates that after analysing the infrastructural gaps, each State would propose 'priority list' (an annual profile of projects) latest by 30 November for the next financial year through its nodal department.

Scrutiny of the records revealed that there was considerable delay in submission of priority list by State Planning Department ranging from 22 to 387 days as detailed in the following table.

Table 3.2.1

Year	Submission of Priority list to MoDoNER		
	Stipulated Date	Actual Date	Delay
2008-09	30.11.2007	25.6.2008	208 days
2009-10	30.11.2008	11.8.2009	254 days
2010-11	30.11.2009	26.7.2010	238 days
2011-12	30.11.2010	22.12.2011	387 days
2012-13	30.11.2011	22.12.2011	22 days

Source: Information furnished by State Planning Department, GoM

Paragraph 4.1(i)(c) of the NLCPR guidelines also stipulates that the priority list contains 'gap analysis' of the sectors and justification of the list of projects in fulfilling the gaps.

Further, Paragraph 4.1(v) (a) of the NLCPR guidelines stipulates that the Detailed Project Reports (DPRs) of the retained projects should be submitted to the MoDoNER within two months of retention of projects. It was, however, noticed that in nine out of ten selected NLCPR projects, there was delay in submission of the DPRs by the State Government ranging from three months to three years eight months. Details are shown in Table 3.2.2 below:

Table 3.2.2

Name of Project	Submission of DPRs of retained projects to MoDoNER		
	Month of retention of project	Actual month of sending DPR	Delay
Reconstruction of Bridges on Kherapara to Deku bazar road (Br. No. 2/5, 5/3 & 10/2)	August 2005	November 2008	3 years 1 month
(a) Construction of RCC Bridge over River Daru on Ampati – Purakashia Road. (2 nd Km) to Ampati Village in Meghalaya	July 2004	March 2005	6 months
Improvement including Metalling & Blacktopping of Mukhaialong – Lumshyrmith road (0 to 19 Km)	August 2005	June 2007	1 year 8 months
Improvement, Metalling & Blacktopping of a road from NH-51 to Rongsigre (4.725 Km)	July 2006	June 2007	9 months
Widening of road into double lane in Williamnagar town (8.00 Km) including Metalling & Blacktopping	August 2005	September 2007	1 year 11 months
Improvement including Metalling & Blacktopping of Mawkyrwat – Rangblang Road (12 th to 19 th Km)	August 2005	February 2007	1 year 4 months
Widening to double lane standard including Metalling & Blacktopping of Dkhiah – Sutnga – Saipung – Moulsei – Haflong road (Portion 1 st to 8 th , 17 th & 18 th Km)	February 2010	March 2010	No delay
Improvement, Widening, Strengthening including Metalling & Blacktopping of a road from 9 th Mile of NH-37 Guwahati-Shillong Road to Killing Pilangkata (7 th – 21.50 Km)	October 2008	March 2009	3 months
Construction of Remaining portion of Mawsahew – Nongsteng – Umblai – Mawphu road from 6 th to 13 th km	July 2004	May 2008	3 years 8 months
Construction including Metalling & Blacktopping of Lumshnong – Umlong Road (0 – 8 Km)	June 2005	April 2007	1 year 8 months

Audit also observed that no infrastructural gap analysis was carried out in the State.

The State Planning Department stated (September 2013) that in case of NLCPR, infrastructural gap analysis was done at the level of the Chief Minister before recommending the priority lists. No documentary evidence, however, was produced to Audit.

3.2.8 Financial Management

Audit Objectives 2: To assess whether adequate funds were released in a timely manner and utilised for the given purpose.

The cost of the NLCPR and the NEC funded R&B projects is to be borne by the MoDoNER/ NEC and State Government in the ratio of 90:10. The details of funds (2008-09 to 2012-13) are given below in Tables 3.2.3 & Table 3.2.4:

Table 3.2.3

(₹ in lakh)

NLCPR funded R&B projects								
Year	Opening Balance with State Finance Department	Fund released by MoDoNER	Total fund available	Funds released by State Finance Department to PWD		Total funds released by State Finance Department to PWD	Expenditure incurred	Balance Central Share lying with State Finance Department (per cent) [Column 4 – Column 5]
				Central Share	State Share			
1	2	3	4	5	6	7	8	9
2008-09	874.39	2093.63	2968.02	2838.36	282.07	3120.43	2914.89	129.66 (4)
2009-10	129.66	2934.27	3063.93	2533.93	470.34	3004.27	2957.58	530.00 (17)
2010-11	530.00	3506.55	4036.55	2897.37	200.07	3097.44	3103.96	1139.18 (28)
2011-12	1139.18	2750.67	3889.85	2496.17	361.52	2857.69	2839.68	1393.68 (36)
2012-13	1393.68	1519.48	2913.16	1954.75	280.44	2235.19	2231.65	958.41 (33)
Total		12804.60	16871.51			14315.02	14047.76	

Source: Information furnished by CE(R), PWD

During 2008-13, Audit observed that the total NLCPR fund available with the State Government was ₹ 168.72 crore of which an amount of ₹ 143.15 crore was released to the implementing Divisions. The total central share lying with the State Finance Department at the end of each year ranged between 4 per cent and 36 per cent.

Table 3.2.4

(₹ in lakh)

NEC funded R&B projects						
Year	Opening Balance with State Finance Department	Fund released by the NEC	Total fund available (inclusive of 10 per cent State Share)	Funds released by State Finance Department to PWD	Expenditure incurred	Total Unspent Balance (per cent) [Column 4 -6]
1	2	3	4	5	6	7
2008-09	1556.00	2900.00	4778.22	3738.42	3713.88	1064.34 (22)
2009-10	1064.34	3686.14	5160.05	2618.52	2611.68	2548.37 (49)
2010-11	2548.37	5504.10	8664.04	3846.80	3846.35	4817.69 (56)
2011-12	4817.69	3500.00	8706.58	5736.81	5736.01	2970.57 (34)
2012-13	2970.57	5000.00	8526.13	7567.62	7566.41	959.72 (11)
Total		20590.24	35835.02	23508.17	23474.33	

Source : Information furnished by CE (R), PWD

As can be seen from the above table that the total NEC fund available with the State Government was ₹ 358.35 crore of which an amount of ₹ 235.08 crore was released to the implementing Divisions. The unutilised funds with the State Government at the end of each year ranged between 11 per cent and 56 per cent.

It was noticed during Audit that in each year, total funds released by the MoDoNER and the NEC to the State Finance Department were not fully released to the concerned divisions subsequently. On being pointed in Audit, the CE (R) stated (August 2013) that the reason for less release of both NLCPR and NEC funds to the PWD by the State Finance Department was due to less demand of funds placed by the PWD. In a

nutshell, lack of institutional capacity of the PWD resulted in failure to absorb the funds which was bound to have an impact on timely execution of the project.

3.2.9 Project Implementation

Audit Objective 3: To assess whether projects were executed efficiently and economically to achieve intended objectives.

3.2.9.1 Issue of final work orders

As per the administrative approval accorded by the MoDoNER and the NEC, GoM was to ensure that the works should be awarded within 3 months from the date of sanction.

Audit, however, noticed that out of 15 selected projects, only in one case there was no delay in awarding the work. Delays ranging from one to three months were observed in five cases while delays ranged from three to six months in seven cases. In the remaining two cases delay was seven and eight months respectively.

Delay in issue of final work orders resulted in delay in commencement of work which would at times have a cascading effect on the completion of works in time as discussed in the succeeding paragraphs. Reasons for such delay, though called for (January 2014) had not been furnished.

3.2.9.2 Delay in completion of ongoing projects

Out of 15 selected R&B projects, eight had been completed while seven R&B projects were still ongoing (March 2013). Audit observed that out of seven ongoing R&B projects, four were due for completion by March 2013 but were still in progress till the date of audit (July 2013). The details of delay in four ongoing R&B projects are shown in Table 3.2.5 below:

Table 3.2.5

Sl No	Name of Project	Name of Implementing Divisions	Stipulated ² date of completion	Physical Progress as on March 2013 (Per cent)	Financial Progress as on March 2013 (Per cent)	Delay as on 31.3.2013
NLCPR funded R&B projects						
1	Reconstruction of Bridges on Kherapara to Deku bazar road (Br. No. 2/5, 5/3 & 10/2)	Tura NH cum Central Division	January 2013	70	40	2 months
2	Construction of Remaining portion of Mawsahew - Nongsteng - Umblai - Mawphu road from 6 th to 13 th Km	Sohra Division	October 2010	40	37	2 years 5 months

² The target date of completion of NLCPR projects were taken from the respective administrative approvals whereas target dates of completion of NEC projects were not indicated in administrative approvals, hence, taken from final work orders.

SI No	Name of Project	Name of Implementing Divisions	Stipulated ² date of completion	Physical Progress as on March 2013 (Per cent)	Financial Progress as on March 2013 (Per cent)	Delay as on 31.3.2013
NEC funded R&B projects						
3	Upgradation of Agia - Medhipara - Phulbari - Tura Road (0 - 73 Km)	Tura NEC Division	February 2013	63	61	1 month
4	Upgradation of Mankachar - Mahendraganj Road (6.30 - 29.261 Km)	Barengapara Division	February 2012	69	53	1 year 1 month

As can be seen from the above table-

- In case of serial number one and three, even though the target date of completion had already lapsed, the actual physical progress was only 70 *per cent* and 63 *per cent* respectively.

The respective EEs attributed (July 2013) the delay to prolonged rainy season and law and order problem. Reply is not acceptable as rain is an annual phenomenon that would have been considered while framing the time frame for completion of the projects.

- In case of serial number two, though the target date of completion had already lapsed by two years five months, the actual physical progress was only 40 *per cent*.

In reply, the EE stated (May 2013) that it was due to damage of a portion of the road caused by land slide (July 2012). The reply is not acceptable as the work should have been completed by August 2010 as per the administrative approval, much before the land slide occurred.

- In case of serial number four, the target date of completion had already lapsed by 1 year 1 month whereas the actual physical progress was only 69 *per cent*.

Scrutiny of records revealed that the reason for delay was due to non-acquisition of land. Thus, the decision of PWD to obtain approval and sanction of the project prior to acquisition of land indicated lack of proper planning.

3.2.9.3 Delay in five completed projects

Out of eight completed R&B projects, three were completed in time while five R&B projects were completed after a delay ranging from one to five years. The details of delay in five completed projects are shown in Table 3.2.6 below:

Table 3.2.6

Sl No	Name of Project	Name of Implementing Divisions	Stipulated ³ date of completion	Actual date of completion	Delay
NLCPR funded R&B projects					
1.	Construction of RCC Bridge over River Daru on Ampati - Purakashia Road (2 nd Km) to Ampati Village in Meghalaya	Ampati Division	December 2007	March 2013	5 years 3 months
2.	Improvement, Metalling & Blacktopping of a road from NH-51 to Rongsigre (4.725 Km)	Tura North Division	December 2009	December 2011	2 years 1 month
3.	Widening of road into double lane in Williamnagar town (8.00 Km) including Metalling & Blacktopping	Williamnagar Division	March 2011	September 2012	1 year 6 months
4.	Improvement including Metalling & Blacktopping of Mawkyrwat - Rangblang Road (12 th to 19 th Km)	Mawkyrwat Division	September 2010	March 2012	1 year 6 months
NEC funded R&B projects					
5.	Construction of Agia - Medhipara - Phulbari - Tura Road (73 - 133 Km)	Tura NEC Division	July 2008	March 2012	3 years 8 months

Source : Administrative Approvals, Quarterly Progress Reports, Completion Reports

- In case of serial number one, scrutiny of records revealed that as per administrative approval accorded in December 2005, the target date of completion was December 2007. The final work order was issued on August 2006. But after completing 65 *per cent* of the work, the contractor expired (July 2010). Subsequently, only in January 2012, after a lapse of one year six months from the date of demise of the contractor, the PWD decided to take up the work departmentally. The work was completed in March 2013 *i.e.* after a lapse of five years three months from the stipulated target date. Thus, delay in issue of final work order as well as slow progress of work and finally delayed decision of the PWD to take up the work departmentally led to delay in completion of the project.
- In case of serial number two and four, it was noticed that the delay in completion of the project was more than two years and one year respectively. In reply to audit query, the EE stated (June/ July 2013) that delay was due to rainy season, encountering huge rocks and unavailability of chips. Reply on the ground of rainy season is not tenable as rain is an annual phenomenon which should have been anticipated while considering the time frame. The other reasons such as encountering hard rocks and availability of chips indicated lack of proper survey and poor planning by the PWD.
- In case of serial number three, the delay in completion of the project was one year six months. Reply of the EE is awaited, though asked for.

³ The target date of completion of NLCPR projects were taken from the respective administrative approvals whereas target dates of completion of NEC projects were not indicated in administrative approvals, hence, taken from final work orders.

- In case of serial number five, the delay in completion of the project was more than three years. The EE stated (July 2013) that delay was due to sudden demise (July 2010) of a contractor. The reply is not tenable since the progress of the project was very dismal and not at all satisfactory even prior to the demise of the contractor as evident from the report of CE (R) (April 2009). In spite of this, the PWD did not initiate any action against the contractor for delay in completion of project.

During exit conference, the CE (PWD) stated that the delay in completion of projects was due to less working season compared to other region. The reply was an afterthought to cover up the lapse because working season is a well known phenomenon and could have been considered while stipulating the date of completion of the projects.

3.2.9.4 Irregular Expenditure on staff component

Para 4.1 of the NLCPR guidelines stipulates that no staff component - either work charge or regular – shall be created by the project implementing authorities from NLCPR funds. All such requirements should be met from the redeployment of surplus manpower within the PWD. Similarly, in case of NEC, all the R&B projects were sanctioned without keeping any provision for the staff component.

Audit noticed that three out of 15 selected R&B projects incurred a total expenditure of ₹ 39.43 lakh towards staff component like work charge and muster roll wages and agency charges which was in contravention to the prescribed norms. Details are shown in Table 3.2.7.

Table 3.2.7

(₹ in lakh)

Sl No	Name of project	Funded by	Concerned Division	Item	Amount
NLCPR funded R&B projects					
1	Reconstruction of Bridges on Kherapara to Deku bazar road (Br. No. 2/5, 5/3 & 10/2)	NLCPR	Tura NH cum Central	Muster Roll Wages	13.66
				Work Charge	3.44
2	Construction of Remaining portion of Mawsahew - Nongsteng - Umblai - Mawphu road from 6 th to 13 th km	NLCPR	Sohra	Work Charge	4.25
				Agency Charge	4.82
NEC funded R&B projects					
3	Upgradation of Agia - Medhipara - Phulbari - Tura Road (0 - 73 Km)	NEC	Tura NEC	Muster Roll Wages	13.26
	Total				39.43

Source: Divisional Day Books, Vouchers

During exit conference, the CE (PWD) stated that the reasons for expenditure towards staff component will follow after examination. Repair was necessary to ensure flow of traffic even during construction of road. The reply is not acceptable because such action was contrary to NLCPR guidelines.

3.2.9.5 Inadmissible expenditure towards repair and maintenance

As per the sanctioned estimates of all the 15 selected R&B projects, there was no provision towards repair and maintenance works.

Audit, however, noticed that in six out of 15 selected projects, ₹ 2.08 crore was expended towards repair and maintenance for which there was no provision in the sanctioned estimates. Details are shown in Table 3.2.8 below:

Table 3.2.8

(₹ in lakh)

Diversion of fund towards repair & maintenance					
Sl No	Name of project	Concerned Division	Period during which repair work was done	Items of work	Amount
NLCPR funded R&B projects					
1	Construction of Remaining portion of Mawsahew - Nongsteng - Umblai - Mawphu road from 6 th to 13 th Km	Sohra Division	March 2013	Slip Clearance	17.40
2	Improvement including Metalling & Blacktopping of Mawkyrwat - Rangblang Road (12 th to 19 th Km)	Mawkyrwat Division	June 2008 – June 2011	Slip Clearance	12.55
3	Widening of road into double lane in Williamnagar town (8.00 Km) including Metalling & Blacktopping	Williamnagar Division	March 2009	Repair of damaged footpath	5.50
4	Improvement, Widening, Strengthening including Metalling & Blacktopping of a road from 9th Mile of NH-37 Guwahati-Shillong Road to Killing Pilangkata (7 th – 21.50 Km)	Nongpoh Division	September 2012 – December 2012	Palasiding & Clearance of landslips	3.72
NEC funded R&B projects					
5	Upgradation of Mankachar - Mahendraganj Road (6.30 - 29.261 Km)	Barengapara Division	March 2012 – August 2012	Side berm lowering	8.99
6	Improvement & Upgradation of Mairang - Ranigodown - Azra Road (25 - 106 Km)	Nongpoh Division	September 2011 – September 2012	Repairing of damaged pavement, wing wall, retaining wall etc	65.53
		Nongpoh Division	June 2012 – September 2012	Slip Clearance	3.75
		Mairang Division	June 2011 – March 2013	Slip/ Site Clearance, repair of damaged shoulders, pavement & pot holes	90.37
	Total				207.81

Source : Divisional Day Books, Works Register, Vouchers

In reply to audit query, the EEs of the respective Divisions stated (August 2013) that due to shortage of funds for repair and maintenance works, the same had to be met from the NLCPR and the NEC funds. The CE (R) stated that repair of ongoing projects is necessary to ensure flow of traffic even during construction of road. However, since repair and maintenance was not allowed, the same had to be met from savings.

3.2.9.6 Diversion of fund

As per the administrative approval accorded by MoDoNER, ‘funds should be utilised strictly for the purpose for which they were sanctioned’ and there should not be any diversion of funds (There is no specific guidelines in case of NEC funded R&B projects).

In one of the 15 selected R&B projects, funds amounting to ₹ 1.38 crore were diverted to works which fell under Special Plan Assistance and other NEC projects as shown in table 3.2.9 below:

Table 3.2.9

(₹ in lakh)

Sl. No.	Name of projects from where the amount was diverted	Name of works where the expenditure was incurred	Amount booked	Concerned Division
NEC funded projects				
1	Upgradation of Agia - Medhipara - Phulbari - Tura Road (0 - 73 Km) [Phase II]	Construction of Agia - Medhipara - Phulbari - Tura Road (73 - 133 Km) [Phase I]	47.91	Tura NEC Division
		Works under Special Plan Assistance	44.99	
		Repair of Agia - Medipara - Phulbari - Tura Road (73-133 km)	45.08	
	Total		137.98	

Source : Divisional Works Register, Day Books, Vouchers

The EE stated (July 2013) that due to paucity of funds under the Special Plan Assistance and other NEC projects, the same were met from the NLCPR and the NEC funded R&B projects. The reply was not only contrary to the administrative approval but also adversely affected the projects from which funds were diverted.

During the exit conference, the CE (R) stated that diversions were only temporary measures. He further added that the matter would be looked into and reply would follow.

3.2.9.7 Allocation of same work to more than one contractor

In six out of 15 selected R&B projects, Audit noticed that certain items of work such as earthwork, construction of embankments were got executed by several contractors other than the contractors to whom the work relating to the project was awarded after due process. The same items of work were also executed by the main contractors as a part of the project. Thus, for same item of work, payment was made twice to different contractors. Details are shown in Table 3.2.10.

Table 3.2.10

(₹ in lakh)

Sl. No	Name of project	Items of work	Concerned Division	Amount
NLCPR funded R&B projects				
1.	Improvement including Metalling & Blacktopping of Mukhaialong - Lumshyrmit road (0 to 19 Km)	Earthwork, compacting stone aggregate <i>etc</i>	Jowai NEC Division	11.26
2.	Widening to double lane standard including Metalling & Blacktopping of Dkhiah - Sutnga - Saipung - Moulsei - Haflong road (Portion 1 st to 8 th , 17 th & 18 th Km)	Earthwork, drainage, laying & spreading of stone aggregates GSB, Loading, unloading & haulage	Jowai NEC Division	15.15
3.	Improvement, Metalling & Blacktopping of a road from NH-51 to Rongsigre (4.725 Km)	Construction of embankment with materials obtained from borrow pit	Tura North Division	5.99
4.	Improvement, Widening, Strengthening including Metalling & Blacktopping of a road from 9 th Mile of NH-37 Guwahati-Shillong Road to Killing Pilangkata (7 th – 21.50 Km)	Construction of GSB by providing close graded materials	Nongpoh Division	3.82
NEC funded R&B projects				
5.	Upgradation of Mankachar - Mahendraganj Road (6.30 - 29.261 Km)	Earthwork in excavation and Construction of embankment at 17 th & 19 th km of MM road	Barengapara Division	10.52
6.	Improvement & Upgradation of Mairang - Ranigodown - Azra Road (25 - 106 Km)	Earthwork, construction of Retaining Wall, Return Wall, stone masonry drain cum footpath.	Mairang Division	112.27
Total				159.01

Source: Divisional Works Register, Day Books, Vouchers

In reply to audit query, the EEs (except EE, Jowai NEC) stated that due to rainfall and site condition, the above repair works became necessary. The reply is not tenable since the onus to complete the work lies with the specific contractors to whom the project was originally awarded. Hence, the amount paid to other contractors stands adjustable from the main contractors' bills.

3.2.9.8 Lack of proper survey, planning etc. led to excess expenditure over the sanctioned provision

In 10 out of 15 selected R&B projects, it was noticed that certain items of work like earthwork, random rubble masonry *etc* were executed in excess of the sanctioned provision which resulted in excess expenditure of ₹ 5.89 crore. The details are shown in Table 3.2.11 below:

Table 3.2.11

(₹ in lakh)

Sl. No	Name of project	Items of work executed in excess of estimated provision	Concerned Division	Original Amount in Estimate	Actual Expenditure	Excess Expenditure
NLCPR funded R&B projects						
1.	Improvement including Metalling & Blacktopping of Mukhaialong - Lumshyrmit road (0 to 19 Km)	Random Rubble masonry 1:3 (Retaining wall)	Jowai NEC Division	153.86	230.57	76.71
2.	Widening to double lane standard including Metalling & Blacktopping of Dkhiah - Sutnga - Saipung - Moulsei - Haflong road (Portion 1 st to 8 th , 17 th & 18 th Km)	Random Rubble masonry 1:3 (Retaining wall)	Jowai NEC Division	257.00	315.51	58.51
3.	Construction of Remaining portion of Mawsahew - Nongsteng - Umblai - Mawphu road from 6 th to 13 th Km	Earthwork	Sohra Division	64.58	86.78	22.20
4.	Improvement including Metalling & Blacktopping of Mawkyrwat - Rangblang Road (12 th to 19 th Km)	Premix Carpeting, Seal coat & tack coat	Mawkyrwat Division	26.18	31.90	5.72
5.	(a) Construction of RCC Bridge over River Daru on Ampati - Purakashia Road. (2 nd Km) to Ampati Village in Meghalaya	Excavation of substructure (3m-6m); Plain RCC in well foundation (i) Bottom Plug M20 Grade (ii) Top Plug M15 Grade Supply, fitting and placing HYSD bar	Ampati Division	13.28	22.95	9.67
6.	Improvement, Metalling & Blacktopping of a road from NH-51 to Rongsigre (4.725 Km)	Earthwork in Construction of embankment.	Tura North Division	13.85	51.13	37.28
7.	Reconstruction of Bridges on Kherapara to Deku bazar road (Br. No. 2/5, 5/3 & 10/2)	Labour for driving by monkey pile driver, supply & fitting of 1st class sal wood, RCC in well foundation.	Tura NH cum Central Division	15.69	21.07	5.38
NEC funded R&B projects						
8.	Construction of Agia - Medhipara - Phulbari - Tura Road (73 - 133 Km)	Prime coat, tack coat, premix carpeting, seal coat	Tura NEC Divisions	65.07	83.27	18.20
9.	Improvement of Jowai - Nartiang - Khanduli Road (6 th to 60 th Km)	Earthwork	Jowai North Division	200.85	241.29	40.44
10.	Improvement & Upgradation of Mairang - Ranigodown - Azra Road (25 - 106 Km)	Earthwork	Mairang Division	826.12	1140.95	314.83
Total						588.94

Source : DPRs, Running Bills/Vouchers, Deviation Statements

- In case of serial number one and two, the reason for excess was due to increase in length and height of retaining wall. This clearly indicated that proper survey was not conducted.
- In case of serial number three, the EE while admitting the fact stated (July 2013) that excess was due to site condition.
- In case of serial number four, the EE stated that excess was due to extra works on curves of the road. The reply is not tenable since for curves of the road, five *per cent* excess provision was already kept in the sanctioned estimates.
- In case of serial number five, while admitting the fact, the EE stated that excess was due to site condition. For this, he had already prepared a deviation statement which, however, was yet to be approved by the higher authority (July 2013).
- In case of serial number six and seven, the EEs stated that excess was due to change of road alignment and site condition. This indicated that proper survey was not conducted.
- In case of serial number eight, the EE stated that due to oversight, certain items of work like widening and super elevation of road surface were not included in the sanctioned estimate. This is indicative of improper planning.
- In case of serial number nine, the EE stated that increase in volume of earthwork was due to increase in width of road. There were no records to indicate that approval of the competent authority was obtained before widening the road.
- In case of serial number 10, the EE stated that excess was due to huge cutting in uphill side. The reply is not tenable since during physical verification, it was found that excess in earthwork was not due to huge cutting in uphill side but due to widening of road in certain stretches which ranged between 14.2 metres and 16.4 metres instead of 7.5 metres provided in the sanctioned estimate.

It was further observed from some of the completed schemes that by executing excess quantity of certain items, compromise was made with quantity/specification of other items.

3.2.9.9 Expenditure beyond scope of estimate

In three out of 15 selected R&B projects, it was seen that certain items of work like regrading of road, cost of service connection *etc.* were taken up without being included in sanctioned estimates which resulted in excess expenditure of ₹ 59.91 lakh. Details are shown in Table 3.2.12 below:

Table 3.2.12

(₹ in lakh)				
Sl No	Name of project	Items	Concerned Division	Amount
NLCPR funded R&B projects				
1.	Improvement including Metalling & Blacktopping of Mawkyrwat - Rangblang Road (12 th to 19 th Km)	Regrading of Road, construction of slab drain, cutting of blind curve	Mawkyrwat Division	25.01
NEC funded R&B projects				
2.	Upgradation of Mankachar - Mahendraganj Road (6.30 - 29.261 Km)	Cost of Service Connection by MeECL to the office of SDO Mahendraganj	Barengapara Division	7.93
3.	Improvement & Upgradation of Mairang - Ranigodown - Azra Road (25 - 106 Km)	Repair of Bridge No 57/1	Mairang Division	11.11
		Construction of Traffic Islands & parking place for materials	Mairang Division	15.86
	Total			59.91

Source : DPRs, Running Bills/ Vouchers

- In case of serial number one, the EE stated that due to site requirement, the additional works had to be executed even though it was not covered by the sanctioned estimate.
- In case of serial number two, no specific replies were received, though called for.
- In case of serial number three, the EE stated that repair of the bridge was considered necessary because of its dilapidated condition and considering the fact that this bridge is the only link between West Khasi Hills and Ri Bhoi Districtw. However, since no repair and maintenance fund was received, the same had to be met from NEC fund.

The replies of the EEs were indicative of improper planning by the Department.

3.2.10 Irregularities noticed in individual projects

3.2.10.1 Improvement & Upgradation of Mairang - Ranigodown - Azra Road (25 - 106 Km)

➤ Avoidable expenditure on haulage

A stone quarry located at 11th km of Mawngap-Mairang-Ranigodown Road was approved for the entire stretch of project 'Improvement & Upgradation of Mairang - Ranigodown - Azra Road (25 - 106 Km)'. The stretch from 92-106 km was to be executed by Nongpoh Division. Scrutiny of the records revealed that another quarry at 5th km of Umling Patharkmah road, which was also an approved quarry was nearer to the stretch of road executed by Nongpoh Division. Had the Department selected the nearer quarry extra expenditure on haulage could have been avoided.

Thus, the injudicious decision of the PWD in selecting the stone quarry led to an avoidable expenditure of ₹ 97.90 lakh on haulage.

In reply to audit query, the EE, Nongpoh Division, stated (August 2013) that payment on haulage made to contractor was as per approved estimated rate. The reply of the EE is not tenable since the EE failed to justify why the PWD did not select the nearer stone quarry.

During exit conference, the CE (PWD) stated that the matter would be looked into.

3.2.10.2 Widening to double lane standard including Metalling & Blacktopping of Dkhiah - Sutnga - Saipung - Moulsei - Haflong road (Portion 1st to 8th, 17th & 18th Km)

➤ ***Incorrect reporting about the complete works***

In November 2010, the MoDoNER sanctioned the NLCPR funded R&B project “Widening to double lane standard including Metalling & Blacktopping of Dkhiah - Sutnga - Saipung - Moulsei - Haflong road (Portion 1st to 8th, 17th & 18th Km)” at an estimated cost of ₹ 15.78 crore.

The project was completed on March 2013 at a total cost of ₹ 15.77⁴ crore. Scrutiny of records of NEC Division, Jowai revealed that the contractor was paid for the full quantity of CC work *etc.* required for the coverage of entire length of 3854 RM whereas the physical verification (December 2013) of the scheme revealed that total length actually executed was 2403 RM. It was also noticed that in the Quarterly Progress Report for the quarter ending March 2013, the quantity executed was shown as 3644 RM.

Thus, this was not only misreporting by the department but also led to excess payment of ₹ 58.63⁵ lakh to the contractor.

3.2 10.3 Widening of road into double lane in Williamnagar town (8.00 Km) including Metalling & Blacktopping

➤ ***Arithmetical error leading to approval of deflated estimate***

In March 2008, the MoDoNER sanctioned the NLCPR funded R&B project “Widening of road into double lane in Williamnagar town (8.00 Km) including Metalling & Blacktopping ” at an estimated cost of ₹ 15.13 crore. The work was awarded (October 2008) to two contractors namely Shri Jamesly A. Sangma and M/S Marle Construction.

As per the sanctioned estimate, under the item ‘Open Graded Premix Carpeting’ the total area to be covered was 55674.39 square meter (sqm) at the rate of ₹ 118 per sqm. To cover this area, the quantity of stone required was estimated to 1503.21 cubic meter (cum).

Scrutiny of the sanctioned estimate revealed that while computing the amount required for the above item, the quantity of stone required was erroneously taken as area instead

⁴ Total amount paid up to March 2013 is ₹12.62 crore with committed liability of ₹ 3.15 crore.

⁵ ₹1,55,73,629.00 (cost of 3854 Rm) ÷ 3854 Rm = 4040.90 x (3854 Rm – 2403 Rm) 1451 Rm = ₹ 58.63 lakh.

of the actual area of 55674.39 sqm. This led to less projection of the amount than what was actually required to the tune of ₹ 63.92 lakh as shown in the table below:

Table 3.2.13

(Amount in ₹)

Item	Rate as per SOR	Actual Quantity as per sanctioned estimate (sqm)	Actual Amount (to be included in sanctioned estimate) [2 X 3]	Wrong Quantity computed while working out the amount in sanctioned estimate [cum]	Wrong Amount included in the sanctioned estimate [2 X 5]	Difference in Amount
1	2	3	4	5	6	7
Open Graded Premix Carpeting	118	55674.39	65,69,578	1503.21	1,77,379	63,92,199

Source : DPR, Running/ Final Bills & Vouchers

Even though the estimate was passed through different levels for scrutiny before approval, the error was not detected which resulted in approval of lesser amount by ₹ 63.92 lakh.

The EE, Williamnagar Division while admitting the error stated (August 2013) that the deficit amount would be met from the overall savings of the scheme.

➤ *Undue favour to contractors*

The sanctioned estimate contained provision for construction of 33 culverts involving 370 RM of hume pipes. In March 2009, the EE, Williamnagar Division procured the 350 RM hume pipes at a total cost of ₹ 26.46 lakh of which 140 RM was issued to M/S Marle Construction and 180 RM to Shri Jamesly A. Sangma. The remaining 30 RM was lying with the Division till March 2013.

It was seen that an amount of ₹ 10.58 lakh being the cost of 140 RM hume pipes issued to M/S Marle Construction was not deducted from his running account bills. Similarly, out of 180 RM of hume pipes issued to Shri Jamesly A. Sangma, recovery of cost of 20 RM only was effected from the running account bill of the contractor leaving an unrecovered amount of ₹ 12.10 lakh being the cost of 160 RM of hume pipes issued to him.

In reply, the EE, Williamnagar Division, stated (August 2013) that the work was ongoing and all necessary recoveries would be made from the final bill. The reply is not tenable since the EE had already cleared the final bill of one contractor *i.e.* Shri Jamesly A. Sangma. Thus, the action of the EE led to undue favour to the contractors to the tune of ₹ 22.68⁶ lakh.

⁶ ₹ 22.68 lakh is total of ₹ 10.58 lakh to be recovered from M/S Marle Construction and ₹ 12.10 lakh to be recovered from Shri Jamesly A. Sangma.

3.2.10.4 Construction of Remaining portion of Mawsahew - Nongsteng - Umblai - Mawphu road from 6th to 13th Km

➤ Irregular expenditure

In September 2008, the MoDoNER sanctioned the NLCPR funded R&B project “Construction of Remaining portion of Mawsahew - Nongsteng - Umblai - Mawphu road from 6th to 13th Km” at an estimated cost of ₹ 9.54 crore.

Due to landslide (July 2012), a portion of the road was washed away. Consequently, the EE, Sohra Division submitted (March 2013) an additional working estimate⁷ amounting to ₹ 1.05 crore to the higher authority which was awaiting approval till the date of audit (July 2013).

It was however noticed that the EE, Sohra Division spent an amount of ₹ 26.64 lakh in the affected portion without approval of the competent authority.

During exit conference, the CE (PWD) stated that the matter would be investigated and result intimated to Audit. Further development was awaited (January 2014).

3.2.11 Quality Control

DPRs of the projects implemented under NLCPR and NEC stipulates execution of these projects in accordance with the standards prescribed in Specification for Road and Bridge Works published by Indian Road Congress (IRC). As per IRC specifications, all materials should be subjected to an acceptance test prior to their immediate use. Independent testing of cement for every consignment should be done by the contractor at site in the laboratory approved by the Department before use. The contractor should furnish test certificates from the manufacturers/ suppliers of materials along with each batch of material delivered to site. Testing of all materials should be carried out by the Engineer or his representative for which the contractor should make all the necessary arrangements and bear the entire cost.

Test check of all the 15 selected R&B projects revealed the following:

- in all the 15 selected R&B projects, acceptance test of materials prior to their usage was not found on record;
- in nine R&B projects, site laboratories were not set up;
- in all the 15 R&B projects, test certificates of cement and bitumen arranged by the contractors were not found on record;
- in 5⁸ R&B projects, quality test of stone metals was not done.

⁷ A working estimate is prepared when there is a deviation from the provisions of the original sanctioned estimate in specifications which may arise as per site condition. However, the expenditure for the working estimate should be within the overall sanction or administrative approval.

⁸ (i) Improvement including Metalling & Blacktopping of Mukhaialong - Lumshyrmit road (0 to 19 Km) (ii) Improvement, Metalling & Blacktopping of a road from NH-51 to Rongsigre (4.725 Km) (iii) Widening to double lane standard including Metalling & Blacktopping of Dkhiah - Sutnga - Saipung - Moulsei - Haflong road (Portion 1st to 8th, 17th & 18th Km) (iv) Construction including Metalling & Black topping of Lumshnong - Umlong Road (0 - 8 Km) and (v) Widening of road into double lane in Williamnagar town (8.00 Km) including Metalling & Blacktopping.

Thus, the PWD failed to ensure the quality of roads and bridges constructed out of the NLCPR and the NEC funds. Consequently, the quality of the NLCPR and NEC projects executed in the State remained uncertain.

3.2.12 Monitoring and Evaluation

Audit Objective 4: To assess whether adequate and effective monitoring and evaluation was done.

Monitoring and evaluation is a critical exercise to correlate the construction works with the expenditure incurred and to ensure that the objectives of the projects were achieved in time. It was, however, noticed that monitoring was done mainly through quarterly progress reports submitted by the Executing Divisions and no other measures were initiated by the State Planning Department and PWD. Failure of the State Planning Department and the PWD to streamline and monitor was evident from the fact that inspection of NLCPR as well as NEC funded R&B projects by the State Planning Department were neither carried out nor was any evaluation/impact studies conducted. Moreover, unlike the NLCPR, the NEC does not have any guidelines stipulating the required monitoring mechanism.

During exit conference, the CE (PWD) admitted the fact and stated that separate monitoring and evaluation cell should be set up by the PWD.

3.2.13 Follow up action of the State Government on the audit observations pointed out by the CAG of India in the previous audit reports

Audit objective 5: To assess whether the Department took action on the recommendations made by the Public Accounts Committee.

A performance review on “Implementation of North Eastern Council Funded Roads and Bridges” featured in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006, Government of Meghalaya. Another performance review on “Non Lapsable Central Pool of Resources” featured in the Report for the year ended 31 March 2009 which *inter alia* included Roads and Bridges sector. Both the Performance Reviews have not been taken up for detailed examination by the Public Accounts Committee (PAC) even though the reports were placed before the Legislative Assembly on 19 April 2007 and 19 March 2010 respectively.

To ensure accountability of the executive on the issues contained in various Audit Reports, PAC of Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presentation of the Audit Reports to the State Legislature.

Till date (August 2013) *suo motu* explanatory notes to the concerned paras have not been received. As such, acceptance or otherwise of recommendations included in these paras could not be ascertained.

3.2.14 Conclusion

Though construction of roads & bridges funded by the NLCPR and the NEC has brought about some improvement in the overall connectivity in the State, yet many shortcomings and deficiencies were noticed in the implementation of the projects. There were cases of diversion of NLCPR and NEC funds, inadmissible expenditure towards repair and maintenance, excess expenditure over sanctioned provision, expenditure beyond scope of estimate, allocation of same works to more than one contractor, avoidable expenditure, undue favour to contractor *etc.* Thus, the overall impact of the NLCPR and the NEC funded R&B projects in the State was not satisfactory. Projects implemented were also not evaluated to ascertain the extent of achievement of the intended objectives.

3.2.15 Recommendations

- State Planning Department should submit the priority lists in time after proper analysis of infrastructural gaps. PWD should thoroughly scrutinise every DPR before forwarding it to the sanctioning authorities;
- The PWD should strengthen its financial management system to ensure that NLCPR and NEC funds available are absorbed in a timely manner and funds should not lie unutilised.
- Execution of works needs to be undertaken after proper planning and feasibility analysis. The State Government should analyse reasons for delayed and incomplete projects so as to remove bottlenecks and ensure timely and efficient execution of the projects.
- Executing divisions should strictly adhere to the provisions of the sanctioned estimates to avoid extra expenditure. PWD should ensure that all recoveries are to be effected and penalties to be levied, if any, to ensue that no undue benefit to the contractors.
- There should be a proper mechanism to ensure the quality of roads constructed out of the NLCPR and the NEC funds.
- State Planning Department and PWD should strengthen the monitoring mechanism and accountability should be fixed for ineffective implementation of the projects in a time bound manner to serve the intended objective of the NLCPR and the NEC funded R&B projects.

The matter was reported to the Government in November 2013; reply had not been received (February 2014).

TOURISM DEPARTMENT

3.3 Tourism Development Activities in Meghalaya

Highlights

Meghalaya is blessed with picturesque landscape of rolling hills, meandering rivers, cascading waterfalls, lush forests, diverse flora and fauna and unique culture and tradition. All these factors present a great potential for development of tourism in Meghalaya. Tourism Department is responsible for the development of tourism sector in the State. The State accounts for 0.08 per cent of all India tourist arrivals and 19.92 per cent of the total tourist arrivals in the neighbouring State of Assam while it was marginally higher by 9 per cent compared to Sikkim. Major audit findings of performance audit were as follows:

The Tourism Department could not effectively implement the Tourism Policy 2001. The Department had also not prepared Master Plan for integrated tourism development, training needs analysis and formulation of marketing strategy/plan as envisaged in the Tourism Policy of 2011.

(Paragraph 3.3.6)

The tourism sector was not adequately funded by the State Government and even the utilisation was also lower than the budget allocations. Further, there were huge unspent balances of Central Financial Assistance ranging between ₹ 29.66 crore and ₹ 63.22 crore during 2008-09 to 2012-13.

(Paragraph 3.3.7)

There were undue delays ranging from 30 to 75 months in completion of centrally sponsored projects which led to the State being denied the opportunity to obtain new sanctions for 12 projects amounting to ₹ 67.82 crore. In respect of State sponsored projects, no time schedule for completion of the projects was set by the State Government. However, in all these projects, the contractors failed to complete the work within the time specified as per the work orders.

(Paragraph 3.3.8.1)

Due to delay in release of NEC funds by the State Government, there was avoidable extra cost of ₹ 1.28 crore in respect of the project for improvement of Marngar Lake in Ri-Bhoi District into a tourist spot.

(Paragraph 3.3.8.3)

The capacity building programmes undertaken by the Department were not fully effective.

(Paragraph 3.3.9)

The Department had not established adequate internal control mechanisms for effective functioning of the various offices under its control.

(Paragraph 3.3.12)

3.3.1 Introduction

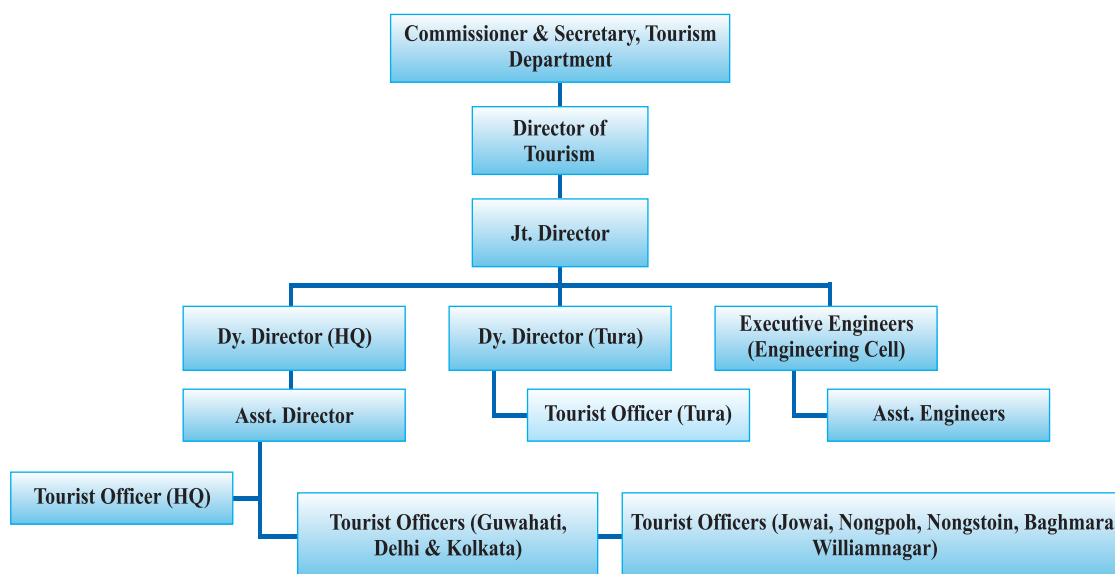
The State of Meghalaya is blessed with picturesque landscape of rolling hills, meandering rivers, cascading waterfalls, lush forests, diverse flora and fauna and unique culture and tradition. All these factors present a great potential for development of tourism in the State and generating employment opportunities and considerably contributing towards the State Gross Domestic Product (GDP).

Tourism in North East India in general had suffered on account of years of insurgency and the resulting security concerns. Though Meghalaya was the least affected by insurgency, being landlocked, the consequences of the security scenario in North East India as a whole were also felt in the State. For growth of tourism in the State, the GoI, and the State Government have been funding several tourism projects for creation of infrastructure, brand promotion and human resource development.

3.3.2 Organisational Set up

The Tourism Department of the Government of Meghalaya is the nodal agency responsible for development of tourism sector in the State. It is headed by the Commissioner and Secretary, assisted by the Under Secretary. The Directorate of Tourism, created in 1972, functions under the Tourism Department and was notified as the implementing agency of the Meghalaya Tourism Policy 2001.

The activities of the Directorate were to develop tourist infrastructure, publicise and market tourism products, promote tourism activities, facilitate the stakeholders in tourism, provide capacity building and skill development, operate created infrastructure, tourist transport facilities, *etc.* The organisational chart of the Tourism Department is given below.



3.3.3 Audit Objectives

The performance audit was conducted with a view to assess whether:

- State Tourism Policies and Plans were formulated in line with National Tourism Policy and implemented effectively.
- Funds at the disposal of the State Government were utilised in an economic, efficient and effective manner.
- Implementation of infrastructure development projects funded under various schemes was in conformity with the prescribed codal procedures and whether they were efficiently managed.
- Programmes undertaken by the Department in human resource development for the tourism sector in the State were effective.
- Tourism promotional activities undertaken in the State for the growth of tourism sector delivered the desired results.
- Any mechanisms were in place for co-ordination and collaboration with other State and central departments such as Public Works Department, Forest and Environment, Police, Urban Affairs, *etc.*, for development of the tourism sector in the State and how effectively they functioned.
- The monitoring and regulatory mechanisms were in place and were effective.

3.3.4 Scope of Audit, Sampling and Audit Methodology

Performance Audit of tourism development activities in the State for the period 2008-09 to 2012-13 was conducted during April-August 2013.

During the review period, the Directorate executed a total of 298 projects funded by Government of India (GoI), Government of Meghalaya (GoM), North Eastern Council (NEC) and National Bank for Agriculture and Rural Development (NABARD). Audit categorised the projects into different heads such as Infrastructure Development, Brand Promotion and Marketing and Capacity Building. Out of these categories, 100 *per cent* of projects valuing above ₹ 1 crore, 50 *per cent* of projects valuing between ₹ 0.50 crore to ₹ 1 crore and 10 *per cent* of projects valuing below ₹ 0.50 crore were selected for examination by Audit.

Audit findings were benchmarked against the criteria derived from following sources:

- National Tourism Policy, State Tourism Policies and Plans;
- Meghalaya Financial Rules;
- Guidelines issued by the Ministry of Tourism, GoI/ State Government;
- Prescribed monitoring mechanisms.

The performance audit commenced with an entry conference held on 23 April 2013 with the officials from the Tourism Department and Meghalaya Tourism Development Corporation Limited (MTDCL) wherein the audit objectives, scope,

methodology and criteria were explained and their agreement obtained. The audit evidence was collected through issue of questionnaires, examination of records, analysis of data collected, discussion with the concerned authorities at various levels and joint physical verification. An online survey of tourist's satisfaction was also conducted and their views incorporated. The draft audit findings of Performance Audit were discussed in the exit conference held on 15 January 2014 and the feedback provided thereon have suitably been incorporated.

3.3.5 Acknowledgement

Audit acknowledges the cooperation extended by the officers and staff of Tourism Department, MTDC and other Departments in carrying out this assignment.

Audit Findings

3.3.6 Tourism Policy and Plans

Objective 1: Whether State Tourism Policies and Plans were formulated in line with National Tourism Policy and implemented effectively.

3.3.6.1 State Tourism Policy 2001

The GoM notified its first Tourism Policy in February 2001 with the main objective of creating sustainable jobs for the local youth of the State, generation of substantial revenue for the State exchequer through encouragement of domestic tourism and bringing about socio-economic benefits to the community and to the State. The Policy envisaged providing subsidies to tourism units on investment, maintenance, publicity, power generation, interest, *etc.*, besides exemption of sales tax, stamp duty and luxury tax and support for paying guest accommodations. Audit however, observed that this Policy was not implemented by the State. The Department stated (January 2014) that effective steps for implementation of the Policy could not be taken because of low allocation of State Funds for Tourism. The reply is not acceptable as the department had huge accumulation of unutilised funds as brought out in paragraph 3.3.7.2 *supra*.

3.3.6.2 State Tourism Policy 2011

The State Government revised the Tourism Policy in February 2011, nine years after the notification of the National Tourism Policy 2002 by the GoI. While the National Tourism Policy 2002 laid down the current tourism scenario in the country, its prospects and development goals, the State Policy 2011 only stated in general the objectives and strategies for promoting tourism in the State, without specifying the present scenario vis-à-vis the achievements, strength, weaknesses, opportunities, threats and targets for future growth projection. Notwithstanding, the Department prepared a two to five years Action Plan in July 2011 for implementation of the revised Policy. However, it was unable to produce the status of its implementation to Audit.

It was further observed that no action was taken by the Department to prepare Master Plan for integrated tourism development, training needs analysis and formulation of marketing strategy/plan as envisaged in this Policy.

During exit conference (January 2014), the Principal Secretary (PS) of the Department stated that the Ministry of Tourism (MoT), GoI prepared a Master Plan for the State in April 2010 through their consultants, INTACH, and the start up projects identified were being carried out with tourist centres and wayside amenities being constructed throughout the State. NEC was also actively involved in preparation of Master Plans for the North Eastern Region through Tata Consultancy Services (TCS) and had identified two interstate circuits for which consultants were being appointed by the MoT for implementation.

The Government stated (January 2014) that the 2011 Policy was being augmented through the State Tourism Mission which had been formulated in consultation with tourism stakeholders of the State, with the objectives of increasing the number of tourist accommodation facilities, capacity building of local youth, brand building and convergence. It was, however, observed that though the Department prepared a three to five year Action Plan to implement the INTACH Plan, the target set for completion of 14 infrastructure projects, 50 Home stays and achievement of 10,000 skilled manpower development by 2013 could not be achieved.

3.3.7 Management of financial Resources

Objective 2: Whether the Funds at the disposal of the State Government were utilised in an economic, efficient and effective manner.

3.3.7.1 Budget provision and expenditure

During 2008-09 to 2012-13, the total budget allocation for the Tourism Department and utilisation was as follows:

Table 3.3.1

Year	Budget provision (Original + Supplementary)			Budget Utilisation			Savings			(₹ in crore) State's budget provision
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total (per cent)	Amount (per cent of tourism over total State)
2008-09	5.27	0.11	5.38	4.29	0.05	4.34	0.99	0.05	1.04 (19.33)	4059.46 (0.13)
2009-10	24.20	3.55	27.75	18.45	3.00	21.45	5.75	0.55	6.30 (22.70)	4715.94 (0.59)
2010-11	12.16	3.72	15.88	8.53	3.36	11.89	3.63	0.36	3.99 (25.13)	5579.02 (0.28)
2011-12	17.24	7.01	24.25	15.42	5.24	20.66	1.82	1.77	3.59 (14.80)	6649.95 (0.36)
2012-13	32.26	0.11	32.37	19.70	0.10	19.80	12.56	0.01	12.57 (38.83)	8459.10 (0.38)
Total	91.13	14.50	105.63	66.39	11.75	78.14	24.75	2.74	27.49 (26.02)	29463.47 (0.36)

Source: Appropriation Accounts – Grant No. 57

It was observed that the total budget allocation for the Tourism Department accounted for only 0.13 per cent to 0.59 per cent of the total State Budget (excluding Public

Debt) for the years 2008-13 despite tourism being recognised as a potential key promoter for economic growth of the State as envisaged in the State Tourism Policies. For the purpose of comparison, the State budgetary allocation to Tourism in the North Eastern States of Arunachal and Nagaland were examined. It was observed that the State budgetary allocation in these States ranged between 0.64 *per cent* and 0.81 *per cent* (Arunachal) and 0.43 *per cent* and 0.81 *per cent* (Nagaland) respectively. Thus, the budgetary allocation for Tourism in the State of Meghalaya was on a lower side in comparison to other two North Eastern States. The Department could not even utilise the nominal budget provisions and the under-utilisation ranged between 14.80 *per cent* and 38.83 *per cent* during 2008-09 to 2012-13.

3.3.7.2 Accumulation of un-utilised funds

The Department/Directorate receives funds from the GoI, GoM, NEC and NABARD for implementation of various tourism developmental activities. Huge amount of funds were parked in the current account of the Directorate of Tourism (since August 2009). Besides, there were also huge unspent balances in the savings bank account of Meghalaya Tourism Development Corporation Limited (MTDCL). Audit observed that substantial unspent funds were held throughout the year. The unutilised funds at the end of each year were as follows:

Table 3.3.2

		(₹ in lakh)				
		2008-09	2009-10	2010-11	2011-12	2012-13
Closing Balance	Directorate	NIL	410.89	1999.21	2988.22	3959.11
	MTDCL *	2965.67	2529.07	4063.36	3251.85	2363.02
Total		2965.67	2939.96	6062.57	6240.07	6322.13

* excluding interest. Source: DoT/MTDCL.

As can be seen from the above table, during the period 2008-09 to 2012-13, the unspent balances showed an increasing trend from ₹ 29.66 crore in 2008-09 to ₹ 63.22 crore in 2012-13, an increase of 113 *per cent*. This represents over 53 *per cent*⁹ of the total funds received by the Department during these years. The main reason for huge accumulation of unutilised funds was attributable to delay in completion of projects in time which indicates serious capacity constraint of the Department to execute projects at a desired pace. It is worth mentioning here that the total unutilised amount was more than the State's annual budget provision for tourism. In this backdrop, it is unlikely for the Department to position Meghalaya as a preferred tourist destination by taking advantage of its rich cultural heritage and natural beauty as envisaged in State Tourism Policy 2011 in near future.

Further, the practice of drawing funds and parking with the Directorate's account was a violation of Rule 211 of the Meghalaya Treasury Rules which prohibits drawal of money in anticipation of demand or to prevent lapse of budget grants. The

⁹ Total funds received for projects implemented during 2008-09 to 2012-13 = ₹ 118.62 lakh; Total unutilised funds as on 31st March 2013 = ₹ 63.22 lakh.

Government stated (January 2014) that the amount could not be utilised immediately due to delay in completion of works.

Scrutiny of the records also revealed that during the years 2008-09 to 2012-13, the Department earned interest of ₹ 8.91 crore by making investment of the unspent balances lying in the accounts of MTDCL. As there were no specific instructions /guidelines from the MoT, GoI for its utilisation, the DoT had been utilising these interest for financing various State sponsored projects. As on March 2013, an amount of ₹ 3.79 crore had been utilised by the Department out of which only ₹ 1.69 crore was recouped by it leaving a balance of ₹ 2.10 crore despite separate funds being released by State Government for the projects against which the interest amount were utilised.

During exit conference (January 2014), the Principal Secretary stated that the amounts withdrawn from July 2009 had been recouped and no instructions had been received from the GoI on utilisation of interest earned on CFA funds or otherwise.

The Department should have sought clarification regarding utilisation of interest from MoT, GoI.

3.3.7.3 Central Financial Assistance not claimed

For projects sponsored under Central Financial Assistance (CFA), the MoT initially releases 80 *per cent* of the CFA with a condition that the remaining 20 *per cent* was to be released on reimbursement basis on receipt of Utilisation Certificate for the full amount of CFA. It was, however, observed that the Department had executed the projects by modifying the design by dropping some of the components of the work originally envisaged so that the completion cost of the project remained within the 80 *per cent* of CFA released in the first instalment. This was resorted to as the State Government was unable to complete the project within the stipulated time frame by providing the balance 20 *per cent* initially which the State Government was entitled for re-imbursement after furnishing the Utilisation Certificate for the entire amount spent on the project. Such compromise was resorted to in 20 infrastructure projects test-checked.

For illustration, in case of the project ‘*Circuit Development of Mawryngkneng-Jowai-Khliehriat-Lumshnong-Sonapur-Ratacherra*’ which was sanctioned for ₹ 6.09 crore, ₹ 4.87 crore was released as first instalment. Audit noticed that the work components were re-designed at a lower cost by ₹ 1.21 crore. Few elements of the components dropped are given below:

- The envisaged two storied wayside amenity with five kiosks at Mawryngkneng at a cost of ₹ 84.86 lakh as per the DPR was modified to a single storey wayside amenity with 3 kiosks at a total cost of ₹ 67.89 lakh as per the final estimates and work order.
- Separate two storey Tourist Lodge and two storey wayside amenity envisaged as per the DPR at a cost of ₹ 1.26 crore for Khliehriat component was

modified in the final estimates to a three storey Tourist Lodge-cum Wayside amenity to be completed at an estimated cost of ₹ 1 crore.

- Sitouts, Rainshelter, railing, cobbled footpath and viewpoint at Lumshnong envisaged at an amount of ₹ 43.07 lakh was modified to development of Cave 1, Krem Lummalit and Krem Lambit by making fencing wall, walkway, public toilets, rain shelter and site development at a total of ₹ 34.46 lakh.
- Cottages, dhaba, kiosks, public toilet and site development at Sonapur sanctioned for an amount of ₹ 79.69 lakh was modified as per the final estimates only for site development and construction of wayside amenities for a total of ₹ 63.75 lakh.

In respect of 20 CFA projects examined by Audit (Sl. A.I to A.V of **Appendix 3.3.1**) amount totalling to ₹ 15.63 crore was not claimed by the department as the scope of the project was modified after the receipt of the first instalment, to limit the cost of project to 80 *per cent* of CFA.

The Government stated (January 2014) that since the ultimate objective of a project is to complete and operationalise without cost overruns, efforts were made to complete the project within the sanctioned and released amount. These projects were based on old SORs and till date CFA projects could not be completed within the stipulated time frame for which the remaining 20 *per cent* could not be claimed. It was further stated that for all diversions of CFA, MoT's approval had been sought, but MoT had not replied to any of the approvals sought by the State Government.

Thus, it is clear that due to delay in completion of CFA projects within stipulated time, the remaining 20 *per cent* of CFA could not be claimed.

3.3.8 Infrastructure Development

Objective 3: *Whether implementation of infrastructure development projects funded under various schemes was in conformity with the prescribed procedures and were efficiently managed.*

The Tourism Department had been receiving funds from the following sources for infrastructure development of the tourism sector:

- Ministry of Tourism, GoI (Central Financial Assistance).
- The Finance Commission, GoI.
- The North Eastern Council (NEC), GoI.
- National Bank for Agricultural and Rural Development (NABARD).
- The Government of Meghalaya.

Audit reviewed implementation of 49 out of 137 infrastructure projects (details in **Appendix 3.3.1**) as per the sampling technique adopted and the audit findings are discussed in the following paragraphs.

3.3.8.1 Delay in completion of projects

Out of the total 49 projects reviewed in audit (**Appendix 3.3.1**), 27 projects were funded by the GoI through the MoT (20), Finance Commission (one), NEC (two) and NABARD (four) while 22 projects were funded by the GoM.

Against the 27 centrally funded projects, four were ongoing and scheduled to be completed beyond August 2013. Out of the 23 remaining projects which were to be completed by August 2013:

- One project (Sl. No. D.3 of **Appendix 3.3.1**) executed by PWD was completed within the stipulated date of completion set by the funding agency;
- Six projects¹⁰ were completed with delays ranging from 30 to 75 months. Out of these six projects, five projects¹¹ allotted to the contractors for completion by June 2008 to July 2011, were completed after delays ranging from 11 to 36 months. The other project was under execution departmentally; and
- 16 projects were ongoing with delays ranging from 5 to 44 months.

It was further observed that there were delays in acquiring land for implementation of 14 out of 27 projects despite the State Government ensuring the availability of land at the time of submitting project proposal to the MoT. As a consequence of delayed start-up/completion of the projects and resultant delay in submission of utilisation certificates, the GoI decided (December 2011) not to release funds to the State Government. Consequently, the State Government could not obtain sanctions for fresh CFA projects prioritised for 2011-12 to 2012-13 in respect of 12¹² infrastructure projects amounting to ₹ 67.82 crore.

As against 22 projects funded by the GoM, 10 were completed while 12 were ongoing as of August 2013 without any scheduled date for completion set by the Government. However, it was observed that there were delays against the stipulated time of completion as per the work orders as follows.

- Nine projects¹³ were completed with time overrun of two to 27 months, while no schedule for completion was set for one project¹⁴ which was taken up under deposit by the Public Health Engineering Department.
- Three projects¹⁵ were ongoing with a time overrun of 11 to 28 months while four projects¹⁶ were scheduled to be completed beyond August 2013.
- Work orders were yet to be issued for five projects¹⁷.

¹⁰ Sl. No. A.I.1, A.I.2, A.II.1, A.II.2, A.IV.1 & A.V.1 of **Appendix 3.3.1**

¹¹ Sl. No. A.I.1, A.I.2, A.II.1, A.II.2 & A.V.1 of **Appendix 3.3.1**

¹² (1) Resort at Williamnagar (2) Destination development at Mankachar (3) Wayside amenity at Mahendraganj and nearby areas (4) Destination Heritage Village at Mawmluh (5) Destination development at Sanmer, Upper Shillong, (6) Destination development with heliport at Laitryngew, (7) Destination development with heliport at Laitkynsew (8) Destination development at Lawsohtun – Shillong View Point (9) Destination development at Nongkhnum Island (10) Rural Tourism development at Sohpetbneng (11) Mega tourism destination at Umiam, and (12) Destination development at Langkawet

¹³ Sl. No. E.2, E.3, E.4, E.8, E.9, E.10, E.11, E.12 and E.13 of **Appendix 3.3.1**

¹⁴ Sl. No. E.14 of **Appendix 3.3.1**

¹⁵ Sl. No. E.1, E.6 and E.7 of **Appendix 3.3.1**

¹⁶ Sl. No. E.15, E.16 and E.17 of **Appendix 3.3.1**

¹⁷ Sl. No. E.18, E.19, E.20, E.21 and E.22 of **Appendix 3.3.1**

While admitting the fact, the Government stated (January 2014) that delay in completion of projects was due to non-availability of suitable government/private land at places of tourist interest, remoteness of the locations, short working season and lack of skilled manpower. It was further stated that land availability certificate was given while submitting proposals, because land acquisition process takes minimum one year time due to which no proposals could be submitted to the Ministry within the stipulated time. The reply indicates that wrong information was given to the Ministry with the intention to get the funds.

3.3.8.2 Release of irregular payments for works executed departmentally

As per the provisions of Rule 192 of the MFR, for the works executed departmentally, procurement of materials should be drawn on contingent bills and muster rolls for labour should be maintained.

Scrutiny of records revealed that the Directorate between September 2011 and April 2013 released ₹ 1.16 crore for execution of 16 works by direct procurement and engagement of labour. The funds drawn on running account bills for execution of work were released to the personal accounts of two Executive Engineers of the Engineering Wing of the department. There were no supporting vouchers in respect of material purchased at the time of drawing Running Account Bills.

The release of funds into personal accounts for the works executed departmentally was irregular and violated the provisions of MFR.

During the exit conference (January 2014), the PS of the Department stated that the irregularities pointed out by Audit on the practice of payment being released to personal accounts would be discontinued and necessary corrective actions were being initiated. The Government stated (January 2014) that any interest accrued in the amounts related to personal accounts would be deposited.

3.3.8.3 Delay in release of NEC-sanctioned funds by the State Government to the Department and consequent avoidable cost

The North Eastern Council (NEC), GoI, sanctioned (March 2006) a project for improvement of Marngar Lake in Ri-Bhoi District (Sl. C.1 of **Appendix 3.3.1**) into a tourist spot at a cost ₹ 4.42 crore with the following conditions.

- NEC contribution will be 90 *per cent* of the project cost as grants-in-aid and the balance 10 *per cent* was to be provided by GoM;
- The Tourism Department, GoM will be the implementing agency;
- The project will be completed by 31 March 2009;
- The sanctioned amount shall be released by the State Government to the implementing agency within one month or within the financial year whichever is earlier.

- The subsequent instalments will be released to the State Government only on submission of utilisation certificate for the previously drawn amount.

Scrutiny of the records revealed that

- First instalment of ₹ 29.15 lakh was released by NEC on 30 March 2006, which in turn was released by the State Government to Tourism Department only in November 2007 after a delay of 20 months. The amount was utilised for purchase of land and construction of boundary fencing.
- Second instalment of ₹ 190.65 lakh was released by NEC in September 2009 and released to Tourism Department by the State Government in September 2010 (₹ 100 lakh) and September 2011 (₹ 90.65 lakh) after retaining the funds for 12 to 24 months. Notice Inviting Tenders for execution of work was issued by the Department only in May 2011 after a delay of another eight months from the receipt of the fund of ₹ 100 lakh in September 2010.

As a result of delay in release of funds by the State Government, the Department received the lowest rate at 95 *per cent* above the Schedule of Rates of 2000-01 {PWD (B)} and after scrutiny it had realised that the project could not be implemented at the initial approved cost. This had, therefore, resulted in revision of the project cost to ₹ 3.98 crore in March 2012 by increasing the rates in respect of 18 components (₹ 1.28 crore) and by dropping 10 items¹⁸ of the work valuing ₹ 1.44 crore. The revised cost estimate was approved by NEC in July 2012 with a condition that the work should be completed within two years from the date of issue of revised sanction order.

Further, scrutiny of documents revealed that among the components of works dropped in the revised sanction were (i) Under water aquarium (₹ 21.82 lakh), (ii) Water world/ aquarium (₹ 17.06 lakh), (iii) Water world/over head aquarium (₹ 11.63 lakh) and (iv) Seating terrace near Boat House (₹ 0.95 lakh). These components essentially would have contributed towards enhancing the tourist value of the destination. The increase in cost (₹ 1.28 crore) agreed for 18 items of the work was clearly avoidable had the State Government made the NEC funds available in time with the Department for implementation of the project. Besides, some of the components that would have enhanced the tourist value had to be deleted. This had also resulted in slippage of the project completion to July 2014 as against the original scheduled completion by March 2009.

The Government admitted (January 2014) the fact but did not give reason for the delay in releasing the NEC funds.

¹⁸ (1) Public Toilet - ₹ 10.24 lakh; (2) Underwater Aquarium - ₹ 21.82 lakh; (3) Waterworld/Aquarium - ₹ 17.06 lakh; (4) Waterworld/Overhead Aquarium - ₹ 11.63 lakh; (5) Seating Terrace near Boathouse - ₹ 0.95 lakh; (6) Lake Banks Retaining Wall - ₹ 66.83 lakh; (7) Grill around hedges corner - ₹ 0.32 lakh; (8) Double hume pipe culvert - ₹ 2.89 lakh; (9) Partition between main lake and small lake segment - ₹ 2.50 lakh; and (10) Forest Royalty and Carriage - ₹ 10.42 lakh.

3.3.9 Capacity Building Programmes

Objective 4: Whether the programmes undertaken by the Department in human resource development for the tourism sector in the State were effective.

The State Tourism Policy of 2001 envisaged setting up or assisting in setting up training institutions and suitable systems for ensuring quality control in tourism services. In the revised policy of 2011, the State Government further envisaged undertaking training needs to assess the gap between the knowledge, skills and attitudes of the service providers in the tourism sector and to determine the number and types of workers that require knowledge and skill development to meet the sector's objectives.

The Government stated (January 2014) that training need analysis was not done as the National Skills Development Corporation (NSDC) had already conducted a detailed study on the skills gap district wise and category wise.

Audit reviewed the implementation of six¹⁹ out of 13 capacity building projects. Major audit findings in respect of three projects are discussed below.

3.3.9.1 Delay in setting up of Food Craft Institute, Tura

With a view to foster and facilitate professional education and training specific to tourism, travel and hospitality industry, MoT sanctioned ₹ 4.75 crore in March 2009 for setting up Food Craft Institute, (FCI) Tura and released an amount of ₹ 2 crore as first instalment. It was stipulated that the project should be completed by September 2010 and the Institute, when operational, would conduct five diploma courses²⁰ with the intake of 40 trainees in each course.

Audit observed that Tourism Department had given an undertaking (February 2009) to the MoT regarding availability/possession of land for the proposed institute. However, there was a change in location of the Institute and an alternative site belonging to the Tourism Department was identified (March 2010) which was finally handed over to FCI only during January 2011. The work order for construction of building was issued in May 2011 with the scheduled date of completion by May 2013 and as of August 2013, the work was yet to be completed. Thus, there had been an overall delay of three years from the original stipulated date of completion (September 2010) despite the Government assurance of making the land available for the project.

It was also observed that though FCI during October 2009 took over Orchid Lodge, Tura (a property of the Tourism Department) as a temporary venue of the Institute, it

¹⁹ (1) Setting up of Food Craft Institute, Tura; (2) Job Oriented Skill Dev. Courses under IBDLP; (3) Job Oriented Capacity Building Courses in Hospitality under IBDLP; (4) Camping and Adventure (5) Capacity Building for Service Providers in Tourism Sector; (6) Familiarisation Tour for International Tour Operators

²⁰ One & half year Trade Diploma in (i) Food Production, (ii) Food & Beverage Services (iii) Bakery & Confectionery, (iv) House Keeping, and (v) Front Office Operation.

conducted only two courses²¹ from the academic year 2013-14 with two teaching faculties as against six sanctioned by the Government in May 2010.

Thus, it can be seen that even after a lapse of three years, the only FCI in the State was yet to deliver the envisaged benefits to the tourism, travel and hospitality industry.

The Government admitted the fact and stated (January 2014) that the delay in completion of the Institute was due to delay in identifying suitable land. Its reply is indicative of the fact that incorrect information regarding availability of land was furnished to MoT.

3.3.9.2 Implementation of training programmes under the Integrated Basin Development Livelihood Programme

Under the Tourism Mission of the Integrated Basin Development Livelihood Programme (IBDLP), the State Government sanctioned (July 2012) two capacity building projects for 13 training courses²² of 3 months' duration at a total cost of ₹ 1.80 crore. The courses were meant to benefit 1630 students within the age group of 18 to 32 as on 1st January 2012 with a minimum qualification of Class VIII passed and having a residential certificate of Meghalaya. The objective of the courses was to facilitate capacity building, skill development and skill upgradation in the hospitality sector. The training courses were implemented by engaging training partners.

Against these project sanctions, the Department issued (July 2013) work orders to the training partners (11 courses) for training of 1500 students within three months at a total cost of ₹ 1.72 crore. It was observed that two courses²³ at a cost of ₹ 37.21 lakh (for 320 students) were included without the Government approval and four courses²⁴ at a cost of ₹ 23.92 lakh (280 students) were not taken up as originally approved. As per the latest available records (April 2013), a total of 663 students were trained under these programmes at a cost of ₹ 75.83 lakh. Audit observed the following:

- As per the reports submitted by the monitoring committee appointed in this regard, attendance sheets were not being maintained by the training institutes which led to Committee being unable to ensure that the selected candidates were actually trained and all the slots were utilised. There were also cases of dissatisfaction as expressed by the trainees in the aspects of duration of training, and also with the performance of the trainers.
- As per agreements with the above training partners, 75 per cent job placement assistance was to be given by the training partners before release of payments.

²¹ One and Half year diploma in food production and Craftsmanship course for food production.

²² (i) Skill development as Electricians, (ii) Skill development as Plumbers, (iii) Skill development as TV Receiver Repairers, (iv) Skill development as Wiremen, (v) Skill development as Welders, (vi) Basic Housekeeping, (vii) Food & Beverage Service, (viii) Basic Front Office (ix) Basic grooming programme for life skills in hospitality and service (x) Upgrading skills of existing service providers, (xi) Guide and Drivers Training Programme, (xii) Entrepreneurship build up programme, and (xiii) Training in Adventure activities, outdoor safety and ethics.

²³ (i) Skill development as Masons and (ii) Food & Beverage Production

²⁴ (i) Skill development as Plumbers, (ii) Skill development as TV Receiver Repairers, (iii) Skill development as Wiremen, and (iv) Skill development as Welders

Out of the 663 participants trained, 158 (24 *per cent*) were already employed and 180 (27 *per cent*) were stated to be self-employed after the training. Of the remaining 325, job placements within State could be arranged only for 52 participants (8 *per cent*) while 161 participants (24 *per cent*) were placed outside the State in places like Guwahati, Ahmadabad, Bangalore and Hyderabad. The remaining 112 participants (17 *per cent*) were not placed.

The Government stated (January 2014) that corrective measures as per the monitoring committee recommendations have been discussed and adopted for improvement at the review meetings with the training partners. It further stated that with the coming up of three star hotels the remaining trained manpower would be absorbed.

3.3.10 Brand Promotion and Marketing of Tourism

Objective 5: Whether tourism promotional activities undertaken in the State for growth of tourism sector delivered the desired results.

The Tourism Policy 2001 envisaged the State Government's role in providing aggressive publicity through all the Metropolitan cities as well as abroad and setting up of Tourist Information Centres. In August 2009, the process of branding Meghalaya was initiated and a brand line "Mesmerizing Meghalaya" was identified. The revised policy of 2011 envisaged creation of a brand image for Meghalaya with an aim to develop a unique brand focusing on selected niches and products in order to attract visitors to the State while differentiating itself, where necessary, from its neighbours. It also envisaged developing an effective marketing strategy/plan after a thorough investigation of the tourism products in Meghalaya and the markets that Meghalaya is targeting. However, the Department was yet to formulate such strategies/plans as envisaged. It was also observed that most of the brand promotion projects (**Appendix 3.3.2**) were undertaken on *ad hoc* basis based on proposals received from the firms/organisations.

The Government stated (January 2014) that branding was difficult as there was a dearth of funds and limited schemes for publicity from MoT. The reply is not convincing because branding is the requirement of the Tourism Policy.

3.3.11 Convergence

Objective 6: Whether any mechanisms were in place for co-ordination and collaboration with other State and Central Department for development of the tourism sector in the State and how effectively they functioned.

The Tourism Policy of 2001 identified tourism as a multi-sector activity and highlighted the need for ensuring inter-governmental linkage and effective inter-departmental co-ordination among tourism related agencies/departments like Tourism, Forest, Arts & Culture, Industries, Public Works Department, *etc.*, to work united for

maintenance, conservation, development and marketing of attractive tourism projects. The Tourism Policy of 2011 also envisaged development of tourism activities around natural resources in conjunction with relevant government departments.

Audit observed that the Department did not converge with other government departments for establishing services relating to water supply, medical facilities, development of small airports, improvement of road network *etc.*, in places of tourist importance. In one case, the GoM identified 15 road projects of tourist importance and submitted a proposal to NABARD for ₹ 57.97 crore to be financed under Rural Infrastructure Development Fund (RIDF) scheme. Though NABARD released ₹ 10.59 crore for four road projects (Sl. No. D of **Appendix 3.3.1**) in January 2010, no efforts had been made by the Department to obtain finance for the remaining road projects. Since the State is land-locked and depends mostly on its road connectivity, implementation of the remaining 11 road projects could have boosted tourism growth in the State.

The Government stated (January 2014) that three projects had been undertaken under convergence, *viz.*, (i) Ghasura park in Ampati – with Horticulture Department (ii) Chandigre Rural Tourism Project – with Horticulture Department and (iii) Rural Tourism Project Kongthong – with Cooperative Department. The reply is not convincing because convergence was limited to only three projects.

3.3.12 Monitoring, Regulation and Impact Assessment

Objective 7: Whether the monitoring and regulatory mechanisms were in place and effective.

3.3.12.1 State Level Monitoring Committee

GoM constituted a State Level Monitoring Committee (SLMC) during September 2009 for inspection and appraisal of tourism infrastructure projects funded by the GoI under Central Financial Assistance. The Committee was headed by the Chief Secretary, GoM and comprise six other members from Planning Department, Finance Department, Tourism Department and Meghalaya Tourism Development Forum (MTDF)²⁵. The committee held 12 meetings from the date of constitution till March 2013.

It was observed from the minutes of the various meetings held that the committee reviewed the progress of work of various projects being implemented and suggested certain actions for addressing the bottlenecks in the course of execution. Despite the project execution being monitored by the SLMC, Audit observed that most of the projects completion was delayed as discussed in Para 3.3.8.1.

²⁵ MTDF is an NGO involved in Tourism activities in the State of Meghalaya.

3.3.12.2 Internal Control Mechanisms

Internal controls provide reasonable assurance to the management that organisational objectives were achieved, financial interests and assets of the organisation were safeguarded, regular feedback and reliable information on the functioning of the organisation were available to the management so as to facilitate mid-course correction and effective interventions could be made when called for. It was however, observed that the internal control mechanisms were lacking at the Directorate of Tourism in respect of the following major issues:

- The Directorate did not maintain register of revenue collections and dues recoverable from leased-out properties.
- Project-wise break-up of the unutilised amount of ₹ 39.59 crore (as on March 2013) parked with the Directorate was not available.
- Works Abstract and Register of Works (RoW) as required by the MFR 356 and 362 were not maintained.
- There was no record of monthly returns furnished by the Tourist Officers who were assigned the task of submitting monthly reports of Tour Operators, identification of cluster village development, sensitisation programme on incentive scheme, latest information of Hotels/Guest Houses/Home stays and payment of rent on leased properties.
- There was no Asset Register maintained at the directorate for ascertaining the details of total assets available. No periodical physical verification was also carried out to ensure their availability or otherwise.
- The Directorate was lacking in proper monitoring of infrastructure projects being implemented by the different contractors, leading to inordinate delay in completion. Moreover, measurements before payment of interim bills were not carried out. The MoT had also called for (January 2011) strengthening of the Engineering Wing to speed up execution of the projects.
- It was also observed that the Department did not prepare and submit Annual Performance Report of the Tourism sector for review by the Government.

During exit conference (January 2014), the PS stated that the Department had started preparing a Result Framework Document as part of Annual Performance Report.

3.3.12.3 Regulation

The Department of Tourism issued guidelines during August 2009 for recognition of Tour Operators to encourage quality, standard and service so as to promote tourism in the State. This was followed by the State Tourism Policy 2011 which aims to establish standards for tour operators. As per the guidelines, provisional recognition was to be granted for one year during which the applicants should fulfil certain laid down criteria.

It was however, observed that though six²⁶ tour operators were granted provisional recognition for one year during May/September 2011, the tour operators did not approach the Directorate for renewal of the recognition on its expiry. This indicated that the standardisation of tour operators remained ineffective.

The Government stated (January 2014) that GoI guidelines for registration of tour operators laid down the minimum criteria which had been adopted by the State and after relaxation of the guidelines, provisional recognition had been given to six tour operators.

3.3.12.4 Impact Assessment

The number of tourists visiting Meghalaya in the past five years as per the data of the Tourism Department, GoM was as follows:

Table 3.3.4

Number of Tourists	Year					Percentage increase in 2012 over 2008
	2008	2009	2010	2011	2012	
Domestic ²⁷	5,49,954	5,91,398	6,52,756	6,67,504	6,80,254	24
Foreign	4,919	4,522	4,177	4,803	5,313	8
Total	5,54,873	5,95,920	6,56,933	6,72,307	6,85,567	24

Source: Directorate of Tourism

The above tourist arrival data compiled by the Directorate was based on inputs collected from various hotels in the State besides visitors to Elephant Falls, Nohsngithiang Falls and Tourist Information Centres. It was also observed that the people from Meghalaya staying at the hotels and visiting the tourist spots were also included as domestic tourists in the above table.

The NEC also raised doubts (September 2011) on the above data as the people staying in the hotels might not be all tourists. NEC also offered (September 2011) to support through direct funding for a study in this regard through North Eastern Development Finance Corporation (NEDFi) or any other suitable agency. The MoT had also identified a consultancy firm in September 2013 to conduct a survey on domestic tourism statistics in the State as there was no uniformity of methodology in the collection of domestic tourism statistics by various States/UTs.

Thus, in the absence of proper mechanism to obtain reliable tourist arrival data, the tourist scenario projected by the Tourism Department remained unsubstantiated.

The Government stated (January 2014) that inclusion of local people as tourists was proper as they fit the profile of The World Tourism Organisation which defines tourists as people “travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.”

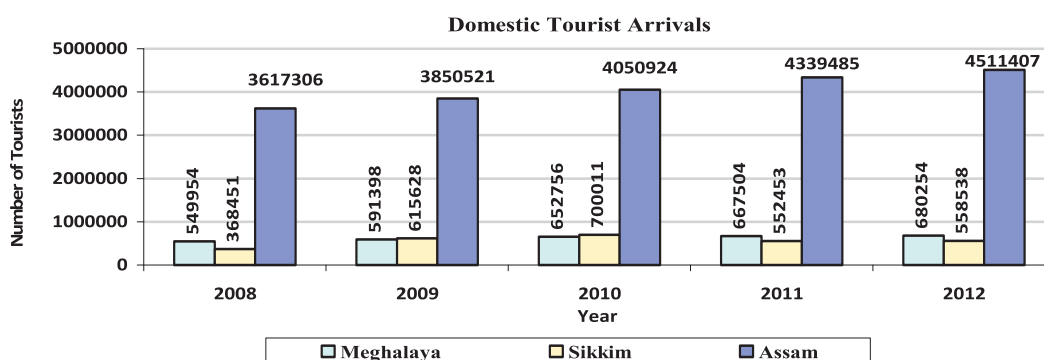
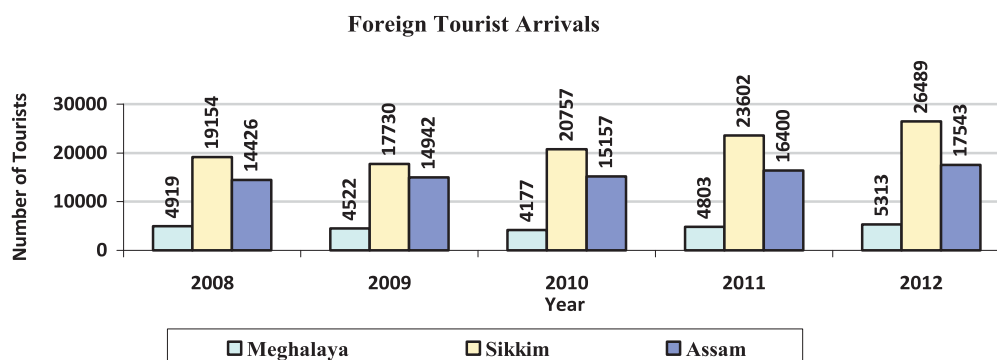
²⁶ Seven Huts Tours & Travels, VAPD Tours & Travels, Clara Tours, Van Rap Tour & Travels, Nakliar Tours and XSV Adventure.

²⁷ Includes people from Meghalaya staying in Hotels and visiting tourist spots (2008 : 1,62,292; 2009 : 1,69,342; 2010 : 1,77,542; 2011 : 2,15,591; 2012 : 1,31,157)

They also contribute to the State GDP, and hence, classification cannot be limited to tourist alone as far as tourist statistics is concerned. During the Exit Conference (January 2014), the Department also shared the Audit concern that tourist data from the hotels may not give a true picture of tourism arrivals in the State owing to high Luxury Tax levied in the State. It was further added that MoT had hired consultants to conduct survey on tourism for improving the system of collection of tourist data and that NEDFi was in the process of selecting a consultant to conduct a study on the tourism sector contribution to the State GDP.

Since there are no clear guidelines from MoT and the fact that consultants were appointed to streamline the methodology in collection of domestic tourism statistics, inclusion of local people from within the State as tourists is still debatable, and does not reflect the true tourism scenario of the State.

However, the available tourism data was also benchmarked with the similar data of Assam, Sikkim and all India status as per details in **Appendix 3.3.3**. It can be observed that Meghalaya accounts for only 0.08 *per cent* of all India tourist arrivals and 19.92 *per cent* of the total tourist arrivals in Assam while it was marginally higher by 9 *per cent* compared to Sikkim. Graphical comparison between Assam, Sikkim and Meghalaya is given below:



It was further observed that the Tourism Department did not have any data on the contribution of the tourism sector to the State GDP and to the total employment generated in the State. Moreover, in October 2012, the Directorate of Tourism requested the Rajiv Gandhi Indian Institute of Management (RGIIM), Shillong to conduct a study on the “contribution to GDP of the tourism stake holders at various tourist destinations in the State”. Though RGIIM submitted an outline of the study in November 2012, the final report, though due in February 2013, was not submitted (August 2013).

The Government stated (January 2014) that the service sector (including tourism and trade) contributes 11.3 *per cent* to the State GDP, the RGIIM would be submitting the report as the matter had been taken up with them.

Feedback on the quality of services available for tourist visiting the State is important to carry out retrospective analysis and forward looking corrective measures. It was observed that the Department of Tourism did not conduct any exercise to assess the feedback of tourists visiting the State. Hence, the Department was not in a position to understand whether the implemented projects actually benefitted the people of the State as envisaged in the Tourism Policy.

Keeping this in view, Audit conducted an online survey on the experience of tourists in the State of Meghalaya. This survey was hosted in Audit’s official website and publicised through press releases and advertisements in local newspaper. Responses from 65 tourists (mainly from Tamil Nadu (38) and Jammu & Kashmir (13), while other respondents were from Kerala, Andhra Pradesh, Assam, Tripura, *etc.*) were received which are summarised below:

- Most of the respondents (53) visited Meghalaya only once and spent one to three nights in Meghalaya (40). The places visited by the 65 tourists were Umiam, Shillong, Cherrapunjee, Smit, Jowai and Tura.
- Of the 27 participating tourists who had visited other Hill Stations, Meghalaya was rated²⁸ “better” by 16 tourists, “At Par” by 7 and “Worse” by only 4.
- With regard to tourist satisfaction²⁹, 10 were “Very Satisfied”, 13 were “Satisfied”, 23 were “Somewhat Satisfied”, 4 were “Unsatisfied” and 15 were “Very unsatisfied”.
- Of the total 65 tourists, 54 were willing to recommend their friends and family to visit the State while 11 were not.

The tourism growth of Meghalaya in comparison to that of Assam, Sikkim and all India is shown in **Appendix 3.3.3**. It can be seen that the rate of tourist growth for Meghalaya was only 24 *per cent* compared to 84 *per cent* at the all India level during

²⁸ On the basis of infrastructure, accommodation, availability of facilities such as rest rooms, restaurants, souvenirs, *etc* at tourist spots and Maintenance of tourist spots.

²⁹ tourist friendliness of the local people, availability of tour operators/guides, quality of services rendered by tour operator/guides, ready availability of information about tourist destinations in the state, availability of facilities such as rest rooms, restaurants, *etc.*, at tourist spots and availability of accommodation for tourists.

the period 2008 to 2012. Moreover, Meghalaya had the lowest growth rate of foreign tourists visiting the State at only 8 *per cent* compared to 22 *per cent* of Assam, 38 *per cent* of Sikkim and 47 *per cent* at all India level. The fact that needs to be focused is the rate of growth during successive years is registering a decline, which indicates that the number of tourist visiting the State has stagnated.

The Department in its reply stated that overall Meghalaya had fared well in the survey with over 60 *per cent* marks and the tourist statistics indicate that Meghalaya is in second position next to Assam which should be appreciated considering all the drawbacks of connectivity *etc.*, in the State. The growth rate at 25 *per cent* is satisfactory considering the carrying capacity in terms of road, water, electricity, and waste management *etc.*, of the State.

However, the annual growth rate declined from 10.24 *per cent* in 2010 to 2.34 *per cent* during 2011 and further down to 1.97 *per cent* in 2012.

3.3.13 Conclusion

Performance audit on Tourism Development activities in the State revealed certain shortcomings and lapses in planning, execution of projects and financial management. Master plan for integrated tourism development, training need analysis and formulation of marketing strategy/plan as envisaged in the Tourism Policy 2011 of the State was not prepared and thus, the tourism activities in the State were being executed/implemented in an unplanned manner. While the budget allotment for development of tourist infrastructure in the State was meagre, the said allotment also could not be utilised by the Tourism Department fully. Huge amount of Central Financial Assistance received for implementation of various tourism development activities remained unutilised. Implementation of various projects for the development of tourist infrastructure in the State was affected by significant delays in completion of these projects mainly due to delay in making the land available for execution of the projects. Six out of 20 CFA projects test-checked in audit were completed after delays ranging from over two to six years resulting in denial of the opportunity to obtain new sanctions for 12 projects for ₹ 67.82 crore. State sponsored projects were also not completed by the contractors within the time specified in the work orders. Further, there was delay in release of funds received from the NEC by the State Government, which led to avoidable extra expenditure of ₹ 1.28 crore in respect of one project. Impact evaluation was not attempted to gauge the extent of development of infrastructure and reducing the gap.

3.3.14 Recommendations

- The department may formulate an integrated long-term action plan for development and growth of tourism sector in the State. Formulation of an effective marketing strategy/plan and undertaking brand promotion activities as per the plan.

- **The department should ensure effective utilisation of funds through timely completion of projects and 100 *per cent* utilisation of CFA funds. The State Government should avoid delay in making the funds available to the department.**
- **Land availability should be ensured by resolving the issues associated in acquiring land from private owners.**
- **The department should discontinue the practice of releasing funds into personal accounts for undertaking departmental works.**
- **The department should explore the possibility of convergence with other Departments for implementation of various tourism-related projects.**
- **The department should take effective measures to streamline the procedures for regulating the service providers.**
- **The department should strengthen monitoring and internal control mechanisms.**
- **The department should expedite the RGIIM and NEDFi study reports on the contribution of tourism to the State GDP.**

COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT

3.4 Unfruitful expenditure incurred on construction of residential and non-residential infrastructure for seven Blocks

The objective, envisaged in June 2000, of creating residential and non-residential infrastructure for seven newly created Community & Rural Development Blocks was yet to be achieved due to the failure of the Department to properly monitor the execution of these works, as a result of which an expenditure of ₹ 9.88 crore incurred so far was unfruitful.

For creating the infrastructure for seven newly created Community & Rural Development (C&RD) Blocks³⁰, Government of India (GoI) released ₹ 16.09 crore to Government of Meghalaya (GoM) under the award of the Eleventh Finance Commission (EFC). The GoM in turn released the funds to the Community & Rural Development Department (C&RDD) as per details given below:

Table 3.4.1

(₹ in lakh)

Financial Year	Amount released by GoM to C&RDD		
	Residential infrastructure	Non-residential infrastructure	Total
2000-01	400.00	400.00	800.00
2003-04	231.98	300.00	531.98
2004-05	13.37	263.80	277.17
Total	645.35	963.80	1609.15

Scrutiny of records of the Director, C&RDD, Shillong in March 2012 revealed that the GoM accorded two Administrative Approvals (AA) of ₹ 4 crore each in March 2001 for the construction of residential and non-residential buildings for the seven new C&RD Blocks. However, the works were not taken up for execution immediately. Only in March 2004, after a lapse of three years, the GoM accorded seven revised AAs for ₹ 4.82 crore for construction of residential infrastructure and another seven revised AAs for ₹ 6.32 crore for construction of non-residential infrastructure for the seven C&RD Blocks. It was noticed that the estimates for all the residential and non-residential works based on which the GoM accorded the 14 AAs, did not provide for internal electrification, water supply and sanitation. The above works were tendered and awarded as under:

Table 3.4.2

	Residential infrastructure	Non-residential infrastructure
Work tendered in	September 2004	May 2004
Work awarded to contractors in	May 2005	December 2004 and May 2005
Stipulated date of completion	Within 12 months of award of the work	

³⁰ Laitkroh, Mawthadraishan, Jirang, Saipung, Kharkutta, Gasuapara, Gambegre.

From the above it can be seen that as per the stipulated schedule, both the residential and non-residential infrastructure for the seven C&RD Blocks should have been completed by May 2006. But, as per information furnished by the Officer on Special Duty (OSD) (Technical), Directorate of C&RD in January 2014, the infrastructure remained incomplete even after a lapse of seven to nine years of beyond their scheduled dates of completion. Expenditure of ₹ 4.49 crore on residential infrastructure and ₹ 5.39 crore on non-residential infrastructure was incurred till January 2014. The OSD (Technical) stated (January 2014) that the works were incomplete pending sanction of revised estimates.

Thus, tardy execution of the fourteen works due to the failure of the C&RDD to properly monitor the projects resulted in the expenditure of ₹ 9.88 crore incurred so far remaining unfruitful, besides, the objective of creating infrastructure for the seven newly created C&RD Blocks in the State remained frustrated.

The matter was reported to the Government in November 2013; reply had not been received (February 2014).

SOIL AND WATER CONSERVATION DEPARTMENT

3.5 Irregular appointment of staff

Appointment of 38 persons in Jowai and Baghmara divisional offices of the Soil & Water Conservation Department without observing the directions of the State Government resulted in irregular expenditure of ₹ 1.06 crore.

The Personnel & Administrative Reforms Department (P&ARD), Government of Meghalaya (GoM), stipulated (October 1987³¹) that in exceptional circumstances when a vacancy is to be filled up on *ad-hoc* basis, the appointing authority concerned should first submit a proposal to the cabinet with the views of the P&ARD and take prior approval of the cabinet before proceeding with such recruitment. Further, a District Selection Committee (DSC) constituted by the GoM in every district of the State conducts examinations and/or interviews to recommend suitable candidates for appointment to posts in the district, sub-divisional and subordinate offices which do not come under the purview of the Meghalaya Public Service Commission. The post of Soil & Water Conservation Demonstrator (Jr-I) in the Soil & Water Conservation Department is one such post to which appointments are made based on the recommendation of the DSC.

Test check of records of the Soil & Water Conservation Territorial Division (SWCTD), Jowai in May 2013 and Soil & Water Conservation Cash Crop Division

³¹ Government of Meghalaya, Department of Personnel & Administrative Reforms O.M. No. PER(AR)/ 238/87/2 dated 03 October 1987

(SWCCD), Baghmara in July 2013 revealed that 14 and 05 persons respectively were appointed on *ad-hoc* basis by the Divisional Soil & Water Conservation Officer (DSWCO)/SWCTD, Jowai and DSWCO/SWCCD, Baghmara without following due process and obtaining the prior approval of the cabinet as prescribed in October 1987 by the GoM.

The GoM, Soil & Water Conservation Department in August 2012³² re-designated 90 vacant posts of Power Tiller Demonstrator in six of its divisional offices as Soil & Water Conservation Demonstrator (Jr-I) of which, 25 of the re-designated posts were in the SWCTD, Jowai. The Director, Soil & Water Conservation - who is the appointing authority³³ for direct recruitment to the post of Soil & Water Conservation Demonstrator (Jr-I) - in November 2012 directed that the re-designated posts were to be filled only after "*prior consultation*" with him.

However, it was noticed that 19 persons were appointed by DSWCO, SWCTD, Jowai as Soil & Water Conservation Demonstrator (Jr -I) in December 2012. Following irregularities/violation of the norms occurred while making these appointments:

- the DSC of Jaintia Hills District had not recommended any person for appointment to the 19 posts of Soil & Water Conservation Demonstrators (Jr-I);
- the DSWCO, SWCTD, Jowai and SWCCD, Baghmara were not the appointing authority for the posts ;
- on the appointment order had been issued it was stated that in SWCTD, Jowai "*.....in pursuance to the consultation and instruction of the Director of Soil & Water Conservation Meghalaya, Shillong.....*" – however, there was no evidence from divisional records to corroborate this assertion;
- there were no records with the SWCTD, Jowai to indicate on what basis were the 19 persons selected or whether the vacancies had been publicised in any manner at all;

As of August 2013, an expenditure of ₹ 1.06 crore had been incurred on the pay and allowances of 38 persons appointed irregularly.

The Government stated (September and November 2013) that the DSWCO, SWCTD, Jowai through oversight misinterpreted the instruction of the Director, Soil & Water Conservation about prior consultation with him for recruitment of the vacant posts and that the services of all the 33 ad-hoc appointment made by him had been terminated. The reply is silent about action taken for appointment of five persons on *ad-hoc* basis by the DSWCO/SWCTD, Baghmara.

³² Government of Meghalaya, Soil & Water Conservation Department Notification No. SCD.87/2011/12 dated 23 August 2012

³³ Notified as appointing authority vide Government of Meghalaya, Soil Conservation Department Notification No. SCD.54/93/Pt.I/77 dated 20 November 2003

WATER RESOURCES DEPARTMENT

3.6 Extra expenditure due to allotment of work to a contractor other than the lowest contractor

Arbitrary decision of the Departmental Tender Committee in rejection of tender of a contractor in connection with the Ajagar Flow Irrigation Project resulted in extra expenditure of ₹ 51.57 lakh, besides delay in completion of the project.

The work “Reconstruction and renovation of Ajagar Flow Irrigation Project (FIP)” was sanctioned by the Government of Meghalaya (GoM) in March 2001 at an estimated cost ₹ 1.09 crore (based on Meghalaya Public Works Department Schedule of Rates [SOR] 1996-97) for completion by October 2004. In May 2001, the Executive Engineer (EE), West Garo Hills Irrigation Division (WGHID), Tura issued a Notice Inviting Tenders (NIT) for construction of some components of the work viz., ‘reconstruction/ renovation and improvement of head work including protection work of right side and left side upstream and downstream and improvement of steel sluice gate, river diversion works, etc.’ at an estimated cost of ₹ 79.52 lakh.

In response to above NIT, 10 contractors submitted tenders. The Departmental Tender Committee (DTC) in December 2001 rejected the bids of six contractors on the ground that they had not undertaken construction of major works, including head works, in the past. The tenders of another three contractors, including that of the lowest tenderer (contractor ‘A’), were also rejected by the DTC on the ground that they had major works pending with the Department. The DTC then recommended award of the work to the last remaining tenderer (contractor ‘B’) whose tender was the sixth lowest, but at the rate quoted by the lowest tenderer (₹ 95.43 lakh³⁴). Accordingly, the EE, WGHID issued the preliminary work order to contractor ‘B’ in April 2002.

Further scrutiny of records of the Executive Engineer (EE), West Garo Hills Water Resources Division (WGWRD), Tura revealed that the contractor ‘B’, to whom the work was awarded, had also no record of ever undertaking construction of head work, the ground for which tenders of six other tenderers were rejected by the DTC. The lowest tenderer, whose tender was rejected on the ground of pending major works was also not justified because when his tender was rejected by the DTC in December 2001, only one work was being executed by the contractor scheduled for completion by March 2002.

Aggrieved at not being awarded the work, contractor ‘A’, who offered the lowest rate, filed a writ petition in May 2002 before the Shillong Bench of the Gauhati High Court praying that the work order issued to contractor ‘B’ by the EE, WGHID be set aside and the work be awarded to him. The Court in September 2006 ruled in favour of contractor ‘A’ on the ground that the DTC acted in an arbitrary manner in rejecting

³⁴ 20 per cent above the estimated cost of ₹ 79.52 lakh.

his tender in the absence of any report or materials to show that the progress of the earlier work allotted to the writ petitioner was not found satisfactory. On an appeal filed by the Department, the Gauhati High Court in December 2006 while upholding the decision of the Shillong Bench in setting aside the work order issued by the EE in favour of the appellant, however, ordered to issue a fresh NIT on the basis of which the work should be awarded again.

Consequent to the above decision of the Gauhati High Court, the estimates for the reconstruction and renovation of Ajagar FIP was revised to ₹ 3.74 crore which was sanctioned by the GoM in March 2010. The cost escalation of the project from ₹ 1.09 crore to ₹ 3.74 crore was due to the estimates being prepared based on an updated SOR (2007-08) and changes at the project site after so many years which necessitated changes in the design and other items of work. One component of this work included construction of headwork, sluice gate, embankment protection work, *etc.* at an estimated cost of ₹ 2.70 crore. After inviting tenders (June 2010), this component of work was awarded by the EE, WGWRD, in December 2010 to two contractors as a joint venture at a cost of ₹ 2.54 crore for completion by June 2012. As of March 2013, 60 *per cent* of the work was completed at a cost of ₹ 1.47 crore.

Thus, allotment of the work at first instance to contractor 'B' ignoring the lowest tenderer (contractor 'A') which was termed as arbitrary by the Court of Law, not only delayed the completion of the project, but also resulted in escalation in the cost of the project. In the circumstances, responsibility should be fixed for the lapses.

Incidentally, a mention may be made here that while observing that the post tender negotiations are the main source of corruption, the Central Vigilance Commission, in November 1998, banned the post tender negotiations except in the case of negotiations with the lowest tenderer.

The Government stated (December 2013) that the work was allotted to a contractor who was experienced in the similar type of work and also a local contractor. The reply is not acceptable because the decision of the DTC based on which the work was allotted to the contractor 'B' was termed as arbitrary by the High Court. Besides, the lowest tenderer contractor 'A' was also a local contractor.

CHAPTER-IV

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

CHAPTER IV: ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

4.1 Overview of State Public Sector Undertakings

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2013, the State of Meghalaya had 14 working State Public Sector Undertakings (SPSUs) (12 companies and two statutory corporations) and one non-working company, which employed 4518 employees. The working SPSUs registered a turnover of ₹ 461 crore for 2012-13 as per their latest finalised accounts as of September 2013. This turnover was equal to 2.48 per cent of State Gross Domestic Product indicating a moderate role played by SPSUs in the economy. However, the working SPSUs incurred an overall loss of ₹ 82.08 crore in the aggregate for 2012-13 as per their latest finalised accounts as on 30 September 2013.

Investments in SPSUs

As on 31 March 2013, of the total investment in SPSUs, 99.70 per cent was in working SPSUs and the remaining 0.30 per cent in one non-working SPSU. This total investment consisted of 33.53 per cent towards capital and 66.47 per cent in long-term loans. The investment has increased by 14.83 per cent from ₹ 1372.41 crore in 2007-08 to ₹ 1575.92 crore in 2012-13.

Performance of SPSUs

During the year 2012-13, out of 14 working SPSUs, two SPSUs namely Meghalaya Government Construction Corporation Limited and Meghalaya Industrial Development Corporation Limited earned profit aggregating to ₹ 2.44 crore and remaining twelve SPSUs incurred loss of ₹ 84.52 crore. The major losses were incurred by Mawmluh Cherra Cements Limited (₹ 18.71 crore) and Meghalaya Energy Corporation Limited (₹ 58.43 crore). The losses of working SPSUs were mainly attributable to deficiencies in financial management, planning, implementation of projects, operations and monitoring. A review of the latest Audit Reports of CAG shows that the SPSUs incurred losses to the tune of ₹ 60.23 crore which was controllable with better management. Thus, there is tremendous scope to improve the functioning of SPSUs and minimise losses.

Quality of accounts

The quality of accounts of SPSUs needs improvement. All the 17 accounts finalised by working SPSUs during October 2012 to September 2013 received qualified certificates. There were thirty seven instances of non-compliance with the Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated certain weak areas.

Arrears in accounts

Fourteen working SPSUs had arrears of 51 accounts as of September 2013. The SPSUs need to set targets for the work relating to preparation of accounts with special focus on arrears. There was one non-working company as on 31 March 2013. The company is under liquidation process as all its employees had opted for VRS in December 2006. As no purpose was served by keeping this non-working company in existence, the Government needs to expedite the process of closure of this company.

4.1.1 Introduction

The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The SPSUs are mandated to carry out activities of commercial nature while keeping in view the welfare of people. In Meghalaya, the SPSUs occupy a modest position in the State economy. The State working SPSUs registered a turnover of ₹ 461 crore for 2012-13 as per their latest finalised accounts as of September 2013. This turnover was equal to 2.48 *per cent* of Gross State Domestic Product (GSDP) for 2012-13. The working SPSUs incurred an overall loss of ₹ 82.08 crore in the aggregate for 2012-13 as per their latest finalised accounts as on 30 September 2013. They had employed 4518 employees as of 31 March 2013.

As on 31 March 2013, there were 15 SPSUs as per details given below. Of these, no company was listed on the stock exchange(s).

Table 4.1.1

Type of SPSUs	Working SPSUs	Non-working SPSUs ¹	Total
Government Companies²	12	1	13
Statutory Corporations	2	-	2
Total	14	1	15

4.1.2 Audit Mandate

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which not less than 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act.

The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

Audit of Statutory Corporations is governed by their respective legislations. Out of two Statutory Corporations, CAG is the sole auditor for Meghalaya Transport

¹ Non-working SPSUs are those which have ceased to carry on their operations. It includes one 619-B Company namely Meghalaya Electronics Development Corporation Limited.

² Including three subsidiaries companies of Meghalaya Energy Corporation Limited (MeECL) viz. Meghalaya Power Generation Corporation Limited (MPGCL), Meghalaya Power Transmission Corporation Limited (MPTCL) and Meghalaya Power Distribution Corporation Limited (MPDCL) which were incorporated on 18 December 2009. These Subsidiaries are yet to start functioning (October 2013).

Corporation. In respect of Meghalaya State Warehousing Corporation, the audit is conducted by Chartered Accountants and the supplementary audit by CAG.

4.1.3 Investment in SPSUs

As on 31 March 2013, the Government investment (capital and long-term loans) in 15 SPSUs was ₹ 1575.92 crore as per details given below:

Table 4.1.2

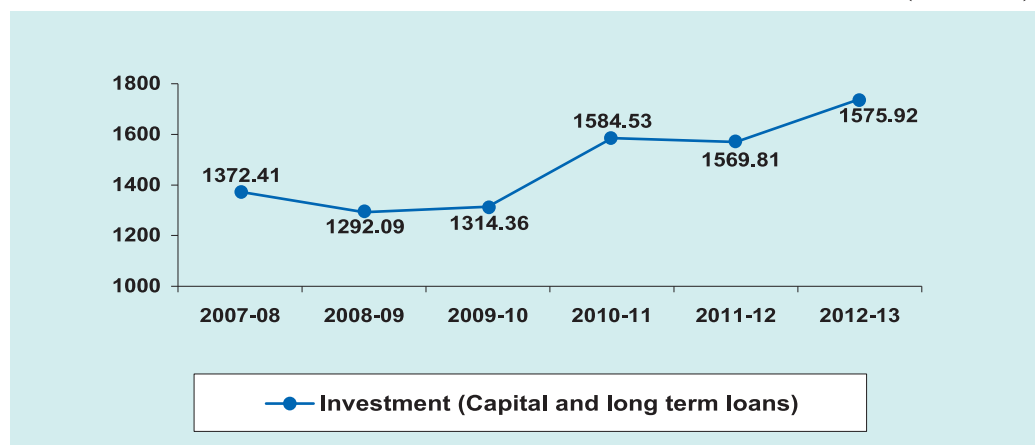
(₹ in crore)

Type of SPSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working SPSUs	436.03	1,047.53	1,483.56	87.64	-	87.64	1,571.20
Non-working SPSUs	4.72	-	4.72	-	-	-	4.72
Total	440.75	1,047.53	1,488.28	87.64	-	87.64	1,575.92

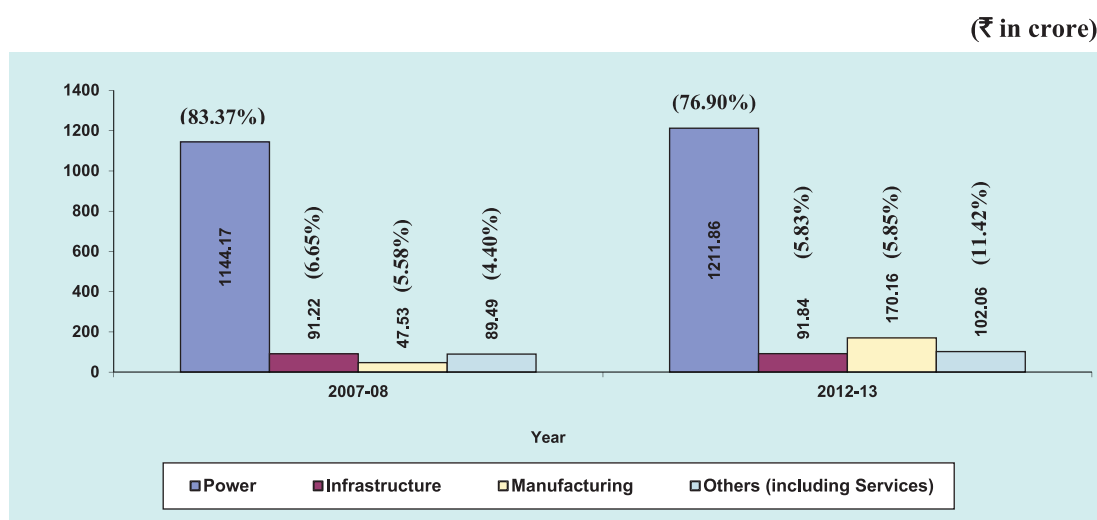
A summarised position of Government investment in SPSUs is detailed in **Appendix 4.1**.

As on 31 March 2013, of the total investment in SPSUs, 99.70 *per cent* was in working SPSUs and the remaining 0.30 *per cent* in one non-working SPSU. This total investment consisted of 33.53 *per cent* towards capital and 66.47 *per cent* in long-term loans. The investment has increased by 14.83 *per cent* from ₹ 1372.41 crore in 2007-08 to ₹ 1,575.92 crore in 2012-13 as shown in the graph below:

(₹ in crore)



The investment in various important sectors and percentage thereof at the end of 31 March 2008 and 31 March 2013 are indicated below in the bar chart. The thrust of Government investment in the State was mainly in Power Sector during last five years as the share of Government investment (in SPSUs) in Power Sector was 83.37 *per cent* in 2007-08 and 76.90 *per cent* in 2012-13.



(Figures in brackets show the percentage of total investment)

4.1.4 Budgetary outgo, grants/subsidies, guarantees and loans

The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of SPSUs are given in **Appendix 4.3**. The summarised details are given below for three years ended 2012-13:

Table 4.1.3

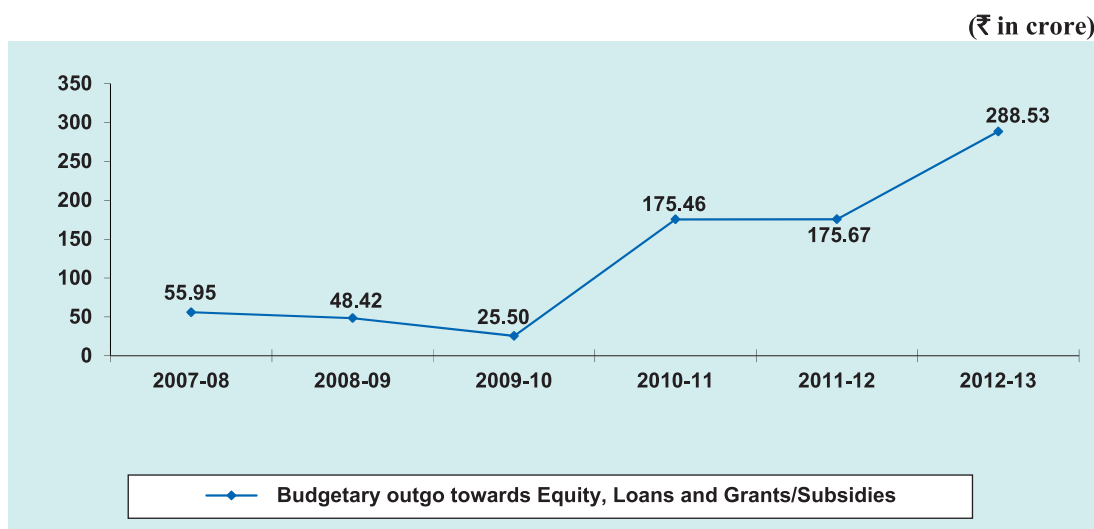
Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity(E) Capital outgo from budget	5	15.99	4	27.00	2	38.57
2.	Loans given from budget	1	23.44	2	31.63	-	-
3.	Grants(G)/Subsidy (S) received ³	3(G) 2(S)	131.47(G) 4.56(S)	5(G) 3(S)	99.27(G) 17.77(S)	5 3	235.45(G) 14.51(S)
4.	Total Outgo⁴ (1+2+3)	9	175.46	9	175.67	6	288.53
5.	Loans converted into equity	-	-	-	-	-	-
6.	Guarantees issued	1	31.77	2	239.76	1	56.10
7.	Guarantee Commitment	2	646.51	3	881.23 ⁵	2	888.43

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past six years are given in a graph below:

³ Includes grants and subsidies provided through State Government Budget only.

⁴ Depicts actual number of SPSUs which received Equity, loans, grants/subsidies out of budget.

⁵ Excluding interest portion of guarantee of ₹ 457.56 crore in respect of MeECL.



The budgetary outgo during 2012-13 was all time high at ₹ 288.53 crore in the past six years. This was mainly due to extension of budgetary support of ₹ 225.81 crore to Meghalaya Energy Corporation Limited (MeECL) in the form of grants (₹ 215.44 crore) and subsidies (₹ 10.37 crore).

The guarantee commitment by the State Government against the borrowings of SPSUs had increased from ₹ 646.51 crore (2010-11) to ₹ 888.43 crore (2012-13). Fresh guarantees of ₹ 56.10 crore were issued by the State Government during 2012-13.

4.1.5 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of SPSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2013 is stated below:

Table 4.1.4

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	299.74 ⁶	514.56 ⁷	(-)214.82
Loans	Not available ⁸	58.06	-
Guarantees including interest	1,283.24	1,327.46 ⁹	(-)44.22

⁶ Includes ₹ 2.14 crore in MSWC, ₹ 68.97 crore in MTC, ₹ 89.00 crore in MIDC, ₹ 122.79 crore in MCCL, ₹ 2.32 crore in MMDC, ₹ 1.97 crore in FDCM, ₹ 0.75 crore in MGCCL, ₹ 9.06 crore in MTDC and ₹ 2.74 crore in MH&HDC.

⁷ Includes ₹ 2.14 crore in MSWC, ₹ 77.47 crore in MTC, ₹ 209.50 crore in MeECL, ₹ 91.09 crore in MIDC, ₹ 117.80 crore in MCCL, ₹ 2.32 crore in MMDC, ₹ 1.77 crore in FDCM, ₹ 0.75 crore in MGCCL, ₹ 7.96 crore in MTDC and ₹ 3.76 crore in MH&HDC. (As per details furnished by the management of the respective SPSUs)

⁸ State Government's loans to SPSUs are extended through the Government Departments. These Government Departments reallocate the loan funds to different SPSUs. Hence, the SPSU-wise figures of State Government loans are not available in the Finance Accounts.

⁹ Guarantee commitment given by the State Government against loans were ₹ 1,282.24 crore (Principal = ₹ 843.21 crore and interest = ₹ 439.03 crore) for MeECL, and ₹ 45.22 crore (Principal only) for MCCL.

Audit observed that the differences in equity investment pertained to 10 SPSUs and some of the differences were pending reconciliation since 2007-08. Though the Principal Secretary, Finance Department, Government of Meghalaya as well as the SPSUs concerned were apprised by Audit about the differences from time to time stressing upon the need for reconciliation, no significant progress was noticed in this regard. The Government and the SPSUs should take concrete steps to reconcile the differences in a time-bound manner.

4.1.6 Performance of SPSUs

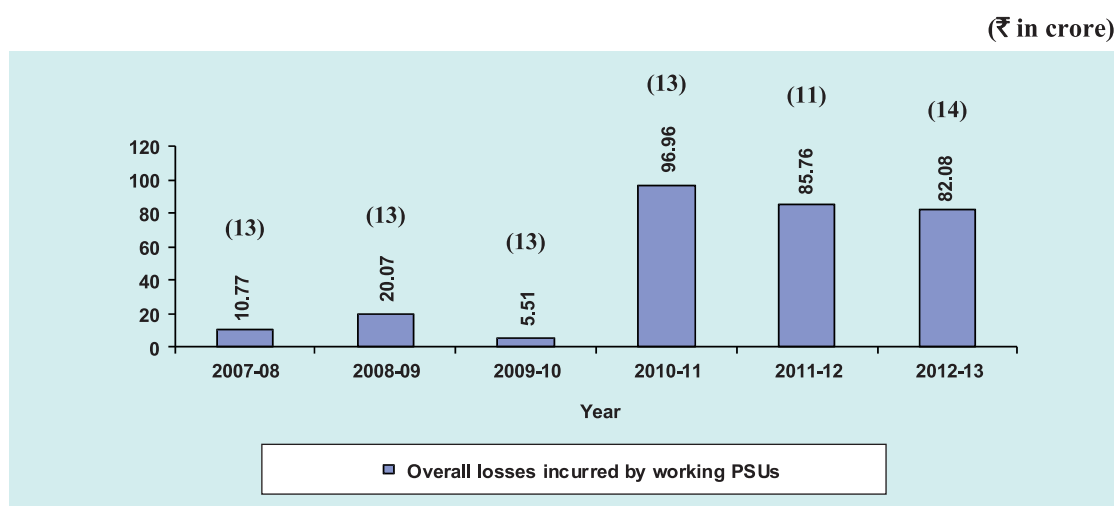
The financial results of SPSUs, financial position and working results of working Statutory corporations are detailed in **Appendix 4.2, 4.5** and **4.6** respectively. A ratio of SPSU turnover to State GDP shows the extent of SPSU activities in the State economy. Table below provides the details of working SPSUs' turnover and State GDP for the period 2007-08 to 2012-13:

Table 4.1.5

Particulars	₹ in crore)					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Turnover	365.47	386.20	440.72	457.06	463.14	461.00
State GDP ¹⁰	9734.73	11617.04	12709.10	14582.56	16433.86	18563.84
Percentage of Turnover to State GDP	3.75	3.32	3.47	3.13	2.82	2.48

It can be seen from the above that during six years period ending 2012-13, the percentage of turnover to State GDP had declined from 3.75 *per cent* (2007-08) to 2.48 *per cent* (2012-13) indicating that the turnover of SPSUs did not register a proportionate increase with the rise in the State's GDP.

Losses¹¹ incurred by working SPSUs during 2007-08 to 2012-13 are given below in a bar chart.



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

¹⁰ The Gross Domestic Product of Meghalaya at current prices as furnished by Government of Meghalaya, Directorate of Economics and Statistics vide EST.5/2011/Addl.1/5 dated 31.07.2012.

¹¹ Losses as per latest finalised accounts as shown in Appendix 4.2

During 2006-12, the working SPSUs incurred losses every year. The overall losses incurred by working SPSUs were an all time high (₹ 96.96 crore) during 2010-11 and at ₹ 82.08 crore during 2012-13. During the year 2012-13, out of 14¹² working SPSUs, only two of the SPSUs viz Meghalaya Government Construction Corporation Limited and Meghalaya Industrial Development Corporation Limited earned profit (₹ 2.14 crore and ₹0.30 crore respectively) and the other 12 SPSUs incurred loss of ₹ 84.52 crore. The major losses were incurred by Meghalaya Energy Corporation Limited (₹ 58.43 crore), Mawmluh Cherra Cements Limited (₹ 18.71 crore) and Meghalaya Transport Corporation (₹ 3.55 crore).

The losses of working SPSUs were mainly attributable to deficiencies in financial management, planning, implementation of projects, operations and monitoring. A review of the latest Audit Reports of CAG show that the SPSUs incurred losses to the tune of ₹ 60.23 crore which was controllable with better management. Year wise details from Audit Reports are stated below:

Table 4.1.6

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	Total
Net Loss	96.96	85.76	82.08	264.80
Controllable losses as per CAG's Audit Report	48.06	1.28	10.89	60.23
Infructuous Investment	--	--		

The above losses pointed out by Audit Reports of CAG are based on test check of records of SPSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses could be minimised substantially. The SPSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of SPSUs.

Some other key parameters pertaining to SPSUs are given below.

Table 4.1.7

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Return on Capital Employed (<i>per cent</i>)	2.93	1.87	2.26	-	-	-
Debt	968.28	864.76	872.19	1129.38	1080.12	1047.53
Turnover ¹³	365.47	386.20	440.72	457.06	463.31 ¹⁴	461.00
Debt/ Turnover Ratio	2.65:1	2.24:1	1.98:1	2.47:1	2.33:1	2.27:1
Interest Payments	38.08	37.69	43.76	42.35	42.65	40.80
Accumulated Losses	524.13	518.36	515.89	620.74	668.37	671.82

(Above figures pertain to all SPSUs except for turnover which is for working SPSUs)

¹² Number of working SPSUs excludes erstwhile Meghalaya State Electricity Board which ceased to exist wef 1 April 2010.

¹³ Turnover as per the latest finalised accounts as of 30 September 2012.

¹⁴ including the turnover figure (₹ 415.74 crore) of erstwhile Meghalaya State Electricity Board (MeSEB), which ceased to exist with effect from 01 April 2010 but included in Appendix 4.2 (serial no.B-1) to reflect overall financial results of the SPSUs as new Company (Meghalaya Energy Corporation Limited) formed in its place was yet to finalise accounts for the year 2010-11 and 2011-12.

The State Government had not formulated any dividend policy for payment of any minimum return by SPSUs on the paid up share capital contributed by the State Government. As per their latest finalised accounts, none of the SPSUs earned any aggregate profit.

4.1.7 Arrears in finalisation of accounts

The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working SPSUs in finalising their accounts by 30 September 2012.

Table 4.1.8

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of Working SPSUs	13	13	11	14	14 ¹⁵
2.	Number of accounts finalised during the year	12	10	15	20	17
3.	Number of accounts in arrears	61	64	51	52	51
4.	Average arrears <i>per</i> SPSU (3/1)	4.69	4.92	4.64	3.71	3.64
5.	Number of Working SPSUs with arrears in accounts	13	13	10	13	14
6.	Extent of arrears (Years)	1 to 15	1 to 15	1 to 16	1 to 15	1 to 15

It can be seen from the above that the quantum of arrears in accounts and the average arrear per SPSU remained high showing an average arrears per SPSU at 3.64 Accounts, while the extent of arrears ranges from one to 15 years. While Meghalaya Tourism Development Corporation Limited had arrears in accounts of 15 years (since 1998-99), Meghalaya Forest Development Corporation Limited and Meghalaya Handloom and Handicrafts Development Corporation Limited has arrears of nine and eight years respectively.

The State Government had invested ₹ 232.65 crore (Equity: ₹ 223.31 crore and Grants: ₹ 9.34 crore) in nine SPSUs during the years for which accounts have not been finalised as detailed in **Appendix 4.4**. Delay in finalisation of accounts of these SPSUs may result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

The Administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSUs within the prescribed period. Though the attention of the concerned administrative departments and officials of the Government on the issue of the arrears in finalisation of accounts was regularly drawn by the Principal Accountant General on quarterly basis, no remedial measures were taken. As a result of this, the net-worth of these

¹⁵ Excluding one company (Meghalaya Electronics Development Corporation Limited) which became non-working during 2010-11 with nine accounts in arrears. Further, three new companies (serial no.A-9, 10 & 11 of Appendix 4.2) incorporated on 18 December 2009 have been included. Each of these three companies has accounts for three years (2010-11 and 2011-12 and 2012-13) in arrears.

SPSUs could not be assessed in audit. The matter of arrears in accounts was also taken up with the Principal Secretary of the concerned Department and the Principal Secretary, Finance Department in the form of quarterly demi-official letters to clear the arrears in accounts in a time bound manner.

In order to speed up the clearance of arrear in accounts, in line with the instruction of the Ministry of Corporate Affairs (MCA), Government of India, to finalise latest two years account within a reasonable period during 2012-13, CAG office had taken up the matter with the Chief Secretary of the concerned departments of the State Government and SPSUs for effective action plan for compliance of the MCA instruction. But out of 15 SPSUs, 8 SPSUs were yet to finalise latest two years accounts as on 30 September 2013.

In view of the above state of arrears, it is recommended that:

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

4.1.8 Winding up of non-working SPSUs

There was one non-working SPSU as on 31 March 2013. The Company is under process of liquidation as all the employees of the Company had opted for VRS in December 2006 and were awaiting full settlement of VRS compensation.

The non-working SPSU is required to be closed down as its existence was not serving any purpose.

4.1.9 Accounts Comments and Internal Audit

12 companies forwarded 17¹⁶ audited accounts to Principal Accountant General (Audit) during the year 2012-13. Of these, seven accounts of six companies were selected for supplementary audit and 10 accounts were issued non-review certificate. The audit reports of Statutory Auditors appointed by CAG and the Supplementary Audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given below:

¹⁶ Including one year accounts of one Non-working company namely Meghalaya Electronics Development Corporation Limited.

Table 4.1.9

Sl. No.	Particulars	(₹ in crore)					
		2010-11		2011-12		2012-13	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	21.06	1	0.31	2	3.41
2.	Increase in loss	4	1.80	4	0.34	7	4.77
3.	Non-disclosure of material facts	2	6.51	2	3.34	3	2.54
4.	Errors of classification	3	0.86	1	0.23	1	0.21

During the year, the Statutory Auditors had given qualified certificates to all the seventeen accounts. In respect of compliance of companies with the Accounting Standards, there were 37 instances of non-compliance in ten accounts during the year.

Some of the important comments in respect of accounts of companies are stated below:

Mawmluh Cherra Cements Limited (2011-12)

- The Royalty payable, on Limestone, to the Government of Meghalaya was revised (13 August 2009) from ₹ 45 per Metric Tonne to ₹ 63 per Metric Tonne. However, the Company revised the rates from the date of issue of notification i.e 1 October 2010 onwards instead of 13 August 2009 onwards. Thus, the Trade Payables were understated by ₹ 14.83 lakh with a corresponding understatement of Royalty payable and Loss for the year by the same amount.
- The Company had not made any provision against the energy bills for the period during failure of meter (March 2011 to May 2011), on the basis of average consumption during last six months. This had resulted in understatement of Trade Payables by ₹ 94.29 lakh and understatement of loss by the same amount {exceptional items (prior period) by ₹ 31.43 lakh and current year expense by ₹ 62.86 lakh}.
- The Company did not include an amount of ₹ 39.93 lakh being the penal interest (₹ 16.16 lakh up to 31.3.2011 and ₹ 23.77 lakh for the year 2011-12) payable by the Company for delay in payment of Royalty and cess on limestone to the Directorate of Mineral Resources. This had resulted in understatement of loss (exceptional items: ₹ 16.16 lakh and current year's expense: ₹ 23.77 lakh) and understatement of other liabilities by ₹ 39.93 lakh each.
- The Tangible Assets included work-in-progress (Plant and Machinery) of ₹ 13.33 lakh as on 31 March 2012. Thus, Tangible Assets were overstated by ₹ 13.33 lakh and Capital Works-in-progress understated by the same amount.
- Other Income was arrived at after deducting an amount of ₹ 45.13 lakh being the Prior Period Expenses. However, as per the revised Schedule VI, Prior Period Expenses forms part of Exceptional Items. Thus, Other Income for the year has been understated by ₹ 45.13 lakh with corresponding understatement of Exceptional Items by the same amount.

Meghalaya Bamboo Chips Limited (2009-10)

- The Company had not suitably disclosed the fact that as on 31 March 2010, the Company spent an amount of ₹ 8.99 lakh out of the funds received from Ministry of Urban Development, Government of India, while balance amount of ₹ 1.01 lakh remained unspent.
- The expenditure did not include ₹ 18.59 lakh being electricity charges payable as on 31 March 2010. Non-provision against known liability had resulted in understatement of Current Liabilities and loss for the year by ₹ 18.59 lakh.

Meghalaya Handloom and Handicrafts Development Corporation Limited (2004-05)

- The Statutory Auditor's incorrectly mentioned in their report that Meghalaya Industrial Development Corporation Limited (MIDC) had written off loans and interest amounting to ₹ 26.61 lakh instead of actual write-off of loans and interest amounting to ₹ 35.63 lakh.

Forest Development Corporation Limited (2003-04)

- The debit balance of ₹ 4.91 crore in Profit and Loss Account was not adjusted against the General Reserve of ₹ 40 lakh in accordance with Schedule VI of the Companies Act 1956. Non-adjustment of the same had resulted in over statement of Reserve & Surplus and accumulated losses by ₹ 40 lakh.
- The Sundry Creditors were understated by ₹ 8 lakh on account of non-inclusion of a claim of royalty from Divisional Forest Office, Garo Hills amounting ₹ 8 lakh.
- The Company did not include an income of ₹ 6.77 lakh relating to current financial year. This had resulted in understatement of current year income and overstatement of loss for the year by ₹ 6.77 lakh.
- The accounting policy adopted and method of presentation of Government Grants in the Financial Statements has not been disclosed as required in Accounting Standard – 12.

Only one working Statutory Corporation forwarded one account to Principal Accountant General during the year 2012-13 and the audit was completed during the year. The audit reports of Statutory Auditors and the sole/ supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of CAG are given below:

Table 4.1.10**(₹ in crore)**

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in loss	2	5.98	1	5.09	-	-
2.	Non-disclosure of material facts	2	16.71	1	8.58	1	0.36
3.	Errors of classification	1	0.76	1	1.92	-	-

It can be seen from the above that the average impact of comments per account under 'Non-disclosure of material facts' category decreased from ₹ 8.58 crore during 2011-12 to ₹ 0.36 crore in 2012-13. During the year, one Statutory Corporation received qualified certificates.

Some of the important comments in respect of accounts of Statutory Corporation are stated below:

Meghalaya State Warehousing Corporation (2011-12)

- The Corporation had not disclosed the Accounting Policy in accordance with Accounting Standard-12 for Government Grants amounting to ₹ 36.11 lakh received as financial assistance from the State Government for extension of 2000 MT Warehouse at Khanapara.

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control / internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system and other areas in respect of seven companies¹⁷ for the year 2011-12 and eight companies¹⁸ for the year 2012-13 are given below:

Table 4.1.11

Sl. No.	Nature of comments made by Statutory Auditors	2011-12		2012-13	
		Number of Companies where recommendations were made	Reference to serial number of the Companies as per Appendix 4.2	Number of Companies where recommendations were made	Reference to serial number of the Companies as per Appendix 4.2
1.	Auditors Report & Comments / Draft paras/Mini Reviews not discussed in Audit Committee	1	A5	1	A5
2.	Non prescribing of Maximum / Minimum level of stock	4	A1, A7, A5, A12	5	A1, A2, A5, A7, A12
3.	No ABC analysis adopted to control the inventory	4	A1, A7, A5, A12	5	A1, A2, A5, A7, A12
4.	Inadequate scope of Internal Audit	3	A1, A7, A5	3	A1, A5, A7
5.	Absence of proper maintenance of Fixed Asset Register	5	A1, A7, A3, A5, A12	5	A1, A3, A5, A7, A12
6.	Inadequate credit policy	4	A1, A3, A5, A12	7	A1, A2, A3, A4, A5, A7, A12
7.	Inadequate system of giving discount	2	A7, A12	2	A7, A12
8.	Inadequate system for timely recovery of outstanding dues	4	A1, A7, A3, A5	4	A1, A2, A4, A7
9.	No system of obtaining confirmation of balances from debtors.	6	A1, A7, A8, A3, A5, A12	8	A1, A2, A3, A4, A5, A7, A8, A12
10.	Non recoverable of ledger (Debtor Advances)	-	-	-	-

¹⁷ Sl. No. A-1, 2, 4, 5, 6, 7, 8 and C-1 in Appendix – 4.2

¹⁸ Sl. No. A-2, 3, 5, 6, 7, 12 and C-1 in Appendix – 4.2

4.1.10 Status of placement of Separate Audit Reports

The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory Corporations in the Legislature by the Government.

Table 4.1.12

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Meghalaya Transport Corporation	2004-05	2005-06	04 April 2012	SAR received by the Government/ Management and is yet to be placed in the Legislature.
			2006-07	10 April 2012	
			2007-08	12 April 2012	
			2008-09	12 April 2012	
			2009-10	12 April 2012	
2.	Meghalaya State Warehousing Corporation Limited	2010-11	2011-12	05 September 2012	

Delay in placement of SARs weakens the legislative control over Statutory Corporations and dilutes the latter's financial accountability. The Government should ensure prompt placement of SARs in the Legislature.

4.1.11 Disinvestment, Privatisation and Restructuring of SPSUs

During the year 2012-13, no exercise was undertaken by the Government of Meghalaya for the Disinvestment, Privatisation and Restructuring of SPSUs.

POWER DEPARTMENT

MEGHALAYA ENERGY CORPORATION LIMITED

4.2 Extra Irregular Expenditure

Failure of the Meghalaya Energy Corporation Limited to correctly regulate payments to a firm resulted in an extra irregular expenditure of ₹ 226.57 lakh¹⁹.

The Meghalaya Energy Corporation Limited²⁰ (MeECL) awarded a supply contract (July 2007) to M/s Marbaniang Enterprise, Shillong (Firm) for supply of various materials required for implementing the Rajiv Gandhi Grameen Vidyutikaran Yojna²¹ in Jaintia Hills District at a cost of ₹ 27 crore. The contract was to be completed by June 2009. However, without any approval for extension of the contract beyond June 2009 it was amended in June 2010 due to change of scope of the work and accordingly the contract value was revised to ₹ 28.36 crore.

Audit reviewed the contractual payments released to the firm and observed the following two instances of irregular extra payments made to the firm.

(i) Irregular extra expenditure of ₹ 120.95 lakh for supply of Transformers

MeECL had changed the scope of the contract from supply of 316 No. of 25 KVA, 55 No. of 16 KVA and 70 No. of 10 KVA transformers to 304, 63 and 63 numbers of transformers respectively. Under the amended contract, the rate for these three types of transformers was also uniformly increased by ₹ 28,133 each on account of material cost (₹ 14,133) and freight cost (₹ 14,000).

It was noticed that the firm had supplied 301 numbers of 25 KVA transformers, 50 of 16 KVA transformers and 68 of 10 KVA transformers against the original contracted quantity, out of which 235 Nos, 52 Nos & 45 Nos of 25 KVA, 16 KVA and 10 KVA DTs respectively were installed prior to amendment of Letter of Award (LOA). The firm had accordingly submitted bills at the pre-revised rates for these items during the period between April 2008 and December 2009 and MeECL had made payments amounting to ₹ 337.85 lakh against these bills. Audit observed that MeECL allowed the firm various claims for the materials and equipments supplied before revision of rates, on account of the differential material and freight costs, amounting to ₹ 116.47 lakh as detailed below:

¹⁹ Transformers- ₹ 120.95 lakh; Service Tax - ₹ 105.62 lakh.

²⁰ Till 13th September 2009 known as the Meghalaya State Electricity Board.

²¹ The Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY), a centrally sponsored scheme, was launched in April 2005 by the Government of India with a view to accelerate the pace of village electrification by electrifying all villages and habitations, providing electricity to all households and giving electricity connections to Below Poverty Line families free of charge.

Table 4.2.1

Transformer capacity	Quantity to be supplied as per original contract (Nos)	No. of transformers supplied prior to June 2010	Quantity to be supplied as per amended contract	Rate per unit as per original contract	Rate claimed by the contractor	Amount admitted by MeECL	Amount which should have been paid	Differential amount allowed to the contractor
(Amount in ₹ lakh)								
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (3x6)	(8) = (3x5)	(9) = (7-8)
25 KVA	316	301	304	92,737	1,20,870	363.82	279.14	84.68
16 KVA	55	50	63	76,666	1,04,799	52.40	38.33	14.07
10 KVA	70	63	63	65,363	93,496	58.90	41.18	17.72
Total						475.12	358.65	116.47

As per clause 5.0 of the letter of award (July 2007), all the components for the entire scope of work under the contract were firm and no price adjustment was applicable for the same. Contrary to the provisions of the original contract, MeECL, allowed claim of the supplier for price differences for the material already supplied under the original contract.

Thus, allowing the revised rates for the materials which were received and billed before amendment of the award of contract was not proper.

It was further observed that in respect of 3 numbers of 25 KVA and 13 numbers of 16 KVA transformers which were supplied after amendment of the contract, the MeECL admitted both the revised rate as well as the differential cost which resulted in double payment of ₹ 4.48 lakh²².

Thus, the failure of the MeECL to correctly regulate payments to the firm resulted in an irregular and extra expenditure of ₹ 120.95 lakh²³ (material cost: ₹ 60.77 lakh; freight cost ₹ 60.20 lakh) and undue benefit to the contractor.

The Power Department, Government of Meghalaya (GoM) in its reply (December 2012) stated that the rate increase was due to inclusion of DT metering in the amended LOA amounting to ₹ 28,939, ₹ 29,106 & ₹ 29,223 for 25/16/10 KVA respectively.

The reply is not tenable in view of the fact that inclusion of Distribution Transformer (DT) metering in the revised LOA was already included in the original LOA which included Energy meter, meter box and all accessories for Distribution Transformer (DT).

(ii) Irregular extra payment of Service Tax - ₹ 105.62 lakh

As per notification issued (March 2008) by the Central Board of Excise and Customs (CBEC), service tax on freight incurred during the course of supply of materials is to be levied on 25 per cent of the freight value.

²² (25 KVA- 3 x ₹ 0.28 lakh = ₹ 0.84 lakh; 16 KVA- 13 x ₹ 0.28 lakh = ₹ 3.64 lakh)

²³ ₹ 120.95 lakh = ₹ 116.47 lakh + ₹ 4.48 lakh

A review of the payments made to a contractor (M/S Marbaning Enterprise, Laitumkhrah) revealed that contrary to the above notification of CBEC, MeECL had allowed service charges on freight at the rate of 12.24 *per cent* on the 100 *per cent* freight value instead of 25 *per cent* of the freight value. This had resulted in irregular extra payment of ₹ 105.62 lakh of service charges to the firm as detailed below.

Table 4.2.2

Bill period	Value of freight paid to supplier	25 <i>per cent</i> of the freight	Applicable rate of Service Tax on freight	Amount service tax charges permissible	Amount of service tax charges paid to the contractor	Over payment
(Amount in ₹)						
(1)	(2)	(3) = (25 <i>per cent</i> of 2)	(4)	(5) = (4*3)	(6)	(7) = (6-5)
Up to 23-02-2009	49924856	12481214	12.36%	1542678	5753292	4210614
24-02-2009 to 18-01-2011	63228365	15807091	10.30 %	1628130	7979420	6351290
Total				3170808	13732712	10561904

Audit also observed that MeECL did not verify the details of Service Tax Code (STC)/ registration number on the invoices as required under CBEC circular No.97/8/2007 dated 23 August 2007. The firm did not even have service tax registration during the contract period.

The matter was reported to MeECL in December 2012 and in its reply, MeECL stated (February/June 2013) that actual service tax to be deducted from the contractor would be finalised during the closure of the scheme.

However, the Power Department, GoM in its reply (December 2013) stated that “as the total payment made to the firm is inclusive (i.e Freight value+ service tax), any change in the rate of service tax will not affect the total amount paid to the firm. The excess amount of service tax to the tune of ₹ 105.62 lakh paid to the firm is mere projection of calculation only at different rates of service tax which implies that there is no such excess amount paid in practice”.

The Power Department reply is contradictory of the earlier reply of the MeECL and is not tenable in view of the following.

➤ At the time of finalisation of contract, MeECL had not ensured whether the contractor was registered with Service Tax Department and there was no cost breakdown indicated in the contract for the service tax portion. Further, the Government levies/ taxes should be payable to the contractor based on the actual payment and cannot be pre-fixed in the contract. MeECL did not ensure that service tax is allowed to the contractor on actual basis, which resulted in irregular extra payment.

➤ The total value of the contract is the overall limit and the payments should be regulated based on the actual work executed/ service received. MeECL did not ensure this while allowing payment of service tax charges.

It is recommended that MeECL, in future should ensure the Service Tax registration of the firm before releasing the contractual payments.

Thus, failure of the Meghalaya Energy Corporation Limited to correctly regulate payments to a firm resulted in an extra irregular expenditure of ₹ 226.57 lakh.

4.3 Avoidable Expenditure

Faulty implementation of the solar lantern scheme by the Meghalaya Non-conventional and Rural Energy Development Agency resulted in an avoidable expenditure of ₹ 53.39 lakh besides ineligible retention of central assistance of ₹ 2 crore.

In March 2006, the Meghalaya Non-Conventional and Rural Energy Development Agency (MNREDA) submitted a proposal to the Ministry of Non-Conventional Energy Resources²⁴ (MNRE), Government of India (GoI) to procure and sell 20,000 solar lanterns to eligible beneficiaries²⁵ in the state under the Solar Lantern Programme²⁶ (SLP) of the GoI. The proposal was approved by the Ministry the same month. Under the SLP, the Ministry provided a Central Financial Assistance (CFA) of ₹ 2,400 per solar lantern and in addition, ₹ 100 per lantern as service charge which was accordingly released in two instalments of ₹ 2.5 crore²⁷ each to MNREDA in May 2006 and September 2007.

Accordingly, MNREDA issued (October 2006 to May 2007) purchase orders on four firms for supply of solar lanterns for procurement of 20,000 solar lanterns. However, by April 2008, MNREDA procured only 12,000 solar lanterns at a cost of ₹ 4.67²⁸ crore, against the above purchase orders. For distributing the Solar Lanterns under the scheme, MNREDA fixed the subsidised cost of the lanterns at rate of ₹ 1765²⁹ per lantern.

In this connection audit observed that:

1. MNREDA distributed only 3,318 lanterns to the eligible beneficiaries till October 2011. However, it recovered only ₹ 42.75 lakh against subsidised cost of ₹ 58.56 lakh³⁰ from the beneficiaries. Thus, MNREDA had short-recovered an

²⁴ Later renamed as Ministry of New and Renewable Energy

²⁵ Individuals and non-profit institutions/ organisations in unelectrified villages of Special Category States.

²⁶ The SLP would be implemented through State Nodal Agencies (SNAs). Fifty percent of Central Financial Assistance (CFA) would be released to the SNAs in advance along with the service charges and the remaining 50 percent would be released after completion of the project, inspection of at least 20 per cent of the lanterns distributed and submission of audited statement of expenditure/Utilisation Certificate (UC) in the prescribed format.

²⁷ (₹ 2,400 + ₹100) X 20,000 solar lanterns = ₹ 5 crore

²⁸ Including ₹ 2.67 lakh as transportation cost for direct delivery to district offices in respect of one firm

²⁹ 1. Cost of the system: ₹ 4215, MNES share: ₹ 2400, State Government Share: 50
Beneficiary's Contribution : ₹ 4215 – (2400+50) = ₹ 1765

³⁰ @ ₹ 1,765 per lantern X 3,318 lanterns = ₹ 58.56 lakh

amount of ₹ 15.81 lakh on distribution of 3,318 solar lanterns. The reasons for short-recovery were not on record.

2. On account of poor response to the scheme, MNREDA could not distribute the remaining 8,682 solar lanterns to the eligible beneficiaries till November 2011, therefore, MNREDA's Executive Committee decided to distribute the remaining these lanterns free of cost to school children. However, by then the batteries of the lanterns had become unusable due to prolonged storage. Therefore, in August 2012, MNREDA replaced the batteries of the 8,682 lanterns at a cost of ₹ 53.39 lakh and by June 2013 had distributed these lanterns to school children free of cost. Audit observed that the school children were not selected from un-electrified villages as envisaged in the original scheme. Thus, faulty implementation of the scheme resulted in avoidable expenditure of ₹ 53.39 lakh besides non-recovery of subsidised cost of solar lanterns amounting to ₹ 153.24³¹ lakh.

3. Further, the Utilisation Certificate furnished by MNREDA stating that "*the conditions on which the grant-in-aid was sanctioned have been duly fulfilled*" was false and suppressed material fact that the agency had procured only 12,000 solar lanterns by utilising the CFA sanctioned for procurement and distribution of 20,000 solar lanterns to the beneficiaries. Consequently, MNREDA was liable to refund the CFA amounting to ₹ 2 crore for not procuring 8000 Solar Lanterns in accordance with the sanction of CFA.

Thus, due to faulty implementation of the scheme, the objective of providing Solar Lanterns to the eligible beneficiaries was not fully achieved. In addition, the MNREDA, had incurred and avoidable expenditure of ₹ 53.39 lakh on the scheme.

The matter was reported to the Government in July 2013; reply was awaited (February 2014).

COMMERCE AND INDUSTRIES DEPARTMENT

MEGHALAYA INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

4.4 Sanction of loan to a Private Company where the interested Director held substantial shares

The Meghalaya Industrial Development Corporation sanctioned and disbursed a loan of ₹ 45 crore and equity participation of ₹ 6 crore to a private company whose majority shares were held by a Director of MIDC and allowed undue benefit of ₹ 54.23 lakh.

M/s CMJ Breweries Private Ltd (CMJ) in April 2009 applied for a loan of ₹ 26 crore and ₹ 3 crore equity participation from the Meghalaya Industrial Development

³¹ Non-recovery of subsidised cost of ₹ 153.24 lakh (1765*8682)

Corporation Limited (MIDC) to set up a brewery at Byrnihat with a project cost of ₹ 52.33 crore. Apart from the loan and equity participation by the MIDC, the project was to be financed through a bank loan of ₹ 8 crore and promoter's contribution of ₹ 15.33 crore.

The Board of Directors (BoD) of the MIDC in its 172nd meeting held in June 2009 approved the loan of ₹ 26 crore and equity participation of ₹ 3 crore in the project. As per the terms of the loan agreement, the loan was to be repaid in eight years in seven annual installments along with interest of 12 *per cent* with each installment. First installment of the repayment of loan was due after 26 months from the date of the first disbursement of the loan. A penal interest of 3 *per cent* was leviable on any overdue installments or interest outstanding. The Company made first disbursement to the loanee on 7 April 2010³² and as such the repayment of first installment was due in June 2012. However, CMJ voluntarily paid interest from 2010-11 onwards. In April 2011, the CMJ citing delay in commencement of commercial operations due to delay in obtaining the bank loan requested the MIDC to reschedule the loan repayment to the financial year 2014-15. This was agreed to by the MIDC with the condition that the CMJ would continue to pay interest on the loan every year i.e. by 31 March of each financial year.

CMJ again requested (September 2012) the Company to issue a 'No Objection Certificate' for obtaining a loan of ₹ 9.09 crore, for doubling the capacity of its plant, from a bank and to agree to extension of *pari passu*³³ charge with the bank on the resultant expanded assets of the CMJ. Both conditions were agreed to by the Company. In April 2013, CMJ submitted fresh proposal to the Company requesting for a loan of ₹ 19 crore to be utilised for expanding the brewery's capacity from 2,00,000 HLP to 3,50,000 HLP at a cost of ₹ 31.55 crore³⁴ to be financed by promoters (₹ 9.55 crore), loan from the MIDC (₹ 19 crore) and equity participation by the MIDC (₹ 3 crore). The BoD of the MIDC approved the additional loan and equity participation at its 189th meeting held in May 2013.

Audit observed that:

➤ A major shareholder and director in the CMJ, was also a member of the BoD of the MIDC, participated and voted in the 172nd and 189th meeting of BoDs that considered and approved the MIDC's loans and equity participation in the CMJ. However, the interested director had not disclosed his interest in the proposed loan

³² 1st disbursement (7 April 2010)- ₹ 5 crore; 2nd disbursement (19 April 2010)- ₹10.00 crore; 3rd disbursement (24 June 2010)- ₹ 1.50 crore; 4th disbursement (26 October 2010) – ₹ 4.40 crore; 5th disbursement(8 March 2011)- ₹ 1.50 crore; 6th disbursement (21 March 2011)- ₹ 2 crore; 7th disbursement (9 March 2012)- ₹ 1.60 crore

³³ *Pari Passu* is a term used in banking transactions which means that the charge to be created is in continuation of an earlier charge which might be held by the same institution or by another institution.

³⁴ Expansion cost ₹ 31.55 crore proposed to be financed by Term Loan from MIDC Ltd (₹ 19 crore) and equity from promoters ₹ 9.55 crore and equity from MIDC Ltd ₹ 3 crore.

arrangement, to the Board of Directors as required under Section 299³⁵ of the Companies Act.

➤ The action of the MIDC to give 'No objection' to the CMJ for availing loan of ₹ 9.09 crore and to agree to extension of *pari passu* charge with the bank was not in consonance with clause 5 of the loan agreement which *inter alia* stipulates that "*the borrower (CMJ) shall not create any charge, mortgage, lien or other encumbrance upon or over the same, or any part thereof except in favour of the lenders (MIDC).*" The BoD's approval was not taken for this deviation from the terms of the loan agreement.

➤ As per the MIDC's policy, all loanees who pay their interest and the principal amount on time will be allowed concession of two *per cent* on interest as an incentive bonus. For not paying interest on due date, the MIDC could levy a penal interest of three percent on the interest outstanding. CMJ availed the concession in interest for the financial years 2010-11 and 2011-12 by paying interest on due date i.e., by 31 March. For the year 2012-13, CMJ had deposited cheques amounting to ₹ 2.60 crore. However, CMJ requested the Company to postpone the encashment of the cheques and therefore MIDC encashed the cheques on 27 June 2013 instead of due date of 31 March 2013. Thus, CMJ was not eligible for concession of two *per cent*. However, the MIDC allowed the ineligible interest concession on the outstanding loan amount³⁶, and had also not levied the penal interest of 3 *per cent* on the interest outstanding³⁷, which resulted in total undue benefit of ₹ 54.23 lakh (₹ 52 lakh + ₹ 2.23 lakh). After being pointed out by Audit, MIDC, in August 2013, requested CMJ to pay the balance interest of ₹ 52 lakh but CMJ had not paid the interest till date (December 2013). The Company had not taken any action to recover the penal interest of ₹ 2.23 lakh so far.

The matter was reported to the Department in October 2013, reply was awaited (February 2014).

4.5 Irregular appointment of staff

44 officers and staff were appointed during April 2004 to May 2013 in the Meghalaya Industrial Development Corporation Limited without following due procedures.

The Articles of Association of the Meghalaya Industrial Development Corporation Limited (MIDC) empower the Board of Directors (BOD) to appoint officers and other staff of the MIDC. However, in March 2004³⁸, the BOD delegated this power to the

³⁵ Section 299 (1) of Companies Act, 1956 provides that every director of a Company, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the company, shall disclose the nature of his concern or interest at a meeting of the Board of directors

³⁶ Ineligible concession @ 2 *per cent* on ₹26 crore = ₹ 52 lakh.

³⁷ Loan amount=₹ 26 crore, interest outstanding 12 *per cent* on ₹ 26 crore = ₹ 3.12 crore, penal interest = 3 *per cent* on ₹ 3.12 crore for 87 days from 1-04-13 to 26-06-13 = ₹ 2.23 lakh

³⁸ 150th meeting of the Board of Directors held on 29 March 2004

Managing Director (MD) of the MIDC subject to approval of the Government of Meghalaya.

Consequent upon delegation of powers to the MD, 44 persons were appointed in the MIDC during the period April 2004 to May 2013 to various posts (peon to management trainee) as per details given in **Appendix 4.7**. All these 44 persons were in employment with the MIDC (as on 31 March 2013).

In June 2013, Audit examined the records relating to these appointments and it was revealed that the above appointments were made by the MD of the MIDC, without following due procedures in accordance with Section 4(1) of the Employment Exchanges (Compulsory Notification of Vacancies) Act 1959 and also the Supreme Court's observations (August 1996), that, for observing fair play, appointing authorities publicise the vacancy in news papers and display on its office notice boards or announce on radio, television and employment news-bulletins. It was seen in audit that while making the above 44 appointments, the MIDC did not follow the following procedures:

- *The employment exchange(s) was not notified of the vacancies;*
- *The vacancies were not publicised in newspapers, radio or television etc.; and*
- *There was no evidence on record to suggest that the vacancies had even been displayed on the MIDC's office notice boards;*

It was further observed that the powers of Board of the Directors of the Company to appoint officers and other staff of MIDC delegated to the MD were subject to approval of Government of Meghalaya. However, the Government of Meghalaya had not accorded its approval to the said delegation as on date (October 2013). Therefore, the Board of Directors was the competent authority to appoint officers and staff and not the Managing Director. Thus, powers of appointment exercised by the MD were ultra vires of the Articles of Association of the Company.

On this being pointed out, the Management stated (July 2013) that recruitment to the MIDC is need based and a majority of the appointments were done directly which was the practice all along.

The reply of the Management was not tenable as the rules and procedures were not followed for making appointments in the Company.

The matter was reported to the Department in August 2013, reply was awaited (February 2014).

CHAPTER-V

FOLLOW UP OF AUDIT OBSERVATIONS

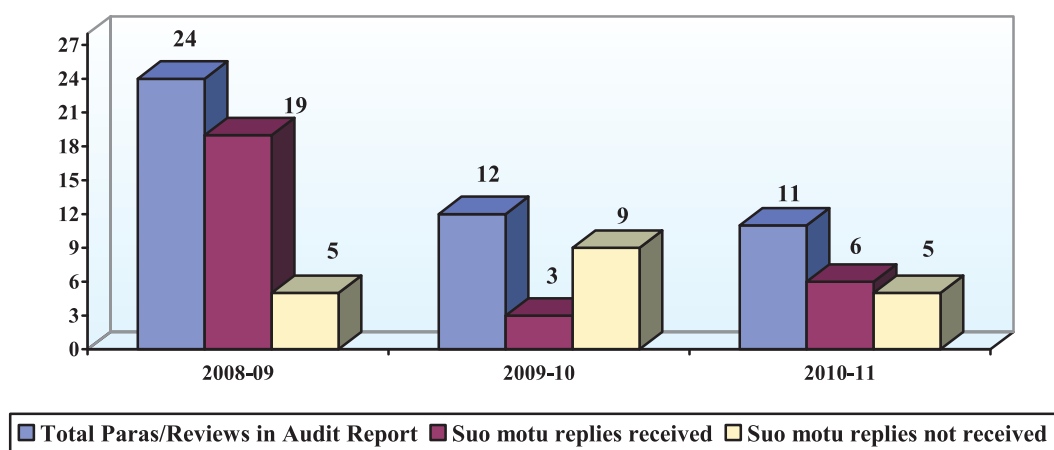
CHAPTER V : FOLLOW UP OF AUDIT OBSERVATIONS

5.1 Non submission of *suo motu* explanatory notes

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

As of March 2013, nine departments (civil including Public Works Department) did not submit *suo motu* explanatory notes on 17 paragraphs and two reviews included in the Audit Reports (Civil & Commercial) for the years 2008-09 to 2010-11, details of which are given below:

Chart 5.1: Position of pending *suo motu* replies to Audit Reports



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

The administrative departments were required to take suitable action on the recommendations made in the Report of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, the departments were to prepare action taken notes (ATNs) indicating action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat. The PAC specified the time frame for submission of such ATNs as six weeks up to 32nd Report of the PAC and six months in 33rd Report. Review of 16 Reports of the PAC involving 14 departments (containing recommendations on 57 paragraphs of Audit Reports) presented to the Legislature between April 1995 and December 1997 (10 reports), in June 2000 (one report), April 2005 (one report), April 2007 (one report), March 2010 (one report), March 2011 (one report) and March 2012 (one report) revealed that none of these departments had sent the ATNs to the Assembly

Secretariat as of December 2013. Thus, the fate of these valuable recommendations contained in the said reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

5.3 Monitoring

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

5.3.1 Departmental Audit & Accounts Committee

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

Twelve DAAC meetings were held during 2012-13 wherein 102 Inspection Reports (IR) containing 337 paragraphs were discussed and 17 IRs, containing 108 paragraphs were settled.

5.3.2 Apex Committee

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

The details of the Apex Committee meetings held during 2012-13 were awaited (February 2014).

5.3.2 Outstanding Inspection Reports

The Meghalaya Financial Rules, 1981 provide for prompt response by the executive to the IRs issued by the Accountant General (Audit) of the State (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies and lapses noticed during inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Heads of the Department by the AG through a half-yearly report in respect of pending IRs to facilitate monitoring of the Audit observations and for taking appropriate corrective action.

Six Audit Committee meetings were held during 2012-13 for discussion of IRs in respect of civil departments wherein 134 Inspection Reports (IRs) containing 469 audit paragraphs relating to transactions of civil and works departments were

discussed and only 27 IRs containing 158 paragraphs were settled. At the end of March 2013, 675 IRs involving 2782 paragraphs pertaining to the period from 1992-93 to 2012-13 were outstanding.

Shillong
The



(Rajesh Singh)
Accountant General (Audit)
Meghalaya

Countersigned



New Delhi
The

(Shashi Kant Sharma)
Comptroller and Auditor General of India

APPENDICES

APPENDIX 3.2.1

**Statement showing details of NLCPR and NEC funded Road and Bridge (R&B)
Projects in Meghalaya sanctioned/ executed during the period 2008-09 to 2012-13
(Reference : Paragraph 3.2.3; Page 42)**

(₹ in lakh)

Sl. No.	Year	Name of R&B Project	Implementing Division	Sanction Date	Sanction Amount	Percentage of completion as on December 2012	Expenditure as on December 2012
NLCPR Funded Projects							
1	2005-06	Reconstruction of 10 bridges and approaches on Mawphlang Balat Road (Br No 9/1,20/1, 28/8, 30/9, 39/5, 50/6, 51/9, 56/1, 68/1 & 68/7.	Shiilong South & Mawsynram Division	18.10.2005	900.53	100%	890.33
2		Improvement, widening, strengthening including reconstruction of bridges and culverts of Rymbai - Iapmala - Suchen Road (1-17 Km).	Jowai NEC Division	28.12.2005	1877.49	100%	1822.42
3		(a) Construction of RCC Bridge over River Daru on Ampati - Purakashia Road. (2nd Km) to Ampati Village	Ampati Division	23.12.2005	453.89	83%	355.05
		(b) Construction of approaches to RCC Bridge over river Daru on Ampati - Purakashia Road. (2nd Km) to Ampati village	Ampati Division	13.03.2008	52.91	95%	
4	2006-07	Improvement, widening, strengthening including Metalling & Blacktopping of Dkhiah - Sutnga- Saipung - Moulsei - Haflong Road (29-44 Km).	Jowai NEC Division	26.03.2007	72.08	100%	691.13
5	2007-08	Construction and strengthening of Jakrem- Ranikor Road (6-15 Km).	Ranikor Division	13.7.2007	416.40	81%	354.22
6		Widening of road to double lane from Araimile to Dakopgre of Tura Town.	Tura North Division	27.9.2007	313.83	100%	307.68
7		Improvement including Metalling & Blacktopping of Mawkyrwat - Rangblang Road (12th to 19th Km).	Mawkyrwat Division	27.9.2007	480.00	100%	462.67
8		Construction including Metalling & Black topping of Lumshnong - Umlong Road (0 - 8 Km).	Jowai NEC Division	26.9.2007	601.76	100%	589.63
9		Up-gradation and Strengthening of Garobadha-Betasing via Rangakhona (From 6th Km to GR road upto 6th Km of BM road via Khasibil(7.833 Km).	Ampati Division	31.12.2007	1137.56	100%	1115.24
10		Construction of road from Mushut to Lumputhoi (12 Km).	Jowai NEC Division	26.12.2007	487.21	100%	477.22
11		Improvement, Metalling & Blacktopping of a road from NH-51 to Rongsigre (4.725 Km).	Tura North Division	31.12.2007	327.08	100%	320.69
12		Improvement including Metalling & Blacktopping of Mukhaialong - Lumshyrmir road (0 to 19 Km)	Jowai NEC Division	16.11.2007	911.00	100%	886.14
13		Widening of road into double lane in Williamnagar town (8.00 Km) including Metalling & Blacktopping	Williamnagar Division	26.03.2008	1512.67	100%	1352.90
14	2008-09	Construction of Remaining portion of Mawsahew - Nongsteng - Umlai - Mawphu road from 6 th to 13 th Km.	Sohra Division	30.9.2008	953.88	40%	295.00
15		Improvement including Metalling & Blacktopping of a Road from Sonapur (NH 44) to Lad Borsora(10 Km).	Jowai NEC Division	10.10.2008	832.99	100%	816.63

Sl. No.	Year	Name of R&B Project	Implementing Division	Sanction Date	Sanction Amount	Percentage of completion as on December 2012	Expenditure as on December 2012
16	2008-09	Improvement/construction including Metalling & Blacktopping of a double lane Road from Rymbai to Deichynrum (7.00Km).	Jowai NEC Division	20.2.2009	602.56	100%	590.82
17	2009-10	Rehabilitation of Lyngkhat-Dawki (9.75 Km) Road.	Shillong South Division	30.9.2009	1160.85	95%	1038.46
18		Reconstruction of Bridges & Approaches on Damelgre-Mellim-Boldamgre Road, (Br. No. 5/3, 9/1, 10/2).	Tura North Division	30.9.2009	1146.94	56%	458.62
19		Reconstruction of Bridges on Kherapara to Deku bazar road (Br. No. 2/5, 5/3 & 10/2).	NH Cum Tura Central Division	02.02.2010	852.89	70%	341.05
20		Construction of Road from Rongjeng - Mangsang - Adokgre Road including Metalling & Blacktopping [33rd. to 38th Km with bridges (5.16 Km)].	Resubelpara Division	25.03.2010	439.24	22%	83.50
21	2010-11	Widening to double lane standard including Metalling & Blacktopping of Dkhiah - Sutnga - Saipung - Moulsei - Haflong road (Portion 1st to 8th, 17th & 18th Km).	Jowai NEC Division.	09.11.2010	1577.50	95%	1262.16
22		Re-construction of SPT bridge no.14/1 over Umngi river to permanent RCC Bridge at 14th Km of Laitmawsiang - Mawthawpdah road including approaches.	Mawkyrwat Division	23.12.2010	706.61	35%	160.00
23		Improvement, Widening, Strengthening including Metalling & Blacktopping of a road from 9th Mile of NH-37 Guwahati-Shillong Road to Killing Pilangkata (7th – 21.50 Km).	Nongpoh Division	23.12.2010	1096.17	40%	275.00
24	2011-12	Construction including Metalling & Blacktopping of Bandapara - Mallangkona - Shallang Road (52 Km) Phase I (10 Km).	Nongstoin Division	06.07.2011	1072.09	25%	135.43
25		Construction including Metalling & Blacktopping of a road from GS Road NH-40 to Nongthymmai Umsning- Ri Bhoi District.	Umsning Division	16.09.2011	426.15	32%	96.82
26		Strengthening improvement including Metalling & Blacktopping of road from Bolaganj to Nongjri including construction of major bridge at Tharia over river Wahrew.	Sohra Division	28.12.2011	2936.89	20%	Nil
27	2011-12	Widening and Strengthening of Damra - Mendipathar - Songsak - Williamnagar road (construction of SPT to RCC Bridges).	Williamnagar / Resubelpara Division	28.12.2011	594.83	21%	Nil
28		Construction of R.C.C. Bridges No. 3/1, 7/1, 7/2, & 8/1 on Ampati - Mancachar Road in Meghalaya.	Ampati Division	07.02.2012	500.04	0%	Nil
29		Construction of remaining length of Possengagre to Anangpara including Metalling & Blacktopping (15 Km) into Anvhenggre	Barengapara Division	27.02.2012	688.94	0%	Nil
30	2012-13	Reconstruction of BUG Bridge No. 9/3 & 9/4 with RCC permanent bridge including approaches on Rongrenggre-Simsangre-Nengkhra road - East Garo Hills.	Williamnagar Division	21.05.2012	373.26	0%	Nil

Sl. No.	Year	Name of R&B Project	Implementing Division	Sanction Date	Sanction Amount	Percentage of completion as on December 2012	Expenditure as on December 2012
31	2012-13	Construction including Metalling & Blacktopping of a road from Sohbar to Tharia (13 Km)	Sohra Division	28.06.2012	665.85	0%	Nil
NEC Projects							
1	2008-09	Improvement/ Construction of Barapani - Umroi - Mawlasnai Road (38.25 Km).	Umsning Division	27.09.2004	2053.00	92%	2024.51
2		Improvement of Sutnga-Sumer Road (0-15 Km).	Jowai NEC Division.	21.02.2005	488.30	100%	490.70
3		Improvement including Metalling & Blacktopping of Rymbai Khliehriat Road (0-5Km).	Jowai NEC Division.	17.07.2005	494.00	100%	496.46
4		Improvement including Metalling & Blacktopping of Lad Moolamanoh-Mushut Road.	Jowai NEC Division.	05.10.2005	368.00	100%	358.21
5		Construction of Rymbai-Bataw-Borghat-Jalalpur Road (0-63rd Km).	Jowai NEC Division.	13.03.2006	4031.00	75%	3217.15
6		Construction of Agia - Medhipara - Phulbari - Tura Road (73 - 133 Km).	NEC Tura,Division.	26.12.2005	5967.62	91%	5185.24
7		Construction of 47 No.RCC Bridges in Meghalaya.	Nongstoin, Nongpoh, Mairang, Divisions	from 1997 to 2004	2893.90	94%	2996.43
8		Conversion of existing weak Bridge to permanent RCC Bridge on Mankachar-Mahendraganj-Purakhasia Road (Bridge No.22/2).	Barengapara Division	27.02.2006	483.00	40%	301.06
9	2008-09	Improvement/ Upgradation of Cherra-Mawsmi-Shellia Road (0-40Km).	Sohra Division.	25.09.2006	3646.00	57%	1653.98
10		Nongpoh Umden Sonapur Road including Metalling & Blacktopping (0-58.16 Km).	Nongpoh Division.	22.11.2006	4260.00	67%	2382.33
11		Survey and Investigation of 11th Plan Schemes of NEC.	Mairang, North Jowai, NEC Jowai, NEC Tura, Barengpara Divisions.	08.02.2008	150.00	50%	68.28
12	2009-10	Upgradation of Mankachar - Mahendraganj Road (6.30 - 29.261 Km).	Barengapara Division.	04.03.2010	2867.00	0%	0.00
13		Survey &Investigation of 11th Plan-Scheme Nongstoin-Rambrai-Kyrshai-Chaygoan Road (77 Km).	Nongstoin Division.	23.03.2010	38.50	0%	0.00
14	2010-11	Upgradation of Agia - Medhipara - Phulbari - Tura Road (0 - 73 Km).	NEC Tura Division.	23.03.2010	9064.00	9%	1200.00
15		Improvement & Upgradation of Mairang - Ranigodown - Azra Road (25 - 106 Km).	Mairang & Nongpoh, Divisions.	02.12.2010	10000.00	0%	0.00
16	2011-12	Improvement of Jowai - Nartiang - Khanduli Road (6 th to 60th Km).	North Jowai,Division.	23.02.2011	6736.00	2%	151.60

APPENDIX 3.2.2

Statement showing status of 15 selected NLCPR and NEC funded R&B projects as on March 2013 (Reference: Paragraph 3.2.3; Page 42)

(₹ in crore)

Sl No	Name of Project	Estimated cost	Date of Administrative Approval	Expenditure incurred	Status of project as on March 2013
NLCPR funded projects					
1	Reconstruction of Bridges on Kherapara to Deku bazar road (Br. No. 2/5, 5/3 & 10/2)	8.53	February 2010	3.44	Ongoing
2	(a) Construction of RCC Bridge over River Daru on Ampati - Purakashia Road. (2nd Km) to Ampati Village in Meghalaya	4.54	December 2005	3.53	Completed physically on March 2013
	(b) Construction of approaches to RCC Bridge over river Daru on Ampati - Purakashia Road. (2nd Km) to Ampati village in Meghalaya	0.53	March 2008	0.28	Completed physically on October 2012
3	Improvement including Metalling & Blacktopping of Mukhaialong - Lumshyrmir road (0 to 19 Km)	9.11	November 2007	8.86	Completed physically on December 2010
4	Improvement, Metalling & Blacktopping of a road from NH-51 to Rongsigre (4.725 Km)	3.27	December 2007	3.21	Completed physically on December 2011
5	Widening of road into double lane in Williamnagar town (8.00 Km) including Metalling & Blacktopping	15.13	March 2008	14.71	Completed physically on September 2012
6	Improvement including Metalling & Blacktopping of Mawkyrwat - Rangblang Road (12th to 19th Km)	4.80	September 2007	4.63	Completed physically on March 2012
7	Widening to double lane standard including Metalling & Blacktopping of Dkhiah - Sutnga - Saipung - Moulsei - Haflong road (Portion 1st to 8th, 17th & 18th Km)	15.78	November 2010	12.62	Ongoing
8	Improvement, Widening, Strengthening including Metalling & Blacktopping of a road from 9th Mile of NH-37 Guwahati-Shillong Road to Killing Pilangkata (7th – 21.50 Km)	10.96	December 2010	4.38	Ongoing
9	Construction of Remaining portion of Mawsahew - Nongsteng - Umblai - Mawphu road from 6 th to 13 th Km	9.54	September 2008	3.51	Ongoing
10	Construction including Metalling & Black topping of Lumshnong - Umlong Road (0 - 8 Km)	6.02	September 2007	5.90	Completed physically on March 2010
NEC funded projects					
11	Upgradation of Agia - Medhipara - Phulbari - Tura Road (0 - 73 Km)	90.64	March 2010	55.56	Ongoing
12	Improvement & Upgradation of Mairang - Ranigodown - Azra Road (25 - 106 Km)	100.00	December 2010	52.77	Ongoing
13	Construction of Agia - Medhipara - Phulbari - Tura Road (73 - 133 Km)	65.65	December 2005	65.13	Ongoing
14	Improvement of Jowai - Nartiang - Khanduli Road (6 th to 60th Km)	67.36	February 2011	11.11	Ongoing
15	Upgradation of Mankachar - Mahendraganj Road (6.30 - 29.261 Km)	28.67	March 2010	15.13	Ongoing

APPENDIX 3.3.1
Infrastructure Projects

(Reference: Paragraphs 3.3.7.3, 3.3.8, 3.3.8.1, 3.3.8.3 & 3.3.11; Pages 68, 69, 70 and 75)

Sl. No	Name of the Project	Month & year of Sanction	Amount sanctioned (Amount Released) (₹ in lakh)	Scheduled month & year of completion	Actual month & year of completion	Expenditure (August 2013) (₹ in lakh)	Physical progress as on August 2013 (in per cent)	Time overrun (as on August 2013)
A. FUNDED BY MINISTRY OF TOURISM, GOVERNMENT OF INDIA:								
I. Development of Tourism Circuit								
1	Tourist Circuit Bymihat-Nongpoh-Sumer-Shillong-Mawjrong-Cherrapunjee.	December 2004	674.15 (576.59)	May 2006	April 2011	536.64	100	59
2	Circuit Development of Williamnagar-Jakrem-Nartiang-Jowai.	December 2006	800.00 (640.00)	December 2008	June 2011	412.50	100	30
3	Development of Circuit Tourism-Mawphlang-Mawsynram-Lawbah-Balat-Ranikor	December 2007	368.89 (295.11)	December 2009	Ongoing	164.43	80	44
4	Development of Circuit Tourism at Cherrapunjee	December 2007	305.51 (244.41)	December 2009	Ongoing	199.58	90	44
5	Development of Circuit Tourism Barengpara-Gasuapara-Rongara-Mahadeo Balpakram.	September 2008	642.85 (514.28)	September 2010	Ongoing	214.61	80	35
6	Development of Circuit Tourism Laitlyngkot-Pynursla-Pongtung-Mawlynong-Nongeitniang-Pomshutia-Dawki.	September 2008	570.69 (456.55)	September 2010	Ongoing	258.63	70	35
7	Development of Circuit Tourism Tura-Garobadha-Selsella-Bhaitbari-Phulbari-Tirikila.	July 2009	538.23 (430.58)	July 2011	Ongoing	101.40	80	25

Sl. No	Name of the Project	Month & year of Sanction	Amount sanctioned (Amount Released) (₹ in lakh)	Scheduled month & year of completion	Actual month & year of completion	Expenditure (August 2013) (₹ in lakh)	Physical progress as on August 2013 (in per cent)	Time overrun (as on August 2013)
8	Development of Circuit Tourism Mawryngkneng-Jowai-Khliehriat-Lumshnong-Sonapur-Ratacheria.	July 2009	609.04 (487.23)	July 2011	Ongoing	122.63	75	25
	Sub Total		4509.36 (3644.75)			2010.42		
II.	Destination Development							
1	Destination Development at Barapani, East Khasi Hills District	December 2004	289.15 (231.32)	December 2006	March 2011	187.65	100	75
2	Development of Tourist Destination at Tura, West Garo Hills District	December 2006	487.00 (389.60)	December 2008	September 2012	381.18	100	45
3	Destination Development at Resubelpara, East Garo Hills.	July 2009	281.11 (224.89)	July 2011	Ongoing	34.55	30	25
4	Development of Tourism Destination at Smit, East Khasi Hills District	December 2010	441.67 (353.34)	December 2013	Ongoing	185.85	60	-
	Sub Total		1498.93 (1199.15)			789.23		
III.	Infrastructure Development							
1	Construction of Tura Tourist Centre, Anogre, West Garo Hills, Meghalaya.	December 2010	265.98 (212.78)	June 2012	Ongoing	37.62	25	14
2	Construction of Byrnihat Tourist Centre, Umling, Ri-Bhoi District, Meghalaya.	December 2010	265.86 (212.69)	June 2012	Ongoing	160.48	90	14
3	Construction of Lum Nongkhlaw (Myllem) Tourist Centre, East Khasi Hills District, Meghalaya.	December 2010	265.86 (212.69)	June 2012	Ongoing	44.44	50	14
4	Construction of Jowai Tourist Centre, Thadlaskein, Jaintia Hills, District	December 2010	265.86 (212.68)	June 2012	Ongoing	47.04	45	14
	Sub Total		1063.56 (850.84)			289.58		

Sl. No	Name of the Project	Month & year of Sanction	Amount sanctioned (Amount Released) (₹ in lakh)	Scheduled month & year of completion	Actual month & year of completion	Expenditure (August 2013) (₹ in lakh)	Physical progress as on August 2013 (in per cent)	Time overrun (as on August 2013)
IV.	Rural Tourism Development							
1	Development of rural tourism in Sasatgre village (hardware)	March 2007	50.00 (30.79)	March 2008	June 2012	30.79	100	51
2	Destination development of Tourist Village for Arlongnar Socio-Cultural Society, Umtah, Ri-Bhoi District, Meghalaya.	September 2010	283.24 (226.59)	March 2012	Ongoing	55.20	40	17
3	Destination development of Tourist Village at Sohliya Village, Ri-Bhoi District.	December 2010	424.46 (339.57)	June 2012	Ongoing	97.43	45	14
	Sub Total		757.70 (596.95)			183.42		
V	Information Technology							
1	IT Scheme for Meghalaya	March 2004	48.40 (23.72)	NA	March 2013	23.72	100	NA
	Sub Total		48.40 (23.72)			23.72		
	Total for MoT Funds		7877.95 (6315.14)			3296.37		
B. FUNDED UNDER THE 13TH FINANCE COMMISSION, GOVERNMENT OF INDIA								
1	Development of caves in Meghalaya	March 2012	500.00 (125.00)	March 2015	Ongoing	15.00	40	-
	Total for 13th Finance Commission Funds		500 (125.00)			15.00		

Sl. No	Name of the Project	Month & year of Sanction	Amount sanctioned (Amount Released) (₹ in lakh)	Scheduled month & year of completion	Actual month & year of completion	Expenditure (August 2013) (₹ in lakh)	Physical progress as on August 2013 (in per cent)	Time overrun (as on August 2013)
C. FUNDED BY NORTH EASTERN COUNCIL:								
1	Improvement of Marngar Lake at Marngar village under Ri Bhoi District	March 2006	397.86 ¹ (219.8) ²	July 2014	Ongoing	47.90	30	-
2	Renovation of Tourist Lodges at Baghmara, Williamnagar and Siju	November 2012	282.50 ³ (100.00)	November 2015	Work not yet allotted	-	0	-
	Total for NEC Funds		680.36 (319.80)			47.90		
D. FUNDED BY NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT:								
1	Improvement and widening of Nagarpara village road	January 2010	213.37 (192.03)	March 2013	Ongoing	154.75	85	5
2	Improvement including metalling and Black Topping the road leading to Sympet Peak (0.00 - 9.8 km)	January 2010	393.68 (354.31)		Ongoing	194.43	90	5
3	Improvement including MBT of a road from Mairangbah to Krem Tirot Sing (0.00 - 2.00 km)	January 2010	89.25 (80.33)		December 2012	80.29	100	-
4	Improvement of existing road formation including reconstruction of damaged bridges and culvert on 109 km of NH 62 to Siju Caves	January 2010	480.46 (432.41)		Ongoing	250.51	56	5
	Total for NABARD Funds		1176.76 (1059.08)			679.98		

¹ Revised during July 2012 from ₹ 219.80 lakh to an amount of ₹ 397.86 lakh (NEC - ₹ 358.07 lakh & GoM - ₹ 39.79 lakh)

² NEC - ₹ 219.80 lakh & GoM - ₹ 3.24 lakh

³ Sanctioned by NEC - ₹ 254.25 lakh & GoM - ₹ 28.25 lakh. Released NEC - ₹ 100 lakh & GoM - ₹ 10 lakh

Sl. No	Name of the Project	Month & year of Sanction	Amount sanctioned (Amount Released) (₹ in lakh)	Scheduled month & year of completion	Actual month & year of completion	Expenditure (August 2013) (₹ in lakh)	Physical progress as on August 2013 (in per cent)	Time overrun (as on August 2013)
E. FUNDED BY GOVERNMENT OF MEGHALAYA:								
1	Construction of Boundary Wall & Fencing at Golf Club Shillong	March 2005	154.37 (105.51)	Not mentioned	Proposed for pre-closure	76.91	60	NA
2	Construction of footpath and extension garage including renovation of the existing one in Shillong Golf Club	March 2008	14.75 (14.75)	- do -	August 2010	14.02	100	NA
3	Tourist Office Building at Nongstoin, Nongpoh and Williamnagar	March 2009	54.76 (54.76)	- do -	December 2011	54.60	100	NA
4	Tourist Office Building at Baghmara	March 2009	18.34 (18.34)	- do -	December 2011	18.30	100	NA
5	Golf Recreation facilities at Pongtung and Kutmadan	March 2009	100.00 (100.00)	- do -	On going	57.37	30	NA
6	Construction of Wayside Amenities at Umlangmar near Weiloi	March 2010	26.72 (26.72)	- do -	Ongoing	15.80	7	NA
7	Construction of Dormitories, Chowkidar's Quarter, Toilet, Extension of existing Car Parking including Landscaping at Williamnagar Tourist Lodge	March 2010	31.98 (31.98)	- do -	Ongoing	12.72	NA	NA
8	Facilities in Tirot sing Ecological and heritage park at Mairangbah	August 2010	26.70 (26.70)	- do -	April 2013	21.52	100	NA
9	Purchase of adventure sport equipments in Garo Hills	December 2010	25.00 (25.00)	- do -	March 2012	19.85	100	NA
10	Construction of Compound Fencing (Remaining length) including providing footpath and retaining wall at Tourist Lodge Complex, Tura	February 2011	31.57 (31.57)	- do -	August 2013	29.29	100	NA
11	Construction of Wayside Amenity at Sohiong	March 2011	32.10 (32.10)	- do -	March 2013	32.06	100	NA

Sl. No	Name of the Project	Month & year of Sanction	Amount sanctioned (Amount Released) (₹ in lakh)	Scheduled month & year of completion	Actual month & year of completion	Expenditure (August 2013) (₹ in lakh)	Physical progress as on August 2013 (in per cent)	Time overrun (as on August 2013)
12	Additional work for Swimming Pool OLR Umiam	March 2011	35.09 (35.09)	- do -	March 2011	35.09	100	NA
13	Compound fencing in OLR Umiam	March 2011	32.74 (32.74)	- do -	November 2012	32.75	100	NA
14	Providing water connection to the tourist complex at Cherrapunjee	September 2011	31.19 (31.19)	- do -	NA	31.19	100	NA
15	Construction of modern kitchen at Pinewood Hotel	March 2012	149.20 (149.20)	- do -	-	22.00	50	NA
16	Construction of Compound Fencing for Convention Centre & Tourist Guest House at Cherrapunjee	September 2012	30.35 (30.35)	- do -	-	0	10	NA
17	Construction of Compound Fencing for Village Inns, etc. at Kutmadan	September 2012	30.84 (30.84)	- do -	-	0	10	NA
18	Tourist Circuit at Nagarpura & Chenga Benga (SCA)	March 2013	200.00 (200.00)	- do -	-	Work not yet allotted	0	NA
19	Eco Tourism at Baghmara-Siju (SCA)	March 2013	200.00 (200.00)	- do -	-	- do -	0	NA
20	Eco Tourism at Nongkhnum (SCA)	March 2013	100.00 (100.00)	- do -	-	- do -	0	NA
21	Eco Tourism at Mawsynram (SCA)	March 2013	100.00 (100.00)	- do -	-	- do -	0	NA
22	Adventure activities at Baljek Airport (SCA)	March 2013	100.00 (100.00)	- do -	-	- do -	0	NA
Total for GoM Funds			1525.70 (1476.84)			473.47		
GRAND TOTAL			11760.77 (9296.13)			4512.72		

APPENDIX 3.3.2

Brand Promotion

(Reference: Paragraph 3.3.10; Page 74)

Sl. No.	Name of the Project	Details of the project	Month & year of Sanction	Amount sanctioned (Amount Released) (₹ in lakh)	Scheduled Month & year of completion ⁴	Actual Month & year of completion	Expenditure (August 2013) (₹ in lakh)	Physical progress as on August 2013 (in per cent)	Proposed & executed by
A. FUNDED BY NORTH EASTERN COUNCIL:									
1	Publicity on Tourism by the Government of Meghalaya	Advertisement Campaign in NDTV Advertisement Campaign in Times Now Printing of Z Cards (3 Lakh Nos.)	December 2011	24.75 + 21.93 + 36.06 = 82.74 (69.74)	December 2012	May 2013 August 2012 March 2013 (1st Phase) Not yet completed (2 nd Phase)	24.75 20.82 12.18	100 100 Only 1st Phase completed. 3rd phase will be taken up on release of 3rd instalment by NEC.	Solitaire Advertising Services Times Global Broadcasting Co. Ltd M/s AGE Information Technology Consulting Services.
Total for NEC Funds							57.75		

⁴ For projects funded by the Government of Meghalaya, completion period was not stipulated. Hence, the scheduled period of completion is taken as per the Work Order.

Sl. No.	Name of the Project	Details of the project	Month & year of Sanction	Amount sanctioned (Amount Released) (₹ in lakh)	Scheduled Month & year of completion ⁴	Actual Month & year of completion	Expenditure (August 2013) (₹ in lakh)	Physical progress as on August 2013 (in per cent)	Proposed & executed by
B. FUNDED BY GOVERNMENT OF MEGHALAYA:									
1	Making of advertisements in leading News Channel	Making of 60 seconds and 30 seconds promotional video and jingle on Adventure Tourism Making of 60 seconds and 30 seconds promotional video on "Meghalaya – The abode of clouds" covering culture, land, people, dances & festivals, scenic beauty, flora & fauna Making of 60 seconds TV Commercial on "Meghalaya – Nature's best kept secrets"	March 2010	18.11 (18.11)		February 2010	6.05	100	M/s Encore Media Productions
						March 2010	6.10	100	M/s Thangkhiew Production
						On going	-	NA	The Living Picture Company
2	Advertisement Campaign on NDTV, Times Now & CNN-IBN News Channel	Airing of Advertisements in NDTV Airing of Advertisements in Times Now Airing of Advertisements in CNN-IBN	March 2010	62.72 (62.72)		May 2010	23.40	100	M/s Asmitad
						February 2010	24.21	100	Times Global Broadcast Co. Ltd
						March 2010	13.42	100	Global Broadcast News Ltd.
3	Printing of Z cards	Printing of 1 lakh Credit card size and 1 lakh Pocket size Z Cards	December 2010	16.95 (16.95)	-	July 2011	16.95	100	M/s AGE Information Technology Consulting Services.
4	Autumn festival 2010	Providing financial assistance to MTDF for organising Autumn Festival from 12 November 2010 to 14 November 2010	January 2011	15.00 (15.00)	November 2010	November 2010	15.00	100	Meghalaya Tourism Development- Forum.

Sl. No.	Name of the Project	Details of the project	Month & year of Sanction	Amount sanctioned (Amount Released) (₹ in lakh)	Scheduled Month & year of completion ⁴	Actual Month & year of completion	Expenditure (August 2013) (₹ in lakh)	Physical progress as on August 2013 (in per cent)	Proposed & executed by
5	Autumn festival 2011	Providing financial assistance to MTDF for organising Autumn Festival from 04 November 2011 to 06 November 2011	December 2011	50.00 (50.00)	November 2011	November 2011	50.00	100	Meghalaya Tourism Development- Forum
6	Golf Tourism	Providing financial assistance to the Shillong Golf Association for holding the Shillong Autumn Golf Tournament 2011 on 12 to 13 November 2011	November 2011	40.00 (40.00)	-	-	40.00 ⁵	100	Shillong Golfers Association.
7	Proposal for special series on NDTV	4 Part documentary series promoting the State as a preferred tourist destination.	March 2012	55.15 (55.15)	-	November 2012	55.15	100	Star India Pvt Ltd
8	Advertisement campaign through Railway tickets	Printing of advertisements on railway reservation tickets (front and back) on Western and South Central Railway Zones showcasing the tourism potential of Meghalaya	July 2012	33.71 (33.71)	-	December 2012	33.00	100	Axis Ad-Print-Media (India)Ltd.

⁵ An amount of ₹ 4.55 lakh was irregularly diverted by the organisers to hold Caddies Golf Tournament on 22 to 23 December 2011 against which the Government stated (January 2014) that the amount would be refunded.

Sl. No.	Name of the Project	Details of the project	Month & year of Sanction	Amount sanctioned (Amount Released) (₹ in lakh)	Scheduled Month & year of completion ⁴	Actual Month & year of completion	Expenditure (August 2013) (₹ in lakh)	Physical progress as on August 2013 (in per cent)	Proposed & executed by
9	Production of 30 seconds TV spots for Meghalaya Tourism	Production of 4 nos. 30 second clips on Culture, Nature, Rain and Adventure Tourism in Meghalaya.	July 2012	27.36 (27.36)	-	September 2012	27.36	100	M/s In-Focus Productions
10	Financial assistance for the Cherrapunjee Indigenous festival	Providing financial assistance to the Sub Divisional Officer (Civil), Sohra Sub Division for organising the festival from 12 to 14 April 2012.	July 2012	25.00 (25.00)	April 2012	April 2012	25.00	100	Cherrapunjee Indigenous Festival Core Group Committee
11	Proposal on strategies for promotion of Meghalaya Tourism on Digital platform	Advertisements in Google India, Yahoo! India homepage, Yahoo! India Lifestyle and Times Audience Network India	July 2012	11.09 (11.09)	-	March 2013	11.09	100	John Milbert Wankhar
Total for GoM Funds				355.09 (355.09)			346.73		
GRAND TOTAL				439.83 (424.83)			404.48		

APPENDIX 3.3.3

Comparison of tourist arrival figures in Meghalaya to that of Assam, Sikkim and All India

(Reference: Paragraph 3.3.12.4; Page 78)

Year	Tourist Inflow	Meghalaya	Assam	Sikkim	All India
2008	Domestic	5,49,954	36,17,306	368,451	56,29,15,569
	Foreign	4,919	14,426	19,154	1,41,12,590
	Total	5,54,873	36,31,732	3,87,605	57,70,28,159
2009	Domestic	5,91,398	38,50,521	6,15,628	66,88,00,482
	Foreign	4,522	14,942	17,730	1,43,72,300
	Total	5,95,920	38,65,463	6,33,358	68,31,72,782
2010	Domestic	6,52,756	40,50,924	7,00,011	74,02,14,297
	Foreign	4,177	15,157	20,757	1,78,52,777
	Total	6,56,933	40,66,081	7,20,768	75,80,67,074
2011	Domestic	6,67,504	43,39,485	5,52,453	85,08,56,640
	Foreign	4,803	16,400	23,602	1,94,94,879
	Total	6,72,307	43,55,885	5,76,055	87,03,51,519
2012	Domestic	6,80,254	45,11,407	5,58,538	103,63,46,657
	Foreign	5,313	17,543	26,489	2,07,31,495
	Total	6,85,567	45,28,950	5,85,027	105,70,78,152
Grand Total	Domestic	31,41,866	2,03,69,643	27,95,081	385,91,33,645
	Foreign	23,734	78,468	1,07,732	8,65,64,041
	Total	31,65,600	2,04,48,111	29,02,813	394,56,99,534
Percentage of Growth in 2012 over 2008	Domestic	24	25	52	84
	Foreign	8	22	38	47
	Total	24	25	51	83

Source: Ministry of Tourism Annual Tourism Statistics Report 2008, 2010, 2011 & 2012

APPENDIX 4.1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2013 in respect of Government companies and Statutory corporations

(Reference: Paragraph 4.1.3; Page 89)

(Figures in column 5 (a) to 6 (c) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ⁶			Loans ⁷ outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees) (as on 31.3.2013)	
				State Government	Central Government	Others	Total	State Government	Central Government	Others			Total
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1	Forest Development Corporation of Meghalaya Limited (FDCML)	Forest	January 1975	1.77	0.20	-	1.97	-	-	-	-	(0:1)	60
2	Meghalaya Bamboo Chips Limited (MBCL)	Industries	September 1979	-	-	0.48	0.48	-	-	0.10	0.10	0.21:1	15
Sector wise total				1.77	0.20	0.48	2.45	-	-	0.10	0.10		75
INFRASTRUCTURE													
3	Meghalaya Industrial Development Corporation Limited (MIDCL)	Industries	April 1971	91.09	-	-	91.09	-	-	-	-	(0:1)	106
4	Meghalaya Government Construction Corporation Limited (MGCCCL)	Public works	March 1979	0.75	-	-	0.75	-	-	-	-	(0:1)	102
Sector wise total				91.84	-	-	91.84		-	-	-		208
MANUFACTURING													
5	Mawmluh Cherra Cement Limited (MCCL)	Industries	May 1995	117.80 ⁸	-	0.10	117.90	-	-	45.22	45.22	0.38:1	507
6	Meghalaya Mineral Development Corporation Limited (MMDCL)	Mining & Geology	March 1981	2.32	-	-	2.32	-	-	-	-	(0:1)	14
Sector wise total				120.12	-	0.10	120.22	-	-	45.22	45.22		521
SERVICES													
7	Meghalaya Tourism Development Corporation Limited (MTDCL)	Tourism	January 1977	7.96	-	-	7.96	-	-	-	-	(0:1)	120
Sector wise total				7.96	-	-	7.96	-	-	-	-		120

⁶ Paid-up capital includes share application money.

⁷ Loans outstanding at the close of 2012-13 represents long-term loans only.

⁸ Paid up capital includes Advance Share Capital.

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of Incorporation	State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees) (as on 31.3.2013)
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
MISCELLANEOUS													
8	Meghalaya Handloom & Handicrafts Development Corporation Limited (MHHDC)	Industries	January 1979	3.76	0.10	0.05	3.91	-	-	-	-	(0:1)	9
Sector wise total				3.76	0.10	0.05	3.91	-	-	-	-	-	9
POWER													
9	Meghalaya Energy Corporation Limited (MeECL)	Power & Electricity	September 2009	209.50	-	-	209.50	58.06	3.74	940.41	1002.21		3288
10	Meghalaya Power Generation Corporation Limited (MePGCL)	Power & Electricity	December 2009	-	-	0.05	0.05	-	-	-	-	-	-
11	Meghalaya Power Distribution Corporation Limited (MePDCL)	Power & Electricity	December 2009	-	-	0.05	0.05	-	-	-	-	-	-
12	Meghalaya Power Transmission Corporation Limited (MePTCL)	Power & Electricity	December 2009	-	-	0.05	0.05	-	-	-	-	-	-
Sector wise total				209.50	-	0.15	209.65	58.06	3.74	940.41	1002.21		3288
Total A (All sector wise working Government companies)				434.95	0.30	0.78	436.03	58.06	3.74	985.73	1047.53		4221
B. Working Statutory corporations													
SERVICE													
1	Meghalaya Transport Corporation (MTC)	Transport	October 1976	77.47	6.81	-	84.28	-	-	-	-	(0:1)	287
Sector wise total				77.47	6.81	-	84.28	-	-	-	-	-	287
MISCELLANEOUS													
2	Meghalaya State Warehousing Corporation (MSWC)	Cooperation	March 1973	2.13	-	1.23	3.36	-	-	-	-	(0:1)	10
Sector wise total				2.13	-	1.23	3.36	-	-	-	-	-	10
Total B (All sector wise working Statutory corporations)				79.60	6.81	1.23	87.64	-	-	-	-	-	297
Grand Total (A + B)				514.55	7.11	2.01	523.67	58.06	3.74	985.73	1047.53		4518
C. Non working Government Companies													
MANUFACTURING													
1	Meghalaya Electronics Development Corporation Limited (MEDCL) (Subsidiary)	Industries	March 1986	-	-	4.72	4.72	-	-	-	-	(0:1)	-
Sector wise total				-	-	4.72	4.72	-	-	-	-	(0:1)	-
Total C (All sector wise non working Government companies)				-	-	4.72	4.72	-	-	-	-	-	-
Grand Total (A+B+C)				514.55	7.11	6.73	528.39	58.06	3.74	985.73	1047.53		4518

APPENDIX 4.2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Reference: Paragraph 4.1.6 & Table 4.1.11; Pages 92 & 98)

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Net Profit (+)/ Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments ⁹	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed ¹⁰	Return on capital employed ¹¹	Percentage return on capital employed
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1	Forest Development Corporation of Meghalaya Limited (FDCML)	2003-04	2012-13	-0.61	-	-	-0.61	0.29	0.14	1.97	-4.91	-2.94	-0.61	-
2	Meghalaya Bamboo Chips Limited (MBCL)	2011-12	2013-14	-0.20	0.47	0.04	-0.70	-	-0.19	0.48	-13.04	-12.46	-0.23	-
Sector wise total				-0.81	0.47	0.04	-1.31	0.29	-0.05	2.45	-17.95	-15.40	-0.84	-
INFRASTRUCTURE														
3	Meghalaya Industrial Development Corporation Limited (MIDCL)	2008-09	2013-14	0.91	0.41	0.2	0.30	5.24	-0.07	89.00	-24.54	70.14	0.71	1.26
4	Meghalaya Government Construction Corporation Limited (MGCCCL)	2010-11	2012-13	2.28	0.08	0.06	2.14	4.45	-	0.75	-10.57	-9.82	2.22	-
Sector wise total				3.19	0.49	0.26	2.44	9.69	-0.07	89.75	-35.11	60.32	2.93	1.26

⁹ Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.¹⁰ Capital employed represents Shareholders Fund plus Long Terms Borrowings.¹¹ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Net Profit (+)/ Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed	Return on capital employed	Percentage return on capital employed
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
MANUFACTURING														
5	Mawmluh Cherra Cement Limited (MCCL)	2011-12	2012-13	-18.01	0.12	0.58	-18.71	24.13	-1.49	82.83	-48.06	73.88	-18.59	-
6	Meghalaya Mineral Development Corporation Limited (MMDCL)	2011-12	2013-14	-0.04	-	0.08	-0.12	-	-	2.32	-6.42	7.36	-0.12	-
Sector wise total				-18.05	0.12	0.66	-18.83	24.13	-1.49	85.15	-54.48	81.24	-18.71	-
SERVICES														
7	Meghalaya Tourism Development Corporation Limited (MTDCL)	1997-98	2013-14	-0.67	0.12	0.10	-0.89	1.72	-	6.66	-5.09	1.57	-0.77	-
Sector wise total				-0.67	0.12	0.1	-0.89	1.72	-	6.66	-5.09	1.57	-0.77	-
POWER														
8	Meghalaya Energy Corporation Limited ¹² (MeECL)	2009-10	2012-13	-2.01 +9.08	39.56	25.94	-2.01+ -56.42	415.74	-	1.00	-2.01+ -449.03	0.15	-2.01	-
9	Meghalaya Power Generation Corporation Limited (MePGCL)	2011-12	2013-14	-	-	-	-	-	-	0.05	-2.01	-0.01	-	-

¹² As part of the power sector reforms, the erstwhile Meghalaya State Electricity Board (MSEB) were unbundled and the Meghalaya Energy Corporation Limited (MeECL) and its three subsidiaries viz. Meghalaya Power Generation Corporation Limited (MePGCL), Meghalaya Power Transmission Corporation Limited (MePTCL) and Meghalaya Power Distribution Corporation Limited (MePDCL) were incorporated on 14 September 2009 (MeECL) and 18 December 2009 (MePGCL, MePTCL, MePDCL). During 2009-10, MSEB was operational MeECL and its three subsidiaries finalized their first accounts of 2009-10 during 2011-12 and further years accounts are yet to be finalized. Since MeECL and its subsidiaries finalized their first accounts of 2009-10 during 2011-12 and further years accounts are yet to be finalized. Since MeECL and its subsidiaries have not included the operational figures in their latest finalized accounts, the figures appearing in MSEB last accounts have been incorporated in MeECL's figures to give a true picture.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	5 (a)	Net Profit/ Interest	5 (b)	Depreciation	5 (c)	Net Profit/ Loss	5 (d)	Turnover	Impact of Accounts Comments	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed	Return on capital employed	Percentage return on capital employed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
10	Meghalaya Power Distribution Corporation Limited (MePDCL)	2011-12	2013-14	-	-	-	-	-	-	-	-	-	-	0.05	-1.02	-0.01	-	-
11	Meghalaya Power Transmission Corporation Limited (MePTCL)	2011-12	2013-14	-	-	-	-	-	-	-	-	-	-	0.05	-0.52	-0.01	-	-
Sector wise total				7.07	39.56	25.94	-58.43	415.74	-	-	-	-	-	1.15	-454.59	0.12	-2.01	-
MISCELLANEOUS																		
12	Meghalaya Handloom & Handicrafts Development Corporation	2004-05	2012-13	-0.19	-	0.01	-0.2	0.03	-	-	-	0.03	-	1.85	-2.12	-0.27	-0.20	-
Sector wise total				-0.19	0	0.01	-0.2	0.03	-	-	-	0.03	-	1.85	-2.12	-0.27	-0.20	-
Total A (All sector wise working Company)				-9.35	40.76	27.15	-77.26	451.61	-	-	-	451.61	-1.61	187.01	-120.31	127.58	-19.60	-
B. Working Statutory corporations																		
SERVICE																		
1	Meghalaya Transport Corporation	2009-10	2011-12	-2.82	-	0.73	-3.55	8.97	-3.91	-	-	8.97	-3.91	73.78	-83.28	-9.38	-3.55	-
Sector wise total				-2.82	0	0.73	-3.55	8.97	-3.91	-	-	8.97	-3.91	73.78	-83.28	-9.38	-3.55	-
MISCELLANEOUS																		
2	Meghalaya State Warehousing Corporation	2011-12	2012-13	-0.04	-	0.06	-0.10	0.28	-	-	-	0.28	-	3.36	-0.27	3.09	-0.10	-
Sector wise total				-0.04	0	0.06	-0.1	0.28	-	-	-	0.28	-	3.36	-0.27	3.09	-0.10	-
Total B (All sector wise working Statutory corporations)				-2.86	0	0.79	-3.65	9.25	-3.91	-	-	9.25	-3.91	77.14	-83.55	-6.29	-3.65	-
Grand Total (A + B)				-12.21	40.76	27.94	-80.91	460.85	-5.52	-	-	460.85	-5.52	264.15	-203.86	121.29	-25.31	-
C. Non working Government companies																		
MANUFACTURING																		
1	Meghalaya Electronics Development Corporation Limited (MEDCL)	2003-04	2013-14	-1.06	0.04	0.11	-1.21	0.15	-	-	-	0.15	-	4.72	-18.93	-13.16	-1.17	-
Sector wise total				-1.06	0.04	0.11	-1.21	0.15	-	-	-	0.15	-	4.72	-18.93	-13.16	-1.17	-
Total C (All sector wise non working Government companies)				-1.06	0.04	0.11	-1.21	0.15	-	-	-	0.15	-	4.72	-18.93	-	-1.17	-
Grand Total (A + B + C)				-13.38	40.8	27.91	-82.08	461.00	-5.52	-	-	461.00	-5.52	268.87	671.82	108.13	-24.42	-

APPENDIX 4.3

Statement showing budgetary outgo to State PSUs in the form of equity, loans, grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2013

(Reference: Paragraphs 4.1.4; Page 90)

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year 2012-13		Grants(G) and Subsidy(S) received during the year 2012-13				Guarantees received during the year and commitment at the end of the year ¹³		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government ¹⁴	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1	Forest Development Corporation of Meghalaya Limited (FDCML)	-	-	-	1.75 (G)	-	1.75 (G)	-	-	-	-	-	-
Sector wise total		-	-	-	1.75 (G)	-	1.75 (G)	-	-	-	-	-	-
INFRASTRUCTURE													
2	Meghalaya Industrial Development Corporation Ltd	-	-	-	-	-	-	-	-	-	-	-	-
3	Meghalaya Government Construction Corporation Ltd	-	-	-	0.12 (S)	-	0.12 (S)	-	-	-	-	-	-
Sector wise total		-	-	-	0.12 (S)	-	0.12 (S)	-	-	-	-	-	-
MANUFACTURE													
4	Meghalaya Mineral Development Corporation Ltd	-	-	-	13.80 (G)	-	13.80 (G)	-	-	-	-	-	-
5	Mawmluh Cherra Cement Limited (MCCL)	35.07	-	-	-	-	-	-	45.22	-	-	-	-
Sector wise total		35.07	-	-	13.80 (G)	-	13.80 (G)	-	45.22	-	-	-	-

¹³ Figures indicate total guarantees (Principal) outstanding at the end of the year.
¹⁴ (G) stands for 'Grants' and '(S)' stands for 'Subsidy' received during the year.

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repaymen t written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
SERVICE													
6	Meghalaya Handloom & Handicraft Development Corporation	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total													
MISCELLANEOUS													
7	Meghalaya Energy Corporation Limited	-	-	1.35 (G)	10.37 (S) 184.09 (G)	30.00 (G)	-	56.10	843.21	-	-	-	-
Sector wise total													
Total A (All sector wise working Government companies)													
B. Working Statutory corporations													
SERVICE													
1	Meghalaya Transport Corporation	3.50	-	-	2.51 (G), 4.02 (S)	-	2.51 (G), 4.02 (S)	-	-	-	-	-	-
Sector wise total													
MISCELLANEOUS													
2	Meghalaya State Warehousing Corporation	-	-	-	1.95 (G)	-	1.95 (G)	-	-	-	-	-	-
Sector wise total													
Total B (All sector wise working Government statutory Corporations)													
Grand Total (A + B)													
		38.57		1.35 (G)	204.10 (G) 14.51 (S)	30.00 (G)	235.45 (G) 14.51 (S)	56.10	888.43	-	-	-	-

APPENDIX 4.4
Statement showing investment made by the State Government in PSUs whose accounts are in arrears
(Reference: Paragraph 4.1.7; Page 94)

Sl.No.	Name of the Company	Year up to which accounts finalised	Paid-up capital as per latest finalised accounts	Investment made by the State Government during the years for which accounts are in arrears				(₹ in crore)
				Year	Equity	Loan	Grant	
A. WORKING GOVERNMENT COMPANIES								
1	Meghalaya Industrial Development Corporation Limited	2008-09	89.00	2009-10 to 2012-13	2.09 ¹⁵	-	-	-
2	Meghalaya Tourism Development Corporation Limited	1997-98	6.66	1998-99 to 2012-13	1.31 ¹⁶	-	4.20 ¹⁷	-
3	Meghalaya Handloom and Handicrafts Development Corporation Limited (Subsidiary)	2004-05	1.85	2005-06 to 2011-12	1.91 ¹⁸	-	-	-
4	Meghalaya Energy Corporation Limited	2009-10	1.00	2010-11 to 2012-13	209.50	-	-	-
5	Meghalaya Government Construction Corporation Ltd	2010-11	0.75	2011-12 to 2012-13	-	-	0.12 ¹⁹	-
Total A					214.81	0.00	4.32	0.00
B. WORKING STATUTORY CORPORATIONS								
1	Meghalaya Transport Corporation	2009-10	73.78	2010-11 to 2012-13	8.50 ²⁰	-	5.02 ²¹	-
Total B					8.50	0.00	5.02	0.00
Grand Total (A+B)					223.31	0.00	9.34	0.00

¹⁵ Includes ₹0.49 crore in 2010-11 and ₹1.60 crore in 2011-12.

¹⁶ Includes ₹1.30 crore in 2000-01.

¹⁷ Grant includes ₹ 3.75 lakh in 1999-2000, ₹ 21.86 lakh in 2000-01, ₹ 25.39 lakh in 2001-02, ₹ 12.52 lakh in 2002-03, ₹ 3.28 lakh in 2003-04, ₹ 262.87 lakh in 2004-05, ₹ 12.00 lakh in 2005-06, ₹ 26.98 lakh in 2006-07 and ₹ 51.43 lakh in 2007-08.

¹⁸ Includes ₹18.00 lakh in 2005-06, ₹ 24.00 lakh in 2006-07, ₹ 24.00 lakh in 2007-08, ₹ 25.00 lakh in 2008-09, ₹ 30.00 lakh in 2009-10, ₹ 30.00 lakh in 2010-11 and ₹ 40.00 lakh in 2011-12.

¹⁹ Grants include ₹0.12 crore in 2011-12.

²⁰ Includes ₹2 crore in 2010-11; ₹3 crore in 2011-12 and ₹3.50 crore in 2012-13.

²¹ Grants include ₹2.51 crore in 2011-12 and ₹2.51 crore in 2012-13.

APPENDIX 4.5

Statement showing financial position of Statutory corporations

(Reference: Paragraph 4.1.6; Page 92)

(₹ in crore)

Sl. No.	Particulars	2007-08	2008-09	2009-10
1.	Meghalaya Transport Corporation			
	A. Liabilities			
	(a) Capital (including Capital loan and equity capital)	69.03	72.78	73.78
	(b) Reserves and Surplus			
	(c) Borrowings:	0.12	0.12	0.12
	Government			
	Others	-	-	-
	(d) Funds (excluding depreciation fund)	-	-	-
	(e) Trade dues and other current liabilities (including provisions) ²²	0.37	0.39	0.39
		16.38	18.51	19.91
	Total – A	85.90	91.80	94.20
	B. Assets			
	(a) Gross Block	10.08	10.12	10.13
	Less: Depreciation	5.60	6.33	7.06
	Net fixed assets	4.48	3.79	3.07
	(b) Capital works-in-progress (including cost of Chassis)	-	-	-
	(c) Investments	0.46	1.46	0.46
	(d) Current assets, loans and advances	7.43	8.99	7.39
	(e) Deferred cost	-	-	-
	(f) Accumulated losses	73.53	78.56	83.28
	Total	85.90	91.80	94.20
	C. Capital employed	(-) 4.47	(-) 5.73	(-) 9.38
2.	Meghalaya State Warehousing Corporation	2009-10	2010-11	2011-12
	A. Liabilities			
	(a) Paid-up Capital	3.16	3.36	3.36
	(b) Reserves and Surplus ²³	0.42	0.47	0.08
	(c) Borrowings :			
	Government	-	-	-
	Others	-	-	-
	(d) Trade dues and other current liabilities (including provision)	0.20	0.09	0.13
	Total – A	3.78	3.92	3.57
	B. Assets			
	(a) Gross Block	2.11	2.16	2.23
	Less : Depreciation	0.87	0.93	0.99
	Net fixed assets	1.24	1.23	1.24
	(b) Capital works-in-progress	-	-	-
	(c) Investments	0.98	1.11	0.90
	(d) Current assets, loans and advances	1.46	1.41	1.16
	(e) Accumulated losses	0.10	0.17	0.27
	Total – B	3.78	3.92	3.57
	C - Capital employed	2.50	2.55	3.09²⁴

²² Excluding depreciation of ₹ 5.60 crore, ₹ 6.33 crore and ₹ 7.06 crore of 2007-08, 2008-09 and 2009-10 respectively

²³ Excluding depreciation fund

²⁴ As per Headquarters' instruction, Capital Employed was worked out as Shareholders Fund plus long term Borrowing.

APPENDIX 4.6

Statement showing working results of Statutory corporations

(Reference: Paragraph 4.1.6; Page 92)

(₹ in crore)

Meghalaya Transport Corporation		2007-08	2008-09	2009-10
1	Operating :			
	(a) Revenue	7.56	8.76	8.96
	(a) Expenditure	10.97	12.23	12.17
	(c) Surplus(+)/deficit(-)	(-)3.41	(-)3.47	(-)3.21
2	Non-operating			
	(a) Revenue	0.36	0.33	0.39
	(b) Expenditure	-	-	-
	(c) Surplus(+)/deficit(-)	0.36	0.33	0.39
	Total			
	(a) Revenue	7.92	9.09	9.35
	(b) Expenditure	11.63 ²⁵	12.96 ²⁶	12.90 ²⁷
	(c) Surplus(+)/deficit(-)	(-)3.71	(-)3.87	(-)3.55
3	Interest on capital and loans	-	-	-
	Total return on capital employed	(-)3.71	(-)3.87	(-)3.55
Meghalaya State Warehousing Corporation				
Sl. No.	Particulars	2009-10	2010-11	2011-12
(1)	(2)	(3)	(4)	(5)
1	Income			
	(a) Warehousing charges	0.25	0.28	0.28
	(b) Other income	0.08	0.07	0.10
	Total – 1	0.33	0.35	0.38
2	Expenses			
	(a) Establishment charges	0.31	0.33	0.42
	(b) Other Expenses	0.08	0.06	0.06
	Total – 2	0.39	0.39	0.48
3	Profit (+)/ Loss(-) before tax	(-)0.06	(-)0.04	(-)0.10
4	Other appropriations	0.03	0.04	-
5	Amount available for dividend	-	-	-
6	Dividend for the year	-	-	-
7	Total return on capital employed ²⁸	(-)0.06	(-)0.04	(-)0.10
8	Percentage of return on capital employed	-	-	-

²⁵ Including Depreciation ₹ 0 .66 crore²⁶ Including Depreciation of ₹ 0.73 crore²⁷ Including Depreciation of ₹ 0.73 crore²⁸ Net surplus/deficit plus total interest charged to Profit & Loss Account (less interest capitalised).

APPENDIX 4.7

Statement showing the details of appointment in Meghalaya Industrial Development Corporation Limited

(Reference: Paragraph 4.5; Page 107)

Sl. No.	Name of the person Appointed	Date of appointment	Post to which appointed	Pay on appointment (₹)	Against existing vacancy or new post	Managing Director
1	R Ch Momin	07.06.2004	Asstt. Manager	7750	Vacancy	S.B. Gurung
2	D D Rancee	14.06.2004	Asstt. Manager	7750	Vacancy	
3	L Sangma	14.06.2004	Asstt. Manager	7750	Vacancy	
4	R Hajong	14.06.2004	Peon	2900	Vacancy	
5	J R Sawkmie	10.12.2004	Jr. Assistant	4500	Vacancy	
6	A Nengnong	10.12.2004	Driver	3450	Vacancy	
7	A Marak	13.05.2005	Jr. Assistant	4500	Vacancy	
8	P G Lyngdoh	01.09.2005	Peon	2900	Vacancy	
9	A Mawthoh	01.09.2005	EPIP Peon	2900	Vacancy	
10	S Kharjana	26.09.2005	Asstt. Manager	7750	Vacancy	
11	C MD Sangma	14.11.2005	Jr. Assistant	4500	Vacancy	
12	A Lyngdoh Nengnong	01.12.2005	Peon	2900	Vacancy	
13	P S Kharkongor	13.12.2005	Driver	3450	Vacancy	
14	G Nongsiej	22.12.2005	Data Entry Operator	5500	Vacancy	
15	D Kharpan	15.02.2006	Mali	2900	Vacancy	
16	C Tallang	16.02.2006	Jr. Assistant	4500	Vacancy	J.R Myrboh
17	L Nongtdu	08.08.2006	Driver	3450	Vacancy	
18	G D Tariang	07.09.2006	Driver	3450	Vacancy	
19	L Biam	26.10.2006	Driver	3450	Vacancy	
20	H R Marak	01.04.2007	Driver	3450	Vacancy	
21	I Marboh	07.06.2007	Skilled Labour	2900	Vacancy	
22	P Syiem	03.08.2007	Skilled Labour	2900	Vacancy	
23	H Swer	16.08.2007	Skilled Labour	2900	Vacancy	
24	R Gurung	01.09.2007	Driver	3450	Vacancy	
25	S Mawlieh	19.09.2007	Jr. Assistant	4500	Vacancy	T.K Chakraborty
26	T Syiemlieh	05.10.2007	Driver	3450	Vacancy	
27	T.Rancee	01.09.2008	Peon	2900	Vacancy	H .Kyndiah
28	K Khongshei	01.11.2008	Chowkidar	2900	Vacancy	
29	C B Rani	08.01.2009	Peon	2900	Vacancy	
30	W.C.Niangti	29.05.2009	Office Peon	2900	Vacancy	
31	D.Nongkynrih	23.09.2009	Cleaner	2900	Vacancy	

Sl. No.	Name of the person Appointed	Date of appointment	Post to which appointed	Pay on appointment (₹)	Against existing vacancy or new post	Managing Director
32	L.Thangkhiew	03.12.2009	Driver	9200	Vacancy	
33	J M.Sangma	01.03.2010	Office Peon	7700	Vacancy	
34	S.Nongsiej	02.03.2010	Driver	9200	Vacancy	
35	D.Wanniang	01.05.2010	Cleaner	7700	Vacancy	
36	I.Dkhar	05.05.2010	Chowkidar cum Peon	2000	Vacancy	
37	L.Nongbri	25.05.2010	Office Peon	7700	Vacancy	
38	R.Marwein	01.10.2010	Junior Assistant	12000	Vacancy	
39	A.B.Niangti	05.01.2012	Driver	9200	Vacancy	
40	A.Dkhar	22.06.2012	Office Cleaner	7700	Vacancy	
41	T.R.Marak	03.09.2012	Cleaner cum Office Peon	7700	Vacancy	
42	K.P.Shilla	12.11.2012	Management Trainee	20700	New Post	
43	L M Lyngdoh Wahlang	10.01.2013	Office Peon	7700	Vacancy	
44	D B Chyne	10.01.2013	Office Peon	7700	Vacancy	

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