

**REPORT OF THE  
COMPTROLLER AND AUDITOR  
GENERAL OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 2000**

**GOVERNMENT OF NAGALAND**

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COMPTROLLER AND AUDITOR  
GENERAL OF INDIA

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GOVERNMENT OF MADHAR

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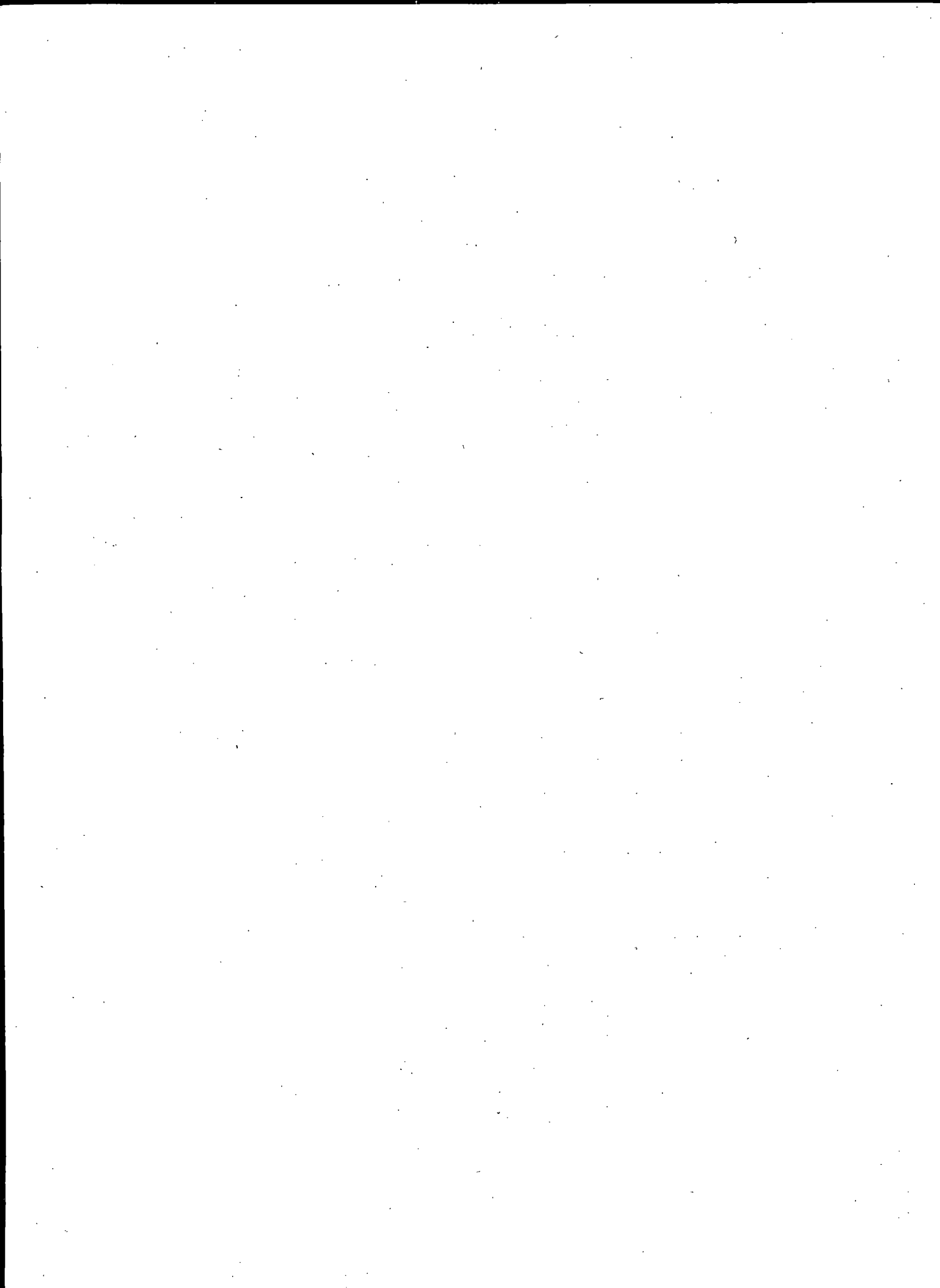
**Preface**

This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

Chapter I and II of this Report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2000.

The remaining Chapters deal with the findings of performance audit and audit of transactions in various departments including the Public Works and Irrigation Departments and audit of Stores and Stock, Revenue Receipts, Government Companies and Statutory Corporations, Autonomous Bodies and departmentally run commercial undertakings.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1999-2000 as well as those which had come to notice in earlier years but could not be dealt with in the previous Reports; matters relating to the period subsequent to 1999-2000 have also been included wherever necessary.



# OVERVIEW

REVISED

## OVERVIEW

### 1. An overview of the finances of the State Government

**Assets and liabilities:** Assets of the State Government increased by 12 *per cent* from Rs.1617.71 crore in 1998-99 to Rs.1804.59 crore in 1999-2000, while liabilities increased by 14 *per cent* from Rs.1437.95 crore to Rs.1634.17 crore indicating deterioration in the financial condition of the Government.

**Revenue receipts:** Revenue receipts of the State Government increased from Rs.989.38 crore in 1998-99 to Rs.1131.46 crore in 1999-2000 registering an increase of 14 *per cent*. The increase was mainly on account of increase in grants-in-aid from the Central Government (Rs.49.58 crore), and State's share of Union Taxes (Rs.88.85 crore), in addition to the increase of Rs.8.94 crore under State Tax Revenue, in relation to the year 1998-99. The total receipts from the Central Government (Rs.1053.10 crore) during the year represented 94 *per cent* of the total revenue receipts (Rs.1131.46 crore), and 92 *per cent* of the revenue expenditure (Rs.1140.80 crore). Non-Tax revenue raised by the State, however, decreased by 12 *per cent* from Rs.44.15 crore in 1998-99 to Rs.38.86 crore in 1999-2000.

**Revenue expenditure:** Revenue expenditure of the State grew by 13 *per cent* from Rs.1012.40 crore in 1998-99 to Rs.1140.80 crore in 1999-2000, and constituted 86 *per cent* of total expenditure in 1999-2000. The rate of growth in non-plan component of revenue expenditure during the last 5 years, was lower (30 *per cent*) than the plan expenditure (71 *per cent*).

**Capital expenditure:** Capital expenditure increased by 77 *per cent* from Rs.101.41 crore in 1995-96 to Rs.179.34 crore during 1999-2000, and constituted 14 *per cent* of the total expenditure during the year. The capital expenditure was mainly under "Plan", and on Economic and Social Services.

During 1999-2000, the State Government paid interest of Rs.152.28 crore on debt and other obligations and constituted 13 *per cent* of the Revenue expenditure. The interest burden also increased by 13 *per cent* over the previous year.

**Investments and returns:** The State Government invested Rs.1.35 crore during 1999-2000. Of this, Rs.0.33 crore was invested in Government Companies, and Rs.1.02 crore in Co-operative Institutions. With these fresh investments, the total investment of the Government as of March 2000 stood at Rs.48.05 crore. No dividend/interest was received by the Government on such investments.

**Fiscal deficit:** Fiscal deficit is the excess of revenue and capital expenditure (including net loans given), over revenue receipts (including grants-in-aid

received). During 1999-2000, fiscal deficit was Rs.182.91 crore, and recorded a decrease of 10 per cent from the level of 1995-96.

**Public debt and other liabilities:** During the five years ending 1999-2000, there was 109 per cent growth in internal debt, 79 per cent growth in loans and advances from Central Government, and 72 per cent growth in other liabilities.

**Ways and Means Advances/Overdrafts:** The Ways and Means Advances/overdrafts obtained from Reserve Bank of India had increased (315 per cent) from Rs.13.24 crore in 1995-96 to Rs.55.01 crore in 1999-2000. Similarly, Overdraft availed by Government had increased by 1175 per cent over a period of 5 years ending March 2000. As of March 2000, Rs.10.75 crore on account of Ways and Means Advances, and Rs.34.50 crore towards overdrafts were to be repaid by the Government.

**Analysis of financial performance with indicators :** Some of the major findings that emerged from analysis of financial performance of the State Government with various indicators were : (i) the interest burden on the Government was substantial, and showed a rising trend; (ii) there was negative BCR in all the five years, during 1995-96 to 1999-2000, suggesting that Government had been depending heavily on borrowings for meeting its Plan and Non-plan expenditure; and (iii) the Government had not been earning any dividend/interest on investments.

(Paragraph 1)

## **2. Appropriation Audit and Control over Expenditure**

**Excess expenditure over grants/appropriations not regularised for the past several years:** Though it was mandatory for the Government to get the excess expenditure over grants/appropriations regularised, such excess expenditure of Rs.1213.68 crore pertaining to the years from 1991-92 to 1998-99 was yet to be regularised.

**Overall savings/excess:** Against gross provision of Rs.1781.53 crore, gross expenditure during the year, was Rs.1781.22 crore. The overall saving of Rs.0.31 crore was the net effect of excess of Rs.167.14 crore in 25 cases of grants and 2 appropriations, and saving of Rs.167.45 crore in 61 cases of grants and 4 appropriations.

**Supplementary grants:** Supplementary grants of Rs.15.60 crore obtained in 13 cases proved unnecessary in view of aggregate savings of Rs.31.52 crore. In other 15 cases, supplementary provision of Rs.84.02 crore proved insufficient, leaving an aggregate uncovered excess expenditure of Rs.158.03 crore.



In 31 cases, against additional requirement of Rs.53.56 crore, supplementary provisions of Rs.155.82 crore were obtained resulting in savings exceeding Rs.10 lakh in each case, aggregating Rs.102.26 crore.

**Surrender of savings:** Against the total excess of Rs.167.14 crore available under 25 grants and 2 appropriations during the year, savings aggregating Rs.32.85 crore available under 6 cases of grants (savings exceeded Rs.1 crore in each case) were not surrendered; though, as per the financial rules, spending departments were required to surrender unutilised grants/appropriations to the Finance Department, as and when any saving was anticipated. In 17 grants, against the available savings of Rs.18.25 crore, the amount surrendered was Rs.24.34 crore, indicating injudicious surrender of Rs.6.09 crore in excess of available savings.

**Expenditure incurred without budget provision:** Expenditure of Rs.3.07 crore was incurred in 7 cases under 6 grants/appropriations, although no budget provision was available for this during the year.

**Reconciliation of departmental expenditure:** Controlling Officers were required to reconcile the departmental figures of expenditure, with those booked by the Senior Deputy Accountant General (Accounts and Entitlement), before closure of the accounts for the year. But, such reconciliation in respect of expenditure of Rs.174 crore, had not been carried out by 6 Controlling Officers. Two other Controlling Officers persistently failed to reconcile a total expenditure of Rs.210.99 crore, during the last three years ending March 2000.

**Rush of expenditure:** The financial rules require that, Government expenditure should be evenly distributed throughout the year, to avoid rush of expenditure at the end of the year. Contrary to this, under 47 grants/appropriations, expenditure of Rs.340.91 crore was incurred in March 2000, This constituted 30.32 per cent of the total expenditure (Rs.1124.34 crore) under these grants/appropriations during the year 1999-2000.

**Abstract contingent bills:** Eight Drawing and Disbursing Officers of 3 Departments did not submit, as of December 2000, detailed countersigned contingent (DCC) bills for Rs.4.98 crore, drawn in 39 abstract contingent (AC) bills during the period April 1999 to November 1999. As per the Treasury Rules, DCC bills are required to be submitted to the Accountant General duly countersigned by the Controlling Officer, within 2 months of the drawal of AC bills.

(Paragraph 2)

(Paragraph 3.1)

### 3. Audit Reviews

#### 3.1 Integrated Audit of Primary Education including manpower management

Government of India (GOI) launched a programme of Universalisation of Elementary Education (UEE) to achieve total literacy, and to impart free and compulsory education to all children in the age group 6 to 14. Integrated Audit of the Primary Education Programme, including manpower management, revealed large scale diversion of funds, irregularities in procurement of teaching/learning materials and textbooks. These are highlighted below:-

Central assistance of Rs.6.03 crore was diverted for unnecessary procurement of materials. Receipt of teaching and learning materials worth Rs.5.26 crore was not available on record, rendering the expenditure doubtful.

The Directorate procured books worth Rs.3.96 crore from private booksellers, who were neither publishers nor authorised vendors and thereby failed to avail discount of Rs.19.78 lakh. Further, there was no evidence of receipt of books worth Rs.3.63 crore.

Due to delay in setting up of DIETs at Mokokchung and Tuensang by two years, the expenditure of Rs.1.34 crore remained idle. Materials worth Rs.25.22 lakh procured during 1996-97 by the Directorate for these DIETs, were either misused or pilfered.

The Department incurred extra expenditure of Rs.17.48 crore per annum, on salaries of 2477 teachers appointed, in Government Primary Schools in excess of sanctioned strength. This included, 837 teachers appointed on adhoc basis, on the recommendation of the Minister, School Education.

The Department incurred infructuous expenditure of Rs.8.60 crore per annum, due to manning of 1262 posts by unqualified teachers. The Department also incurred infructuous expenditure of Rs.7.60 crore on vocational and agri-based education.

The Department incurred unauthorised and excess expenditure of Rs.1.07 crore per annum, by allowing higher pay scales to Graduate/ Post Graduate Primary School Teachers.

There was no evidence of receipt and utilisation of colour televisions, carpentry tools, sewing-knitting machines and raw materials worth Rs.92.98 lakh.

*(Paragraph 3.1)*

### **3.2 Upgradation grants recommended by the Tenth Finance Commission (including Calamity Relief Fund)**

On the recommendation of the Tenth Finance Commission (TFC), the State Government received Central assistance for upgradation of standards of District Administration, solving problems relating to internal security, Primary Education, and for providing relief to the victims of natural calamities. The purposes for which the grants were released were impeded, due to non-release and diversion of funds, defective action plans, cost overruns, excessive overheads, misappropriations, and interference of Ministers in programme implementation. Audit Review revealed that:-

Although funds were received from the Central Government in time, there were delays, ranging from 30 to 359 days, on the part of the State Government to release these funds to the implementing agencies.

Despite receipt of excess funds of Rs.8.63 crore from the Government of Nagaland, the implementing agencies lagged behind in programme implementation. Rs.7.18 crore was lying unutilised with the implementing agencies in the form of cash/deposit at call/bankers' cheques/current account etc.

While Rs.7.93 crore was diverted/misutilised for purposes not envisaged in the Scheme. Rs.5.24 crore was spent on components not approved by the Inter Ministerial Empowered Committee (IMEC).

The Police Engineering Project (PEP) Divisions of Alichen and Chumukedima, incurred extra expenditure of Rs.7.53 crore on construction of 406 housing units, by over ruling the approved ceiling cost, and awarding the works to contractors at higher rates.

The Department made an unauthorised expenditure of Rs.3.15 crore on procurement and installation of machines and materials which were not envisaged in the Scheme.

At the instance of the Chief Minister, Nagaland, the Home Department procured arms and ammunitions worth Rs.2 crore without the approval of IMEC. Materials worth Rs.21.03 lakh had not been received, although payment had already been made to the supplier.

The Director General of Police, Nagaland, procured bomb detection and disposal equipment worth Rs.1.86 crore without assessing requirement, which resulted in idle outlay. Equipment and protective gear worth Rs.74.11 lakh had also not been received.

Although upgradation of Forensic Science Laboratory was not part of the recommendations of the Tenth Finance Commission, the Department purchased equipment worth Rs.90.82 lakh by diverting funds from other components of the Scheme.

Despite 63 Prefabricated huts costing Rs.5.38 crore lying unutilised in the store, the Director General of Police, Nagaland issued an additional supply order in March 2000 for structures worth Rs.2.53 crore.

The Police Engineering Project Divisions, Alichen and Chumukedima, made an over payment of Rs.51.29 lakh on supervision and erection charges of pre-fabricated steel structures.

(Paragraph 3.2)

### 3.3 Members of Parliament Local Area Development Scheme

The Scheme aimed at creation of durable community assets in the constituencies of Members of Parliament (MPs). Under the Scheme, each MP could suggest works in his Constituency, limited to an annual ceiling of Rs.2 crore for the whole constituency, and Rs.10 lakh for each work. Nagaland has 2 MPs, one each for the Lok Sabha and the Rajya Sabha. The Deputy Commissioners were the implementing authorities in the concerned districts. Audit review of implementation of the Scheme during the years 1997-98 to 1999-2000 revealed that:-

There was no evidence that the benefits of the programme percolated down to the lowest levels of the society. Since 87 per cent of the grants remained unutilised, the objectives of the programme of creating durable community assets remained unachieved. This was compounded by unauthorised diversion of scheme funds.

The Department reported utilisation of Rs.7.08 crore against actual expenditure of Rs.2.18 crore. Inflated expenditure was reported to Government of India for the sole purpose of obtaining more funds.

Central assistance of Rs.4.90 crore, representing 65 per cent of the total assistance (Rs.7.55 crore), remained unutilised with 8 Deputy Commissioners, for periods ranging from 1 to 3 years.

✓ In violation of the Scheme guidelines, Rs.1.90 crore was incurred unauthorisedly by the Deputy Commissioners, Dimapur and Kohima for execution of 175 works, which were not permissible under the Scheme.

Basic records like bills, vouchers, measurement books, completion reports, asset register etc., were not maintained. As a result, genuineness of the expenditure of Rs.2.18 crore could not be verified. All these factors facilitated frauds, and pilferage in execution of works. There was also no supervisory check exercised on the construction of works/assets created.

Non-inventory of assets, rendered the genuineness of creation, and continued retention, of assets doubtful.

(Paragraph 3.3)

### 3.4 National Family Welfare Programme

The National Family Welfare Programme was launched by the Government of India, as a demographic and welfare programme, to bring down the birth rate, and stabilise population, by encouraging eligible couples within the reproductive age group, to adopt various Family Welfare measures, by creating social awareness, imparting health education through propagation, and mass media activities. The implementation of the programme in the State was reviewed in audit, and the following were noticed:-

The total amount spent on salaries (Rs.23.90 crore) during 1995-96 to 1999-2000 accounted for 75 *per cent* of the total expenditure (Rs.31.99 crore).

The Department incurred excess expenditure of Rs.1.43 crore on pay and allowances and honorarium annually paid to staff employed in 182 sub centres.

The Department had no information about the number of children, and expectant mothers, requiring health and family welfare support. As a result, it could not fix any specific targets for bringing down the birth and death rates, and for improving maternal and child health.

The entire reporting process was unreliable, inasmuch as, the achievements reported by the Department to the Government of India, on population coverage, procurement, and application of vaccines were inflated/incorrect. Exaggerated reports were sent, merely to obtain more funds from the Government of India.

Despite incurring excess expenditure of Rs.18.31 crore over sanctions, there were shortfalls ranging between 42 and 67 *per cent* in creation of health infrastructure (Sub-centres, Primary Health Centres and Community Health Centres).

90 *per cent* of the villages (1225) in the State had no Dais, and expectant mothers of at least 1002 villages, were left at the mercy of quacks and untrained persons.

Lapses on the part of the Department in utilising immunisation vaccines during their potency period, deprived 4400 children of the benefits under the Scheme.

(Paragraph 3.4)

### 3.5 Urban Employment Generation Programme

The Urban Employment Generation Programme launched by the Government of India between October 1989 and November 1995, and comprising Swarna Jayanti Sahari Rozgar Yojana, Nehru Rozgar Yojana, Urban Basic Services for the Poor, Prime Minister's Integrated Urban Poverty Eradication

Programme and Prime Minister's Rozgar Yojana, aimed at providing wage employment in order to alleviate urban poverty, and to simultaneously create economic infrastructure and community assets for sustained employment and development. Lack of proper linkage and co-ordination between the different implementing agencies, together with slackness in inspection of works, impeded the achievement of the schemes. Besides, the following important points were also noticed in a review conducted by Audit of the programme, covering the period 1995-96 to 1999-2000.

Though funds were received from the Government of India in time, the State Government released the same after 1 to 10 years. Central assistance of Rs.1.94 crore received during the aforesaid years, remained unspent with the Department.

Unnecessary drawal and retention of funds by the Chief Town Planner, resulted in potential loss of interest of Rs.30.32 lakh and also facilitated robbery of Rs.50 lakh.

While the Department could generate 21.71 lakh mandays with the available funds, it generated only 0.90 lakh mandays representing 4 *per cent* achievement because of delay in release/non-release of funds by the State Government, and faulty implementation of the schemes.

Because of the failure of the Department to conduct surveys, and identify targeted beneficiaries in urban areas, the programme failed to effectively address the crucial issue of providing sustained employment benefit to the urban poor; Rs.1.83 crore spent on creating assets, merely generated one-time employment.

The actual creation and existence of the assets, and accrual of benefits to the urban poor, is suspect, in the absence of Register of Assets.

*(Paragraph 3.5)*

### **3.6 Implementation of North Eastern Council Schemes**

North Eastern Council (NEC), Shillong, was set up by the Ministry of Home Affairs, Government of India, in August 1972. The primary objective of the NEC was to finance development of infrastructure, by construction of roads and bridges, power transmission lines etc., in the State. NEC also acts as an advisory body, for discussing common problems of the region in the fields of planning and economic development. Implementation of several schemes sponsored by the NEC in the State of Nagaland was reviewed in audit. Delay in release of funds by the State Government, despite timely and sufficient receipt from the NEC, resulted in huge cost and time overrun. Works for roads and communication systems, were initiated late. A large portion of the funds were unauthorisedly diverted towards purchase of supplies, and on works outside the purview of the NEC Schemes.

Out of Rs.36.02 crore released by the NEC during 1992-93 to 1999-2000, the State Government released only Rs.32.62 crore to the implementing agencies, resulting in short release of Rs.3.41 crore.

Difference of Rs.2.94 crore between the expenditure reported by the Government, and expenditure as per Finance Accounts, was not reconciled by the Government.

The Department incurred an extra expenditure of Rs.2.39 crore on NEC works, which resulted in undue financial aid to the contractors.

Department unauthorisedly diverted Rs.1.31 crore, on projects not related to NEC Schemes.

Due to delay in finalisation of tenders, there was time overrun of 3 to 9 years and cost overrun of Rs.4.91 crore, in completion of a hydel project and construction of a transmission line.

The Department improperly issued work orders for Rs.3.60 crore at the instance of Minister, Works and Housing.

*(Paragraph 4.1)*

#### **4. Paragraphs**

##### **I. Blocking/locking up of funds**

(i) The Director of Agriculture spent Rs.28.26 lakh on fictitious Civil works for establishment of a Seed Processing Plant at Merapani, A Mobile Seed Processing Unit purchased at a cost of Rs.8.34 lakh remained idle for more than two years.

*(Paragraph 3.6)*

(ii) The Project Engineer, Police Engineering Project Division, Chumukedima unauthorisedly paid Rs.200 lakh as mobilisation advance, which resulted in locking up of funds, and loss of interest of Rs.36.71 lakh.

*(Paragraph 4.2)*

✓ (iii) The Estate Officer, Public Works Department, paid Rs.262.40 lakh without obtaining Legislative sanction, for construction of a State Guest House at New Mumbai. This resulted in locking up of funds, and interest burden of Rs.95.28 lakh.

*(Paragraph 4.4)*

**II. Avoidable/irregular/excess/doubtful/infructuous/unauthorised expenditure**

(i) The Home (General Administration Branch) incurred irregular expenditure of Rs.79.32 lakh on contingency paid/casual employees appointed in violation of Government orders.

*(Paragraph 3.9)*

(ii) The DIG, Fire Services failed to take possession of land and a building, after making an irregular payment of Rs.13 lakh to an individual, without ascertaining the title of the property.

*(Paragraph 3.12)*

(iii) The Director of Medical Services made an excess payment of Rs.33.60 lakh due to procurement of medicines and nursing sundries at higher rates.

*(Paragraph 3.14)*

(iv) Procurement and utilisation of spare parts worth Rs.148.88 lakh for 7 bulldozers could not be vouchsafed, rendering the expenditure doubtful.

*(Paragraph 3.20)*

(v) The Director, Soil and Water Conservation Department, incurred infructuous expenditure of Rs.73.35 lakh, on salaries and wages of excess and idle officers and staff.

*(Paragraph 3.22)*

(vi) The Executive Engineer, Public Works Department, unauthorisedly engaged 172 work charged employees, and spent Rs.52.35 lakh on their pay and allowances.

*(Paragraph 4.5)*

**III. Misappropriation**

(i) By flouting the Financial Rules, the Deputy Inspector of Schools, Dimapur and Mokokchung, fraudulently drew and misappropriated Rs.10.87 lakh, by overstating/understating entries in the cash books.

*(Paragraph 3.17)*

(ii) The Director, Soil and Water Conservation misappropriated Rs.39.96 lakh towards clearance of fictitious past liabilities.

*(Paragraph 3.19)*

(iii) The District Soil Conservation Officers, Kohima and Mokokchung had not recorded drawal and disbursement of Rs.173.09 lakh and Rs.169 lakh



respectively in the cash book, indicating possible misappropriation of the amounts.

*(Paragraph 3.23)*

**IV. Loss of Revenue**

(i) Non-realisation of sales tax from local suppliers resulted in loss of revenue of Rs.4.10 lakh.

*(Paragraph 6.5)*

(ii) Non-levy of turnover tax resulted in loss of revenue of Rs.8.45 lakh.

*(Paragraph 6.6)*

**V. Other points of interest**

(i) The Director of Soil and Water Conservation, Nagaland, did not submit Detailed Countersigned Contingent bills in support of expenditure of Rs.4.22 crore drawn in 8 Abstract Contingent bills, even after a lapse of 4 to 10 years.

*(Paragraph 2.6)*

(ii) The Chief Engineer, Public Works Department (Roads and Bridges), Kohima, projected a fictitious liability of Rs.4.34 crore, merely to draw funds from the Treasury.

*(Paragraph 2.7)*

(iii) The Director General of Police failed to enforce recovery of Rs.56.73 lakh, against the cost of Police Guards, from banks and other offices.

*(Paragraph 3.8)*

(iv) Director of Medical Services incurred expenditure of Rs.36.25 lakh towards clearance of fictitious past liabilities.

*(Paragraph 3.13)*

**VI. General**

(i) There were six Government Companies and nine departmentally managed Government Commercial and quasi-commercial undertakings, in the State, as on 31 March 2000. The total investment in six Government companies (including one subsidiary) was Rs.53.24 crore (equity: Rs.18.19 crore; long term loans: Rs.25.74 crore and share application money; Rs.9.31 crore).

*(Paragraphs 8.1.1, 8.1.2 and 8.1.10)*

(ii) None of the Government Companies had finalised their accounts for the year 1999-2000. The extent of arrears ranged from nine to twenty four years. Proforma account of all the departmentally managed Government Commercial and quasi commercial undertakings were in arrears ranging from one year to twenty eight years.

*(Paragraphs 8.1.5.1 and 8.1.10)*

# **CHAPTER I**

## **AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT**

### **1.1 Introduction**

This Chapter discusses the financial position of the State Government. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure, and the financial management of the State Government. In addition, the chapter also contains a section on the analysis of indicators of financial performance of the Government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this Chapter are described in *Appendix-I*.

### **1.2 Financial position of the State**

In the Government accounting system comprehensive accounting of the fixed assets like land and buildings etc., owned by the Government is not done. However, the Government, accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by it. An abstract of such liabilities and the assets as on 31 March 2000, compared with the corresponding position on 31 March 1999 is given in the table below:-

**SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF NAGALAND ON 31 MARCH 2000**

		(Rupees in crore)	
As on 31.03.1999	LIABILITIES		As on 31.03.2000
560.66	Internal Debt		681.45
	Market loans bearing interest	477.48	
	Market loans not bearing interest	0.11	
	Loans from LIC	34.26	
	Loans from other institutions	158.85	
	Ways and Means Advances	10.75	
168.83	Overdrafts from Reserve Bank of India		34.50
319.69	Loans and Advances from Central Government		430.01
	Pre-1984-85 loans	32.12	
	Non-Plan Loans	62.17	
	Loans for State Plan Schemes	242.59	
	Loans for Central Plan Schemes	3.16	
	Loans for Centrally Sponsored Plan Schemes	10.92	
	Ways & Means Advances	75.00	
	Loans for Special Schemes	4.05	
0.35	Contingency Fund		0.35
338.07	Small Savings, Provident Funds, etc.		373.04
27.38	Deposits		85.68
4.28	Reserve Funds		2.83
18.69	Remittance Balances		26.31
179.76	Surplus on Government Account-		170.42
	Accumulated surplus upto 31 March 1999	179.76	
	Less deficit of current year	(-) 9.34	
<b>1,617.71</b>			<b>1804.59</b>
	<b>ASSETS</b>		
1,586.10	Gross Capital outlay on Fixed Assets-		1765.44
	Investments in shares of Companies, Corporations, etc.	48.05	
	Other capital outlay	1717.39	
47.26	Loans and Advances		41.48
	Other Development Loans	38.61	
	Loans to Government servants' etc.	2.87	
1.86	Advances		1.89
52.01	Suspense and Miscellaneous Balances		56.11
(-) 69.52	Cash Balance		(-) 60.33
	Cash in Treasuries and Local Remittances	0.17	
	Deposits with Reserve Bank	(-) 86.34	
	Departmental Cash Balance including Permanent Advances	17.04	
	Investment of earmarked funds	8.80	
	Cash Balance Investments		---
<b>1,617.71</b>			<b>1804.59</b>

While the liabilities consist mainly of internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from the table that while the liabilities grew by 14 per cent from Rs.1437.95 crore in 1998-99 to Rs.1634.17 crore during 1999-2000, the assets grew by only 12 per cent from Rs.1617.71 crore in 1998-99 to Rs.1804.59 crore during 1999-2000, mainly as a result of revenue deficit of Rs.9.34 crore.

Minus balance (as per accounts) represents excess cash outgo of the State Government over the resources from all sources with Reserve Bank of India (RBI). This balance was arrived at after taking into account all monetary settlements as intimated by the RBI and other accounting circles.

### 1.3 Sources and applications of funds

1.3.1 The table below gives the position of sources and applications of funds during the current and the preceding year.

#### SOURCES AND APPLICATION OF FUNDS

		(Rupees in crore)	
		Sources	
1998-99			1999-2000
989.38	1. Revenue receipts		1,131.46
13.18	2. Recoveries of Loans and Advances		15.98
123.42	3. Increase in Public debt other than overdraft		231.11
30.78	4. Net receipts from Public Account		95.32
	31.32	Increase in Small Savings	34.98
	(-) 11.89	Increase in Deposits and Advances	58.27
	0.77	Decrease in Reserve Funds	(-) 1.46
	6.48	Net effect of Suspense and Miscellaneous transactions	(-) 4.09
	4.10	Net effect of Remittance transactions	7.62
63.49	5. Overdrafts from Reserve Bank of India (Net)		---
<b>1,220.25</b>	<b>Total</b>		<b>1,473.87</b>
		Application	
1,012.40	1. Revenue expenditure		1,140.80
19.11	2. Lending for development and other purposes		10.21
155.78	3. Capital expenditure		179.34
**32.96	4. Increase in closing cash balance		9.19
	5. Reduction of overdraft payable to Reserve Bank of India		134.33
<b>1,220.25</b>	<b>Total:-</b>		<b>1,473.87</b>

The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and for reduction of overdraft liability obtained from Reserve Bank of India. It would be seen that the revenue receipts constitute the most significant source of funds for the State Government. While their relative share went down from 81.08 per cent in 1998-99 to 76.77 per cent during 1999-2000, the share of recoveries of loans and advances remained stagnant at 1.08 per cent, the net receipts from the Public Account went up from 2.52 per cent in 1998-99 to 6.47 per cent in 1999-2000. This was mainly due to increase of 490 per cent in deposits and advances. The share of receipts from Public Debt went up from 10.11 per cent to 15.68 per cent.

1.3.2 The funds were mainly applied for revenue expenditure, whose share went down from 82.97 per cent to 77.40 per cent, but remained marginally higher than the share of revenue receipts (76.77 per cent) in the total receipts of the State Government. This led to the revenue deficit of Rs.9.34 crore. While the percentage of capital expenditure went down from 12.77 per cent to 12.17 per cent, lending for development purposes both the absolute terms as also in percentage basis, went down from 1.57 per cent to 0.69 per cent. Balance funds were utilised in repayment of overdrafts from RBI (9.11 per cent) and increase in closing balance (0.62 per cent).

\*\* Change from previous year's figures is on account of taking negative figures under increase in closing cash balance from 'Sources' to 'Application' side.

## 1.4 Financial operations of the State Government

1.4.1 Exhibit I gives the details of the receipts and disbursements made by the State Government. The revenue expenditure (Rs.1140.80 crore) during the year exceeded the revenue receipts (Rs.1131.46 crore) resulting in a revenue deficit of Rs.9.34 crore. The revenue receipts comprised Tax Revenue (Rs.39.50 crore), Non-tax Revenue (Rs.38.86 crore), State's share of Union Taxes and Duties (Rs.526.04 crore) and Grants-in-Aid from the Central Government (Rs.527.06 crore). The main sources of tax revenue were sales tax (58 per cent), State Excise (4 per cent), Taxes on vehicles (12 per cent) and stamps and registration fees (5 per cent). Non-tax revenue came mainly from interest receipts (12 per cent), Other Administrative Services (16 per cent), Housing (5 per cent), Forestry and Wildlife (4 per cent), Power (46 per cent) and Road Transport (10 per cent).

1.4.2 The capital receipts comprised Rs.15.98 crore from recoveries of loans and advances and Rs.399.24 crore from public debt. Against this, the expenditure was Rs.179.34 crore on capital outlay, Rs.10.21 crore on disbursement of loans and advances and Rs.168.13 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.538.71 crore, against which the disbursements made were Rs.443.39 crore. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase of Rs.9.19 crore in the cash balance which brought down the negative balance of Rs.69.52 crore at the beginning of the year to Rs.60.33 crore at the year end.

1.4.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in table under paragraph 1.3.1 and the time series data for the five year's period from 1995-96 to 1999-2000 presented in the table given below.

### TIME SERIES DATA ON STATE GOVERNMENT FINANCES

	(Rupees in crore)				
	1995-96	1996-97	1997-98	1998-99	1999-2000
<b>Part A. Receipts</b>					
<b>I. Revenue Receipts</b>	733.79	855.13	860.99	989.38	1131.46
(i) Tax Revenue	23.28 (3)	32.59 (4)	31.57 (4)	30.56 (3)	39.50 (3)
Sales Tax	12.32 (53)	16.15 (50)	16.52 (52)	16.10 (53)	23.04 (58)
State Excise	1.59 (7)	2.00 (6)	2.10 (7)	1.89 (6)	1.73 (4)
Taxes on vehicles	2.92 (13)	3.88 (12)	3.86 (12)	4.37 (14)	4.59 (12)
Stamps and Registration fees	1.74 (7)	5.76 (18)	3.66 (12)	1.94 (6)	1.85 (5)
Land Revenue	0.07 (*)	0.16 (*)	0.08 (*)	0.12 (*)	0.26 (*)
Other Taxes	4.64 (20)	4.64 (14)	5.35 (17)	6.14 (20)	8.03 (20)
(ii) Non Tax Revenue	36.05 (5)	33.45 (4)	27.52 (3)	44.15 (5)	38.86 (3)
(iii) State's share in Union taxes and duties	186.10 (25)	274.75 (32)	380.81 (44)	437.19 (44)	526.04 (47)
(iv) Grants in aid from GOI	488.36 (67)	514.34 (60)	421.09 (49)	477.48 (48)	527.06 (47)
2. Misc. Capital Receipts	---	---	---	---	---
3. Total revenue and Non-debt capital receipt (1+2)	733.79	855.13	860.99	989.38	1131.46
4. Recoveries of Loans and Advances	8.57	4.08	4.45	13.18	15.98
5. Public Debt Receipts	87.74	99.29	242.57	394.17	344.23
Internal Debt (excluding Ways & Means Advances and Overdrafts)	61.45	63.54	83.84	104.65	167.24
Net transactions under Ways and Means Advances and Overdraft	---	---	122.14	72.69	---
Loans and Advances from Government of India <sup>2</sup>	26.29	35.75	36.59	216.83	176.99
6. Total receipts in the Consolidated Fund (3+4+5)	830.10	958.50	1108.01	1396.73	1491.67
7. Contingency Fund Receipts	---	---	---	---	---

<sup>2</sup> Includes Ways & Means Advances from Government of India.

	(Rupees in crore)				
	1995-96	1996-97	1997-98	1998-99	1999-2000
8. Public Account receipts	388.33	367.24	343.25	427.00	538.71
9. Total receipts of the State (6+7+8)	1218.43	1325.74	1451.26	1823.73	2030.38
<b>Part B. Expenditure/Disbursement</b>					
10. Revenue Expenditure	834.48	847.31	988.18	1,012.40	1140.80
Plan	134.07 (16)	172.44 (20)	199.68 (20)	205.94 (20)	229.38 (20)
Non-Plan	700.41 (84)	674.87 (80)	788.50 (80)	806.46 (80)	911.42 (80)
General Services (including interest payments)	336.59 (40)	352.90 (41)	417.96 (42)	460.41 (45)	544.60 (48)
Social Services	248.45 (30)	242.57 (29)	262.81 (27)	293.78 (29)	330.39 (29)
Economic Services	249.44 (30)	251.84 (30)	307.41 (31)	258.21 (26)	265.81 (23)
Grants-in-aid and contribution	---	---	---	---	---
11. Capital Expenditure	101.41	134.61	133.69	155.78	179.34
Plan	97.67 (96)	132.38 (98)	132.99 (99)	151.83 (97)	179.21 (100)
Non-Plan	3.74 (4)	2.23 (2)	0.70 (1)	3.95 (3)	0.13 (*)
General Services	11.94 (12)	13.13 (10)	9.88 (8)	10.63 (7)	11.80 (7)
Social Services	30.43 (30)	57.09 (42)	49.94 (37)	55.19 (35)	77.11 (43)
Economic Services	59.04 (58)	64.39 (48)	73.87 (55)	89.96 (58)	90.43 (50)
12. Disbursement of Loans and Advances	9.20	14.36	8.27	19.11	10.21
13. Total (10+11+12)	945.09	996.28	1130.14	1187.29	1330.35
14. Repayments of Public Debt	14.13	30.99	31.12	207.26	247.45
Internal Debt (excluding Ways & Means Advances and Overdrafts)	3.06	19.37	17.46	22.53	51.19
Net transactions under Ways and Means Advances and Overdraft	--	---	---	---	149.58
Loans and Advances from Government of India <sup>2</sup>	11.07	11.62	13.66	184.73	66.68
15. Appropriation to Contingency Fund	---	---	---	---	---
16. Total disbursement out of Consolidated Fund (13+14+15)	959.22	1027.27	1161.26	1394.55	1577.80
17. Contingency Fund disbursements	---	---	---	---	---
18. Public Account disbursements	289.47	359.06	291.90	396.22	443.39
19. Total disbursement by the State (16+17+18)	1248.69	1386.33	1453.16	1790.77	2021.19
<b>Part C. Deficits</b>					
20. Revenue Deficit (1-10)(-)/Surplus (+)	(-) 100.69	(+) 7.82	(-) 127.19	(-) 23.02	(-) 9.34
21. Fiscal Deficit (3+4-13)	202.73	137.07	264.70	184.73	182.91
22. Primary Deficit (21-23)	117.62	46.87	152.08	49.90	30.63
<b>Part D. Other data</b>					
23. Interest payments (included in revenue expenditure)	85.11	90.20	112.62	134.83	152.28
24. Arrears of Revenue (Percentage of Tax & Non-Tax Revenue Receipts)	4.77 (8)	5.62 (9)	12.38 (21)	26.22 (35)	@
25. Financial assistance to local bodies etc.	8.61	22.50	23.99	18.30	31.94
26. Ways and Means Advances/Overdrafts availed (days)	24.24 (17)	13.00 (5)	364.94 (96)	402.49 (40)	195.29 (74)
27. Interest on WMA/Overdraft	0.08	0.03	0.90	0.94	1.22
28. Gross State Domestic Product (GSDP)	1605.51	1914.04	2324.10	NA	NA
29. Outstanding Debt (year end)	582.55	650.84	862.28	1,049.18	1145.96
30. Outstanding guarantees (year end)	@	@	@	@	@
31. Maximum amount guaranteed (year end)	NIL	NIL	NIL	@	@
32. Number of incomplete projects	@	@	@	@	@
33. Capital blocked in incomplete projects	@	@	@	@	@

Expenditure (Rs.1320.14 crore) during the year 1999-2000 registered an increase of 13 per cent (Rs.151.96 crore) over that of 1998-99 (Rs.1168.18 crore), which was mainly due to repayment of overdrafts. The excess expenditure (Rs.151.96 crore) was met from funds (Rs.167.24 crore) borrowed from markets and loans and advances (Rs.51.99 crore); 69 per cent of the borrowed funds (Rs.219.23 crore) were utilised in repayment of overdrafts leaving little scope for developmental works.

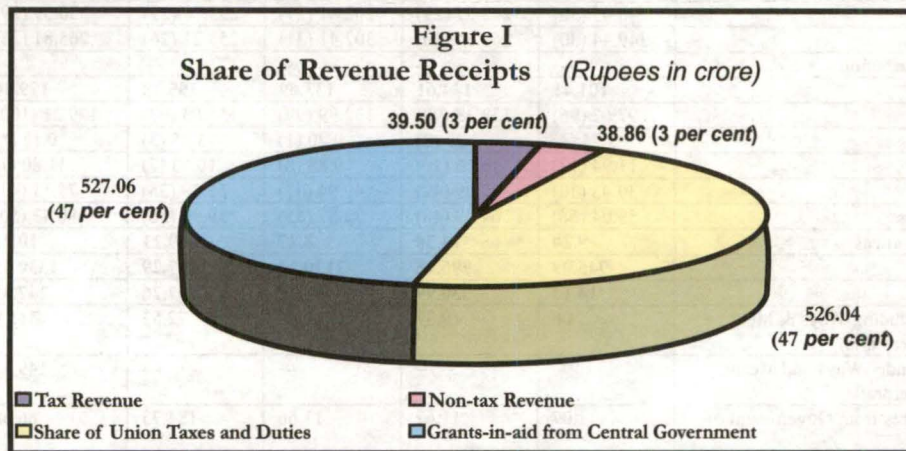
@ Information awaited from the Government (February, 2001).

Note: Figures in brackets represents percentages (rounded off) to total of each sub-heading. (\*) indicates negligible percentage.

## 1.5 Revenue receipts

The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in figure I.

The revenue receipts grew at an average annual rate of 11.63 per cent during 1995-96 to 1999-2000.



### 1.5.2 Tax revenue

Tax revenue constituted 3 per cent of the revenue receipts during 1999-2000. The table under paragraph 1.4.3 shows that the relative contribution of Sales Tax went up from 53 per cent in 1995-96 to 58 per cent in 1999-2000 while that of Excise Duty declined from 7 per cent in 1995-96 to 4 per cent in 1999-2000 and Stamps and Registration Fees declined from 18 per cent in 1996-97 to 5 per cent in 1999-2000. During 1995-2000, the contribution of Land Revenue was negligible and the share of Taxes on vehicles remained constant at around 12 per cent.

### 1.5.3 Non-tax revenue

The share of non-tax revenue in total revenue receipts declined from 5 per cent in 1995-96 to 3 per cent in 1999-2000.

Non-tax Revenue mainly came from Power (46 per cent), Road Transport (10 per cent), Other Administrative Services- (16 per cent) and Housing (5 per cent). The share of interest receipts (Rs.4.59 crore) was 12 per cent of the non-tax revenue (Rs.38.86 crore) and was only 0.41 per cent of the total revenue receipts (Rs.1131.46 crore) as compared to share of interest payments (Rs.152.28 crore) at 13 per cent in the total revenue expenditure of the State (Rs.1140.80 crore).

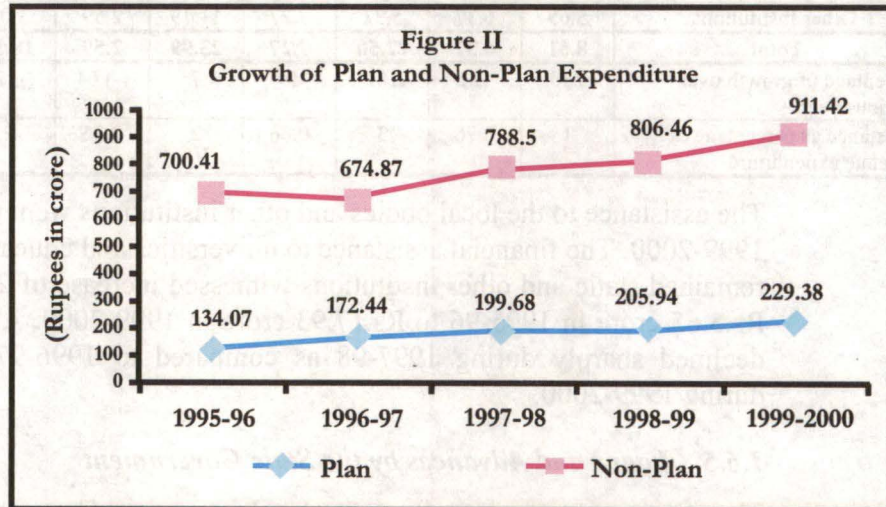
### 1.5.4 State's share of Union taxes and duties, and grants-in-aid from the Central Government

The State's share of Union taxes (excise duties, and income and corporation taxes) increased by 20 per cent during the year, while the grants-in-aid from the Central Government increased by 10 per cent. However, as a percentage of revenue receipts they (both taken together) increased from 92 per cent in 1995-96 to 94 per cent during 1999-2000; this was mainly due to increase (from 25 per cent to 47 per cent) in the State's share of Union taxes.



## 1.6 Revenue expenditure

**1.6.1** The revenue expenditure accounted for most (86 per cent) of the expenditure of the State Government and increased by 13 per cent during 1999-2000. The increase was, however, both on the Plan and Non-Plan side. A comparison shows that the rate of growth in Plan component (71 per cent) of revenue expenditure far surpassed the growth rate of Non-Plan expenditure (30 per cent) during the last five years ending March 2000 as can be seen in Figure II.



**1.6.2** Sector-wise analysis shows that while the expenditure on General Services increased by 56 per cent, from Rs.251.48 crore in 1995-96 to Rs.392.32 crore in 1999-2000, the corresponding increases in expenditure on Social Services and Economic Services from Rs.248.45 crore to Rs.330.39 crore and Rs.249.44 crore to Rs.265.81 crore were only 33 and 7 per cent respectively. As a proportion of total expenditure, the share of General Services increased from 30 per cent in 1995-96 to 35 per cent in 1999-2000, whereas the share of Social Services remained almost static around 29 per cent but that of Economic Services decreased from 30 per cent in 1995-96 to 23 per cent in 1999-2000.

### 1.6.3 Interest payments

Interest payments increased steadily by 79 per cent from Rs.85.11 crore in 1995-96 to Rs.152.28 crore in 1999-2000. This is further discussed in the Section on Financial indicators.

### 1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance provided to different local bodies etc., during the five years ending 1999-2000 was as follows:

		1995-96		1996-97		1997-98		1998-99		1999-2000	
		Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
<i>(Rupees in crore)</i>											
(A)	Universities and Educational Institutions	0.09	---	0.25	---	0.24	---	0.42	---	0.42	---
(B)	Municipal Corporations	---	---	---	---	---	---	---	---	---	---
(C)	Zila Parishad	---	---	---	---	---	---	---	---	---	---
(D)	Development Agencies	2.87	---	16.40	---	12.53	---	12.77	---	13.57	---
(E)	Hospitals and other Charitable Institutions	---	---	0.53	---	0.03	---	2.02	---	0.02	---
(F)	Other Institutions	5.65	6.37	5.32	7.27	11.19	2.59	3.09	2.74	17.93	8.42
<b>Total</b>		<b>8.61</b>	<b>6.37</b>	<b>22.50</b>	<b>7.27</b>	<b>23.99</b>	<b>2.59</b>	<b>18.30</b>	<b>2.74</b>	<b>31.94</b>	<b>8.42</b>
Percentage of growth over previous year		230	182	161	14	7	(-) 64	(-) 24	6	75	207
Assistance as percentage of Revenue expenditure		1	0.76	3	0.86	2	0.26	2	0.27	3	0.74

The assistance to the local bodies and other institutions went up sharply during 1999-2000. The financial assistance to universities and educational institutions remained static and other institutions witnessed increase of 217 per cent from Rs.5.65 crore in 1995-96 to Rs.17.93 crore in 1999-2000. Although the loans declined sharply during 1997-98 as compared to 1996-97, they increased during 1999-2000.

### **1.6.5 Loans and Advances by the State Government**

The Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, cooperatives, non-Government institutions, etc., for developmental and non-developmental activities. The position for the last five years given below shows that, there has been improvement in repayment of loans and advances by the Government.

	<b>(Rupees in crore)</b>				
	1995-96	1996-97	1997-98	1998-99	1999-2000
Opening balance	26.61	27.24	37.52	41.34	47.26
Amount advanced during the year	9.20	14.36	8.27	19.10	10.21
Amount repaid during the year	8.57	4.08	4.45	13.18	15.98
Closing balance	27.24	37.52	41.34	47.26	41.49
Net addition	0.63	10.28	3.82	5.92	(-) 5.77
Interest received	0.58	0.19	0.49	0.54	0.65

Though the Departmental authorities and Controlling Officers were required to furnish information about the arrears in recovery (principal as well as interest) of loans as on 31 March 2000 to the Sr. Deputy Accountant General (Accounts and Entitlements) by June, the information is awaited (February, 2001) despite reminders.

## **1.7 Capital expenditure**

**1.7.1** Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e., Public Sector Undertakings (PSUs), Corporations, etc., and loans and advances. The share of capital expenditure (Rs.179.34 crore) to the total expenditure (Rs.1320.14 crore) increased marginally by 1 per cent in 1999-2000 over that of 1998-99. Capital expenditure was confined to plan

works under Social Services (43 per cent), Economic Services (50 per cent) and General Services (7 per cent).

## 1.8 Quality of expenditure

**1.8.1** Government spends money for different activities, ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-Plan and revenue and capital. While the Plan and Capital expenditure are usually associated with asset creation, the Non-Plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

**1.8.2** Wastage in public expenditure, diversions of funds, and funds blocked in incomplete projects would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account after booking them as expenditure, can also be considered as a negative factor in judging the quality of expenditure. As the expenditure is not actually incurred in the concerned year it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General services to the detriment of Economic and Social Services.

**1.8.3** The following table lists out the trend in these indicators:

		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	Plan expenditure as a percentage of:-					
	Revenue expenditure	16	20	20	20	20
	Capital expenditure	96	98	99	97	100
2.	Capital expenditure (per cent)	11	14	12	13	14
3.	Expenditure on General Services (per cent)					
	Revenue	30	31	31	32	35
	Capital	12	10	8	7	7
4.	Amount of wastage and diversion of funds detected during test audit (Rupees in crore)	5.16	0.75	0.65	18.99	257.43

It would be seen that, the share of Plan expenditure on the revenue side has increased (4 per cent) from 1995-96 to 1996-97 and remained static (20 per cent) thereafter, while the share of the capital sector has been increasing from 1995-96 to 1999-2000 excepting 1998-99. However, from 1995-96 onwards, the share of expenditure on General Services, has increased on the revenue side, and declined on the capital side. The substantial amounts of wastage and diversion of funds detected during test audit negatively impinged on the quality of expenditure as brought out in the succeeding paragraphs and reviews.

## 1.9 Financial management

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this report deal extensively with these

issues, especially as they relate to the expenditure management in the Government based on the findings of test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government, are discussed in this section.

### 1.9.1 Investments and returns

Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:

(Rupees in crore)				
	Sector	Number of concerns	Amount invested	
			As on 31.3.2000	During 1999-2000
(1)	Statutory Corporations	1	0.04	---
(2)	Government Companies	5 <sup>3</sup>	25.85 <sup>4</sup>	0.33
(3)	Joint Stock Companies	2	6.91	---
(4)	Cooperative Institutions	@	15.25	1.02
<b>Total:-</b>			<b>48.05</b>	<b>1.35</b>

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

(Rupees in crore)				
Year	Investment at the beginning of the year	Return	Total interest liability	Rate of interest on Government borrowing (%)
1995-96	30.75	NIL	4.27	14.00 (May 1995)
1996-97	32.09	NIL	4.43	13.85 (May 1996) 13.75 (January 1997)
1997-98	35.61	*	4.67	13.05 (May 1997)
1998-99	41.59	NIL	5.13	12.15 (April 1998) 12.50 (October 1998)
1999-2000	46.70	NIL	5.63	12.25 (April 1999) 11.85 (September 1999)
<b>Total:-</b>			<b>24.13</b>	

Thus, even while the Government was raising high cost borrowings from the market, it had been increasing the investments in the above institutions by borrowing from the open market year after year without getting any return therefrom. During the last five years alone, interest liability on the investments made out of borrowed funds at the prevailing market borrowing rates worked out to Rs.24.13 crore which represents 50 per cent of the total investments of Rs.48.05 crore made as on March 2000.

As on 31 March 2000, five of the Government companies in which Government had invested Rs.48.05 crore had accumulated losses of Rs.4.81 crore.

<sup>3</sup> Excludes one subsidiary company, i.e. Nagaland Hotels Ltd.

<sup>4</sup> Investment shown here is as per Finance Accounts 1999-2000.

@ Information awaited from Government (February, 2001).

\* Rs.2,000 received as dividend.

### **1.9.2 Arrears of revenue**

The arrears of revenue pending collection as of March 1999 increased by 112 *per cent*. The outstanding arrears registered a secular increase during the preceding four years (table under paragraph 1.4.3) and their percentage increased from 4 *per cent* of the revenue raised during 1994-95 to 35 *per cent* during 1998-99. Of the arrears of Rs.26.22 crore as of March 1999, Rs.4.47 crore (17 *per cent*) were pending for more than five years, and pertained mainly to Sales Tax (Rs.3.74 crore) and Central Sales Tax (Rs.0.71 crore) and Professional Tax (Rs.0.02 crore). The overall deterioration in the position of arrears of revenue showed a slackening of the revenue efforts of the State Government.

Information regarding arrears of revenue for the year 1999-2000 was not furnished by the Department (February 2001) despite repeated reminders.

### **1.9.3 Ways and Means Advances and Overdrafts**

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.0.10 crore. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking Ways and Means Advances (WMA)/Overdrafts (OD) from the Bank. In addition, special WMA are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects poorly on the financial management of the Government. During the year 1999-2000, Government obtained Rs.55.01 crore as Ways and Means Advances on 10 days in addition to the outstanding balance of Rs.26.00 crore from the preceding year. Against this, only Rs.70.26 crore was repaid, leaving an outstanding balance of Rs.10.75 crore on 31 March 2000.

The Ways and Means Advances obtained had increased from Rs.13.24 crore in 1995-96 to Rs.55.01 crore in 1999-2000 indicating an increase of 315 *per cent*. Similarly, overdraft availed by the Government during 1999-2000 was Rs.140.28 crore in addition to the opening balance of Rs.168.83 crore at the beginning of the year. Of this, Rs.274.61 crore was repaid with interest of Rs.0.97 crore leaving an outstanding balance of Rs.34.50 crore at the end of the year. The overdrafts obtained (gross) had increased from Rs.11.00 crore in 1995-96 to Rs.140.28 crore in 1999-2000 constituting an increase of 1175 *per cent*.

The Government was increasingly depending on overdrafts/ways and means advances for meeting its financial requirements.

### **1.9.4 Deficit**

**1.9.4.1** Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of the prudence of financial management of the Government. Further, the ways of financing the deficit, and the application of the funds raised in this manner, are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit *viz.*, Revenue Deficit, Fiscal Deficit and Primary Deficit.

1.9.4.2 The Revenue Deficit is the excess of revenue expenditure over revenue receipts. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received and certain non-debt capital receipts). Primary Deficit is fiscal deficit less interest payments. The following exhibit gives a break-up of the deficits in Government account:

**OVERALL FINANCIAL TRANSACTIONS OF GOVERNMENT**

(Rupees in crore)				
CONSOLIDATED FUND				
RECEIPT	Amount		DISBURSEMENT	Amount
Revenue	1131.46	Revenue deficit: 9.34	Revenue	1140.80
Misc. capital receipts	---		Capital	179.34
Recovery of loans & advances	15.98		Loans & advances disbursement	10.21
<b>Sub-total:</b>	<b>1147.44</b>	<b>Gross fiscal deficit; 182.91</b>	<b>Sub-total:</b>	<b>1330.35</b>
Public debt receipts	344.23		Public debt repayment	247.45
<b>Total:</b>	<b>1491.67</b>	<b>A: Deficit in Consolidated Fund: 86.13</b>	<b>Total:</b>	<b>1577.80</b>
PUBLIC ACCOUNT				
Small savings, PF etc.	86.03		Small savings, PF etc.	51.05
Deposits & advances	79.14		Deposits & advances	20.87
Reserve funds	0.58		Reserve funds	2.04
Suspense & Misc.	99.67		Suspense & Misc.	103.76
Remittances	273.29		Remittances	265.67
<b>Total: Public Account</b>	<b>538.71</b>	<b>B-Surplus in Public Account: 95.32</b> <b>Surplus utilised as under:</b> <b>(i) Financed deficit in Consolidated Fund: 86.13</b> <b>(ii) Increase in closing Cash Balance: 9.19</b>	<b>Total: Public Account</b>	<b>443.39</b>

The above table shows that gross fiscal deficit of Rs.182.91 crore was partly financed by net proceeds of Public Debt (Rs.96.78 crore) and partly by surplus in Public Account (Rs.86.13 crore). The balance surplus of Rs.9.19 crore (Rs.95.32 crore – Rs.86.13 crore) in the Public Account led to increase in the closing cash balance which brought down the negative cash balance to Rs.60.33 crore at the end of current year against the negative cash balance of Rs.69.52 crore at the end of preceding year.

Table under paragraph 1.4.3 shows that except for 1996-97, the State had a revenue deficit every year during 1995 to 2000. The fiscal deficit had decreased from Rs.202.73 crore in 1995-96 to Rs.182.91 crore in 1999-2000 registering a decrease of 10 per cent during the five years ending March 2000, and was highest during the year 1997-98 (Rs.264.70 crore).

**1.9.4.3 Application of the borrowed funds (Fiscal Deficit)**

The fiscal deficit (FD) represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue Deficit (RD), for meeting Capital Expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position for the last five years:-

					(Rupees in lakh)	
Ratio of	1995-96	1996-97	1997-98	1998-99	1999-2000	
RD/FD	0.50	(-) 0.06	0.48	0.13	0.05	
CE/FD	0.50	0.98	0.51	0.84	0.98	
Net loans/FD	Negligible	0.08	0.01	0.03	(-) 0.03	
<b>Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	

### 1.9.5 Guarantees given by the State Government

Guarantees given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and cooperative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. As indicated in the table of paragraph 1.4.3, the maximum amount of loans (principal only) guaranteed as of March 2000 was Rs.7.24 crore. The information regarding the outstanding amount of principal as well as interest thereon, and the guarantee fee payable by these institutions was not furnished by the Government (February 2001).

## 1.10 Public debt

**1.10.1** The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table.

(Rupees in crore)						
Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities <sup>5</sup>	Total liabilities	Ratio of debt to GSDP
1995-96	342.00	240.54	582.54	268.38	850.92	0.53
1996-97	386.16	264.68	650.84	304.12	954.96	0.50
1997-98	574.68	287.60	862.28	349.43	1211.71	0.52
1998-99	729.49	319.69	1,049.18	369.73	1418.91	#
1999-2000	715.95	430.01	1145.96	461.55	1607.51	#

During the five year period, the total liabilities of the Government had grown by 89 per cent. This was on account of 109 per cent growth in internal debt, 79 per cent growth in loans and advances from Central Government and 72 per cent growth in other liabilities. During 1999-2000, Government borrowed Rs.113.65 crore in the open market at interest rates of 11.85 and 12.25 per cent per annum.

**1.10.2** The amount of funds raised through Public debt, the amount of repayment and net funds available are given in the following table:

<sup>5</sup> Other liabilities include small savings, provident funds, reserve funds and deposits, etc.  
<sup>#</sup> Information regarding Gross State Domestic Product (GSDP) is not available.

(Rupees in crore)					
	1995-96	1996-97	1997-98	1998-99	1999-2000
Internal Debt (excluding Ways and Means Advances and Overdrafts from RBI)					
Receipt during the year	61.45	63.54	83.84	104.65	167.24
Repayment-principal	3.06	19.37	17.47	22.53	31.19
Interest	38.79	45.01	59.12	64.30	83.67
Sub-total:-	41.85	64.38	76.59	86.83	114.86
Net funds available ( <i>per cent</i> )	19.60 (32)	(-) 0.84 (-1)	7.25 (9)	17.82 (17)	52.38 (31)
Loans and advances from GOI					
Receipt during the year	26.29	35.75	36.59	46.83	51.99
Repayment-Principal	11.07	11.62	13.66	14.73	16.68
Interest	24.62	27.11	30.77	33.92	38.27
Sub-total:-	35.69	38.73	44.43	48.65	54.95
Net funds available ( <i>per cent</i> )	(-) 9.40 (-36)	(-) 2.98 (-8)	(-) 7.84 (-21)	(-) 1.82 (-0.04)	(-) 2.96 (-0.06)
Other liabilities					
Receipt during the year	135.69	99.33	96.76	91.23	159.36
Repayment-Principal	49.42	63.59	51.44	70.93	67.54
Interest	21.69	18.08	22.73	24.89	27.03
Sub-total:-	71.11	81.67	74.17	95.82	94.57
Net funds available ( <i>per cent</i> )	64.58 (48)	17.66 (18)	22.59 (23)	(-) 4.59 (-5)	64.79 (41)

It would be seen that very little of the borrowings are available for investment and other expenditure after meeting the repayment obligations. The increase of 97 *per cent* in outstanding debt from Rs.582.54 crore in 1995-96 to Rs.1145.96 crore in 1999-2000 with its resultant repayment and interest obligations had affected the net availability of funds.

### **1.11 Indicators of the financial performance**

**1.11.1** A Government may wish to either maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing. Finally, Government's vulnerability increases in the process. State Governments increase the level of their activity principally through Five Year Plans which translate to Annual Development Plans provided for in the State Budget. Broadly, it can be stated that non-plan expenditure represents Government maintaining the existing level of activity, while plan expenditure entails expansion of activity. Both these activities require resource mobilization increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:

#### **(i) Sustainability**

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.



**(ii) Flexibility**

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

**(iii) Vulnerability**

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

**(iv) Transparency**

There is also the issue of financial information provided by the Government. This consists of annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are, timely presentation, indicating the efficiency of budgetary process, and the accuracy of the estimates. As regards, accounts, timeliness in submission, for which milestones exist, and completeness of accounts would be the principal criteria.

1.11.2 Information available in Finance Accounts can be used to flesh out Sustainability, Flexibility and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in *Appendix—I*. Exhibit II indicates the behaviour of these indices/ratios over the period from 1995-96 to 1999-2000. The implications of these indices/ratios on the state of the financial health of the State Government are discussed in the following paragraphs.

**1.11.3 The behaviour of the indices/ratios is discussed below**

**(i) Balance from current revenues (BCR)**

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure. The table at Exhibit II shows that the State Government had negative BCRs during all the five years suggesting that Government had to depend entirely on borrowings for meeting its plan expenditure.

**(ii) Interest ratio**

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In the case of Nagaland the ratio has moved in a narrow range of 0.10 to 0.14. A rising interest ratio has adverse implications on sustainability since it indicates a rising interest burden.

**(iii) Capital outlay vs capital receipts**

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term in as much as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal

performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Nagaland the ratio has all along been less than one except during 1996-97 indicating that a part of the capital receipts is being used for unproductive revenue expenditure.

**(iv) Tax receipts vs Gross State Domestic Product (GSDP)**

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would imply that the Government can tax more, and hence its flexibility. A high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in case of Nagaland this ratio was 0.13 during 1995-96 and 0.18 in 1997-98. Similarly, the ratio of State tax receipts and GSDP was increased from 0.03 in 1995-96 to 0.14 in 1997-98. This suggests that while the State Government had the option to mobilise more resources through taxation, it chose the easier option of borrowing to meet its increasing revenue and fiscal deficits.

The GSDP data for the year 1998-99 and 1999-2000 was not made available by the Government. Hence no analysis could be made for these years.

**(v) Return on Investment (ROI)**

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and cooperative institutions. It shows that the ROI in case of Government of Nagaland has been nil and suggests that the investments in the Public Sector Undertakings (PSUs) were used to finance their loss, rather than generate revenue.

**(vi) Capital repayments vs Capital borrowings**

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In the case of Nagaland, this ratio has shown mixed trends and ranged between 0.16 and 0.64 during 1995-2000. Its decrease to 0.22 in 1999-2000 from 0.64 in the previous year suggests that there was sufficient Capital available for investment during the year.

**(vii) Debt vs Gross State Domestic Product (GSDP)**

The GSDP is the total internal resource base of the State Government which can be used to service debt. An increasing ratio of Debt vs GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Nagaland, this ratio had moved in the range between 0.51 to 0.52 during 1995-96 to 1997-98. The GSDP data for 1998-99 and 1999-2000 was not made available by the State Government. Hence, the ratio has not been worked out.

**(viii) Revenue deficit vs Fiscal deficit**

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus higher the ratio the worse off the state because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State. The ratio has gone down from 0.50 in 1995-96 to 0.05 in 1999-2000.

**(ix) Primary deficit vs Fiscal deficit**

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio the less the availability of funds for capital investment. In case of Government of Nagaland, this ratio moved from 0.58 in 1995-96 to 0.17 during 1999-2000, suggesting less availability of funds for investment during 1999-2000, relative to the position in 1995-96.

**(x) Guarantees vs Revenue receipts**

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of the State Government and should therefore be compared with the ability of the Government to pay viz., its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In the case of Nagaland this ratio has been static.

**(xi) Assets vs Liabilities**

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. In the case of Nagaland this ratio, though positive, has declined sharply from 1.38 in 1995-96 to 1.10 in 1999-2000 indicating that the liabilities have grown at a faster rate than the assets and a contra indicator to solvency.

**(xii) Budget**

There was no delay in submission of the budget and their approval. The details are given in the following table :

Preparation	Month of submission	Month of approval
Vote on Account	March 1999	March 1999
Budget	July 1999	July 1999
Supplementary	March 2000	March 2000

Chapter II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. The analysis reveals defective budgeting and inadequate control over expenditure, as evidenced by persistent

resumption (surrenders) of significant amounts every year, vis-à-vis the final modified grant. Significant variations (excess/savings) between the final modified grant and actual expenditure were also persistent.

**(xiii) Accounts**

There are 88 Divisions in the State, responsible for maintaining and rendering the accounts to the Sr. Deputy Accountant General (A&E), Nagaland in respect of Public Works Department (43 Divisions), Public Health Engineering Department (10 Divisions), Power Department (16 Divisions) and Forest Department (19 Divisions). All the 88 Divisions had delayed submission of their monthly accounts. The delay ranged between 1 and 400 days resulting in exclusion of the transactions of the department concerned from the monthly accounts. However, since all the transactions had to be incorporated in the annual Finance and Appropriation Accounts, the final closure of these accounts also got delayed.

**1.11.4 Conclusion**

State Government had a negative BCR during all the five years ending March 2000 suggesting that Government had been depending heavily on borrowings for meeting its plan and non-plan expenditure. Dependence on GOI grant is high about 40 *per cent* of total expenditure. Interest ratio of the Government increased to 0.13 during 1999-2000 as compared to 0.10 in 1996-97 indicating adverse implications on the sustainability of the State on account of increased interest burden. The capital outlay versus capital receipts ratio has all along being less than one except during 1996-97 indicating that a part of the capital receipts is being used for unproductive revenue expenditure. Decline of Assets/liabilities ratio from 1.38 in 1995-96 to 1.10 in 1999-2000 indicates adversely on the solvency of the Government. Major portion of the incremental expenditure was utilised on clearance of RBI overdraft.

The matter had been reported to Government in January 2001; reply had not been received (February 2001).

2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc. do not figure in the accounts.
3. The capital outlay represents capital expenditure booked in the accounts.
4. Although a part of revenue expenditure (grants) and the loans are used by the recipients for capital formation, its classification in the Government accounts remains unaffected by end use.
5. Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government account, with the result that cumulative position of such surplus or deficit was not ascertainable. The balancing figure of Rs.127.72 crore as on 31 March 1982 was, therefore, treated as cumulative surplus for drawing up the first statement of financial position for 1982-83 which took the place of balance sheet. The current figure as on 31 March 2000 was Rs.170.42 crore after accounting for the revenue deficit of Rs.9.34 crore during 1999-2000.
6. Suspense and Miscellaneous balances include cheques issued but not paid, inter-departmental and inter-Governmental payments and other pending settlements. The balance under Suspense and Miscellaneous had increased from Rs.52.01 crore as on 31 March 1999 to Rs.56.11 crore as on 31 March 2000.
7. The closing cash balance as reported by the Reserve Bank of India was Rs.77.23 crore (debit) against the general cash balance of Rs.86.34 crore (debit) shown in the accounts. The difference of Rs.9.11 crore (debit) as on 31 March 2000 was under reconciliation (February 2001).

**CHAPTER II**  
**APPROPRIATION AUDIT AND CONTROL OVER**  
**EXPENDITURE**

**2. Introduction**

In accordance with the provision of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate sums from the consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Act, includes the expenditure which has been voted by the Legislature on various grants, in terms of Articles 204 and 205 of the Constitution of India, and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year, indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act, and ensure that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

**2.1** The summarised position of original and supplementary grants/appropriations and expenditure thereagainst is given below:-

**Summary of Appropriation Accounts 1999-2000**  
**Appropriation Accounts : 1999-2000**  
**Total number of Grants : 76 (73 Grants and 3 Appropriations)**  
**Total Provision and Actual Expenditure**

Provision	Amount	Expenditure	Amount
<i>(Rupees in crore)</i>			
Original	1529.22		
Supplementary	252.31		
<b>Total Gross Provision</b>	<b>1781.53</b>	<b>Total gross expenditure</b>	<b>1781.22</b>
Deduct estimated recoveries in reduction of expenditure	17.25	Deduct actual recoveries in reduction of expenditure	8.13
<b>Total net Provision</b>	<b>1764.28</b>	<b>Total net expenditure</b>	<b>1773.09</b>

**Voted and Charged Provision and expenditure**

	Provision		Expenditure	
	<i>Rupees in crore</i>			
	Voted	Charged	Voted	Charged
Revenue	1055.32	166.76	992.79	155.85
Capital	236.37	323.08	189.84	442.74
<b>Total Gross</b>	<b>1291.69</b>	<b>489.84</b>	<b>1182.63</b>	<b>598.59</b>
Deduct recoveries in reduction of expenditure	17.25	---	8.13	---
<b>Total : Net</b>	<b>1274.44</b>	<b>489.84</b>	<b>1174.50</b>	<b>598.59</b>

2.2 The summarised position of actual expenditure, excess and savings during 1999-2000 against grants/appropriation was as follows:-

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual Expenditure	Saving (-) Excess (+)
Voted	I Revenue	933.08	122.24	1055.32	992.79	(-) 62.53
	II Capital	156.50	68.10	224.60	179.63	(-) 44.97
	III Loans and Advances	10.10	1.67	11.77	10.21	(-) 1.56
	<b>Total Voted</b>	<b>1099.68</b>	<b>192.01</b>	<b>1291.69</b>	<b>1182.63</b>	<b>(-) 109.06</b>
Charged	IV Revenue	158.90	7.86	166.76	155.85	(-) 10.91
	V Capital	---	---	---	---	---
	VI Public Debt.	270.64	52.44	323.08	442.74	(+) 119.66
<b>Total Charged</b>	<b>429.54</b>	<b>60.30</b>	<b>489.84</b>	<b>598.59</b>	<b>(+) 108.75</b>	
	Appropriation to contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil
<b>Grant Total</b>		<b>1529.22</b>	<b>252.31</b>	<b>1781.53</b>	<b>1781.22</b>	<b>(-) 0.31</b>

The overall saving of Rs.0.31 crore was the net result of excess of Rs.167.14 crore in 25 cases of grants and 2 cases of appropriations, and saving of Rs.167.45 crore in 61 cases of grants and 4 cases of appropriations.

**2.3 Result of Appropriation Audit**

**2.3.1 Saving or excess over provisions**

The excess of Rs.37.89 crore under Revenue Section and Rs.129.26 crore under Capital Section as detailed in Appendix-II requires regularisation under Article 205 of the Constitution.

**2.3.2 Excess over grants in previous years not regularised**

Cases of excess expenditure over the budget provision reported in the Report of the Comptroller and Auditor General of India (Civil), Government of Nagaland are required to be regularised under Article 205 of the Constitution of India. However, it was noticed that excess expenditure of Rs.1213.68 crore reported during 1991-92 to 1998-99 had not been regularised. No action had been taken by the Government (Finance Department) for regularisation of the excess as of February 2001. Details of Reports, Number of Grants/Appropriations and amount involved therein requiring regularisation are given below:-

Serial No.	Year of Audit Report	Total number of Grants/Appropriations	Grant Number	Amount involved (Rupees in crore)
1.	1991-92	20	1,3,4,16,18,19,21,31,34,46,55,58,61,63,65,69,70,35,36,72	152.27
2.	1992-93	08	18,22,37,44,66,64,57,73	371.02
3.	1993-94	19	3,7,12,34,37,38,44,48,50,67,68,69,29,31,35,43,53,62,72	32.86
4.	1994-95	17	13,14,16,27,28,37,46,48,62,64,67,68,01,10,31,57,73	76.66
5.	1995-96	30	1,3,4,5,7,9,11,19,27,32,35,37,40,44,47,48,49,50,51,52,55,59,61,64,65,66,68,72,31,54	42.55
6.	1996-97	31	1,3,11,14,18,19,30,31,32,35,36,37,38,40,46,47,50,51,52,53,55,62,64,65,66,67,69,73,41,48,60	33.43
7.	1997-98	26	1,13,15,16,18,28,31,35,43,44,46,47,48,55,60,64,65,67,71,74,76,36,53,62,68,75	241.09
8.	1998-99	26	1,7,11,13,18,23,26,28,30,31,35,37,38,43,44,46,47,49,55,57,58,60,62,64,66,76	263.80
		<b>Total:-</b>		<b>1213.68</b>

**2.3.3** Supplementary provision made during the year constituted 16 per cent of the original provision and remained same as in the previous year.

**2.3.4 Unnecessary/excessive/insufficient supplementary grants**

(a) Supplementary provision of Rs.15.60 crore made in 13 cases of grants/appropriations during the year proved unnecessary in view of aggregate saving of Rs.31.52 crore as detailed in Appendix—III.

(b) In 31 cases of grants/appropriations, against additional requirement of Rs.53.56 crore, supplementary grants and appropriation of Rs.155.82 crore



were obtained, resulting in saving in each case exceeding Rs.10 lakh aggregating Rs.102.26 crore. Details of these cases are given in Appendix-IV.

(c) In 15 cases of grants/appropriations, supplementary provisions of Rs.84.02 crore proved insufficient by more than Rs.10 lakh in each case, leaving an aggregate uncovered excess expenditure of Rs.158.03 crore as per details given in *Appendix—V*.

### **2.3.5 Persistent savings**

In 13 cases of grants, there were persistent savings in excess of Rs.10 lakh in each case, and 10 *per cent* or more of the provision. Details are given in *Appendix—VI*.

### **2.3.6 Significant excess/savings**

(a) In 14 grants, the expenditure exceeded the approved provision by more than Rs.50 lakh in each case, and also by more than 10 *per cent* of the total provision. Details are given in Appendix—VII. In 2 out of above 14 grants, the expenditure exceeded the approved provision by 309 *per cent*, and 1366 *per cent*.

(b) In 32 cases of grants, expenditure fell short by more than 50 lakh in each case, and also by more than 10 *per cent* of the total provision as detailed in Appendix—VIII. In one of the above cases (Sl.No.24) the entire provision totaling Rs.68.10 lakh was not utilised.

### **2.3.7 Expenditure without provision**

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that, expenditure of Rs.3.07 crore was incurred in 7 cases as detailed in Appendix—IX, without the provision having been made in the original estimate/supplementary demands, and no reappropriation orders were issued.

### **2.3.8 Anticipated saving not surrendered**

According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. In 6 cases of grants, the amount of available savings of Rs.1 crore and above in each grants not surrendered aggregated Rs.32.85 crore. Details are given in *Appendix—X*.

### **2.3.9 Surrender in excess of savings.**

In 17 grants, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the total amount of actual saving of Rs.18.25 crore, the amount surrendered was Rs.24.34 crore resulting in excess surrender of Rs.6.09 crore. Details are given in *Appendix—XI*.

### **2.3.10 Trend of Recoveries and Credits**

Under the systems of gross budgeting followed by Government, the demands for grants presented to the legislature are for gross expenditure, all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates.

During 1999-2000, the actual recoveries (Rs.8.13 crore) were less than the estimated recoveries (Rs.17.25 crore) by Rs.9.12 crore. This was the net result of less recoveries of Rs.11.18 crore in 10 grants, and excess recovery of Rs.2.06 crore in one grant. Details are given in *Appendix* to the Appropriation Account.

### **2.3.11 Unreconciled Expenditure**

Financial rules require that the Departmental controlling officers should reconcile periodically the departmental figures of expenditure with those booked by the Sr. Deputy Accountant General (A&E). In respect of 6 controlling officers, expenditure of Rs.174 crore pertaining to 1999-2000 remained unreconciled till February 2001.

The extent of non-reconciliation of expenditure by the controlling officers, however, decreased from 67 *per cent* to 10 *per cent* of the total expenditure in the last three accounting years (1997-98 to 1999-2000), as shown below:-

Year of account	No. of controlling officers	No. of controlling officers who did not reconcile	Percentage of non-reconciled expenditure to total expenditure	Expenditure involved (Rupees in crore)
1997-98	76	47	67	947.07
1998-99	76	25	23	405.00
1999-2000	76	06	10	174.00

Out of the above, controlling officers in respect of 2 grants mentioned in *Appendix-XII* persistently failed to reconcile a total expenditure Rs.210.99 crore (Rs.68.23 in 1997-98, Rs.52.34 crore in 1998-99 and Rs.90.42 crore in 1999-2000) year after year, from 1997-98 to 1999-2000.

### **2.4 Rush of expenditure**

The Financial Rules require that Government expenditure be evenly phased out throughout the year as far as practicable. Rush of expenditure at the close of the year can lead to infructuous, nugatory, or ill-planned expenditure. Notwithstanding this, expenditure was found to be substantial in the month of March. The controlling officers of 47 grants had incurred expenditure of Rs.340.91 crore (30.32 per cent) during the month of March 2000 alone out of their total expenditure of Rs.1124.34 crore during the year 1999-2000. The details are given in *Appendix-XIII*.

## 2.5 Abstract Contingent Bills

According to the Treasury Rules, the Detailed Countersigned Contingent (DCC) Bills in respect of any amount drawn on Abstract Contingent (AC) Bills are required to be submitted to the Controlling Authority within one month of the drawal of the bills, who shall submit the same with his countersignature to the Accountant General within another month. Every drawing and disbursing officer will furnish a certificate to every fresh abstract contingent bill to the effect that detailed countersigned contingent bills have been submitted to the controlling officer in respect of abstract contingent bills drawn more than a month before the date of that bill.

Information collected (January 2000) from the Sr.Deputy Accountant General (A&E) revealed that 8 DDOs of 3 Departments had drawn Rs.4.98 crore on AC bills during the period from April 1999 to November 1999 which were lying outstanding as of January 2001. Details are shown in *Appendix-XIV*.

Thus, non-observance of rules by the DDOs resulted in non-adjustment of Rs.4.98 crore drawn in AC bills due to non-submission of DCC bills.

The matter was reported to the Government in January 2001; their reply had not been received (February 2001).

## SOIL AND WATER CONSERVATION DEPARTMENT

### 2.6 Non-submission of Detailed Countersigned Contingent Bills against amounts drawn on AC bills

As per the Receipt and Payment Rules, Detailed Countersigned Contingent (DCC) Bills in support of drawals, made in Abstract Contingent (AC) Bills are to be submitted within one month of the drawal for onward transmission to the Senior Deputy Accountant General (Accounts & Entitlement), Nagaland.

Non-submission of  
DCC Bills for Rs.4.22  
crore.

During audit (May 2000) of the records of the Director of Soil and Water Conservation, Nagaland, Kohima, for the period April 1995 to March 2000, it was noticed that, DCC Bills for Rs.4.22 crore drawn in 8 AC Bills by the Director during the years 1989-90, 1994-95 and 1995-96, had not been submitted by the Director even after a lapse of 6 to 11 years. In all these cases, the amounts drawn were shown as final expenditure by the Department. Moreover, due to non-submission of DCC bills by the Department, it could not be ensured that the funds had been utilised for the purposes for which these had been drawn. Thus, possibility of misappropriation of funds could not be ruled out in the absence of any detailed contingent bills.

The matter was reported to the Government in June 2000; replies had not been received (February 2001).

**WORKS AND HOUSING (ROADS AND BRIDGES)  
DEPARTMENT**

**2.7 Fictitious booking of expenditure (Rs.434.05 lakh) to avoid lapse of budget grant**

Rule 290 of the Central Treasury Rules (CTRs), as adopted by Government of Nagaland, stipulates that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is also not permissible to draw money from the treasury in anticipation of demands, or to prevent lapse of budget grants.

CE, PWD projected a fictitious liability of Rs.434.05 lakh for the purpose of withdrawing the amount from the treasury

Test check (April-May 1999) of the records of the Chief Engineer (CE) Public Works Department (PWD), Roads and Bridges (R&B), Kohima (January 1997 to March 1999) revealed that, the CE had drawn Rs.668.74 lakh on 31 March 1997 for clearance of past liabilities incurred on account of development of State Highways (Rs.615.64 lakh), and for acquisition of stone quarries (Rs.53.10 lakh), through 4 Abstract Contingent (AC) bills, on the strength of Letters of Credit (which do not constitute expenditure sanction) from the Finance Department. Though the entire amount was retained (31 March 1997) in the form of Banker's Cheque (Rs.615.64 lakh) and Deposit at Call receipt (Rs.53.10 lakh) at the State Bank of India (SBI), Kohima, this was shown as disbursed (31 March 1997) to various PW Divisions, by debiting '4059-Capital Outlay on Public Works'. None of the Divisions had ever acknowledged receipt of funds. However, since at the time of drawal there were pending liabilities of Rs.234.69 lakh<sup>1</sup> only, the projection of liabilities at Rs.668.74 lakh was highly exaggerated, and hence fictitious.

No Detailed Countersigned Contingent (DCC) bills in support of expenditure had been furnished as required, to the Senior Deputy Accountant General (Accounts & Entitlement) as of March 2000, thereby violating Rule 312 (Note 4) of the CTRs.

Thus, drawal of money much in excess of immediate requirement at the end of the year, without expenditure sanction of the Government, and without legitimate charge for atleast Rs.434.05 lakh (Rs.668.74 lakh-Rs.234.69 lakh), violated Financial Rules and inflated the expenditure for the year 1996-97.

The matter was reported to the Government and the Department in February 2000; replies have not been received (February 2001).

<sup>1</sup> Executive Engineers, (EEs) PWD, Mokokchung (Rs.139.79 lakh), Mongkolemba (Rs.31.73 lakh), Changtongya (Rs.42.47 lakh) and Tuli (Rs.20.70 lakh).

## CHAPTER III

### CIVIL DEPARTMENTS

#### SECTION: 'A' EDUCATION DEPARTMENT

##### 3.1 Integrated Audit of Primary Education Programme including manpower management

###### *Highlights*

*Despite the State achieving a higher literacy rate, the objectives of implementing the Primary Education Programme in the Government Sector remained elusive in the absence of proper planning, lack of accountability and monitoring of key areas of implementation. Besides, large scale misuse and diversion of programme funds, unnecessary and excessive procurement of basic amenities including text books for schools, VVIP interference in all areas, absence of accountability at the Inspectorate and grass-root level, excessive appointment of staff and teachers, delayed procurement and distribution of text-books, and overall unsuitable school atmosphere, also contributed to the dismal implementation of the Programme.*

Rupees 6.03 crore was misused on unnecessary and excessive procurement of specified and unspecified basic amenities for schools.

(Paragraph 3.1.4(c) (i) & (ii))

As evident from reports of SCERT and Education Commission, School infrastructure did not improve even after spending Rs.10.77 crore during 1995-2000.

(Paragraph 3.1.5.2)

On the recommendation of the Minister (SE), the DSE irregularly procured (1995-2000) school text books worth Rs.3.98 crore from local dealers to whom Rs.3.63 crore was paid without receipt of books. Besides, by purchasing from unauthorised vendors instead of from publishers, the Department suffered a loss of Rs.48.22 lakh on forgone discount.

(Paragraph 3.1.5.3(b) (i) & (ii))

During 1995-2000, the DSE paid Rs.5.26 crore to suppliers of TLEs without ensuring receipt of materials.

(Paragraph 3.1.5.3 (b)(v))

Materials worth Rs.25.22 lakh procured by the SCERT in advance of requirement for DIETs at Mokokchung and Tuensang, did not reach, indicating pilferage/misappropriation.

(Paragraph 3.1.5.4 (c))

Due to excess deployment of 2477 teachers in 1283 Primary Schools, the Department incurred excess expenditure of Rs.17.48 crore per annum. This included 1260 teachers (GPS: 830 & GMS: 430) appointed on ad-hoc basis, mostly on the recommendations of the Departmental Minister.

(Paragraph 3.1.6.1(iv) & 3.1.6.2(a))

Against 241 Government Middle Schools, the Department incurred an infructuous expenditure of Rs.8.60 crore per annum on deployment of 809 undergraduate and under-matric teachers, against sanctioned posts of vocational training instructors, though these teachers did not possess ITI diploma.

(Paragraph 3.1.6.1(v))

The Department incurred excess expenditure of Rs.1.13 crore per annum on unauthorised allowance of higher pay to 1728 Graduate/Post Graduate Primary Teachers.

(Paragraph 3.1.6.2(b))

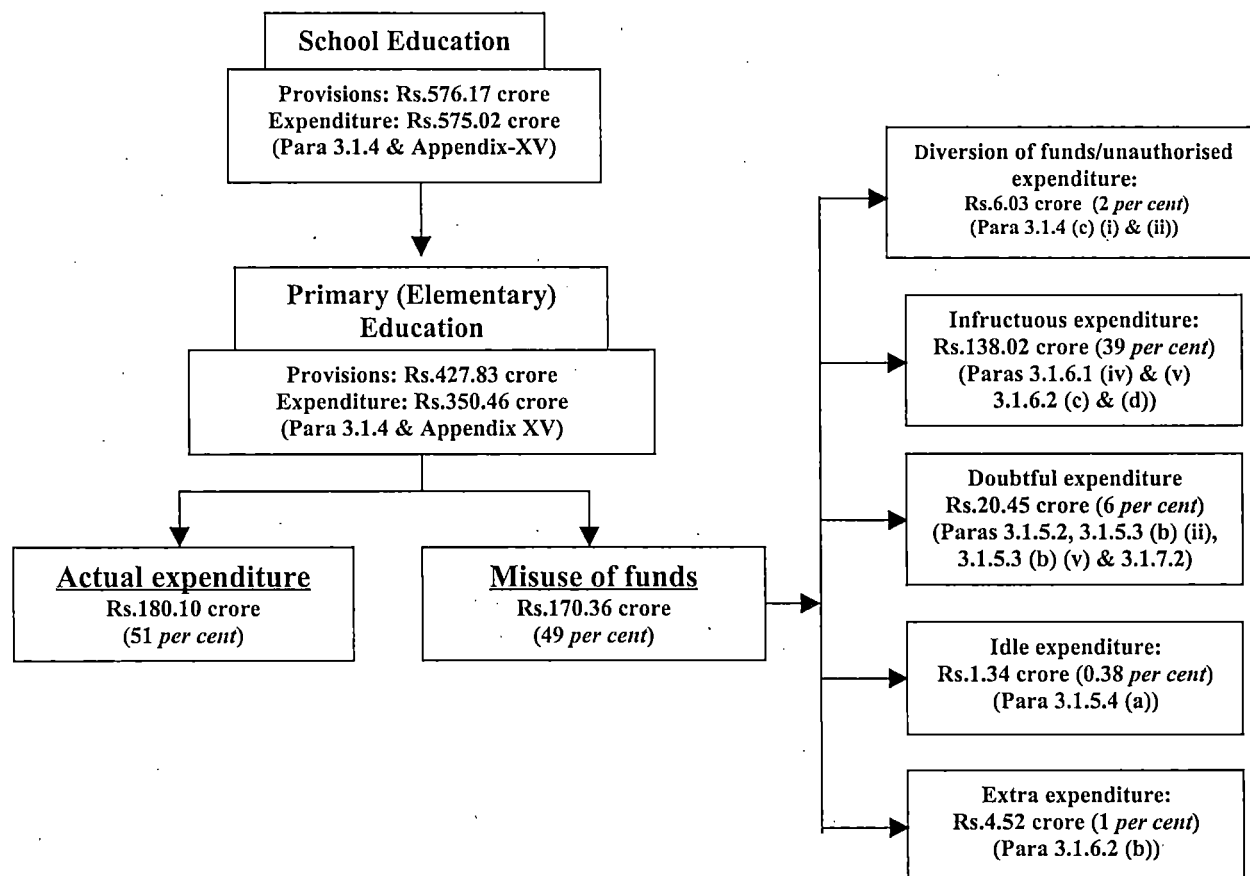
During 1995-2000, the Department incurred infructuous expenditure of Rs.2.82 crore on idle establishment for agri-based education.

(Paragraph 3.1.6.2(d))

Colour Televisions, Carpentry Tools, Sewing-Knitting machines and raw materials worth Rs.92.98 lakh did not reach the DIS/Schools, indicating misappropriation of the materials or the amount.

(Paragraph 3.1.7.1 & 3.1.7.2)

## FINANCE TREE



### 3.1.1 Introduction

The Government of India (GOI) introduced “Universalisation of Elementary Education” (UEE) in 1953 for imparting free and compulsory education to all children within the age group of 6-14 years. To accelerate the pace of UEE, the GOI introduced supportive schemes of “Operation Blackboard” (OB) (in 1987-88) and “Basic Minimum Service” (BMS) (in 1996-97).

As of March 1999, the State had 1649 Government Schools {Primary (1283), Middle (241), High (121), Higher Secondary (4)} and 665 Private<sup>1</sup> Schools. In Nagaland, Primary education is imparted through GPS<sup>2</sup> and GMS<sup>3</sup> covering class PP<sup>4</sup> to VIII.

<sup>1</sup> Most of them have class PP to X.

<sup>2</sup> Government Primary Schools (Lower Primary): Usually, run from classes PP to IV but some schools run upto class II, while some other run upto VII/VIII.

<sup>3</sup> Government Middle Schools (Upper Primary): Usually runs from class V to VIII but, some schools run from PP to VIII.

<sup>4</sup> Pre Primary: Preparatory class attached to GPS to accommodate children below age group of 6.

According to the 1991 Census, the literacy rate in the State was 61.65 per cent (National average: 52.21 per cent) with women's literacy at 54.75 per cent (National average: 39.29 per cent).

### **3.1.2 Organisational set up**

The Principal Secretary, School Education Department (SED), is the nodal authority for implementation of the Primary Education Programme (PEP) in the State and is assisted by the Director of School Education (DSE) and the State Council of Educational Research and Training (SCERT). The DSE administers the schools through District Education Officers at the district level and through Deputy Inspectors of Schools at the block and sub-divisional level. While SCERT is involved in research and development of curriculum, publication of textbooks etc., training of teachers, and setting up of District Institutes of Education and Training (DIET), construction and repairs of school buildings are done by a Division of the Public Works Department (Housing).

### **3.1.3 Audit coverage**

The Integrated Audit of the Primary Education Programme was conducted (February-June 2000), by test check of records of the DSE, SCERT, 2<sup>5</sup> (out of 3) DIETs and 5<sup>6</sup> (out of 22) DIS for the years 1995-96 to 1999-2000. Results of audit are highlighted in succeeding paragraphs.

### **3.1.4 Financial outlay and expenditure**

Financial outlay and expenditure on Elementary<sup>7</sup> Education during the 5 years ended March 2000 are given at *Appendix XV*.

The following deficiencies and irregularities were noticed in audit:

#### **(a) Inefficient and irregular budgeting practices**

Persistent savings under Elementary Education in all the years, despite overall excess ranging from Rs.0.64 crore (1999-2000) to Rs.3.54 crore (1996-97) indicated unrealistic budgeting, and absence of internal control mechanism in the Department.

Expenditure (Rs.82.29 crore) on Inspectorates, non-formal education, teachers' training (both JTTI and DIET) and textbooks, which were common to both Primary and Secondary Education, were wrongly classified in the budget under Secondary Education resulting in understatement of expenditure in the primary sector.

**Wrong classification of expenditure resulted in understatement of expenditure**

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<sup>5</sup> Mokokchung and Tuensang. DIET, Kohima did not furnish information/records requisitioned by Audit.

<sup>6</sup> Kohima, Dimapur, Mon, Tuensang (all at respective district Hqrs.) and Pftusero (Phek district). 2 more selected DIS (Bhandari of Wokha district and Kiphire of Tuensang district) did not furnish records/information despite Audit requisition.

<sup>7</sup> Elementary Education has been construed as Primary Education. Elementary Education covers Government Primary and Government Middle Schools.



**(b) Decline in the outlay on education sector**

While overall State expenditure increased by 78.76 per cent during 1995-2000, the share of Education in the budget increased by 40 per cent only, implying a lack of commitment on the part of the State Government towards Education:

**(c) Diversion of funds**

Purchase of office furniture and sports goods is not permissible under the 'OB and 'BMS' schemes. But, in violation of programme guidelines, the DSE spent Rs.4.18 crore in 1996-2000 out of BMS (Rs.403.23 lakh) and OB (Rs.15.20 lakh) on procurement of these items, including Teaching and Learning Equipment (TLE), that were not approved by the State Level Education Committee (SLEC). This led to diversion of Central assistance of Rs.4.18 crore.

Under OB, GOI released (March 1996) Rs.184.50 lakh (Rs.0.50 lakh per school) for providing essential equipment (TLEs) and library facilities, to 369 existing Middle Schools. The DSE, with the approval of GON (SED), spent (September 1996) the entire amount on procurement of TLEs (Rs.46.35 lakh) that were not approved by SLEC (369 steel almirahs (Rs.31 lakh), 736 water filters (Rs.5.98 lakh) and class-room furniture (Rs.101.17 lakh)), for all 369 schools, without taking into account the existing materials and further requirements. Thus, the entire expenditure of Rs.184.50 lakh was unauthorised. This included Rs.69.50 lakh spent on procurement of TLEs and other items for 139 Private Schools, which were not entitled to receive any material assistance.

Unauthorised expenditure of Rs.6.03 crore on procurement of unnecessary materials

**3.1.5 Implementation of Primary Education Programme****3.1.5.1 Expansion of Educational facilities****3.1.5.1.1 Expansion of schools**

The National Policy on Education 1986, as revised in 1992, envisaged, *inter alia*, the opening of new Primary Schools, particularly in rural areas within walk-able distance of 1 km. Expansion of GPS and GMS in the State from the 5<sup>th</sup> Plan onwards was as under:-

Type of schools	5 <sup>th</sup> Plan	6 <sup>th</sup> Plan	7 <sup>th</sup> Plan	8 <sup>th</sup> Plan	9 <sup>th</sup> Plan (upto 2000)
(i) Government Primary Schools	1009	1047	1154	1254	1283
(ii) Government Middle Schools	202	188	224	232	241
Total:-	1211	1235	1378	1486	1524

Expansion of educational infrastructure progressed at a snail's pace

From the above, it is evident that expansion of educational infrastructure proceeded at a snail's pace. According to the 6<sup>th</sup> All India Educational Survey (AIES) 1993, at least 160 GPS and 541 GMS were required to be opened in the State against which, only 46 new GPS were opened, and 17 GPS upgraded

to GMS during 1993-2000, with the result that, the eligible children in these villages/habitations were deprived of schooling within their reach. The Department's contention that the shortfall in achieving the target was due to financial constraints, is not acceptable, in view of persistent savings in all the years.

### **3.1.5.1.2 Student retention and dropouts**

The programme failed to arrest high rate of dropouts

Data on student dropouts during the last 5 years were not furnished by the DSE. However, according to data compiled by SCERT, the percentage of dropouts at the primary school level ranged from 8.63 to 39 *per cent*. This is corroborated by data maintained by 3 out of 5<sup>8</sup> DIS test checked, which showed that, the percentage of dropouts ranged from 20.26 *per cent* to 39.57 *per cent*, indicating that the PEP had no impact in arresting school dropouts.

The SCERT study, attributed these dropouts, mainly, to personal reasons (16.16 *per cent*), adverse home atmosphere (18.92 *per cent*), adverse school atmosphere (10.90 *per cent*), failure of teachers to motivate students to attend schools (14.85 to 40.73 *per cent*), and reluctance of parents to send their children to school (10.57 to 36.68 *per cent*).

### **3.1.5.2 Infrastructure development**

The Centrally Sponsored Scheme 'Operation Black Board', envisaged that all Primary Schools were to be provided with permanent buildings, with at least 2 all-weather classrooms each. At the end of the 8<sup>th</sup> Five Year Plan, the State had 1486 Primary Schools, but, in the absence of data on the number of school buildings constructed/renovated, it could not be confirmed whether these schools had the prescribed minimum infrastructure.

Rs.10.77 crore spent on development of infrastructure was not supported by documentary evidence

The Department, however, claimed that, during 1996-2000, 113 (GPS: 87, GMS: 26) new buildings had been constructed, and another 387 (GPS: 259, GMS: 128) school buildings repaired at a cost of Rs.948.15 lakh (BMS: Rs.916.87 lakh, State Plan: Rs.31.28 lakh). The Department also claimed to have constructed another 14 (GPS: 12, GMS: 2) schools in Mon district during 1998-99 at a cost of Rs.129.20 lakh, under the Special Area Development Programme (SADP). However, against this claim of construction, the EE (Housing) could furnish construction details for only 21 GMS. Thus, the claim of the Department that 127 school buildings had been constructed during 1996-2000 was not convincing.

"The Status of School Education in Nagaland 1996" and "Elementary School Dropout Study in Nagaland (July 1999)" conducted by SCERT, showed that a majority of the schools did not have buildings<sup>9</sup> (53.11 *per cent*), accommodation<sup>10</sup> (98.33 *per cent*), science laboratories (95 *per cent*), libraries (95 to 100 *per cent*), drinking water facilities (87.50 *per cent*), sanitation (66.44 *per cent*), teaching aids (62.50 *per cent*), furniture (87.50 *per cent*),

<sup>8</sup> DIS Mon, Tuensang and Pfutsero. 2 DIS (Kohima and Dimapur) did not furnish data on class-wise and year-wise enrolment of students.

<sup>9</sup> Buildings for each School.

<sup>10</sup> Class rooms available in School buildings.

radio-TV sets (87.50 to 100 *per cent*), and separate toilets for boys and girls (100 *per cent*). All these confirmed the Department's failure to provide a good school environment, conducive to teaching and learning.

### 3.1.5.3 Publication and supply of textbooks to Elementary Schools

#### (a) Publication of textbooks

The SCERT is responsible for the development and publication of textbooks for Classes I to VIII. During 1995-96 to 1999-2000, the SCERT developed 8 text books and 4 guide books for teachers, and assigned their publication and marketing to 1<sup>11</sup> Calcutta and 5<sup>12</sup> Delhi based publishers. The SCERT was to receive royalty from the publishers against copyright.

Audit scrutiny revealed that, during 1995-2000, SCERT received only Rs.1.46 lakh out of total potential revenue of Rs.13.53<sup>13</sup> lakh per annum as royalty from 3<sup>14</sup> publishers, but without any account of production, marketing, sales and the amount of royalty payable to SCERT. The other 2 publishers neither remitted any royalty, nor submitted account of publishing, marketing, and sale of the textbooks. The SCERT stated (September 2000) that, as per the terms of work orders, publishers were required to pay royalty @ 5 *per cent* on the sale of text books. The Department further stated that, complaints were received from the Publishers regarding drastic reduction in the sale of textbooks after the introduction of the scheme for distribution of free textbooks in the State, which resulted in poor realisation of royalty. However, all out efforts are being made to get the outstanding royalty from all the publishers.

The Department failed to realise royalty of Rs.19.78 lakh from the publishers.

As per directives of the SCERT, publishers were to allow royalty @ 5 *per cent* on the sale of textbooks. During 1995-2000, the DSE procured 2,84,598 sets of textbooks for Rs.395.53 lakh from private booksellers. Since the DSE had not procured the books directly from the publishers, royalty of Rs.19.78 lakh (5 *per cent* of Rs.395.53 lakh) could not be realised. This led to loss of Rs.19.78 lakh to the Government.

#### (b) Procurement, supply and distribution

To improve the literacy rate of Mon and Tuensang<sup>15</sup> districts and to bring them on par with other districts of the State, the GON (SED) introduced supply of free text books to school children, from Classes Pre-Primary (PP) to VIII in these districts. This facility was also extended to children of Classes PP to IV of the remaining 6<sup>16</sup> districts from 1999-2000.

<sup>11</sup> M/s Oxford University Press.

<sup>12</sup> M/s Frank Publishers, M/s Vikash Publishing House, M/s Pitamber Publishing House, M/s Scholar Publishing House, M/s Nabal Publishers.

<sup>13</sup> Calculated at the rate of 5% on average sale value of Rs.137.39 per set for 1.97 lakh students (student enrolment for 1993-94 as per Statistical Handbook of Government of Nagaland, 1997).

<sup>14</sup> M/s Oxford University Press, M/s Frank Publishers, M/s Vikash Publishing House.

<sup>15</sup> Literacy rate of Mon: 41.90%, Tuensang: 53.98% as per 1991 Census.

<sup>16</sup> Kohima, Dimapur, Wokha, Phek, Mokochung and Zunheboto.

During 1995-2000, the DSE procured 2,89,598 sets of text books at a cost of Rs.397.89 lakh, for Mon and Tuensang districts, and 61,524 sets costing Rs.77.52 lakh for the remaining 6 districts (details in *Appendix-XVI*). Irregularities noticed in the procurement, and distribution of text books were as under:-

**(i) Excess payment due to non-availing of discount**

The Department failed to realise discount of Rs.48.22 lakh

As per SCERT's directions, the publishers were to allow a discount of 15 per cent on the cover value of all books procured by the Government Schools. However, in 1995-97 and 1999-2000, the DSE procured books worth Rs.316.75 lakh from private booksellers without availing of any discount, and during 1998-99, discount allowed by the suppliers was less than 15 per cent. This resulted in excess payment of Rs.48.22 lakh to the suppliers. During 1998-99 the DSE, procured certain books at rates higher than those approved by SCERT, thereby making further excess payment of Rs.0.91 lakh.

**(ii) Non-supply/short supply of books**

According to the terms of supply orders issued by DSE, the suppliers were to deliver the books to the consignee, and produce receipted challans to the DSE, for payments.

Payment of Rs.3.63 crore for 2,64,295 sets of textbooks was made to the suppliers without proof of delivery

Audit scrutiny revealed that the DSE released (1995-99) payments of Rs.362.62 lakh for 2,64,295 sets of books without supporting challans. Further scrutiny showed that no books were sent (1999-2000) to DIS, Pfutsero and that, DIS, Kohima, Dimapur and Tuensang did not receive books worth Rs.48.07<sup>17</sup> lakh pertaining to academic session 1999-2000. Thus, veracity of the purchases could not be established in audit. Besides, students were also deprived of the benefits of getting the free textbooks despite expenditure of Rs.3.63 crore incurred by the Department under the scheme.

**(iii) Procurement of text books in excess of requirement**

Textbooks worth Rs.1.54 crore were procured in excess of requirement

Ignoring the available stock of 39,000 sets of textbooks purchased for academic session 1995-96, and student enrolment of around 37,000 only, the DSE unnecessarily, procured 59,351 sets of books at a cost of Rs.75.38 lakh for the academic session 1996-97. Again, during 1999-2000 academic session, 36,419 sets of textbooks procured at Rs.78.24 lakh were in excess of actual student enrolment. These led to excess procurement of textbooks worth Rs.153.62 lakh.

Test check of the records of the DIS, Mon and Tuensang revealed that books worth Rs. 31.83 lakh remained idle in stock during 1997-99, which was the result of unnecessary procurement of books in 1996-97.

<sup>17</sup>

DIS, Dimapur:Rs.9.65 lakh; Kohima:Rs.7.10 lakh; and Tuensang:Rs.31.32 lakh.

**(iv) Delay in supply of books**

Delayed-supply of textbooks affected primary education

It may be seen from *Appendix-XVI* that, at no point of time, books were supplied at the commencement (January-February) of the academic session, reportedly due to delay in the printing and marketing of books by the publishers. This indicated failure of internal control system of the DSE, which also adversely affected Primary School education in the State.

**(v) Procurement and distribution of TLEs**

Of Rs.7.09 crore paid for procurement of materials, there was no proof of receipt against materials worth Rs.5.26 crore

During 1996-2000, the DSE purchased materials valued at Rs.709.15 lakh (details in *Appendix-XVII*) from 42 contractors on the basis of written orders of the Minister, School Education without ascertaining the stock position and demand for these books. As the Department could not produce any documentary proof of receipt of materials worth Rs.525.94<sup>18</sup> lakh, the expenditure was doubtful.

Regarding the remaining materials worth Rs.183.21 lakh, against which, receipted delivery challans were available, there was no inspection/verification report of the Consignment Verification Board showing the quantity and quality of materials supplied. Thus, the departmental claim, that materials were received, is not convincing.

Test check of the records of 5 DIS also corroborated the above fact, as, during 1998-2000 alone, materials worth Rs.25.94 lakh had been received short by them.

**3.1.5.4 Training****(a) Setting up of DIETs**

Three DIETs were sanctioned with 100 per cent GOI assistance, at Kohima district (1988-89) and Mokokchung and Tuensang districts (March 1994) to replace the existing (Government Sector) JTTIs<sup>19</sup> there. For this purpose, GOI released Rs.60 lakh for Kohima DIET in 1989-90 and a total of Rs.195.38 lakh in March 1994 and February 1997 to the other two DIETS for repair/renovation of existing JTTI buildings, new construction and providing additional facilities. Despite this, DIET, Kohima became functional only in 1993-94, and the DIETs at Mokokchung and Tuensang in March 1999. This delay was attributed to late release of funds by the State Government. Since during the interregnum (five years in each case), the existing JTTIs also ceased to function due to absence of instructions from Government and

<sup>18</sup>

Year	Amount (Rupees in lakh)	Programme under which procured
1996-97	98.39	BMS
1997-98	316.98	
1998-99	90.20	
1999-2000	20.37	OB
<b>Total:-</b>	<b>525.94</b>	

<sup>19</sup>

1 more JTTI runs under private sector.

ongoing construction works, teachers' training in the State effectively came to a standstill.

**Delay in setting up of DIETs resulted in idle expenditure of Rs.1.34 crore.**

Besides, the Department also incurred infructuous expenditure on idle establishments (Rs.81.87 lakh) and on pay and allowances of 24 staff (Rs.51.73 lakh) appointed for the Mokokchung and Tuensang DIETs who were kept idle without any duties, during 1996-99.

The Department contended (September 2000) that the academic staff were given training in six induction courses and were also engaged for collection of data on teachers' education from all districts of the State. The reply was not supported by any documentary evidence and hence not acceptable.

**(b) Status of trained teachers**

Records<sup>20</sup> of the DSE showed that, out of the existing strength of 9,443 primary teachers, only 2,729 teachers (28.90 per cent) were trained (BT/B.Eds:247 and 2482 trained through JTTIs/DIETs).

Thus, even after expenditure of Rs.599.06<sup>21</sup> lakh by the DSE (Rs.51.73 lakh) and SCERT (Rs.547.33 lakh) towards teachers' training, 71.10 per cent of the teachers remained untrained.

**Non-availability of trained teachers affected education**

In reply, the Department admitted (September 2000) that, the availability of trained teachers (including those in GHS) was only 36 per cent against the national average of 74 per cent and the low percentage of trained teachers in Nagaland was mainly due to (a) absence of policy on recruitment of teachers, (b) appointment of unqualified and untrained teachers at the instance of ministers, and (c) shortage of teacher's training institutes.

Shortage of trained and qualified teachers affected the entire education system inasmuch as in 3 successive years (1997-99), the Matriculation examination registered a pass percentage of 13.84, 13.03 and 35.02 in GHS against 52.62, 62.00 and 70.21 respectively registered by the private schools during this period.

**(c) Purchase of materials and equipment before setting up of DIET-misuse/pilferage thereof**

**Materials purchased in advance for 2 DIETs**

For procurement of equipment and other inputs for the DIETs at Mokokchung and Tuensang, GOI released Rs.40 lakh, in March 1994 (Rs.13 lakh) and February 1997 (Rs.27 lakh). The Director had spent (June 1996 and March 1997) Rs.39.98 lakh on procurement of various materials<sup>22</sup> from six

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<sup>20</sup> Computer data enumeration showing position as on 1 April 1999.

<sup>21</sup> Infrastructure: Rs.195.38 lakh, staff salaries and programme management: Rs.403.68 lakh.

<sup>22</sup> Furniture, teaching aids, hostel equipment, library equipment, computers, library books, office stationery, office equipment and vehicles

suppliers<sup>23</sup>, without call of tenders and quotations. Collateral check of records of DIETs, Mokokchung and Tuensang however, showed that, they had not received materials worth Rs.25.22 lakh against the above purchases. Thus, procurement of materials in advance of the setting up of the DIETs not only locked up Government funds but also rendered the actual procurement of materials doubtful. Besides, the SCERT also diverted the recurring grant of Rs.10 lakh meant for salaries (Rs.3.20 lakh), and office expenses (Rs.6.80 lakh), on procurement of materials (Rs.4.01 lakh), and two vehicles (Rs.5.99 lakh). The records in support of receipt and utilisation of the above were not available with the Department, indicating that, the expenditure was doubtful.

In reply, the Department stated (September 2000) that, materials were procured at the manufacturer's rate to effect economy, and that, procurement was made in advance, to avoid lapsing of central assistance. Regarding non-receipt of materials worth Rs.25.22 lakh by the two DIETs, the Department stated that, some of the materials were utilised by the SCERT for imparting training to the newly recruited staff of the two DIETs, and some materials were held up in Directorate awaiting despatch to the DIETs after verification. Further action is awaited (February 2001).

However, in the absence of records showing quantity utilised and those held up in stores, veracity of actual receipt, and utilisation and existence of balance materials worth Rs.25.22 lakh could not be proved in audit.

### 3.1.6 Manpower management

#### 3.1.6.1 Staffing and recruitment norms

The State Government had notified (April 1993) the following staffing pattern and recruitment norms in Primary Schools:

GPS (Class PP to IV)		GMS (Class V to VIII)	
Undergraduate teachers (PU/Matriculate) in the ratio of 1:20 (teacher:students)	5	(i) Headmaster (Graduate)	1
		(ii) Asstt. Teachers (Graduate) (Arts: 2, Science/Mathematics: 1, Life Science: 1)	4
		(iii) Hindi Teacher (Graduate)	1
		(iv) Under Graduates (DT: 1, PET: 1, LT: 1)	3
		(v) Under Matric: VIII passed with ITI Diploma (KI: 1, CI: 1)	2
		<b>Total:-</b>	<b>11</b>

According to Government (Education Department) order (August 1991) vacancies for Undergraduate teachers (UGTs) and Under-Matric teachers (UMTs) are to be filled up by a District level Selection Board. Vacancies for Graduate teachers are to be filled up by the Directorate and the State Level

<sup>23</sup>

- (i) M/s Pele Khezie, Kohima
- (ii) M/s Nagaland General Stores, Kohima
- (iii) M/s United Traders, Kohima
- (iv) M/s M.K. Angami, Kohima
- (v) M/s Mahindra and Mahindra, Guwahati
- (vi) M/s Progressive Motors, Dimapur.

Selection Committee after interviews, and in consultation with Nagaland Public Service Commission (NPSC) based on requisite qualifications.

District-wise position of GPS and GMS as on 1 April 2000, given in *Appendix-XVIII*, revealed that the average teacher-student ratio in the State was 1:13 in GPS, and 10.8 teachers in GMS, against prescribed norms of 1:20 in GPS, and 11 teachers in GMS irrespective of student enrolment.

Scrutiny of records of 1283 GPS and the 241 GMS (also refer *Appendix-XVIII*) revealed the following:

Though, as per norms, there was no requirement for Under Matric teachers in the 1283 GPS, nearly 40 *per cent* (2728) of the teachers deployed in the GPS were Under Matric.

**Ignoring recruitment norms, unqualified Primary (2728) and Vocational (474) teachers were appointed**

Though, as per norms, 18.18 *per cent* (482 out of 2651) of posts in the 241 GMS were earmarked for Vocational Training Instructors (VTIs), only 30.50 *per cent* (147 out of 482) of these posts had been filled up by qualified personnel. Consequently, vocational training suffered. All the 723 sanctioned posts of Drawing Teachers (DT), Physical Education Trainers (PET) and Local Language Teachers (LT), were earmarked for Undergraduates with requisite qualifications. However, 474 UGTs occupying such posts did not possess requisite qualifications. In view of this, academic performance in the GMS suffered.

Though, there was shortage of 495 GTs in GMS against the excess of such teachers in GPS (777 GTs/PGTs in position against nil sanction), no effort was made to shift these excess teachers to GMS where they could have been engaged more fruitfully.

**Infructuous expenditure of Rs.17.48 crore and Rs.8.60 crore per annum on 2477 excess primary teachers and 809 unqualified Middle School teachers respectively.**

In 1283 GPS, 2477 teachers (which included 837 appointed on ad-hoc basis) were appointed in excess of sanctioned strength. This resulted in extra expenditure of Rs.1748.42<sup>24</sup> lakh per annum.

Though there was overall shortage of 42 teachers in the 241 GMS, 1304 posts of GTs (495) and VTIs (809) could not be manned by qualified teachers due to unnecessary appointments of 1262 UGTs and UMTs (704 and 558 respectively). This led to infructuous extra expenditure of Rs.859.89 lakh per annum on their pay and allowances.

It was seen that, the Department in violation of the prescribed procedure for appointment of Primary teachers, resorted to ad-hoc/contract appointments irrespective of qualifications, based on written recommendations of the Minister, School Education. Such adhoc appointees were subsequently regularised. At no point of time, had the DSE notified the number of vacancies, or made recruitment in a transparent manner. Recruitment made without consideration of merit was also responsible for the poor performance of students of Government Primary Schools (mentioned in paragraph 3.1.5.4 (b)).

<sup>24</sup> Calculated at minimum of scale of pay of undergraduate teachers alone.



### 3.1.6.2 Appointment and deployment of teachers

#### (a) Irregular and unauthorised recruitment

As per Government notification (June 1987) and subsequent orders (August 1988), all ad-hoc and casual appointments were banned. However, unforeseen vacancies could be filled up through contract appointments for a period not exceeding 1 year.

Defying recruitment norms, 1260 ad-hoc teachers appointed

During audit, it was noticed that, as on 1 April 1999, the DSE had appointed 830 teachers in GPS, and 430 teachers in GMS, on ad-hoc basis, mostly on the recommendation of the Minister (SE). These ad-hoc appointees have been continuing for over a decade, without Government approval. Since most of the appointees were not qualified, the quality of education suffered.

The Education Commission of Nagaland (December 1999), had also criticised wide scale violation of recruitment procedures in appointment of incompetent/underqualified candidates with false certificates, appointments made at the instance of politicians and bureaucrats, impersonation/proxy interviews, and nepotism. No action has been taken by the Government as of January 2001.

#### (b) Unauthorised allowance of Junior Graduate scale to Lower Primary teachers (LPT)

Unauthorised allowance of higher pay scale to Primary teachers cost the State exchequer an extra burden Rs.1.07 crore per annum

Nagaland Revision of Pay Rules (ROP) 1993, prescribe a pay scale of Rs.1250-2280 to Lower Primary teachers in GPS, with additional special pay of Rs.50 per month for Graduates. As on 1 April 1999, 757 GTs and 20 PGTs were on the rolls in 1283 GPS, against non-existent posts, and drawing pay in a higher scale of Rs.1550-3100 plus special pay of Rs.50 per month resulting in extra expenditure of Rs.107.38 lakh per annum.

Similarly, under the ROP rules, only Graduate teachers posted in GMS are entitled to the scale of Rs. 1550-3100, with no special pay. Audit scrutiny, however, revealed that, in 241 GMS, 951 GTs drew special pay of Rs.50 per month in addition to regular pay in the scale Rs.1550-3100. This resulted in unauthorised extra expenditure of Rs.5.70 lakh per annum.

#### (c) Recruitment of vocational teachers

Infructuous expenditure of Rs.7.60 crore incurred on vocational and agri-based education

As on 1 April 1999, 136 carpentry and 11 knitting instructors had been recruited in GMS through District Level Interview Boards, to teach vocational subjects under "Socially Useful Productive Works" (SUPW). Test check of the 5 DIS revealed that, in the absence of equipment/tools (3 sets of carpentry tools, 1 knitting machine and 1 sewing machine for each GMS), and raw materials, the teachers remained idle and could not impart any vocational education. Thus, expenditure of Rs.95.62 lakh per annum on their pay and allowances proved infructuous.

**(d) Agri based education**

The Department spent Rs.281.99 lakh during 1995-99, on salaries and wages of agri-based teachers/instructors and Malis, though agri-based education at the upper primary level was no longer part of the school curriculum. Thus, the whole expenditure was infructuous.

**3.1.7 Other programmes**

**3.1.7.1 Technological inputs for distance learning**

Under the Distance Learning Programme, the DSE, at the instance of the Minister of School Education procured (November 1999) 100 Philips Colour Televisions (CTVs) at a cost of Rs.14.40 lakh.

**Misappropriation of Rs.14.40 lakh**

Although these CTVs were shown as received in the Directorate (ET cell), no stock register and the list of schools to which the CTVs were distributed were made available to Audit. Thus, possibilities of misappropriation could not be ruled out.

**3.1.7.2 Vocationalisation of elementary education**

The Department procured SUPW materials worth Rs.87.31 lakh during 1998-2000 under BMS for imparting vocational education in the GMS and GMS attached to GHS (241 + 125) as detailed below:-

SUPW materials for	Year	Items	Amount (Rupees in lakh)	No. of schools for which purchased
(a) Boys	1998-99	Carpentry tools @ 3 sets for each school	52.32	300 GMS/GHS
	1999-2000		10.00	241 GMS
(b) Girls	1998-99	(i) Knitting equipment and raw materials	7.23	All GMS
		(ii) Sewing-knitting machines and raw materials	17.76	
<b>Total (a) + (b):-</b>			<b>87.31</b>	

Though, all the materials were shown as received in the Directorate and distributed to the DIS/DEOs responsible for the individual schools, there was no record of such receipt and distribution or acknowledgement, from the recipient schools.

**No evidence of receipt and utilisation of SUPW materials worth Rs.78.58 lakh**

Test check of the records of 5<sup>25</sup> DIS under whose control there were 83 GMS, revealed that, they had received only 10 per cent of the total materials procured. Thus, balance materials worth Rs.78.58<sup>26</sup> lakh were either not delivered, or not purchased at all.

The above audit observations were also corroborated by the findings of the study team of SCERT on school dropouts, whose report showed that, cent percent schools were deficient in SUPW craft materials.

<sup>25</sup> Kohima, Pfutsero, Dimapur, Tuensang and Mon.

<sup>26</sup> (90 per cent of Rs.87.31 lakh).

### 3.1.8 Monitoring and evaluation

Monitoring of the implementation of PEP was virtually non-existent in the Department, as no reports/returns showing student enrolment, attendance of students/teachers, school inspection and proper accounting of basic amenities provided to schools were available with the Department.

Despite successive evaluations, no remedial steps taken to rectify deficiencies

Though the SCERT (in 1996 and 1999) and Education Commission (in 1999), conducted periodic survey and evaluation studies of School Education in Nagaland, and submitted reports to Government, the School Education Department did not take remedial measures to set right the deficiencies. Thus, implementation of PEP suffered.

### 3.1.9 Conclusions and Recommendations

Based on the findings given above, the following conclusions are arrived at and recommendations made:

Appointment of teacher was made mainly on recommendations of Minister and Politicians proving the entire recruitment process farcical. If the education scenario of the State is to be improved, the entire process of recruitment should be streamlined and made more transparent and honest.

The budgeting process did not project a clear view of all expenditure *vis-à-vis* activities relating to Elementary Education. This may be rectified.

Procurement and distribution of materials for schools were not decentralised at the level of DIS to ensure better accountability and utilisation by end user. This may be done immediately.

Procurement of materials for schools and recruitment and deployment of teachers should be guided by financial rules and recruitment policy of the Government, without political and bureaucratic intervention. Steps need to be taken to dispense with all unqualified teachers appointed irregularly through undue influence, or to train them to meet the requirements.

Schools should be better equipped, and maintained, to create atmosphere conducive to teaching and learning.

Teachers' training needs to be intensified.

Students' enrolment, attendance of students and teachers, and the incidence of school dropouts should be closely monitored through Inspection Reports of DEO/DIS/Sub-Inspectors of Schools.

The matter was reported to the Government in July 2000; reply has not been received (February 2001).

**FINANCE, HOME (POLICE, GENERAL  
ADMINISTRATION BRANCH & FIRE) AND EDUCATION  
DEPARTMENTS**

**3.2 Upgradation grants recommended by the Tenth Finance  
Commission (including Calamity Relief Fund)**

*The Tenth Finance Commission recommended Rs.58.19 crore to be provided as grants, for upgradation of standards in District Administration, Primary Education, tackling of special problems relating to internal security, and calamity relief. The objectives of the grants were diluted, due to diversion of funds, retention of unspent funds with the implementing agencies, inaccurate preparation of action plan, large overheads, cost overruns, payment of assistance on the recommendation of Ministers, payment to fictitious beneficiaries in non-existent areas, and absence of monitoring and evaluation.*

**Highlights**

Rs.7.19 crore remained unspent with implementing agencies in the form of non-interest bearing deposits.

(Paragraph 3.2.4(i))

Rs.7.93 crore was diverted/misutilised for purposes beyond the scope of recommendation of the Commission.

(Paragraph 3.2.4(ii))

There were delays ranging from 30 to 359 days in release of Central and State share by the State Government.

(Paragraph 3.2.4(vi))

Against the approved cost of Rs.6 lakh, the Department spent Rs.28 lakh for construction of one Police Station, resulting in extra expenditure of Rs.22 lakh.

(Paragraph 3.2.5(a)(i))

Against the approved cost of Rs.1.25 lakh per Police Housing unit, 406 housing units were constructed at average unit cost of Rs.3.10 lakh, resulting in extra expenditure of Rs.7.53 crore. Besides, the Department incurred extra expenditure of Rs.2.59 crore, due to injudicious award of work at higher rates.

(Paragraph 3.2.5(a)(ii) & 3.2.9)

Education Department spent Rs.1.89 crore from their own budget, without assessing the requirements, or securing approval of the State Level Empowered Committee.

(Paragraph 3.2.6)

Home Department procured arms and ammunition for Rs.2 crore, without the approval of the Inter Ministerial Empowered Committee. Materials worth Rs.21.03 lakh have also not been received.

(Paragraph 3.2.7(a))

Purchase of Bomb Detection and Disposal materials (Rs.1.86 crore) were made without assessing requirements; of this, materials worth Rs.24.12 lakh were short received. Besides, the Department did not receive Bomb Disposal protective gear costing Rs.49.99 lakh, though payments had been made.

(Paragraph 3.2.7(c))

Bonafides of Rs.2.10 crore spent on construction of 70 Police barracks could not be verified for want of records.

(Paragraph 3.2.7(f))

Although Pre-fabricated materials worth Rs.5.38 crore procured in 1998-99 could not be erected, order for additional purchase for Rs.2.53 crore was issued in March 2000. Excess payment of Rs.51.29 lakh was made to contractors, for erection of structure.

(Paragraph 3.2.7(g))

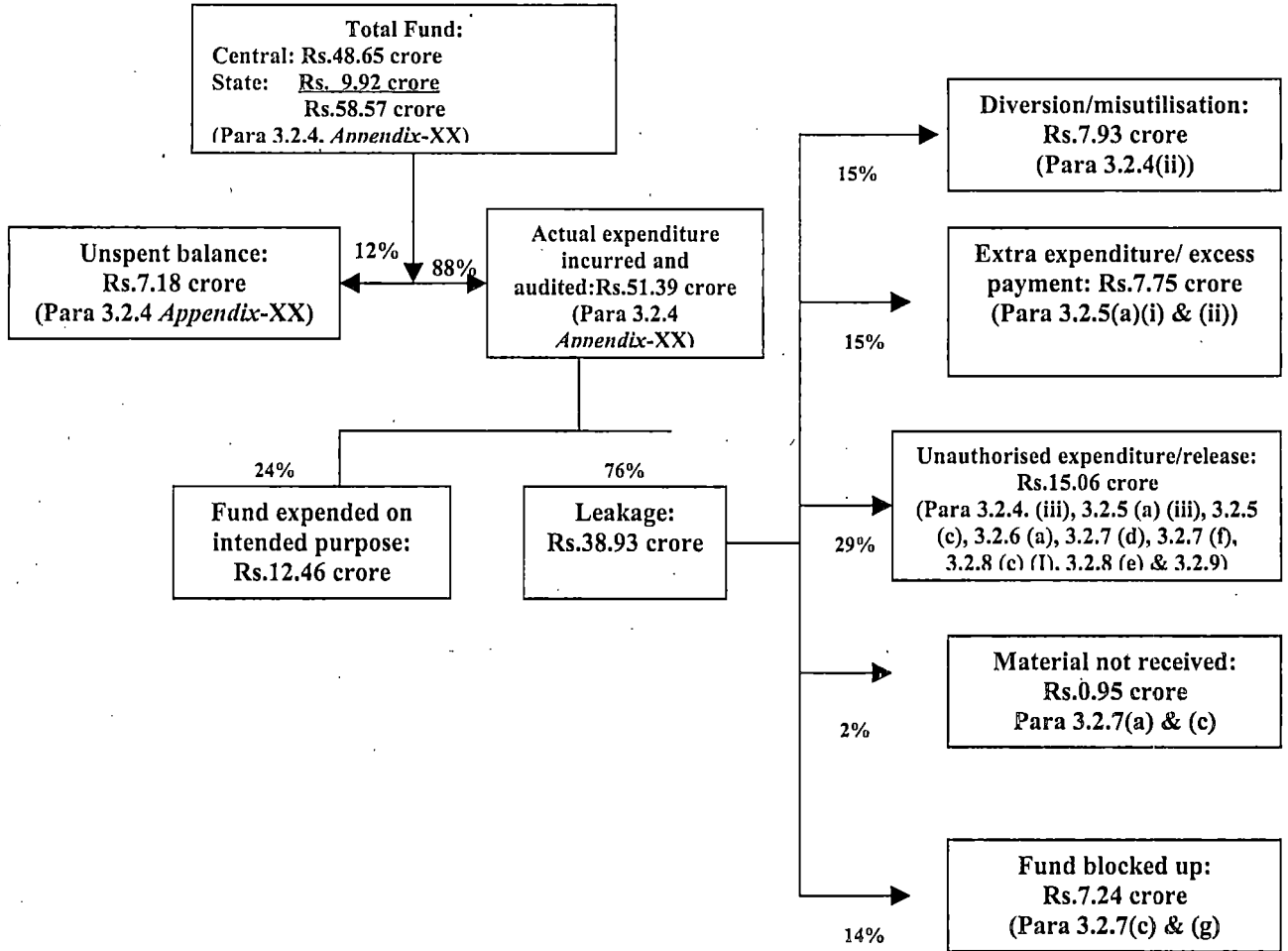
Rupees 1.11 crore was released to various agencies, without assessment of losses/damages in non-existent areas, and without approval of the competent authority.

(Paragraph 3.2.8(a) (i) & (ii))

Rs.1.06 crore was paid to unauthorised persons.

(Paragraph 3.2.8(d))

**FINANCE TREE**  
(Upgradation grants recommended by Tenth Finance Commission)



### 3.2.1 Introduction

The Tenth Finance Commission (constituted in June 1992), *inter alia*, recommended grants to State for various activities<sup>1</sup> for upgradation of District Administration (Police, Fire Service, Jails Record Rooms and Treasuries and Accounts), Primary Education, and for tackling special problems relating to internal security and natural calamities.

### 3.2.2 Organisational set up

The State Level Empowered Committee (SLEC) with the Chief Secretary as Chairman, is responsible for implementation of the scheme in the State. The SLEC is assisted by the Director General of Police (DGP), the Deputy Inspector General (Fire Services), the Inspector General of Prisons (IGP), the Civil Administration Works Division (CAWD), the Director of Treasuries and Accounts, the Director of School Education, and the Additional Chief Engineer (Police Engineering Project).

### 3.2.3 Audit coverage

Records for the period 1996-97 to 1999-2000 (limited to 1997-2000 with respect to Calamity Relief Fund) were test checked in the respective offices (*Appendix-XIX*) during February and July 2000, and the points noticed are discussed in the succeeding paragraphs.

### 3.2.4 Financial outlay and expenditure

Details of funds released by the Government of India (GOI), the State Government and the expenditure incurred by the implementing agencies are given in *Appendix-XX*.

**Rs.863.45 lakh was released in excess to the implementing agencies by diverting funds from other schemes**

(i) Against Rs.4864.90 lakh released by GOI during 1996-97 to 1999-2000, the State Government released Rs.5869.39 lakh (including Rs.141 lakh State share against CRF). Reasons for excess release of Rs.863.45 lakh and the sources from which the funds were diverted, were neither placed on record nor intimated to Audit. Of the total funds released by the State Government, Rs.718.60 lakh remained unspent with the implementing agencies in cash/deposit at call/bankers' cheques/current accounts, although the amount was shown as utilised.

<sup>1</sup> District Administration = (a) Building for Police Station/outpost, housing facilities, and for training of Police personnel (b) To strengthen and upgrade fire fighting services. (c) Improvement in existing accommodation and medical facilities in jails (d) Upkeep and maintenance of record rooms (e) Computerisation of District Treasuries (f) Promotion of girls education in Upper Primary schools (including providing toilet facilities), and provision of drinking water facilities to all Primary Schools.

Special problems = Tackling internal security and natural calamities.

Unauthorised  
diversion of  
Rs.793.06 lakh  
  
Inadmissible  
expenditure of  
Rs.524.24 lakh

(ii) Rs.793.06 lakh was diverted/misutilised for purposes not envisaged in the scheme (*Appendix-XXI*).

(iii) Rs.524.24 lakh was spent against components of schemes<sup>2</sup> not approved by the Inter Ministerial Empowered Committee (IMEC).

(iv) The State Government released (March 2000) Rs.543.53 lakh under 'Special Problems'. Although the DGP drew Rs.219.25 lakh (31 March 2000), and retained the amount as unspent till July 2000, utilisation certificates for the entire amount of Rs.543.52 lakh were sent to the Commission on 31 March 2000.

(v) Detailed contingent bill for Rs.628.85 lakh drawn in AC bill during March 1997 (Rs.9.60 lakh), and March 2000 (Rs.619.25 lakh), had not been submitted (January 2001).

(vi) Against total receipt of Rs.1047.70 lakh, including interest accrued on Fixed Deposits (FDs), upto 31 March 2000, expenditure on relief assistance was only Rs.381.06 lakh (36 *per cent* utilisation).

Rs.204.90 lakh was  
unnecessarily  
retained in bank, in  
contravention of the  
scheme guidelines

Although as per the guidelines, the entire closing balance of Rs.666.64 lakh as on 31 March 2000 was to be credited to the State Government, it was observed that Rs.461.74 lakh was invested in different Term Deposits; in contravention of the guidelines, and the balance Rs.204.90 lakh was retained in a savings bank account.

Delay in release of  
funds ranged  
between 30 and 359  
days

Although the State Government was to release the Central share immediately on its receipt from the Government of India, along with State share, there were delays ranging from 30 to 359 days, in release of both, Central and State share, as would be seen from *Appendix-XXII*.

### **3.2.5 District Administration**

#### **(a) Police**

The Commission recommended construction of buildings for Police Station/Outpost, housing facilities, and training facilities.

Against target of 7 Police stations, the achievement was only 2 (shortfall: 71 *per cent*); against target of 1282 police quarters, achievement was only 406 quarters (shortfall: 68 *per cent*); details of targets and achievements in respect of training are not available. The shortfall in construction of buildings was due to payment made by the Project Engineers, Police Engineering Project, Alichen and Chumukedima at the instance of the Government at rates higher than the Commission's approved rates, execution of unauthorised works, and increase of plinth area.

Further,

<sup>2</sup> Special problems: Rs.296.94 lakh, Upgradation of Jails: Rs.26.40 lakh and Girls' Education etc.: Rs.200.90 lakh.



Excess expenditure of Rs.22 lakh was met by diversion of funds

(i) Against the approved cost of Rs.6 lakh, the Additional Chief Engineer, Police Engineer Project (PEP), Kohima, constructed a Police Station at Zunheboto (March 2000), at a total cost of Rs.28 lakh<sup>3</sup>. The excess expenditure of Rs.22 lakh was met by the Project Engineer, PEPD, Alichen, by diverting funds meant for construction of quarters, at the instance of the Government. The Department deviated from the standard estimate approved by the Tenth Finance Commission without obtaining approval from either the Commission or the IMEC. The Department prepared the unit estimate at Rs.12 lakh considering the local conditions and awarded work to the contractor allowing premium of more than 100 *per cent* above the estimated cost of Rs.12 lakh resulting in such cost overrun.

Extra expenditure of Rs.600.54 lakh denied housing facilities to 370 persons

(ii) The Commission recommended Rs.1606.25 lakh for construction of 1282 housing units, at Rs.1.25 lakh each, and provided for 30 *per cent* cost escalation (total: Rs.1.63 lakh), with the excess cost of Rs.0.38 lakh per unit to be borne by the State Government. The State Government, without approval of SLEC or IMEC<sup>4</sup>, permitted increases to the contractors at 45 to 200 *per cent* over the approved cost, and reduced the number from 1282 to 988 units, to keep the expenditure within the overall funds released by GOI, without any contribution from State funds. Against this, the Department awarded work orders for construction of 656 units at Rs.1606.25 lakh<sup>5</sup>, against the approved cost limit of Rs.1066 lakh<sup>6</sup>, of which, only 406 units were completed (March 2000) at a cost of Rs.1260.29 lakh, resulting in extra expenditure of Rs.752.79 lakh<sup>7</sup>, and achieving only 2.22 *per cent* satisfaction level against targeted 7 *per cent*. Had the extra expenditure (Rs.752.79 lakh) been avoided, the Department could have constructed 602 more housing units, raising the potential satisfaction level to 6.90 *per cent*. However, since allotment details were not made available, it was not possible to establish the actual satisfaction levels achieved by the Department.

Though the contribution of GOI for the 406 quarters was to be limited to Rs.507.50 lakh (Rs.1.25 lakh x 406), with the State Government meeting the difference (Rs.1260.29 lakh—Rs.507.50 lakh = Rs.752.79 lakh), no expenditure was met from State Government funds.

Rs.15.95 lakh was spent on purchase of materials not connected with the scheme

(iii) During 1996-97 and 1997-98, the DGP spent Rs.39.24 lakh against procurement of training materials, of which, Rs.15.95 lakh was spent on purchase of generator, office furniture etc., not connected with training. Details of utilisation of balance training materials worth Rs.23.29 lakh, and the

<sup>3</sup> On the basis of an estimate of Rs.12 lakh drawn up by the Department considering the local condition and awarded the work to the contractor at 133 *per cent* above the estimated cost. Approval of the Commission had not been taken (January 2001) for drawing up a separate estimate.

<sup>4</sup> Inter Ministerial Empowered Committee.

<sup>5</sup> Average unit cost = Rs.2.44 lakh.

<sup>6</sup> Rs.1.625 lakh x 656 = Rs.1066 lakh.

<sup>7</sup> Actual expenditure = Rs.1260.29 lakh for 406 units.

Admissible expenditure = 406 x Rs.1.25 lakh = Rs.507.50 lakh.

Extra expenditure = Rs.1260.29 lakh—Rs.659.75 lakh = Rs.600.54 lakh.

number of persons actually trained, and the nature of training imparted to them, were not intimated to Audit.

**(b) Fire Services**

The Commission provided Rs.200 lakh during 1996-97 to 1999-2000, as upgradation grants for Fire Services, to be utilised on construction of fire stations, procurement of modern fire fighting equipment, provision of water sources and training of manpower. Against this, GOI released only Rs 180 lakh to the State Government who, however, provided Rs 270 lakh for the purpose, which was claimed to have been entirely spent by the Department.

On the basis of Government sanction dated 1 March 1999, the DIG procured proforma bills from the suppliers and drew (March 1999), Rs.120 lakh for purchase of vehicles and equipment<sup>8</sup>. Of this sum, Rs. 100 lakh was unauthorisedly kept in a current bank account, and the balance amount of Rs.20 lakh was retained in the cash chest. Subsequently, the entire amount was disbursed to the suppliers for the supplies made between May 1999 to December 1999. The purchases were made without drawing up any action plan or target, as envisaged in the scheme. It was further seen in audit that two chassis procured for Rs.8.01 lakh in March 2000, and handed over to a Delhi based firm for fabrication, with an advance of Rs.6.32 lakh, are yet to be received back (January 2001). Also, one jeep and one van were procured for Rs.5.66 lakh without SLEC's approval.

(ii) Test check (September 1999) of the records of the Deputy Inspector General, (DIG) Fire Services, Kohima, supplemented by Departmental information (March 2000) revealed that, the DIG drew (March 1998) Rs.50 lakh on fully vouched contingent bills for execution of various works<sup>9</sup> under the scheme of Tenth Finance Commission (TFC) awards on the basis of expenditure sanction accorded by the Government in March 1998. The amount drawn was, however, not supported by detailed sub-vouchers, and was unauthorisedly kept in the form of Deposit-at-call receipts (DAC) in the Treasury, in favour of DIG, Fire Services, Kohima. Out of Rs.50 lakh, the DIG paid Rs.23.95 lakh between July 1998 and December 1999 to three contractors<sup>10</sup> although no bills were preferred by them. The basis of payment was not available on record; nor were any records in support of execution of

**The DIG, Fire Services, Kohima unauthorisedly withdrew and retained Rs.26.05 lakh resulting in unnecessary payment of Rs.9.49 lakh towards interest by the State Government**

<sup>8</sup> (i) six water tender pumps with fabrication (Rs.84 lakh), (ii) one foam tender pump (Rs.19 lakh), (iii) fire fighting equipment (Rs.6 lakh), (iv) two van/ambulance (Rs.8 lakh) and (v) breathing apparatus (Rs.3 lakh).

<sup>9</sup> (i) Construction of Directorate Office building at Kohima (Rs.23.85 lakh), (ii) Renovation and improvement of Fire Station at Dimapur (Rs.10.27 lakh), (iii) Repair and maintenance work (Rs.15.88 lakh).

<sup>10</sup>

(i) M/s K.M. Keyhou	Rs.10.27 lakh for construction of Fire Station. Rs. 8.36 lakh for construction of Directorate of office building.
(ii) M/s Sakho Angami	Rs.1.87 lakh construction of protection wall of Fire Station.
(iii) M/s United Traders	Rs.3.45 lakh renovation of SP quarter.

works produced to Audit. Hence, the veracity of the expenditure of Rs.23.95 lakh could not be established in audit.

The balance amount of Rs.26.05 lakh remained unutilised, and outside the Government account as of March 2000, in violation of Financial Rules Government stated (August 2000) that funds could not be fully utilised, as the works were held up due to land dispute. Government did not explain why clear title to the plot of land was not verified, before drawal of funds and site selection.

(c) *Jails*

Rs.15 lakh was diverted unauthorisedly on procurement of vehicles

The Commission recommended funds for improvement of existing prisoners' accommodation (Rs.30 lakh) and Health Services (Rs.18 lakh) in jails. Although, as per the target, 14 buildings (Prisoners' accommodation) were to be repaired and renovated with Rs.30 lakh during 1996-97 to 1999-2000, IGP renovated only 3 buildings (22 *per cent*) at a cost of Rs.10 lakh. Of the balance, Rs.15 lakh was unauthorisedly diverted on procurement of vehicles, photo copiers, and construction/repairing of quarters. Out of Rs.18 lakh, earmarked for Health Services, Rs.15.50 lakh was spent on purchase of medicines, but the detailed records showing the receipt and utilisation of these medicines were not produced to Audit. Unutilised funds of Rs.7.50 lakh (Rs.5 lakh *plus* Rs.2.50 lakh) remained deposited in a current account with the bank. Consequently, the objectives of the scheme were not fulfilled.

(d) *Record rooms*

Rs.17.31 lakh was falsely recorded as utilised

The Commission recommended grants of Rs.31.36 lakh for construction of 8 record rooms during 1996-97 to 1999-2000 (one in each district). Though only Rs.15 lakh was released by the GOI, the State Government released Rs.17.31 lakh. The Executive Engineer, CAWD, after drawing (March 1997 and March 1998) the amount (Rs.17.31 lakh), kept it unutilised till December 1998, as Deposit at Call. However, the amount was falsely recorded as utilised. Of this, Rs.5.07 lakh was spent (January 1999) towards construction of one record room, and the balance (Rs.12.24 lakh) remained unspent (January 2001).

Thus, against eight record rooms to be constructed, the Department could construct only one, resulting in overall shortfall of 87 *per cent*. Reasons for non-construction were attributed by the Department (July 2000) to non-finalisation of site and tender.

(e) *Treasuries and accounts*

To ensure speedy and accurate generation of accounts required for effective planning and budgeting, the Commission recommended funds of Rs.90 lakh for computerisation of all the 9 Treasuries in the State.

Of 9 treasuries, only 5<sup>11</sup> treasuries were computerised at a cost of Rs.67.50 lakh, and computerised accounts generated by only 3<sup>12</sup> treasuries. The other

<sup>11</sup> Dimapur, Kohima (North), Kohima (South), Mokokchung and Tuensang.

<sup>12</sup> Dimapur, Kohima (North) and Kohima (South).

two treasuries (Mokokchung and Tuensang) could not generate computerised accounts for want of staff trained in operating these computers, and generating computerised accounts.

### **3.2.6 Education**

The Commission provided assistance to the States at Rs.20 lakh per district where the female literacy rate was less than 20 *per cent*, and at Rs.10 lakh per district where the female literacy rate ranged between 20 and 40 *per cent*. For providing drinking water facilities, the Commission also recommended grants to 80 *per cent* of the Upper Primary schools, and all Lower Primary schools. All the Upper Primary Schools were also to be provided with toilet facilities for girls. Though no funds were released by the GOI, pending IMEC approval, the State Government released Rs.188.63 lakh during 1996-97 to 1999-2000 from its own funds. However, no funds were drawn by the Department.

The Education Department did not identify districts requiring upgradation of female literacy. Similarly, no survey was conducted to identify schools requiring drinking water and toilet facilities. In the absence of any physical targets and achievement, the implementation of the scheme could not be evaluated.

#### **(a) Female literacy**

Unauthorised  
expenditure of  
Rs.47.85 lakh

During 1996-97 to 1999-2000, the Department spent Rs.47.85 lakh in providing knitting machines and sewing machines to 72 new Upper Primary Schools and 60 Government High Schools. Since these machines are unconnected to female literacy for which funds were given, the entire expenditure was unauthorised.

#### **(b) Drinking water supply facilities in Primary and Upper Primary Schools**

Without identifying schools suffering from acute shortage of drinking water and constructing permanent water storage, the Department provided water filters and water storage tanks to all Government Primary Schools (1283) and Middle Schools (241) at a cost of Rs.103.54 lakh. Scrutiny revealed, however, that of the total 1524 (1283+241) schools, 84 *per cent* of the schools (1279=1091 primary and 188 middle) were not provided with regular supply of safe drinking water through pipes and wells in absence of which, the stated purpose had not been achieved.

#### **(c) Toilet facility for girls in Upper Primary Schools**

The Department proposed (1999-2000) construction of 40 toilets in 40 out of 241 Government Middle Schools for Rs.28.86 lakh. These could not be constructed, due to non-release of funds by the Central Government and non-drawal of funds by the Department.

### 3.2.7 Special problems

To combat insurgency prevailing in the State, the Commission approved Rs.30 crore for supply of security equipment<sup>13</sup> for use of the State Police.

Targets and achievement during the period 1996-97 to 1999-2000 are detailed below:-

Sl. No.	Particulars	Lumpsum provision for 4 years (Rupees in lakh)	Achievement	Percentage of achievement
1.	Arms and Ammunition	353.82	201.08	57
2.	Transportation (vehicles)	1138.71 (290 vehicles)	293.41 (62 vehicles)	26 (21)
3.	Security related materials	562.71	661.00	117
4.	FSL/Narcotics	65.94	90.82	138
5.	Modernisation of central workshop	40.00	27.43	69
6.	Repairing of IB type barrack	240.00	209.82	87
7.	Procurement of Pre-Feb. Hut for NAP	598.82	1201.55	201
		<b>3000.00</b>	<b>2685.11</b>	<b>89.50</b>

Unauthorised expenditure of Rs.314.89 lakh

Balance of Rs.314.89 lakh (Rs.3000 lakh-Rs.2685.11 lakh) was spent on procurement and installation of EPABX, 47 computers, 36 Xerox machines, 43 Fax machines and training materials, which were not envisaged in the scheme.

#### (a) Arms and ammunitions

Suspected misappropriation of Rs.21.03 lakh

Provision of arms and ammunition was not part of the scheme approved by the Commission, or IMEC, since these items are provided by the Ministry of Home Affairs separately. Despite this, on orders of the Chief Minister, Nagaland, the Department (Director General of Police) spent Rs.200 lakh (Rs.100 lakh each in 1997-98 and 1999-2000). Although arms and ammunition for Rs.100 lakh (paid in March 2000) have not been received (January 2001) by the Police Department from Ordinance Factories, the entire amount of Rs.200 lakh was booked as final expenditure, resulting in overstatement of expenditure by Rs.100 lakh. Scrutiny of the stock and issue ledger further revealed that, 108344 cartridges worth Rs.21.03 lakh were not received, though paid for. Though the Department stated (March 2000) that, the amount represented adjustment against liability incurred earlier, there was no evidence to this fact. The amount of Rs.21.03 lakh has, thus, been unaccounted for, and is suspected to have been misappropriated.

#### (b) Transport

Out of lumpsum provision of Rs.1138.71 lakh made for purchase of 290 vehicles, Rs.293.41 lakh was spent (March 2000) on purchase of 62 vehicles. The reasons for shortfall were not on records. Since no scale of entitlement has been prescribed for allotment of vehicle, the actual requirement of vehicles could not be verified in audit.

<sup>13</sup> Bullet proof jackets, jeeps, communication equipment, construction and repair of police barracks, and establishment of helicopter facilities.

Scrutiny revealed that 5 vehicles purchased for strengthening security measures, were instead, allotted to officers (4 to Police Engineering Project and OSD to Chief Minister) unconnected to the scheme, resulting in misuse of Rs.13.50 lakh. Further, one tractor worth Rs.2.68 lakh purchased through this fund in May 1998 for carrying BDDS<sup>14</sup> equipment is also lying idle (January 2001) with the IGP (Intelligence).

*(c) Security related materials and protective gears*

Blockage of Rs.185.52 lakh

Nagaland Police has only one BDDS comprising 25 members, based at Kohima. Though the constitution of another 7 teams for each of the districts with 175 personnel (7 x 25) was still under consideration (July 2000), the DGP procured BDD equipment worth Rs.213.96 lakh (1996-97 to 1998-99) and placed them with the IGP (Intelligence). Procurement of BDD equipment even without setting up the BDDS and assessing the actual requirements, resulted in blockage of Rs.185.52 lakh, since these equipment are lying unutilised (*Appendix-XXIII*). Further scrutiny revealed that, though full payment had been made to the suppliers, equipment costing Rs.24.12 lakh had not been received by the IGP (Intelligence). Similarly, protective gears worth Rs.49.99 lakh had also not been received by the Police Central stores, although payment was already made to the supplier in March 1999.

*(d) Upgradation of Forensic Science Laboratory (FSL) and Narcotics Wing*

Diversion of Rs.90.82 lakh

Although upgradation of FSL was not part of the recommendations of the Commission, the Department purchased (1997-98 and 1999-2000) equipment worth Rs.90.82 lakh by diverting funds from other components (transportation) of the scheme.

*(e) Modernisation of Police Workshop*

Equipment worth Rs.27.48 lakh was purchased in March 1997 and March 1999, and issued to Police Workshop, Chumukedima, without assessing the requirement. Consequently, out of 40 items procured in March 1997, 27 items worth Rs.7.15 lakh could not be put to use, and 2 lathe machines purchased for Rs.8.50 lakh could not be operated (January 2001) for want of trained personnel.

*(f) Repair of barrack type police accommodation*

Bonafides of Rs.209.82 lakh spent on construction of 70 Police barracks could not be verified for want of records

The DGP spent Rs.209.82 lakh on construction of 70 Police barracks through the Police Engineering Projects (PEP), Chumukedima, and Alichen, during 1996-97 and 1997-98. The basis for selection of sites, works plan, and detailed estimates of works, were not available either with the DGP, or with the executing agency. Therefore, the bonafides of the execution of work could not be verified in audit. Further, the PEP diverted Rs.67.61 lakh on non-priority work of repairs and maintenance, as detailed in *Appendix-XXIV*.

Diversion of Rs.67.61 lakh on non-priority works

<sup>14</sup> Bomb Detection and Disposal Squad.

**(g) Procurement of Pre-Fabricated (Pre-Fab) Huts**

The action plan for construction of barrack type accommodation for all the 7 NAP Battalions, envisaged a lump sum outlay of Rs.598.82 lakh. Against this, the DGP spent Rs.948.60 lakh during 1997-98 and 1999-2000, on procurement and erection of 109 Pre-Fab huts, of which, only 46 structures were actually erected (July 2000), and the balance 63 structures costing Rs.537.86 lakh, are lying unutilised in the store (January 2001). An additional supply order was issued in March 2000 for structures worth Rs.252.95 lakh, with the stipulation to complete the supply within 45 days. No materials were, however, received (January 2001).

**(ii) Overpayment of Rs.51.29 lakh**

As per the terms of the supply orders, rates for each Pre-Fab structure included erection charges also. Despite this, Rs.82.17 lakh was paid by the DGP, Nagaland to the contractor as supervision (Rs.30.88 lakh) and erection charges (Rs.51.29 lakh), though these Pre-Fab structures have not been erected and are lying (January 2001), in the store, since 1997-98. This resulted in excess payment of Rs.51.29 lakh.

**3.2.8 Calamity Relief Fund**

Pursuant to the recommendation of the Ninth Finance Commission, a Calamity Relief Fund (CRF) was set up in April 1990 under the State Home Department. The fund was initially for 5 years, but was continued upto March 2000 on the recommendation of the Tenth Finance Commission. A State Level Committee (SLC), with the Chief Secretary as Chairman, was also formed in 1991 to administer the fund.

The results of test check are given in the succeeding paragraphs.

**(a) Investment**

The financial guidelines of the Scheme provided that, the Fund be deployed in profitable channels with assured and implied liquidity, so that the fund is adequate and easily available to meet expenditure on natural calamities. Audit scrutiny showed that-

(i) Despite timely receipt of funds, the Department delayed investment thereof by 31 to 507 days, resulting in loss of interest of Rs.25.68 lakh at fixed deposit rates as shown in *Appendix-XXV*.

Reasons for delay in investment of funds were not furnished (February 2001).

Loss of interest of  
Rs.25.68 lakh

Loss of additional  
income of Rs.111.05  
lakh

(ii) As per the guidelines of the Scheme, 15 per cent of the total funds available in the CRF were to be invested in a State Co-operative Bank, and the remaining 85 per cent in other gainful channels<sup>15</sup>. Contrary to this, the SLC decided (March 1991) to invest the entire available funds in the Nagaland State Co-operative Bank (NSCB), without obtaining any relaxation from the GOI. In July 1991, the Reserve Bank of India also directed the State Government to invest all the funds available in CRF with the State Bank of India, Kohima, which was not done. Had the Department invested the permissible 15 per cent in NSCB and the remaining 85 per cent in other gainful securities, the Department could have earned an additional income of Rs.111.05 lakh by way of interest as shown in *Appendix—XXVI*.

Due to injudicious  
investment, the  
Department  
sustained a loss of  
Rs.71.99 lakh

(iii) The closing balance of CRF (Rs.666.64 lakh) as on 31 March 2000 included 6 Term Deposits (Rs.461.74 lakh), which had been invested between April 1995 to December 1999, for short terms of 4 to 6 months, and renewed from time to time. Had these been deposited in long term deposit (which could have also been encashed pre-maturedly in exigencies), the Department could have earned Rs.71.99 lakh more as interest as shown in *Appendix-XXVII*.

### (b) Implementation of the Scheme

As per instructions (November 1993) of the SLEC, affected persons are to submit their applications for relief assistance within one month of the occurrence of the calamity to the respective DCs/ADCs, who shall submit the same to the Department, after verifying the genuineness of the claims, and with necessary recommendations in prescribed forms specifying the nature and description of calamity, month, year and place of occurrence and assessing the amount of losses caused, calculated at the rates prescribed (November 1993) by the SLEC.

The following irregularities in the implementation of the Scheme were noticed in audit:

#### (i) Payment to ineligible beneficiaries

Inadmissible  
payment of Rs.102.48  
lakh

According to the norms prescribed (November 1993) by the SLC, the claims for relief assistance are to be considered only on the specific recommendation of the district level authorities (DCs/ADCs). It was noticed in audit that, the Department paid Rs.102.48 lakh to 6224 persons during 1997-98 and 1998-99, on the written recommendations of Ministers<sup>16</sup>, and without conducting any survey on the genuineness of occurrence of the calamities, and bonafides of beneficiaries. Thus, the veracity of expenditure of Rs.102.48 lakh could not be established in audit.

<sup>15</sup> 25 per cent in auctioned treasury bills, 25 per cent in interest bearing deposits with Public Sector Banks, 15 per cent in Government of India Securities, 10 per cent in State Government Securities, and 10 per cent in Public Sector Bonds/Units.

<sup>16</sup> Minister, Horticulture, Sericulture and Relief and Rehabilitation, Nagaland. •  
Minister, Tourism and Border Affairs, Nagaland.



**(ii) Payment made against non-existent villages**

Rs.8.64 lakh was paid to 827 persons allegedly residing in 21 non-existent villages

During 1998-99, the Department paid Rs.8.64 lakh to 827 persons allegedly residing in 21<sup>17</sup> non-existent villages, resulting in misappropriation of funds. The fact regarding non-existence of these 21 villages was also corroborated by the Directorate of Rural Development, and Public Health Engineering Department.

**(iii) Delay in processing of claims**

Excess payment of Rs.52.91 lakh

It was noticed in audit that, though 1639 victims had submitted their claims in time, the DCs/ADCs delayed processing and submission of the claims to the Department by 7 to 36 months, and ultimately paid Rs.76.17 lakh to the affected persons. Thus, avoidable delay on the part of the DCs/ADCs to process the claims, deprived 1639 affected persons of immediate relief that would have otherwise enabled them to rehabilitate themselves.

**(c) Excess payment of relief**

As per the instructions issued by the SLEC, all the DCs/ADCs are to calculate/assess the quantum of losses, on the basis of scales fixed by the SLC. It was, however, noticed in audit that, 140 persons who were paid Rs.65 lakh during March 1998 were actually entitled to only Rs.12.09 lakh, resulting in excess payment of Rs. 52.91 lakh (*Appendix—XXVIII*). Payment of relief by the Department without verifying the entitlement of the claimants with reference to the scales prescribed by the SLEC, resulted in such overpayment.

**(d) Payment to unauthorised persons**

As per the instructions (November 1993) of the SLC, disbursements to the beneficiaries are to be made through district authorities (DCs/ADCs). However, it was noticed during audit that, at the instance of Ministers<sup>18</sup>, Rs.106.31 lakh was paid by the Department to the following individuals/officials during 1997-98 (Rs.65 lakh), 1998-99 (Rs.2.17 lakh) and 1999-2000 (Rs.39.14 lakh):

Rs.106.31 lakh was paid to unauthorised persons

- |       |  |                        |
|-------|--|------------------------|
| (i)   | President, District Congress Committee, Wokha                          | =Rs. 10.65 lakh        |
| (ii)  | Private Secretary to the Minister, Relief and Rehabilitation, Nagaland | =Rs. 76.15 lakh        |
| (iii) | Private Secretary to the Minister, Tourism, Nagaland                   | =Rs. 2.17 lakh         |
| (iv)  | Unidentified individuals   | =Rs. 15.60 lakh        |
| (v)   | Chairman, Wokha Town Committee   | =Rs. 1.74 lakh         |
|       |  | <u>=Rs.106.31 lakh</u> |

<sup>17</sup> Changru (o), Ffula, Kangtsang, Longso, Maliwokha, Moilam, Mongshio, Monshangpem, Molvom, Nungjung, Old Runguzu, Pangsang, Rachamyam, Rotsu, Sosham, Thailing, Vucho, Yampla, Yambon, Yamkon, Yingsungum. 2 villages under Kohima district, 3 villages under Phek district and 16 villages under Wokha district.

<sup>18</sup> Minister, Horticulture, Sericulture and Relief and Rehabilitation, Nagaland. Minister, Tourism and Border Affairs, Nagaland.

The Department could not produce any documentary evidence to substantiate that the amount (Rs.106.31 lakh) had actually been paid to the affected persons for whom, money was drawn.

**(e) Overpayment of relief**

Overpayment of  
Rs.22.36 lakh

On the recommendation (October 1999) of SLC, the Government sanctioned Rs.22.35 lakh for payment of relief to 3312 beneficiaries of Wokha District during 1999-2000. However, scrutiny of the list of beneficiaries, APRs etc., showed that, payment (Rs.44.71 lakh) was made twice to these 3312 persons in December 1999, by diverting the funds meant for other seven districts, on the basis of two identical lists drawn up by the Department, which resulted in overpayment of Rs.22.36 lakh.

**(f) Submission of Reports and Utilisation Certificates**

Submission of  
Utilisation  
Certificates for  
Rs.381.06 lakh

Government of India (GOI), Ministry of Agriculture is responsible for monitoring the operations of CRF. The State Government is to inform the Ministry about the damages due to drought, flood, famine etc., as well as, broad details of the relief works to be undertaken. Although the Department spent Rs.381.06 lakh during 1997-98 to 1999-2000, neither any utilisation certificates (UCs), nor any report showing the cause of damages (drought, flood etc.), was submitted by the Department to the GOI.

The State Government had not accorded priority to the submission of UCs, reports etc., mainly because, release of Central share of CRF was automatic, and was not linked with the submission of periodic utilisation reports.

**3.2.9 Other points of interest**

Extra expenditure of  
Rs.470.60 lakh

The work of construction of 68 units of semi pucca family accommodation at 7<sup>th</sup> NAP, Bhandari (approved cost Rs.78.25 lakh plus escalation of 30 *per cent*), was awarded by the Additional Chief Engineer (ACE) PEP, Kohima in August 1997 for Rs.361.30 lakh (Rs.5.74 lakh per unit). Audit revealed that ACE unauthorisedly approved item-wise rates, instead of the unit rate of Rs.1.63 lakh (Rs.1.25 lakh plus 30 *per cent*) prescribed by the IMEC. Department stated (July 2000) that, as no contractors came forward to execute the work in such a remote location, the Department had to award the work at higher rates. The reply is not acceptable, as the prevailing rates for identical construction in the same location was only Rs.2.38 lakh per unit (under PEP). Thus, injudicious allowance of rate higher than, not only the approved rate, but also the prevalent rate for the same location, resulted in extra expenditure of Rs.258.92 lakh (over IMEC approved rate), and Rs.211.67 lakh (over other identical works). Further, even though the work was to be completed by March 1999, as on August 2000 only 39 units were completed, and works for 24 units were in progress.

Undue financial aid  
of Rs.65.38 lakh to  
the contractors

The PEP, Chumukedima procured (1996-97 to 1998-99) building materials worth Rs.65.38 lakh by charging the expenditure to different works. But, the contractual agreement neither provided for issue of materials to the contractor,

nor was the amount deducted from the contractor's bill. Therefore, the contractors were given undue financial benefit of Rs.65.38 lakh.

### ***3.2.10 Monitoring and evaluation***

The SLEC with the Chief Secretary as Chairman, is responsible for overall implementation and monitoring of the scheme, and is required to submit periodic reports to the IMEC. The SLEC is also required to review the progress of implementation regularly. However, except for the annual financial reports prepared at the end of each year, no progress report showing the physical performance was furnished to SLEC and IMEC. No periodical review and evaluation of the scheme was conducted. Therefore, no effective monitoring system was in existence.

### ***3.2.11 Recommendations***

In view of the shortfalls and irregularities mentioned in the preceding paragraphs, the following recommendations are made:

- (i) Adequate planning, budgeting and regular release of funds, which are essential for effective implementation of the schemes, may be ensured.
- (ii) Executing agencies should adhere to codal procedure and guidelines prescribed by the Commission for implementation of the scheme; and;
- (iii) The Departments should strengthen their monitoring and evaluation mechanism.

The matter was reported to the Government in April 2000; replies have not been received (February 2001).

## HOME DEPARTMENT

### 3.3 Member of Parliament Local Area Development Scheme

*Even after 6 years of launching the Scheme, maintenance of records remained improper and inadequate. Flouting of established procedures and recurrence of the same irregularities pointed out by Audit earlier as well as in the succeeding paragraphs defeated the basic objective of the Scheme.*

#### Highlights

Out of Rs.7.55 crore received from Government of India during 1997-98 to 1999-2000, the Department spent only Rs.2.18 crore (29 per cent). However, the Department reported utilisation of Rs.7.08 crore to the Government of India merely to obtain more funds. Central Assistance of Rs.4.90 crore representing 65 per cent of total assistance received remained unutilised with 8 DCs for periods ranging from 1 to 3 years as of March 2000. The expenditure could not be vouchsafed in audit as none of the 8 Deputy Commissioners (DCs) submitted expenditure statements for any of the years (1997-98 to 1999-2000).

(Paragraph 3.3.1.4.1, 3.3.1.4.2, 3.3.1.4.3 & 3.3.1.6)

Without obtaining any technical approval from the competent authority, 425 works were taken up between April 1997 and March 2000 for total cost of Rs.7.08 crore. Of these, only 102 works were completed at a cost of Rs.2.18 crore as of March 2000, with delays ranging from 12 months to 36 Months.

(Paragraph 3.3.1.6)

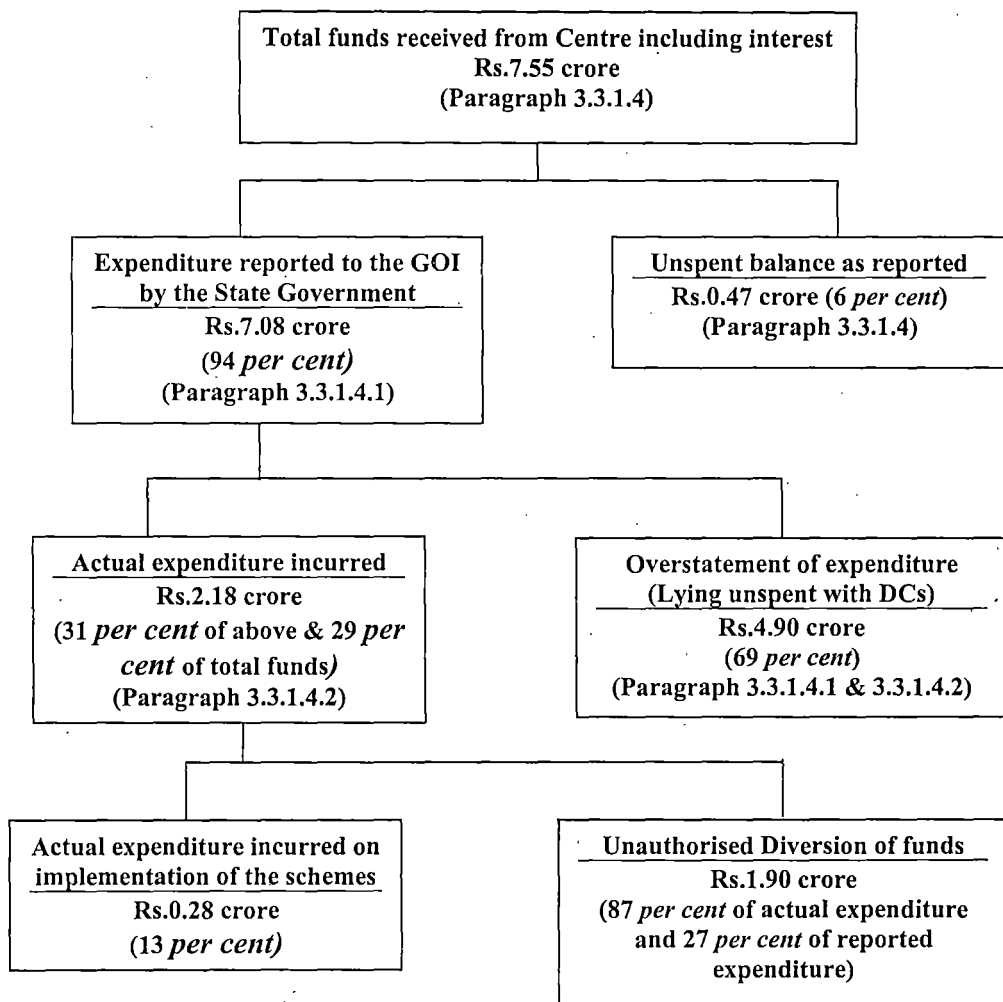
The DCs of Dimapur and Kohima diverted Rs.1.90 crore for execution of 175 inadmissible works like construction of individual farms, Government residential accommodation, private buildings and on procurement of stores etc., during 1997-98 to 1999-2000.

(Paragraph 3.3.1.7)

Field visits and inspection of completed works were not conducted. Bi-monthly progress reports, as required, were never sent to Government of India.

(Paragraph 3.3.1.12)

## FINANCE TREE



### **3.3.1. Introduction**

Government of India (GOI) introduced the Member of Parliament Local Area Development Scheme (MPLADS) in December 1993. Under the Scheme, each Member of Parliament (MP), can (subject to certain restrictions), suggest and recommend works of capital and developmental nature in his/her constituency, based on locally felt needs within a cost limit of Rs.10 lakh in respect of each work and a total cost ceiling of Rs.1 crore (raised to Rs.2 crore from 1998-99) per year in respect of the constituency as a whole. The works are to be executed through Government agencies by the Deputy Commissioners (DCs) of the concerned districts/ constituencies.

Nagaland has one seat each, in the Lok Sabha and Rajya Sabha, with no nominated member.

#### **3.3.1.2 Organisational Setup**

The Home Department, Government of Nagaland is the nodal department for implementation of the Scheme. DC, Kohima, who is the nodal officer for administration, coordination and over all supervision of the Scheme, allocates funds received from the GOI to works implemented in all 8<sup>1</sup> districts of Nagaland.

#### **3.3.1.3 Audit Coverage**

Irregularities noticed in Audit on the implementation of the Scheme during 1993-94 to 1996-97 were incorporated in Paragraph 3.1 of the Report of the Comptroller and Auditor General of India for the year 1996-97. The Report has not been discussed by the PAC yet and hence no Action Taken Report has been furnished by the Government.

The present Review covering the period 1997-98 to 1999-2000 was conducted by test-check (May-June 2000) of records of DCs Dimapur and Kohima. The records test checked account for 32 percent of the total population (1991 census), 59 *per cent* of the total funds allocated, 76 *per cent* of total works executed, and 86 *per cent* of the total expenditure incurred under the scheme. Results of the review are discussed in succeeding paragraphs.

#### **3.3.1.4 Financial Outlay and Expenditure**

The funds released under the Scheme do not lapse, and unspent balances can be carried over to next year. Funds are released by the GOI twice a year on the basis of physical and financial progress of the works under implementation.

The year-wise details of funds released by Central Government, expenditure incurred and unspent balance as reported by the Department are shown below:

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<sup>1</sup> Kohima, Dimapur, Mokokchung, Tuensang, Phek, Mon, Wokha and Zunheboto.

		1997-98	1998-99	1999-2000
		(Rupees in lakh)		
1.	Opening Balance	3.46 <sup>2</sup>	1.88	2.74
2.	Fund Received	300.00 <sup>3</sup>	200.00	250.00 <sup>4</sup>
3.	Interest credited during the year	0.74	0.86	0.30
4.	Total funds available	304.20	202.74	253.03
5.	Expenditure reported by the Department	302.32	200.00	206.00
6.	Unspent Balance	1.88	2.74	47.04

### 3.3.1.4.1 Incorrect reporting of expenditure

Overstatement of expenditure by Rs.490.39 lakh due to inflated reporting

Funds of Rs.708.32 lakh were allocated among the 8 DCs in the State, and booked as final expenditure without ascertaining the actual expenditure incurred (discussed in para 3.3.1.6). Thus, the figures of expenditure reported by the Department were not reliable. Such incorrect reporting also resulted in overstatement of expenditure by Rs.490.39 lakh (discussed in Para 3.3.1.6). Routine release of funds every year by the Government of India without obtaining the Utilisation Certificates also encouraged the Implementing DCs for such lapses.

### 3.3.1.4.2 Unspent balances

Rs.490.39 lakh remained unspent with the 8 Deputy Commissioners for periods ranging from 1 to 3 years

Test check of records revealed that, out of Rs.708.32 lakh released during 1997-98 to 1999-2000 to 8 DCs for execution of 425 works under the Scheme, there remained an unspent balance of Rs.490.39 lakh as detailed below.

Sl. No.	Name of district	Number of works	Amount released	Amount spent	Unspent balance	Percentage of unspent balance
			(Rupees in lakh)			
1	Dimapur	56	421.39	186.43	234.96	56
2	Kohima	266				
3	Mokokchung	28	70.33	6.00	64.33	81
4	Mon	12	41.40	Nil	41.40	100
5	Phek	23	42.45	10.50	31.95	75
6	Tuensang	18	71.50	Nil	71.50	100
7	Wokha	5	22.20	Nil	22.20	100
8	Zunheboto	17	39.05	15.00	24.05	62
	<b>Total:-</b>	<b>425</b>	<b>708.32</b>	<b>217.93</b>	<b>490.39</b>	<b>69</b>

It would be seen that only 31 per cent of the total funds released was actually utilised and unspent balances which ranged between 56 to 100 per cent of total release were retained in banks. Reasons for non utilisation/ under-utilisation of funds have not been furnished by the Department. No action plan or targets were drawn up/ fixed by the Department for execution of works. Such accumulation of unutilised funds was mainly due to release of funds by the nodal DC to other DCs/implementing agencies without ascertaining the actual

<sup>2</sup> Includes misappropriated amount of Rs.1.06 lakh upto 1996-97 (Para 3.1.5.3 of A.R. of 1996-97)

<sup>3</sup> Including Rs. 1 crore as 2<sup>nd</sup> instalment of 1996-97 of both MPs

<sup>4</sup> Including Rs. 1 crore being 3<sup>rd</sup> and 4<sup>th</sup> instalments of 1998-99 and one instalment of Rs.50 lakh for 1999-2000.

progress of work or requirement. Moreover, in the absence of any accounts supported by bank pass book/statements, loss of interest could not be worked out for this unspent balance of Rs.490.39 lakh.

### **3.3.1.4.3 Non –submission of expenditure statements to AG**

None of the 8 Deputy Commissioners rendered accounts for Rs.217.93 lakh

As per instructions issued (May 1996) by the GOI, and inspite of observations in the Audit Report of the C&AG for the year 1996-97 that the respective DCs are to submit annual expenditure statements to the Accountant General (AG) by 31 May of the following year for conducting the annual audit, none of the 8 DCs have submitted till date expenditure statements to the nodal DC for consolidation and onward submission to the AG Nagaland. Moreover, scheme-wise accounts had not been maintained and the fund placed by the nodal DC with the other DCs had been booked as final expenditure by the Department without obtaining utilisation certificates. Hence, the expenditure of Rs.217.93 lakh could not be vouchsafed in audit.

### **3.3.1.5 Non-submission of Utilisation Certificates**

The financial rules as well as the guidelines of the Schemes require that where funds are given for specific purposes, certificates<sup>5</sup> of proper utilisation should be obtained by the DCs from the Implementing Agencies, and after verification, these should be forwarded to the AG alongwith copies of essential documents<sup>6</sup> relating to each work. It was, however, seen that none of the 8 DCs had submitted such certificates and records; nor had the nodal DC insisted for submission of the same at any stage.

### **3.3.1.6 Physical achievement**

Though the Scheme was silent regarding fixation of physical targets, it was envisaged (December 1994) that the type of works should be such as can be completed in one or two working seasons and lead to the creation of durable community assets.

The number of works suggested by the two MPs *vis-à-vis* number of works taken up for execution by the Implementing Agencies and completed during 1997-98 to 1999-2000 was as follows:-

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<sup>5</sup> In form GFR 19 A.

<sup>6</sup> (a) Schedule of works expenditure in form CPWA 64, is to be obtained every month till the closure of accounts or work, upon which the following records would also accompany it to make the account complete in all respects and amenable to check.

- (i) Works abstract in form CPWA 33.
- (ii) Material at Site account in form CPWA 35.
- (iii) Muster Roll in CPWA 21.
- (iv) Detailed estimate, required as per rule 131 of GFRs.
- (v) Quantity and cost estimate for materials and labour required as per paras 10.3.2 and 10.5.3 of CPWA code.
- (vi) Detailed completion report in form CPWA 44 required as per para 10.6.11 of CPWA code.



Year	Works suggested by MPs		Works sanctioned by District Administration		Works actually taken up		Works completed	
	NW	MV	NW	MV	NW	MV	NW	MV
1997-98	300	302.32	300	302.32	300	302.32	70	112.60
1998-99	128	400.00	54	200.00	54	200.00	32	105.33
1999-2000	16	50.00	71	206.00	71	206.00	--	--
<b>Total</b>	<b>444</b>	<b>752.32</b>	<b>425</b>	<b>708.32</b>	<b>425</b>	<b>708.32</b>	<b>102</b>	<b>217.93</b>

NW – Number of works : MV- Money value of work in lakh of rupees

323 works remained incomplete even after 1 to 3 years and spending Rs.490.39 lakh

The above table shows that 323 works (76 per cent of works taken up) were awaiting completion even after 1 to 3 years. This defeated the intention of the Scheme that all the works were to be completed in one or two working seasons.

Scrutiny of records further showed that, although Rs.135.10 lakh was released during 1997-2000 to Mon, Tuensang and Wokha districts for executing 35 works, no works were ever taken up. The concerned DCs have not furnished any reasons for not taking up these works (January 2001). The funds (Rs.135.10 lakh) lying unspent in banks have also not been refunded (January 2001) to the nodal DC by these 3 DCs.

Inflated expenditure was reported to the GOI for obtaining more funds

Although only Rs.217.93 lakh was actually spent on execution of 102 works, the entire allocation of Rs.708.32 lakh was shown as spent, resulting in overstatement of expenditure by Rs.490.39 lakh. Such inflated reporting of expenditure was for the sole purpose of obtaining more funds from the GOI, as the GOI had been releasing funds on the basis of expenditure reported by the State Government without ascertaining the physical progress/completion of the works or actual utilisation of funds. No reason was also furnished by the DCs for 323 works remaining incomplete as of January 2001.

No measurement book or completion report was maintained by the DCs/Implementing agencies. As a result, the actual physical progress of the works taken up for execution, and comparison between physical progress and financial outgo could not be made in audit.

### 3.3.1.7 Execution of works not permissible under the Scheme

175 non-permissible works were executed at a cost of Rs.190.38 lakh

Creation of assets for individual benefit or on private lands, construction of office building for Central or State Government Departments, and purchase of inventory or stock of any type are not permitted under the Scheme. It was, however, noticed that 175 works were taken up for execution by the DCs, Dimapur and Kohima during 1997-98 to 1999-2000 in violation of the aforesaid provisions of the Scheme at a total cost of Rs.190.38 lakh (27 per cent of the total expenditure) as per details given below:-

Sl. No.	Nature of works	Amount (Rupees in lakh)		Percentage of total expenditure
		NW	MV	
1	Grants –in – aid/ relief/ rehabilitation etc.	10	3.25	0.46
2	Procurement of inventories, furniture, office equipment, stationary articles, stocks etc.	3	33.75	4.76
3	Setting up of PCOs/ Grocery shop/ Solar lanterns/Private Clinics of individual nature	9	2.95	0.42
4	Creation of individual Farm Forestry, Piggery, Dairy, fishing etc.	132	55.40	7.82
5	Private educational institutions (ownership of which not transferred to Government)	8	56.50	7.98
6	Construction of Government (State/ Central) buildings, residential quarters, play grounds, repair of schools, private building societies etc.	13	38.53	5.43
	<b>Total:-</b>	<b>175</b>	<b>190.38</b>	<b>26.87</b>

The DCs stated (June 2000) that these works were executed as per recommendations of the MPs. It is evident therefore, that, though required to do so, the DCs did not scrutinise the list of works recommended by the MPs to ensure conformity with the Scheme.

**3.3.1.7.1 Doubtful expenditure**

**Expenditure of Rs.29.85 lakh remained doubtful for want of records**

As reiterated (September 1997) by GOI, purchase of community solar lamps was not permissible under the Scheme. However, scrutiny of records showed that in 1997-98, the BDO, Kohima purchased 88 solar community solar lamps for Rs.29.85 lakh. But, since no bills/challans, APRs, stock entries, and names of beneficiaries were produced to Audit by the BDO, Kohima, the veracity of the expenditure could not be verified.

The purpose for which these lamps were purchased; and the basis on which this requirement and cost of lamps was assessed, was not available on record. Further, no completion certificates were obtained by the DC, for which lapse, no reasons were placed on record.

**3.3.1.8 Works executed without technically approved estimates**

**Technical soundness of 102 completed works remained unascertainable**

As per rules, no work can be taken up for execution without preparing a detailed design, and getting estimates approved and technically sanctioned by the competent authority. It was, however, noticed in audit that all the 425 works (total cost: Rs.708.32 lakh) were taken up for execution, between April 1997 and March 2000, in the Dimapur and Kohima districts without technically approved estimates. Ex-post facto sanction of the competent authority had also not been obtained (January 2001). As a result, the technical soundness of the 102 works claimed to have been completed (construction of roads, buildings etc.) could not be ascertained. Moreover, in the absence of any Register of works or Asset Registers showing the names of works, dates of commencement and completion of the works, estimated cost and total expenditure incurred, the actual progress/completion of the works could not be verified in audit.

### 3.3.1.9 Irregularities in execution of works

414 works were awarded to individual contractors/agencies in contravention of the scheme guidelines

As per guidelines of MPLADS, the works were to be executed through Government Departments and bodies, NGOs and Panchayati Raj Institutions after following the established procedure of the State Government.

It was however observed that, in violation of guidelines, 414 out of 425 works (value Rs. 674.22 lakh) representing 97.4 per cent of the total work were awarded to individual contractors/agencies on the basis of MP's recommendations between 1997-98 and 1999-2000. Further, since no supporting records like bills, completion reports, vouchers, cash memos etc. in support of procurement of materials needed in construction of these works were available, the genuineness of expenditure could not be vouched in audit. The Department had neither physically verified the assets created, nor supervised the execution of works, during the construction period.

### 3.3.1.10 Inventory of assets created

For want of basic records, genuineness of the assets created at a cost of Rs.708.32 lakh could not be verified in audit

As per the Scheme, each DC is to maintain a register containing details of assets created under the schemes showing dates of commencement and completion of each work, estimated cost and expenditure incurred etc. However, neither of the 2 DCs test-checked, maintained any such register, and as a result, details of works taken up for execution and amount spent etc., together with the propriety and genuineness of expenditure, were not susceptible of verification. In the absence of Asset Registers, the assets reported to have been created at a cost of Rs.708.32 lakh could not be verified. Besides, no joint inspection of the assets created (as envisaged under the scheme) was ever carried out.

### 3.3.1.10.1 Non provision for maintenance and upkeep of assets created

According to the guidelines, the DCs had to ensure that provision for maintenance and upkeep of the assets created was forthcoming from the concerned local body or the relevant agencies. Test-check of records showed that the DCs did not hand over the assets created to the local bodies, and as a result, provision for further maintenance and upkeep of assets had also not been received from these local bodies. Thus, the objective of the scheme to create tangible assets could not be vouchsafed in audit.

### 3.3.1.11 Monitoring/Evaluation/Reporting

Control mechanisms in the State remained grossly ineffective

As per the Scheme, every work taken up for execution had to be completed in one or two working seasons, and DCs were required to monitor the progress of all such works, and furnish monitoring reports once in two months to the MPs and GOI. A senior officer of the State Government at the level of Commissioner, had to convene an annual meeting involving the DCs and MPs, to assess the progress of works under the Scheme. It was seen however, that, no such meeting was held during the period covered under audit, and none of the DCs maintained any consolidated record of assets created (discussed in paragraph 3.3.1.10) showing dates of commencement and completion of each

work, and their estimated cost *vis-à-vis* expenditure incurred. Consequently, the internal control mechanism remained ineffective.

Instructions issued (December 1994) by the GOI required the DCs to visit and inspect at least 10 *per cent* of the works every year. It was however noticed that, no schedule of inspections prescribing the minimum number of field visits for each supervisory level functionary of the Department was drawn up. Nor were any of the works visited and inspected, either by the DCs or by the senior officers of the Department, during April 1997 to March 2000. Had the inspections been conducted, the delays in completion of 323 works (as discussed in para 3.3.1.6) would not have occurred.

Only 2 MPRs were sent against 36 MPRs due during 1997-98 to 1999-2000

As per instructions issued (July 1997) by the GOI, all the DCs were required to submit monthly progress report in the prescribed proforma by the 10<sup>th</sup> of the following month. It was noticed however, that out of 36 reports due for submission during April 1997 to March 2000, only 2 reports were sent to the GOI by the Department, and as a result, the Government remained unaware of the progress of the works undertaken. Progress reports were mainly not submitted, because, inspections were not carried out by the DCs.

The guidelines envisaged that, the Department of Statistics and Programme Implementation would evolve simultaneous contact machinery with the nodal district heads, to remove bottlenecks. This has also not been done.

#### **3.3.1.12 Recommendations**

On the basis of the above findings, the following is recommended:

- (a) Creation of a mechanism to arouse the awareness of the general public to the benefits of the Scheme.
- (b) Evolving of a comprehensive policy of selecting competent implementing/executing agencies, and institution of an effective internal control mechanism for record management, accountability oriented reporting, and periodical inspection schedules.
- (c) The Implementing agencies and DCs should be made accountable for improper maintenance/non-maintenance of records and non-submission of periodical returns.

The matter was reported to the Government in July 2000; replies have not been received (February 2001).

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 3.4 National Family Welfare Programme

The National Family Welfare Programme is a demographic as well as a welfare programme meant for stabilising the population level, and at the same time, improving maternal and child health care. However, due to inconsistency of data on population coverage, procurement, and application of vaccines, and also due to scanty issue of family welfare materials, and incorrect and inflated reporting, the reported figures of achievement in the State were unreliable.

#### *Highlights*

Expenditure (Rs.23.90 crore) on salaries alone accounted for 75 per cent of the total expenditure (Rs.31.99 crore) under the Programme during 1995-2000. The Department stated that excess staff were appointed on the recommendation of Ministers and higher authorities.

(Paragraph 3.4.4)

There was an excess expenditure of Rs.1.43 crore in 182 Sub-centres due to appointment of staff far in excess of actual requirement.

(Paragraph 3.4.5.1.1)

The monthly progress reports submitted by departmental officers contained inflated/incorrect figures and the entire reporting process was unreliable.

(Paragraph 3.4.5.2)

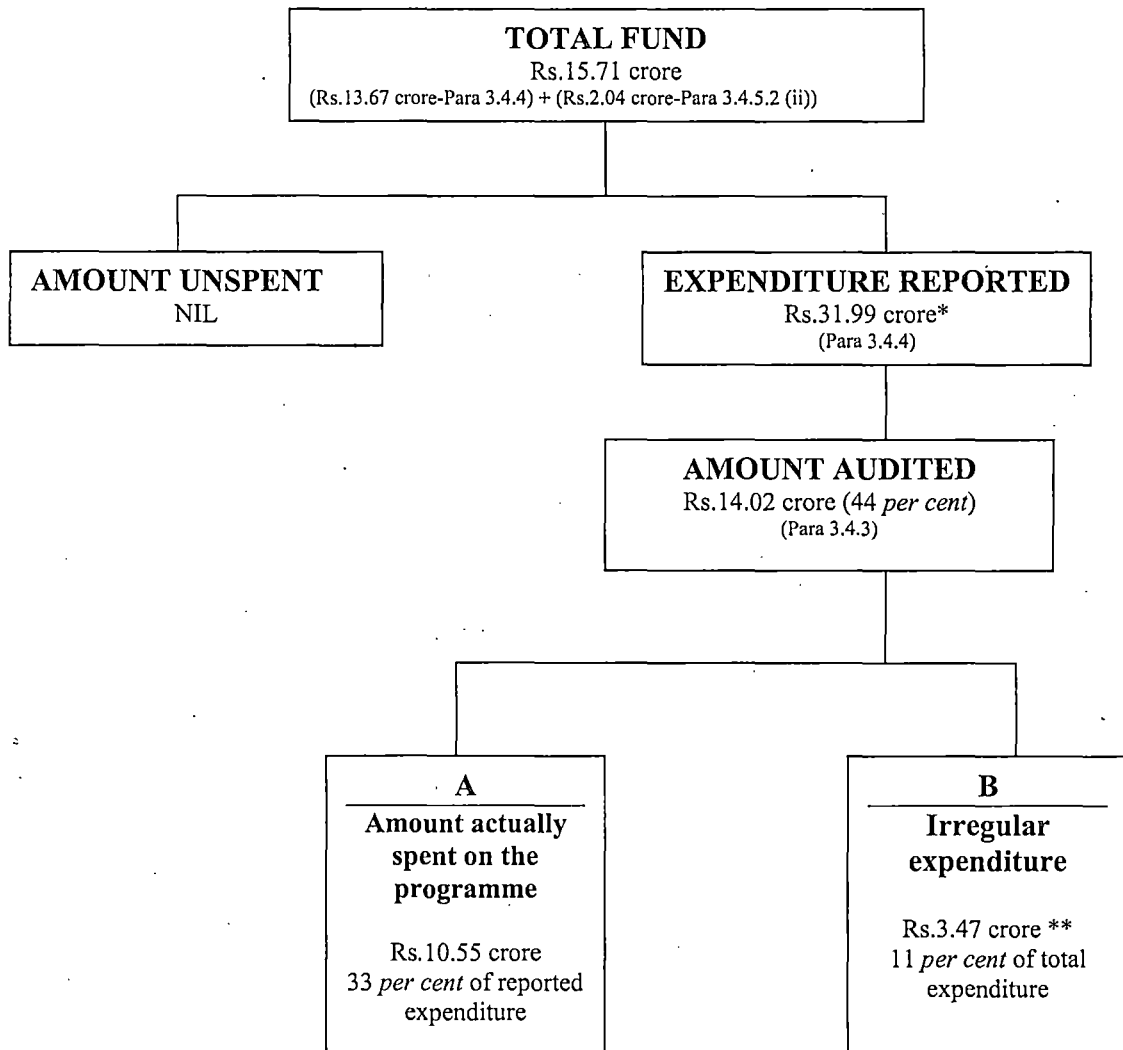
Vaccine vials shown as issued, by the Directorate of Health and Family Welfare, were more than the number of vials actually received.

(Paragraph 3.4.5.2 (i))

Fictitious issue of BCG (350 Amp), OP (3840 vials), Measles (2400 vials), TT (2000 vials), DT (800 vials) and DPT (1360 vials) vaccines by the DH&FW to the field units.

(Paragraph 3.4.6 (a) (ii))

**FINANCE TREE**



\* Excess expenditure (Rs.16.28 crore) incurred over the total Central funds of Rs.15.71 crore was met by the Department by diverting the funds from other schemes (Para 3.4.4 (i) and (iv))

\*\* Para 3.4.5.2 (ii): Non-submission of audited accounts **Rs 2.04 crore**  
 Para 3.4.5.1.1: Excess expenditure on pay and allowances **Rs 1.43 crore**  
 Total: **Rs 3.47 crore**

### 3.4.1 Introduction

The main objectives of the National Family Welfare Programme (NFWP) were: to bring down the birth and death rates through various family planning measures and temporary methods of birth control, to persuade the people to adopt small family norms by popularising the use of conventional contraceptive devices, oral pills etc., and to provide medical services, medicines, and incentives free of cost at the doorsteps of the acceptors of family planning measures.

These objectives were to be achieved through implementation of the following schemes: the Minimum Needs Programme redesigned as Basic Minimum Services (BMS), Sterilisation Bed Scheme, Post Partum PAP Smear Test Facility Programme, All India Hospital Post Partum Programme, the Population Research Centre Scheme, and the Child Survival and Safe Motherhood (CSSM) Programme.

Of the above, only the Basic Minimum Services and the Sterilisation Bed Scheme, have been implemented in the State.

### 3.4.2 Organisational set up

The Secretary, Health and Family Welfare Department, Government of Nagaland is the nodal authority to oversee the implementation of the programme at the State level. The programme is implemented by the Director of Health Services, Nagaland, Kohima, through 46 Primary Health Centres, 9 Community Health Centres and 302 Sub-centres. There is no Family Welfare Training Centre in the State.

### 3.4.3 Audit coverage

The review covered the period from 1995-96 to 1999-2000, by test check of records of 5<sup>1</sup> out of 8 districts and associated field units, involving expenditure of Rs.1402.29 lakh (44 *per cent* of the total expenditure of Rs.3198.59 lakh), during the period February to April 2000.

The services of the ORG-Centre for Social Research, a division of ORG-MARG Research Limited was commissioned by the Comptroller and Auditor General of India with a view to obtaining the beneficiary perception of the programme and related matters. The ORG-MARG carried out survey over a sample of 1509 households (404 urban and 1105 rural) and 12 health facilities in Kohima and Wokha districts of Nagaland State during October-November 2000. Significant findings of the survey on matters discussed in the Report have been included in this review at appropriate places.

The results of test check are given in the succeeding paragraphs.

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<sup>1</sup> Dimapur, Kohima, Mon, Mokokchung and Tuensang.

### 3.4.4 Finance and expenditure

The Central assistance received comprised of both cash and materials. Details of cash assistance received and actual expenditure are given below:-

Year	<i>(Rupees in lakh)</i>		
	Budget Provision of the State Government	As per GOI sanctions	Actual expenditure by the Department
1995-96	381.74	300.13	723.68
1996-97	308.20	211.49	716.04
1997-98	375.84	207.82	391.77
1998-99	605.29	247.95	595.79
1999-2000	757.06	399.72	771.31
<b>Total:-</b>	<b>2428.13</b>	<b>1367.11</b>	<b>3198.59</b>

It was noticed in audit that:-

(i) The excess expenditure of Rs.1831.48 lakh over sanctions, during the five years ending March 2000, was mainly on account of salaries of staff (details in sub-para (ii) below) appointed in excess of the Government of India's norms, and the booking of such non-plan expenditure as plan expenditure under the scheme. The Department stated (July 2000) that excess staff were appointed on the recommendations of Ministers/higher authorities.

Salaries (Rs.2389.55 lakh) accounted for 75 per cent of the total expenditure (Rs.3198.59 lakh).

(ii) The total amount paid under salaries during 1995-96 to 1999-2000 was Rs.2389.55 lakh, which accounted for 75 per cent of the total expenditure of Rs.3198.59 lakh.

(iii) Scheme-wise details of allotment of funds, and expenditure, are shown in *Appendix—XXIX*.

(iv) Actual expenditure exceeded the budget provision by 132 per cent indicating unrealistic budgeting. The excess expenditure was met by diverting funds from other schemes implemented by the Department, which, however, could not be quantified for want of records.

### 3.4.5 Implementation

#### 3.4.5.1 Minimum Needs Programme (Basic Minimum Services)

##### 3.4.5.1.1 Creation of infrastructure

Family Welfare Services are to be provided to the community through a network of Sub-centres (SCs), Primary Health Centres (PHCs) and Community Health Centres (CHCs) in the rural areas, and hospitals and dispensaries in the urban areas, in a phased manner by 2000 AD. As per the scheme, one Sub-centre is to be established for every 3000 population in tribal and hilly areas, one PHC for every 2000 population, and one CHC for 1,00,000 population.

Excess expenditure of Rs.143.05 lakh.

The total population in the State was 12.10 lakh (1991 census), which justifies creation of 403 SCs, 60 PHCs and 12 CHCs, against which, 234 SCs, 28 PHCs and 4 CHCs have been set up without following the population norms; the



shortfall ranged between 42 and 67 *per cent*. For instance, SCs have been created in areas where the population was even less than 80, *viz.*, Pedi (71), Tizuisland (33) and Apoukito (53). The ORG Centre for Social Research, New Delhi in their beneficiary assessment (November 2000) however, observed that the PHCs in Nagaland, on an average covered a population of 26,527 which is more than the coverage norm set (20,000 population in hilly areas) but the Sub-Centres covered in Nagaland at an average of 1969 population is also much lower than the set norm of 3,000 population. Further, against the norm of 6 Sub-centres to a PHC, and 4 PHCs to a CHC, test check of 192 out of 234 SCs (82 *per cent*) revealed that, only 10 SCs satisfy the population criteria. This resulted in excess expenditure of Rs.143.05 lakh towards pay and allowances and honorarium annually paid to the staff employed in 182 Sub-centres.

The Department, while admitting the fact stated (August 2000) that, the health units in the State were not established as per the GOI norms and were created on the basis of topography, and social and local conditions. The Department could not, however, explain, how the norms fixed by GOI for hilly and tribal areas, are not workable in Nagaland.

The couple protection rate (percentage of eligible couples effectively protected against pregnancy) in the State was 7.9 *per cent*, a rate significantly lower than the all India figure of 45.4. The Total Fertility Rate (TFR) of 3.8 children per woman in Nagaland is higher than that of the national average of 2.8. The basic indicators of the State do not reflect a good performance of the family welfare programme in the State. This was also corroborated by the beneficiary conducted by the ORG Centre, for Social Research, New Delhi in November 2000.

#### 3.4.5.1.2 *Engagement of Dais*

**Expectant mothers of 1002 villages were left at the mercy of quacks and untrained persons.**

As per National norms for rural health infrastructure, at least one trained Dai should be provided for each village. Against a total requirement of 1225 trained Dais, only 123 Dais are on the rolls of the State Government as of January 2001, covering only 10 *per cent* villages in the State. In the absence of trained Dais, the expectant mothers of atleast 1002 villages, were left at the mercy of quacks and untrained persons.

The ORG Centre for Social Research, New Delhi in their survey (November 2000) also observed that none of the medical and para-medical staff was trained in handling various activities under child survival and safe motherhood activities and the government centres in Nagaland still have a long way to go with imparting training to its staff which has had a profound impact on the performance of the programme.

The Department stated (August 2000) that the actual number of trained Dais in the State was greater than the Dais appointed by the State Government. The Department could not, however, quantify the number of trained Dais, and their disposition among the villages in the State.

**3.4.5.1.3 Manpower management**

Test check of records of 31 institutions (2 CHCs, 12 PHCs and 17 SCs) showed that, 108 staff were engaged in excess of the sanctioned strength as shown below:-

In 31 health centres, 108 staff were appointed in excess of the sanctioned strength.

Centres test checked	Staff to be appointed as per norms	Men-in-position	Excess appointment	Percentage of excess
Community Health Centres (2 Nos.)	50 Nos.	86 Nos.	36 Nos.	72 %
Primary Health Centres (12 Nos.)	180 Nos.	223 Nos.	43 Nos.	24 %
Sub-centres (17 Nos.)	51 Nos.	80 Nos.	29 Nos.	57 %
<b>Total:-</b>	<b>281 Nos.</b>	<b>389 Nos.</b>	<b>108 Nos.</b>	<b>38 %</b>

The Department stated (August 2000) that in the early seventies, the State Government decided to engage 2 Grade IV staff in each Sub-centre, over and above the 2 regular health workers specified by the Government of India. Also, upgradation of Health Units into more streamlined CHCs/PHCs rendered many existing staff surplus. Since these staff were not redeployed, they continued to be engaged in the new setup without work. The Department, however, could not furnish documents to support their contention, and also, could not explain how the services of these excess staff were utilised.

**3.4.5.2 (i) Universal Immunisation Programme (UIP)**

Scrutiny of records relating to implementation of immunisation programme revealed that, the total number of doses shown as administered in the Monthly Progress Reports (MPRs), were far in excess of the doses available for immunisation as shown below:-

Name of the district	Particulars of immunisation	Doses applied as per MPR	Doses actually available	Doses available after allowing wastage as per GOI norms
Mokokchung	Polio	43,714	26,479	19,859
	BCG	13,887	23,669	11,835
	DPT	42,150	43,243	32,431
	DT	7,306	14,701	11,024
	TT	36,308	60,239	45,178
	Measles	4,464	6,809	5,104
Tuensang	Polio	8,267	64,900	48,675
	BCG	1,204	10,600	5,300
	DPT	8,197	10,710	8,032
	DT	5,430	2,520	1,889
	TT	10,643	13,470	10,102
	Measles	2,038	3,075	2,305
Dimapur	Polio	4,47,491	3,54,680	2,66,010

Achievements reported were incorrect and were not reliable.

It was also noticed that, the MPRs did not include details of actual wastage based on GOI norms<sup>2</sup>, implying that there was no monitoring and evaluation of wastage, and the figures in the MPRs were not based on actual records. As a result of this wastage, at least 88,670 children<sup>3</sup> were deprived of immunisation facilities under the programme. The Department, while

<sup>2</sup> The wastage rate for all vaccines except BCG is 25% and for BCG it is 50%.

<sup>3</sup> 3,54,680-2,66,010 = 88,670

admitting that the MPRs were incorrect, stated (August 2000) that, instructions had been issued to all concerned to fill up the MPRs correctly and submit them in time. No responsibility has, however, been fixed by the Department on the erring officials for such incorrect reporting.

Achievements of immunisation of expectant mothers (EM), and children against the targets (fixed by GOI), were very poor and erratic as shown below:-

Year	Target		Achievement					Coverage (%)				
	Infant	EM	DPT	OPV	BCG	MSL	TT (EM)	DPT	OPV	BCG	MSL	TT (EM)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1995-96	28,000	29,000	14,200	10,968	7,594	1,340	10,190	50.71	39.17	27.12	4.79	35.14
1996-97	27,000	28,000	21,066	21,221	11,401	7,617	8,632	78.02	78.02	42.23	28.21	30.83
1997-98	28,000	30,000	16,995	17,360	9,869	6,763	7,557	60.70	62.00	35.25	24.15	25.19
1998-99	NA	NA	14,601	15,174	7,726	5,936	8,023	---	---	---	---	---
1999-2000	41,250	49,500	15,358	17,030	10,509	7,129	15,007	37.23	41.28	25.48	17.28	30.32

Achievements under immunisation programme were poor and erratic.

Based on the figures published by the Directorate of Economics and Statistics of Government of Nagaland, it is seen that, the live births recorded for 1995 was 24,374, and that the infant deaths were only 150. It is also seen that, while the growth in birth rate in Nagaland has shown an increasing trend, such increase has not been reflected in the targets projected by the DH&FW. It is, therefore, evident that, in all the years, a significant portion of the infants and expectant mothers were not fully covered. ORG-MARG survey also found that overall 59 per cent of the children were fully immunized and about 30 per cent were partially immunized. It is also evident that, the targets fixed were not based on reality. The Department admitted (August 2000) that achievement figures shown are far below the targets.

3820 vials of TT and Measles vaccines remained unutilised in stock resulting in denial of benefits to atleast 1220 children.

Scrutiny of records of the Civil Surgeon, Mon revealed that, 2600 vials of TT vaccine and 1220 vials of Measles vaccine remained unused (April 2000) in stock, although their shelf lives expired in January 1997 and February 1998 respectively. This resulted in denial of benefits under the Programme to atleast 1220 children. The Department stated (August 2000) that, the concerned officer had been asked to furnish reasons for such wastage.

#### (ii) Pulse Polio Immunisation (PPI)

Reported figures of achievements under PPI were inflated and not correct.

As per the operational guidelines issued (1998) by the GOI, the targeted population should be calculated by multiplying the total population in the administrative area by 0.128 (revised to 0.14 from 1999-2000). The targeted population (children in the age-group of 0-5 years) in the State during the years 1996-97 to 1999-2000 (calculated on the basis of the above formula), and number of children estimated to be covered by the Department is given below:-

Year	Targeted population as per GOI formula	Number of children estimated to be covered by the Department		Variation Excess (+) Shortfall (-)
		1 <sup>st</sup> dose	2 <sup>nd</sup> dose	
1996-97	1,73,536	1 <sup>st</sup> dose	1,87,599	(+) 14,063
		2 <sup>nd</sup> dose	1,94,080	(+) 20,544
1997-98	1,76,868	1 <sup>st</sup> dose	1,93,569	(+) 16,701
		2 <sup>nd</sup> dose	1,97,364	(+) 20,496
1998-99	1,80,263	1 <sup>st</sup> dose	2,22,729	(+) 42,466
		2 <sup>nd</sup> dose	2,22,729	(+) 42,466
1999-2000	2,00,949	1 <sup>st</sup> dose	2,22,729	(+) 21,780
		2 <sup>nd</sup> dose	2,22,729	(+) 21,780
		3 <sup>rd</sup> dose	2,22,729	(+) 21,780
		4 <sup>th</sup> dose	2,22,729	(+) 21,780

**Note:-** In 1995-96, the PPI covered children upto 3 years of age. The figures for the year 1995-96 could not be given for want of basic data.

The above table indicates that, no norm was followed by the Department to estimate the target population to be administered PPI, and the estimation was far in excess of the actuals.

The operational guidelines also stipulate that, the need for vaccines should be calculated as per the following formula:-

Number of children x 1.33x2=OPV requirement for two doses (upto 1998-99)  
 Number of children x 1.33x4=OPV requirement for four doses (from 1999 onwards).

Using the above formula, the number of children shown to have been immunised, was far in excess of the maximum number of children who could be immunised with the OPV doses shown as used, during the years 1995-96 to 1999-2000 as detailed below, which indicates that achievement figures reported by the State Government were not based on actual records, and thus incorrect.

Year		Total number of OPV doses shown to have been administered	Maximum number of children who could be immunised with the OPV doses shown to have been administered	Total number of children shown to have been immunised	Achievement Report overstated by
1995-96	1 <sup>st</sup> dose	1,03,547	77,855	1,19,359	41,504
	2 <sup>nd</sup> dose	1,18,668	89,224	1,23,964	34,740
1996-97	1 <sup>st</sup> dose	1,79,622	1,35,054	1,87,599	52,545
	2 <sup>nd</sup> dose	1,87,036	1,40,629	1,94,080	53,451
1997-98	1 <sup>st</sup> dose	1,82,498	1,37,217	1,93,569	56,352
	2 <sup>nd</sup> dose	1,87,406	1,40,907	1,97,364	56,457
1998-99	1 <sup>st</sup> dose	1,93,774	1,45,695	2,22,729	77,034
	2 <sup>nd</sup> dose	1,96,002	1,47,370	2,22,729	75,359
1999-2000	1 <sup>st</sup> dose	2,31,638	1,74,164	2,22,729	48,565
	2 <sup>nd</sup> dose	2,33,865	1,75,838	2,22,729	46,891
	3 <sup>rd</sup> dose	2,29,411	1,72,489	2,22,729	50,240
	4 <sup>th</sup> dose	2,36,093	1,77,514	2,22,729	45,215
<b>Total:-</b>		<b>22,79,560</b>	<b>17,13,956</b>	<b>23,52,309</b>	<b>6,38,353</b>

Administration of OPV doses to ineligible children.

The Department stated (August 2000) that, the national norm of 14 per cent of the total population for calculating number of children in the age group of 0-5

years has been followed. The contention is not correct, because, as per the operational guidelines issued by the GOI, the number of children in the age-group of 0-5 years was to be estimated at 12.80 *per cent* of the total population till 1998-99, and at 14 *per cent* thereafter. Also, a child who has already been given the full dosage (3+1), will not continue to get OPV. Also, the annual growth rate of population is only 1.92 *per cent*. Therefore, the target will be far less than the estimated number of children. It was also stated by the Department that, the difference between the number of OPV doses administered, and the number of children to be covered, was due to administration of vaccines (not quantified) to children belonging to the age-group of 5-7 years, who are also eligible for the benefits as per the operational guidelines issued by GOI. The replies furnished are, however, not acceptable to Audit, as there was no specific mention in the guidelines about administration of OPV doses to children belonging to the age-group of 5 to 7 years. Also, since, as per the dosage prescribed by National Immunisation mission (GOI), even the booster dose is to be given by the time the child attains 2 years of age, it is not clear what purpose is served by giving OPV to children who could not possibly benefit from this.

**Denial of benefits to 3180 children.**

Test check of records of the Sub-Divisional Medical Officer (SDMO), Dimapur revealed that 28,084 vials of OPV were issued for PPI programme during December 1997 to January 2000 against actual requirement of 24,904 vials. Since the PPI centres (posts) did not possess cold chain facilities, and most of the excess vaccines were returned, 3180 vials of vaccines are deemed to have been spoilt. This resulted in denial of benefits under the Programme to atleast 3180 children.

During 1995-96 to 1999-2000, the State Government received Rs.204.05 lakh as grants, for disbursement to the State Committee on Voluntary Action (SCOVA), for implementation of Pulse Polio Immunisation Programme. The SCOVA was required to submit audited statement of accounts to the GOI, after implementing the Programme. As of January 2001, no such accounts had been furnished by the SCOVA/Department.

The Department stated (August 2000) that the expenditure incurred was under audit by the Chartered Accountant. This, however, does not explain why the accounts of earlier years have not been furnished to GOI.

**(iii) Family Welfare activities**

Year-wise performance on Family Welfare (FW) activities was as below:-

Year	Number of direct acceptors at district and sub-district level					Obstetrics (OB) and Abortion (AB) cases at district and sub-district level			
	Tubectomy	Vasectomy	IUD	Oral pills	Total	OB cases	AB cases	Total	Percentage of direct acceptor over OB and AB
1995-96	522	0	665	6,512	7,699	113	6	119	1.55
1996-97	668	0	1,778	5,136	7,582	186	0	186	2.45
1997-98	498	47	1,135	168	1,848	---	20	20	1.08
1998-99	1,548	4	965	2,578	5,095	594	1	595	11.68
1999-2000	1,231	49	2,025	6,102	9,407	484	---	484	5.15
<b>Total:-</b>	<b>4,467</b>	<b>100</b>	<b>6,568</b>	<b>20,496</b>	<b>31,631</b>	<b>1,377</b>	<b>27</b>	<b>1,404</b>	

Unreliable figures on achievement indicated absence of MIS in the Department.

Since the direct acceptors are those OB and AB cases who undergo FW measures (Tubectomy, IUD, Oral Pills), the number of direct acceptors should always be equal to, or less than, the OB and AB cases. It would be seen, however, that, against 1,404 OB and AB cases for 1995-2000, the number of direct acceptors was stated to be 31,631, which indicated that the performance figures were unreliable.

The Department admitted (August 2000) that indirect acceptors were also included in the figures for direct acceptors but could not quantify the number of such indirect acceptors. This also goes to corroborate that, the Management Information System (MIS) in the Department was faulty and inadequate.

*(iv) Sterilisation Bed Scheme*

The scheme for reservation of sterilisation beds in hospitals, was introduced by the GOI in 1964, to provide facilities for tubectomy operations.

It was seen in audit that, of the 1794 beds available in various centres in the State, no bed was specifically reserved for Family Welfare activities. The Department, while admitting the fact, stated (August 2000) that, although no hospital beds are specifically earmarked for Family Welfare activities, instructions have been issued (August 2000) to all District Hospitals to keep a few (unspecified) beds reserved for this purpose at all times. It was also stated that, 10 beds were earmarked under Post Partum Programmes in Naga Hospital, Kohima.

The ORG Centre for Social Research, New Delhi in their survey (November 2000) also observed that in Nagaland role of NGOs in providing sterilisation services was found to be negligible with only a few respondents reporting availability and utilisation of services from NGOs and only a few of the sterilisation acceptors mentioned to have received incentives either in cash or in kind.

*3.4.6 Procurement of vaccines and other FW materials*

*(a) Vaccines*

Number of vials shown as issued were far in excess of the total vials available in stock for issue.

Vaccines required for immunisation of children and expectant mothers were issued by the Government of India, through Government Medical Store Depots. The year-wise procurement and distribution of vaccines detailed in *Appendix-XXX* would show that, the number of vials (1,52,500) shown as issued, were far in excess of the total vials (33,273) available. Therefore, the data on distribution of materials to the beneficiaries were not reliable. Also, the receipt/issues reflected in the stock accounts, were not authenticated by any responsible officer.

The Department, while admitting the lapses, stated (August 2000) that, suitable instructions were being issued. Further action is awaited (January 2001).

(i) As per Government of India's directions, vaccines required for immunisation, and other Family Welfare materials, are to be distributed through CHCs, PHCs, and SCs. Test check showed, however, that, OPV (528 vials), Measles (75 vials), BCG (1039 Amp.), TT (736 vials), DT (377 vials), DPT (1093 vials), Mala N (100 cycle), Nirodh (6200 Nos.), Copper T (73 Nos.), IFA-small (15,000 Nos.) and IFA-large (22,000 Nos.) were issued to voluntary organisations, institutions and individuals, directly by the DH&FW, Kohima violating the Government of India directives. No Utilisation Certificates were furnished by the NGOs; nor were these called for (January 2001) by the Department.

(ii) Collateral check of records of two field units (DFWO, Mokokchung and DFWO, Kohima) revealed that, BCG (350 Amp.), OPV (3,840 vials), Measles (2,400 vials), TT (2,000 vials), DT (800 vials) and DPT (1,360 vials) vaccines, shown as issued to the units by the DH&FW, have not been received by the units concerned. This indicated a lack of adequate control over receipt and distribution of FW material. Moreover, in such a slack process, possibilities of pilferage of these vials could not be ruled out.

**(b) Family Welfare materials**

Details of Family Welfare materials received during 1995-96 to 1999-2000 from the Government of India, and their free distribution to beneficiaries, are given at *Appendix-XXXI*.

**Idle stock of 28.81  
lakh Iron Folic Acid  
Tablets.**

(i) 28.81 lakh Iron Folic Acid (IFA) tablets (both large and small) meant for issue to expectant and nursing mothers, have been lying in stock since 1997-98, without issue to the beneficiaries. Reasons for non-issue are not known. Since all these tablets have outlived their shelf life of one year, these cannot be used, resulting in loss to Government, and denial of benefits to the targeted beneficiaries.

The Department, while assuring that such instances would not occur in future, stated (August 2000) that, as the supply of IFA tablets was usually very irregular—sometimes 2-3 times in a year and in bulk, and at other times nil—it was facing problems of proper stocking and distribution. Moreover, the short life span and sub-standard quality of the IFA tablets received from the GOI, and their unpopularity among the public aggravated the problem. This, however, does not explain why the Department failed to return excess/sub-standard tablets to the Government of India for their re-issue/destruction to other States where these tablets were in demand. Moreover, no physical verification of stores had been done. Had such verification been done regularly as per General Financial Rules, these lapses could have been detected by the Department itself, much earlier.

(ii) Test check of records of DFWO, Kohima revealed that, different substandard materials<sup>4</sup> received from the Government of India through the Government Medical Store Depot, were issued to the beneficiaries. Adverse

<sup>4</sup> IFA tablets 100 units (15,000) and Methy Lergasetrine Maleate tablets 100 units (4,800).

effects due to consumption of these substandard medicines had not been investigated (January 2001).

### **3.4.7 Monitoring and evaluation**

**Delay in submission of Monthly Progress Reports.**

Although the Department was required to submit consolidated MPRs to the Government of India (Ministry of Health and Family Welfare) by the 10<sup>th</sup> of each month, MPRs containing incorrect and inflated figures (discussed in Paragraph 3.4.5.2 (ii)) were routinely submitted late, with delays ranging from 1 to 2 months.

Proper monitoring and evaluation is a *sine-qua-non* to assess achievement of various components of the programme, and for smooth implementation. It was noticed that no monitoring and evaluation was conducted, in the absence of which, the actual impact of the programme remained obscure to the Department, even after incurring an expenditure of Rs.31.99 crore.

### **3.4.8 Recommendations**

- (i) The department should conduct survey to assess the number of children, and expectant mothers requiring health and family welfare support;
- (ii) Maintenance of records should be geared up so as to have an accurate database;
- (iii) The coverage on immunisation should be properly monitored in order to ensure total immunisation for all the children and expectant mothers;
- (iv) Wastage of vaccines should be reduced to minimum;
- (v) Actual expenditure on PPI programmes should be covered by audited accounts and utilisation certificates; and
- (vi) Proper infrastructure such as cold chain facilities and generators should be provided, to facilitate storage of vaccines.

The matter was reported to the Government in June 2000; replies had not been received (February 2001).



## PLANNING AND CO-ORDINATION/INDUSTRIES DEPARTMENTS

### 3.5 Urban Employment Generation Programme

*The Urban Employment Generation Programme, comprising Nehru Rozgar Yojana, Urban Basic Services for the Poor, Prime Minister's Integrated Urban Poverty Eradication Programme (now collectively known as the Swarna Jayanti Sahari Rozgar Yojana) and, Prime Minister's Rozgar Yojana, are one of the main sources for generation of employment in urban areas. Though funds were received from the Central Government in time, the State Government released the same after delays of 1 to 10 years. Partial utilisation of available resources adversely affected generation of employment for urban poor. Since the assets created were not maintained thereafter, the scheme did not result in sustained benefits to the poorest sections of the society. Target groups were not identified and vital records like Muster Rolls, Measurement Books etc., were not maintained. Consequently, it could not be ensured if the benefits of the Schemes had actually percolated down to the targeted population.*

#### *Highlights*

Out of Rs.6.49 crore received from Central Government during 1995-96 to 1999-2000, the Department could only spend Rs.4.55 crore (70 per cent) leaving a balance of Rs.1.94 crore. Due to non-release/delay in release of funds by the State Government, beneficiaries were deprived of employment for 5.56 lakh mandays. Moreover, due to improper implementation of the Schemes, the Department failed to generate employment for a further 5 lakh mandays.

(Paragraph 3.5.5.1 and 3.5.7)

Unnecessary withdrawal and retention of funds by the Chief Town Planner, Kohima, facilitated robbery of Rs.50 lakh.

(Paragraph 3.5.5.1)

Unnecessary withdrawal and retention of funds in the form of Deposit at Call (DAC) resulted in loss of interest of Rs.30.32 lakh.

(Paragraph 3.5.5.1)

There were delays ranging from 1 to 10 years in release of Central shares by the State Government. Central share (Rs.1.31 crore) for the years 1989-90 to 1992-93 was drawn by the State Government only in March 1999. Against the State share of Rs.3.60 crore pertaining to the years 1989-90 to 1999-2000, the State Government released only Rs.0.90 crore in March 1999. Though Government of India released Rs.1.09 crore in

1995-96 and Rs.1.23 crore in 1996-97 towards PMIUPEP<sup>1</sup>, the State Government released Rs.2.32 crore only during 1997-98.

(Paragraph 3.5.5.2)

Vital records like Shelf of Projects, Muster Rolls etc., had not been maintained.

(Paragraph 3.5.5.4(ii) & 3.5.6.3)

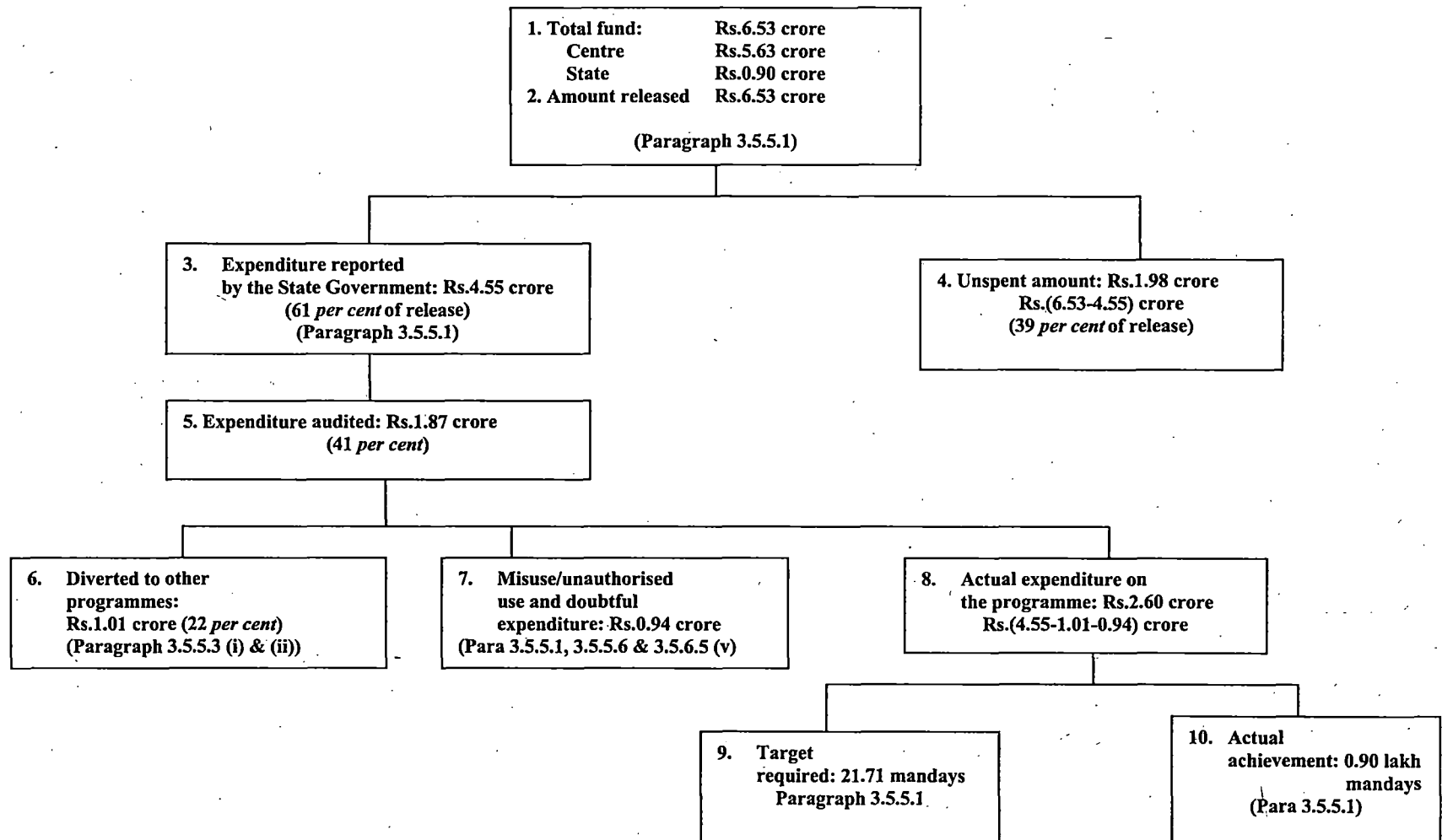
The Scheme was implemented without identifying the target group. Expenditure of Rs.1.83 crore incurred during 1995-96 to 1999-2000 on creation of assets resulted more in one-time generation of employment than in sustained benefit to the poor.

(Paragraph 3.5.6.4)

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<sup>1</sup> Prime Minister's Integrated Urban Poverty Eradication Programme.

## FINANCE TREE



### **3.5.1 Introduction**

Government of India launched Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP), Prime Minister's Rozgar Yojana (PMRY) and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) between October 1989 and November 1995 to provide employment to the urban unemployed and under-employed youth living below poverty line (BPL) and to elevate them above poverty level. In December 1997, the Government of India launched 'Swarna Jayanti Sahari Rozgar Yojana' (SJSRY) by integrating NRY, UBSP and PMIUPEP. All these, together constitute the Urban Employment Generation Programme (UEGP), and aim at generating employment opportunities through setting up self-employment ventures<sup>2</sup> and through creation of durable community assets in urban areas.

### **3.5.2 Organisational set up**

While the Development Commissioner, Planning and Coordination Department, Nagaland is the nodal authority for implementation of NRY, PMIUPEP and SJSRY, the Secretary to the Government of Nagaland, Industries Department, is the nodal authority for implementation of PMRY in the State. SJSRY is implemented by the State Urban Development Agency (SUDA), Kohima and 8<sup>3</sup> District Urban Development Agencies (DUDAs). PMRY is implemented by the Industries Department through 8<sup>4</sup> District Industries Centres (DICs) under the supervision of the Director of Industries.

The Engineering wing of the Town Planning Division, Kohima renders technical assistance for execution of all works under the Programme.

### **3.5.3 Audit coverage**

A review on the implementation of the UEGP for the period 1995-96 to 1999-2000 was conducted (March to May 2000) by test-check of records of the Chief Town Planner and its Engineering wing, SUDA and the Director of Industries, Kohima, 8 Kohima branches of Lead Banks<sup>5</sup> as also the DUDAs and DICs Dimapur and Kohima.

The important points noticed during review are discussed in the succeeding paragraphs.

### **3.5.4 Impact assessment of implementation**

The schemes under UEGP were implemented without conducting annual household surveys to identify targeted beneficiaries in urban areas. No

No surveys were conducted to identify beneficiaries

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<sup>2</sup> Self employment ventures included setting up of furniture shop, book stall, weaving unit, piggery, fishery, beauty parlour, rice mill etc.

<sup>3</sup> Kohima, Dimapur, Mokokchung, Tuensang, Mon, Wokha, Phek and Zunheboto.

<sup>4</sup> Kohima, Dimapur, Mokokchung, Tuensang, Mon, Wokha, Phek and Zunheboto.

<sup>5</sup> SBI (Main Branch), SBI (Bazar Branch), SBI (Lerie Branch), United Commercial Bank, United Bank of India, Bank of Baroda, Central Bank of India and Vijaya Bank.

mechanism was established to ascertain the number of beneficiaries crossing the poverty level as a result of implementation of these schemes. Hence the number of beneficiaries crossing BPL could not be ascertained in audit.

### 3.5.5 Financial outlay and expenditure

#### 3.5.5.1 Funding pattern

While the expenditure under NRY and SJSRY is shared by the Central and State Government on 60:40 and 75:25 basis respectively, PMRY is funded entirely by the Central Government.

Year-wise details of opening balances, funds released by the Central and State Governments, and expenditure incurred under each scheme during 1995-96 to 1999-2000 are given in *Appendix-XXXII*.

The following points were noticed in audit-

**Release of funds at the fag end of the year adversely affected implementation**

Against receipt of Rs.649.28 lakh during the period 1995-96 to 1999-2000, the Department incurred a total expenditure of Rs.455.06 lakh (*Appendix-XXXIII*) representing 70 per cent utilisation. Release of funds at the end of each year by the State Government was the main reason for such poor utilisation which resulted in less generation of 2.22 lakh mandays during the 5 years ended 31 March 2000.

Though the unspent funds (Rs.140.81 lakh) under NRY, UBSP and PMIUPEP as of November 1997 were to be transferred to SJSRY in December 1997, only Rs.131.44 lakh was transferred (March 1999). The unspent balance of Rs.9.37 lakh in respect of PMIUPEP has not been transferred (January 2001) for reasons not on record.

As the schemes could not be implemented due to non-release of funds by the State Government, GOI stopped (June 1995) further assistance under the NRY and UBSP.

**Generation of mandays was only 4 per cent of potential**

It was seen that, while the Department could generate 21.71 lakh mandays with the available funds under the scheme, it generated only 0.90 lakh mandays representing 4 per cent achievement. Execution of works through contractors in contravention of the scheme guidelines was the main reason for such low performance. No responsibility for such deviation has been fixed (January 2001).

**SUDA booked final expenditure of Rs.156.15 lakh without obtaining Utilisation Certificates from the DUDAs.**

It was also noticed that after making advances of Rs.156.12 lakh to 8 DUDAs for implementation of SJSRY during 1999-2000, SUDA, Kohima booked the entire amount as final expenditure without obtaining any Utilisation Certificates from the DUDAs. It was seen that out of Rs.57.61 lakh (Rs.29.68 lakh for Kohima and Rs.27.93 lakh for Dimapur) received by 2 DUDAs, Rs.43.05 lakh (Rs.20.66 lakh-Kohima and Rs.22.39 lakh, Dimapur) was utilised leaving an unutilised balance of Rs.14.56 lakh (Rs.57.61 lakh – Rs.43.05 lakh). Consequently, the expenditure figures in the accounts for 1999-2000 were overstated.

State Government claim that 4.63 lakh mandays were generated not verifiable in audit

Against the total expenditure of Rs.455.06 lakh incurred under all these schemes during 1995-96 to 1999-2000, the Department furnished Utilisation Certificates (UCs) for only Rs.49.58 lakh to the GOI. The GOI also did not insist (January 2001) on submission of UCs for the balance amount of Rs.405.48 lakh. Hence the claim of the State Government that 4.63 lakh mandays were generated could not be verified in audit.

Robbery of Rs.50 lakh.

The Chief Town Planner, Kohima drew Rs.123.18 lakh (September 1997) for implementation of PMIUPEP, out of which, Rs.4 lakh was spent (7 October 1997) for purchase of a computer. The balance amount of Rs.119.18 lakh was retained unauthorisedly in the form of Deposit at Call (DAC) receipt from 12 September 1997.

On 12/13 December 1997, the DDO and the cashier were abducted and evidently released only after paying Rs.50 lakh on 15 December 1997 out of the DAC as ransom. Had the money not been irregularly withdrawn and retained by the CTP in the form of DAC, the kidnappers would not have had access to departmental funds. Instead of fixing responsibility for the irregular drawal and payment, the Secretary PHED, at the instance (February 2000) of the Government advised (March 2000) the CTP to reduce the closing balance of the cash book by Rs.50 lakh. No action to write off the amount has been initiated (January 2001) as required under the financial rules. A new cash book was opened by the CTP on 6 January 1998 with 'NIL' opening balance, when the old cash book was still in operation. The old cash book was closed on 13 January 1998 with a closing cash balance of Rs.119.18 lakh. Thus, the CTP, Kohima maintained two parallel cash books between 6 and 13 January 1998 in violation of the Treasury Rules. Reasons for maintaining two parallel cash books, and for not entering the cash balance of Rs.69.18 lakh in the new cash book were furnished by the CTP, Kohima (January 2001).

It was seen in audit that out of Rs.123.18 lakh drawn in September 1997 (discussed above) the CTP Kohima and the Chairman SUDA kept between Rs.19.18 lakh to Rs.119.18 lakh out of Government account for periods ranging from 92 to 754 days during the period 12 September 1997 to 5 October 1999.

The Secretary, SUDA stated (May 2000) that money had to be kept outside Government account to avoid extortion by the insurgents who were demanding money. However, the contention is contradicted by facts, where it is seen that retention of such funds facilitated irregular encashment of DAC to pay Rs.50 lakh as ransom.

Loss of interest of Rs.30.32 lakh.

Besides, had the money been retained in the bank account, interest of Rs.30.32 lakh could have been earned, which could have been utilised for generating employment for 0.35 lakh mandays.

### ***3.5.5.2 Delay in release of Central Assistance***

The Programme envisages prompt release of the Central and State share by the State Government to the implementing agencies.

Short release of fund resulted in short generation of 3.08 lakh mandays.

It was noticed in audit that there were delays of 1 to 10 years in release of both Central and State shares (*Appendix-XXXIV*) by the State Government. Though, as per the funding pattern of the schemes, the State Government was to release Rs.360.05 lakh as its share, it released only Rs.89.98 lakh during 1996-97 to 1998-99. Consequently, 3.08 lakh mandays could not be generated due to non-receipt of funds (Rs.270.07 lakh) from the State Government.

State Government attributed (June 2000) the delay in release of funds to financial constraints. This is, however, not correct as the GOI's share for the programme was released in the respective years but not released by the State Government to the implementing agencies.

### 3.5.5.3 Diversion of funds

Due to unauthorised diversion of Rs.8.77 lakh, there was short generation of 0.10 lakh mandays.

(i) The Chief Town Planner, Kohima and the Executive Engineer, Town Planning Division, Kohima diverted Rs.8.77<sup>6</sup> lakh in 1997-98 (Rs.5 lakh) and 1998-99 (Rs.3.77 lakh) for purchase of computers (Rs.4 lakh), vehicles (Rs.3.77 lakh) and repair of quarters (Rs.1 lakh), which was not permissible under PMIUPEP. This resulted in less generation of 0.10 lakh mandays on the 40 per cent wage component of the scheme.

Rs.92.58 lakh was spent beyond the provision of the scheme

(ii) In 1997-98, GOI sanctioned Rs.52.42 lakh for construction of basic municipal amenities like water supply, low cost sanitation etc., under PMIUPEP. Against this, the EE, Town Planning Division, Kohima spent Rs.145 lakh during 1997-98 to 1999-2000 by diverting funds from other components<sup>7</sup> of the scheme. Consequently, implementation of these components suffered.

### 3.5.5.4 Planning

#### (i) Identification of beneficiaries

Selection of beneficiaries was not transparent

As per guidelines, Municipal bodies are required to identify beneficiaries through surveys. Also, beneficiary lists should be given adequate publicity in the neighbourhoods. Though the CTP, Kohima stated (June 2000) that beneficiaries were selected by the Planning Department, the basis of selection was not known. The results of the BPL survey conducted by the Government in November 1997 by spending Rs.1.94 lakh had also not been published. The identification process was thus not transparent making it difficult to confirm whether the workers employed actually belonged to the targeted groups. As a result, the implementation of the programme for identified beneficiaries remained questionable.

#### (ii) Preparation of shelf of projects and annual plans

No Shelf of Projects (SOPs) or Annual Action Plan was drawn up to identify the need-based economically viable projects. Award of works without drawing

<sup>6</sup> CTP, Kohima: Rs.4 lakh and EE, TPD, Kohima: Rs.4.77 lakh.

<sup>7</sup> Self Employment Generation Programme, Basic Special Amenities, Multipurpose Community Kendras etc.

up SOPs and annual plans resulted in execution of works not specified in the scheme (discussed in para 5.5).

**(iii) Non-fixation of targets**

The Department did not fix any targets for generation of employment opportunities either by wage-employment or by providing assistance for setting up micro-enterprises. Works were executed through contractors, and solely on the basis of availability of funds. Achievements reported were not based on basic records like muster rolls/assets registers etc. (discussed in paragraph 3.5.6.3).

**3.5.5.5 Non implementation of scheme**

The NRY aimed at providing employment to the urban poor through setting up of Urban Micro Enterprises (SUME), Scheme of Urban Wage Employment (SUWE), and Scheme of Housing and Shelter Upgradation (SHASU).

Scrutiny of records of the CTP Kohima revealed that Government of India sanctioned Rs.31.59 lakh towards subsidy and training for setting up 866 micro enterprises under NRY during 1989-90 to 1994-95. The State Government was to select beneficiaries, impart training and provide loan assistance for setting up these enterprises.

Although the Central Government released sufficient funds in time for imparting training (Rs.10.40 lakh) and providing assistance (Rs.21.19 lakh), the Department could not implement the scheme due to non submission of Action Plan and also non-receipt of State's share.

The Scheme for Housing and Shelter Upgradation (SHASU) could not be implemented by the Department due to non-receipt of funds from the GOI.

**3.5.5.6 Doubtful expenditure**

Out of Rs.19.69 lakh received by the State Urban Development Agency (SUDA) Kohima in February 1998 under SJSRY, vouchers for Rs.19.18 lakh stated to be spent on different works<sup>8</sup> were not produced to Audit. Similarly, DUDA, Dimapur paid Rs.16 lakh to 10<sup>9</sup> individuals (leaders) of beneficiary groups instead of to the beneficiaries themselves for construction of retention walls, public toilets, work sheds etc. No Muster Roll and other records substantiating procurement and utilisation of materials were maintained by the Agency. Therefore, in the absence of these basic records, the veracity of expenditure could not be verified in audit.

Supporting records of Rs.35.18 lakh were not produced to audit.

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<sup>8</sup> Development work, purchase of vehicle and renovation/repair/construction of quarters etc.

<sup>9</sup> Mhonbemo (Rs.1.60 lakh), Wabang Ao (Rs.1.60 lakh), Thungyam Mor (Rs.4.80 lakh), Nchumbemo (Rs.0.30 lakh), Panger (Rs.0.30 lakh), Nungcha Aier (Rs.0.30 lakh), Lima Ao (Rs.0.30 lakh), Wapang (Rs.0.80 lakh), Mhonbemo (Rs.3 lakh) and Imti (Rs.3 lakh).



### 3.5.6 Generation of employment

#### 3.5.6.1 Excess payment of wages

The approved (July 1992) daily wage rates for engagement of skilled and unskilled labour were Rs.35 and Rs.25 respectively. It was noticed in audit that DUDA, Kohima spent Rs.3.65 lakh between June 1999 and February 2000 paying wages at the rate of Rs.90 per head for generating 0.04 lakh mandays. Had the labourers been paid at approved rates, the Agency could have generated employment for 0.10 lakh to 0.15 lakh more mandays. During discussion, the Department stated that higher rates were paid on the basis of prevailing market rates as labourers were not willing to work on Government approved rates. The reply is not tenable since the objective of the Programme is to elevate the youth above the poverty line and not merely to provide employment. If the youth are not willing to accept the wages provided under the Programme, it is evident that they have alternative sources of employment and cannot be treated as beneficiaries belonging to the BPL category.

#### 3.5.6.2 Execution of works through contractors in violation of scheme guidelines

Works executed through contractors resulted in loss of at least 1.62 lakh mandays.

Between 1997-98 and 1999-2000, the Department paid Rs.142.43 lakh to contractors for execution of 127 works (construction of footpath, community hall, approach road, drains etc.). Had the works been done departmentally, the Department could have generated 1.62 lakh to 2.28 lakh more mandays. Reasons for execution of works through contractors had not been stated (January 2001).

#### 3.5.6.3 Non-maintenance of Muster Rolls

As the Department did not maintain any Muster Rolls (MRs) containing names of works and labourers along with their BPL card numbers, sex, addresses and wages paid to them in respect of the works executed, the genuineness of the works done under the scheme, wages paid to the workers and volume of employment generated remained unascertainable. Besides, probability of execution of unspecified works, and payment to ineligible beneficiaries could not be ruled out. Further, under the scheme, 30 per cent of the works were to be awarded to women. In the absence of list of beneficiaries and MRs, the number of women beneficiaries actually covered under the scheme could not be ascertained.

#### 3.5.6.4 Non-maintenance of inventory of assets created

Test check of records of CTP and SUDA, Kohima and DUDAs (Kohima and Dimapur) revealed that no Asset Registers were maintained by them. The assets created were not handed over to local bodies for maintenance and no funds were also provided for this. As a result, the scheme provided only one-time relief to the beneficiaries. Moreover, in the absence of Asset Registers, the assets reported to have been created during the period 1995-96 to 1999-2000 at a cost of Rs.1.83 crore could not be verified.

### **3.5.6.5 Self employment schemes**

#### **(i) Selection of beneficiaries**

Selection of beneficiaries under SJSRY and PMRY was done jointly by the Department and bank officials after collection of applications through advertisement. The selected applications along with the subsidy amount were sent by the Department to the Banks for release of loan. Since no BPL survey was conducted by the Department/Agencies, it could not be ascertained whether the beneficiaries under the scheme belonged to BPL category.

#### **(ii) Urban Self Employment Programme under SJSRY**

Under the scheme, the Department provides subsidies of Rs.7,500 per beneficiary; the beneficiary deposits 5 per cent of the project cost and the balance is given as loan by the banks, interest being chargeable by the Bank as per rates prevailing from time to time.

Unnecessary  
blockage of Rs.15.75  
lakh towards  
undisbursed subsidy.

It was noticed in audit that, Rs.15.75 lakh paid to the banks by the Department during 1999-2000 towards subsidy for 210 beneficiaries remained undisbursed pending receipt of the mandatory 5 per cent contribution from the beneficiaries. Evidently, the Department had unnecessarily released subsidy to the banks without ascertaining the ability of the beneficiaries to meet minimum financial requirements.

#### **(iii) PMRY**

Year-wise position of cases sponsored by the Department to banks and number of cases where loans were sanctioned by the banks during 1993-99 are given in *Appendix-XXXV*.

During 1993-94 to 1998-99 (figures for 1999-2000 are not available), the Department received 8,773 applications from educated youth for setting up small businesses, and sponsored 1,688 cases to Banks. The Banks, however, paid loan (Rs.1235.08 lakh) to only 1,505 applicants even though Bank officials were associated in the selection and sponsoring of beneficiaries. Reasons for not releasing loan to the 183 sanctioned cases by Banks were not furnished by the Department. No follow up action was taken by the Department to ascertain if the projects were completed and benefit accrued to the beneficiaries.

The State Level Committee constituted (August 1996) to monitor the performance of PMRY, in its meeting (September 1997) observed that as the selection of beneficiaries was done without ascertaining the financial soundness of the applicants and viability of schemes, disbursements of loan should not be made to the remaining sanctioned cases. Considering that the bank officials were also involved in the selection process, it is evident that the entire selection process was defective. Moreover, poor recovery of the loans sanctioned in earlier years was also attributable to such poor pre-loan sanction appraisals.

**(iv) Repayment of loan**

The report (March 2000) of the State Level Bankers Committee (SLBC) stated that since the inception of the scheme (October 1993) only Rs.6.98 lakh had been recovered against the total demand of Rs.1011.11 lakh assessed by SLBC under PMRY.

Poor recovery of loan due to inefficient selection of beneficiaries.

All the 8 lead banks attributed the poor recovery to the wrong selection of beneficiaries, non-existence of assets and wilful non-payment of loan by the beneficiaries. The replies are not acceptable as the selection of beneficiaries was a joint exercise of the Department and the lead banks. It is also evident that there were inherent defects in the selection process (discussed in the preceding sub-para) and failure of both the Department and the banks in taking follow-up action for recovery. No legal action was also initiated (January 2001) by the Department against the defaulters. Impact of the assistance on the beneficiaries could not be analysed due to non maintenance of records showing income earned by the beneficiaries consequent to the assistance received under the scheme.

**(v) Training**

Although as per SJSRY guidelines, each selected beneficiary was to be given training for 300 hours for development of vocational and entrepreneurial skills, the Department imparted training for only 5 hours to 255 beneficiaries at an expenditure of Rs.1.35 lakh against the available fund of Rs.21.72 lakh (6 per cent utilisation) and the balance amount of Rs.20.37 lakh remained unutilised (January 2001) in the bank account of the State Urban Development Agency. Reasons for shortfall in training despite availability of funds were not on record.

For want of records, correctness of utilisation of Rs.8.51 lakh could not be vouchsafed in audit.

Although, during 1995-96 to 1999-2000, training was imparted in Industry sector (15 days) and Service and Business sector (7 days) by North Eastern Industrial Consultants Ltd., Dimapur to 1,626 beneficiaries at a total expenditure of Rs.8.51 lakh, no records showing the details of training imparted could be produced to Audit. The impact of training to the beneficiaries was never assessed by the Department, especially in terms of their getting employment or setting up businesses. Hence the effectiveness of utilisation of the money for training could not be verified.

**3.5.7 Monitoring and inspection**

No monitoring was done by the Departments to see whether the beneficiaries under UEGP had set up any enterprises with the given loan and subsidy. Had the implementation of the schemes been done properly as per the scheme guidelines, the Department could have generated 5.56 lakh more mandays as discussed in paragraph 3.5.5.2, 3.5.5.3(i), 3.5.6.1 and 3.5.6.2. No evaluation to assess the impact of UEGP was also done (January 2001) by the Department.

No schedule of inspection was drawn up; nor was any progress report showing the year-wise performance of the schemes sent to the Government of India, who also did not insist for the same.

### **3.5.8 Recommendations**

The Department should utilise the available resources more efficiently to avoid diversions/unproductive retention of funds, and to ensure that assets created provide sustained benefits to the targeted beneficiaries. The Department should also evolve appropriate mechanism for identification of beneficiaries, selection of works by drawing up SOP, annual plans, inspection schedule and maintenance of vital records like Muster Rolls, Measurement Books, Asset Register etc.

The matter was reported to the Government in July 2000; reply has not been received (February 2001).

**SECTION: B**  
**AGRICULTURE DEPARTMENT**

**3.6 Fictitious expenditure (Rs.28.26 lakh) and blockage of Government funds (Rs.8.34 lakh)**

Government of India (GOI), Ministry of Agriculture, provided assistance (March 1997) of Rs.36.75 lakh for establishment of a Seed Processing Plant at the Merapani Seed Farm (MSF) in Wokha District, under the National Programme for Varietal Development (NPVD). The Central assistance was to be utilised during 1996-97 and 1997-98 for certain specified components<sup>1</sup>.

**Drawal of Rs.36.75 lakh unsupported by detailed sub-vouchers violated the Treasury Rules**

Test check (October-November 1999) of records of the Director of Agriculture (DA), Kohima (September 1997 to September 1999) and information furnished (June 2000) by the Department revealed that, on the basis of an expenditure sanction (Rs.36.75 lakh) accorded by the Government of Nagaland (GON) in December 1997 for the above purpose, the DA drew (8 January 1998) the entire amount through a fully vouched contingent bill, by merely enclosing a copy of the sanction order and a bill abstract for the components specified by the GOI. The amount thus drawn, was not supported by detailed sub vouchers as required under Rule 306 of the Central Treasury Rules, which are also applicable in Nagaland.

Further audit scrutiny revealed the following:

(i) The Director placed (12 January 1998) 4 work orders valued at Rs.21.80 lakh with four contractors A,B,C and D for construction of a godown (Rs.4 lakh) and irrigation channel (Rs.9.80 lakh) at MSF, and construction of a godown (Rs.4 lakh) and threshing shed (Rs.4 lakh) at Tizit Seed Farm (TSF), without entering into an agreement.

**Fictitious payment of Rs.17.65 lakh without APRs and contractor's claim**

Between January and August 1998, Rs.17.65 lakh<sup>2</sup> was stated to have been paid to the contractors. However, no Actual Payees' Receipts (APRs), or contractor's bill in support of the works done were produced to Audit. In the absence of any Register of Works, measurement books, and completion reports maintained by the Department, it cannot be said that works have been executed/completed. Besides, the contractors had also not given their contact addresses. Thus the payment of Rs.17.65 lakh was fictitious.

**Fictitious payment of Rs.10.61 lakh**

(ii) Out of the balance amount of Rs.19.10 lakh (Rs.36.75-Rs.17.65 lakh), Rs.5.50 lakh was shown as disbursed (January 1998) to an individual<sup>3</sup> who was not connected with the works, and Rs.5.11 lakh to 3 Departmental

<sup>1</sup> Purchase of equipment for Seed Processing Plant (SPP):Rs.13.60 lakh; construction of shed for SPP:Rs.8 lakh; construction of 2 threshing floors with roofing:Rs.4 lakh; and land development:Rs.11.15 lakh.

<sup>2</sup> A: Shri T.Lotha (Rs.2.96 lakh), B: Shri R.Kikon (Rs.5.77 lakh) C: Shri A.Konyak (Rs.3.97 lakh) and D: Shri S.N.Singh (Rs.4.95 lakh)

<sup>3</sup> Sri Belho Angami.

officers<sup>4</sup> (27 August 1998), who were named only by their designation. The entire payment of Rs.10.61 lakh was also made without obtaining APRs.

The Director stated (June 2000) that Rs.5.50 lakh was paid to the said individuals on the authorisation of contractor 'D'. He however, could not explain as to how the contractor was paid Rs.11.27 lakh (Rs.5.77 lakh + Rs.5.50 lakh) when the work order was for only Rs.9.80 lakh. No bill in support of the said contractor's claim (Rs.5.50 lakh) was also made available.

The DA stated (June 2000) that, Rs.5.11 lakh was paid to the 3 Departmental officers for making payment to the casual labourers who were engaged for land development works. He, however, could not produce any documentary evidence in support of execution of works. Thus, the entire expenditure of Rs.10.61 lakh was fictitious.

Equipment lying unutilised, resulting in locking up of Rs.8.34 lakh

(iii) Out of the balance of Rs.8.49 lakh, the DA purchased (November 1998) one Mobile Seed Processing Unit (MSPU) worth Rs.8.34 lakh from a supplier 'E'<sup>5</sup>. The said MSPU is lying unutilised with the Sub-Divisional Officer (Stores), Dimapur since November 1998, as the Merapani Seed Farm had not been electrified.

Thus, hasty and injudicious purchases made by the Department resulted in locking up of Rs.8.34 lakh.

The matter was reported to the Government in February 2000; replies have not been received (February 2001).

### **3.7 Injudicious purchases led to locking up of Government funds of Rs.20 lakh**

Government of India (GOI), Ministry of Agriculture, provided (March 1997) a one time non-recurring grant of Rs.20 lakh for purchase of equipment, chemicals and glassware for establishment of a Bio-Fertilizer Production Unit (BFPU) in Nagaland during 1996-97 and 1997-98.

Test check (October-November 1999) of the records of the Director of Agriculture (DA), Kohima revealed that, the DA drew (March 1998) Rs.20 lakh for setting up a BFPU at the Agricultural Chemistry Laboratory, Medziphema on the basis of an expenditure sanction accorded (March 1998) by the Government of Nagaland (GON), and unauthorisedly kept the amount in a current account operated by him with the State Bank of India (SBI). Subsequently, in September and December 1998, the DA placed supply orders with two agencies/firms, 'A'<sup>6</sup> and 'B'<sup>7</sup>, for supply of equipment (Rs.17.39 lakh) and glassware (Rs.2.32 lakh). The materials were to be delivered to the Agricultural Chemist (AC), Medziphema by December 1998. Agency 'A's

Director of Agriculture made an excess payment of Rs.0.28 lakh

<sup>4</sup> Deputy Director, Sr. Agricultural Engineer, Agronomist.  
<sup>5</sup> M/s Jakie Electro Machine Pvt., Ltd., Haryana.  
<sup>6</sup> International Commercial Traders, Calcutta.  
<sup>7</sup> M/s Lab Use, Dimapur.

authorised dealer 'C'<sup>8</sup> claimed Rs.17.39 lakh in his bill (May 1999) on the supplies made (May 1999), and the DA paid Rs.17.68 lakh between December 1998 and June 1999, thereby making excess payment of Rs.0.29 lakh to the firm. Firm 'B' was paid Rs.2.32 lakh in April 1999 (Rs.1.17 lakh), and in July 1999 (Rs.1.15 lakh), on receipt of the material.

Drawal of money in March 1998 without a legitimate charge, and much in advance of placing supply orders was irregular, and violated the provision of Rule 290 of the Central Treasury Rules.

Materials worth  
Rs.20 lakh are lying  
idle

Further scrutiny revealed that, the entire material worth Rs.20 lakh was lying idle in the store of the Department as of June 2000, since the BFPU has not been set up for want of accommodation. Reasons for procurement of the materials before ensuring availability of accommodation for setting up the unit were neither on record, nor stated by the Department.

Thus, due to injudicious purchases by the Department, Government funds worth Rs.20 lakh were locked up, defeating the purpose for which the funds were released.

The matter was reported to the Government and the Department in February 2000. In reply (May 2000), DA stated that, the money had to be drawn by obtaining proforma bill from the supplier at the end of the year to avoid renewal of sanction, and that, there was no excess payment as the supply order was placed for Rs.17.68 lakh. The contention of the DA on advance drawal is not tenable. Also, since the supplier claimed only Rs.17.39 lakh in his bill, the payment of Rs.17.68 lakh was excessive. Reply of the Government is still awaited (February 2001).

## HOME (POLICE) DEPARTMENT

### 3.8 Non-realisation of cost of Police Guards: Rs.56.73 lakh

Unit Commanders  
are yet to recover  
Rs.56.73 lakh  
towards cost of  
providing Police  
Guards

Due to the adverse security conditions prevailing in the State, all commercial banks in Nagaland have been provided with Police Guards. Extant instructions of the Government of Nagaland (issued in March 1971), as reiterated by the orders (May 1995) of the Director General of Police (DGP), stipulate that the cost of providing Police Guards is to be recovered at the rate of 10 per cent (from the Currency Chest Bank Branch at Dimapur), and at 50 per cent (from other Bank branches and offices) of the pay and allowances of the guards deployed. The DGP also directed (May 1995) all unit Commanders to ensure that all payments due upto 31 March 1995 be realised within three months from the date of issue of that order, and credited to Government Account.

Test check (September 1997, July 1998, April 1999 and August-September 1999) of the records of the Superintendents of Police (SP), Dimapur and Zunheboto, and the Commandants, Nagaland Armed Police Battalions at Phek and Tizit, revealed that, claims of Rs.56.73 lakh (Dimapur: Rs.11.25 lakh,

<sup>8</sup> M/s National Trade Agency, Guwahati.

Zunheboto: Rs.18.83 lakh, Phek: Rs.12.41 lakh and Tizit: Rs.14.24 lakh-Appendix XXXVI) raised against different banks and offices for the period April 1980 to December 1997 had not been settled as of March 2000.

The matter was reported to the Government/Department in June 1998, August 1999, February and March 2000. In reply (January 2000), SP, Dimapur stated that steps were being taken to realise the outstanding amount. Replies of the other unit Commanders, Department, and the Government, are awaited (February 2001). In the meantime, the Department continued to provide Police Guards without receiving payment for the services of police guards.

## **HOME (GENERAL ADMINISTRATION BRANCH) DEPARTMENT**

### **3.9 Expenditure of Rs.79.32 lakh on unauthorised appointment**

Home Department  
unauthorisedly  
appointed  
contingency  
paid/casual  
employees resulting  
in irregular  
expenditure of  
Rs.79.32 lakh

Extant orders (2 April 1993) of the Finance Department, Government of Nagaland prohibit the appointment of contingency paid employees and casual employees by Government Departments.

Test check (September-October 1999) of records of the Special Officer (Accounts), Civil Secretariat, Kohima, and the Deputy Commissioner (DC) Wokha, revealed that, in violation of the Government orders, the Department appointed 231 contingency paid/casual employees like Mali, Chowkidars, Peon, Typists etc., during April 1996 to October 1999 in excess of the regular sanctioned strength and incurred irregular expenditure of Rs.79.32<sup>9</sup> lakh towards their wages and salaries.

The matter was reported to the Government in March 2000; replies have not been received (February 2001).

### **3.10 Irregular drawal of funds and nugatory expenditure : Rs.13.61 lakh**

Rs.13.38 lakh drawn  
on the basis of false  
certificate by Joint  
Secretary (Home)

Rule 290 of the Central Treasury Rules (which have been adopted by Government of Nagaland) stipulates that, no money shall be drawn from the treasury unless it is required for immediate disbursement.

Test check (September-October 1999) of the records of the Special Officer (SO) Accounts, Civil Secretariat, Kohima for the period February 1997 to August 1999 revealed that, based on an expenditure sanction (July 1997) of the Home Department for installation of a 200 line EPABX system in the New

<sup>9</sup> Spl. Officer (Accounts): 179 contingent paid employees (2/97 to 3/99) = Rs.24.97 lakh  
DC, Wokha: 52 casual employees (4/96 to 10/99) = Rs.54.35 lakh  
Rs.79.32 lakh



Secretariat Building, the SO drew and paid Rs.13.38<sup>10</sup> lakh (July 1997) to the Joint Secretary (JS) Home. The amount thus drawn was based on a certificate recorded (21 July 1997) by the JS Home (who was the consignee) on the body of a price schedule submitted by a firm 'A'<sup>11</sup> to the Divisional Engineer, Telephone Exchange, Department of Telecommunications, Kohima, to the effect that the materials were received in good condition and taken into stock. The certificate was fictitious, because the materials for installation of EPABX system were received by the JS only in October 1997 (Rs.6.12 lakh) and April 1998 (Rs.2.32 lakh), against the supply order issued (3 September 1997) to firm 'A'.

**Payment of Rs.7.83 lakh on defective EPABX System**

Firm 'A' was paid Rs.7.83 lakh (Rs.5.51 lakh in December 1997 and Rs.2.32 lakh in July 1998). The balance amount of Rs.0.61 lakh (including installation charges of Rs.0.22 lakh) had not been released to the firm, because the EPABX system was found to be defective, and remained unoperational till date (February 2001).

**Since no contractual agreement had been executed, legal action could not be initiated**

The Department could not take any legal action against the supplier, since no contractual agreement was made with the firm, and also, since, as per terms and conditions of the supply order, the supplier was allowed to receive full payment within one month of delivery *i.e.*, irrespective of whether the equipment had been tested and commissioned successfully.

**Payment of Rs.5.78 lakh without evidence of cabling job**

Further, it was noticed that the JS paid Rs.5.78 lakh (March 1997: Rs.1.08 lakh, July 1998: Rs.0.60 lakh and March 1998: Rs.4.10 lakh) to firm 'B'<sup>12</sup> for the cabling job. The payment was not supported by records showing the services rendered by firm 'B'.

Thus, due to false certification by JS (Home), and subsequent payment to the supplier without contractual agreement, and without testing and commissioning the EPABX system, the entire expenditure of Rs.13.61 lakh proved infructuous. Besides, Rs.0.23 lakh (Rs.13.61 lakh – Rs.13.38 lakh) representing excess expenditure over the Government sanction, has not been regularised till date (February 2001).

The matter was reported to the Government in May 2000; replies have not been received (February 2001).

<sup>10</sup>

(i)	200 lines EPABX System 1 unit @ Rs.5,76,800	Rs. 5,76,800
(ii)	EPBT with flash keys 200 Nos. @ Rs.570 each	Rs. 1,14,000
(iii)	Battery Bank 1 set @ Rs.55,000	Rs. 55,000
(iv)	Float cum boost charger 1 No. @ Rs.42,200	Rs. 42,200
(v)	Installation and commissioning	Rs. 22,000
(vi)	Cable and other ancillary requirement	Rs. 5,28,000
		Rs. 13,38,000

<sup>11</sup> M/s Crompton Greaves, Calcutta.

<sup>12</sup> M/s Suraj Enterprises, Calcutta.

### **3.11 Fictitious payment of Rs.5 lakh**

Government of Nagaland, Planning and Coordination Department, sanctioned (26 March 1997) Rs.5 lakh for execution of various<sup>13</sup> works under the 'Chief Minister's Special Development Programme'. The works were to be executed through, the Assistant Engineer, Civil Administration Works Division (AE, CAWD) under the Deputy Commissioner (DC), Wokha.

Test check (November-December 1999) of the records of the DC, Wokha (April 1996 to October 1999) revealed that, the DC issued (26 March 1997) work orders for Rs.5 lakh to three individuals/contractors 'A'<sup>14</sup>, 'B'<sup>15</sup> and 'C'<sup>16</sup>, who were neither on the approved list of contractors, nor registered as contractors with the Department. The basis of selection of contractors was not on record.

DC Wokha made a fictitious payment of Rs.5 lakh to a person unconnected to the works

On the next day (27 March 1997) DC, Wokha drew Rs.5 lakh, and paid the entire amount to 'D'<sup>17</sup> (27 March 1997), who was not connected with these works. As per the certificate recorded by the AE, CAWD and countersigned by the DC, Wokha on the body of the bill, the works<sup>18</sup> were completed on 28 March 1997.

It was physically impossible to complete work of such magnitude within two days. Department could not furnish any record to substantiate that the works were executed by any contractor. It is not clear how the DC, Wokha made payment (27 March 1997) without verifying the completion of this work. Department could not explain how payment was made to an unauthorised person ('D'), unconnected with the works.

Thus, the payment of Rs.5 lakh was fictitious.

The matter was reported to the Government and the Department in March 2000; replies have not been received (February 2001).

<sup>13</sup> Construction of four fishery ponds at Baghty (Rs.2 lakh); Plantation of economic trees at Lakhuti (Rs.2 lakh); and Plantation of rubber trees at Baghty (Rs.1 lakh)

<sup>14</sup> Shri Renbenthung Yanthan.

<sup>15</sup> Shri A. Lotha.

<sup>16</sup> Shri S. Lotha.

<sup>17</sup> Shri Liben Yanthan.

<sup>18</sup> Earth work (4082 cubic metre) for fishery pond: Rs.2 lakh; Clearing jungle, digging pits, purchase of seedlings etc., (60 hectares @ Rs.5,000 per hectare): Rs.3 lakh

## HOME (FIRE SERVICES) DEPARTMENT

### 3.12 Unauthorised and infructuous expenditure on purchase of land and building: Rs.13 lakh

Irregular payment of Rs.13 lakh on land and building, the possession of which could not be taken over by the Department

Mention was made in para 2.7(a) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998 that, the Deputy Inspector General (DIG) Fire Services, Kohima, drew Rs.18.12 lakh in March 1997 for construction of buildings for the Fire Services at Mon, on the basis of preliminary estimates, and kept the amount unauthorisedly in the form of Deposit-at-Call (DAC) receipt.

During subsequent audit (September 1999) of the records of the DIG, Fire Services, Kohima, it was noticed that, out of the Rs.18.12 lakh unauthorisedly retained, the DIG paid (June 1998) Rs.13 lakh in cash to an individual<sup>19</sup> for purchase of a plot of land measuring 1½ acres with existing building, on the basis of agreement made on 27 May 1998, without ascertaining the actual cost of the land from the Deputy Commissioner (DC), Mon. This was in violation of instructions of Government of Nagaland, Finance Department of 16 February 1988, which specifies that, all proposals for purchase of land should be routed through the Land Revenue Department, and that, no negotiation should be initiated, except in cases where the rates had been fixed by the DC. It was further stipulated that, payment of compensation for such land should be made through the DC's office.

Also, in terms of Paragraph 441 of the Nagaland Public Works Department Code, only the Government is competent to authorise purchase of buildings, for which purpose, a survey and valuation report is to be prepared by the Divisional Officer (the Project Engineer, Police Engineering Project Division, Chumukedima in this case), and submitted to Government for approval. By directly finalising the purchase, the DIG, Fire Services, Kohima, violated Government rules.

It was noticed that the cost of the land and building had not been specified in the agreement. Further, the Department could not take possession of the land and building as of January 2001 due to unauthorised encroachments. No Police case was registered; nor was any action taken by the Department to secure the possession of the land and building. The identity of the persons who encroached on the land, and date(s) of encroachment, are not on records. Moreover, the Department also did not verify the title deed before making payment to the individual.

Consequently, the expenditure of Rs.13 lakh on purchase of land and building was unauthorised, irregular, and infructuous.

The matter was reported to the Government and the Department in November 1999. While the Department intimated (May 2000) that, the possession of the land and building would be taken within a short time, Government admitted

<sup>19</sup> Shri Pongnan Konyak, Mon.

(August 2000) the lapse on the part of the Department, and stated that the actual valuation of the land and building was not on record. Government also directed the Department to take possession of the assets early. Further action is awaited (February 2001).

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 3.13 Payment of Rs.36.25 lakh towards clearance of fictitious past liabilities led to loss to the Government

Loss of Rs.36.25 lakh on payment of fictitious past liabilities

Based on a proposal submitted (March 1996 and September 1997) by the Director of Medical Services (DMS), Nagaland, Kohima, the Government sanctioned (August 1996 and December 1997) Rs.36.25 lakh for clearance of outstanding liabilities stated to have been created for purchase of equipment (Rs.10.71 lakh), furniture (Rs.22.63 lakh), nursing sundries (Rs.2.54 lakh), and medicines (Rs.0.37 lakh) during 1985-86 and 1994-95. Consequently, the DMS drew and paid the entire amount in September 1996 (Rs.13.61 lakh), and December 1997 (Rs.22.63 lakh), to four<sup>20</sup> suppliers without verifying the genuineness of the liabilities.

Scrutiny (July-August 1999) of the records (March 1996 to June 1999) of the DMS, Kohima revealed that, while certificates for receipt of materials worth Rs.13.62 lakh against supply orders of 1985-86 were issued by the 2 Civil Surgeons (Mokokchung and Tuensang) during August and December 1985, there were no certificates recorded as to who actually received the materials worth Rs.22.63 lakh against supply orders of 1994-95. Receipt of materials was also not recorded in the Stock Account of the Department. Moreover, the DMS could not produce the relevant supply orders against which the supplies were made; nor were the certificates of verification of quality and quantity by the departmental Consignment Verification Board, constituted for the purpose from time to time, made available to Audit.

Further scrutiny of records showed that, during President's Rule in the State in 1992-93, a High Powered Committee (HPC) constituted by the Government of Nagaland for the purpose of verification of genuineness of past liabilities of

20

Name of firms	Date of supply order recorded in the bill but not furnished	Items	Total amount (Rs.)
1. M/s Welco Trading Kohima	8/85	Equipment	1,89,099
-do-	12/85	Nursing sundries	2,53,710
2. M/s J.D. Pharmaceuticals, Guwahati	8/85	Medicines	36,777
3. M/s Hospital Suppliers, Dimapur	12/85	Equipment	8,81,680
4. M/s Eastern Agencies, Dimapur	Nil	Furniture	22,63,189
			<b>Rs.36,24,455</b>

various departments, had certified the genuineness of bills worth Rs.43.93 lakh only, out of the bills for Rs.195.12 lakh submitted by the Department. However, bills for Rs.13.62 lakh cleared by the DMS were not included in the original list for Rs.195.12 lakh (either certified or rejected by HPC). Also, it was seen from various reports and returns submitted by the DMS to the Government upto 16 February 1996, that, the liability of Rs.22.63 lakh for 1994-95 had never been indicated in any of the reports/returns. The DMS also failed to produce any other evidence to establish the genuineness of past liabilities for which payment of Rs.36.25 lakh was made.

Thus, it was evident that the Department had spent Rs.36.25 lakh on fictitious liabilities, leading to loss to the Government.

The matter was reported to the Government and the Department in November 1999; replies have not been received (February 2001).

### 3.14 Excess payment of Rs.33.60 lakh on procurement of medicines and nursing equipment

Excess payment, due to allowance of higher rate and purchase from unauthorised dealers

(a) Extant orders (November 1994) of the Government of Nagaland list out 114 manufacturing firms whose products are approved for supply to Government medical institutions in Nagaland.

Test check (July-August 1999) of the records (March 1996 to June 1999) of the Director of Medical Services (DMS), Kohima revealed that, instead of effecting purchases through the authorised dealers of the approved manufacturers, the DMS procured medicines from various local firms, of which, only one firm<sup>21</sup> was an authorised dealer. The DMS did not make any trade enquiries with the principal manufacturers, to ascertain whether the rates paid to the local firms were in consonance with the special bulk rates payable on purchases by Government medical institutions.

However, scrutiny of suppliers' bills revealed that, the firms (including the "authorised dealer") claimed higher rates of Rs.36.67 lakh, than those quoted by themselves as the approved rates (Rs.28.35 lakh) for supply to the Government. This alone, resulted in excess payment of Rs.8.99<sup>22</sup> lakh.

(b) The Government approved rates (23 March 1999) for I.V. (infusion) equipment was Rs.28 each. This was identical to the Maximum Recommended Price (MRP) shown on the packaging. It was seen however, that the DMS purchased 43,436 I.V. sets between March 1997 and March 1999, at Rs.45 per

21	M/s Chemi Pharma Distributors, Kohima.
22	Total payment made at higher rates = Rs.36.67 lakh
	Amount payable at approved rate = <u>Rs.28.35 lakh</u>
	Excess Rs. 8.32 lakh
	Add 8% Tax <u>Rs. 0.67 lakh</u>
	Rs. 8.99 lakh

set, which led to excess payment of Rs.7.98<sup>23</sup> lakh.

(c) Between March 1996 to February 1999, the DMS procured 1,81,096 pairs of surgical gloves at the rate of Rs.28 per pair. The packaging however, showed the MRP at Rs.19.50 per pair. Thus, there was excess payment of Rs.16.63<sup>24</sup> lakh.

Thus, the DMS unnecessarily paid a total of Rs.33.60 lakh in excess.

The matter was reported to the Government and the Department in November 1999; replies have not been received (February 2001).

## HEALTH AND FAMILY WELFARE/EDUCATION DEPARTMENTS

### 3.15 Non-adjustment of medical advances of Rs.9.25 lakh

Laxity of the DMS,  
Kohima and DIS,  
Mokokchung  
resulted in  
unrecovered medical  
advances of Rs.9.25  
lakh

The Central Medical Attendance Rules, which are also applicable in Nagaland, stipulate that claim for reimbursement of medical expenses should be preferred within 3 months from the date of completion of treatment.

Test check (July-August 1999) of the records (March 1996 to June 1999) of the Director of Medical Services (DMS), Kohima supplemented by test check (May 1999) of the records (June 1997 to April 1999) of the Deputy Inspector of Schools (DIS), Mokokchung revealed that medical advances of Rs.9.25 lakh (DMS: Rs.6.75 lakh and DIS: Rs.2.50 lakh) granted to 34 employees during August 1992 to May 1999 (*Appendix XXXVII*), the reimbursement claims of which stood forfeited due to non-submission of medical reimbursement claims within the stipulated time, were not recovered.

On this being pointed out (May 1999) by Audit, the DIS, Mokokchung stated (May 1999) that out of 10 erring officials, 4 had already retired without settling the advance, though notice had been served to all, including those who were in service. DIS, Mokokchung however, did not explain why the advances were not recovered from the 4 officials at the time of settling their retirement claims and also, why no disciplinary action had been initiated against those officials responsible for settling the retirement claims. Neither DIS Mokokchung, nor DMS Kohima, have taken any conclusive action in the

23	Total payment at higher rates (43,436 x 45)	Rs.19.55 lakh
	Amount payable at approved rate (43,436 x 28)	<u>Rs.12.16 lakh</u>
	Excess:	Rs. 7.39 lakh
	Add 8% tax	<u>Rs. 0.59 lakh</u>
		Rs. 7.98 lakh

24	Amount paid at higher rate (1,81,096 x 28)	Rs.50.71 lakh
	Amount payable (1,81,096 x 19.50)	<u>Rs.35.31 lakh</u>
	Excess	Rs.15.40 lakh
	Add 8% tax	<u>Rs. 1.23 lakh</u>
		Rs.16.63 lakh.

matter, even after Audit had pointed out the irregularity in May 1999 and August 1999.

Thus, due to failure of the Drawing and Disbursing Officers to discharge their statutory responsibilities, the above mentioned 34 employees have been allowed to reap undue financial benefit.

The matter was reported to the Government in November 1999 and February 2000; replies have not been received (February 2001).

## INDUSTRIES AND COMMERCE DEPARTMENT

### 3.16 Fraudulent drawal by tampering with supplier's bill (Rs.1.47 lakh) and excess payment (Rs.1.60 lakh) due to irregular release of Nagaland Sales Tax

(a) The Director of Sericulture (DOS), Nagaland, placed (March 1993) a supply order with a local supplier 'A'<sup>25</sup> for supply of building materials, viz., (i) 500 M.S. Angle iron corner posts (65 x 65 x 6 mm x 10 ft.) @ Rs.488.16 each and (ii) 1400 M.S. Angle iron intermediate posts (50 x 50 x 6 mm x 10 ft.) @ Rs.324 each with 8 per cent Nagaland Sales Tax (NST) deductible at source.

Short supply of 700 MS Angle iron intermediate posts

During audit (October 1999) of the accounts (July 1996 to September 1999) of the DOS, it was noticed that against the supply order for 1400 Angle iron intermediate posts, the supplier had actually supplied only 700 posts. The short supply (March 1993) of 700 posts was corroborated by collateral check of the Materials at Site (MAS) account by Audit.

Fraudulent drawal of Rs.5.80 lakh by tampering with the bill

The DOS however, by tampering with the bill of the supplier, changed the quantity shown as supplied, from 700 to 1400 posts. He, thereby, inflated the bill amount from Rs.4,70,880 to Rs.6,97,680 and fraudulently drew and paid Rs.5,80,250<sup>26</sup> (excluding NST: Rs.50,990 and withheld amount: Rs.66,440) against the amount of Rs.4,33,210<sup>27</sup> payable to the supplier for the materials supplied. Thus, there was an excess fraudulent payment of Rs.1.47 lakh.

Excess fraudulent payment of Rs.1.47 lakh

Irregular release of Sales Tax

(b) It was further noticed that, Sales Tax amounting Rs.1.60 lakh was deducted (September 1996) from the bills of 4 suppliers, but not remitted to the Sales Tax Department. Subsequently, DOS released this amount to the

<sup>25</sup>	M/s Atom, Tuensang.	
<sup>26</sup>	Bill passed for payment	Rs.6,97,680
	Less amount withheld	<u>Rs. 66,440</u>
		Rs.6,31,240
	Less NST 8%	<u>Rs. 50,990</u>
	Amount paid in cash:	Rs.5,80,250 (1)
<sup>27</sup>	Amount payable	Rs.4,70,880
	Less NST 8%	<u>Rs. 37,670</u>
		Rs.4,33,210 (2)
	Difference of (1) and (2)	<b>Rs.1,47,040</b>

suppliers (March 1997) which resulted in loss of Rs.1.60 lakh revenue to the Government.

The matter was reported to the Government in March 2000; replies have not been received (February 2001).

## SCHOOL EDUCATION DEPARTMENT

### **3.17 Non-adherence to Financial Rules led to misappropriation of Rs.10.87 lakh**

**Laxity on the part of the Deputy Inspectors of Schools resulted in misappropriation of Rs.10.87 lakh**

The Central Treasury Rules followed by the Government of Nagaland stipulate that, all monetary transactions should be entered in the Cash Book, and attested by the Head of Office, as a token of check. The Head of Office should also verify the totalling of the Cash Book, or have this done by some responsible subordinate official other than the writer of the Cash Book and initial it as correct. At the end of each month, the Head of Office should verify the cash balance in the Cash Book, and record a signed and dated certificate to that effect. Further, totals of pay bills must be checked by the Drawing Officer himself, or by a responsible person other than the person preparing the bill.

(a) Audit (May 1999) of the accounts of the Deputy Inspector of Schools (DIS), Dimapur revealed that, in contravention of the aforesaid provisions, cash balances for the period from 8 October 1998 to 5 January 1999 were not physically verified and authenticated by the DIS, Dimapur. Non-observance of basic internal control procedures on cash maintenance and preparation of pay bills resulted in the following irregularities.

**Misappropriation of Rs.4.20 lakh  
Rs.1.44 lakh**

(i) An amount of Rs.1.44 lakh drawn from the treasury on 11 May 1998 in two bills was not entered in the Cash Book, and no Actual Payees Receipts (APRs) in support of disbursements were produced to Audit, which resulted in misappropriation of Rs.1.44 lakh.

**Misappropriation of Rs.1.48 lakh**

(ii) The closing cash balance as on 8 October 1998 was wrongly worked out as Rs.43.76 lakh, instead of the correct balance of Rs.46.08 lakh. Similarly, on 5 January 1999, the opening balance was shown as 'Nil', though the closing cash balance on the previous working day was Rs.1.88 lakh. Thus, Rs.4.20 lakh was misappropriated, by understating the cash balance in the cash book (Rs.2.32 lakh + Rs.1.88 lakh).

(iii) Test check of pay bills revealed that, between March 1997 and February 1999, Rs.1.48 lakh was drawn in excess, by inflating the totalling of figures in 9 bills. The amount was misappropriated.

**Misappropriation of Rs.3.75 lakh**

(b) Similarly, test check (May 1999) of records of the Deputy Inspector of Schools (DIS) Mokokchung (June 1997 to July 1999) revealed that, in 11 pay bills (December 1997 to November 1998), the grand total (net amount) of the bills had been inflated by Rs.3.75 lakh, and wrongly shown in the Cash Book as paid to the staff. Thus, Rs.3.75 lakh had been misappropriated by the DDO.



Thus, failure on the part of the DIS Dimapur and Mokokchung to comply with the statutory requirements facilitated the misappropriation of Rs.10.87 lakh (Rs.1.44 lakh + Rs.4.20 lakh + Rs.1.48 lakh + Rs.3.75 lakh).

The matter was reported to the Government in November 1999 and February 2000; replies have not been received (February 2001).

## SOIL AND WATER CONSERVATION DEPARTMENT

### 3.18 Non-realisation of hiring charges of Bulldozers

Departmental instructions (July 1991) require that, hiring charges at Rs.500 per hour are to be recovered in advance from private individuals to whom departmental bulldozers are leased out by the Department.

Loss of Rs.5.29 lakh due to non-realisation in advance of hire charges of bulldozers from the users.

During audit (May 2000) of the records (1995-96 to 1999-2000) of the Mechanical Engineer, Soil Conservation, Dimapur and District Soil Conservation Officer, Mokokchung, it was noticed that, departmental bulldozers were hired out (for 1058 hours) to 11 individuals (10 in Dimapur and 1 in Mokokchung) during July 1993 to May 1998, but hiring charges of Rs.5.29 lakh had not been realised (August 2000), leading to loss to the Government. The loss was mainly due to Department's failure to comply with its own instructions in realising the hire charges in advance from users.

The matter was reported to the Government and Department in June 2000; replies had not been received (February 2001).

### 3.19 Loss due to payment of Rs.39.96 lakh towards clearance of fictitious past liabilities

Payment of Rs.39.96 lakh towards clearance of fictitious past liabilities

During audit (May 2000) of the accounts of the Director, Soil and Water Conservation Department (DSWC), Nagaland, Kohima, it was noticed that, following a sanction issued by the Government of Nagaland in March 1997, the DSWC drew (March 1997) Rs.50 lakh towards payment for procurement of building materials (Rs.40 lakh), and for clearance of outstanding liabilities (Rs.10 lakh). Of Rs.50 lakh, DSWC paid (March and April 1997) Rs.39.96 lakh to six suppliers<sup>28</sup> (who had not submitted their address), for supply of building materials against the supply orders issued in October 1995.

The materials were certified as received by the Assistant Engineer (Engineering Wing) in November 1995, and shown as issued to the 7 District

<sup>28</sup>	Shri Kamkiu, Kohima	Rs. 8.67 lakh
	Shri Akum, Kohima	Rs. 7.34 lakh
	Shri John Lotha, Kohima	Rs. 1.28 lakh
	Shri Ato, Kohima	Rs. 9.73 lakh
	Shri Tokiumong, Kohima	Rs. 3.24 lakh
	Shri Hankam, Kohima	Rs. 9.70 lakh
		Rs.39.96 lakh

Soil Conservation Officers<sup>29</sup> (DSCO) in January-February 1996. No records showing the assessment of requirements, details of works against which materials were utilised etc., were produced to Audit.

The DSCOs, Kohima and Mokokchung to whom materials worth Rs.11.25 lakh (Kohima:Rs.5.60 lakh and Mokokchung:Rs.5.65 lakh) were shown as issued by the Directorate, stated (April 2000) that, they had not received any building materials in the past 5 years. The DSCO, Kohima further added (April 2000) that his office did not deal with any construction matters. The DSWC also failed to produce any evidence to establish the genuineness of past liabilities for which payment of Rs.39.96 lakh was allegedly made. It is therefore evident that, the Rs.39.96 lakh stated to have been paid on fictitious past liabilities was misappropriated.

The matter was reported to the Government in June 2000; replies had not been received (February 2001).

### **3.20 Doubtful expenditure**

Based on a proposal submitted (July 1995) by the Director of Soil and Water Conservation Department (DSWC), Nagaland, Kohima, the Government of Nagaland sanctioned (August 1995) Rs.44 lakh for bench terracing in 440 hectares of hill slopes @ Rs.10,000 per hectare, in all the 7<sup>30</sup> districts, under the scheme "Command Area Land Development".

During audit (May 2000) of the records (1995-96 to 1999-2000) of the Director of Soil and Water Conservation, Nagaland, Kohima, it was noticed that, following the Department sanction of Rs.44 lakh, for the above purpose, DSWC drew Rs.20.70 lakh in September 1995 through a fully vouched contingency bill by enclosing copies of suppliers' bills for spare parts of bulldozer dated March and September 1993, for making payment to 5<sup>31</sup> suppliers. The suppliers had no address (other than their location in Kohima) and were not authorised suppliers. Thus, the DSWC unauthorisedly diverted Rs.20.70 lakh from plan fund for meeting non-plan expenditure, reasons for which were not on record.

The materials were certified as received by the Mechanical Engineer, Soil Conservation (MESC), Dimapur, and shown as utilised on 7 bulldozers during March and September 1993.

Similarly, DSWC drew Rs.128.18 lakh in May 1996 towards cost of spare parts for the same 7 bulldozers that had been issued spare parts for Rs.20.70 lakh in 1993. All the materials were claimed to have been received by the MESC in November-December 1994 and shown as issued to 7 bulldozers between November 1994 and June 1995.

<sup>29</sup> Kohima, Mokokchung, Mon, Phek, Tuensang, Wokha and Zunheboto.  
<sup>30</sup> Kohima, Mokokchung, Tuensang, Mon, Zunheboto, Phek and Wokha.  
<sup>31</sup> S/Shri Hanso, Luntsa, Atam, Atsum & John (all from Kohima).

Doubtful expenditure of Rs.148.88 lakh

Further, since the Department did not maintain history sheets, log books of the bulldozers and inventory of unserviceable spares and accessories etc., the genuineness of the expenditure of Rs.148.88 lakh, and the utilisation of materials could not be established in audit.

The matter was reported to the Government in June 2000, replies had not been received (February 2001).

### 3.21 Extra expenditure on procurement of seedlings—Rs.17.58 lakh

Loss of Rs.17.58 lakh due to procuring seedlings at higher rates

In March 1996, Government of Nagaland approved rates for procurement of different varieties of seedlings for the year 1995-96. These rates were applicable upto the year 1998-99.

During test check (May 2000) of the records of the Director of Soil and Water Conservation (DSWCD), Nagaland, Kohima for the period from April 1995 to March 2000, it was noticed that, the DSWCD procured (November 1997 and March 1998) 4.77 lakh seedlings of 5 varieties<sup>32</sup> from 11 supplier(s) under the 'Watershed Development Project in Shifting Cultivation Areas' at a total cost of Rs.62.09 lakh, against the cost of Rs.44.35 lakh approved by the Government, resulting in extra expenditure of Rs.17.74 lakh as shown in *Appendix-XXXVIII*.

No tender was invited to ascertain the reasonableness/competitiveness of rates. No reason was also attributed by the Department for procurement of seedlings at higher rates.

Genuineness of utilisation of seedlings procured for Rs.62.09 lakh could not be verified

District Soil Conservation Officers (DSCOs), Kohima and Mokokchung (out of the 7 DSCOs to whom the seedlings were issued and whose records were test checked, also failed to produce plantation journals showing the area covered under the plantations, the number of trees actually planted/survived. Hence, genuineness of utilisation of the seedlings could not be verified in audit.

The matter was reported to the Government in June 2000; replies had not been received (February 2001).

### 3.22 Unauthorised/infructuous expenditure—Rs.73.35 lakh

Rs.33.87 lakh incurred on salaries of excess staff.

Test check (May 2000) of the records (April 1995-March 2000) of the Director of Soil and Water Conservation (SWC), Nagaland, Kohima revealed that, the Department incurred expenditure of Rs.33.87 lakh towards pay and allowances of 17 Group 'C' and 12 Group 'D' staff appointed in excess of the

<sup>32</sup> Mandarin Orange, Sweet Orange, Plum, Peach and Pear.

sanctioned strength<sup>33</sup>.

Rs.16.05 lakh incurred on wages of idle staff.

Similarly, during 1995-96 and 1997-98, the Department engaged 17 and 15 employees<sup>34</sup> respectively, under the scheme "Soil Survey and Testing", even though the Department did not conduct any survey or soil testing during the said period. This resulted in payment of idle wages of Rs.16.05 lakh.

During audit of 3<sup>35</sup> DDOs it was also noticed that:-

ME (SWC), Dimapur paid Rs.20.49 lakh on idle wages

(i) Mechanical Engineer (ME), SWC, Dimapur deployed 2 to 6 power tiller operators during July 1993 to March 2000, though the ME did not have any power tiller. In addition, 9 to 12 bulldozer operators were engaged during the said period, though the ME had only 7 bulldozers till June 1996, and 6 bulldozers thereafter, resulting in excess of 2 to 5 operators. Total idle wages paid on this account worked out to Rs.20.49<sup>36</sup> lakh.

DSCOs (Kohima and Mokokchung) paid Rs.2.94 lakh on idle wages.

(ii) District Soil Conservation Officers (DSCOs), Kohima and Mokokchung, also engaged one tractor operator, and one power tiller operator, between March 1996 and March 2000, although there was no tractor/power tiller available with them during the reported period, resulting in infructuous expenditure of Rs.2.94<sup>37</sup> lakh.

The matter was reported to the Government in June 2000; replies had not been received (February 2001).

**3.23 Receipts of Rs.342.09 lakh not accounted for**

As per the Central Treasury Rules, as adopted by the Government of Nagaland, all monetary transactions should be entered in the cash book immediately on their occurrence, and attested by the Head of the Office in token of check.

33

Category of staff	Sanctioned strength	Men-in-position	Excess
Group 'C'	493	510	17
Group 'D'	204	216	12

34

Assistant Soil Survey Officer	2	Assistant Soil Survey Officer	2
Cart. Assistant	2	Cart. Assistant	2
Chain man	4	Chain man	4
Draftsman	2	Draftsman	2
Laboratory Assistant	2	Soil Conservation Assistant	4
Soil Conservation Assistant	4	Tracer	1
Tracer	1		
<b>Total:-</b>	<b>17</b>		<b>15</b>

35

Mechanical Engineer, Dimapur, District Soil Conservation officers, Kohima and Mokokchung.

36

Power Tiller Operator: Rs.9.37 lakh (July 1993 to March 2000).

37

Bulldozer Operator: Rs.11.12 lakh (July 1993 to March 2000).

Tractor Operator: Rs.0.81 lakh (April 1998 to March 2000).

Power Tiller Operator :Rs.2.13 lakh (March 1996 to March 2000).

Non-accountal of  
Rs.342.09 lakh in the  
cash book

During test check (May 2000) of the records (1995-96 to 1999-2000), of the District Soil Conservation Officers, Kohima and Mokokchung, it was noticed that, Rs.173.09 lakh and Rs.169 lakh received by them respectively for implementing 6<sup>38</sup> schemes during 1995-96 to 1998-99, were not entered in the cash book. Reasons for not routing the transactions through the cash book are not known.

Veracity of utilisation  
of scheme fund could  
not be authenticated

No documentary evidence in support of utilisation of these funds (Rs.342.09 lakh) was made available to Audit. As a result, the genuineness of utilisation of these funds could not be verified. Moreover, since the transactions were not routed through the cash books, the possibility of misappropriation of funds can not be ruled out.

The matter was reported to the Government and Department in June 2000; replies had not been received (February 2001).

## HOME DEPARTMENT

### 3.24 Failure of senior officials to enforce accountability, and protect the interest of Government

The Accountant General (Audit) conducts periodical inspections of the Government departments, to test check the veracity of transactions, and verify the maintenance of important accounting and other records, as per prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs). When important irregularities etc., detected during inspection are not settled on the spot, these IRs are issued to the Heads of Offices inspected, with a copy to the next higher authorities. Though the State Government had accepted the recommendations of Shakdhar Committee regarding establishment of appropriate mechanism in Government to monitor Government's response to Audit, no separate monitoring cell has been established by the State Government as of January 2001. 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 compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the AG (Audit). A half yearly report of pending inspection reports is sent to the Secretary of the Department in respect of pending IRs, to facilitate monitoring of settlement of the audit observations.

Review of Inspection Reports (issued upto June 2000) pertaining to three Departments viz., Police, Printing and Stationery and Jails disclosed that, 747 paragraphs relating to 153 IRs remained outstanding at the end of January 2001. Of these, 123 IRs containing 175 paragraphs had not been replied to/settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix—XXXIX*. Seven Divisions/offices

<sup>38</sup> (i) Command Area Land Development (ii) Integrated Watershed Management Project (iii) Contour Bunding (iv) Stream Bank Erosion Control (v) Drinking Water Source Development and (vi) Watershed Development Project in Shifting Cultivation Areas.

did not furnish even the initial replies to the 16 IRs issued between 2 March 1999 and 14 February 2000, although the Heads of Offices are required to furnish reply within six weeks from the date of issue of the observation. As a result, the following serious irregularities commented upon in these IRs had not been settled, as of February 2001.

Serial number	Nature of irregularities	No. of paragraphs	Amount (Rupees in lakh)
1.	Avoidable expenditure/excess payment	55	342.53
2.	Misappropriation/shortage/loss, of Government money/stores	79	452.91
3.	Irregular/unauthorised purchase/blocking of Government money/stock and unaccounted stores	173	1382.27
4.	Loss due to non-realisation of Government money	34	372.07
5.	Money kept outside Government accounts	14	10.29
6.	Advance drawal	28	561.84
7.	Deviation of fund/mis-use of funds	24	348.24
8.	Fictitious/Doubtful drawal	21	217.89
9.	Miscellaneous/Others	319	643.33
	<b>Total:-</b>	<b>747</b>	<b>4331.37</b>

A review of the IRs awaiting replies in respect of Police, Printing and Stationery and Jail Departments revealed that the Heads of Offices, whose records were inspected by AG and the concerned Head of the Department (Director General of Police, Director of Printing and Stationery and Inspector General of Prisons respectively), failed to discharge their responsibility, as they did not send any reply to a large number of IRs/paragraphs, indicating thereby their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Audit. Secretaries of the respective Departments, who were appraised of the position through half-yearly reports, also failed to ensure that the concerned officers of the Department take prompt and timely action.

The above also indicated inaction against the defaulting officers and thereby facilitated the continuation of serious financial irregularities, and loss to the Government.

It is recommended that Government re-examine this matter, and ensure that procedure exists for (a) action against the officials who fail to send replies to IRs/Paras as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner, and (c) establish an appropriate mechanism in government to monitor Government's response to Audit.

The matter was referred to the Government in January 2001; replies had not been received (February 2001).

## CHAPTER IV

### WORKS EXPENDITURE

#### SECTION: 'A'

### POWER, WORKS & HOUSING, AND TRANSPORT & COMMUNICATION DEPARTMENTS

#### 4.1 Implementation of North Eastern Council Schemes

The North Eastern Council provides financial and other assistance to its constituent States on matters of common importance. Audit scrutiny revealed that, shortfall between approved outlay and actual release by North Eastern Council (NEC), irregular release/non-release of funds by NEC and State Government, inadequate planning, inaccurate preparation of estimates, improper award of contracts, unauthorised expenditure, misutilisation of funds, extension of undue benefits to contractors, and inadequate monitoring, adversely affected the implementation of NEC schemes.

#### *Highlights*

Of Rs.7.70 crore received from NEC in 1993-94, State Government released only Rs.6.70 crore after 4 years, in 1998-99. The balance Rs.1 crore and allocation of Rs.2.53 crore received during 1994-2000 on the Tadubi-Pfutsero-Bible Hill Road had not been released as of December 2000.

(Paragraph 4.1.4.1 (a) & (b) and (d))

NEC funds of Rs.1.31 crore meant for construction of roads were unauthorisedly diverted and utilised on unrelated projects, office equipment, furnishing materials, and other road maintenance activities.

(Paragraph 4.1.4.3)

Six Divisions incurred extra expenditure of Rs.2.39 crore, through injudicious allowance of excess execution, price variation, and expenditure actually payable by contractors.

(Paragraph 4.1.4.4)

- There were time overruns in completion of Duilomroi Micro Hydel Project (3 years) and Kohima-Doyang Transmission line (9 years). Cost overruns totalled Rs.4.91 crore.

(Paragraph 4.1.5(b))

- Work orders for Rs.3.60 crore were improperly issued (1997-98) at the instance of the Minister, Works and Housing. Work orders for another Rs.31.52 lakh were issued unauthorisedly, by splitting up the amount to bypass sanction of higher authority.

(Paragraph 4.1.6.1)

- The Department incurred avoidable expenditure of Rs.46.66 lakh due to rejection of lowest tenders.

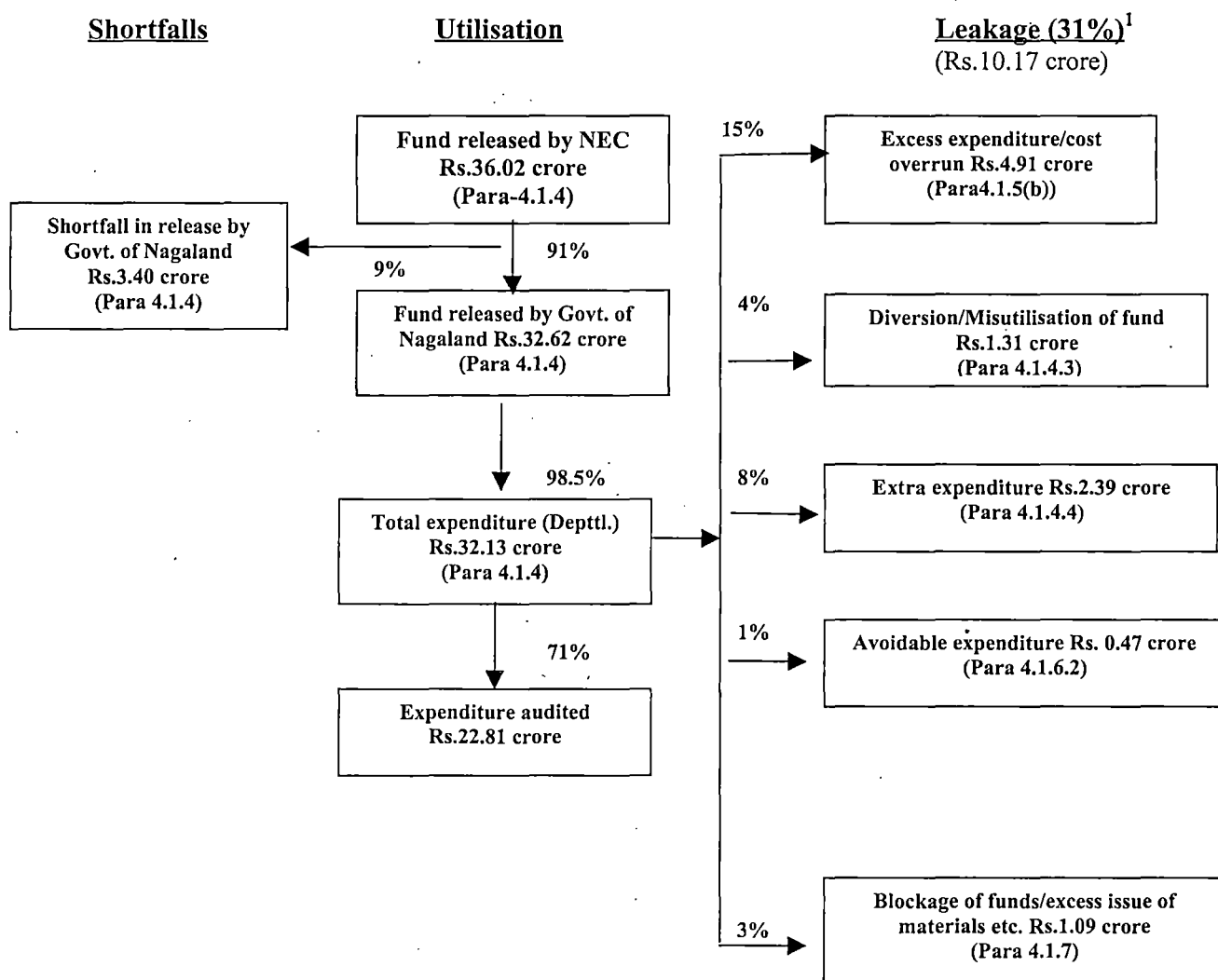
(Paragraph 4.1.6.2)

- Instances of procurement of materials without provision (Rs.10.16 lakh), payment without receipt of materials (Rs.19.44 lakh), and doubtful procurement (Rs.7.94 lakh) were noticed. Materials worth Rs.59.26 lakh were issued in excess; cost of lost materials worth Rs.2.89 lakh had not been recovered from the contractors; contractor was paid Rs.2.28 lakh in excess.

(Paragraph 4.1.7)



## FINANCE TREE (Implementation of North Eastern Council Schemes)



### 4.1.1 Introduction

The North Eastern Council (NEC), set up on 1 August 1972 under the NEC Act, 1971, functions under the administrative control of the Ministry of Home Affairs, Government of India. The NEC is represented by the 7 North Eastern States<sup>2</sup>, and functions both as an Advisory as well as Regional Planning Body. As an Advisory Body, the NEC discusses the common problems of the region. As a Regional Planning Body, it forwards proposals to the Central Government, after formulating regional plans for the constituent States on matters of common importance, and balanced development of the region. Funds are allocated by the Central Planning Commission.

<sup>1</sup> Percentage of expenditure audited.

<sup>2</sup> Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura.

#### **4.1.2 Organisational set up**

The NEC Secretariat, Shillong, scrutinises schemes/projects proposed by the State Government, formulates budget and plan, releases loans and grants, and monitors the physical and financial performance of ongoing schemes and projects. The concerned departments of the respective State Governments are responsible for implementation of the scheme.

#### **4.1.3 Audit coverage**

Implementation of 7<sup>3</sup> (out of 11) schemes implemented in the State (*Appendix-XL*), and which account for 71 per cent of the total expenditure on the NEC schemes during 1992-93 to 1999-2000, was reviewed in audit (April-August 1999 and June 2000), by test check of records of 9<sup>4</sup> out of 15 Implementing Agencies.

#### **4.1.4 Financial performance**

NEC funds of  
Rs.340.48 lakh not  
released by the State  
Government

Funds required for implementation of the Schemes, are released by the NEC, in the form of loans and grants. Budget provision, funds released by the NEC and the State Government, expenditure incurred during 1992-93 to 1999-2000 (as reported by the Department), are given in *Appendix-XLI*. Against the total release of Rs.3602.18 lakh by the NEC, the State Government released only Rs.3261.70 lakh during 1992-93 to 1999-2000, against which, the 15 Implementing Agencies spent Rs.3213.05 lakh. The short release of Rs.340.48 lakh was attributed (September 1998) by the State Government to financial constraints. This explanation is not tenable, since funds released by NEC are committed against specified schemes and projects, and cannot be withheld by the State Government, or diverted for other purposes.

For ensuring effective control over expenditure, the Department was required to periodically reconcile its expenditure figures with those booked in the office of the Sr. Deputy Accountant General (A&E), Nagaland, before the end of the financial year. However, no reconciliation was conducted by the Department during the reported years. As a result, the discrepancy of Rs.294 lakh between the departmental figures (Rs.3213.06 lakh), and the figures booked by the Senior Deputy Accountant General (A&E) Nagaland (Rs.2919.06 lakh), remained unsettled (figures upto March 2000).

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<sup>3</sup> (1) Road Sector: (a) Kohima-Bokajan Road, (b) Tadubi-Pfutsero-Bible Hill Road, (c) Yanchan 'A' Tuli Road, (d) Tening-Tamei-Ntuma Road; (2) Power Sector: (a) Kohima-Doyang Transmission Line (b) Duilomroi Micro Hydel Project-Stage II; (3) Civil Sector (a) Inter State Bus Terminus.

<sup>4</sup> (1) Chief Engineer, PWD (R&B), (2) Executive Engineer, PWD (R&B), Dimapur, (3) Peren Division PWD (R&B), (4) Pfutsero Division PWD (R&B), (5) Feeder Road Division PWD (R&B), (6) Chief Engineer (Power), (7) Executive Engineer (Electrical) Hydel Investigation Division, Kohima, (8) Transmission Division, Mokokchung, (9) General Manager, Nagaland State Transport, Dimapur.

#### 4.1.4.1 Non-release and delay in release of fund

Instances where funds were either not released, or released late by the State Government are given below:-

(a) NEC released Rs.1 crore each, on 11 October 1993 and 17 March 1994, to the State Government, for construction of the Tadubi-Pfutsero-Bible Hill Road. Of this, only Rs.1 crore was released by the State Government to the implementing agency as of June 2000. As records relating to utilisation of balance funds of Rs.1 crore were not produced to Audit, the possibility of diversion of NEC funds to meet the non-plan expenditure of the State Government cannot be ruled out.

NEC funds of Rs.670 lakh was released by the State Government after a delay of 4 years

(b) Rs.670 lakh received by the Government in 1993-94 for construction of roads under the Border Roads Organisation (BRO), was disbursed (1998-99) to State PWD Divisions after a delay of 4 years.

(c) There were delays ranging from 9 to 39 months in release of Rs.263.91 lakh (received between 1991-92 and 1998-99) to implementing agencies.

(d) Rs.252.94 lakh received from NEC between 1994-95 to 1999-2000 had not been released by the State Government to the implementing agencies as of December 2000.

#### 4.1.4.2 Liabilities

Committed liabilities of Rs.169.03 lakh for the year 1998-99 were awaiting payment

Test check of records revealed that, in PWD (R&B) Pfutsero Division, a liability of Rs.169.03 lakh on account of execution of works in anticipation of receipt of funds during the year 1998-99, was awaiting to be discharged (December 2000), even though, NEC funds of Rs.252.94 lakh payable to the Division were lying unutilised with the State Government. The Department also admitted (December 2000) that, the liability could not be cleared due to non-release of funds by the Government. This indicated improper management of NEC funds.

#### 4.1.4.3 Diversion of NEC funds

Unauthorised diversion of Rs.103.41 lakh

Scrutiny of records in 4<sup>5</sup> Divisions revealed that, NEC funds of Rs.103.41 lakh meant for construction of roads were unauthorisedly diverted for works not related to NEC schemes (purchase of furnishing materials, purchase of intercom/wireless systems, construction of village road, purchase of bulldozer), and Rs.28.05 lakh was diverted to another State plan scheme<sup>6</sup>.

<sup>5</sup>

Executive Engineer, PWD (R&B), Dimapur	Rs. 24.70 lakh
Executive Engineer, (PWD) (R&B) Peren	Rs. 71.94 lakh
Executive Engineer (Elect) Hydrel Investigation	Rs. 6.77 lakh
Executive Engineer (Elect) Transmission, Mokokchung	Rs. 28.05 lakh
	<b>Rs.131.46 lakh</b>

<sup>6</sup> Construction of Tuensang-Kiphire and Kohima-Likimro transmission lines.

**4.1.4.4 Extra expenditure**

Extra expenditure of Rs.2.39 crore due to excess execution of works/unauthorised price variation.

Test check of records revealed that 6<sup>7</sup> Divisions allowed excess execution of works, condoned unauthorised price variations, and incurred expenditure on execution of works that was to be met by the contractors (*Appendix-XLII*). This led to extra expenditure of Rs.239.34 lakh on the NEC works and undue financial aid to the contractors.

**4.1.4.5 Loans advanced by the NEC to the State Government**

The position of loans advanced by the NEC and repaid by the Government during 1992-93 to 1998-99 is as under:

(Rupees in lakh)					
Year	Opening balance	Amount received during the year	Amount repaid during the year with interest	Amount written off during the year	Closing balance
1992-93	368.20	81.54	26.74 (P) 34.09 (I)	---	423.00
1993-94	423.00	113.20	47.40 (P) 41.93 (I)	---	488.80
1994-95	488.80	77.55	68.73 (P) 64.61 (I)	---	497.62
1995-96	497.62	6.70	45.31 (P) 55.23 (I)	---	459.01
1996-97	459.01	---	45.31 (P) 50.52 (I)	---	413.70
1997-98	413.70	5.00	45.31 (P) 113.93 (I)	---	373.39
1998-99	373.39	26.84	44.13 (P) 42.54 (I)	---	356.10
1999-2000	356.10	47.29			
<b>Total:-</b>		<b>358.12</b>			

Except in 1993-94, the NEC figures of loans released to the State Government during 1992-93 to 1999-2000, did not tally with the Finance Accounts placed before the Legislature (NEC: Rs.354.76 lakh and Finance Accounts: Rs.358.12 lakh). The discrepancies have not been reconciled, and are still continuing (December 2000).

**4.1.5 Target and achievement**

The target dates for completion of 7 schemes test audited, expenditure incurred, and position as of June 2000, are given in *Appendix-XLIII*.

The following irregularities were noticed in audit:

<sup>7</sup> PWD (R&B), Pfulsero; PWD (R&B), Peren; Hydel Investigation Division, Kohima; Transmission Division, Mokochung; PWD (R&B), Chipfubozo; and PWD (R&B), Tuli

(a) *Roads and Bridges*

There was shortfall of 9 to 56 per cent in achieving targets

(i) The 60 km. Kohima-Bokajan Road project included in the NEC programme of 1997-98, was to be completed in 5 phases by March 2000 at an estimated cost of Rs.1,745.62 lakh. However as on March 2000, the Department could only complete 91 per cent (54.5 km) of formation work, 48 per cent of pavement (27 km), 72 per cent of culvert (101 nos.), and 44 per cent of retaining wall (500 RM)<sup>8</sup>, at a total cost of Rs.1065.62 lakh, resulting in shortfall of 9 to 56 per cent<sup>9</sup> against targets.

(ii) In 1998-99, NEC accorded administrative approval for Phase I (15 km. cost: Rs.140.84 lakh) and Phase II (20 km. cost: Rs.371.76 lakh) of construction of the 54 km. Tening-Ntuma-Tamei road. The work of Phase I was taken up in December 1998 with stipulated completion within 6 months for the work of formation (15 km), culvert (67 nos.), and retaining wall (588.75 RM). Against this, the total works executed against target upto December 2000 were, cent per cent formation work (15 km), and 51 per cent of culvert (34 nos.), at a cost of Rs.148.97 lakh (106 per cent of estimated total cost). The increase in expenditure was covered by revision of estimates without approval of NEC. The reasons for shortfall are not on record, but can be attributed to non-monitoring of progress of works by the implementing agency.

Although the works under Phase-II were taken up departmentally (June 1999), only 3 per cent of the work was completed as of December 2000. Reasons for delay were not on record, or furnished.

(iii) Though NEC approved the scheme for construction of 'Yanchan 'A' Tuli Road' (28 km.), in March 1996, the actual execution (Phase I: estimated cost of Rs.246.89 lakh) started only in May 1999. This delay of 2 years was mainly due to non-release of funds by NEC, which resulted in overall cost escalation to Rs.509.22 lakh (against original estimate of Rs.480 lakh). The contractors however, executed (December 2000) only 32 per cent of formation work at a cost of Rs.125.62 lakh (51 per cent of the estimated cost). Such disproportionate progress of work was due to change in classification of soil during execution of works, for which no deviation statement was prepared by the Division. The work of Phase-II had not been taken up by the Department (December 2000).

(iv) Phase-II (69 km.) of the Tadubi-Pfutsero-Sakraba-Bible Hill road was approved by NEC in three stages, between July 1985 and March 1992, for Rs.1359.69 lakh. NEC had also released 98.41 per cent (Rs.1,338.09 lakh) of the project cost by 1994-95; 90 per cent of the work was completed in 1995-96, and the remaining works<sup>10</sup> had not been completed (December 2000), due to non-release of funds (Rs.252.94 lakh) by the State Government.

<sup>8</sup> Running Metres.

<sup>9</sup> Formation 9 per cent (100-91), Retaining wall 56 per cent (100-44).

<sup>10</sup> Culvert-42 nos, Premix Carpeting-16.5 Km, and Retaining Wall-251 Running Metres.

**(b) Power sector**

Due to delay in finalisation of tenders, there was time overrun of 3 years and cost overrun of Rs.46.71 lakh

(i) Although Stage II of the "Duilomroi Micro Hydel Project" (2 x 100 kw) was to be completed in March 1996 at Rs.131.59 lakh, the work was actually completed in February 1999, and commissioned in March 1999, with a time overrun of 3 years, and cost overrun of Rs.46.71 lakh. The delay in completion, was due to delay in finalisation of tenders, resulting in delayed commencement of work, improper planning resulting in frequent revisions (four times between December 1995 and January 1999) and irregular release of funds by State Government. Inclusion of additional work not included in the original estimate, coupled with price escalation, also added to the increase in cost.

(ii) The work of construction of 132 KV S/C Transmission Line from Kohima to Doyang was taken up in October 1989 at an estimated cost of Rs.451.26 lakh. The project cost was subsequently revised (August 1993) to Rs.718.79 lakh.

In May 1990, the work was awarded to a contractor with the stipulation to complete the works within 15 months. Against the revised estimate of Rs.718.79 lakh, Rs.895.84 lakh was spent (upto March 2000) without administrative and technical sanction of NEC. The Department stated (July 1999) that, the additional expenditure (Rs.177.05 lakh) had been met from State Plan funds. The project had not been completed as of December 2000. The delay in completion was due to delay in release of funds by the State Government, and foreseeable site problems caused by landowners not permitting construction of transmission lines over their land. Consequently, there was a time overrun of nearly nine years, and overall cost overrun of Rs.444.58 lakh.

**(c) Civil sector**

**(i) Inter State Bus and Truck Terminus at Dimapur**

Due to delay in taking up the work, the project cost shot up to Rs.837.82 lakh

In February 1998, NEC approved the construction of an Inter State Bus and Truck Terminus at Dimapur, at an estimated cost of Rs.484 lakh. The work was to be executed in 3 phases, and completed by March 2000. The land for the project was acquired in November 1998, and work order was issued in November 1999. As a result of the delay in taking up the work, the cost of the project shot up to Rs.837.82 lakh. However, to keep within the original overall estimate (Rs.484 lakh), NEC approved only Phase I of the revised estimate (January 2000) for Rs.475.62 lakh (original estimate: Rs.100 lakh).

Against the targetted date of completion (March 2000) for the entire Project (Phases I to III), the Department could complete only 36 per cent of the work of Phase I at a cost of Rs.175 lakh upto 31 March 2000. The shortfall of achievement (64 per cent of Phase I and non-commencement of Phases II and III), was mainly due to delay in acquisition of land, delay in finalisation of tender, and delay/non-release of funds by the State Government.

#### 4.1.6 Implementation

##### 4.1.6.1 Impropriety and violation of codal provision in award of works

(a) On 30 September 1997, the Minister of Works and Housing directed the Chief Engineer (CE), PWD (R&B) to directly negotiate with 2 Dimapur based contractors<sup>11</sup> for construction of Phase-II of the 'Kohima-Bokajan Road' without call of tenders on the ground that the project was urgent, and there would be delay if tenders were floated. Accordingly, the CE, PWD (R&B) Kohima, without inviting tenders, collected quotations from both the contractors and without negotiation, awarded work orders of Rs.359.60 lakh on 27 October 1997 at their quoted rates for Phase-II (15 km.). The award of contract solely on the basis of the Minister's order without inviting tenders, and ascertaining the reasonableness of rates, violated propriety, and the provisions of the Nagaland Public Works Department (NPWD) Code.

(b) Between 1993-94 and 1994-95, the Executive Engineer (EE), PWD (R&B), Pfutsero Division, unauthorisedly issued 104 work orders for Rs.31.52 lakh, by splitting up the amount to keep the work orders within his competence (Rs.50,000), and avoid sanction of higher authority.

##### 4.1.6.2 Arbitrary rejection of lowest tenders

(a) In September 1998, the CE, PWD (R&B) invited tenders for Phase-V of the 'Kohima-Bokajan Road'. Of the 4 tenders received, the work was awarded to the highest tenderer at SOR 1998. The tenders submitted by other contractors were rejected by the Government (November 1998) on the ground that the project was time bound, and the Department was not going to compromise on the quality of work. The contention of the Government that, there would be time overrun, and quality of the work would be affected had the work been allotted to the lowest tenderer (at 11 *per cent* below SOR 1998) was not supported by any documentary evidence/past performance report, and thus, is not acceptable. This resulted in extra avoidable expenditure of Rs.33.28<sup>12</sup> lakh.

(b) Similarly, for construction of the 'Tening-Ntuma-Tamei Road' (0-15 km), the Government rejected the lowest tender (8 *per cent* below SOR 1998) on the unsubstantiated ground that the rates offered by the lowest tenderer were impracticable. This resulted in avoidable expenditure of Rs.13.38<sup>13</sup> lakh.

<sup>11</sup> (1) M/s Tectonisco and (2) M/s Paneswar & Sons.

<sup>12</sup> Estimated cost : Rs.302.55 lakh (as per SOR 1998)  
Rate approved : As per SOR 1998  
Lowest tender rate : 11 *per cent* below SOR 1998  
Avoidable expenditure : Rs.33.28 lakh (Rs.302.55 – Rs.269.27) lakh

<sup>13</sup> Estimated cost : Rs.167.27 lakh (as per SOR 1998)  
Rate approved : As per SOR 1998  
Lowest tender rate : 8 *per cent* below SOR 1998  
Avoidable expenditure : Rs.13.38 (Rs.167.27 – Rs.153.89) lakh

Even after awarding these works to the highest tenderers, the Department could not get (December 2000) the works completed within the stipulated period.

#### **4.1.6.3 Inflation of estimate**

The NEC's approval of Rs.299.19 lakh for Phase-V of the 'Kohima-Bokajan Road' was as per SOR (Nagaland) 1996. Although no additional item was included in the estimates, the Department unauthorisedly modified the rate as per SOR (NEC) 1998, and increased the estimated cost to Rs.351.56 lakh without approval of NEC.

Scrutiny of records showed that the Executive Engineer, PWD Dimapur Division paid the contractor a secured advance of Rs.22 lakh in December 1998, for stone metal. There is no evidence that the materials have reached the site, and the work is yet to commence (December 2000). Therefore, Government funds were unnecessarily locked up. The advance represents interest free loan to the contractor, and involves unnecessary interest liability of Rs.5.72 lakh (at 13 *per cent*) for the Government upto December 2000.

#### **4.1.6.4 Undue benefit to the contractor**

(a) Even though the Nagaland PWD Code does not permit payment of any mobilisation advances aggregating Rs.34 lakh (10 *per cent* of work value) were paid (March 1998) by the Executive Engineer, PWD, Dimapur Division, to 2 contractors of Phase-II (Kohima-Bokajan Road), without any bank guarantee, of which, Rs.10.20 lakh was recovered till December 2000. This resulted in undue financial benefit to the contractors, in the form of interest free loan, and unnecessary interest liability of Rs.9.76 lakh (at 13 *per cent*)<sup>14</sup>, for the Government upto December 2000.

(b) The work of Phase-II (Kohima-Bokajan Road) was awarded (27 October 1997) at 45 *per cent* above SOR 1996 for the first year, and at 60 *per cent* for the second year, with stipulation to complete 50 *per cent* of the work (value: Rs.179.80 lakh) by one year (27 October 1998). Against this, only 78 *per cent* of the work was completed even as late as June 2000. The shortfall in achievement (22 *per cent*), was due to irregular release of funds by NEC and State Government. Further scrutiny of records revealed that, the contractor had completed work valued at Rs.12.70 lakh in the first year, against the agreed work value of Rs.179.80 lakh. Consequent upon the shortfall of execution in the first year, escalation admissible upto 60 *per cent* under agreement led to additional benefit of Rs.17.29<sup>15</sup> lakh to the contractor.

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<sup>14</sup> Government borrowing rate.

<sup>15</sup> Total estimated value: Rs.248 lakh

(A)	Agreed work value:	1 <sup>st</sup> year = Rs.124 lakh + 45% =	Rs.179.80 lakh
		2 <sup>nd</sup> year = Rs.124 lakh + 60% =	<u>Rs.198.40 lakh</u>
			Rs.378.20 lakh
(B)	Execution	1 <sup>st</sup> year = Rs.8.76 lakh + 45% =	Rs. 12.732 lakh
		2 <sup>nd</sup> year = Rs.239.24 + 60% =	<u>Rs.382.784 lakh</u>
			Rs.395.516 lakh
		(B-A) =	Rs.17.29 lakh



(c) Work orders for the 'Tadubi-Pfutsero-Bible Hill' were awarded (2 March 1990) at the rate of 170 *per cent* above SOR 1985. Even though the approved rates included the cost of bitumen and wages of labourers, the contractors were paid for these items separately also, which resulted in extension of undue financial benefit of Rs.12.13 lakh.

(d) The work order for the Duilomroi Micro Hydel Project was awarded in June 1996. Though, as per agreement, 10 *per cent* security deposit and 2 *per cent* income tax were to be deducted from the bills of the contractor, no deductions were made. This resulted in undue benefit of Rs.11.67 lakh to the contractor.

#### **4.1.7 Material Management**

##### **(i) Purchase in advance of requirement**

Test check of records of PWD Feeder Road Division, Tuli, revealed that, during 1998-99, the Division spent Rs.6.73 lakh on purchase of RCC Hume pipes required for Phase-II of the 'Road Yanchan A Tuli', even though, the works of Phase-I were not completed, and Phase-II had yet to commence (December 2000).

##### **(ii) Unnecessary purchase**

Scrutiny of records in PWD (R&B), Dimapur Division revealed that, though there was no provision for GI sausage wire in the approved estimates of the work (Phase-V of Kohima-Bokajan Road), the Division unnecessarily procured (between January and April 1998), 20,790 sq.m. of GI sausage wire at Rs.7.25 lakh. In addition, the Division also procured RCC Hume pipes of 1000 mm dia worth Rs.2.91 lakh, in September 1997, even though, there was no requirement for pipes of such specification. All these materials were lying unutilised in stock (December 2000).

##### **(iii) Excess issue of materials to contractor**

Against the actual requirement of 212.20 km. of conductor wire, and 69 km. of ground wire for the "Kohima-Doyang Transmission Line", the Department issued 292.99 km. and 115 km. respectively to the contractors, resulting in excess issue of 80.79 km. (Rs.47.25 lakh) of conductor wire, and 46 km. (Rs.12.01 lakh) of ground wire. No action has been taken to recover the cost of excess materials issued; nor has any responsibility been fixed for such excess issue (December 2000).

##### **(iv) Payment without receipt of materials**

During 1997-98 and 1998-99, the CE, PWD (R&B) Kohima, paid Rs.27.56 lakh for 620 metres of RCC Hume Pipes. Against this, the PWD (R&B) Dimapur Division who was the sole consignee had received only 220 metres of Hume Pipes worth Rs.9.12 lakh. Action initiated to receive the balance 400 metres of Hume Pipes worth Rs.19.44 lakh or to get refund of the balance

amount, has not been intimated (December 2000). Reasons for short supply of materials to the Division were not on record.

**(v) *Doubtful purchase***

The receipt and issue of 21000 m. of sausage wire procured by the EE, PWD (R&B), Pftusero Division in 1994-95 for Rs.7.94 lakh, was not traceable from the stock register where such transactions were to be recorded. Also, since there was already an unutilised balance of 19,845 metres of sausage wire with the Division on the date of procurement, further purchase of 21,000 metres in 1994-95 was not necessary.

**(vi) *Loss of materials and excess payment to supplier***

(a) During March and May 1999, 4.44 km. of conductor wires worth Rs.2.89 lakh were reported stolen from the work sites of the 'Kohima Doyang Transmission Line', but the cost had not been recovered (December 2000) from the contractor, as required under the agreement.

(b) Though the CE (Power), Kohima ordered deduction of sales tax of Rs.9.15 lakh on conductor wires, the Divisional Officer, Transmission Division, Mokokchung, deducted only Rs.6.87 lakh from the bill, resulting in excess payment of Rs.2.28 lakh to the contractor.

**4.1.8 *Monitoring and evaluation***

Although as per guidelines, a State Level Coordination Committee under the Chairmanship of the Development Commissioner, Planning and Development Department, Government of Nagaland, is to be constituted for monitoring the progress of the schemes, and for sending periodic reports to the NEC, no such committee was constituted (December 2000). The State Government had also not conducted any study to evaluate the performance of the schemes, although Rs.3213.06 lakh was spent on implementation of the schemes.

**4.1.9 *Recommendations***

In view of the irregularities mentioned in the various paragraphs of the review, the following recommendations are made:

(i) Adequate planning, budgeting, and regular release of funds, are essential for effective implementation of the scheme, and should be ensured.

(ii) Executing agencies should strictly adhere to codal procedures, as laid down, for execution of the Project.

(iii) Regular supervision and monitoring of the progress of implementation should be ensured. Evaluation study should be conducted to adjudge the effectiveness of implementation of the programme/schemes.

The matter was reported to the Government in November 1999; replies have not been received (February 2000).

## SECTION: B

## HOME DEPARTMENT

<b>4.2 Undue financial aid to contractor (Rs.200 lakh) and loss of interest (Rs.36.71 lakh)</b>
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The Project Engineer, PEPD unauthorisedly paid Rs.200 lakh as mobilisation advance

Test check (October 1999) of records (September 1997 to September 1999) of the Police Engineering Project Division (PEPD) Chumukedima and information furnished by the Division (April and July 2000) revealed that the works regarding construction of office building for Police Headquarters at Kohima (estimated cost Rs.14 crore) were awarded (November 1998) by Addl. C.E. (PEP), Chumukedima to contractors 'X<sup>1</sup>' and 'Y<sup>2</sup>' after inviting quotations from 6 selected contractors. Reasons for not issuing "Notice Inviting Tenders" (NIT) as required under Para 291 of the Nagaland Public Works Department (NPWD) Code were not on record.

Even though the NPWD code does not provide for payment of mobilisation advance, the Project Engineer, PEPD, Chumukedima paid (December 1998) Rs.200 lakh to these two contractors as mobilisation advance. The work commenced only in June 1999 due to delay in handing over of site. Consequently, Rs.200 lakh was locked up unnecessarily for 6 months (December 1998-June 1999). The value of the work executed and measured as of March 2000 was Rs.167.69 lakh and the contractors were paid (March 2000) Rs.100 lakh (Rs.50 lakh each) after effecting recovery of mobilisation advance amounting to Rs.25.15 lakh upto 1<sup>st</sup> RA bills.

The work order was also defective because, while a penalty is leviable on the Government (in case the work is not completed in 3 years), there is no such penalty provision for the contractors. As on March 2000 (9½ months after commencement of work) only 11.98 *per cent* (Rs.167.69 lakh x 100 ÷ Rs.1400 lakh) of the work was completed, against the scheduled 26.39<sup>3</sup> *per cent*. At this pace, only around 45<sup>4</sup> *per cent* of the work was likely to be completed in 3 years after commencement, implying significant time and cost overrun, for which no provision exists in the work order to penalise the contractor.

Loss of interest of Rs.36.71 lakh

Thus, due to delay in handing over of site, non-inclusion of penalty clause securing Government interest, and by allowing the contractors to adjust only Rs.25.15 lakh out of the mobilisation advance of Rs.200 lakh, the contractors were given undue financial benefit of Rs.200 lakh and Rs.174.85 lakh between January 1999 and March 2000, and between April 2000 and June 2000 respectively. Besides, the Department also suffered a loss of interest of

<sup>1</sup> M/s Singh Construction Company, Dimapur

<sup>2</sup> M/s Azam Associates, Dimapur

<sup>3</sup> Rs.1400 lakh x 9.5 months ÷ 36 months = Rs.369.44 lakh  
Rs.369.44 lakh x 100 ÷ Rs.1400 lakh = 26.39 *per cent*

<sup>4</sup> Rs.167.69 lakh x 36 month ÷ 9.5 months = Rs.635.46 lakh  
Rs.635.46 lakh x 100 ÷ Rs.1400 lakh = 45.39%.

Rs.36.71<sup>5</sup> lakh (at the Government borrowing rate of 12.50 per cent) on the funds locked up.

The matter was reported to the Government in March 2000; replies had not been received (February 2001).

## IRRIGATION AND FLOOD CONTROL DEPARTMENT

### 4.3 Excess payment of Rs.3.71 lakh – materials worth Rs.28.83 lakh not accounted for

SE, I&FCD, Kohima  
irregularly paid  
Rs.3.71 lakh

In November 1995, Joint Director (JD), Irrigation and Flood Control Department (I&FCD), Kohima, placed an order with a local supplier<sup>6</sup> for supply of 6130 metres of Galvanised Iron (GI) pipes and fittings of various sizes, at DGS&D rates which included galvanisation charges.

Test check (August-September 1999) of records (September 1996 to September 1999) of the Superintending Engineer (SE) I&FCD, Kohima revealed that in July 1997, the SE had passed a bill of Rs.28.83 lakh which *inter alia* included the following:-

(i) Cost of 6130 metre (100 mm dia) GI pipe @ Rs.265.82 per metre	Rs.16.30 lakh
(ii) Galvanisation charges for 6130 metre GI pipe weighing 5.972 <sup>7</sup> Metric Tonnes (MTs) @ Rs.62192 per MT	Rs. 3.71 lakh

Since by definition, these pipes were already galvanised, the additional payment of Rs.3.71 lakh for galvanisation was not necessary and hence doubtful.

Consequently, Government incurred a loss of Rs.3.71 lakh.

Materials worth  
Rs.28.83 lakh not  
accounted for.

Further, it was observed in audit that, SE, IFCD, Kohima paid the amount of the bill without obtaining a certificate from the EE, Tuensang confirming receipt of materials. The Government, in reply, forwarded (May 2000) a certified copy of the bill and stated (May 2000) that materials were received in full and entered in the stock register. The reply of the Government is not acceptable, since the stock entries which should have been made at the time of receipt of materials were not made in the Stock Register, at the time of verification by Audit two years later.

<sup>5</sup> Rs.200 lakh @ 12.50% for 15 months (January 1999 to March 2000) = Rs.31.25 lakh  
Rs.174.85 lakh @ 12.50% for 3 months (April 2000 to June 2000) = Rs. 5.46 lakh  
Rs.36.71 lakh

<sup>6</sup> M/s Zhato Angami, Dimapur.

<sup>7</sup> 6130 metre = 6130 x 12.99 kg per metre ÷ 1000 = 79.63 MT  
79.63 MT x 75 kg ÷ 1000 kg = 5.972 MT.

Thus, the genuineness of expenditure of Rs.28.63 lakh on procurement of materials was not verifiable by Audit.

## HOME (GENERAL ADMINISTRATION BRANCH) AND WORKS AND HOUSING DEPARTMENT

### 4.4 Unauthorised drawal of Rs.262.40 lakh without legislative approval, and unnecessary interest burden (Rs.95.28 lakh) due to blockage of funds

Article 114 of the Constitution of India read with Rule 70 of the General Financial Rules, as adopted by the Government of Nagaland, stipulate that no expenditure shall be incurred out of the Consolidated Fund without legislative approval/budgetary provisions.

**CIDCO was paid Rs.262.40 lakh for acquisition of land at New Mumbai**

Test check (October-November 1999) of the records of the Estate Officer (E.O), Public Works Department (PWD), Housing and Special Officer (SO), Accounts, Civil Secretariat revealed that contrary to the aforesaid provisions, EO drew (September 1995) Rs.22.40 lakh on the strength of a Letter of Credit issued (September 1995) by the Finance Department (retrospective expenditure sanction accorded by the Works and Housing Department in October 1997), and SO drew (August 1997) Rs.240 lakh on the strength of expenditure sanction (August 1997) accorded by the Home Department (General Administration Branch). The entire amount of Rs.262.40 lakh was paid to the City and Industrial Development Corporation of Maharashtra Limited (CIDCO) in September 1995 (Rs.22.40 lakh) and September 1997 (Rs.240 lakh) for acquisition of land (cost: Rs.261.64 lakh) for construction of a State Guest House at New Mumbai. Home Commissioner, Government of Nagaland, however, took possession of the land on 26 May 1999 after executing agreement with the CIDCO. Reason for delay in executing the agreement and taking possession of the land were not on record.

**Entire money was withdrawn without legislative approval**

As the amount of Rs.262.40 lakh was drawn without any budget provision/legislative approval, the expenditure was irregular and unauthorised. No steps have been taken by the Government to regularise the expenditure as of January 2001.

**Government did not take any steps to commence construction.**

Further, as per the terms and conditions of the agreement, the construction of the State Guest House was to commence within 6 months from the date of execution of the agreement for acquisition of land, but no such steps were taken by the Government as of January 2001. Chances of commencement of works during 2000-01 are also remote, since no budget provision has been made or money appropriated for the purpose; nor have any technical estimates of the works to be executed been prepared by the Department so far (January 2001).

Unnecessary interest  
payment on blockage  
of fund

As a result, funds of Rs.262.40 lakh were locked up unproductively, which led to unnecessary interest burden of Rs.95.28 lakh<sup>8</sup> on the State exchequer.

The matter was reported to the Government in February 2000; reply has not been received (February 2001).

## WORKS AND HOUSING DEPARTMENT

### **4.5 Unauthorised expenditure of Rs.52.35 lakh on appointment of Work Charged (WC) staff in gross violation of Government orders**

Blatant flouting of  
Government orders  
by EE, PWD (R&B),  
Kohima and EO,  
PWD (Housing),  
Kohima resulted in  
unauthorised  
expenditure of  
Rs.52.35 lakh

Work Charged (WC) staff engaged on specific works are required to be discharged on completion of the works. Government of Nagaland banned (July 1990), the engagement of additional WC staff and directed that the strength of WC staff in all Departments be reduced to 50 per cent. In July 1993, powers delegated to Executive Engineers (EEs) to appoint WC staff were also withdrawn, WC staff could be appointed by the Chief Engineer with specific approval of the Government. In June 1996, Government completely banned engagement of WC staff.

Test check (September-November 1999) of the records of the following two DDOs revealed that WC staff continued to be appointed, in violation of the above Government orders.

(a) Para 4.1(iii) of the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 1998 mentioned that, the EE, Public Works Department (Roads and Bridges) Mechanical Division No.1, Kohima had unauthorisedly engaged 96 WC staff upto August 1996. Further test check (September-November 1999) revealed that, between November 1996 and April 1998, the Additional Chief Engineer, Mechanical, Kohima appointed an additional 51 WC staff who were shown against the EE, PWD (R&B), Mechanical Division No.1, Kohima. Consequently, the EE, PWD (R&B), Mechanical Division No.1, Kohima incurred unauthorised expenditure of Rs.25.31 lakh on 51 WC staff as of August 1999 irregularly employed between November 1996 and April 1998. No mention of the works against which the WC staff were employed, was made by the Department.

(b) Similarly, the Estate Officer, PWD (Housing), Kohima appointed 25 WC staff between November 1995 and April 1999, in clear violation of Government orders. This resulted in unauthorised expenditure of Rs.27.04 lakh as of September 1999.

The above two cases of blatant violation of Government orders, leading to unauthorised expenditure of Rs.52.35 lakh (Rs.25.31 lakh + Rs.27.04 lakh)

<sup>8</sup> Rs.22.40 lakh @ 14% from 9/95 to 3/2000      Rs.14.37 lakh  
Rs.240.00 lakh @ 13.05% from 9/97 to 3/2000      Rs.80.91 lakh  
Rs.95.28 lakh

were reported to the Government and the Department in November 1999 and February 2000; replies have not been received (February 2001).

**4.6 Fictitious payment of Rs.5.76 lakh**

Additional Chief Engineer (ACE), Mechanical, Public Works Department (PWD), Nagaland, Kohima placed (5 March 1999) a work order for Rs.5.76 lakh with an individual 'A' who was identified simply as Shri Tia Ao, Kohima on the work order, and as Shri Tia Ao, Mokokchung on the bill. Evidently, 'A' was not an authorised dealer, and had no settled address. The order was placed for the repair of one bulldozer (BEML D-50-A-15 No.7506) stationed at Pukpur under the Assistant Mechanical Engineer, Tuensang.

EE, Mechanical Division, PWD, Kohima paid Rs.5.07 lakh on a fictitious bill.

Test-check (September 1999) of the records of the Executive Engineer (EE), Mechanical Division, PWD, Kohima for the period September 1996 to August 1999 revealed that, the EE paid (31 March 1999) Rs.5.07 lakh to 'A' on the basis of a certificate recorded on the body of the bill (21 March 1999) by the Assistant Mechanical Engineer (AME), Mechanical Store Division, Kohima, countersigned by Mechanical Engineer, Mechanical Division, Kohima to the effect that the materials had been received in full, as per specification, and directly fitted to the machine through departmental mechanics. However, neither the log book, nor any other records like register of repairs to machinery etc., were made available to Audit, to substantiate the repairs/replacement actually done to the Bulldozer.

Since the said bulldozer was in the possession of AME, Tuensang (Mechanical Division, Mokokchung), he was the appropriate authority on location to record the certificate on the bill and not the AME, Kohima. There was no documentary evidence to show that the bulldozer was brought from Tuensang to Kohima; there was also no entry in the stock register to corroborate receipt/issue of materials. Therefore, the certificate recorded on the body of the bill was not authentic, and the payment was doubtful.

The matter regarding doubtful payment was reported to the Government and the Department in November 1999; replies have not been received (February 2001).

**WORKS AND HOUSING (ROADS AND BRIDGES AND HOUSING) DEPARTMENT**

**4.7 Failure of senior officials to enforce accountability and protect the interests of Government**

Accountant General (Audit) (AG) conducts periodical inspection of the Government departments to test check the veracity of transactions, and verify the maintenance of important accounting and other records, as per prescribed rules and procedures. These inspections are followed up with Inspection

Reports (IRs). When important irregularities etc., detected during inspection are not settled on the spot, these IRs are issued to the Heads of Offices inspected, with a copy to the next higher authorities. Though the State Government had accepted the recommendations of the Shakhdar Committee regarding establishment of appropriate mechanism in Government to monitor Government's response to Audit, no separate monitoring cell has been established by the State Government as of January 2001. 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 Head of the Department by the AG (Audit). A half yearly report of pending inspection reports is sent to the Secretary to the Department, in respect of pending IRs, to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto June 2000 pertaining to two Departments, viz., (i) Works and Housing (Roads and Bridges) and (ii) Works and Housing (Housing) disclosed that, 1445 paragraphs relating to 156 IRs remained outstanding at the end of January 2001. Of these, 58 IRs containing 419 paragraphs had not been replied to/settled, for more than 10 years. Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix-XLIV*. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue, were not received in respect of 12 Divisions/Offices for 164 IRs issued between 22 May 1987 and 12 June 1990. As a result, the following serious irregularities commented upon in these IRs had not been settled as of February 2001.

Serial number	Nature of irregularities	No. of paragraphs	Amount (Rupees in lakh)
1.	Avoidable expenditure/excess payment	323	4,099.55
2.	Misappropriation/shortage/loss of Government money/stores	69	331.22
3.	Irregular/unauthorised/purchase/blocking of Government money/stock/ unaccounted stores	422	8,967.30
4.	Loss due to non-realisation of Government money	82	104.27
5.	Money kept outside Government accounts	6	177.13
6.	Advance drawal	9	1,039.54
7.	Deviation of fund/mis-use of funds	11	564.61
8.	Fictitious/Doubtful drawal	66	354.89
9.	Miscellaneous/Others	457	3,166.40
	<b>Total:-</b>	<b>1,445</b>	<b>18,804.91</b>

A review of the IRs which were pending due to non-receipt of replies in respect of (i) Works and Housing (Roads and Bridges) and (ii) Works and Housing (Housing) Departments revealed that the heads of the Offices, whose records were inspected by AG and the Head of the Department, viz., (i) Chief Engineer (Roads and Bridges) and (ii) Chief Engineer (Housing) failed to discharge due responsibility as they did not send any reply to a large number of IRs/paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the AG. The Secretary of the respective Departments, who was informed of the position



through half-yearly reports, also failed to ensure that the concerned officers of the Department take prompt and timely action.

The above also indicated inaction against the defaulting officers, and thereby facilitated the continuation of serious financial irregularities and loss to the Government.

It is recommended that Government should examine the matter, and ensure introduction of suitable procedure to ensure that (a) action is initiated against officials who failed to send replies to IRs/Paras as per the prescribed time schedule, (b) action to recover loss/ outstanding advances/overpayments in a time bound manner, and (c) establish an appropriate mechanism in Government to monitor Government's response to Audit.

The matter was referred to Government in August 2000; reply had not been received (February 2001).

**CHAPTER V**  
**STORES AND STOCK**

**SECTION: B**

**WORKS AND HOUSING/PUBLIC HEALTH  
ENGINEERING/POWER DEPARTMENTS**

**5.1 Closing of stock registers**

According to the provisions of the Nagaland Public Works Department Code, the accounts are required to be closed each year on 30 September and valuation of stores done with reasonable accuracy. The valuation should be periodically reviewed and revised, where necessary, to enable the authorities to know the profit and loss in respect of different classes of materials and re-adjust the issue prices, where required. In case the valuation is not so reviewed from time to time, the accounts of stores would not reflect the true picture of the value of stores held.

It was noticed that-

All 10 Public Health Engineering Divisions had closed their stock accounts upto September 1999. Information relating to closing of stock accounts in respect of 24 Public Works Divisions (Roads and Bridges), 19 Public Works Divisions (Housing and Civil) and 16 Electrical Divisions were not made available.

**5.2 Physical verification of stores**

The Nagaland Public Works Department Code prescribes that the Sub-divisional Officers should carry out *cent per cent* physical verification of the stores under their charge once in a year. The Divisional Officers are required to verify annually 10 *per cent* of all stores before submission of stock returns to the higher authorities and the Accountant General. Such verifications are meant to enable the authorities to detect shortage and discrepancies in the stores and are applicable to all other departments, where stores accounts are maintained. It was, however, noticed in audit that:-

Out of 69 Public Health Engineering Divisions, 10 Divisions had conducted physical verification of stores upto September 1999. Information relating to physical verification of stores in respect of the remaining 59<sup>1</sup> Divisions were awaited (February 2001)

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<sup>1</sup> Public Works Division (43) and Electrical Division (16).

In the absence of physical verification of stock, the extent of loss caused due to pilferage, deterioration, damage, etc., of stock items could not be verified in audit.

### **5.3 Reserve stock limit**

(i) Reserve Stock Limit (RSL) had not been prescribed for 3 out of 10 Public Health Engineering Divisions. Of these, the sanctioned RSL was exceeded in 4 Divisions by a total amount of Rs.1,641.56 lakh. 6 Divisions exhibited minus balance of stores aggregating Rs.1,591.72 lakh as on 31 March 2000. The minus balance was attributed by the Department due to centralised procurement through indents and the value of stock materials being left unadjusted against the indenting divisions.

(ii) RSL had not been prescribed for 19 out of 43 Public Works Divisions (Roads and Bridges, Housing and Civil). Of these, 4 Divisions unauthorisedly held stores worth Rs.216.19 lakh at the end of March 2000. The sanctioned RSL was exceeded in 20 Divisions by a total amount of Rs.4,425.12 lakh. Two Divisions had exhibited minus balance of stores aggregating Rs.13.65 lakh as on 31 March 2000. No reasons have been furnished by the Divisions for the minus balance.

(iii) RSL had not been prescribed for 8 out of 16 Electrical Divisions. Of these, 3 Divisions unauthorisedly held stores worth Rs.35 lakh at the end of March 2000. The sanctioned RSL was exceeded in two Divisions by a total amount of Rs.135.25 lakh. Five Divisions had exhibited minus balance of stores aggregating Rs.309.35 lakh as on 31 March 2000. No reasons have been furnished by the Divisions for the minus balance.

### **5.4 Tools and Plant**

According to Nagaland Public Works Department Code, the divisions should close the Tools and Plant accounts on 30 September every year and arrive at the balance of stock held. Physical verification of Tools and Plant articles should also be conducted once a year.

It was noticed that:

All 10 Public Health Engineering Divisions had closed the Tools and Plant accounts and physically verified them upto September 1999. Information relating to closing of Tools and Plant accounts and physical verification in respect of 43 Public Works Divisions (Roads and Bridges, Housing and Civil) and 16 Electrical Divisions was not made available.

Due to delay in closing of accounts and non-conducting of physical verification, shortage/surplus of Tools and Plant, if any, could not be ascertained and adjusted in accounts in time.

## IRRIGATION AND FLOOD CONTROL DEPARTMENT

### 5.5 Fictitious payment of Rs.77.19 lakh

**SE, I&FCD placed an order for Rs.83.20 lakh on a local dealer without observing purchase procedure**

Superintending Engineer (SE), Irrigation and Flood Control Department (I&FCD), Kohima, placed an order (23 September 1997) for Sausage Wires and Galvanised Iron pipes valued at Rs.83.20 lakh with a supplier, who was identified simply as Shri Philip K, Dimapur. Evidently, the supplier was not an authorised dealer, and had no settled address. The materials were required for various minor irrigation projects in Mon district. The supply order was placed without preparation of estimates, assessment of materials, or calling of tenders.

**SE, I&FCD paid Rs.77.19 lakh against a fictitious claim**

Test-check (August-September 1999) of the records (September 1996-July 1999) of the SE, I&FCD, Kohima revealed that, instead of presenting a regular bill, the supplier claimed (29 September 1997) Rs.83.20 lakh on a piece of white paper and the SE paid (1 October 1997) Rs.77.19 lakh to the supplier on the basis of a certificate signed by the EE, I&FCD, Mon, that the materials were received in full, and in good condition, and that these had been entered into the Measurement Book (MB) and Stock Register (SR). However, since the Division was not authorised by the Government to retain stock, the purchase was irregular. Also, there was no evidence of entry in the MB or SR to corroborate receipt or issue of materials.

Thus, the entire payment of Rs.77.19 lakh was made on fictitious claims.

The matter was reported to the Government and the Department in January 2000. In reply (May 2000), Government intimated that, all the relevant records were maintained properly by the EE, Mon. However, these records, which were required to corroborate receipt and utilisation of the materials, were neither made available during audit, nor on any subsequent date. Therefore, the reply of Government cannot be accepted.

**CHAPTER -VI**  
**REVENUE RECEIPTS**

**SECTION: B**

**6.1 Trend of revenue receipts**

The total receipts of the Government of Nagaland for the year 1999-2000 were Rs.1,131.46 crore. Of these, revenue raised by the State Government was Rs.78.36 crore, comprising Rs.39.50 crore from tax revenue, and the balance Rs.38.86 crore from non-tax revenue. The receipts from Government of India amounting to Rs.1,053.10 crore accounted for 93 *per cent* of the total receipts.

**6.2 Analysis of revenue receipts**

**(a) General**

A time series analysis of the receipts for the years 1997-2000 is given below:-

	1997-98	1998-99	1999-2000
	(Rupees in lakh)		
I. Revenue raised by the State Government			
(a) Tax revenue	3,157.31	3,056.36	3,949.60
(b) Non-tax revenue	2,752.20	4,414.93	3,886.59
Total: I	5,909.51	7,471.29	7,836.19
II. Receipts from Government of India			
(a) State's share of divisible Union Taxes	38,081.00	43,719.00	52,604.00
(b) Grants-in-aid	42,108.49	47,748.16	52,706.25
Total: II	80,189.49	91,467.16	1,05,310.25
III. Total receipts of the State (I plus II)	86,099.00	98,938.45	1,13,146.44
IV. Percentage of I to III	7	8	7

**(b) Tax revenue raised by the State**

Receipts from tax revenue (Rs.39.50 crore), during the year 1999-2000, constituted 50 *per cent* of the State's own revenue receipts (Rs.78.36 crore). Details of tax revenue for the year 1999-2000, and the preceding two years, are given below:

	1997-98	1998-99	1999-2000	Percentage of Increase (+)/ Decrease (-) in 1999-2000 with reference to 1998-99
	(Rupees in lakh)			
1. Sales Tax	1,652.00	1,609.88	2,304.50	(+) 43
2. Taxes on Vehicles	386.21	437.01	458.83	(+) 5
3. Other Taxes on Income and Expenditure	518.30	602.27	786.55	(+) 31
4. State Excise	210.13	188.58	172.89	(-) 8
5. Stamps and Registration Fees	366.00	194.04	185.13	(-) 5
6. Other Taxes and Duties on Commodities and Services	15.50	11.56	15.29	(+) 32
7. Land Revenue	8.46	12.19	25.68	(+) 111
8. Taxes and Duties on Electricity	0.71	0.83	0.70	(-) 16
	3,157.31	3,056.36	3,949.57	

Reasons for variations in receipts during 1999-2000, compared to 1998-99, have not been intimated by the concerned departments (February 2001).

**(c) Non-tax revenue of the State**

Receipts from non-tax revenue (Rs.38.86 crore), during the year 1999-2000, constituted 50 per cent of the revenue raised by the State. Details of non-tax revenue under the principal heads for the year 1999-2000, and the preceding two years, are given below:-

	1997-98	1998-99	1999-2000	Percentage of Increase (+)/ Decrease (-) in 1999-2000 with reference to 1998-99
	(Rupees in lakh)			
1. Interest Receipts	102.00	144.27	458.70	(+) 218
2. Public Service Commission	2.22	3.82	2.54	(-) 34
3. Police	26.37	20.87	14.56	(-) 30
4. Stationery and Printing	0.88	0.35	0.67	(+) 91
5. Public Works	56.82	13.88	32.14	(+) 132
6. Other Administrative Services	26.46	327.85	610.70	(+) 86
7. Contribution and recoveries towards Pension & ORB <sup>1</sup>	1.66	8.04	7.78	(-) 3
8. Miscellaneous General Services	553.76	1,482.85	79.03	(-) 95
9. Education, Sports, Arts and Culture	6.98	12.11	15.25	(+) 26
10. Medical & Public Health	1.73	2.43	2.09	(-) 14
11. Water Supply and Sanitation	21.11	17.60	32.89	(+) 87
12. Housing	22.73	21.79	189.38	(+) 769
13. Social Security and Welfare	11.76	0.05	0.50	(+) 900
14. Crop Husbandry	3.83	3.18	3.39	(+) 7
15. Animal Husbandry	13.59	10.21	20.55	(+) 101
16. Forestry and Wildlife	125.79	305.11	169.77	(-) 44
17. Food storage and Warehousing	14.42	1.88	7.54	(+) 301
18. Co-operation	2.97	5.51	8.46	(+) 54
19. Other Agricultural Programmes	7.79	3.93	3.05	(-) 22
20. Minor Irrigation	1.91	0.08	0.35	(+) 338
21. Power	1,458.16	1,721.36	1,785.14	(+) 4
22. Village and Small Industries	15.07	10.37	14.02	(+) 35

1 Other Retirement Benefits.

	1997-98	1998-99	1999-2000	Percentage of Increase(+)/ Decrease(-) in 1999-2000 with reference to 1998-99
	(Rupees in lakh)			
23. Non-ferrous Mining and Metallurgical Industries	11.01	3.10	1.27	(-) 59
24. Road Transport	241.53	249.93	380.93	(+) 52
25. Tourism	11.99	14.17	18.01	(+) 27
26. Other General Economic Services	5.00	5.70	5.03	(-) 12
<b>Total:-</b>	<b>2,747.54</b>	<b>4,390.44</b>	<b>3,863.74</b>	

Reasons for increase/decrease have not been intimated by the concerned departments (February 2001).

### 6.3 Variations between Budget estimates and actuals

The major variations between Budget estimates and actual receipts under the major heads of revenue for the year 1999-2000 are given below:-

Major heads of revenue	Budget estimates	Actual receipts	Percentage of variations Increase (+)/ Decrease (-) of actuals over budget estimates
	(Rupees in lakh)		
(1)	(2)	(3)	(4)
1. Other taxes on Income and expenditure	670.00	786.55	(+) 17
2. Stamps and Registration Fees	185.00	185.13	Negligible
3. State Excise	210.00	172.89	(-) 18
4. Sales Tax	2,754.00	2,304.50	(-) 16
5. Taxes on Vehicles	455.00	458.83	(+) 1
6. Other Taxes and Duties on Commodities and Services	16.00	15.29	(-) 4
7. Interest Receipts	300.00	458.70	(+) 53
8. Police	4.00	14.56	(+) 264
9. Stationery and Printing	20.00	0.67	(-) 97
10. Public Works	40.00	32.14	(-) 20
11. Other Administrative Services	397.50	610.70	(+) 54
12. Miscellaneous General Services	500.00	79.03	(-) 84
13. Education, Sports, Art & Culture	25.00	15.25	(-) 39
14. Medical and Public Health	9.00	2.09	(-) 77
15. Water Supply and Sanitation	64.00	32.89	(-) 49
16. Housing	453.86	189.38	(-) 58
17. Social Security and Welfare	13.00	0.50	(-) 96
18. Crop Husbandry	13.00	3.39	(-) 74
19. Dairy Development	12.00	---	(-) 100
20. Forestry & Wildlife	350.00	169.77	(-) 51
21. Food, Storage and Warehousing	---	7.54	(+) 100
22. Co-operation	2.00	8.46	(+) 323
23. Other Agricultural Programmes	7.00	3.05	(-) 56
24. Power	2,200.00	1,785.14	(-) 19
25. Village and Small Industries	10.00	14.02	(+) 40
26. Non-ferrous Mining and metallurgical Industries	5.00	1.27	(-) 75
27. Road Transport	430.00	380.93	(-) 11

Major heads of revenue	Budget estimates	Actual receipts	Percentage of variations Increase (+)/ Decrease (-) of actuals over budget estimates
	(Rupees in lakh)		
(1)	(2)	(3)	(4)
28. Tourism	11.00	18.01	(+) 64
<b>Total:-</b>	<b>9,156.36</b>	<b>7,750.68</b>	

Reasons for variations have not been intimated by the concerned departments (February 2001).

#### **6.4 Cost of collection**

The gross collection in respect of major revenue receipts, expenditure incurred on their collection, and the percentage of such expenditure to gross collections during the years 1997-98, 1998-99 and 1999-2000, along with the relevant all India average percentage of expenditure of collection to gross collections for the year 1997-98, are given below:-

Sl. No.	Revenue head	Year	Collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage of collection for the year 1997-98
			(Rupees in lakh)			
1.	Sales Tax	1997-98	1,652.00	205.25	12	1.28
		1998-99	1,609.88	216.84	13	
		1999-2000	2,304.50	233.78	10	
2.	State Excise	1997-98	210.13	257.91	123	3.20
		1998-99	188.58	333.45	177	
		1999-2000	172.89	349.20	202	
3.	Taxes on Vehicles	1997-98	386.21	123.68	32	2.65
		1998-99	437.01	103.62	24	
		1999-2000	458.83	126.86	28	
4.	Stamps and Registration Fees	1997-98	366.00	0.11	@	3.14
		1998-99	194.04	10.99	6	
		1999-2000	185.13	9.55	5	

\* Expenditure is more than the collection under State Excise, mainly due to excess establishment charges, and imposition of ban on sale of liquor in the State.

@ Below 1 per cent.



## HOME (POLICE)/WORKS AND HOUSING DEPARTMENTS

### 6.5 Non-realisation of sales tax

Non-realisation of sales tax from local supplier resulted in loss of Rs.1.11 lakh

(A) According to the Nagaland Sales Tax (NST) Act, 1967 (as amended) and Rules framed thereunder, Drawing and Disbursing Officers shall deduct at source, and remit to the treasury, the tax payable on the goods supplied by a dealer to the State or Central Government.

Test check (August 1999) of the records for the period from July 1996 to July 1999 of the Deputy Inspector General of Wireless (DIGW), Kohima, revealed that DIGW procured (December 1998) clothing and equipment valued at Rs.14.98 lakh (including Sales Tax) from a local supplier<sup>3</sup>, and paid (December 1998) the entire amount of Rs.14.98 lakh to the supplier, without deducting sales tax of Rs.1.11 lakh (8 per cent of Rs.13.89 lakh) from the bills of the supplier, in contravention of the aforesaid act.

Non-realisation of sales tax from local supplier resulted in loss of Rs.2.99 lakh

(B) The Executive Engineer, Public Works Department (Roads and Bridges), Mechanical Division No.1, Kohima, purchased 22 vehicles from two local firms<sup>4</sup> between December 1996 and April 1998, at a cost of Rs.77.82 lakh. Though the DDO was required to deduct the sales tax at source, but the Executive Engineer while making payment did not deduct same at the rate of 4 per cent. This resulted in a loss of revenue of Rs.2.99 lakh.

The above cases were reported to the Department and Government in November 1999 and February 2000; their replies have not been received (February 2001).

## FINANCE DEPARTMENT

### 6.6 Non-levy of turnover tax

Non-levy of turnover tax resulted in loss of revenue of Rs.8.45 lakh

As per the Nagaland Sales Tax Act (NST), 1967, (as amended) where gross turnover during any year exceeds rupees 5 lakh, the dealer shall, in addition to any other taxes payable either under the Act or otherwise, be liable to pay turnover tax at the rate of 1 per cent of gross turnover, if it exceeds Rs.5 lakh, and at the rate of 1½ per cent if it exceeds Rs.10 lakh.

Test check (September 1999) of records of the Assistant Commissioner of Taxes, Kohima for the period from May 1996 to August 1999 revealed that, in the cases of six assesses, the turnover tax as above were not levied, though

<sup>3</sup> M/s Mar Ao, Dimapur. Total amount paid: Rs.14.98 lakh (including Sales Tax).

<sup>4</sup> (1) M/s Progressive Motors, Dimapur: Rs.38.01 lakh (2) M/s Dimapur Diesels: Rs.39.81 lakh.

the gross turnover of the assessee had exceeded the prescribed limit. This resulted in loss of revenue of Rs.8.45 lakh.

The above cases were reported to the Department and Government in September 1999; their replies have not been received (February 2001).

**CHAPTER VII**  
**FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS**

**SECTION: B**

**7.1 Assistance to autonomous bodies and others**

Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities, by and large, receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act 1956 etc., to implement certain programmes of the State Government. The grants are sanctioned and released to such bodies and authorities for maintenance of educational institutions, industrial institutions construction and maintenance of school and hospital buildings, improvement of roads and other communication facilities under Town Committees and local bodies.

During 1999-2000, financial assistance of Rs.31.94 crore was paid to various autonomous bodies and other institutions broadly grouped as under:-

Serial Number	Name of institutions	Amount of assistance paid (Rupees in crore)
1.	Village Development Boards	11.26
2.	Industrial institutions	5.15
3.	Town Committees	0.73
4.	Co-operative Societies	0.17
5.	Development authority	2.31
6.	Non-Government Schools/Colleges and Institutions	0.42
7.	Other Institutions	11.90
	<b>Total:-</b>	<b>31.94</b>

**7.2 Delay in furnishing utilisation certificates**

The financial rules of Government require that, where grants are given for a specific purpose, certificates of utilisation should be obtained by the departmental officers from the grantees, and after verification, these should be forwarded to the Accountant General within one year from the date of sanction, unless specified otherwise.

Of the 14,291 utilisation certificates due in respect of grants aggregating Rs.132.26 crore paid during the period 1967-68 to 1999-2000 only 11,062

utilisation certificates for Rs.52.95 crore had been furnished by 30 September 2000, and 3,229 utilisation certificates for an aggregate amount of Rs.79.31 crore were in arrears. Department-wise break-up of outstanding utilisation certificates was as under:-

Serial Number	Department	Period	Number of certificates	Amount (Rupees in crore)
1.	Industries	1986-87 to 1999-2000	35	*18.74
2.	School Education	1982-83 to 1999-2000	644	*27.28
3.	Co-operation	1967-68 to 1999-2000	286	6.03
4.	Rural Development	1980-81 to 1999-2000	2,255	**20.34
5.	Director of Agriculture	1999-2000	9	6.92
	<b>Total:-</b>		<b>3,229</b>	<b>79.31</b>

\*The position of utilisation certificates outstanding was as per last year's position as the information upto (September 2000) is awaited (February 2001).

\*\*The position of outstanding utilisation certificates was only for the grants upto 1993-94. Information for subsequent years is awaited (February 2001).

### **7.3 Delay in submission of accounts**

In order to identify the institutions which attract audit under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, Government and Heads of Departments, are required to furnish to Audit every year detailed information about, the financial assistance given to various institutions, the purpose for which assistance was sanctioned, and the total expenditure of the institutions. Information for the years 1995-96 to 1999-2000 was awaited from the Finance Department of the Government (February 2001).

### **7.4 Audit arrangements**

**7.4.1** Under section 14 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, the accounts of any Body or Authority which is substantially financed, by Government grants or loans, are to be audited by the Comptroller and Auditor General of India. A Body or Authority is said to be substantially financed, if the amount of Government grant or loan is not less than Rs.25 lakh, and the amount of such grant or loan is not less than 75 per cent of the total expenditure of that Body or Authority. The following six Authorities/Bodies received Rs.37.22 crore as grants/loans from the Government of India/State Government during 1998-99 and 1999-2000.

Sl No.	Name of Body/Authority	Source of Funds	Amount of grant/loan	
			1998-99	1999-2000
			(Rupees in crore)	
1.	Nagaland University	Govt. of India	10.49	22.93
2.	Development Authority, Dimapur	Govt. of Nagaland	1.20	1.00
3.	Nagaland Board of School Education	-do-	0.80	0.80
4.	Nagaland State Social Welfare Advisory Board, Kohima.	Govt. of India & Govt. of Nagaland	Information not furnished (February 2001)	
5.	District Rural Development Agencies	Govt. of India and Govt. of Nagaland		
6.	North East Zone Cultural Centre, Dimapur	-do-		

7.4.2 Nagaland Khadi and Village Industries Board, Kohima is a Statutory Corporation formed under an Act passed by the State Legislature. During 1996-97 and 1997-98, the Board received Rs.1.55 crore and Rs.1.46 crore respectively, from the Government of Nagaland. Details of loans/grants received during 1996-97 from the Khadi and Village Industries Commission, had not been made available. The Board has finalised its accounts upto 1987-88 only. Information regarding finalisation of accounts from 1998-89 onwards is still awaited (February 2001).

**CHAPTER VIII**  
**GOVERNMENT COMMERCIAL AND TRADING**  
**ACTIVITIES**

**SECTION: B**

**8.1 General review of Government companies**

**8.1.1 Introduction**

As on 31 March 2000, there were 6<sup>1</sup> Government companies (including one subsidiary) under the control of the State Government. The number of companies remained unchanged over the previous year. The accounts of Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors who are appointed by Government of India on the advice of the Comptroller and Auditor General of India (CAG) as per Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per Section 619(4) of the Companies Act, 1956.

The accounts of departmentally managed Government commercial undertakings are audited solely by the CAG under Section 13 of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

**8.1.2 Investment in Government companies**

As on 31 March 2000, the total investment in 6 Government Companies (including one subsidiary) was Rs.53.24 crore (equity: Rs.18.19 crore; long term loans: Rs.25.74 crore and share application money: Rs.9.31 crore) as against a total investment of Rs.49.87 crore (equity: Rs.18.19 crore; long term loans: Rs.23.28 crore and share application money: Rs.8.40 crore) in 6 Government Companies (including one subsidiary) as on 31 March 1999. All the companies were working as on 31 March 2000.

The summarised financial results of Government companies are detailed in *Appendix-XLV* and *XLVI*.

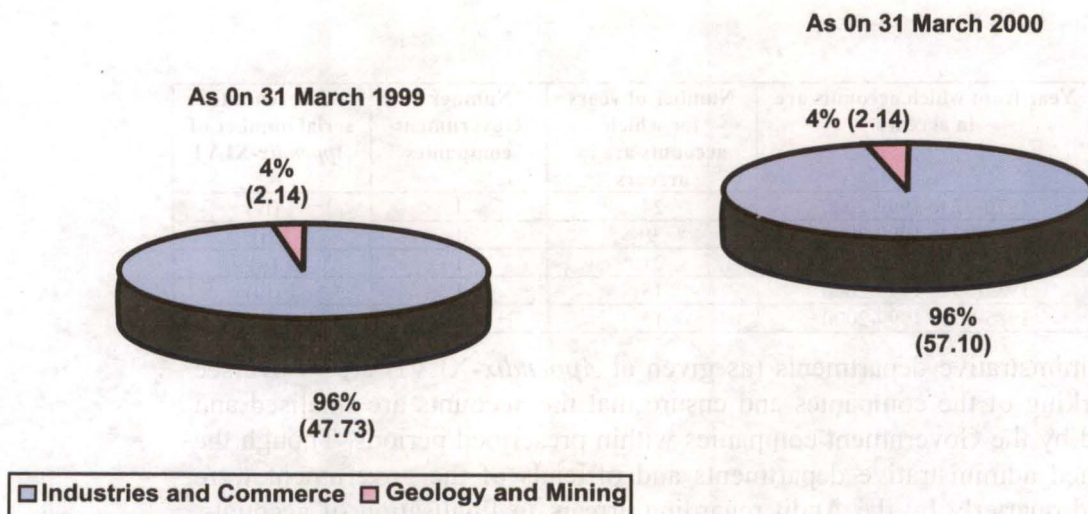
**8.1.3 Sector-wise investment in Government companies**

As on 31 March 2000, of total investment in Government companies, 51.65 per cent comprised equity capital and 48.35 per cent comprised loans compared to 53.32 per cent and 46.68 per cent respectively as on 31 March 1999.

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(1) Nagaland Industrial Development Corporation Ltd., Dimapur, (2) Nagaland Handloom and Handicraft Development Corporation Ltd., Dimapur, (3) Nagaland Industrial Raw Materials and Supply Corporation Ltd., (4) Nagaland Hotel Ltd., (5) Nagaland Sugar Mills Company Ltd., Dimapur, and (6) Nagaland State Mineral Development Corporation Ltd., Kohima.

The sector-wise investment (equity and long term loans) in Government companies as of the end of 1998-99 and 1999-2000 is given below in two pie diagrams.



(Figures in brackets indicate investment in Rupees in crore)

#### 8.1.4 Budgetary outgo, subsidies, guarantees and waiver of dues

The year-wise budgetary investment by the State Government to the Government companies for the 3 years upto 1999-2000 is given below:-

	(Rupees in crore)					
	1997-98		1998-99		1999-2000	
	Number of companies	Amount	Number of companies	Amount	Number of companies	Amount
Equity capital	2	0.95	2	1.15	4	1.19
Loans	1	0.55	1	0.55	1	0.55
Grants	2	1.97	2	2.05	5	5.29
<b>Subsidy towards</b>						
(i) Projects/Programmes/Schemes	---	---	---	---	---	---
(ii) Other subsidy	---	---	---	---	---	---
(iii) Total subsidy	---	---	---	---	---	---
<b>Total outgo</b>	<b>3</b>	<b>3.47</b>	<b>3</b>	<b>3.75</b>	<b>5</b>	<b>7.03</b>

No guarantees for loans were given by the State Government during the year 1999-2000. However, at the end of the year 1999-2000 guarantees amounting to Rs.3.96 crore against one Government Company<sup>2</sup> was outstanding.

#### 8.1.5 Finalisation of accounts by Government companies

**8.1.5.1** The accounts of the companies are to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230 and 619 of the Companies Act, 1956 read with Section 19 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year.

<sup>2</sup> NIDC, Dimapur.

However, as could be noticed from *Appendix-XLVI*, none of the 6 Government companies had finalised their accounts for the year 1999-2000, within the stipulated period. The accounts of all the companies were in arrears for periods ranging from nine to 24 years as on 31 July 2000 as detailed below:-

Sl. No.	Year from which accounts are in arrears	Number of years for which accounts are in arrears	Number of Government companies	Reference to serial number of <i>Appendix-XLVI</i>
1.	1976-77 to 1999-2000	24	1	1 (iv)
2.	1991-92 to 1999-2000	9	1	1 (i)
3.	1979-80 to 1999-2000	21	1	1 (ii)
4.	1982-83 to 1999-2000	18	1	1 (iii)
5.	1985-86 to 1999-2000	15	2	1 (v) & 2 (i)

The administrative departments (as given at *Appendix-XLVI*) are to oversee the working of the companies and ensure that the accounts are finalised and adopted by the Government companies within prescribed periods. Though the concerned administrative departments and officials of the government were apprised quarterly by the Audit regarding arrears in finalisation of accounts, no effective measures had been taken by the Government and as a result, the investments made in these companies could not be assessed in Audit.

#### **8.1.6 Working results of Government companies**

According to latest finalised accounts of 5<sup>3</sup> Government companies, 2<sup>4</sup> companies had incurred an aggregate loss of Rs.1.09 crore. However, these figures do not represent the upto-date financial position of the companies.

The summarised financial results of Government companies as per latest financial accounts are given in Appendix—XLVI.

##### **8.1.6.1 Profit earning companies and dividend**

Only one Company viz., Nagaland Industrial Raw Materials and Supply Corporation Limited, Dimapur which finalised its accounts for 1978-79 earned a profit of Rs.0.14 lakh during the year (with accumulated profit of Rs.0.28 lakh).

##### **8.1.6.2 Loss incurring companies**

Of the 2<sup>5</sup> loss making companies, NIDC had accumulated losses of Rs.430.01 lakh and eroded 31.29 *per cent* of paid up capital (Rs.1374.27 lakh).

<sup>3</sup> Excluding Nagaland Sugar Mills company Ltd., Dimapur.

<sup>4</sup> NIDC, Dimapur and NHHDC Dimapur.

<sup>5</sup> NIDC, Dimapur and NHHDC, Dimapur.



**8.1.7 Return on Capital Employed**

As per latest finalised accounts the capital employed worked out to Rs.25.07 crore in five companies and total return thereon amounted to Rs.(-) 0.33 crore. The details of capital employed and total return on capital employed in the case of Government companies are given in *Appendix—XLVI*.

**8.1.8 Results of audit by Comptroller and Auditor General of India**

The summarised financial results of the five Government companies based on the latest available accounts are given in *Appendix—XLVI*.

**8.1.8.1 Persistent irregularities and system deficiencies in financial matters of companies**

The following persistent irregularities and system deficiencies in the financial matters of companies had been repeatedly pointed out during the course of the annual audit of their accounts but no corrective action has been taken by these companies so far:

- (1) The accounts are not finalised in time.
- (2) Since most of the companies did not hold Board Meetings regularly as required under Section 265 of the Companies Act, 1956, major decisions are often taken without approval of BODs.

**8.1.9 Position of discussion of Commercial chapters of Audit Report by the Committee on Public Undertakings (COPU)**

The reviews/paragraphs of Commercial Chapter of Audit Reports pending discussion as on 31 March 2000 by the Committee on Public Undertakings are shown below:-

Period of Audit Report	Number of Reviews and Paragraphs			
	Appeared in audit Report		Pending for discussion	
	Reviews	Paragraphs discussed	Reviews	Paragraphs
1994-95	---	1 <sup>6</sup>	All the reviews and paragraphs pertaining to the year 1995-96 to 1998-99 are pending for discussion.	
1995-96	1	2		
1996-97	1	Nil		
1997-98	1	1		
1998-99	1	Nil		

**8.1.10 Departmentally managed Government Commercial/ Quasi-Commercial Undertakings**

**Proforma accounts of departmental and departmentally managed commercial undertakings were in arrears ranging from 1 to 28 years.**

As on 31 March 2000, there were nine departmentally managed Government commercial and quasi-commercial undertakings.

Mention was made in paragraph 8.1.10 of the Report of the Comptroller and Auditor General of India for the year 1998-99 about delay in preparation of proforma accounts of these undertakings.

The following table depicts the extent of arrears in preparation of proforma accounts by the undertakings/departments:-

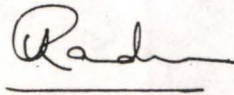
Sl. No.	Name of the Department/Undertaking	Extent of arrears
1.	Organisation of the Director of Food and Civil Supplies Department	1971-72 to 1999-2000
2.	Nagaland State Transport Department	1988-89 to 1999-2000
3.	Nagaland Power Department	1985-86 to 1999-2000
4.	Farms under Agriculture Department	
	(i) Potato Seed Farm, Kuthur	1998-99 to 1999-2000
	(ii) Medium size Seed farm, Merapani	1999-2000
	(iii) Seed Farm, Tizit	1998-99 to 1999-2000
5.	Changki Valley Fruit Preservation Factory	1987-88 to 1999-2000
6.	Timber Treatment and Seasoning Plant, Dimapur	1998-99 to 1999-2000
7.	Government Cottage Industries Emporia, Kohima	1979-80 to 1999-2000
8.	Farms under Veterinary and Animal Husbandry Department	
	(i) Cattle Breeding Farm, Medziphema	1998-99 to 1999-2000
	(ii) Cattle Breeding farm, Tuensang	1998-99 to 1999-2000
	(iii) Cattle Breeding Farm, Aliba	1998-99 to 1999-2000
	(iv) State Cattle Breeding Farm, Lerie	1993-94 to 1999-2000
	(v) Chick Rearing Centre (with Hatchery Unit), Mokokchung	1998-99 to 1999-2000
	(vi) Chick Rearing Centre (with Hatchery Unit), Dimapur	1998-99 to 1999-2000
	(vii) Chick Rearing Centre, Tuensang	1985-86 to 1999-2000
	(viii) Chick Rearing Centre, Medziphema	1985-86 to 1999-2000
	(ix) Pig Breeding Centre, Medziphema	1997-98 to 1999-2000
	(x) Pig Breeding Centre, Tizit	1997-98 to 1999-2000
	(xi) Pig Breeding Centre, Tuensang	1985-86 to 1999-2000
	(xii) Pig Breeding Centre, Mokokchung	1985-86 to 1999-2000
	(xiii) Pig Breeding Centre, Tuli (Mokokchung)	1980-81 to 1999-2000

<sup>6</sup> Discussed in September 2000 but recommendations of COPU is awaited.

Sl. No.	Name of the Department/Undertaking	Extent of arrears
(xiv)	Regional Rabbit Breeding Farm, Jharnapani	1998-99 to 1999-2000
(xv)	Pig Breeding Centre, Merangkong	1998-99 to 1999-2000
(xvi)	Chick Rearing Centre, Kohima	1998-99 to 1999-2000
(xvii)	Pig Breeding Centre, Sathuja	1998-99 to 1999-2000
(xviii)	Cattle Breeding farm, Baghty	1998-99 to 1999-2000
(xix)	Sheep Farm, Poilwa	1998-99 to 1999-2000
(xx)	Buffalo Farm, Jalukie	1998-99 to 1999-2000
(xxi)	Regional Broiler Centre, Kohima	1998-99 to 1999-2000
9.	Farm under Horticulture Department	
	Fruit Canning Factory, Longnak	1993-94 to 1999-2000

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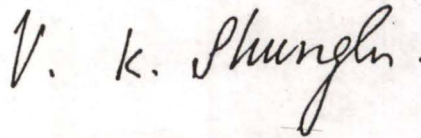


(V.RAVINDRAN)  
Accountant General (Audit), Nagaland.

Countersigned

New Delhi  
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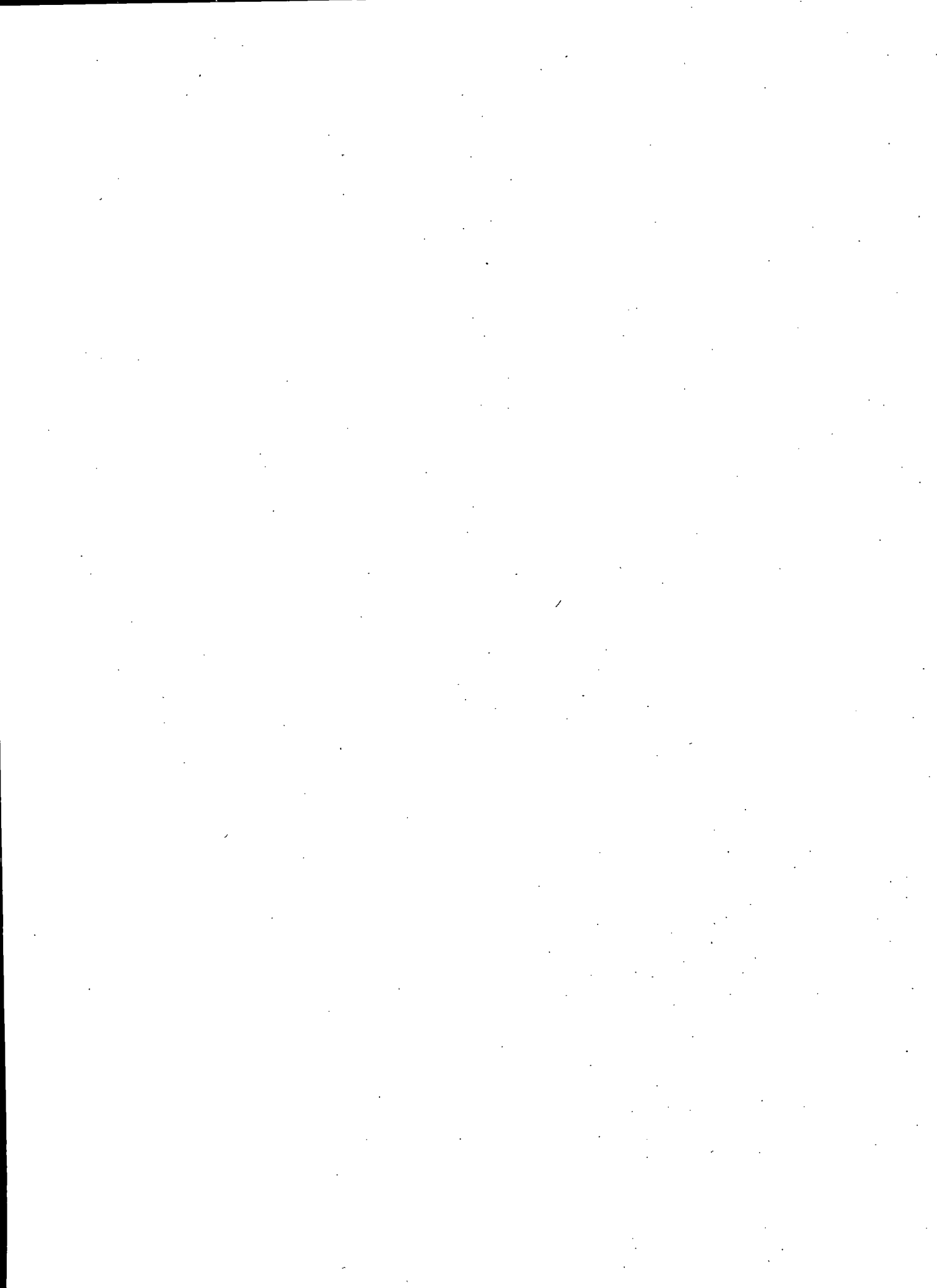


(V.K.SHUNGLU)  
Comptroller and Auditor General of India.

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# APPENDICES



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**APPENDIX--I****Division of Accounts and List of Indices/Ratios and basis of their calculation.**

(Reference :- Paragraph 1.1 and 1.11.2; pages 1 & 15)

**Part A. Government Accounts**

**Structure:** The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account

**Part I: Consolidated Fund**

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorization from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

**Part II. Contingency Fund**

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorization from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorized by the Legislature at the end of 1999-2000 was 0.35 crore.

**Part III. Public Account**

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

**II. Form of Annual Accounts**

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorized by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularization by the Legislature.

**Part B. List of Indices/ratios and basis for their calculation  
(Referred to in paragraph 1.1 & 1.11.2; pages 1 & 15)**

Indices/Ratios		Basis for calculation
<b>Sustainability</b>		
Balance from the current Revenue	BCR	Revenue Receipts <i>minus</i> all Plan Grants (under Major Head 1601-02,03,04, 05-) and Non-plan Revenue Expenditure
Primary Deficit		Fiscal deficit <i>minus</i> interest payment
Interest Ratio		Net Interest payment ÷ Revenue receipts <i>minus</i> Interest receipts
Capital Outlay vs Capital Receipts	Capital Outlay	Capital expenditure as per Statement No. 2 of the Finance Accounts.
	Capital receipts	Internal loans (net of ways and means advances) <i>plus</i> Loans and Advances from Government of India (excluding ways and means advances), <i>plus</i> net receipts from small savings, provident funds etc., <i>plus</i> Repayments received of loans advanced by the State Government <i>minus</i> loans advanced by the State Government.
Total tax receipts vs GSDP	GSDP	As furnished by the Addl. Director, Economics and Statistics Department, Nagaland upto 1997-98.
State tax receipts vs GSDP		
<b>Flexibility</b>		
Balance from current revenue		As above
Capital repayments vs Capital borrowings	Capital Repayments	Disbursements under Major Heads 6003 and 6004 <i>minus</i> repayments on account of Ways and Means Advances/Overdrafts under both the major heads.
	Capital Borrowings	Addition under Major Heads 6003 and 6004 <i>minus</i> addition on account of Ways and Means Advances/Overdraft under both the major heads
Incomplete projects		
Total Tax receipts vs GSDP	State Tax Receipts	Statement-10 of Finance Accounts
	Total Tax Receipts	State Tax receipts <i>plus</i> State's share of Union Taxes
<b>Vulnerability</b>		
Revenue Deficit		Paragraph No.1.9.4.2 of Audit Report
Fiscal Deficit		--do--
Primary Deficit vs Fiscal Deficit	Primary Deficit	Fiscal Deficit <i>minus</i> interest payments
Total outstanding guarantees including letters of comfort vs Total revenue receipts of the Government	Outstanding guarantees	Table below paragraph 1.4.3
	Revenue Receipts	Exhibit I
Assets vs Liabilities	Assets and Liabilities	Table below paragraph 1.2.
	Debt	Borrowings and other obligations at the end of the year (Statement No-3 of the Finance Accounts).



## APPENDIX—II

Statement showing excess expenditure over budget provision which requires regularisation under Article 205 of the Constitution.

(Reference:- Paragraph 2.3.1; page 26)

Sl No	Number and name of the grant/appropriation	Total grant/ appropriation	Total expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		(Rs.)	(Rs.)	(Rs.)
<b>Revenue Section (Voted).</b>				
1.	4. Administration of Justice	2,84,38,000	2,92,66,855	8,28,855
2..	7. State Excise	3,44,15,000	3,49,20,419	5,05,419
3.	11. District Administration, Special Welfare Scheme and Tribal Councils	21,09,30,000	21,81,04,208	71,74,208
4.	13. Village Guards	2,90,71,000	3,27,95,089	37,24,089
5.	14. Jails	4,60,56,000	5,72,14,091	1,11,58,091
6.	18. Pension and other Retirement Benefits	53,34,44,000	58,83,71,680	5,49,27,680
7.	25. Land Record and Survey	4,71,10,000	5,26,13,859	55,03,859
8.	28. Civil Police	1,67,43,84,000	1,67,62,00,499	18,16,499
9.	32. Higher and Technical Education	21,36,50,000	28,90,01,635	7,53,51,635
10.	35. Medical, Public Health and Family Welfare	63,70,14,000	71,96,79,628	8,26,65,628
11.	37. Assistance to Municipalities and Development works in towns	17,78,000	72,77,071	54,99,071
12.	46. Statistics	3,55,20,000	4,83,39,224	1,28,19,224
13.	51. Fisheries	4,04,47,000	4,09,37,075	4,90,075
14.	58. Roads and Bridges	40,75,64,000	44,04,36,411	3,28,72,411
15.	64. Housing	12,54,23,000	18,70,11,911	6,15,88,911
16.	67. Home Guards	3,68,57,000	3,77,73,960	9,16,960
17.	68. Police Engineering Project	2,84,48,000	2,97,93,672	13,45,672
18.	69. Fire Service	3,09,48,000	4,49,90,107	1,40,42,107
19.	75. Police Telecommunication Organisation	10,61,62,000	10,68,91,745	7,29,745
	<b>Total Revenue (Voted)</b>	<b>4,26,76,59,000</b>	<b>4,64,16,19,139</b>	<b>37,39,60,139</b>
<b>Revenue Section (Charged).</b>				
20.	74. Mechanical Engineering	10,80,43,000	11,29,34,034	48,91,034
	<b>Total Revenue (Charged)</b>	<b>10,80,43,000</b>	<b>11,29,34,034</b>	<b>48,91,034</b>
<b>Capital Section (Voted)</b>				
1.	1. State Legislature	4,35,00,000	4,52,90,828	17,90,828
2.	31. School Education	3,44,50,000	4,12,27,112	67,77,112
3.	35. Medical, Public Health and Family Welfare	15,75,00,000	20,82,78,033	5,07,78,033
4.	42. Rural Development	2,79,00,000	3,30,94,118	51,94,118
5.	45. Co-operation	13,50,000	1,97,95,000	1,84,45,000
6.	60. Water Supply Scheme	29,01,85,000	30,32,00,515	1,30,15,515
	<b>Total:- Capital (Voted)</b>	<b>55,48,85,000</b>	<b>65,08,85,606</b>	<b>9,60,00,606</b>
<b>Capital Section (Charged)</b>				
7.	76. Servicing of Debt.	3,23,08,46,000	4,42,74,02,441	1,19,65,56,441
	<b>Total capital Section (Charged)</b>	<b>3,23,08,46,000</b>	<b>4,42,74,02,441</b>	<b>1,19,65,56,441</b>
	<b>Grand Total</b>	<b>8,16,14,33,000</b>	<b>9,83,28,41,220</b>	<b>1,67,14,08,220</b>

**APPENDIX—III**

**Statement showing grant wise Supplementary grants obtained proving unnecessary**

(Reference :- Paragraph 2.3.4 (a); page 26)

Sl No	Number and name of the Grant	Supplementary grants obtained	Amount of savings
<b>Revenue Section (Voted)</b>		<i>(Rupees in lakh)</i>	
1.	16. State Guest House	23.47	87.70
2.	21. Relief of distress caused by Natural calamities	212.46	349.81
3.	36. Urban Development	57.71	121.19
4.	39. Tourism.	34.65	109.92
5.	50. Animal Husbandry and Dairy Development	148.84	393.61
6.	57. Housing Loans	1.16	1.19
7	60. Water Supply	54.99	254.78
<b>Revenue Section (Charged)</b>			
9..	76. Servicing of Debt	781.64	1079.98
<b>Total Revenue Section</b>		<b>1314.92</b>	<b>2398.18</b>
<b>Capital Section (Voted)</b>			
1.	4. Administration of Justice	7.00	29.36
2.	9. Taxes on vehicles	19.00	33.24
3.	25. Land Records and Survey	14.75	22.75
4.	51. Fisheries	23.00	23.00
5.	57. Housing Loans	129.30	246.35
6.	62. Civil Administration works	52.15	399.37
<b>Total Capital Section (Voted)</b>		<b>245.20</b>	<b>754.07</b>
<b>Grand Total:-</b>		<b>1560.12</b>	<b>3152.25</b>

## APPENDIX—IV

Details showing the supplementary grants obtained resulting in savings in each case exceeding Rs.10 lakh and above.

(Reference :- Paragraph 2.3.4 (b); page 27)

Sl No	Grant number and name of the grant	Original	Supplementary	Total	Expenditure	Saving
(Rupees in crore)						
<b>Revenue Section (Voted)</b>						
1.	1. State Legislature	3.83	0.26	4.09	3.88	0.21
2.	5. Election	6.03	0.38	6.41	6.05	0.36
3.	16. State Guest House	3.08	0.23	3.31	2.44	0.87
4.	21. Relief of Distress caused by Natural calamities	2.05	2.12	4.17	0.68	3.49
5.	26. Civil Secretariat	26.60	2.06	28.66	28.55	0.11
6.	35. Urban Development	5.31	0.58	5.89	4.68	1.21
7.	34. Art and Culture and Gazetteers Unit					
8.	39. Tourism	3.30	0.35	3.65	2.55	1.10
9.	41. Labour	1.09	0.20	1.29	1.14	0.15
10.	42-Rural Development	41.54	44.14	85.68	48.28	37.40
11.	43- Social Security and Welfare	13.84	8.87	22.71	21.38	1.33
12.	48. Agriculture	16.70	6.66	23.36	21.21	2.15
13.	50. Animal Husbandry and Dairy Development	17.64	1.49	19.13	15.19	3.94
14.	53. Industries	10.83	15.57	26.40	24.11	2.29
15.	54. Mineral Development	3.82	0.53	4.35	3.99	0.36
16.	55- Power Project	34.51	0.01	34.52	34.26	0.26
17.	56. Road Transport	11.79	2.15	13.94	13.82	0.12
18.	59. Irrigation and Flood Control	7.91	4.99	12.90	10.90	2.00
19.	60. Water Supply	22.32	0.55	22.87	20.33	2.54

Appendix IV concluded.

Sl No	Grant number and name of the grant	Original	Supplementary	Total	Expenditure	Saving
20.	76. Servicing of Debt (Charged)	155.27	7.81	163.08	152.28	10.80
	<b>Total Revenue</b>	<b>387.46</b>	<b>98.95</b>	<b>486.41</b>	<b>415.72</b>	<b>70.69</b>
	<b>Capital Section (Voted)</b>					
21.	04. Administration and Justice	1.31	0.07	1.38	1.09	0.29
22.	09-Taxes on Vehicles	0.30	0.19	0.49	0.16	0.33
23.	25. Land Records and Survey	0.08	0.15	0.23	--	0.23
24.	44- Evaluation Unit	---	0.13	0.13	---	0.13
25.	53. Industries	3.24	8.58	11.82	7.44	4.38
26.	55. Power Projects	22.10	16.76	38.86	34.15	4.71
27.	56. Road Transport	3.90	0.42	4.32	4.07	0.25
28.	57-	8.98	1.29	10.27	7.81	2.46
29.	58. Roads and Bridges	27.11	18.45	45.56	35.07	10.49
30.	62. Civil Administration Works	3.95	0.52	4.47	0.48	3.99
31.	68. Police Engineering Projects	6.15	10.31	16.46	12.15	4.31
	<b>Total: Capital</b>	<b>77.12</b>	<b>56.87</b>	<b>133.99</b>	<b>102.42</b>	<b>31.57</b>
	<b>Total:-</b>	<b>464.58</b>	<b>155.82</b>	<b>620.40</b>	<b>518.14</b>	<b>102.26</b>

**APPENDIX-V**  
**Details showing inadequate Supplementary Grant Provision**  
**(Reference :- Paragraph 2.3.4 (c);page 27)**

(Rupees in crore)

Sl No.	Number and name of Grant	Original Grants	Supplementary	Total	Expenditure	Excess
	<b>Revenue Section (Voted)</b>					
1.	18. Pension and Other Retirement Benefits	44.50	8.84	53.34	58.83	5.49
2.	25. Land Records and Survey	3.92	0.79	4.71	5.26	0.55
3.	26. Civil Secretariat	4.50	0.11	4.61	5.72	1.11
4.	28. Civil Police	162.98	4.46	167.44	167.62	0.18
5.	32. Higher and Technical Education	20.32	1.04	21.36	28.90	7.54
6.	35. Medical, Public Health and family Welfare	61.21	2.49	63.70	71.97	8.27
7.	37-Assistance to Municipalities and development works in Town	0.13	0.05	0.18	0.73	0.55
8.	46. Statistics	3.35	0.20	3.55	4.83	1.28
9.	58. Road and bridges	35.41	5.34	40.75	44.04	3.29
10.	64. Housing	12.51	0.03	12.54	18.70	6.16
	<b>Capital Section</b>					
11.	1- State Legislature	0.01	4.35	4.35	4.53	0.18
12.	11. District Administration Special Welfare Scheme and Tribal Council	21.09	0.09	21.18	21.81	0.63
13.	45- Co-operation	0.07	0.06	0.13	1.97	1.84
14.	60- Water Supply	25.28	3.74	29.02	30.32	1.30
15.	76. Servicing of Debt (Charged)	270.65	52.43	323.08	442.74	119.66
	<b>Total</b>	<b>665.92</b>	<b>84.02</b>	<b>749.94</b>	<b>907.97</b>	<b>158.03</b>

**APPENDIX—VI**

**Statement showing persistent savings during 1997-98 to 1999-2000**

(Reference:- Paragraph 2.3.5, page 27)

Serial number	Number and name of the grant	Savings in lakh of rupees (Percentage of savings)		
		1997-98	1998-99	1999-2000
(1)	(2)	(3)	(4)	(5)
<b>Revenue Section (Voted)</b>				
1.	12- Treasury and Accounts Administration	170.98 (30)	81.72 (14)	88.76 (15)
2.	33- Youth Resources and Sports	213.53 (35)	220.85 (37)	111.09 (18)
<b>Capital Section (voted)</b>				
3.	4- Administration of Justice	61.23 (34)	111.33 (70)	29.36 (21)
4.	22- Civil Supplies	4,595.13 (94)	976.49 (89)	594.39 (85)
5.	25- Land Records and Survey	20.25 (100)	20.00 (100)	22.75 (100)
6.	30- Administrative Training Institute	31.00 (100)	50.00 (100)	21.00 (68)
7.	33- Youth Resources and Sports	293.00 (87)	91.03 (31)	185.97 (63)
8.	47-Weights and Measures	10.00 (100)	10.05 (63)	8.90 (89)
9.	50- Animal Husbandry and Dairy Development	383.55 (83)	49.08 (33)	90.32 (62)
10.	51- Fisheries	62.81 (79)	25.50 (62)	23.00 (56)
11.	52- Forest	55.90 (100)	68.10 (100)	68.10 (100)
12.	58- Roads and Bridges	3012.44 (65)	413.14 (14)	1049.24 (23)
13.	64- Housing	676.94 (53)	569.59 (45)	641.56 (51)

## APPENDIX—VII

Details showing significant cases of excess expenditure during 1999-2000

(Reference:- Paragraph 2.3.6 (a) ; page 27)

Sl. No	Number and name of the grant	Amount of excess (Rupees in lakh) (percentage of excess)	Reasons for excess
	<b>Revenue Section (Voted)</b>		Reasons for excess expenditure were awaited (February 2001)
1.	14- Jails	111.58 (24)	
2.	18. Pensions and other Retirement Benefits.	549.28 (10)	
3.	25- Land Records and Survey	55.04 (12)	
4.	32- Higher and Technical Education	753.52 (34)	
5.	35- Medical, Public Health and Family Welfare	826.66 (13)	
6.	37. Assistance to Municipalities and Development works in Towns	54.99 (309)	
7.	46. Statistics	128.19 (36)	
8.	64. Housing	615.89 (49)	
9.	69. Fire Services	140.42 (45)	
	<b>Capital Section (Voted)</b>		
10.	31- School Education	67.77 (19)	
11.	35- Medical, Public Health and Family Welfare	507.78 (32)	
12.	42- Rural Development	51.94 (14)	
13.	45- Co-operation	184.45 (1366)	
14.	76. Servicing of Debt (Charged)	11965.56 (73)	

**APPENDIX—VIII**

**Statement showing cases where expenditure fell short by more than Rs.50 lakh each and also by 10 per cent or more of the total provision**

(Reference:-Paragraph 2.3.6 (b), page 27)

Sl No	Number and name of the grant	Amount of savings in lakh of rupees (percentage of savings)	Reasons for savings
	<b>Revenue Section (Voted)</b>		
1.	12. Treasury and Accounts	88.76 (15)	Reasons for saving had not been communicated in any of these cases
2	16. State Guest House	87.70 (26)	
3.	17- State Lotteries	148.34 (77)	
4.	21. Relief of distress caused by Natural calamities	349.81 (84)	
5.	22. Civil Supplies	56.64 (12)	
6.	27. Planning Machinery	1490.08 (32)	
7.	33. Youth Resources and Sports	111.09 (18)	
8.	36- Urban Development	121.19 (21)	
9.	39. Tourism	109.92 (30)	
10.	42- Rural Development	3740.15 (44)	
11.	49- Soil and Water Conservation	167.07 (13)	
12.	50. Animal Husbandry and Dairy Development	393.61 (21)	
13.	52. Forest	357.25 (24)	



## APPENDIX—VIII concluded.

Sl. No.	Number and name of the grant	Amount of savings in lakh of rupees (percentage of savings)	Reasons for savings
14.	59- Irrigation	199.76 (15)	Reasons for saving had not been communicated in any of these cases
15.	60- Water Supply Schemes	254.78 (11)	
16.	70- Horticulture	255.77 (27)	
17.	72. Wasteland Development	962.40 (70)	
18.	73- State Institute of Rural Development	74.39 (66)	
<b>Capital Section Voted</b>			
19.	14- Jails	60.88 (68)	
20.	22. Civil Supplies	594.39 (85)	
21.	33. Youth Resources and Sports	185.97 (63)	
22.	36. Urban Development	476.66 (60)	
23.	50- Animal Husbandry and Dairy Development	90.32 (62)	
24.	52. Forest	68.10 (100)	
25.	53. Industries	438.30 (37)	
26.	55. Power Projects	471.18 (12)	
27.	57- Housing Loan	246.35 (24)	
28.	58. Road and Bridges	1049.24 (23)	
29.	62. Civil Administration Works	399.37 (89)	
30.	64. Housing	641.56 (51)	
31.	68. Police Engineering Project	430.91 (26)	
32.	74. Mechanical Engineering	126.24 (64)	

APPENDIX—IX

Statement showing the grant wise details where expenditure was incurred without budget provision

(Reference :- Paragraph 2.3.7 ; page 27)

Sl No	Grant/appropriation No	Head of Account	Budget Provision	Re-appropriation	Expenditure
<i>(Rupees in Lakh)</i>					
(1)	(2)	(3)	(4)	(5)	(6)
1.	32	203-01. Direction and Administration	---	---	2.00
2.	40	2230-03-800-01. Special Cell for Handicapped	---	---	0.66
3.	40	2230-03-800-02. Self Employment Scheme (CSS)	---	---	5.18
4.	41	2230-800-02. Establishment of Labour Court at Dimapur	---	---	6.55
5.	55	4801-800-01. REC Schemes	---	---	273.30
6.	58	4801-800-02. Likimro Hydro Electric Project Elect. Division	---	---	14.67
7.	60	005-01. Monitoring Cell	---	---	4.94
<b>Total:-</b>					<b>307.30</b>

## APPENDIX—X

## Details showing available savings not surrendered

(Reference:-Paragraph 2.3.8, page 27)

Sl No	Number and Name of Grant	Amount of savings (Rupees in crore)
(1)	(2)	(3)
	<b>Revenue Section (Voted)</b>	
1.	21- Relief of distress caused by natural calamities	3.50
2.	36- Urban Development	1.21
3.	60- Water Supply	2.55
	<b>Total</b>	<b>7.26</b>
	<b>Revenue Section (Charged)</b>	
4.	76- Servicing of Debt	10.80
	<b>Capital section (Voted)</b>	
5.	58- Roads and Bridges	10.49
6.	68- Police Engineering Projects	4.30
	<b>Total</b>	<b>14.79</b>
	<b>Grand Total:-</b>	<b>32.85</b>

## APPENDIX—XI

## Details showing surrender in excess of savings

(Reference:- Paragraph 2.3.9; page 27)

Sl No	Number and name of grant	Amount of savings	Amount surrendered	Final excess
	<b>Revenue (Voted)</b>		<i>(Rupees in lakh)</i>	
1.	8- Sales Tax	15.16	17.77	2.61
2.	9- Taxes on Vehicles	9.78	21.92	12.14
3.	15- Vigilance Commission	15.44	34.74	19.30
4.	22- Civil Supplies	56.63	58.31	1.68
5.	29- Stationery and Printing	34.14	40.23	6.09
6.	30- Administrative Training Institute	12.32	14.42	2.10
7.	33- Youth Resources and Sports	111.09	130.20	19.11
8.	39- Tourism	109.92	117.63	7.71
9.	40- Employment and Training	11.22	29.00	17.78
10.	43- Social Security and Welfare	132.70	200.72	68.02
11.	45- Co-operation	12.20	38.04	25.84
12.	50- Animal Husbandry and Dairy Development	393.61	433.09	39.48
13.	53- Industries	228.74	321.16	92.42
14.	54- Mineral Development	36.12	41.64	5.52
15.	59- Irrigation and Flood Control	199.76	320.15	120.39
16.	65- SCERT	7.40	13.79	6.39
	<b>Total</b>	<b>1386.23</b>	<b>1832.81</b>	<b>446.58</b>
	<b>Capital Section (Voted)</b>			
17.	53- Industries	438.30	601.12	162.82
	<b>Grand Total:-</b>	<b>1824.53</b>	<b>2433.93</b>	<b>609.40</b>

APPENDIX-XII

Persistent non-reconciliation of Departmental expenditure  
(Reference: Paragraph 2.3.11; page 28)

Sl. No.	Expenditure not reconciled during			Total	Grant number and name
	1997-98	1998-99	1999-2000		
	(Rupees in crore)				
1.	9.51	11.62	11.31	32.44	52- Forest
2.	58.72	40.72	79.11	178.55	58- Roads and Bridges
<b>Total:-</b>	<b>68.23</b>	<b>52.34</b>	<b>90.42</b>	<b>210.99</b>	

## APPENDIX—XIII

## Details showing rush of expenditure during March 2000

(Reference: Paragraph 2.4; page 28)

Sl No.	Grant number and name (Head of Account)	Total provision (Original and Supplementary)	Total expenditure	Expenditure during March 2000	Percentage of expenditure during March 2000 to	
		(In Rupees)			Total provision	Total Expenditure
1.	2-Head of State (2012)	1,40,31,000	1,40,54,402	44,81,183	32	32
2.	3.-Council of Ministers (2013)	2,85,82,000	2,80,35,404	86,91,763	30	31
3.	8-Sales Tax (2040)	2,48,95,000	2,34,58,273	55,72,183	22	24
4.	9-Taxes on Vehicles (2041,4059)	1,85,65,000	1,42,57,879	69,26,605	37	49
5.	10-Public Service Commission (2051)	8,03,35,000	78,54,089	29,48,171	37	38
6.	11-District Administration, Special Welfare Scheme and Tribal Councils (2053, 2235,4059)	21,17,15,000	21,81,00,358	6,21,62,660	29	29
7.	14-Jails (2056, 4216)	5,49,56,000	5,59,65,014	1,26,46,285	23	23
8.	17-State Lotteries (2075)	1,92,40,000	44,19,062	19,41,186	10	44
9.	20-Relief, Rehabilitation etc (2235)	97,65,000	17,60,500	17,45,500	18	99
10.	21-Relief of distress caused by natural calamities (2245)	4,17,71,000	67,93,850	57,93,850	14	85
11.	22-Civil Supplies (2245, 2408)	5,41,85,000	4,74,73,605	1,47,08,631	27	31
12.	24-Small Savings (2047)	98,000	98,000	98,000	100	100
13.	25-Land Records and survey (2029)	4,93,85,000	4,88,94,845	2,68,51,551	54	55
14.	26-Civil Secretariat (2052,2251,3451)	28,66,15,000	29,30,23,832	10,59,09,600	36	36
15.	27-Planning Machinery (2575,3451)	47,14,54,000	31,68,32,593	20,78,61,388	44	66

Appendix XIII contd.

Sl No.	Grant number and name (Head of Account)	Total provision (Original and Supplementary)	Total expenditure	Expenditure during March 2000	Percentage of expenditure during March 2000 to	
					Total provision	Total Expenditure
(In Rupees)						
16.	29-Stationery and Printing (2058,4058,4059)	4,42,23,000	4,01,43,778	47,02,606	11	12
17.	30-Administrative Training Institute (2070,4059)	1,04,20,000	73,98,966	24,42,728	23	33
18.	31-School Education (2202,4202)	1,35,83,33,000	1,35,05,44,610	28,56,23,498	21	21
19.	33-Youth Resources and Sports (2204,2552,4202)	9,18,04,000	6,89,03,793	3,88,96,653	42	86
20.	34-Art and Culture and Gazetteers Unit (2205,3454,4202)	3,18,75,000	2,29,70,165	87,22,970	27	38
21.	36-Urban Development (2217,4217)	14,40,86,000	8,40,47,825	3,01,26,542	21	36
22.	37-Assistance to Municipalities and Development Works in Towns (2217)	17,78,000	13,60,615	13,60,615	77	100
23.	38-Information and Public Relations (2220,4220)	6,42,09,000	6,24,08,319	1,84,47,129	29	30
24.	39-Tourism (2552, 3452)	3,70,04,000	2,74,38,730	1,32,12,608	36	48
25.	40-Employment and Training (2230)	2,83,68,000	1,82,52,642	34,46,645	12	19
26.	42-Rural Development (2216,2501,2505,2515,2801,4515,5054)	87,75,40,000	44,40,11,184	46,53,93,201	49	105
27.	47-Weights and Measures (3475,5475)	1,29,81,000	1,15,74,585	26,02,054	20	22
28.	49-Soil and Water Conservation (2402,2415,2552,4402)	12,82,93,000	11,09,25,380	5,46,34,654	43	49
29.	50-Animal Husbandry and Dairy Development (2403,2404,2415,2552,4403,4404)	20,59,52,000	16,27,18,573	4,54,59,289	22	28
30.	51-Fisheries (2405,2552,4405)	4,45,47,000	4,39,07,037	1,17,95,426	26	27
31.	52-Forest (2406,2415,2552,4406)	15,56,41,000	7,34,21,065	1,56,21,612	10	21
32.	53-Industries (2851,4859,4860)	38,22,23,000	26,19,12,770	5,14,03,388	13	20

## Appendix XIII concluded.

Sl No.	Grant number and name (Head of Account)	Total provision (Original and Supplementary)	Total expenditure	Expenditure during March 2000	Percentage of expenditure during March 2000 to	
		(In Rupees)			Total provision	Total Expenditure
33.	54-Mineral Development (2552,4853)	6,46,46,000	6,09,88,518	1,36,20,632	21	22
34.	55-Power Projects (2801,4552,4801)	73,37,72,000	64,16,74,951	31,69,60,859	43	49
35.	56-Road Transport (3055,4552,5055)	18,26,88,000	17,51,74,739	5,46,73,362	30	31
36.	57-Housing Loans (2075, 6216, 7610)	10,28,49,000	7,26,62,780	3,93,00,500	38	54
37.	58-Roads and Bridges (2059,3054,4552,5054)	86,31,64,000	77,34,66,478	28,10,45,891	33	36
38.	59-Irrigation and Flood Control (2702)	12,90,17,000	11,04,29,686	5,49,12,923	43	50
39.	60-Water Supply Schemes (2215,4215)	51,89,37,000	48,57,86,217	15,53,96,274	30	32
40.	64-Housing (2059,2216, 4059,4216)	25,05,23,000	23,31,63,702	4,08,35,436	16	18
41.	66-Sericulture (2552,2851,4851)	3,03,94,000	2,52,95,832	40,36,198	13	16
42.	67-Home Guards (2070,4059)	3,94,57,000	3,50,40,832	72,63,583	18	21
43.	68-Police Engineering Project (2055,4059,4216)	19,22,20,000	17,15,27,471	9,96,11,736	52	58
44.	70-Horticulture (2401,2415,2552,4401)	9,93,80,000	2,75,57,794	1,46,28,468	15	53
45.	72-Waste Land Development (2406)	13,81,84,000	4,18,88,858	2,37,34,970	17	57
46.	74-Mechanical Engineering (2059,5054)	12,78,43,000	12,00,62,976	2,23,58,000	17	19
47.	76-Servicing of Debt (2049,6003,6004)	4,86,23,07,000	4,39,57,55,464	75,84,48,049	16	17
<b>Total:-</b>		<b>13,24,79,50,000</b>	<b>11,24,34,38,041</b>	<b>3,40,90,57,055</b>		

**APPENDIX-XIV**  
**Statement showing drawal of Abstract Contingent Bills by various DDOs**  
**(Reference: Paragraph 2.5; page 29)**

Sl. No.	Month	Voucher Number	Amount	Name of the Department	Name of the DDO
(1)	(2)	(3)	(4)	(5)	(6)
1.	4/99	70	1,20,000	PWD (R&B)	Dy. Chief Engineer of the Chief Engineer, PWD (R&B), Kohima
2.	4/99	69	35,000	-do-	-do-
3.	5/99	258	5,95,000	Home	Special Officer (Accounts), Home Commissioner, Kohima
4.	5/99	301	25,000	-do-	-do-
5.	6/99	7	1,50,000	-do-	-do-
6.	6/99	56	6,75,454	-do-	-do-
7.	7/99	1	6,000	-do-	SDO (Civil) for DC, Tuensang
8.	7/99	1	5,000	-do-	Addl. DC, Pfutsero
9.	7/99	21	40,00,000	-do-	Dy. Chief Electoral Officer, Kohima
10.	7/99	22	60,00,000	-do-	-do-
11.	7/99	23	11,55,000	-do-	-do-
12.	8/99	343	14,700	-do-	Deputy Commissioner, Kohima
13.	8/99	298	22,000	-do-	Special Officer (Accounts), Home Commissioner, Civil Secretariat, Kohima
14.	9/99	17	78,45,000	-do-	Dy. Electoral Officer, Kohima
15.	9/99	15	50,00,000	-do-	-do-
16.	9/99	16	1,50,00,000	-do-	-do-
17.	11/99	18	52,42,000	-do-	-do-
18.	5/99	50	9,46,510	Transport & Communication	General Manager, Nagaland State Transport, Dimapur
19.	5/99	51	2,40,000	-do-	-do-
20.	5/99	52	85,840	-do-	-do-
21.	5/99	53	38,628	-do-	-do-
22.	5/99	54	77,056	-do-	-do-
23.	5/99	55	77,056	-do-	-do-
24.	5/99	56	20,000	-do-	-do-
25.	5/99	57	1,14,910	-do-	-do-
26.	9/99	85	21,400	-do-	-do-
27.	9/99	84	48,240	-do-	-do-



## Appendix XIV concluded.

Sl. No.	Month	Voucher Number	Amount	Name of the Department	Name of the DDO
(1)	(2)	(3)	(4)	(5)	(6)
28.	9/99	83	53,600	Transport	General Manager, Nagaland State Transport, Dimapur
29.	9/99	86	48,240	-do-	-do-
30.	9/99	87	1,54,399	-do-	-do-
31.	9/99	88	1,20,433	-do-	-do-
32.	9/99	89	6,62,025	-do-	-do-
33.	11/99	62	1,10,844	-do-	-do-
34.	11/99	60	64,440	-do-	-do-
35.	11/99	61	1,20,000	-do-	-do-
36.	11/99	57	64,440	-do-	-do-
37.	11/99	58	26,640	-do-	-do-
38.	11/99	59	71,600	-do-	-do-
39.	11/99	56	7,42,036	-do-	-do-
		<b>Total:-</b>	<b>4,97,98,491</b>		

APPENDIX—XV

Statement showing the details of budget provision and expenditure under  
School/Elementary Education  
(Reference: Paragraph 3.1.4; page 34)

Year	Sector	Revenue			Capital		
		Budget provisions	Expenditure	Excess(+) Savings (-)	Budget provisions	Expenditure	Excess(+) Savings (-)
(Rupees in crore)							
<b>School Education</b>							
1995-96	Non-Plan	106.54	93.90	(-) 12.64	---	---	---
	Plan	8.27	9.26	(+) 0.99	1.00	2.05	(+) 1.05
	<b>Total:</b>	<b>114.81</b>	<b>103.16</b>	<b>(-) 11.65</b>	<b>1.00</b>	<b>2.05</b>	<b>(+) 1.05</b>
1996-97	Non-Plan	84.82	93.63	(+) 8.81	---	---	---
	Plan	8.95	3.47	(-) 5.48	3.89	4.17	(+) 0.28
	<b>Total:</b>	<b>93.77</b>	<b>97.10</b>	<b>(+) 3.33</b>	<b>3.89</b>	<b>4.17</b>	<b>(+) 0.28</b>
1997-98	Non-Plan	95.16	102.33	(+) 7.17	---	---	---
	Plan	8.30	5.95	(-) 2.35	3.89	1.62	(-) 2.27
	<b>Total:</b>	<b>103.46</b>	<b>108.28</b>	<b>(+) 4.82</b>	<b>3.89</b>	<b>1.62</b>	<b>(-) 2.27</b>
1998-99	Non-Plan	104.59	108.20	(+) 3.61	---	---	---
	Plan	10.52	11.13	(+) 0.61	4.41	2.84	(-) 1.57
	<b>Total:</b>	<b>115.11</b>	<b>119.33</b>	<b>(+) 4.22</b>	<b>4.41</b>	<b>2.84</b>	<b>(-) 1.57</b>
1999-2000	Non-Plan	120.03	120.04	(+) 0.01	---	---	---
	Plan	12.36	12.31	(-) 0.05	3.44	4.12	(+) 0.68
	<b>Total:</b>	<b>132.39</b>	<b>132.35</b>	<b>(-) 0.04</b>	<b>3.44</b>	<b>4.12</b>	<b>(+) 0.68</b>
<b>Grand Total:-</b>	<b>Non-Plan</b>	<b>511.14</b>	<b>518.10</b>	<b>(+) 6.96</b>	<b>---</b>	<b>---</b>	<b>---</b>
	<b>Plan</b>	<b>48.40</b>	<b>42.12</b>	<b>(-) 6.28</b>	<b>16.63</b>	<b>14.80</b>	<b>(-) 1.83</b>
	<b>Total:</b>	<b>559.54</b>	<b>560.22</b>	<b>(+) 0.68</b>	<b>16.63</b>	<b>14.80</b>	<b>(-) 1.83</b>
<b>Elementary Education</b>							
1995-96	Non-Plan	85.61	54.83		---	---	
	Plan	6.11	5.63		0.40	0.13	
	<b>Total:</b>	<b>91.72</b>	<b>60.46</b>	<b>(-) 31.26</b>	<b>0.40</b>	<b>0.13</b>	<b>(-) 0.27</b>
1996-97	Non-Plan	64.05	58.47		---	---	
	Plan	7.05	1.53		2.91	2.84	
	<b>Total:</b>	<b>71.10</b>	<b>60.00</b>	<b>(-) 11.10</b>	<b>2.91</b>	<b>2.84</b>	<b>(-) 0.07</b>
1997-98	Non-Plan	72.55	45.17		---	---	
	Plan	4.97	2.36		3.01	0.61	
	<b>Total:</b>	<b>77.52</b>	<b>47.53</b>	<b>(-) 29.99</b>	<b>3.01</b>	<b>0.61</b>	<b>(-) 2.40</b>
1998-99	Non-Plan	75.38	76.54		---	---	
	Plan	7.12	4.34		3.21	2.02	
	<b>Total:</b>	<b>82.50</b>	<b>80.88</b>	<b>(-) 1.62</b>	<b>3.21</b>	<b>2.02</b>	<b>(-) 1.19</b>
1999-2000	Non-Plan	86.73	85.75		---	---	
	Plan	6.43	6.32		2.30	3.92	
	<b>Total:</b>	<b>93.16</b>	<b>92.07</b>	<b>(-) 1.09</b>	<b>2.30</b>	<b>3.92</b>	<b>(-) 1.62</b>
<b>Grand Total:-</b>	<b>Non-Plan</b>	<b>384.32</b>	<b>320.76</b>	<b>(-) 63.56</b>	<b>---</b>	<b>---</b>	<b>---</b>
	<b>Plan</b>	<b>31.68</b>	<b>20.18</b>	<b>(-) 11.50</b>	<b>11.83</b>	<b>9.52</b>	<b>(-) 2.31</b>
	<b>Total:</b>	<b>416.00</b>	<b>340.94</b>	<b>(-) 75.06</b>	<b>11.83</b>	<b>9.52</b>	<b>(-) 2.31</b>

## APPENDIX-XVI

Statement showing procurement and distribution of free text books from PP to Class-VIII  
(Reference: Paragraph 3.1.5.3(b) & 3.1.5.3 (b) (iv); pages 38 & 39)

Year	Bill No. and date	Supply order No.	Name of supplier	Quantity as per supply order and bill	Meant for classes	Rate (Rupees per set)	Amount (Rupees in lakh)	When supplied	Short supply/ non-supply, if any	Value of short supply/ non-supply	Excess payment, if any for discount, rate	
											Discount @ 15%	Rate compared to SCERT excess freight
(Rupees in lakh)												
1995-96	823 dated 30/3/96	ED/TBP/25/93-96 dated 30/3/96	M/s A to Z Book House, Kohima	39,000 sets (Mon & Tuensang)	PP to VIII	100.74 (average) Freight (Mon & Tuensang)	39.29 <u>0.71</u> 40.00	Not supplied till 6/96	39,000	40.00	5.89	---
1996-97		ED/TBP/27/95-96 dated 11/3/97	M/s Trading Enterprises, Kohima	59,351	PP to VIII	127.00 (freight)	75.38	6913 (DIS, Tuensang and Samator)	52,448	66.61	11.31	---
1997-98	456 dated 16/1/98	No supply order issued	M/s Trident Enterprise, Kohima/ Dimapur	29,386 sets	PP to VIII	136.12 (adverage) Freight Discount (Mon & Tuensang)	40.00 0.99 <u>(-) 6.00</u> 34.99	Not supplied till July 1998	29,386	34.99	---	---
1998-99	444 dated 16/12/98	ED/TBP/25/97-98 dated 16/12/98	M/s Oriental Trade Agency, Kohima	26,000 sets (Mon and Tuensang)	PP to VIII	149.15 (average) Freight Discount @ 15%	38.78 1.32 <u>(-) 5.10</u> 35.00	18,400 sets between 4/99 and 8/99	7,600 sets	8.50	0.71	---
1999-2000	347 dated 4/12/99	ED/TBP/25/98-99 dated 11/99	M/s Oriental Trade Agency, Kohima	43,833 sets 30,504 sets for (Mon & Tuensang)	PP to IV V to VIII	120 248 Freight 5% (Mon & Tuensang)	52.60 75.65 <u>6.75</u> 135.00	No record/ delivery challan made available till 6/2000	Entire quantity 74,337	135.00	19.24	0.91
	338 dated 29/11/99	ED/TBP/25/98-99 dated 30/11/99	M/s K. Saukhrie, Kohima	61,524 sets (Remaining 6 districts)	PP to IV	120 Freight 5%	73.83 <u>3.69</u> 77.52	-do-	-do- 61,524	77.52	11.07	---
Total:-	Mokokchung & Tuensang			2,28,074			320.37					
	Remaining districts			61,524			77.52		2,64,295	362.62	48.22	0.91
				2,89,598			397.89					

APPENDIX-XVII

Statement showing procurement of materials/equipment, furniture and TLEs for elementary schools under BMS programme  
(Reference: Paragraph 3.1.5.3(b)(v); page 39)

Year	Bill No. and date	Total amount of the bill	No. of schools		No. of Desk/ bench (@ Rs.700 each)	No. of almirahs (@ Rs.7500 each)	No. of blackboard (@ Rs.700 each)	No. of tables (@ Rs.550 each)	No. of chairs (@ Rs.450 each)	TLEs (@ Rs.2950 per set)	Sports goods (@ Rs.7054 per set)	No. of Water filters (@ Rs.945 each)
			GPS	GMS								
1996-97	542 dated 14/3/97 BMS (UEE)	57.14	48 (New)	39 (New)	3,195	126	474	630	630	87	87	
	626 dated 29/3/97 BMS	41.25	1207	4	240	10	34	50	50	1,211	6	
<b>Total items:-</b>					3,435	136	508	680	680	1,298	93	
<b>Value at procurement rate:-</b>		89,45,222			24,04,500	10,20,000	3,55,600	3,74,000	3,06,000	38,29,100	6,56,022	
NST		8,94,022			2,88,540	1,22,400	42,672	44,880	36,720	3,06,328	52,482	
<b>Total: 1996-97</b>		<b>98,39,244</b>			<b>26,93,040</b>	<b>11,42,400</b>	<b>3,98,272</b>	<b>4,18,880</b>	<b>3,42,720</b>	<b>41,35,428</b>	<b>7,08,504</b>	
<b>1997-98</b>												
	427 dated 19/12/97 BMS	115.26	577		8,655	577				577		
	640 dated 28/3/98	143.47	659		9,885	659				659		
	694 dated 31/3/98	6.99	18 (New)		720	18				18		
	606 dated 24/3/98	4.22		17 (New)	340	17				17		
	607 dated 25/3/98	37.60										4,609
	694	9.44		1272								
<b>Total items:-</b>					19,600	1,271				1,271		4,609
<b>Value at procurement rate:-</b>		2,93,74,695			1,37,20,000	72,44,700				40,54,490		43,55,505
NST		23,22,969			10,97,600	5,79,576				2,97,353		3,48,440
<b>Total: 1997-98</b>		<b>3,16,97,664</b>			<b>1,48,17,600</b>	<b>78,24,276</b>				<b>43,51,843</b>		<b>47,03,945</b>

Appendix-XVII concluded.

Year	Bill No. and date	Total amount of the bill	No. of schools		Desk & bench @ 700	Almirah @ 7500 No. + 10% (750)	Blackboard @ 700 + 70	Table @ 550 + 55	Chair @ 450 + 45	Map & Chart set @ 3280 + 328	Sports goods set @ 7209	Water filter @ 460	Duster @ 11
			GMS	GMS & HS									
1998-99	579 dated 15/2/99	1,91,99,526	240		9,600	480	1,680	1,440	1,440	240	240	480	720
	639 dated 13/3/99	72,79,117		125		250				125 sets @ 12,180	125 sets @ 17,602	1,000	
<b>Total items:-</b>					9,600	730	1,680	1,440	1,440	240 125	240 125	1,480	720
<b>Value at procurement rate:</b>		1,80,16,540			6,72,000	5,47,500	1,17,600	79,200	64,800	7,87,200	17,30,160	6,80,800	7,290
		37,22,750								15,22,500	22,00,250		
<b>Add 10% price increase</b>		21,73,983			67,20,00	5,47,500	1,17,600	79,200	64,800	2,30,970	3,93,041	68,080	792
<b>Sub-total:</b>		2,39,13,813			73,92,000	60,22,500	12,93,600	8,71,200	7,12,800	25,40,670	43,23,451	7,48,880	8,712
<b>Add NST:</b>		25,64,789			8,87,040	7,22,700	1,55,232	1,04,544	85,536	2,03,254	3,45,876	59,910	697
<b>Total: 1998-99</b>		2,64,78,602			82,79,040	67,45,200	14,48,832	9,75,744	7,98,336	27,43,924	46,69,327	8,08,790	9,409

Under Operation Blackboard Scheme (CSS):

Year	Bill No. and date	Total amount of the bill	No. of schools (GMS)		Desk & bench @ 700/No.	Steel almirah @ 8882/No.	Blackboard @ 700/No.	Table @ 550/No.	Chair @ 450/No.	Globe @ 1650/No.	Wooden Geometry Box @ 375/Box	Duster @ 13/No.	Map & Charts @ 10140/set	Games & Sports @ 4924/set	Books @ 11087/set (-) @ 9978	Water filter
			Government	Private												
1999-2000	716 dated 31/3/2000	28,99,318	28	30	290	58	232	232	232	58	58	290	58	58	58	
<b>Value:-</b>		26,86,212			2,03,000	5,15,156	1,62,400	1,27,600	1,04,400	95,700	21,750	3,770	5,88,120	2,85,592	5,78,724	
<b>Add NST</b>		2,13,101			24,360	61,819	19,488	15,312	12,528	7,656	1,740	301	47,050	22,847	---	
		28,99,313			2,27,360	5,76,975	1,81,888	1,42,912	1,16,928	1,03,356	23,490	4,071	6,35,170	3,08,439	5,78,724	
<b>Grand total: 1996-97 to 1999-2000</b>																
<b>No. of items →</b>					32,925	2195	2420	2352	2352	58	58	1010	2992	516	58	6089
<b>Amount</b>		70914823			26017040	16288851	2028992	1537536	1257984	103356	23490	13480	11866365	5686270	578724	5512735

APPENDIX-XVIII

Statement showing sanctioned strength and men in position (teaching staff) as on 1 April 1999  
(Reference: Paragraph 3.1.6.1; page 42)

A: Government Primary Schools:

Name of Districts	No. of DIS	No. of schools	Students enrolment	Sanctioned strength (Norms- 1:20 Undergraduate/PU/Matriculate teachers)	Graduate		Under Graduate (PU/MT)						Undermatric (class VIII pass)			Total teachers in position	Teacher student ratio
					PG	GT	PU	MT	PET	LT	DT	HT	UMT	KI	CI		
Kohima	2	211	26,403	1,320	7	283	330	440	7	40	1	6	541	---	1	1,656	1:16
Dimapur	2	170	9,872	494	4	213	269	473	2	17	---	11	371	---	---	1,360	1:7
Mokokchung	3	170	17,191	860	1	25	61	486	1	12	1	8	723	---	6	1,324	1:13
Tuensang	5	266	5,792	290	---	61	170	312	1	9	4	2	310	---	---	869	1:7
Zunheboto	2	123	14,293	715	3	33	61	114	1	28	2	1	372	---	---	615	1:23
Mon	4	106	8,812	441	2	62	90	97	2	10	5	2	204	1	1	476	1:19
Phek	2	101	4,745	237	3	80	113	117	2	14	3	4	197	---	1	534	1:9
<b>Total:-</b>	<b>22</b>	<b>1,283</b>	<b>87,108</b>	<b>4,357</b>	<b>20</b>	<b>757</b>	<b>1,094</b>	<b>2,039</b>	<b>16</b>	<b>130</b>	<b>16</b>	<b>34</b>	<b>2,718</b>	<b>1</b>	<b>9</b>	<b>6,834</b>	<b>1:13</b>

Excess teachers over sanctioned strength:-

	Sanctioned strength	Men in position	Excess (+) Shortfall (-)
(i) Graduate	NIL	777	(+) 777
(ii) Under Graduate (PU/MT)	4,357	3,329	(- 1,028)
(iii) Under Matric	NIL	2,728	(+) 2,728
<b>Total:-</b>	<b>4,357</b>	<b>6,834</b>	<b>(+) 2,477</b>

Legend:-  
 PG= Post Graduate      GT= Graduate teacher      PU= Pre-University      MT= Matriculate      PET= Physical Education Teacher      LT= Language Teacher  
 DT= Drawing Teacher      HT= Hindi Teacher      CI= Carpentry Instructor      KI = Knitting Instructor      UMT= Under Matric Teacher

Appendix-XVIII concluded.

**B: Government Middle Schools:**

Name of Districts	No. of DIS	No. of schools	Student enrolment	Graduate Teacher (Norm: 6 GT in each school)			Under Graduate Teacher (PU/Matriculate) Norm: 3 UGT in each school for PE/Language/Drawing						Under Matric (Class VIII pass ITI Diploma) Norm: 2 teachers for each school for carpentry/knitting				Total teachers in position	Teacher student ratio		
				Sanctioned Strength	Men-in-position			Sanctioned Strength	Men-in-position					Sanctioned Strength	Men-in-position					
					PG	GT	Total		PET	DT	LT	UGT	Total		CI	KI			UMT	Total
Kohima	2	26	2,098	348	11	211	222	174	24	17	8	123	172	116	22	2	110	134	528	1:11
Dimapur	2	32	3,512	204	9	189	198	102	17	29	6	132	184	68	26	7	59	92	474	1:5
Mokokchung	3	34	2,482	282	11	99	110	141	15	24	7	121	167	94	28	2	131	161	438	1:7
Tuensang	5	47	3,187	144	5	102	107	72	15	17	2	151	185	48	21	---	88	109	401	1:4
Zunheboto	2	32	3,247	192	12	116	128	96	10	9	4	33	56	64	15	---	45	60	244	1:13
Phek	4	30	4,692	180	8	122	130	90	16	10	5	89	120	60	18	---	81	99	349	1:13
Wokha	2	16	943	96	2	54	56	48	8	5	1	55	69	32	6	---	44	50	175	1:5
<b>Total:-</b>	<b>22</b>	<b>241</b>	<b>21,915</b>	<b>1,446</b>	<b>58</b>	<b>893</b>	<b>951</b>	<b>723</b>	<b>105</b>	<b>111</b>	<b>33</b>	<b>704</b>	<b>953</b>	<b>482</b>	<b>136</b>	<b>11</b>	<b>558</b>	<b>705</b>	<b>2,609</b>	<b>1:8</b>

Overall teachers position:

	Sanctioned Strength	Men-in-position	(+) Excess (-) Shortfall	
(i) Graduate Teachers	1446	951	(-) 495	
(ii) Under Graduate Teachers				
PET	241	105	(-) 136	} 474
DT	241	111	(-) 130	
LT	241	33	(-) 208	
Others	Nil	704	(+) 704	
(iii) Under Matric				
CI	241	136	(-) 105	} 235
KI	241	11	(-) 230	
Others	Nil	558	(+) 558	
<b>Total:-</b>	<b>2,651</b>	<b>2,609</b>	<b>(-) 42</b>	

**APPENDIX-XIX**

**Statement showing names of DDOs whose records were test checked  
(Reference: Paragraph 3.2.3; page 49)**

<b>Sl. No.</b>	<b>Name of DDOs</b>	<b>Schemes implemented</b>
1.	Commissioner and Secretary, Finance Department	Fund release etc.
2.	Director General of Police	Spécial problems
3.	Inspector General (Intelligence)	Special problems
4.	Deputy Inspector General (Fire)	Upgradation of Fire Services
5.	Inspector General (Jail)	Upgradation of Jail administration
6.	Director of School Education	Girls' Education
7.	Commandant, NAPTC, Chumukedima	Police Training
8.	Principal, Police Training School, Chumukedima	Police Training
9.	Addl. Chief Engineer, Police Engineer Project, Kohima	Construction of Police Housing and Police Station
10.	Project Engineer, Police Engineering Project, Chumukedima	Construction of Police Housing and Police Station
11.	Director, Treasuries and Accounts, Kohima	Computerisation of Treasuries
12.	Executive Engineer, Civil Administration Works Division, Kohima	Construction of Record Room
13.	Secretary, Home Department	Calamity Relief Fund
14.	Deputy Commissioner, Kohima	Calamity Relief Fund
15.	Deputy Commissioner, Dimapur	Calamity Relief Fund



## APPENDIX-XX

Statement showing fund released by the Government of India, State Government and expenditure

(Reference: Paragraph 3.2.4; page 49)

(Rupees in lakh)

		1996-97	1997-98	1998-99	1999-2000	Total
<b>(a)</b>	<b>Amount released by GOI</b>					
(i)	Police:					
	Police Station/Outpost	4.20	---	---	---	4.20
	Police Housing	240.94	381.48	377.58	450.00	1450.00
	Police Training	4.76	26.24	---	---	31.00
(ii)	Fire Services	---	---	120.00	60.00	180.00
(iii)	Jail	---	7.20	---	9.00	16.20
(iv)	Record Rooms	---	---	10.00	5.00	15.00
(v)	Treasuries and Accounts	---	4.50	---	50.00	54.50
(vi)	Education:					
	Promotion of Girls' Education Drinking water/toilet facilities	---	---	---	---	---
(vii)	Special problems	450.00	880.75	350.00	1010.25	2691.00
(viii)	Calamity Relief Fund	---	135.00	141.00	147.00	423.00
	<b>Total:-</b>	<b>499.90</b>	<b>1435.17</b>	<b>998.58</b>	<b>1731.25</b>	<b>4864.90</b>
<b>(b)</b>	<b>Amount released by the State Government</b>					
	Police Station/Outpost	5.60	---	---	28.00	33.60
	Police Housing	240.94	381.48	377.58	606.25	1606.25
	Police Training	31.00	8.24	---	---	39.24
(ii)	Fire Services	40.00	50.00	120.00	60.00	270.00
(iii)	Jail	9.60	12.00	14.50	12.00	48.10
(iv)	Record Rooms	---	7.81	9.50	---	17.31
(v)	Treasuries and Accounts	18.00	22.50	27.00	22.49	89.99
(vi)	Education:					
	Drinking water/Toilet facilities	10.00	47.60	71.50	59.54	188.63
(vii)	Special problems	607.47	750.00	350.00	1292.53	3000.00
(viii)	Calamity Relief Fund	---	180.00	188.00	196.00	564.00
	<b>Total:-</b>	<b>962.61</b>	<b>1469.43</b>	<b>1158.08</b>	<b>2279.27</b>	<b>5857.12</b>
<b>(c)</b>	<b>Expenditure incurred</b>					
	Police Station/Outpost	4.00	---	---	28.00	32.00
	Police Housing	240.94	381.48	377.58	418.00	1418.00
	Police Training	31.00	8.24	---	---	39.24
(ii)	Fire Services	40.00	50.00	120.00	60.00	270.00
(iii)	Jail	9.60	12.00	14.50	12.00	48.10
(iv)	Record Rooms	---	7.81	9.50	---	17.31
(v)	Treasuries and Accounts	18.00	22.50	27.00	---	67.50
(vi)	Education:					
	Drinking water/Toilet facilities	10.00	47.60	71.50	59.54	188.63
(vii)	Special problems	607.47	750.00	349.96	969.25	2696.68
(viii)	Calamity Relief Fund	---	65.00	111.50	204.56	381.06
	<b>Total:-</b>	<b>961.01</b>	<b>1354.43</b>	<b>1081.54</b>	<b>1753.81</b>	<b>5138.52</b>

<sup>1</sup> Review on the administration of CRF upto March 1997 was already conducted and incorporated in paragraph 3.4 of the Report of the C&AG of India for the year ended March 1997. The present review covered the period from 1997-98 to 1999-2000.

**APPENDIX-XXI**  
**Statement showing diversion/misutilisation of funds**  
**(Reference: Paragraph 3.2.4(ii); page 50)**

Sl. No.	Name of implementing agency	Fund recommended for		Amount diverted (Rupees in lakh)	Nature of work in which amount was utilised
1.	Police Engineering Project	Housing facilities for Police staff (family accommodation)	(1)	27.80	Construction of Police Station
			(2)	145.59	Construction of barrack, cottage office/ Lecture Hall (NAPTC)
2.	Fire Services	Upgradation of Fire Services		23.94	Repair renovation of Fire Service Station, residential quarter, garage, protection wall of Directorate
3.	Jail Administration	Improvement of existing accommodation		15.00	Purchase of vehicles, Zerox, repairing of residential quarter
4.	Treasury and Accounts	Computerisation of treasuries		4.71	Office furniture
5.	Director General of Police	Special problem (security related)	(1)	67.61	Non-priority work (repair/renovation of administrative building, residential accommodation etc.)
			(2)	86.94	Adjusted to the purchase under the scheme "Modernisation of Police Force"
			(3)	314.89	EPABX in administrative building, computer, Zerox machine etc.
			(4)	15.76	Automatic signal light (proposal rejected by IMEC)
			(5)	90.82	Forensic and Narcotic equipment (beyond the scope of TFC scheme)
				793.06	

APPENDIX-XXII

Statement showing the delay in releasing funds (both Central and State share) by the Government

(Reference: Paragraph 3.2.4(vi); page 50)

Year	Quarter	Central share					State share					
		Amount released by the GOI as central share to State Government.	Date of release by the Government of India	Amount of central share release by the State Government	Date of release of central share by the State Government	Delay (in days) in release of central share by the State Government	Amount due to be released by the State Government as State share	Amount actually released by the State Government as state share	Due date of release of states share by the State Government	Actual date on which the state share was released by the State Government	Delay (in days)	
1997-98	1 <sup>st</sup>	22.00	1 April 1997			344	7.33	11.25	11.25	1 April 1997	11 March 1998	344
	1 <sup>st</sup>	11.75	9 June 1997	33.75	11 March 1998	275	3.92			9 June 1997	11 March 1998	275
	2 <sup>nd</sup>	33.75	2 July 1997	33.75	11 March 1998	252		11.25	11.25	2 July 1997	11 March 1998	262
	3 <sup>rd</sup>	33.75	1 October 1997	33.75	11 March 1998	161		11.25	11.25	1 October 1997	11 March 1998	161
	4 <sup>th</sup>	33.75	2 January 1998	33.75	11 March 1998	68		11.25	11.25	2 January 1998	11 March 1998	68
1998-99	1 <sup>st</sup>	35.25	1 April 1998	35.25	25 March 1999	359	11.75	11.75	11.75	1 April 1998	25 March 1999	359
	2 <sup>nd</sup>	35.25	1 July 1998	35.25	25 March 1999	268	11.75	11.75	11.75	1 July 1998	25 March 1999	268
	3 <sup>rd</sup>	35.25	28 September 1998	35.25	25 March 1999	179	11.75	11.75	11.75	28 September 1998	25 March 1999	179
	4 <sup>th</sup>	35.25	1 January 1999	35.25	25 March 1999	84	11.75	11.75	11.75	1 January 1999	25 March 1999	84
1999-2000	1 <sup>st</sup>	36.75	26 October 1999	36.75	21 March 2000	148	12.25	12.25	12.25	26 October 1999	21 March 2000	148
	2 <sup>nd</sup>	36.75	26 October 1999	36.75	21 March 2000	148	12.25	12.25	12.25	26 October 1999	21 March 2000	148
	3 <sup>rd</sup>	36.75	26 October 1999	36.75	21 March 2000	148	12.25	12.25	12.25	26 October 1999	21 March 2000	148
	4 <sup>th</sup>	36.75	1 March 2000	36.75	31 March 2000	30	12.25	12.25	12.25	1 March 2000	31 March 2000	30

APPENDIX-XXIII

Statement showing BDDS equipment purchased during 1997-98 and 1998-99 under 10<sup>th</sup> Finance Commission award  
(Reference: Paragraph 3.2.7(c); page 56)

Sl. No.	Name of items	Total purchase (No.)	Total receipt as per IG (Int)	Short receipt	Total issue	Balance	Rate (In Rs.)	Amount of short receipt (In Rs.)	Amount of balance items (In Rs.)	
1.	Explosive detector	8	7	1	---	7	1234730	1234730	8643110	
2.	Bomb suppression blanket	15	14	1	---	14	64800	64800	907200	
3.	EOD Bomb suit	8	7	1	---	7	678000	678000	4746000	
4.	Disrupted with stand	7	7	---	---	7	29400	---	205800	
5.	Bomb sled	17	14	3	9	5	38400	115200	192000	
6.	Hook and line set	7	7	---	---	7	14400	---	100800	
7.	Bomb box	7	7	---	6	1	12600	---	12600	
8.	Bomb Transport trailer	7	7	---	6	1	198000	---	198000	
9.	RSP tool kits	10	7	3	---	7	16800	50400	117600	
10.	Car remote opening kit	7	7	---	---	7	17400	---	121800	
11.	Electronic remote wire cutter	7	7	---	---	7	18900	---	132300	
12.	Search light	22	22	---	7	15	9000	---	135000	
13.	Podder	28	28	---	6	22	780	---	17160	
14.	Deep search metal detector	26	26	---	1	25	33600	---	840000	
15.	Blasting machine	7	7	---	---	7	22800	---	159600	
16.	Electronic stethoscope	5	5	---	---	5	27600	---	138000	
17.	Thermal cutter	10	7	3	3	4	15360	46080	61440	
18.	Telescope mirror	15	14	1	4	10	3180	3180	31800	
19.	Inspection Mirror	14	14	---	11	3	3900	---	11700	
20.	Water canon	5	5	---	---	5	12960	---	64800	
								<b>21,92,390</b>	<b>1,68,36,710</b>	
								CST & packing charge (@ 4% and 6%)	219239	1683671
								<b>Total:-</b>	<b>24,11,629</b>	<b>1,85,20,381</b>

**APPENDIX-XXIV**  
**Statement of unauthorised expenditure for repair under special problem**  
**(Reference: Paragraph 3.2.7(f); page 56)**

<b>Police Engineering Project, Chumukedima (1996-97 and 1997-98)</b>		<b>Rupees in lakh</b>
1.	Construction of SP (City) residence at Dimapur	2.00
2.	Repair/renovation of PHQ office, Kohima	4.00
3.	Repair of SP's residence, Mon	0.75
4.	Construction of PHQ toilet	0.80
5.	Repairing Departmental bulldozer	2.00
6.	Security fencing of North PS, Kohima (1997-98)	2.50
7.	Repairing of PHQ building and approach road (1997-98)	3.00
8.	Water supply to Dimapur supply colony new reserve (1997-98)	3.50
9.	Repairing of garage of Central Workshop	3.00
10.	Security fencing around Jalukie PS	2.50
11.	Approach CES (PEP) office building, Kohima	3.48
12.	Repairing of PHQ building at Kohima	1.00
13.	Repairing of PHQ building at Kohima	1.50
14.	Steel gate of additional DGP's residence	1.00
15.	Repairing of DGP's residence	1.00
16.	Renovation of SP's office, Kohima	1.00
17.	Approach road to PR Hill and renovation of Addl. CE (PEP) office, Kohima	3.53
<b>Police Engineering Project, Alichen</b>		
1.	Repairing of DEF building, Zunheboto	6.00
2.	Repair and renovating of PS, Longleng	4.00
3.	Repair and renovating of PS, Longkhim	4.00
4.	SP's residence, Zunheboto	3.00
5.	SP's office, Tuensang	3.00
6.	SP's & PS office, Tuensang	4.00
7.	Acquisition of land for SP's office, Zunheboto	4.50
8.	Repairing of SP's building at Zunheboto	3.50
	<b>Total:-</b>	<b>69.61</b>

APPENDIX—XXV

Statement showing loss of interest due to delay in making investment

(Reference: Paragraph 3.2.8(a)(i); page 57)

Year	Quarter	Central share (Rupees in lakh)	Date of receipt	Date of investment	Delay in investment (in days)	Rate of interest (%)	Loss of interest (Rupees in lakh)
1997-98	1 <sup>st</sup>	22	1.4.97	21.8.98	507	11.50	3.51
		11.75	9.6.97	21.8.98	438	11.00	1.55
	2 <sup>nd</sup>	33.75	2.7.97	21.8.98	415	11.00	4.22
	3 <sup>rd</sup>	33.75	1.10.97	21.8.98	324	11.00	3.30
	4 <sup>th</sup>	13.75	2.1.98	21.8.98	231	10.00	0.87
<b>Total:-</b>							<b>13.45</b>
1998-99	1 <sup>st</sup>	35.25	1.4.98	31.3.99	364	11.00	3.87
	2 <sup>nd</sup>	35.25	1.7.98	31.3.99	273	10.50	2.77
	3 <sup>rd</sup>	35.25	28.9.98	31.3.99	183	10.50	1.86
	4 <sup>th</sup>	35.25	1.1.99	31.3.99	89	8.50	0.73
<b>Total:-</b>							<b>9.23</b>
1999-2000	1 <sup>st</sup>	110.25	26.10.99		156	6.00	2.83
	2 <sup>nd</sup>						
	3 <sup>rd</sup>	36.75	1.3.2000		31	5.50	0.17
	4 <sup>th</sup>						
<b>Total:-</b>							<b>3.00</b>
<b>Grand Total:-</b>							<b>25.68</b>

## APPENDIX—XXVI

Statement showing additional income which could have been earned if 85 per cent of the available funds were invested in other gainful securities

(Reference: Paragraph 3.2.8(a)(ii); page 58)

Fixed Deposit Nos.	Actual amount deposited originally	Date of investment	Date of final closing of investment/after periodic reinvestment	Period of deposit (in months)	Actual interest received on total deposit	Interest earned on 85 per cent of total deposit	Interest receivable on 85 per cent of deposit at NSDL rate <sup>2</sup>	Difference of interest earned on 85 per cent deposit and interest due at NSDL rates.
	(Rupees in lakh)				(Rupees in lakh)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)
2837	100.00	21.4.95	Due after 31.3.2000	59	24.46 <sup>3</sup>	20.79	58.51 (14%)	37.72
3189 <sup>4</sup>	87.50	13.1.96	--do--	50	35.72 <sup>16</sup>	30.36	43.39 (14%)	13.03
3340	60.00	16.4.96	--do--	47	21.55 <sup>16</sup>	18.32	27.67 (13.85%)	9.35
3620	162.19	12.9.96	Upto 10.3.97 <sup>5</sup> (79.92) due after 31.3.2000	6 36	4.98 22.94 <sup>16</sup> 27.92	23.73	66.83 (13.85%)	43.10
4618	115.00	21.8.98	11.3.99	6	3.94	3.35	5.94 (12.15%)	2.59
4822	7.43	11.3.99	6.12.99	8	0.33	0.28	0.62 (12.50%)	0.34
4855	188.00	31.3.99	6.12.99	8	9.88	8.40	13.32 (12.50%)	4.92
<b>Grand total</b>					<b>123.80</b>	<b>105.23</b>	<b>216.28</b>	<b>111.05</b>

<sup>2</sup> Interest rate of prescribed securities is based on interest allowed on NSDL and has been given in brackets.

<sup>3</sup> Interest calculated upto March 2000 as information regarding interest earned at column 7 has been received upto March 2000.

<sup>4</sup> The fixed deposit account number 3189 opened on 13.1.96 was closed on 12.7.96 and on the same day (12.7.96) the maturity value reinvested by opening fixed deposit account number 3505. Hence without making any reference to fixed deposit account number 3505, only the fixed deposit account number 3189 reflected.

<sup>5</sup> Rs.162.19 lakh was prematurely encashed and a portion (Rs.79.92 lakh) thereof reinvested by opening FD account No. 3853 on 10.3.1997.

APPENDIX—XXVII

Statement showing the loss of interest due to injudicious short-term investments

(Reference: Paragraph 3.2.8(a)(iii); page 58)

Fixed deposit account No.	Amount originally invested (Rupees in lakh)	Date of investment	Reinvested upto	Total period (months)	Actual interest earned upto		Due rate of interest (%)	Interest receivable @. at col.7 upto the date at col.6A (Rupees in lakh)	Loss of interest (8-6B) (Rupees in lakh)
					Date	Amount (Rupees in lakh)			
(1)	(2)	(3)	(4)	(5)	(6A)	(6B)	(7)	(8)	(9)
2837	100.00	21.4.95	30.6.2000	62 (59) <sup>6</sup>	31.3.2000	24.46	12.50	61.46	37.00
3189 <sup>7</sup>	87.50	13.1.96	30.6.2000	53 (50) <sup>17</sup>	31.3.2000	35.72	13.50	49.22	13.50
3329	20.03	10.4.96	30.6.2000	50 (47) <sup>17</sup>	31.3.2000	7.50	13.50	10.59	3.09
3340	60.00	16.4.96	30.6.2000	50 (47) <sup>17</sup>	31.3.2000	21.55	13.50	31.72	10.17
3853 <sup>20</sup>	79.92	10.3.97	30.6.2000	39 (36) <sup>17</sup>	31.3.2000	22.94	13.00	31.17	8.23
5159	2.08	6.12.99	30.6.2000	6 (3) <sup>17</sup>	31.3.2000	0.04	7.50	0.04	0.00
<b>Total:-</b>	<b>349.53</b>					<b>112.21</b>		<b>184.20</b>	<b>71.99</b>

<sup>6</sup> The interest figures in col 8 is worked out with reference to the period shown within first bracket in col.5 as the information regarding interest earned has been received upto 31.3.2000.

<sup>7</sup> FD account Nos. 3189 and 3853 were closed on 12.7.96 and 12.9.97 and on closing these FD accounts, the entire maturity value reinvested on the same date of closing the earlier accounts by opening FD accounts Nos. 3505 and 4173 respectively.



**APPENDIX--XXVIII**  
**Statement showing the details of excess payment of relief**  
**(Reference: Paragraph 3.2.8(c); page 59)**

Nature of loss	Extent of loss/damages caused	No. of beneficiaries given assistance	Rates at which assistance was to be paid to each beneficiary	Amount paid	Admissible amount	Amount paid in excess
			(Rupees in lakh)			
House, Building and property.	Rs 1 lakh and above	103	0.10	56.25	10.30	45.95
	Rs. 50,000 to Rs. 99,999	35	0.05	8.45	1.75	6.70
	Rs.20,000 to 49,999	2	0.02	0.30	0.04	0.26
<b>Total</b>		<b>140</b>		<b>65.00</b>	<b>12.09</b>	<b>52.91</b>

**APPENDIX—XXIX**  
**Scheme wise allotment of fund and expenditure (Rupees in lakh)**  
**(Reference: Paragraph 3.4.4(iii); page 74)**

Sl. No	Sub head	1995-96				1996-97			
		Budget as per Appropriation Accounts	As per GOI sanctions	Expenditure as per Appropriation Accounts	Expenditure as per Department	Budget as per Appropriation Accounts	As per GOI sanctions	Expenditure as per Appropriation Accounts	Expenditure as per Department
1	Direction and Administration	13.20		183.27		10.20		81.67	
2	Subordinate Establishment	28.95		190.67		20.95		99.19	
3	Rural Family Welfare Centres	49.70		86.66		39.10		78.41	
4	Rural Family Welfare Sub-centres	124.50		159.84		112.50		130.85	
5	Community Health Centres (Rural)	17.00		2.38		7.00		5.85	
6	Maternity and Child Health								
7	Universal Immunization Programme (State Headquarters)					3.86		20.91	
8	Universal Immunization Programme (District level)	38.52		46.75		25.52		158.66	
9	Oral Rehydration Therapy (Dist.)					0.57		---	
10	Oral Rehydration Therapy (PHE)					1.53		---	
11	Oral Rehydration Therapy (State)	1.37		0.34		1.07		2.00	
12	Training of ANM & HV	14.55		8.40		11.55		4.69	
13	Mass Education	28.80		16.60		18.80		16.07	
14	Post Partum (Dist)	45.55		14.85		42.55		8.58	
15	Post Partum (Sub-dist.)	8.50		0.96		5.50		0.93	
16	Compensation	11.10		4.70		7.50		0.22	
		<b>381.74</b>	<b>300.13</b>	<b>715.42</b>	<b>723.68</b>	<b>308.20</b>	<b>211.49</b>	<b>608.03</b>	<b>716.04</b>

## Appendix XXIX contd.

Sl No	Sub head	1997-98				1998-99				1999-2000			
		Budget as per Appropriation Accounts	As per GOI sanctions	Expenditure as per Appropriation Accounts	Expenditure as per Department	Budget as per Appropriation Accounts	As per GOI sanctions	Expenditure as per Appropriation Accounts	Expenditure as per Department	Budget as per Appropriation Accounts	As per GOI sanctions	Expenditure as per Appropriation Accounts	Expenditure as per Department
1	Direction and Administration	10.20		34.86		18.96		58.42					
2	Subordinate Establishment	20.95		31.22		84.75		111.47					
3	Rural Family Welfare Centres	84.15		66.97		104.90		122.15					
4	Rural Family Welfare sub-Centres	112.50		311.98		319.68		186.51					
5	Community Health Centres (Rural)	7.00		---		---		---					
6	Maternity and Child Health												
7	Universal Immunization Programme (State Headquarters)	3.86		4.59		---		27.04					
8	Universal Immunization Programme (District level)	25.52		22.82		29.30		26.36					
9	Oral Rehydration Therapy (Dist.)	0.57		---		---		---					
10	Oral Rehydration Therapy (PHE.)	1.53		---		---		---					

Appendix XXIX concluded.

Sl No	Sub head	1997-98				1998-99				1999-2000			
		Budget as per Appropriation Accounts	As per GOI sanctions	Expenditure as per Appropriation Accounts	Expenditure as per Department	Budget as per Appropriation Accounts	As per GOI sanctions	Expenditure as per Appropriation accounts	Expenditure as per Department	Budget as per Appropriation Accounts	As per GOI sanctions	Expenditure as per Appropriation Accounts	Expenditure as per Department
11	Oral Rehydration Therapy (State)	1.07		---		---		---					
12	Training of ANM & HV	11.55		---		11.55		---					
13	Mass Education	18.80		---		19.95		10.57					
14	Post Partum (Dist)	65.14		6.09		7.00		17.77					
15	Post Partum (Sub-Dist.)	5.50		4.61		1.70		---					
16	Compensation	7.50		---		7.50		0.10					
<b>Total :-</b>		<b>375.84</b>	<b>207.82</b>	<b>483.14</b>	<b>391.77</b>	<b>605.29</b>	<b>247.95</b>	<b>560.39</b>	<b>595.79</b>	<b>NA</b>	<b>399.72</b>	<b>NA</b>	<b>771.31</b>

**APPENDIX-XXX**  
**Statement showing receipt and issue of vaccines as per stock register**  
**(Reference: Paragraph 3.4.6 (a); page 80)**

Name of vaccine	Receipt		Issue				Difference Excess (-) Balance (+)
	1/94 to 3/95	Afterwards	Total receipt	District	Others	Total issue	
<b>1996-97</b>							
BCG	475 Amp	1,400 Amp	1875 Amp	2,632 Amp	20 Amp	2,652 Amp	(-) 777 Amp
TT	7,327 vials	5,500 vials	12,827 vials	19,058 vials	622 vials	19,680 vials	(-) 6,853 vials
DT	278 vials	1,700 vials	1978 vials	4,368 vials	10 vials	4,378 vials	(-) 2,400 vials
<b>1997-98</b>							
OPV	OB- 20,167 vials	4,800 vials	24,967 vials	36,627 vials	96 vials	36,723 vials	(-) 11,756 vials
BCG	(-) 777 Amp	1,500 Amp	723 Amp	2,230 Amp	61 Amp	2,291 Amp	(-) 1,568 Amp
TT	(-) 6,853 vials	14,000 vials	7,147 vials	17,445 vials	280 vials	17,725 vials	(-) 10,578 vials
DT	(-) 2,400 vials	4,000 vials	1,600 vials	4,830 vials	154 vials	4,984 vials	(-) 3,384 vials
Measles	2,282 vials	6,200 vials	8,482 vials	14,183 vials	50 vials	14,233 vials	(-) 5,751 vials
<b>1998-99</b>							
OPV	OB- (-) 11,756 vials	2,200 vials	(-) 9,556 vials	4,970 vials	20 vials	4,990 vials	(-)14,546 vials
BCG	(-) 1,568 Amp	1,760 Amp	192 Amp	2,805 Amp	---	2,805 Amp	(-) 2,613 Amp
TT	(-) 10,578 vials	8,700 vials	(-) 1,878 vials	10,070 vials	40 vials	10,110 vials	(-) 11,988 vials
DT	(-) 3,384 vials	2,000 vials	(-) 1,384 vials	2,320 vials	23 vials	2,343 vials	(-) 3,727 vials
Measles	(-) 5,751 vials	1,200 vials	(-) 4,551 vials	4,650 vials	20 vials	4,670 vials	(-) 9,221 vials
<b>1999-2000</b>							
BCG	(-) 2,613 Amp	2,700 Amp	87 Amp	3,645 Amp	23 Amp	3,668 Amp	(-) 3,581 Amp
TT	(-) 11,988 vials	6,800 vials	(-) 5,188 vials	8,590 vials	505 vials	9,095 vials	(-) 14,283 vials
DT	(-) 3,727 vials	2,700 vials	(-) 1,027 vials	3,720 vials	203 vials	3,923 vials	(-) 4,950 vials
Measles	(-) 9,221 vials	6,200 vials	(-) 3,021 vials	7,950 vials	280 vials	8,230 vials	(-) 11,251 vials
<b>Total:-</b>	(-) 40,087	73,360	33,273			1,52,500	(-) 1,19,227

**APPENDIX-XXXI**  
**Statement showing receipt and issue of FW materials as per stock register**  
**(Reference: Paragraph 3.4.6 (b); page 81)**

FW materials	Opening balance	Receipt	Total	Issue			Difference being closing balance
				District	Others	Total	
<b>1995-96</b>							
Mala N	31,337 cycles	40,500 cycles	71,837 cycles	15,000 cycles	2,000 cycles	17,000 cycles	54,837 cycles
Nirodh	67,700 Nos.	---	67,700 Nos.	---	---	---	67,700 Nos.
Copper T	338 Nos.	5,000 Nos.	5,338 Nos.	3,770 Nos.	105 Nos.	3,875 Nos.	1,463 Nos.
IFA(L)	5,46,000 Nos.	20,93,000 Nos.	26,39,000 Nos.	7,31,000 Nos.	22,000 Nos.	7,53,000 Nos.	18,86,000 Nos.
IFA(S)	34,23,400 Nos.	---	34,23,400 Nos.	14,18,000 Nos.	37,000 Nos.	14,55,000 Nos.	19,68,400 Nos.
<b>1996-97</b>							
Mala N	54,837 cycles	---	54,837 cycles	25,300 cycles	---	25,300 cycles	29,537 cycles
Nirodh	67,700 Nos.	6,000 Nos.	73,700 Nos.	1,000 Nos.	200 Nos.	1,200 Nos.	72,500 Nos.
Copper T	1,463 Nos.	1,200 Nos.	2,663 Nos.	1,155 Nos.	14 Nos.	1,169 Nos.	1,494 Nos.
IFA(L)	18,86,000 Nos.	---	18,86,000 Nos.	9,28,000 Nos.	45,000 Nos.	9,73,000 Nos.	9,13,000 Nos.
IFA(S)	19,68,400 Nos.	---	---	---	---	---	19,68,400 Nos.
<b>1997-98</b>							
Mala N	29,537 cycles	---	29,537 cycles	21,700 cycles	3,000 cycles	24,700 cycles	4,837 cycles
Nirodh	72,500 Nos.	---	72,500 Nos.	---	---	---	72,500 Nos.
Copper T	1,494 Nos.	---	1,494 Nos.	550 Nos.	10 Nos.	560 Nos.	934 Nos.
IFA(L)	9,13,000 Nos.	---	---	---	---	---	9,13,000 Nos.
IFA(S)	19,68,400 Nos.	---	---	---	---	---	19,68,400 Nos.
<b>1998-99</b>							
Mala N	4,837 cycles	50,000 cycles	54,837 cycles	11,310 cycles	2,100 cycles	13,410 cycles	41,427 cycles
Nirodh	72,500 Nos.	2,00,000 Nos.	2,72,500 Nos.	98,500 Nos.	85,200 Nos.	1,83,700 Nos.	88,800 Nos.
Copper T	934 Nos.	12,000 Nos.	12,934 Nos.	6,020 Nos.	216 Nos.	6,236 Nos.	6,698 Nos.
IFA(L)	9,13,000 Nos.	---	---	---	---	---	9,13,000 Nos.
IFA(S)	19,68,400 Nos.	---	---	---	---	---	19,68,400 Nos.
<b>1999-2000</b>							
Mala N	41,427 cycles	---	41,427 cycles	10,500 cycles	600 cycles	11,100 cycles	30,327 cycles
Nirodh	88,800 Nos.	---	88,800 Nos.	6,300 Nos.	---	6,300 Nos.	82,500 Nos.
Copper T	6,698 Nos.	---	6,698 Nos.	1,665 Nos.	63 Nos.	1,728 Nos.	4,970 Nos.
IFA(L)	9,13,000 Nos.	---	---	---	---	---	9,13,000 Nos.
IFA(S)	19,68,400 Nos.	---	---	---	---	---	19,68,400 Nos.

## Appendix XXXI concluded.

FW materials	Quantity issued to								
	Kohima	Dimapur	Mokokchung	Tuensang	Zunheboto	Wokha	Phek	Mon	Total
<b>1995-96</b>									
Mala N	---	---	5,000 cycles	---	5,000 cycles	---	---	5,000 cycles	15,000 cycles
Nirodh	---	---	---	---	---	---	---	---	---
Copper T	400 Nos.	---	1,660 Nos.	460 Nos.	300 Nos.	150 Nos.	150 Nos.	650 Nos.	3,770 Nos.
IFA(L)	1,09,000 Nos.	1,50,000 Nos.	4,00,000 Nos.	2,000 Nos.	---	70,000 Nos.	---	---	7,31,000 Nos.
IFA(S)	---	3,60,000 Nos.	5,06,000 Nos.	28,000 Nos.	---	---	20,000 Nos.	5,04,000 Nos.	14,18,000 Nos.
<b>1996-97</b>									
Mala N	5,200 cycles	---	4,000 cycles	---	---	---	10,100 cycles	6,000 cycles	25,300 cycles
Nirodh	700 Nos.	300 Nos.	---	---	---	---	---	---	1,000 Nos.
Copper T	250 Nos.	250 Nos.	---	300 Nos.	---	100 Nos.	105 Nos.	150 Nos.	1,155 Nos.
IFA(L)	50,000 Nos.	1,00,000 Nos.	1,00,000 Nos.	77,000 Nos.	50,000 Nos.	2,50,000 Nos.	1,51,000 Nos.	1,50,000 Nos.	9,28,000 Nos.
IFA(S)	---	---	---	---	---	---	---	---	---
<b>1997-98</b>									
Mala N	7,000 cycles	2,500 cycles	2,000 cycles	---	---	3,000 cycles	---	7,200 cycles	21,700 cycles
Nirodh	---	---	---	---	---	---	---	---	---
Copper T	50 Nos.	---	---	500 Nos.	---	---	---	---	550 Nos.
IFA(L)	---	---	---	---	---	---	---	---	---
IFA(S)	---	---	---	---	---	---	---	---	---
<b>1998-99</b>									
Mala N	3,300 cycles	3,000 cycles	---	3,000 cycles	1,010 cycles	1,000 cycles	---	---	11,310 Nos.
Nirodh	24,000 Nos.	6,000 Nos.	19,500 Nos.	13,000 Nos.	18,000 Nos.	6,000 Nos.	12,000 Nos.	---	98,500 Nos.
Copper T	1,710 Nos.	400 Nos.	1,150 Nos.	1,050 Nos.	410 Nos.	400 Nos.	600 Nos.	300 Nos.	6,020 Nos.
IFA(L)	---	---	---	---	---	---	---	---	---
IFA(S)	---	---	---	---	---	---	---	---	---
<b>1999-200</b>									
Mala N	2,000 cycles	7,000 cycles	---	1,000 cycles	---	---	500 cycles	---	10,500 cycles
Nirodh	4,300 Nos.	---	2,000 Nos.	---	---	---	---	---	6,300 Nos.
Copper T	950 Nos.	50 Nos.	115 Nos.	150 Nos.	50 Nos.	---	200 Nos.	150 Nos.	1,665 Nos.
IFA(L)	---	---	---	---	---	---	---	---	---
IFA(S)	---	---	---	---	---	---	---	---	---

**APPENDIX—XXXII**  
**Statement showing the financial outlay and expenditure**  
**(Reference: Paragraph 3.5.5.1; page 87)**

Name of the scheme	Year	Opening balance	Funds released by the		Total funds available	Expenditure	Mandays	
			Central Government	State Government			Ought to have been generated	Actually generated
			(Rupees in lakh)					
(i) Nehru Rozgar Yojana (NRY)	1995-96	126.54	---	---	126.54	0.75	1.45	0.25
	1996-97		---	9.98	135.77	21.06	1.55	*
	1997-98		---	---	114.71	18.27	1.31	0.20
(ii) Urban Basic Services for Poor (UBSP)	1995-96	35.00	---	---	35.00	---	0.40	*
	1996-97		---	---	35.00	---	0.40	*
	1997-98		---	---	35.00	---	0.40	*
(iii) Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP)	1995-96	Nil	108.65	---	108.65	---	1.24	*
	1996-97		123.18	---	231.83	---	2.65	*
	1997-98		---	---	231.83	222.46	2.65	*
(iv) Swarna Jayanti Sahari Rojgar Yojana (SJSRY)	1997-98	131.44	49.60	---	181.04	---	2.07	*
	1998-99		82.39	80.00	343.43	---	3.92	*
	1999-2000		24.33	---	367.76	182.91	4.20	0.45
(v) Prime Minister's Rojgar Yojana (PMRY)	1995-96	3.98	0.21	---	4.19	---	0.05	*
	1996-97		3.78	---	7.97	---	0.09	*
	1997-98		2.82	---	10.79	---	0.12	*
	1998-99		1.20	---	11.99	---	0.14	*
	1999-2000		0.99	---	12.98	9.61	0.15	*
<b>Total:-</b>							<b>21.71</b>	<b>0.90</b>

\* Awarded to contractor. Hence mandays generation is not known.

**APPENDIX—XXXIII**  
**Statement showing the total expenditure of Rs.455.06 lakh spent component-wise**  
**(Reference: Paragraph 3.5.5.1; page 87)**

Scheme	Fund received from the Centre	Funds released by the State	Total	Expenditure incurred
			(Rupees in lakh)	
NRY	126.54	9.98	136.52	40.08
UBSP	35.00	---	35.00	Nil
PMIUPEP	231.83	80.00	311.83	222.46
SJSRY	156.32	---	156.32	182.91
PMRY	12.98	---	12.98	9.61
<b>Total:-</b>	<b>562.67</b>	<b>89.98</b>	<b>652.65</b> (includes Rs.3.37 lakh not released by State Government)	<b>455.06</b>



**APPENDIX-XXXIV**

**Statement showing the extent of delay by the State Government in releasing both Central and State shares  
(Reference: Paragraph 3.5.5.2; page 89)**

Sl. No.	Particulars	NRV	UBSP	PMRY	PMIUPEP	SJSRY	Total
1.	Total amount received (1989 to 2000) from the GOI as Central share (Rupees in lakh)	126.54	35	12.98	231.83	156.32	562.67
2.	Year in which funds were received from the GOI	1989-90 to 1994-95	1990-91 to 1992-93	1993-94 to 1999-2000	1995-96 to 1996-97	1997-98 to 1999-2000	
3.	Total amount of Central share released by the State Government (Rupees in lakh)	126.54	35	9.61	231.83	156.32	559.30
4.	Year in which funds were released by the State Government	1995-96 to 1998-99	1998-99	1998-99 to 1999-2000	1997-98	1997-98 to 1999-2000	
5.	Period of delay in releasing Central share by the State Government	1 to 10 years	6 to 9 years	1 to 6 years	1 to 2 years	---	
6.	Amount required to be released by the State Government as its own share (Rupees in lakh)	84.30	6	---	217.64	52.11	360.05
7.	Amount released by the State Government as its share (Rupees in lakh)	9.98	---	---	80	---	
8.	Period of delay in releasing State's share	1 to 7 years	1 to 6 years	---	1 to 3 years	1 to 3 years	
9.	Amount of State's share not released by the State Government (Rupees in lakh)	74.32	6	---	137.64	52.11	270.07
10.	Mandays (in lakh) that could not be generated for non/short release of funds	0.85	---	---	1.57	0.59	3.08

**APPENDIX-XXXV**

**Statement showing year-wise position of cases sponsored and loans sanctioned by the bank  
(Reference: Paragraph 3.5.6.5(iii); page 92)**

Year	Target	No. of applications received	Total cases sponsored by the Department		Total loan disbursed		Percentage of shortfall
			No.	Loan amount	No.	Amount	
1993-94	200	826	98	75.02	98	75.02	51
1994-95	250	946	218	152.14	216	147.06	14
1995-96	360	1446	345	290.00	317	275.38	12
1996-97	460	1595	445	365.12	434	352.04	6
1997-98	453	1395	440	389.24	419	366.29	8
1998-99	250	2565	142	138.09	21	19.29	92
1999-2000	200	NA	NA	NA	NA	NA	
<b>Total:</b>	<b>2173</b>	<b>8773</b>	<b>1688</b>	<b>1409.61</b>	<b>1505</b>	<b>1235.08</b>	<b>31</b>

**APPENDIX-XXXVI**

**Statement showing the details of non-realisation of cost of Police Guards  
(Reference: Paragraph 3.8; page 98)**

Name of office	Name of the Bank/office	Period	Amount
Superintendent of Police, Zunheboto	SBI, Satakha	7/96 to 7/99	3,16,948
	SBI, Akuluto	4/83 to 6/95	6,24,750
	SBI, Zunheboto	4/80 to 3/92	5,94,058
	SBI, Aghunato	6/93 to 6/95	3,47,034
			<b>18,82,791</b>
Commandant, 5 <sup>th</sup> NAP Bn., Phek	SBI, Phek	1/6/96 to 30/6/97	2,28,685
	SBI, Mefuri	10/9/95 to 30/6/97	3,72,401
	SBI, Pfutsero	14/4/96 to 30/6/97	2,65,206
	SBI, Chozouba	1/9/95 to 30/6/97	3,74,834
			<b>12,41,126</b>
Commandant, 6 <sup>th</sup> NAP Bn., Tizit	SBI, Naginimora	1/91 to 12/92	3,02,673
	Allahabad Bank, Naginimora	12/94 to 3/95	11,850
	Ltd. Store Co-operative Bank, Naginimora	12/94 to 3/95	13,800
	SBI, Medziphema	12/94 to 3/95	85,151
	SBI, Naginimora	1/96 to 4/99	5,85,059
	Vijaya Bank, Naginimora	1/95 to 4/97	4,25,576
			<b>14,24,109</b>
Superintendent of Police, Dimapur	Sub-Post Office, Dimapur, Nepali Gaon and Purana Bazar	1/4/94 to 31/3/97	<b>11,24,943</b>
		<b>Total:-</b>	<b>56,72,969</b>

## APPENDIX-XXXVII

Statement showing details of drawal of medical advances  
(Reference: Paragraph 3.15; page 104)

## Director of Medical Services, Kohima.

Sl. No.	Bill No. and date	Name	Amount of advance (Rs.)
1.	37 dated 27.5.99	Smt. Narola, UDA	30,000
2.	36 dated 27.5.99	Dr. S. Khoshito, C.H., Dimapur	50,000
3.	34 dated 27.5.99	Smt. Sumlongshi, ANM	20,000
4.	32 dated 27.5.99	Shri. T.Wasti, UDA	5,000
5.	228 dated 27.3.99	Smt. Shivili, Matron, C.H., Zunheboto	50,000
6.	228 dated 27.3.99	Dr. N.K. Newmai, C.H., Dimapur	30,000
7.	228 dated 27.3.99	Dr (Mrs.) D.N. Newmai, C.H., Dimapur	20,000
8.	206 dated 17.3.99	Smt. Vikali, M.O. i/c of C.H., Zunheboto	30,000
9.	206 dated 17.3.99	Dr. Mahapatra, M.S., C.H., Tuensang	50,000
10.	206 dated 17.3.99	Smt. Shivili, Matron, C.H., Zunheboto	30,000
11.	206 dated 17.3.99	Smt. Pihol, C.H., Zunheboto	15,000
12.	206 dated 17.3.99	Shri. Pukheho, Acctt., Directorate of Medical Services	40,000
13.	206 dated 17.3.99	Dr. Takeho Chisi, C.H., Dimapur	30,000
14.	206 dated 17.3.99	Smt. Alemla, ANM, C.H., Dimapur	30,000
15.	189 dated 10.2.99	Dr. T. Murry, Jt. Director of Medical Services	30,000
16.	164 dated 14.1.99	Smt. Devi Rai, UDA	20,000
17.	164 dated 14.1.99	Smt. Avuli Sema, matron	20,000
18.	164 dated 14.1.99	Dr. (Mrs.) Tiala	30,000
19.	164 dated 14.1.99	Smt. Hokali, N/S	30,000
20.	150 dated 18.12.98	Shri. Y.N. Sethi, Sr.A.O.	20,000
21.	143 dated 17.12.98	Dr. Nungshi, AO	50,000
22.	143 dated 17.12.98	DMS for Mrs. Rongsenrunгла	20,000
23.	125 dated 9.12.98	Shri. Tek Bahadur, Peon	20,000
24.	215 dated 8.11.96	Shri. Tongpangwati, UDA	5,000
		<b>Total:-</b>	<b>6,75,000</b>

## D.I.S., Mokokchung

Sl. No.	Bill No. and date	Name	Amount of advance (Rs.)
1.	250 of 6.8.92	Smti. Sentimenla, A/T	10,000
2.	261 of 15.3.95	Shri. Imsulemba, Peon	80,000
3.	120 of 3.8.93	Smti. Bendangongla, A/T	25,000
4.	133 of 19.8.93	Shri. Rebasangla, A/T	15,000
5.	28 of 30.3.93	Smti. Ayongla, P/T	10,000
6.	189 of 27.6.94	Shri. Puretemba, P/T	10,000
7.	249 of 29.7.94	Shri. Satenchuba, P/T	20,000
8.	73 of 18.6.96	Smti. Longkongmenla, P/T	30,000
9.	249 of 27.7.96	Smti. Temjenmongla, A/T	30,000
10.	247 of 26.9.97	Smti. Sashongla, SIS	20,000
		<b>Total:-</b>	<b>2,50,000</b>

**APPENDIX-XXXVIII**  
**Statement showing extra expenditure on procurement of seedlings**  
**(Reference: Paragraph 3.21; page 109)**

Sl. No.	Bill No. and date	Name of supplier(s)		Name of seedling	Quantity procured (No.)	Approved rate (Rs.)	Procurement rate (Rs.)	Expenditure at procurement rate (Rs.)	Expenditure at approved rate (Rs.)	Extra expenditure (Rs.)
1.	395 dated 19/11/1998	Tali Ao, Kohima	(i)	Sweet Orange (Masumbi) budded	4,000	10.00	12.00	48,000	40,000	8,000
			(ii)	Plum grafted	3,000	8.75	14.00	42,000	26,250	15,750
			(iii)	Peach grafted	3,000	8.75	14.00	42,000	26,250	15,750
		Temjen and Sons, Kohima	(i)	Sweet Orange	4,000	10.00	12.00	48,000	40,000	8,000
			(ii)	Plum	3,500	8.75	14.00	49,000	30,625	18,375
			(iii)	Peach	3,400	8.75	14.00	47,600	29,750	17,850
		Lima Kumzuk, Kohima	(i)	Sweet Orange	5,000	10.00	12.00	60,000	50,000	10,000
			(ii)	Plum	4,000	8.75	14.00	56,000	35,000	21,000
			(iii)	Peach	4,000	8.75	14.00	56,000	35,000	21,000
2.	404 dated 20/11/1998	Temjen, Mokokchung	(i)	Sweet Orange	9,000	10.00	12.00	1,08,000	90,000	18,000
			(ii)	Plum	5,850	8.75	14.00	81,900	51,188	30,712
			(iii)	Peach	6,000	8.75	14.00	84,000	52,500	31,500
		K. Imkong, Mokokchung	(i)	Sweet Orange	4,000	10.00	12.00	48,000	40,000	8,000
			(ii)	Plum	1,850	8.75	14.00	25,900	16,188	9,712
			(iii)	Peach	3,000	8.75	14.00	42,000	26,250	15,750
3.	416 dated 23/11/1998	K. Imkong, Mokokchung	(i)	Sweet Orange	6,000	10.00	12.00	72,000	60,000	12,000
			(ii)	Plum	3,850	8.75	14.00	53,900	33,688	20,212
			(iii)	Peach	5,000	8.75	14.00	70,000	43,750	26,250
4.	661 dated 30/3/1999	Rongsen Lkr., Dimapur	(i)	Mandarin Orange budded	33,075	9.37	12.00	3,96,900	3,09,913	86,987
			(ii)	Sweet Orange budded	32,025	10.00	12.00	3,84,300	3,20,250	64,050
			(iii)	Plum grafted	27,605	8.75	14.00	3,86,470	2,41,544	1,44,926
			(iv)	Pears grafted	27,605	8.75	14.00	3,86,470	2,41,544	1,44,926
5.	735 dated 31/3/1999	J. L. Traders, Kohima	(i)	Mandarin Orange budded	14,175	9.37	12.00	1,70,100	1,32,820	37,280
			(ii)	Sweet Orange budded	13,829	10.00	12.00	1,65,948	1,38,290	27,658
			(iii)	Plum grafted	11,890	8.75	14.00	1,66,460	1,04,038	62,422
			(iv)	Pears grafted	11,890	8.75	14.00	1,66,460	1,04,038	62,422
		Y. Nokdir, Dimapur	(i)	Mandarin Orange budded	27,125	9.37	12.00	3,25,500	2,54,161	71,339
			(ii)	Sweet Orange budded	26,775	10.00	12.00	3,21,300	2,67,750	53,550
			(iii)	Plum grafted	22,574	8.75	14.00	3,16,036	1,97,523	1,18,513
			(iv)	Pears grafted	22,574	8.75	14.00	3,16,036	1,97,523	1,18,513
		P. Angami, Kohima	(i)	Mandarin Orange budded	9,800	9.37	12.00	1,17,600	91,826	25,774
			(ii)	Sweet Orange budded	9,100	10.00	12.00	1,09,200	91,000	18,200
			(iii)	Plum grafted	7,826	8.75	14.00	1,09,564	68,478	41,086
			(iv)	Pears grafted	6,825	8.75	14.00	95,550	59,719	35,831
		Rongsen Lkr., Dimapur	(i)	Mandarin Orange budded	8,575	9.37	12.00	1,02,900	80,348	22,552
			(ii)	Sweet Orange budded	8,225	10.00	12.00	98,700	82,250	16,450
			(iii)	Plum grafted	7,070	8.75	14.00	98,980	61,862	37,118
			(iv)	Pears grafted	7,070	8.75	14.00	98,980	61,862	37,118
		Zeliepho	(i)	Mandarin Orange budded	8,750	9.37	12.00	1,05,000	81,988	23,012
			(ii)	Sweet Orange budded	8,750	10.00	12.00	1,05,000	87,500	17,500
			(iii)	Plum grafted	7,525	8.75	14.00	1,05,350	65,844	39,506
			(iv)	Pears grafted	7,525	8.75	14.00	1,05,350	65,844	39,506
		K. Sahu Angami, Dimapur	(i)	Mandarin Orange budded	8,750	9.37	12.00	1,05,000	81,988	23,012
			(ii)	Sweet Orange budded	8,750	10.00	12.00	1,05,000	87,500	17,500
			(iii)	Plum grafted	7,525	8.75	14.00	1,05,350	65,844	39,506
			(iv)	Pears grafted	7,525	8.75	14.00	1,05,350	65,844	39,506
		<b>Total:-</b>			<b>4,79,183</b>			<b>62,09,154</b>	<b>44,35,530</b>	<b>17,73,624</b>

## APPENDIX—XXXIX

Statement showing year-wise position of the outstanding IRs and Paras

(Reference: Paragraph 3.24; page 111)

Year	Police		Printing and Stationery		Jails		Total	
	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras
1985-86	1	5	---	---	1	1	2	6
1986-87	2	6	---	---	---	---	2	6
1987-88	3	10	---	---	1	8	4	18
1988-89	7	16	1	6	1	3	9	25
1989-90	1	2	---	---	5	18	6	20
1990-91	13	58	---	---	2	3	15	61
1991-92	10	28	1	7	4	11	15	46
1992-93	7	26	1	5	3	12	11	43
1993-94	10	41	---	---	3	12	13	53
1994-95	12	61	---	---	---	---	12	61
1995-96	16	97	1	5	6	24	23	126
1996-97	9	66	---	---	3	15	12	81
1997-98	12	76	1	9	---	---	13	85
1998-99	5	25	---	---	---	---	5	25
1999-2000	7	59	1	15	3	17	11	91
<b>Total:-</b>	<b>115</b>	<b>576</b>	<b>6</b>	<b>47</b>	<b>32</b>	<b>124</b>	<b>153</b>	<b>747</b>

**APPENDIX-XL**

**Statement showing details of the NEC Schemes implemented in Nagaland  
during 1992-93 to 1999-2000  
(Reference: Paragraph 4.1.3; page 116)**

<b>Sl. No.</b>	<b>Name of the Scheme</b>	<b>Expenditure (Rupees in lakh)</b>
<b>CIVIL SECTOR</b>		
1.	Integrated Fisheries Development Programme	7.03
2.	Development of Sports and Youth Activities	45.12
3.	Fellowship and Academic Programme	19.95
4.	Inter State Bus Terminus	175.00
5.	Decorative Stones (Marble) Project	54.22
<b>POWER SECTOR</b>		
1.	Renewable Resources of Energy (Duilomroi MH Project)	178.30
2.	Transmission System in NER (Kohima-Doyang)	634.33
<b>ROAD SECTOR</b>		
1.	Tadubi-Pfutsero-Bible Hill Road	257.91
2.	Kohima-Bokajan Road	1,065.62
3.	Yanchan 'A' Tuli Road	246.04
4.	Tening-Tamei-Ntuma Road	290.29
5.	Border Roads Organisation	239.24
<b>Total:-</b>		<b>3,213.05</b>

## APPENDIX-XLI

Statement showing details of budget provision, fund released by the NEC, fund released by the State Government to the implementing departments/agencies and expenditure incurred  
(Reference: Paragraph 4.1.4; page 116)

RECEIPT					
Year	State budget provision	Approved outlay	Fund received from NEC		
			Grants	Loans	Total
(Rupees in lakh)					
1992-93	1132.14	572.17	543.08 *298.13	60.34 *33.12	603.42 *331.25
1993-94	2126.82	1154.26	1018.85	113.20	1132.05
1994-95	193.65	205.51	103.96	11.55	115.51
1995-96	515.90	331.00	17.87	1.98	19.85
1996-97	910.08	227.28	1.00	---	1.00
1997-98	906.44	282.50	97.65	10.85	108.50
1998-99	392.89	304.00	260.28	28.92	289.20
1999-2000	1247.33	1138.00	907.20	94.80	1002.00
<b>Total:-</b>	<b>7425.25</b>	<b>4214.72</b>	<b>3248.02</b>	<b>354.76</b>	<b>3602.18</b>

\* Pertains to 1991-92.

DISBURSEMENT						
Year	Funds released by the State Government	Short (-) Excess (+) released	Expenditure		Discrepancies	Excess/ Savings (+)(-) on NEC's fund received
			As booked by the Department	As per AG's books		
(Rupees in lakh)						
1992-93	329.79	(-) 604.88	357.29	405.10	47.81	(-) 529.57
1993-94	518.00	(-) 614.05	353.68	399.75	46.07	(-) 732.30
1994-95	90.52	(-) 24.99	110.39	129.63	19.24	(+) 14.12
1995-96	137.54	(+) 117.69	187.59	184.89	(-) 2.70	(+) 165.04
1996-97	12.87	(+) 11.87	35.95	40.57	4.62	(+) 39.57
1997-98	305.26	(+) 196.76	293.80	42.48	(-) 251.32	(-) 66.02
1998-99	893.29	(+) 604.09	898.235	828.10	(-) 70.14	(+) 538.90
1999-2000	974.43	(-) 27.57	976.12	NA	---	---
<b>Total:-</b>	<b>3261.70</b>	<b>(-) 341.08</b>	<b>3213.055</b>	<b>2030.52</b>	<b>(-) 206.42</b>	<b>(-) 570.26</b>

**APPENDIX – XLII**  
**Detail statement of extra expenditure incurred by the Implementing Agencies**  
**(Reference: Paragraph 4.1.4.4; page 118)**

Name of Implementing DDO	Name of the approved scheme	Year of expenditure	Amount (Rupees in lakh)	Reasons for extra expenditure
Executive Engineer, PWD (R&B)	Kohima-Bokajan Road	1989-99	14.68	Expenditure made against the work which was executed by contractor
PWD (R&B), Pfutsero	Tadubi-Pfutsero-Sakraba-Bible Hill Road	1995-96	17.05	Inflated measurement
PWD (R&B), Peren	Tening-Ntuma-Tamei Road	1998-99	3.59	Extra expenditure on survey work
Executive Engineer (Elect.), Hydrel Investigation Division, Kohima	Duilomroi Micro Hydrel Project	1998-99	4.49	Unauthorised allowance of head loading
Transmission Division, Mokokchung	Kohima-Doyang Transmission Line	1993-98	32.94	Unauthorised price variation
-do-	-do-	-do-	95.13	Excess excavation of site etc.
-do-	-do-	-do-	6.13	Allowance of higher rate for E type special tower
-do-	-do-	-do-	13.33	Unauthorised allowance of head loading charges
Executive Engineer (R&B), Chipfubozo	Kohima-Bokajan Road Phase-I	1999-2000	11.64	Excess execution over the approved road surface
Executive Engineer (R&B), Tuli	Yanchan 'A' Tuli Road Phase-I	1999-2000	40.38	Against specified hard soil (Rs.64.72 per cum) execution shown soft rock (Rs.143 per cum)
<b>Total:-</b>			<b>239.34</b>	



**APPENDIX – XLIII**  
**Statement showing target date of completion of works**  
**(Reference: Paragraph 4.1.5; page 118)**

Name of the schemes	Approval accorded by NEC	Target date		Actual date		Estimated cost (Rupees in lakh)	Revised cost (Rupees in lakh)	Total expenditure (Rupees in lakh)	Time over run (In years)	Cost overrun (Rupees in lakh)
		Commencement	Completion	Commencement	Completion and percentage completed (average)					
<b>Road Sector</b>										
1. Kohima-Bokajan Road	October 1997	October 1997	March 2000	October 1997	6.4	1745.615	Nil	1065.62	---	---
2. Tening-Kohima Jamai Road	December 1998	January 1999	June 1999	January 1999	53	140.84	Nil	148.97	1	---
3 Yancha 'A' Tuli Road	March 1996	April 1996	March 1998	May 1999	32	480.00	509.22	125.62	2	---
4. Tadubi – pftsero Bible Road	July 1985 March 1992	August 1985 April 1992	July 1987 March 1994	July 1985 March 1992	90 upto March 1996	1359.69	Nil	1338.09	---	---
<b>Power Sector</b>										
1. Duilomroi Miero Hydel Project	March 1993	April 1993	March 1996	March 1996	Completed in February 1999	131.59	193.42	178.30	3	46.71
2. Kohima-Doyang Transmission line	October 1989	October 1989	September 1990	May 1990	Not yet completed	451.26	718.79	895.84	7 ½	444.58
<b>Civil Sector</b>										
1. Inter State Bus and Truck Terminus	February 1998	March 1998	March 2000	November 1998	36 per cent	484.00	475.62	175.00	---	---

APPENDIX-XLIV

Statement showing year-wise position of the outstanding IRs and paragraphs  
(Reference: Paragraph 4.7; page 130)

Year	Works & Housing (Roads & Bridges)		Works & Housing (Housing)		Total	
	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras
1984-85	3	4	1	3	4	7
1985-86	10	65	2	9	12	74
1986-87	4	17	1	7	5	24
1987-88	8	42	2	12	10	54
1988-89	16	159	3	24	19	183
1989-90	7	66	1	11	8	77
1990-91	13	107	3	46	16	153
1991-92	11	95	2	20	13	115
1992-93	3	34	4	31	7	65
1993-94	4	55	---	---	4	55
1994-95	5	52	1	12	6	64
1995-96	11	135	7	85	18	220
1996-97	8	84	2	22	10	106
1997-98	6	65	3	30	9	95
1998-99	5	23	2	28	7	51
1999-2000	7	89	1	13	8	102
<b>Total:-</b>	<b>121</b>	<b>1092</b>	<b>35</b>	<b>353</b>	<b>156</b>	<b>1445</b>

## APPENDIX—XLV

Statement showing particulars of capital, loans/equity received out of budget, other loans outstanding as on 31 March 2000 in respect of Government companies (Figures in Col. 3 (a) to 4 (f) are Rupees in lakh) @

(Reference: Paragraph 8.1.2; page 144)

Sl. No.	Sector and Name of the Company	Paid up capital as at the end of the year					Equity/loans received out of the Budget during the year 1999-2000		Other loans received during the year	Loans** outstanding at the close of the year			Debt equity ratio for 1999-2000 (previous year) 4 (f)/3 (e)
		State Govt.	Central Govt.	Holding companies	Others	Total	Equity	Loans		Govt.	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	5
<b>(A) Government companies sector</b>													
<b>Industries and Commerce</b>													
1.	Nagaland Industrial Development Corporation Ltd., Dimapur	1458.36	---	---	473.25	1931.61	65.00	---	268.47	110.00	1267.44	1377.44	0.71:1 (0.64:1)
2.	Nagaland Handloom and Handicrafts Development Corporation Ltd., Dimapur	422.00	84.24	---	---	506.24	50.00	---	---	73.30	---	73.30	0.14:1 (0.15:1)
3.	Nagaland Industrial Raw Materials and Supply Corporation Ltd.	104.73	---	---	---	104.73	2.33	---	1.00	---	20.00	20.00	0.19:1 (0.10:1)
4.	Nagaland Hotels Ltd.	7.50	---	40.00	---	47.50	1.50	55.41	---	1048.55	---	1048.55	22.07:1 (21.59:1)
5.	Nagaland Sugar Mills Company Ltd., Dimapur <sup>9</sup>	---	---	---	---	---	---	---	---	---	---	---	---
<b>Total of the sector</b>		<b>1992.59</b>	<b>84.24</b>	<b>40.00</b>	<b>473.25</b>	<b>2590.08</b>	<b>118.83</b>	<b>55.41</b>	<b>269.47</b>	<b>1231.85</b>	<b>1287.44</b>	<b>2519.29</b>	<b>0.96:1</b> (.....:1)
<b>Geology and Mining</b>													
6.	Nagaland State Mineral Development Corporation Ltd., Kohima	160.00	---	---	---	160.00	---	---	---	54.39	---	54.39	0.34:1 (0.34:1)
<b>Total of the sector</b>		<b>160.00</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>160.00</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>54.39</b>	<b>---</b>	<b>54.39</b>	<b>0.34:1</b>
<b>Grand total:-</b>		<b>2152.59</b>	<b>84.24</b>	<b>40.00</b>	<b>473.25</b>	<b>2750.08</b>	<b>118.83</b>	<b>55.41</b>	<b>269.47</b>	<b>1286.24</b>	<b>1287.44</b>	<b>2573.68</b>	<b>0.93:1</b> (0.....:1)

@ Figures contained in the Appendix are as supplied by the concerned companies/departments.

\* Includes bonds, debentures, inter-corporate deposits etc.

\*\* Represents long term loans.

8 Reconciled figure.

9 Information not provided by the Company.

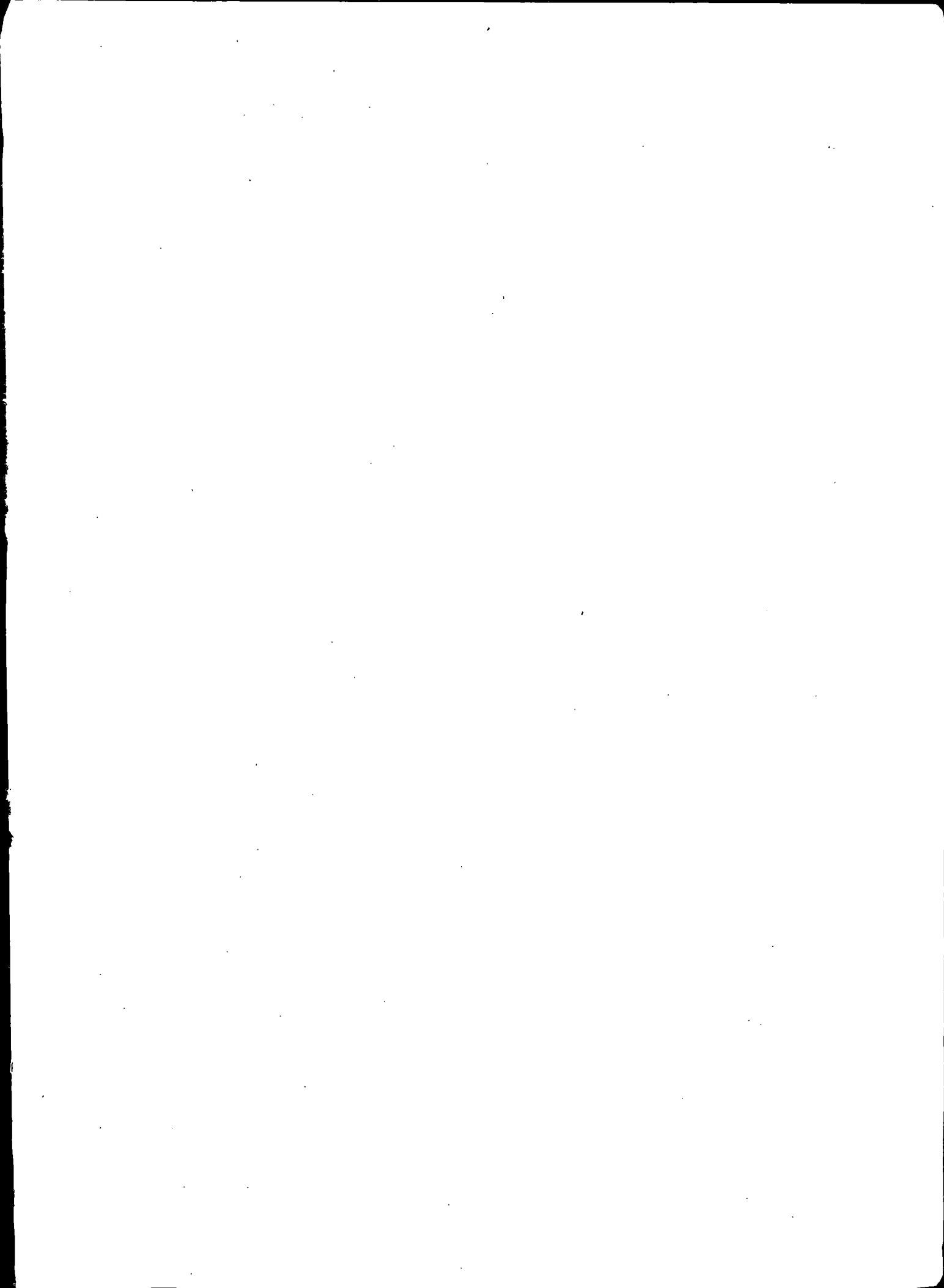
APPENDIX—XLVI

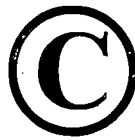
Summarised financial results of Government companies for the latest year for which accounts were finalised  
(Reference: Paragraphs 8.1.2, 8.1.5.1, 8.1.6, 8.1.7 and 8.1.8; pages 144, 146 & 147)

(Figures in column 7 to 12 are Rupees in lakh)														
Sl. No.	Name of the company	Name of the Department	Date of incorporation	Period of which accounts finalised	Year in which accounts finalised	Net Profit (+)/ Loss (-)	Net impact of audit comments	Paid up capital	Accumulated Profit (+)/ Loss (-)	Capital employed *	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Status of the company/ corporation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>A. Government Companies Sector</b>														
<b>1. Industries and Commerce</b>														
(i)	Nagaland Industrial Development Corporation Ltd., Dimapur	Industries and Commerce	26.03.1970	1990-91	1999-2000	(-) 89.66	Nil	1374.27	(-) 430.01	2122.06	(-) 14.00	---	9	Working
(ii)	Nagaland Industrial Raw Materials & Supply Corporation Ltd., Dimapur	--do--	28.03.1973	1978-79	1997-98	(+) 0.14	Nil	10.28	(+) 0.28	5.79	(+) 0.59	10.19	21	--do--
(iii)	Nagaland Handloom and Handicrafts Development Corporation Ltd., Dimapur	--do--	27.02.1979	1981-82	1997-98	(-) 19.70	Nil	85.00	(-) 51.04	51.92	(-) 19.70	--	18	--do--
(iv)	Nagaland Sugar Mills Company Ltd., Dimapur	--do--	22.03.1973	Information not furnished										
(v)	Nagaland Hotels Ltd. (subsidiary to NIDC)	--do--	17.03.1982	1984-85	1999-2000	**	Nil	0.002	**	158.41	**	---	15	--do--
<b>Total of the Sector</b>						(-) 109.22	Nil	1469.552	(-) 480.77	2338.18	(-) 33.11			
<b>2. Geology and Mining</b>														
(i)	Nagaland State Mineral Development Corporation Ltd., Kohima	Geology and Mining	21.05.1981	1984-85	2000-2001	**	Nil	0.004	**	168.64	Nil	Nil	15	Working
<b>Total of the sector</b>							Nil	0.004	Nil	168.64	Nil	Nil		
<b>Grand total:-</b>						(-) 109.22	Nil	1469.556	(-) 480.77	2506.82	(-) 33.11			

\* Capital employed represents net fixed assets (including capital work-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

\*\* Project under implementation.





**COMPTROLLER AND AUDITOR GENERAL OF INDIA  
2001**