



सत्यमेव जयते

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

**FOR THE YEAR ENDED 31 MARCH 1990**

**GOVERNMENT OF NAGALAND**



GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
OFFICE OF THE COMPTROLLER AND CHIEF ACCOUNTANT  
GENERAL

FOR THE YEAR ENDING 31 MARCH 1959

OFFICE OF THE COMPTROLLER AND CHIEF ACCOUNTANT

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## PREFATORY REMARKS

This report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1989-90 together with other points arising from audit of the financial transactions of the Government of Nagaland. It also includes certain points of interest arising from the Finance Accounts for the year 1989-90.

2. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1989-90 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 1989-90 have also been included, wherever considered necessary.

An 'overview' of this Report has been given in the beginning bringing out the significant audit findings.

CHAPTER IV

The first part of the chapter discusses the importance of the study and the objectives of the research. It also mentions the scope and limitations of the study.

The second part of the chapter discusses the methodology used in the study. It includes a description of the research design, the data collection methods, and the data analysis techniques.

The third part of the chapter discusses the results of the study. It includes a description of the findings and a discussion of their implications.

## OVERVIEW

This report includes two chapters on the Finance and Appropriation Accounts of the Government of Nagaland for the year 1989-90 and six other chapters comprising four reviews and fifty six paragraphs based on the audit of certain selected programmes and activities and of the financial transactions of Government. A synopsis of the important findings contained in the Report is presented in this overview.

### 1. Accounts of the State Government

Against the increase of 67 *per cent* in revenue expenditure during the five year period ending March 1990, the revenue receipts of the State Government increased only by 13 *per cent* from Rs.297.35 crores in 1985-86 to Rs. 335.42 crores in 1989-90. In relation to the receipts for 1988-89, the revenue receipts during 1989-90 declined by 15 *per cent*. The revenue from the State's own resources increased by 53 *per cent* from Rs. 32.53 crores in 1985-86 to Rs.49.84 crores in 1989-90. Tax revenue which increased from Rs.13.76 crores in 1985-86 to Rs. 17.09 crores in 1988-89 declined to Rs.14.82 crores in 1989-90, mainly because of imposition of total prohibition in the State from April 1989. Collections from non-tax revenue went up by 87 *per cent* from Rs.18.77 crores in 1985-86 to Rs.35.02 crores in 1989-90. The aggregate of State's share of Income-tax, Union Excise Duties and Grants-in-Aid from the Union Government during 1989-90 was Rs.285.58 crores and constituted 85 *per cent* of the total revenue receipts of the State Government during the year.

The total liabilities of the Government increased by 82 *per cent* from Rs.229.37 crores in 1985-86 to Rs.416.90 crores at the end of March 1990. Of the total liabilities Central Government loans at the end of March 1990 aggregated to Rs.154.11 crores. Repayment of Central Government loans and interest thereon during 1989-90 represent 87 *per cent* of the fresh loans received during the year.

Ways and Means Advances of Rs.26.27 crores and overdrafts of Rs.79.39 crores were availed of by the State Government during 1989-90. The Advances and overdrafts outstanding at the end of the year amounted to Rs. 5.60 crores and Rs. 18.34 crores respectively. Rupees 0.19 crore was paid towards interest on ways and means advances and overdrafts.

(Paragraph 1)

### 2. Appropriation Audit and Control over expenditure

During 1989-90 savings in 63 grants/ appropriations aggregated to Rs.57.68 crores. Expenditure of the State Government however exceeded the budget provision in 13 grants/ appropriations by Rs.134.45 crores. The excess expenditure requires regularisation under Article 205 of the Constitution of India.

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The abbreviations used in this Report have been listed in *Appendix VII* (Page 125).

The supplementary provision of Rs.63.84 crores obtained during the year 1989-90 constituted 12 *per cent* of the original budget provision of Rs.511.49 crores. Supplementary provisions totalling Rs.4.87 crores obtained in six cases during the year proved wholly unnecessary as the expenditure in all these cases was less than even the original budget provisions.

Savings in excess of Rs.25 lakhs in each case occurred in 11 grants; such savings in relation to budget provision ranging between 20 and 67 *per cent*.

Persistent savings/ excesses occurred in 6 grants and one appropriation during the three years 1987-88 to 1989-90.

Expenditure of Rs.325.19 crores was not reconciled by 39 of the 72 Controlling Officers.

Eight Divisional Officers had not submitted 21 monthly accounts for 1989-90 even by July 1992. Consequently the entire transaction had to be excluded from Accounts of the State for the said year.

Rupees 172.94 lakhs were drawn in advances of requirement by 4 Departments during March 1988 and March 1989 and kept partly under 'Civil Deposits' in Treasury and departmental cash chest for the periods ranging from 2 months to more than 2 years.

(Paragraph 2)

### 3. Audit Reviews

#### 3.1 National Technology Mission on Literacy

The National Adult Education Programme was revised and its scope enlarged in May 1988; as the National Technology Mission on Literacy, it aimed at eradicating illiteracy from persons in the age group of 15 to 35 years. The latest technological and pedagogical inputs were to be adopted. Certain points noticed in test check of the records relating to the Mission are mentioned below:-

In Nagaland the illiterates in the age group of 15-35 years were 1.93 lakhs which represented 25 *per cent* of the population in 1981 census. Though the Mission aimed at complete coverage of illiterates of the State by 2000 AD, only 0.65 lakh persons were made literate by the end of 1989-90. Out of 0.65 lakh persons made literate only 0.02 lakh neo-literates were enrolled in the post-literacy "Jana Shikshan Nilyams" (JSNs); consequently 0.63 lakh neo-literates were exposed to the risk of relapse into illiteracy. Procurement and distribution of learning and teaching materials to JSNs was delayed; modern technopedagogical inputs were also not provided. Even though 50 *per cent* centres for women were envisaged under the programme, no separate centres were opened for women. The prescribed quantum of training to Adult Education functionaries viz., supervisors/ Prereks and instructors was not imparted which adversely affected the implementation of the programme. Mass programme for Functional Literacy launched in May 1986 remained inoperative till 1988-89. Additional expenditure of Rs.28.80 lakhs was incurred due to non-adherence to the norms for the deployment of personnel. Expenditure of Rs.13.97 lakhs was incurred on

establishment and procurement of furniture and materials for State Institute of Adult Education; the Institute remained virtually defunct till 1986-87 and was only partially functional thereafter.

(Paragraph 3.1)

### 3.2 Wasteland Development Programme

The National Wasteland Development programme was launched with the objective of reclaiming wastelands in the country through massive programme of afforestation and other appropriate measures. Expenditure of Rs.1462.94 lakhs was incurred on the programme during 1985-90. Audit scrutiny revealed the following:

No survey was conducted to identify the wastelands in the State. Plantation was done in lands which belonged to private persons and over which the Department had little control. Plantation records such as, site survey, location maps, plantation journals etc. were not maintained. Plantation of slow growing plants and other than fuel wood in some areas did not conform to the programme objectives.

Though Rs.29.20 lakhs were spent during 1986-90 on "Decentralised Peoples' Nurseries" programme, the utilisation of seedlings raised by the beneficiaries was not ascertained by the Department.

The State Government failed to avail of Rs.95.28 lakhs ( 18 per cent) out of Rs.517.76 lakhs of the Central assistance available during 1987-90. Besides Rs.177.55 lakhs of Central assistance was irregularly spent. Extra expenditure of Rs.15.21 lakhs was incurred due to purchase of barbed wire at higher rates.

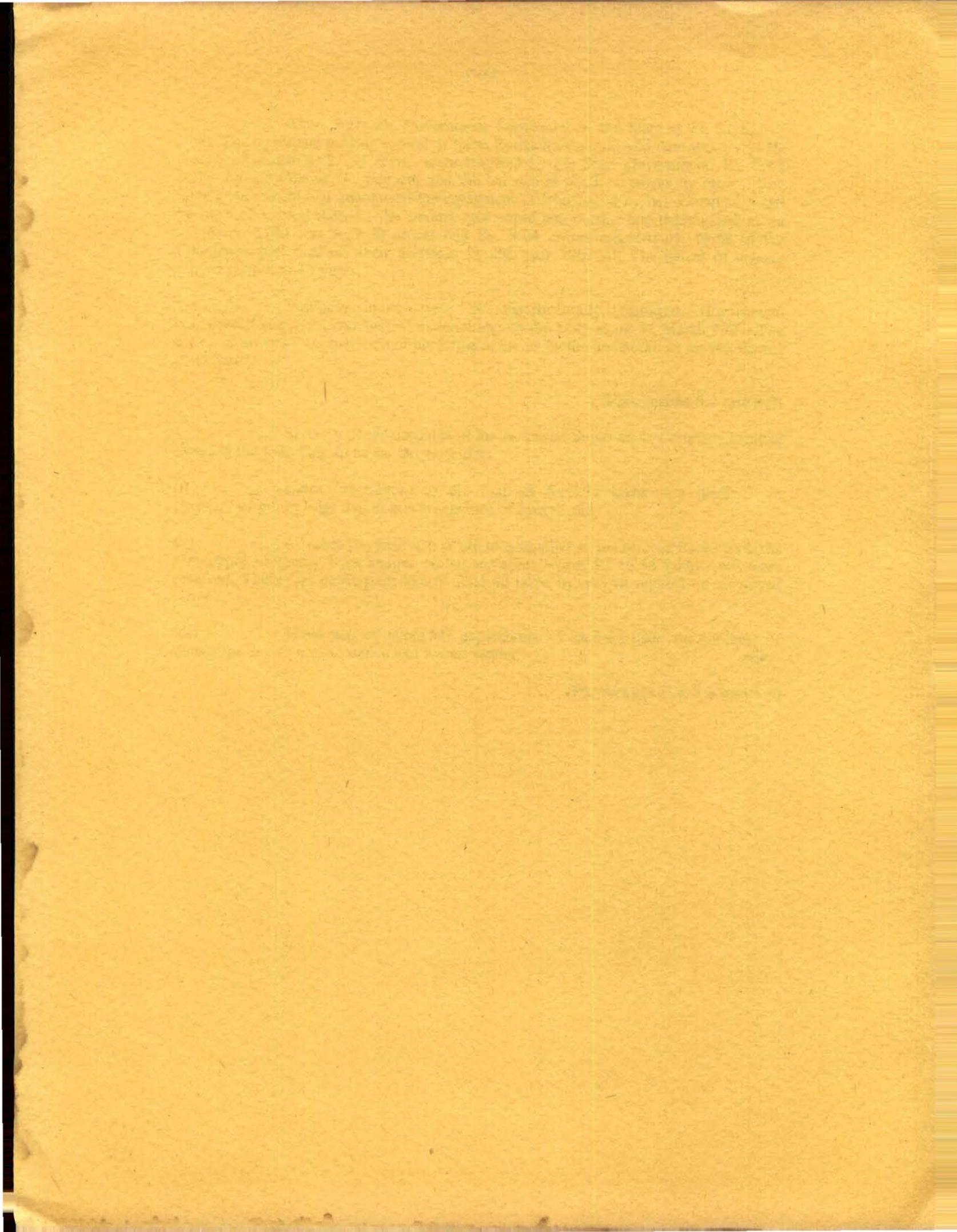
(Paragraph 3.2)

### 3.3 Technology Mission on Drinking Water

The scheme was launched by the Government of India in 1986 for providing safe drinking water to the rural population especially in problem village and for improving the performance and cost effectiveness of the on-going Accelerated Rural Water Supply Programme and the Minimum Needs Programme. Under the scheme Kohima District was selected as the mini-mission district in the State. A pilot project was set up and started functioning from 1988-89. Expenditure of Rs.442.76 lakhs was incurred on the implementation of the scheme during 1986-90. Only 58 out of 65 villages proposed to be covered were actually covered. No iron plant for removal of excess iron from water was installed.

Five villages covered by schemes of water supply approved by Government of India in March and November 1988 under Pilot Project were again covered under the scheme in 1989-90. Expenditure of Rs.26.60 lakhs incurred during 1989-90, therefore, appeared to be doubtful.

Three villages covered under Accelerated Rural Water Supply Programme and provided water supply at a cost of Rs.46.88 lakhs were again covered under the Technology Mission. The expenditure of Rs.54.58 lakhs incurred under the Mission therefore appeared to be doubtful.



## CHAPTER I

1. Accounts of the State Government
- 1.1 Summarised Financial Position

The financial position of the Government of Nagaland as on 31st March, 1990 emerging from the Finance Accounts and Appropriation Accounts for the year 1989-90 and the abstract of Receipts and Disbursements for the year, is given below:-

## STATE

## Financial position of the Government

Amount as on 31.3.1989 (Rupees in crores)	Liabilities	Amount as on 31.3.1990 (Rupees in crores)
115.35	<i>Internal Debt excluding overdrafts</i>	140.16
130.22	<i>Loans and Advances from Central Government</i>	154.11
	(i) Non-Plan loans 45.63	
	(ii) Loans for State Plan Schemes 20.41	
	(iii) Loans for Central Plan Schemes 0.14	
	(iv) Loans for Centrally Sponsored Schemes 5.47	
	(v) Loans for Special Schemes 2.25	
	(vi) Pre-1984-85 loans <u>80.21</u>	
0.35	<i>Contingency Fund</i>	0.35
67.35	<i>Small Savings, Provident Fund, etc.</i>	76.25
0.04	<i>Reserve Fund</i>	0.07
14.19	<i>Deposits</i>	27.98
	<i>Other Civil Advances</i>	
	<i>Overdrafts</i>	18.34
312.62	<i>Surplus on Government Account</i>	267.53
	(i) Accumulated surplus upto 31st March 1989 312.62	
	(ii) Deduct Deficit of current year <u>45.09</u>	
640.12		684.79

## MENT - I

## of Nagaland as on 31st March 1990

Amount as on 31.3.1989 (Rupees in crores)	Assets	Amount as on 31.3.1990 (Rupees in crores)
571.77	<i>Gross Capital Outlay on fixed assets</i>	657.22
	Investment in shares of Companies/Corporations, etc. 26.20	
	Other Capital Outlay 631.07	
	Deduct :	
	Contribution from Development Fund (-)0.05	
17.20	<i>Loans and Advances</i>	18.77
	Development Loans 15.20	
	Loans to Govt.Servants 3.57	
(a) 81.11	<i>Suspense and Miscellaneous Balances</i>	77.22 (b)
(c) 1.22	<i>Remittance Balances</i>	(-)3.41
(-)31.24	<i>Cash Balance</i>	(-)65.22
	(i) Cash in Treasuries and Local Remittances 0.04	
	(ii) Deposit with Reserve Bank (-)68.92	
	(iii) Departmental Cash Balances including Permanent Advances 3.66	
	(iv) Cash balance investment -----	
0.06	<i>Other Civil Advances</i>	0.21
640.12		684.79

- (a) Differs from last year's closing balance by Rs.0.03 crore due to proforma transfer of balance.
- (b) Differs with reference to opening balance by Rs.0.01 crore due to rounding.
- (c) Differs from last year's closing balance by Rs.0.03 crore due to proforma transfer of balance (cr) from L.Suspense and Miscellaneous.

## STATE

Abstract of receipts and

SECTION 'A' -

(Rupees in crores)

## RECEIPTS

I.	<i>REVENUE RECEIPTS</i>		335.42
(i)	Tax Revenue	14.82	
(ii)	Non-tax Revenue	35.02	
(iii)	State's share of Union Taxes	78.90	
(iv)	Non-Plan Grants	80.21	
(v)	Grants for State Plan Schemes	107.06	
(vi)	Grants for Central and Centrally Sponsored Plan Schemes	15.89	
(vii)	Special Plan Schemes	<u>3.52</u>	
II.	<i>REVENUE DEFICIT CARRIED OVER TO SECTION 'B'</i>		45.09
			<u>380.51</u>

## M E N T II

disbursements for the year 1989-90

## REVENUE

(Rupees in crores)

DISBURSEMENTS					
I.	<i>REVENUE EXPENDITURE SECTOR</i>	Non-plan	Plan	Total	380.51
	i) General Services	144.24	0.35	144.59	
	ii) Social Services	106.61	17.23	123.84	
	iii) Agriculture and allied activities	18.83	16.16	34.99	
	iv) Rural Development	1.32	16.55	17.87	
	v) Special Area Programme	0.55	2.22	2.77	
	vi) Irrigation and Flood Control	1.48	3.62	5.10	
	vii) Energy	16.85	0.14	16.99	
	viii) Industry and Minerals	4.65	6.13	10.78	
	ix) Transport	17.75	0.12	17.87	
	x) Science, Technology and Environment	0.01	0.09	0.10	
	xi) Other General Economic Services	2.85	2.76	5.61	
		<u>315.14</u>	<u>65.37</u>	<u>380.51</u>	
II.	<i>REVENUE SURPLUS CARRIED OVER TO SECTION 'B'</i>			--	<u>380.51</u>

## SECTION 'B' -

(Rupees in crores)

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**RECEIPTS**

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III.	<i>OPENING CASH BALANCE INCLUDING PERMANENT ADVANCES AND CASH BALANCE INVESTMENT</i>		(-) 31.24
IV.	<i>MISCELLANEOUS CAPITAL RECEIPT</i>		
V.	<i>RECOVERIES OF LOANS AND ADVANCES</i>		6.58
	(i) From Government Servants	1.55	
	(ii) From others	<u>5.03</u>	

## OTHERS

(Rupees in crores)

DISBURSEMENTS			
III.	<i>CAPITAL OUTLAY SECTOR</i>	85.44	
		<u>Non-plan</u>	<u>Plan</u>
			<u>Total</u>
	(i) General Services	-	8.20
	(ii) Social Services	-	30.91
	(iii) Agriculture and Allied Activities	2.27	1.42
	(iv) Rural Development	-	-
	(v) Special Area Programme	-	6.70
	(vi) Irrigation and Flood Control	-	-
	(vii) Energy	-	10.30
	(viii) Industry and Minerals	-	4.26
	(ix) Transport	-	21.06
	(x) Science, Technology and Environment	-	0.03
	(xi) General Economic Services	-	0.29
		-----	
		2.27	83.17
			85.44
IV.	<i>LOANS AND ADVANCES DISBURSED</i>	8.16	
	(i) To Government Servants	0.76	
	(ii) To others	<u>7.40</u>	

## SECTION 'B' -

(Rupees in crores)

RECEIPTS		
VI.	<i>APPROPRIATION FROM CONSOLIDATED FUND</i>	
VII.	<i>REVENUE SURPLUS BROUGHT DOWN</i>	
VIII.	<i>PUBLIC DEBT RECEIPTS</i>	144.30
	(i) Internal Debt other than Ways and Means Advances and Overdrafts	22.61
	(ii) Ways and Means Advances	26.27
	(iii) Loans and advances from the Central Government	<u>95.42</u>
IX.	<i>PUBLIC ACCOUNT RECEIPTS</i>	295.14
	(i) Small Savings and Provident Funds	22.06
	(ii) Reserve Fund	0.03
	(iii) Suspense and Miscellaneous	14.27
	(iv) Remittances	212.36
	(v) Deposits and Advances	<u>46.42</u>
X.	<i>OVERDRAFTS FROM RESERVE BANK OF INDIA</i>	18.34
		----- 433.12

## OTHERS (Concl.)

(Rupees in crores)

DISBURSEMENTS		
V.	<i>TRANSFER TO CONTIN- GENY FUND</i>	
VI.	<i>REVENUE DEFICIT BROUGHT DOWN</i>	45.09
VII.	<i>REPAYMENT OF PUBLIC DEBT</i>	95.60
	(i) Internal Debt other than Ways and Means Advances and Overdrafts	3.40
	(ii) Ways and Means Advances excluding overdrafts	20.67
	(iii) Repayment of Loans and Advances to Central Govern- ment	<u>71.53</u>
VIII.	<i>PUBLIC ACCOUNT DISBURSEMENT</i>	264.05
	(i) Small Savings and Provident Funds	13.16
	(ii) Reserve Fund	-
	(iii) Suspense and Miscellaneous	10.38
	(iv) Remittances	207.73
	(v) Deposits and Advances	<u>32.78</u>
IX.	<i>CASH BALANCE AT END</i>	(-)65.22
	(i) Cash in Treas- uries and local remittance	0.04
	(ii) Deposit with Reserve Bank	(-)68.92
	(iii) Departmental cash balances including Permanent Advances	3.66
	(iv) Cash balance Investment	-----
		----- 433.12

## STATE

## Sources and application of

Sources		(Rupees in crores)
1.	Revenue Receipts	335.42
2.	Recoveries of Loans and Advances	6.58
3.	Increase in Public Debt	48.70
4.	Net receipts from Public Account	31.09
	(i) Increase in Small Savings	8.90
	(ii) Increase in Deposits and Advances	13.64
	(iii) Increase in Reserve Fund	0.03
	(iv) Effect on Remittance Balance	4.63
	(v) Increase in Suspense balance	<u>3.89</u>
5.	Reduction in closing Cash Balance	33.98
6.	Overdraft from Reserve Bank of India	18.34
	Total	474.11

**M E N T - III**

funds for 1989-90

<b>Application</b>		(Rupees in crores)
1.	Revenue Expenditure	380.51
2.	Lending for development and other purposes	8.16
3.	Capital Expenditure	85.44
<hr/>		<hr/>
		474.11

## EXPLANATORY NOTES

1. The summarised financial statements are based on the statements of the Finance Accounts and Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.
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 is not ascertainable. The balancing figure of Rs.127.72 crores as on 31st 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 31st March 1990 is Rs.267.53 crores after accounting for the net decrease of Rs.45.09 crores during 1989-90.
6. Suspense and Miscellaneous balances include cheques issued but not paid, inter-departmental and inter-Government payments and other pending settlements. The balance under Suspense and Miscellaneous had decreased from Rs.81.10 crores as on 31st March 1989 to Rs.77.21 crores as on 31st March 1990. The decrease was mainly under Suspense Accounts (Rs.3.89 crores).
7. The closing cash balances as per Reserve Bank of India was Rs.29.80 crores (debit) against the general cash balances of Rs.68.88 crores (debit) shown in the accounts. The difference is under reconciliation (February 1993).

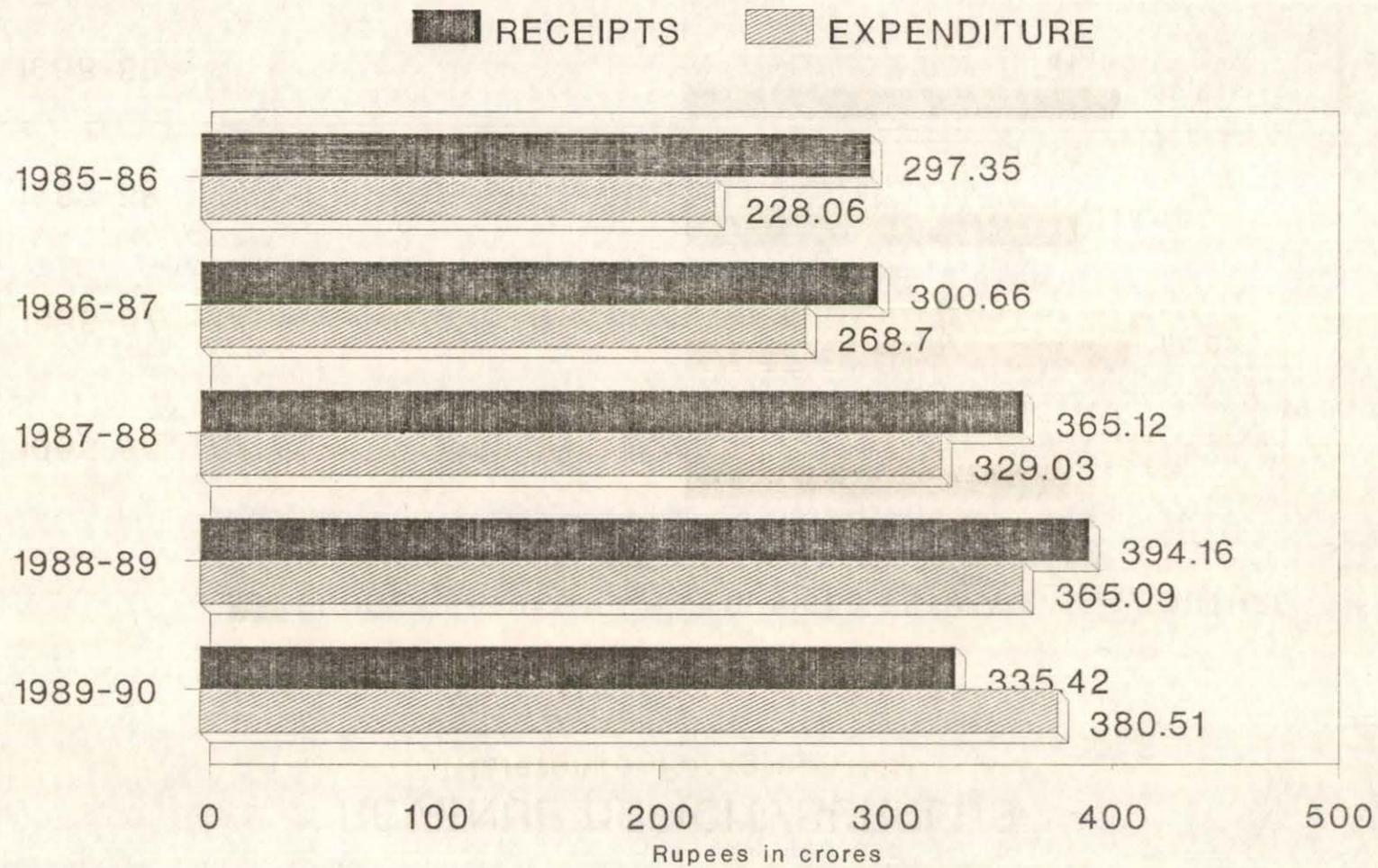
Based on these statements and other supporting data the following paragraphs in this chapter present an analysis of the financial management of the State Government during 1989-90 relating to the position obtaining in the earlier four years.

### 1.2 Overall deficit/surplus

There was an overall deficit of Rs.13.89 crores during 1988-89. For 1989-90, however, an overall deficit of Rs.41.09 crores was estimated at Revised Estimates stage against which there was a surplus of Rs.13.96 crores. This was mainly due to decrease in expenditure on Economic Services under Revenue Account (Rs.19.69 crores) and non-discharging of ways and means advances and overdrafts (Rs.23.94 crores).

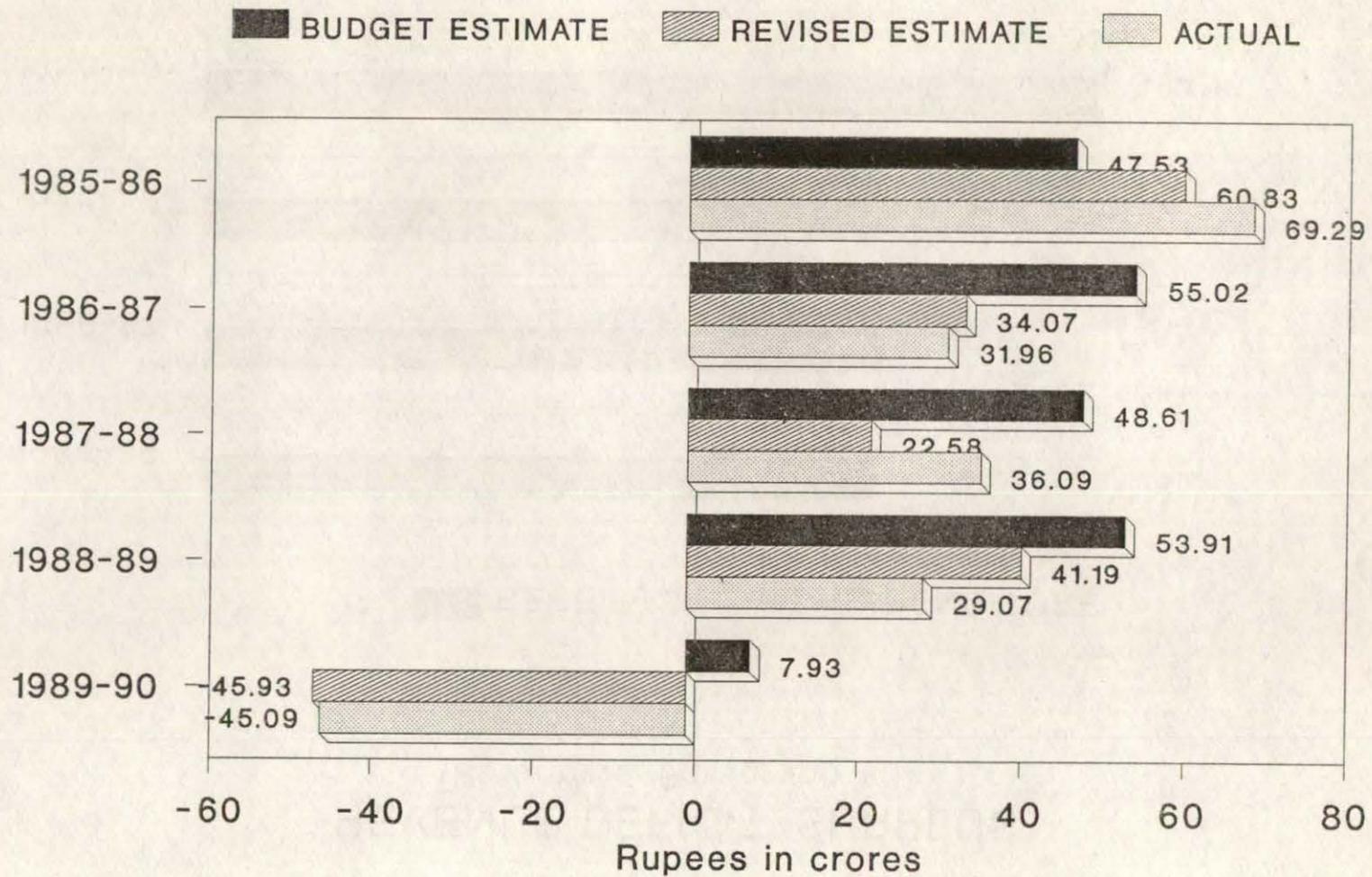
# REVENUE DEFICIT/SURPLUS

(Reference: Paragraph 1.3)



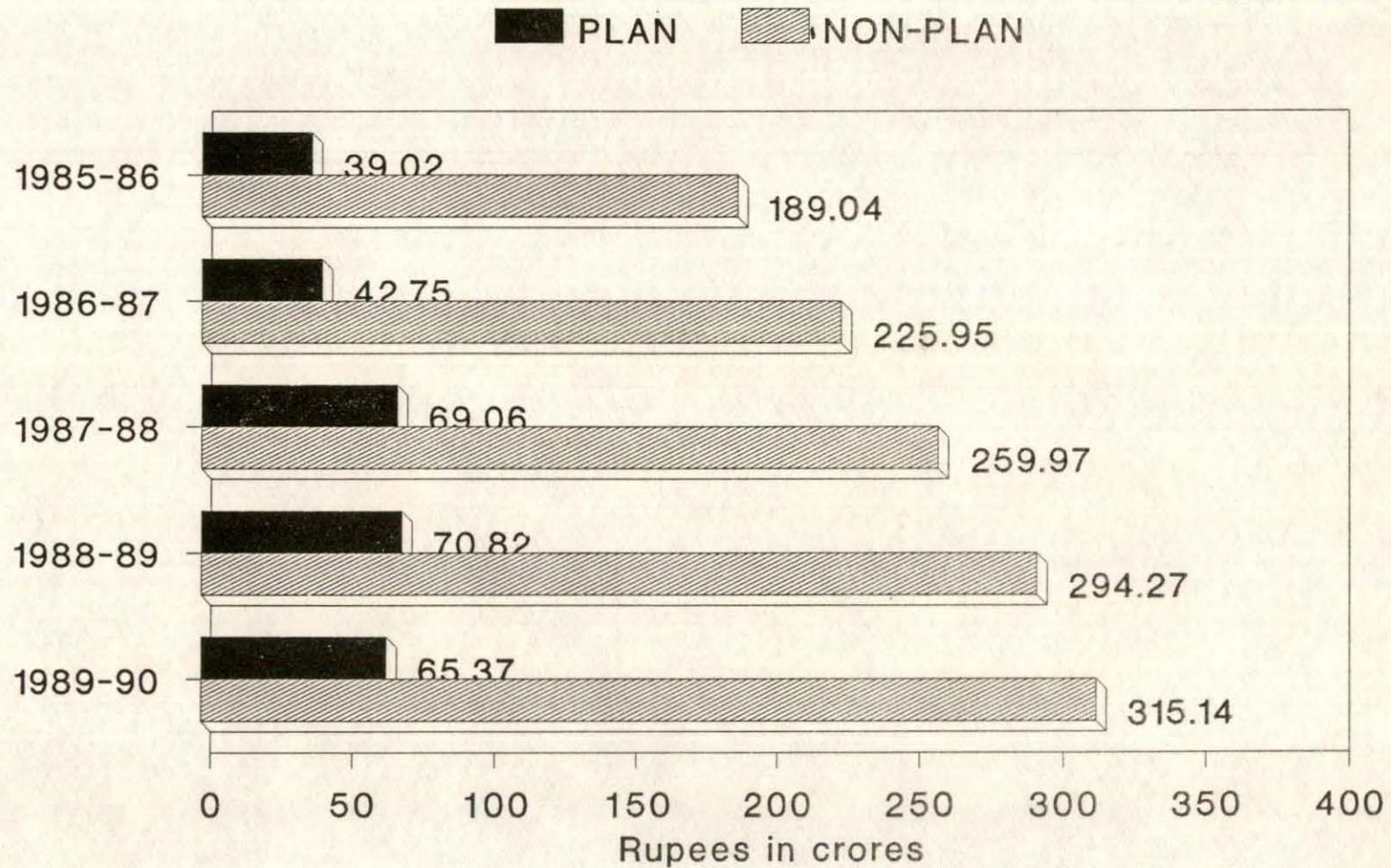
# REVENUE DEFICIT/SURPLUS

(Reference: Paragraph 1.3)



# GROWTH OF REVENUE EXPENDITURE

(Reference : Paragraph 1.5)



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### 1.3 Revenue deficit/surplus

The revenue deficit/surplus as envisaged in the Budget Estimates and the Revised Estimates and the actuals for the year 1985-86 to 1989-90 are given below:-

Year	Budget Estimates	Revenue deficit (-)/surplus (+)		
		Revised Estimates	Actuals	Percentage of actual deficit (-)/surplus(+) to revenue receipts
		(Rupees in crores)		
1985-86	47.53	60.83	(+)69.29	(+)23.00
1986-87	55.02	34.07	(+)31.96	(+)11.00
1987-88	48.61	22.58	(+)36.09	(+)10.00
1988-89	53.91	41.19	(+)29.07	(+)7.00
1989-90	7.93	(-)45.93	(-)45.09	(-)13.00

The deficit was attributable mainly to (a) less receipt (Rs. 33 crores approximately) of grants-in-aid from the Central Government and (b) excess expenditure (Rs.20 crores approximately in revenue account in comparison to original budget estimates).

### 1.4 Revenue Expenditure

Revenue expenditure (Plan) during 1989-90 was Rs.65.37 crores against the budget provision of Rs.93.86 crores, disclosing savings of Rs.28.49 crores. The non-Plan revenue expenditure (net) during the year was Rs.315.14 crores (Rs.294.27 crores during previous year) against the budget provision of Rs.318.38 crores, disclosing a saving of Rs.3.24 crores. The reasons for excess/savings in expenditures are given in Chapter-II of this Report. Further details are available in the Appropriation Accounts of the State Government for 1989-90.

### 1.5 Growth of Revenue Expenditure

The growth of revenue expenditure (both Plan and Non-Plan) in the last five years was as follows :-

Year	Revenue Expenditure		
	Plan	Non-Plan	Total
		(Rupees in crores)	
1985-86	39.02	189.04	228.06
1986-87	42.75	225.95	268.70
1987-88	69.06	259.97	329.03
1988-89	70.83	294.26	365.09
1989-90	65.37	315.14	380.51

The revenue expenditure (both Plan and Non-Plan) went up from Rs.228.06 crores in 1985-86 to Rs.380.51 crores in 1989-90 showing an increase of 67 per cent. The expenditure under non-Plan increased by 126.10 crores (67 per cent) during the period while that under Plan went up by Rs.26.35 crores (68 per cent) whereas Plan expenditure declined from Rs.70.83 crores in 1988-89 to Rs.65.37 crores in 1989-90, the non-Plan expenditure actually went up from Rs.294.26 crores to Rs.315.14 crores during the same period.

### 1.6 Financial assistance to local bodies and others

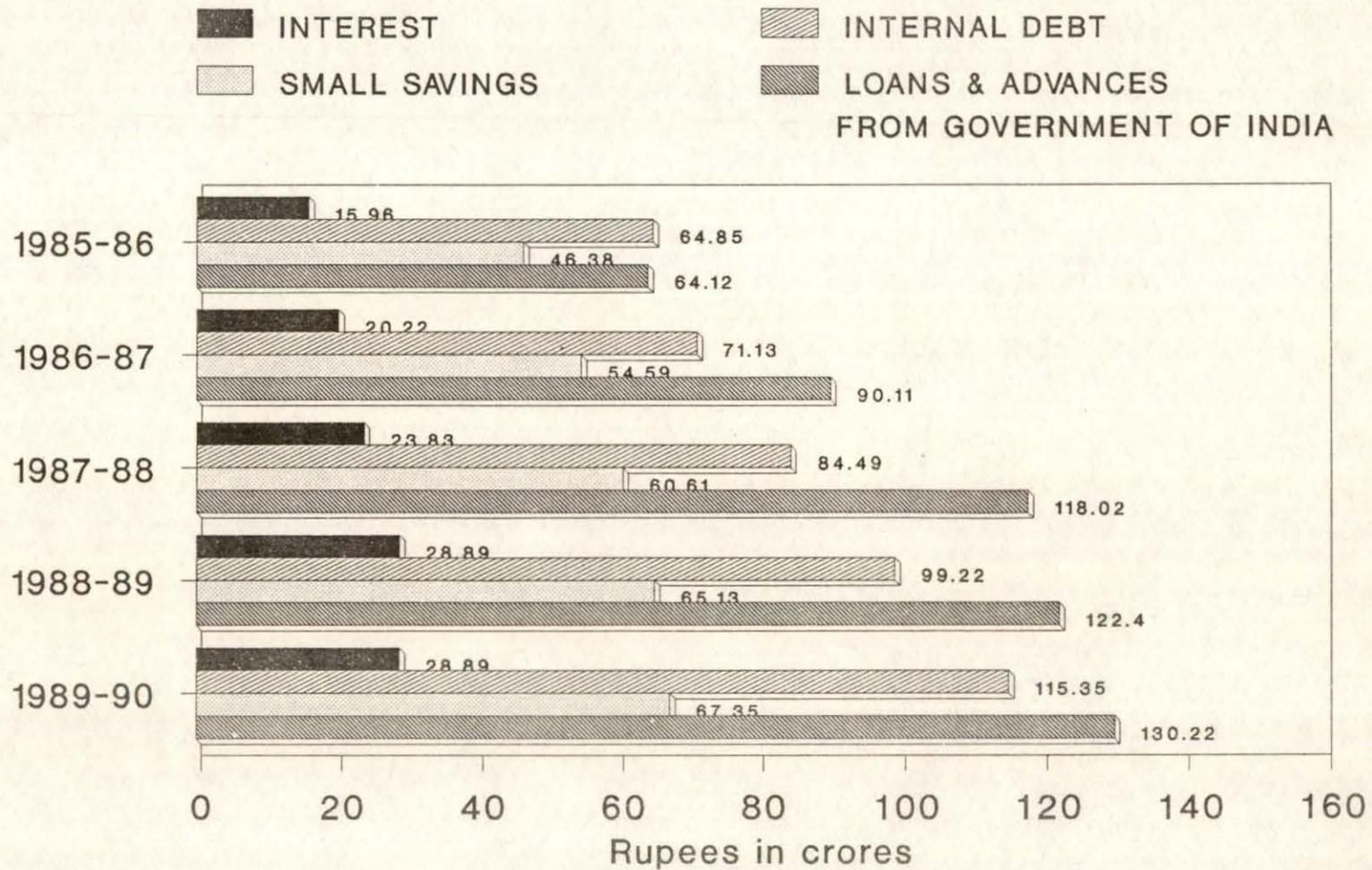
The quantum of assistance provided to different bodies in the last five years is given below :-

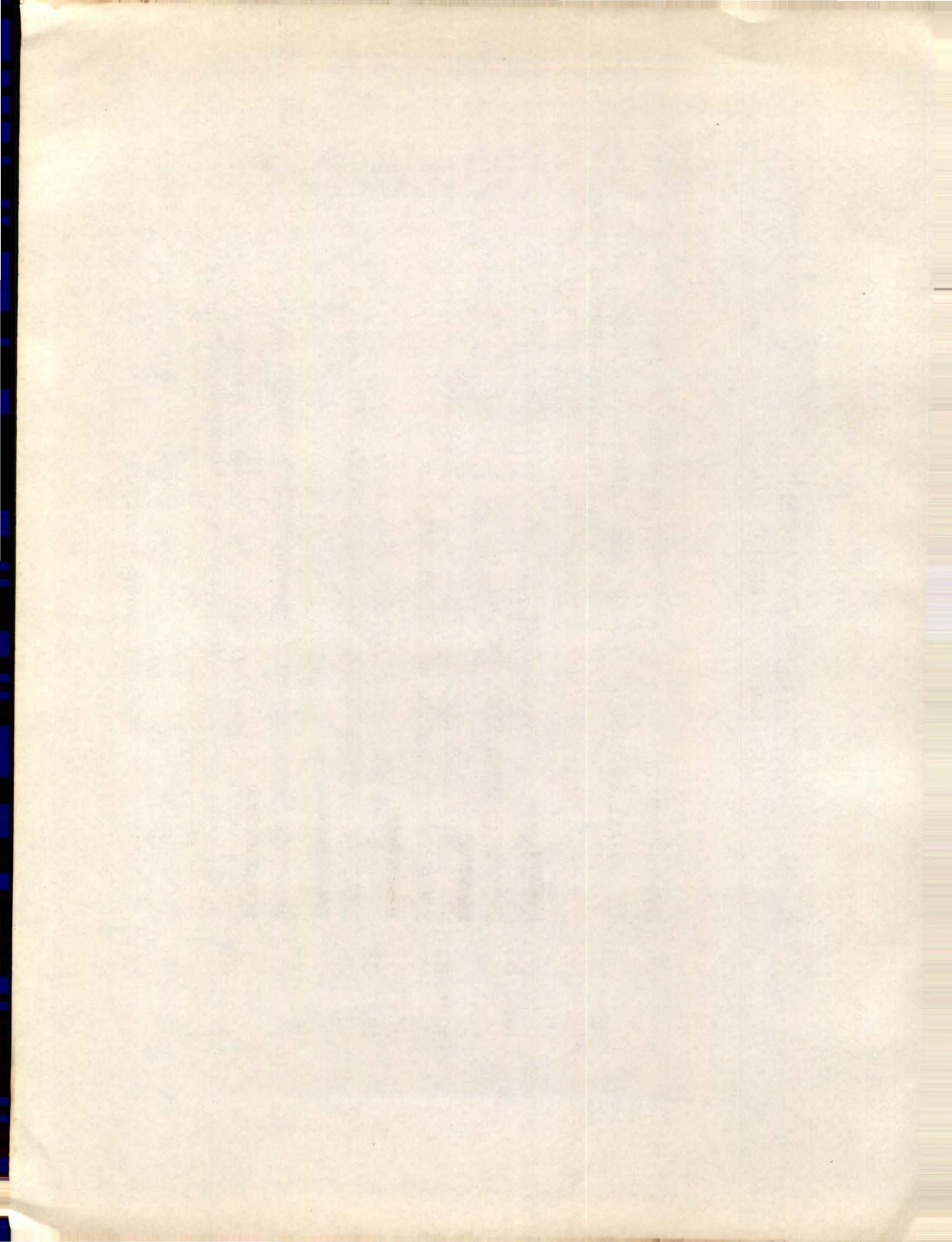
	1985-86	1986-87	1987-88	1988-89	1989-90
	(Rupees in crores)				
I. Assistance to Non-Government Primary and Secondary schools, Colleges and Institutes, Universities and other higher education	0.61	0.30	8.41	1.33	0.30*
II. Assistance to local bodies, Corporations, Urban development authorities, Town improvement bodies	4.72	4.41	6.25	7.87	7.33
III. Assistance to Co-operative Societies and Co-operative institutions	0.03	0.04	0.65	0.61	0.37
IV. Other Institutions and bodies	4.22	5.29	4.89	3.08	3.56
Total	9.58	10.04	20.20	12.89	11.56
V. Percentage of increase/decrease over previous year	-	4.80	101.20	(-)36.19	(-)10
VI. Revenue Receipts (Tax and Non-Tax) (Rupees in crores)	34.16	39.81	45.50	46.65	49.84
VII. Percentage of assistance to Revenue Receipts (Tax and Non-Tax)	28.04	25.22	44.40	27.63	23
VIII. Revenue Expenditure (Rupees in crores)	228.06	268.70	329.03	365.09	380.51
IX. Percentage of assistance to Revenue Expenditure	4.20	3.74	6.14	3.53	3

\* The decrease was due to embargo imposed by the Reserve Bank of India on all State Government payments from 29th March 1990.

## INTEREST PAYMENT

(Reference: Paragraph 1.7)





The total assistance at the end of 1989-90 has grown by 21 per cent over the level of 1985-86. The assistance to local bodies alone has ranged between 11 and 17 per cent of Revenue Receipts (Tax and Non-Tax) during the period.

### 1.7 Interest payments

The quantum of interest payments in the last five years ending March 1990 had been rising as indicated below:-

Year	Interest Payments		Opening Balance of			Total	Percentage of interest to total
	Budget	Actuals	Internal debt	Small savings, Provi- dent Fund, etc.	Loans and advances from Central Government		
(Rupees in crores)							
1985-86	12.73	15.96	64.85	46.38	64.12	175.35	9.10
1986-87	17.46	20.22	71.13	54.59	90.11	215.93	9.36
1987-88	23.35	23.83	84.49	60.61	118.02	263.12	9.06
1988-89	26.96	28.89	99.22	65.13	122.40	286.75	10.07
1989-90	35.73	28.89	115.35	67.35	130.22	312.92	9.23

The outflow of funds on account of interest payment (gross) has been steadily rising with the interest payment in the last year of the Seventh Plan period (1989-90) being 81.02 per cent more than the level of outflow in the year 1985-86. The position is summarised in the following table :-

Year	Revenue expenditure	Interest payment	Interest payment as a percentage of revenue expenditure
(Rupees in crores)			
1985-86	228.06	15.96	7
1986-87	268.70	20.22	8
1987-88	329.03	23.83	7
1988-89	365.09	28.89	8
1989-90	380.51	28.89	8

Thus, outflow of funds on payment of interest was between 7 per cent to 8 per cent of the revenue expenditure during the period.

### 1.8 Analysis of the Non-Plan expenditure

The following table shows the details of Non-Plan revenue expenditure, other than interest payment for ten years from 1980-81 to 1989-90 which indicates that there have been significant increases over the years.

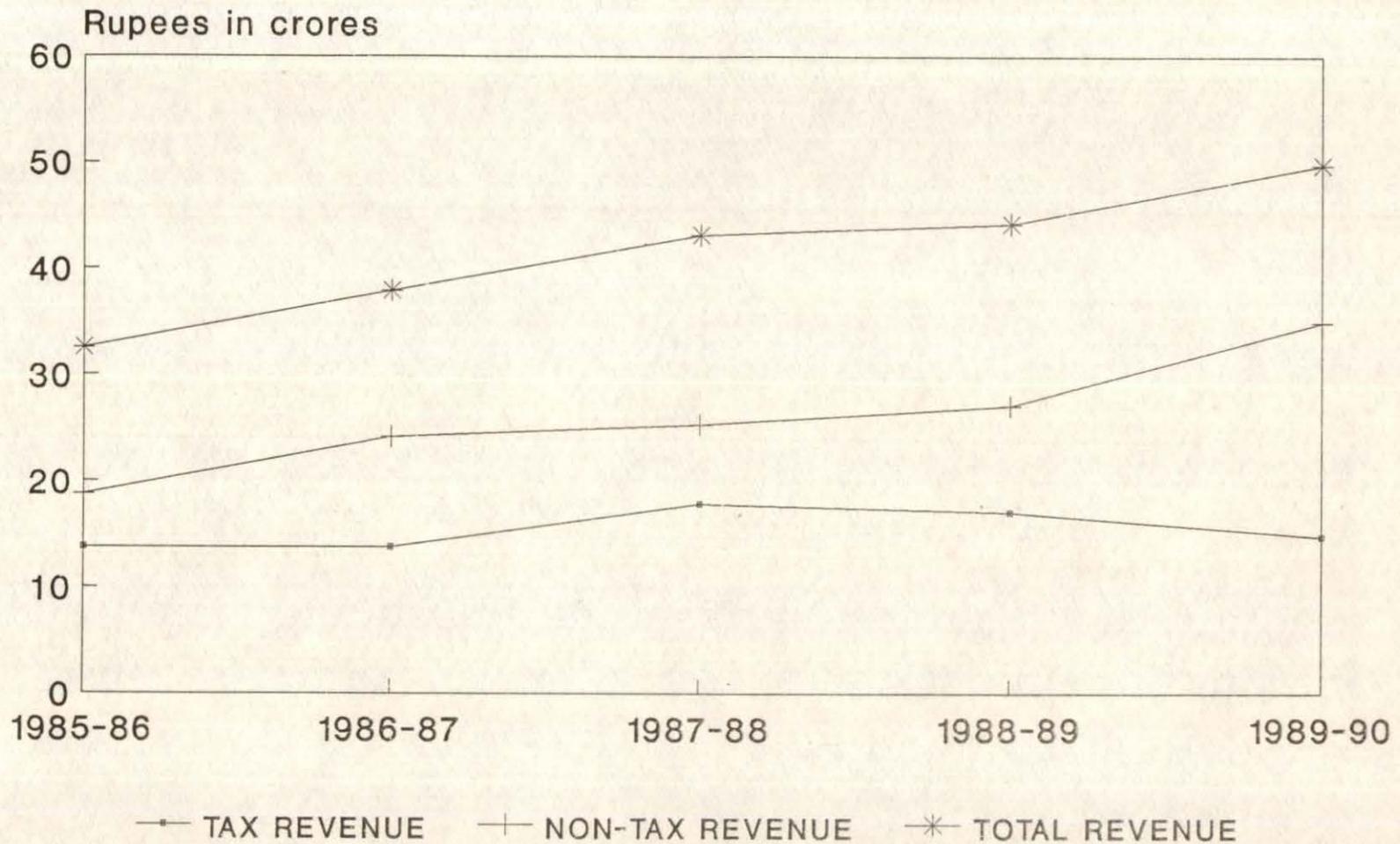
	1980-81	1989-90	Percentage variance
	(Rupees in crores)		
Police	12.59	52.31	315
Pension	0.43	7.91	1740
Sales Tax	0.18	0.76	322
Secretariat General Service	1.62	5.39	233
Education	10.29	38.36	273
Medical, Public Health, Sanitation, Water Supply, Housing and Urban Development	11.97	95.29	696
Industry and Minerals	0.71	4.65	555
Agriculture, Minor Irrigation, Soil and Water Conservation, Food, Animal Husbandry, Dairy Development, Fisheries, Forest and Community Development	5.38	20.03	272

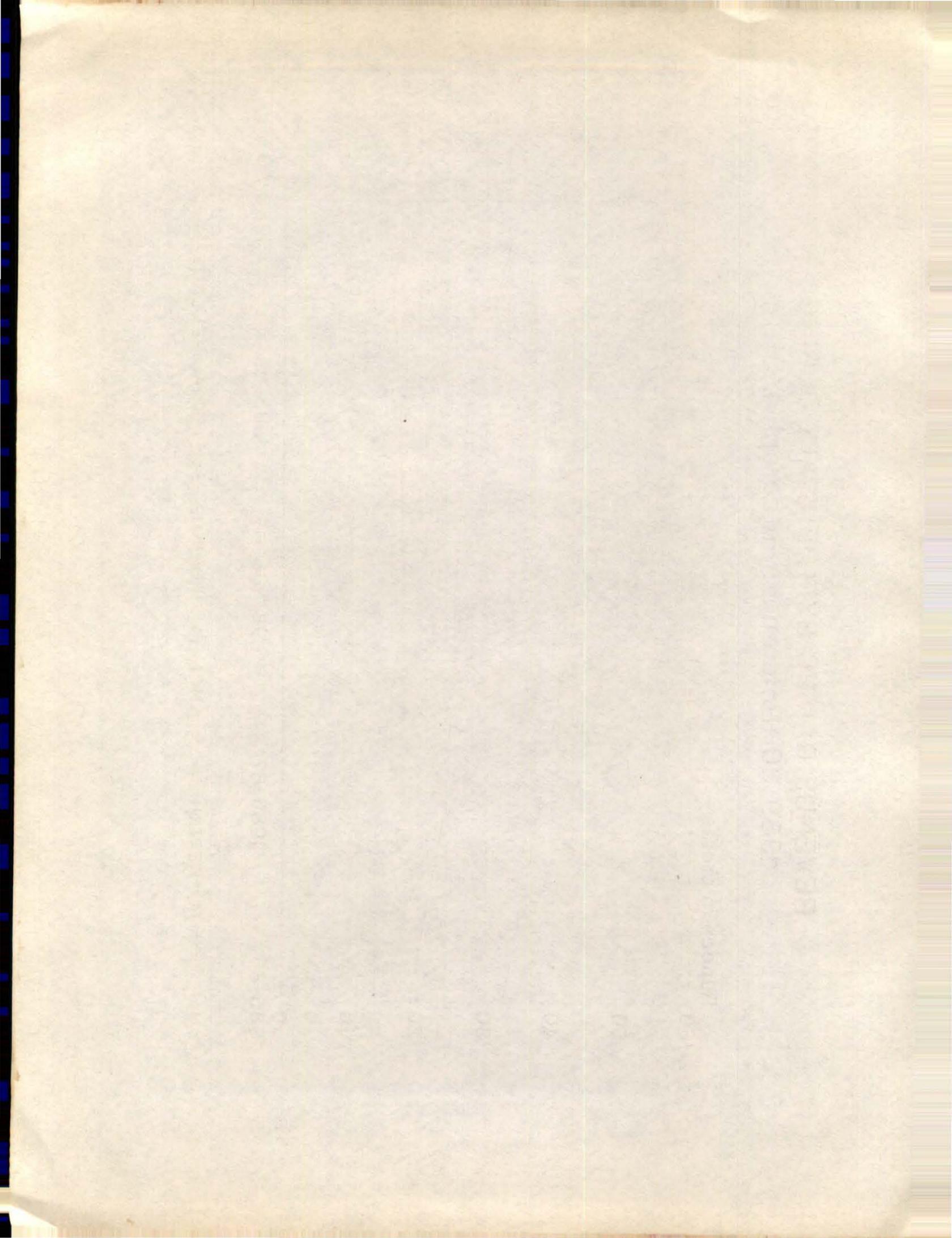
### 1.9 Expenditure on Capital Outlay

The capital expenditure during 1989-90 was Rs.85.44 crores against the budget estimates of Rs.90.83 crores, disclosing a savings of Rs.5.39 crores (6.30 per cent).

The main reasons for saving in capital expenditure, wherever furnished by Government are indicated in the Appropriation Accounts of the State Government for the year 1989-90.

## REVENUE RAISED BY THE STATE DURING 1989-90 (Reference: Paragraph 1.10)





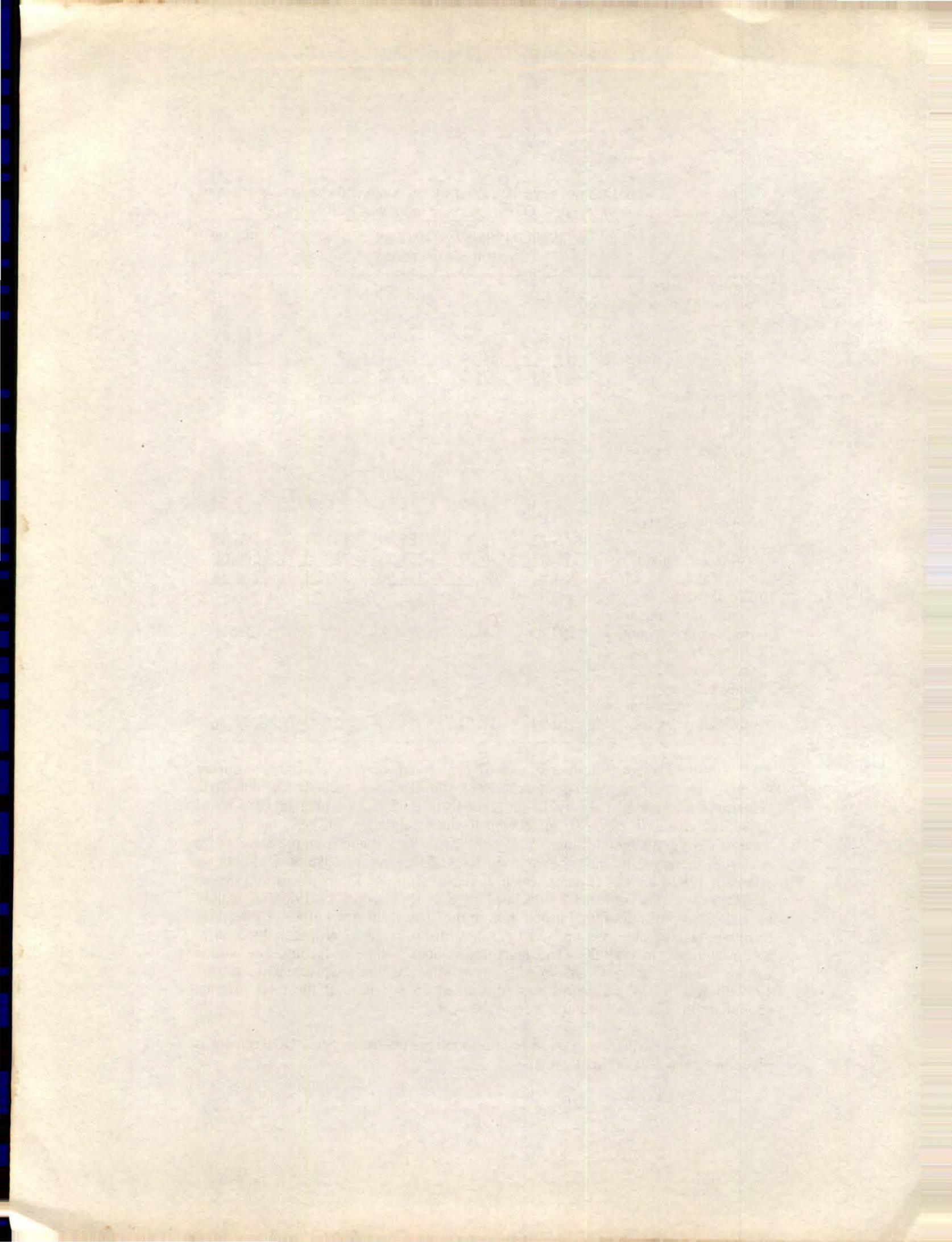
## 1.10 Revenue Receipts

The position of revenue raised by the State and the State's share of taxes and grants received from the Government of India was as follows :-

	1985-86	1986-87	1987-88	1988-89	1989-90
	(Rupees in crores)				
I. Revenue raised by the State Government					
(a) Tax Revenue	13.76	13.78	17.88	17.09	14.82
(b) Non-Tax Revenue	18.77	24.14	25.34	27.16	35.02
Total	<u>32.53</u>	<u>37.92</u>	<u>43.22</u>	<u>44.25</u>	<u>49.84</u>
II. Receipts from Government of India					
(a) State's share of					
(i) Income Tax, etc.	1.63	1.90	2.28	2.40	2.55
(ii) Union Excise Duties	65.12	70.77	85.49	111.31	76.35
(b) Grants-in-aid	198.07	190.07	234.13	236.20	206.68
Total	<u>264.82</u>	<u>262.74</u>	<u>321.90</u>	<u>349.91</u>	<u>285.58</u>
III Total receipt of State Government (Revenue Account)	297.35	300.66	365.12	394.16	335.42
IV. Percentage of revenue raised internally by State Government to total receipts	10.94	12.61	11.84	11.23	14.86

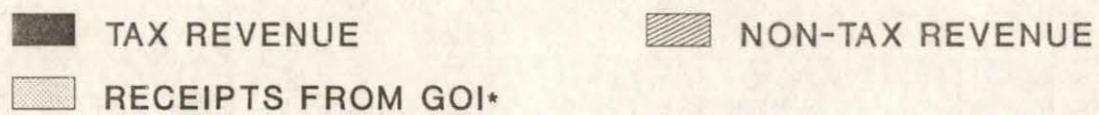
Against the increase of 67 per cent in revenue expenditure during the five year period ending March 1990, the revenue receipts of the State Government increased only by 13 per cent from Rs.297.35 crores in 1985-86 to Rs.335.42 crores in 1989-90. In relation to the receipts for 1988-89, the revenue receipts during 1989-90 declined by 15 per cent. The revenue from the State's own resources increased by 53 per cent from Rs.32.53 crores in 1985-86 to Rs.49.84 crores in 1989-90. Tax revenue which increased from Rs.13.76 crores in 1985-86 to Rs.17.09 crores in 1988-89 declined to Rs.14.82 crores in 1989-90, mainly because of imposition of total prohibition in the State from April 1989. Collections from non-tax revenue went up by 87 per cent from Rs.18.77 crores in 1985-86 to Rs.35.02 crores in 1989-90. The aggregate of State's share of Income-Tax, Union Excise Duties and Grants-in-Aid from the Union Government during 1989-90 was Rs.285.58 crores and constituted 85 per cent of the total revenue receipts of the State Government during the year.

Further analysis of the revenue receipts of the State Government is given in Chapter VI of this Report.

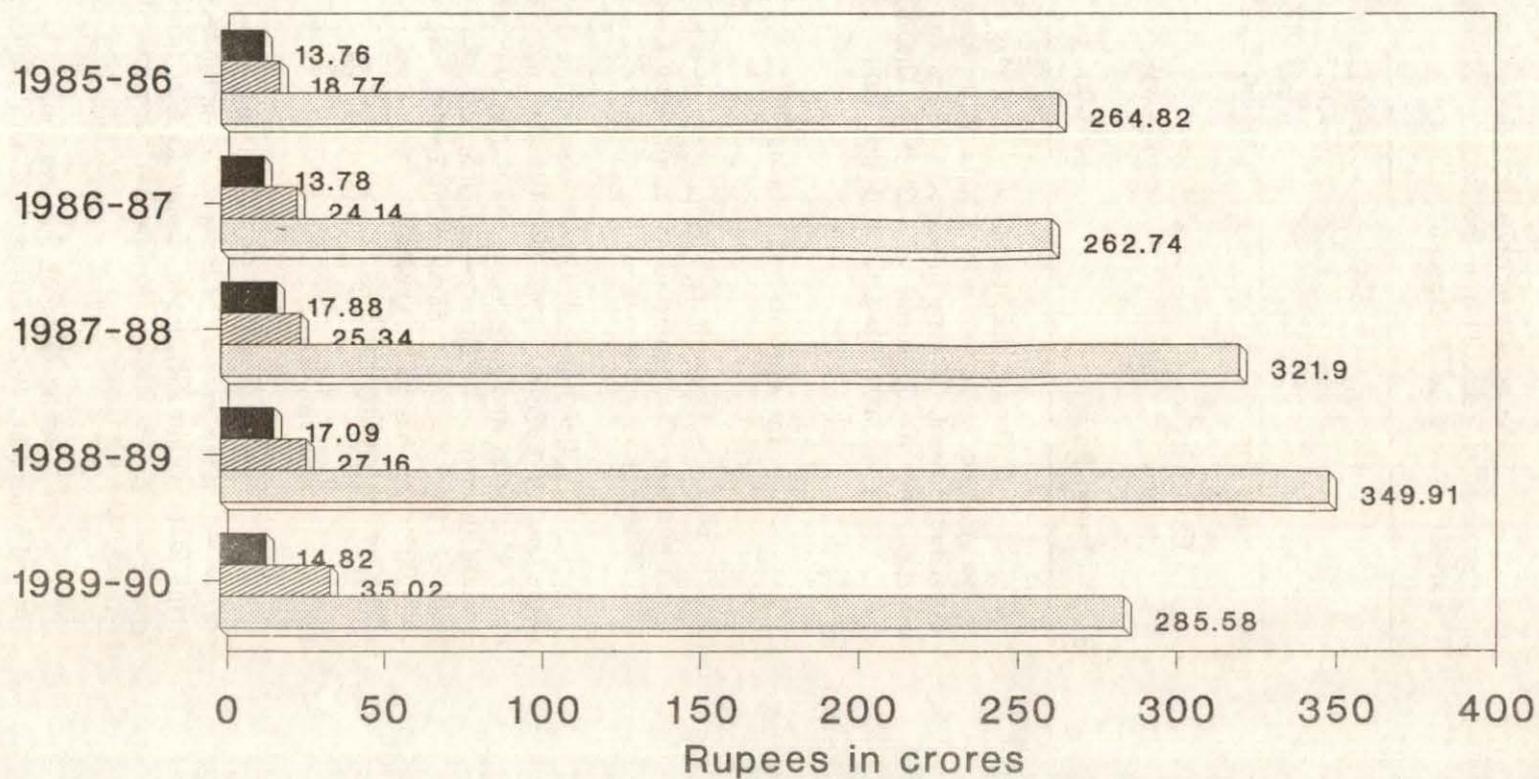


# REVENUE RECEIPTS

(Paragraph: 1.10)



\* GOI - Government of India



### 1.11 Arrears of Revenue

The arrears of revenue at the end of 1989-90 as compiled from the information so far received from the concerned Departments, were Rs.10.50 crores. The arrears of revenue in respect of principal sources of revenue were as under :-

Sources of revenue	Period of revenue	Amount of arrears
	(Rupees in crores)	
1. Sales Tax	1971-90	4.63
2. Electricity charges	1980-90	4.75
3. Forest Royalty	1964-90	0.55

Though the State Government was in persistent shortage of tax and non-tax revenue, no serious efforts appeared to have been made to realise the long outstanding arrears. Arrears in respect of Sales Tax were 45 *per cent* of the annual collections (Rs.10.23 crores) in 1989-90. The arrears in respect of electricity charges were about 87 *per cent* of the annual collection of 1989-90 (Rs.5.47 crores).

### 1.12 Investments and returns

In 1989-90, Government invested Rs.0.91 crore in the share capital of Government Companies (0.85 crore) and Co-operative Bank and Societies (Rs.0.06 crore).

Investment of Government in the share capital of different concerns at the end of 1986-87, 1987-88, 1988-89 and 1989-90 were Rs.21.67 crores, Rs.22.91 crores, Rs.25.29 crores and Rs.26.20 crores respectively. The dividends received therefrom were very negligible, i.e., Rs.1080, Rs.3961 and Rs.8969 in 1986-87, 1987-88 and 1988-89 respectively. No dividend was received during 1989-90. This has to be viewed in the context of average rate of borrowing of 11.17 *per cent* during 1989-90.

### 1.13 Public Debt

Under Article 293 (I) of the Constitution of India, a State may borrow within the territory of India and upon the security of the Consolidated Fund of the State within such limit, if any, as may from time to time be fixed by the Legislature of the State. No law has been passed by the Nagaland Legislature laying down such limit.

Public Debt of the Government of Nagaland consists of internal debt and loans and advances from the Central Government. Internal debt comprises of long term loans raised in the open market and the loans received from the Life

Insurance Corporation of India, General Insurance Corporation of India, National Co-operative Development Corporation, National Bank for Agriculture and Rural Development and other financial institutions. Loans and advances from the Central Government represent loans received from the Government of India for execution of various Plan and non-Plan Schemes. Besides, the Government have other liabilities on account of funds raised through small savings, provident fund, etc.

The details of the total liabilities of the State Government during the five years ending March 1990 are given below :-

Year	Internal Debt	Loans and Advances from Central Government	Total Public Debt	Other Liabilities	Total Liabilities	Percentage of growth over previous year
1985-86	71.13	90.11	161.24	68.13	229.37	24
1986-87	84.49	118.02	202.51	70.16	272.67	19
1987-88	99.22	122.40	221.62	67.69	289.11	6
1988-89	115.35	130.22	245.57	81.58	327.15	13
1989-90	158.50	154.11	312.61	104.29	416.90	27

The total liabilities of the Government had increased from Rs.229.37 crores in 1985-86 to Rs.416.90 crores in 1989-90 registering an increase of 82 *per cent* over a period of five years. The increase in Internal Debt and Loans and Advances from Central Government during 1989-90 was attributed to providing more Ways and Means Advances by the Central Government to tide over the difficult cash balance position of the State and also receipt of additional loan against Small Savings to meet the resource gap.

#### 1.14 Debt Servicing

The actual discharge of debt service obligation (principal and interest) was Rs.179.16 crores in 1989-90 compared to Rs.43.01 crores in 1988-89. State Government had not made any amortisation arrangement for repayment of market loans and loans from the Government of India.

The repayment of loans and advances taken from the Government of India and payment of interest thereon by the State Government during the five years ending March 1990 were as follows :-

Year	Repayments			Loan received during the year	Percentage of repayment to loans received
	Principal	Interest	Total		
(Rupees in crores)					
1985-86	17.12	5.17	22.29	43.11	52
1986-87	28.66	7.10	35.76	56.58	63
1987-88	18.95	9.83	28.78	23.33	123
1988-89	16.39	10.00	26.39	24.21	109
1989-90	71.53	11.51	83.04	95.42	87

The repayment of Central loan and payment of interest constituted 52 to 123 per cent of the loans received from the Central Government during the five years period ending March 1990.

#### 1.15 Ways and Means Advances and Overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum balance of Rs.10 lakhs at the close of each working day. If the balance falls below the agreed minimum limit in any day, the deficiency has to be made good by taking ways and means advance/overdraft from the Bank.

The extent to which the minimum balance with the Bank varied during the period from 1985-86 to 1989-90 is given below:-

	1985-86	1986-87	1987-88	1988-89	1989-90
(i) Number of days on which minimum balance was maintained					
(a) Without obtaining any advance	300	365	366	365	253
(b) By obtaining ways and means advances	18	-	-	-	40
(ii) Number of days on which overdraft was taken	47	-	-	-	72

The position of ways and means advances and overdrafts taken by the State Government and interest paid thereon during 1985-86 to 1989-90 is detailed below :-

	1985-86	1986-87	1987-88	1988-89	1989-90
	(Rupees in crores)				
<b>WAYS AND MEANS ADVANCES</b>					
(i) Advance taken during the year	11.06	-	-	-	26.27
(ii) Advance outstanding at the end of the year	-	-	-	-	5.60
(iii) Interest paid	0.17	-	-	-	0.07
<b>OVERDRAFT</b>					
(i) Overdraft taken during the year	19.74	-	-	-	79.39
(ii) Overdraft outstanding at the end of the year	2.50	2.50	-	-	18.34
(iii) Interest paid	0.07	-	-	-	0.12

### 1.16 Loans and Advances by State Government

The State Government have been advancing loans mainly to Government Companies, Corporations, Autonomous Bodies, Co-operatives, Government servants, etc. for development and non-developmental activities. The position of such loans advanced and recoveries made therefrom during the five years from 1985-86 to 1989-90 is given below :-

	1985-86	1986-87	1987-88	1988-89	1989-90
	(Rupees in crores)				
Opening balance	9.31	9.73	10.91	14.35	17.20
Amount advanced during the year	2.43	6.85	9.33	9.83	8.16
Amount repaid during the year	2.01	5.67	5.89	6.98	6.58
Closing balance	9.73	10.91	14.35	17.20	18.78

	1985-86	1986-87	1987-88	1988-89	1989-90
	(Rupees in crores)				
Net addition	0.42	1.18	3.44	2.85	1.58
Interest received and credited to revenue	0.13	0.31	0.32	0.53	0.38
Net receipt under Public debt	32.27	41.27	19.11	23.95	67.05

The net loans and advances disbursed during 1985-86, 1986-87, 1987-88, 1988-89 and 1989-90 were Rs.0.42 crore, Rs.1.18 crores, Rs.3.44 crores, Rs.2.85 crores and Rs.1.58 crores constituting 1.30, 2.86, 18, 11.90 and 2.36 *per cent* respectively of the net receipts of the Public Debt of the State Government.

#### Recoveries of Loans and advances in arrears

Information about the arrears in recovery (principal as well as interest) of loans as on 31st March 1990 was not received from the Departmental authorities, and the controlling officers who were required to furnish to the Accountant General (A&E) a statement showing the details of arrears in recovery of loan instalments and interest by June every year. In spite of persistent pursuance, the information is still awaited (February 1993) from the Finance Department of the Government.

#### 1.17 Guarantees given by the Government

The position of contingent liability for guarantees given by the State Government for repayment of loans and payment of interest thereon by the Statutory Corporations, Local bodies and other Institutions was as follows :-

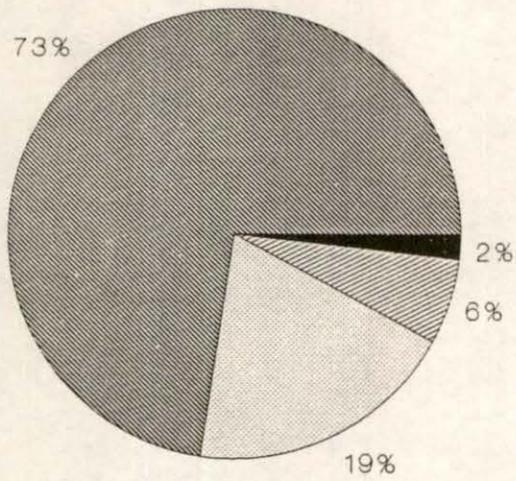
As on 31st March	Maximum Amount guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
(Rupees in crores)			
1986	11.32	8.99	0.50
1987	13.29	10.76	1.71
1988	9.56	8.47	0.79
1989	7.24	6.43	0.56
1990	7.24	6.39	0.62

No law has been passed by the State Legislature under Article 293 of the Constitution laying down the maximum limit within which the Government may give guarantees on the security of the Consolidated Fund of the State.

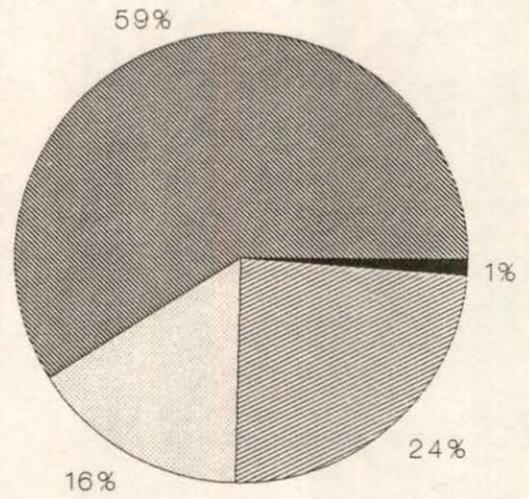
# PROVISION AND EXPENDITURE DURING 1989-90

(Reference: Paragraph 2.1)

PROVISION



EXPENDITURE



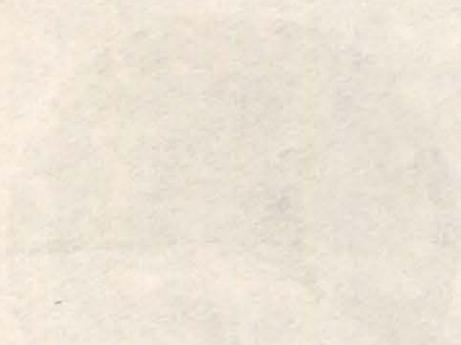
■ REVENUE

■ CAPITAL

■ PUBLIC DEBT

■ LOANS AND ADVANCES

PROVISIONS AND EXPENSES DURING 1939-40



THE PUBLIC DEBT  
LOANS AND ADVANCES

REVENUE  
CAPITAL

## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### 2.1 General (Budget Demands and expenditure)

The summarised position of actual expenditure during 1989-90 against grants/ appropriations is as follows :-

	Original grants/appropriations	Supplementary	Total	Actual expenditure	Variations Savings(-) Excess (+)
(Rupees in crores)					
I. Revenue -					
Voted	345.42	36.19	381.61	355.17	(-) 26.44
Charged	32.57	4.11	36.68	29.68	(-) 7.00
II. Capital -					
Voted	105.68	5.54	111.22	102.44	(-) 8.78
III. Public Debt -					
Charged	20.35	15.00	35.35	156.65	(+) 121.30
IV. Loans and advances -					
Voted	7.47	3.00	10.47	8.16	(-) 2.31
Total: Voted	458.57	44.73	503.30	465.77	(-) 37.53
Charged	52.92	19.11	72.03	186.33	(+) 114.30
Grand Total :	511.49	63.84	575.33	652.10	(+) 76.77

#### 2.2 Results of Appropriation Audit

The following results emerge broadly from Appropriation Audit :-

##### 2.2.1 Saving or excess over provision

The overall saving was Rs.57.68 crores in 63 grants/appropriations. The overall excess on the other hand was Rs.134.45 crores in 13 grants/ appropriations which required regularisation under Article 205 of the Constitution vide *Appendix I*

### 2.2.2 Significant cases of excess

In the following grants/appropriations, the expenditure exceeded the approved provision by more than Rs.25 lakhs in each case and also by more than 10 per cent of the total provision :-

Sl. No.	Number and name of the grant	Amount of excess (Percentage of excess) (Rupees in lakhs)	Main reasons for excess
1	2	3	4
<b>Revenue Section (Voted)</b>			
1.	18- Pension and other Retirement Benefits	451.93 (133)	Reasons for excesses have not been intimated in all these cases (February 1993)
2.	61- Water Supply Schemes	569.29 (26)	
3.	65- Establishment of C.E. (Development)	80.15 (589)	
4.	67- Sericulture	30.54 (33)	
5.	70- Police Engineering Project	126.98 (20)	
6.	72- Servicing of Debt	12130.35 (343)	

### 2.2.3 Persistent Excesses

Instances of persistent excess noticed in all the three years from 1987-88 to 1989-90 are tabulated below :-

Sl. No.	Number and name of the grant/ appropriation	Percentage of excesses with amount of excess (in bracket) (Rupees in lakhs)		
		1987-88	1988-89	1989-90
<b>Revenue Section (Voted)</b>				
1.	18- Pension and Other retirement benefits	129 (410.09)	218 (497.21)	133 (451.93)
<b>Capital Section (Charged)</b>				
2.	72- Servicing of Debts	67 (1094.40)	9 (166.02)	343 (12130.35)

### 2.2.4 Unutilised provision

In the following grants/appropriations, the expenditure fell short by more than Rs.25 lakhs each and by more than 10 per cent of the total provision :-

Sl. No.	Number and name of the grant	Amount of savings (Rupees in lakhs) (Percentage of provision in brackets)	Reasons for savings
1	2	3	4
<b>Revenue Section (Voted)</b>			
1.	25- Land Record and Survey	96.72 * (55)	The savings were mainly due to revision of Plan Schemes
2.	27- Planning Machinery	263.37 * (52)	
3.	45- Co-operation	126.65 (48)	Reasons for savings have not been intimated in all these cases (February 1993)
4.	49- Soil Conservation	399.44 (54)	
5.	50- Animal Husbandry and Dairy Development	358.73 (36)	
6.	51- Fisheries	146.37 (57)	
7.	62- Backward Area Development Programme, Special Employment Programme and Special Development Programme	164.76 (67)	
8.	63- Civil Works Administration	275.31 (46)	
<b>Capital Section (Voted)</b>			
9.	45- Co-operation	212.12 (29)	
10.	61- Water Supply Schemes	389.34 (32)	
11.	65- Capital Outlay on Tourism	32.10 (20)	

\* Rs.34.55 lakhs and Rs.87.66 lakhs were surrendered under Grant numbers 25 and 27 respectively due to revision of Plan Schemes.

### 2.2.5 Persistent savings

Instances of persistent savings noticed in 1987-88 to 1989-90 are given below :-

Sl. No.	Number and name of the grant	Percentage of savings with amount of savings (in bracket) (Rupees in lakhs)		
		1987-88	1988-89	1989-90
<b>Revenue Section (Voted)</b>				
1. 25-	Land Record and Survey	27 (33.56)	20 (30.74)	55 (96.72)
2. 45-	Co-operation	9 (14.75)	2 (22.62)	48 (126.65)
3. 58-	Public Works, Housing, Roads and Bridges	2 (85.76)	25 (1177.02)	7 (321.51)
4. 62-	Backward Area Development Programme, Special Employment Programme and Special Development Programme	12 (28.88)	7 (18.05)	67 (164.76)
<b>Capital Section (Voted)</b>				
5. 65-	Establishment of C.E. (Development)	23 (30.18)	31 (48.66)	20 (32.10)

### 2.2.6 Trend of recoveries and credits

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

During 1989-90, such recoveries were estimated at Rs.26.25 crores (Revenue: Rs.6.05 crores and Capital Rs.20.19 crores). Actual recoveries during the year, however, were Rs.21.34 crores (Revenue Rs.4.34 crores and Capital Rs.17 crores).

A few significant cases of shortfall/ excess in recoveries/receipts are detailed below :-

Sl. No. of the grant	Number and name	Budget Estimates	Actuals	Amount of excess (+) shortfall(-) as compared to estimates	Reasons
(Rupees in crores)					
<b>Revenue Section</b>					
1.	48- Agriculture	0.43	0.24	(-) 0.19	Reasons for shortfall have not been intimated in all these cases (February 1993)
2.	52- Forest	3.00	2.83	(-) 0.17	
3.	61- Water Supply Schemes	0.91	0.54	(-) 0.37	
<b>Capital Section</b>					
1.	22- Civil Supplies	20.19	17.00	(-) 3.19	

### 2.2.7 Unnecessary, inadequate and excessive supplementary grants

A. A few instances where supplementary grants obtained proved unnecessary as the actual expenditure was less than even the original grant are indicated in the following table.

Sl. No.	Number and name of the grant	Final grant O-Original S-Supplementary	Actual expenditure	Savings(-)
1	2	3	4	5
(Rupees in lakhs)				
1.	3- Council of Ministers	O. 172.41 S. <u>4.00</u> 176.41	148.48	(-) 27.93
2.	11- District Administration, Special Welfare scheme and Tribal Councils	O. 891.19 S. <u>16.11</u> 907.30	874.06	(-) 33.24
3.	26- Civil Secretariat	O. 783.90 S. <u>49.22</u> 833.12	769.00	(-) 64.12
4.	31- School Education	O. 3794.32 S. <u>15.48</u> 3809.80	3796.83	(-) 12.97
5.	(Non-plan) 37- Assistance to Municipalities and Development works in Towns	O. 11.67 S. <u>1.69</u> 13.36	6.02	(-) 7.34
6.	72- Servicing of Debt (Revenue)	(Revenue) O. 3173.13 S. <u>400.36</u> 3573.49	2889.39	(-)684.10

B. Some instances where supplementary grants obtained proved inadequate are tabulated below :-

Sl. No.	Number and name of the grant	Final grant O-Original S-Supplementary	Actual expenditure	Excess (+)
1	2	3	4	5
(Rupees in lakhs)				
1.	18- Pension and other Retirement Benefits	O. 251.06 S. <u>87.84</u> <u>338.90</u>	790.83	(+)451.93
2.	42- Rural Development	O. 1618.37 S. <u>126.99</u> <u>1745.36</u>	1787.49	(+) 42.13
3.	61- Water Supply Schemes	O. 1215.21 S. <u>977.00</u> <u>2192.21</u>	2761.50	(+)569.29
4.	70- Police Engineering Project	O. 169.63 S. <u>457.53</u> <u>627.16</u>	754.14	(+)126.98

C. Instances where supplementary provisions obtained proved excessive are also shown in the following table :-

Sl. No.	Number and name of the grant	Final grant O-Original S-Supplementary	Actual expenditure	Savings(-)
1	2	3	4	5
(Rupees in lakhs)				
1.	43- Social Security and Welfare	O. 853.92 S. <u>55.00</u> <u>908.92</u>	851.44	(-) 57.48
2.	51- Fisheries	O. 226.36 S. <u>30.00</u> <u>256.36</u>	109.99	(-)146.37
3.	63- Civil Administration Works	O. 43.83 S. <u>551.88</u> <u>595.71</u>	320.40	(-)275.31

### 2.2.8 Non-reconciliation of departmental figures

With a view to ensuring effective control over expenditure, the departmental officers are required to reconcile periodically as also before close of the accounts for a year, the departmental figures of expenditure with those booked in the office of the Accountant General. Of the 72 controlling officers, 39 officers had not conducted reconciliation of their expenditure during 1989-90 involving Rs.325.19 crores though enough time was allowed to complete the reconciliation before the closure of the accounts. The extent of non-reconciliation by the controlling officers, varied from 36 to 54 per cent in three years of accounts (1987-88 to 1989-90) as shown below :-

Years of accounts	No. of controlling officers	No. of controlling officers who did not reconcile	Percentage of non-reconciliation	Expenditure figures not reconciled (Rupees in crores)
1987-88	70	26	37	179.22
1988-89	73	26	36	203.29
1989-90	72	39	54	325.19

### 2.2.9 Non-submission of accounts

Divisional officers rendering accounts in PWD system of accounting are required to submit monthly accounts in prescribed forms so as to reach the Accountant General's office by 10th of the following month. The monthly accounts relating to 1989-90 should have reached the Accountant General by April 1990. Eight Divisions, however, did not furnish twenty one monthly accounts even by July 1992 despite repeated reminders. The transactions relating to these accounts could therefore not be incorporated in the accounts of the State for the year 1989-90. A statement indicating the divisions and the monthly accounts not sent by them is given in *Appendix - II*.

Non-inclusion of the transactions of these Divisions in the accounts affected the Finance Accounts and Appropriation Accounts. The figures of expenditure shown in the Appropriation Accounts against the grant numbers 36, 55, 58 and 63 under Town Planning, Power Projects, Public Works, Housing, Roads and Bridges and Civil Administration Works respectively were consequently understated. Besides, figures under Public Accounts and cash balances had also been affected.

### 2.3 Drawal of money in advance of requirement

The financial rules of Government provide that no money shall be drawn from the treasury unless it is required for immediate disbursement. In the following four cases, moneys were drawn though not required for immediate disbursement.

(A) **VETERINARY AND ANIMAL HUSBANDRY  
DEPARTMENT**

In March 1988, the District Veterinary and Animal Husbandry Officer, Wokha drew Rs.5.86 lakhs in 3 Abstract Contingent bills for construction of staff quarters (Rs.2.84 lakhs) and purchase of live stock (Rs.3.02 lakhs). Again in March 1989, he drew a further amount of Rs.15.74 lakhs in 17 contingent bills for construction of staff quarters etc. (Rs.8.51 lakhs), payment of land compensation (Rs.4.39 lakhs), purchase of live stock and feeds (Rs.1.08 lakhs), generator and machinery (Rs.1.00 lakh) and electrification of buildings (Rs.0.76 lakh). The aforesaid amounts totalling Rs.21.60 lakhs were drawn although no amount was due for payment either for work done or acquisition of land etc. An amount of Rs.11.08 lakhs was deposited into the treasury under 'Civil Deposits' on the day of their drawal and the balance of Rs.10.52 lakhs was subsequently kept under 'Civil Deposits' after lapse of periods ranging from one month to twenty months. The entire amount of drawal (Rs.21.60 lakhs) was lying in deposits (February 1990).

The matter was referred to Government in August 1990. In reply, Government stated (October 1990) that out of the drawal of Rs.5.86 lakhs in March 1988, Rs.5.35 lakhs relating to construction work (Rs.2.33 lakhs) and purchase of live stock (Rs.3.02 lakhs) could not be utilised because of non-completion of construction works owing to land disputes. As regards drawals pertaining to March 1989, Government stated that only an amount of Rs.11.08 lakhs (construction work Rs.7.95 lakhs, live stock Rs.3.13 lakhs) could be utilised leaving the balance of Rs.4.66 lakhs due to non-completion of supplies and construction works.

(B) **FISHERIES DEPARTMENT**

The Director of Fisheries, Nagaland, Kohima drew Rs.68.33 lakhs (Rs.22.05 lakhs in March 1988 and Rs.46.28 lakhs in March 1989) in 8 Abstract Contingent bills for various construction works in 6 districts, although none of the works for which money was drawn had been taken up for execution.

Out of the amount of Rs.68.33 lakhs, Rs.52.12 lakhs were disbursed to the contractors during the period from September 1988 to March 1990 and the balance amount of Rs.16.21 lakhs remained in the cash chest.

This was referred to Government in August 1990; reply has not been received (February 1993).

(C) **HOME DEPARTMENT**

The Government in January 1989 accorded administrative and expenditure sanction for an amount of Rs.4.00 lakhs for the construction of a road from Karijan to Zipu in Phek District. After inviting tenders, the work order was issued to the lowest tenderer in February 1989. The Deputy Commissioner, Phek drew the

amount of Rs.4.00 lakhs in March 1989 after certifying in the bill as well as in the measurement book that the work had been completed according to specification.

Out of the money drawn, Rs.3.50 lakhs was kept in the form of deposit-at-call in the State Bank of India, Phek, and Rs.0.50 lakh in the cash chest instead of being deposited in treasury (September 1989). This was referred to Government in April 1990; reply has not been received (February 1993).

#### (D) SOIL CONSERVATION DEPARTMENT

The Director of Soil and Water Conservation drew Rs.215.76 lakhs in 9 Abstract Contingent bills (Rs.94.49 lakhs in March 1988 and Rs.121.27 lakhs in March 1989) for implementation of various schemes during 1987-88 and 1988-89. Out of this amount, Rs.79.01 lakhs (Rs.2.71 lakhs and Rs.76.30 lakhs pertaining to the drawal of March 1988 and March 1989 respectively) was kept under 'Civil Deposits' after about a period of 4 to 9 months of their drawals and the same had been lying unutilised as of January 1990. This was referred to Government in May 1990; reply has not been received (February 1993).

#### HOME DEPARTMENT (POLICE)

##### 2.4 Excess over net cash drawal limit

With a view to control the expenditure of cheque-drawing Departments, the Government (Finance Department) instructed (April 1988) the Drawing Officers to ensure that the expenditure during the year is restricted to the net cash limit authorised by Finance Department. The Treasury Officers were instructed not to honour cheques issued beyond this limit. The Departments were required to monitor the expenditure every month after reconciling the drawals with the Treasury.

A scrutiny of the expenditure of the Police Engineering Project Division, Chumukedima revealed (February 1990) that the Division incurred a net expenditure of Rs.657.32 lakhs during 1989-90 (up to January 1990) against the allotted net cash limits of Rs. 448.96 lakhs.

Out of the excess drawal of Rs.208.36 lakhs, drawal of Rs.203.09 lakhs was done with the full knowledge of the Senior Treasury Officer, Dimapur, who continued to entertain Slips of paper issued by the Finance Minister of the State during the period from September 1989 to January 1990, directing him and the Superintending Engineer, Police Engineering Project to make payments to certain suppliers/contractors, over and above the net cash limit, in contravention of the instructions (April 1988) of the Government (Finance Department) regarding control on expenditure.

The matter was referred to Government in July 1990; reply has not been received (February 1993).

## CHAPTER III CIVIL DEPARTMENTS

### EDUCATION DEPARTMENT

#### 3.1 NATIONAL TECHNOLOGY MISSION ON LITERACY

##### 3.1.1 Introduction

The National Adult Education Programme (NAEP) aimed at eradicating illiteracy among the age group of 15 to 35 years was started by the Government of India in 1978. In order to ensure that technical and pedagogical advances were brought to bear on adult education NAEP was revised and enlarged into the National Technology Mission on Literacy (NTML) and was launched by the Government of India in May 1988. Besides, the ongoing schemes such as Rural Functional Literacy Project (RFLP), Post Literacy and continuing education programme, Jana Shikshan Nilayam (JSN), Strengthening of Administrative Structure (SAS) and Assistance to Voluntary Agencies (VA) were to be continued with certain modification in their scope and content. The Mass Programme of Functional Literacy (MPFL) was expanded and a new scheme of Technology Demonstration (TD) was introduced.

According to 1981 census, the population in Nagaland was 7.75 lakhs, of which 3.30 lakhs (43 *per cent*) were literate. The average literacy rate of 43 *per cent* in Nagaland was above the national average of 36 *per cent*. There were 1.93 lakhs (25 *per cent* of the total population) illiterates in the target age group of 15 to 35 years in the State as per the 1981 census. Only two districts in the State, namely, Mon and Tuensang had literacy percentages below the national average. Adult education programmes in the State, aimed at complete coverage of illiterates by 2000 AD.

##### 3.1.2 Organisational set up

The National Technology Mission on Literacy was implemented in Nagaland through the Director of School Education. The field level functionaries were the District Adult Education Officer (DAEO) at district level, Project Officer/Assistant Project Officer (PO/APO) at project level and Motivators and Instructors in the Adult Education Centres (AEC).

##### 3.1.3 Scope of Audit

This review covers expenditure on the National Adult Education Programme and its successor the National Technology Mission on Literacy during the years 1985-86 to 1989-90, as implemented in the State of Nagaland. The review is based on a test-check of the records of the Directorate of School Education, five Centrally assisted projects (Tseminyu, Meluri, Shamator, Aghunato and Changtongya), and two State funded projects (Bhandari and Kiphire).

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The abbreviations figuring in this Review are listed alphabetically in *Appendix VII* (at page 125 ).

### 3.1.4 Highlights

In Nagaland, the illiterates in the target age group of 15 to 35 years were 1.93 lakhs. The scheme aimed at complete coverage of illiterates of the State by 2000 AD. Only 0.65 lakh persons could be made literate by the end of 1989-90 inspite of spending Rs.329.07 lakhs against the budget allotment of Rs.332.90 lakhs.

(Paragraphs 3.1.1, 3.1.5 and 3.1.6)

- Against the Central assistance of Rs.191.64 lakhs, expenditure incurred for Centrally sponsored projects was Rs. 221.24 lakhs. Excess expenditure of Rs. 29.60 lakhs had not been reimbursed by the Central Government as of June 1990.

(Paragraph 3.1.5)

- The percentage of persons made literate against the number of persons enrolled ranged from 30 to 95 in all the Projects.

(Paragraph 3.1.6 (b))

- Despite the availability of Central assistance the prescribed training for project functionaries was not conducted. This adversely affected the programme. Expenditure of Rs.13.97 lakhs was incurred on establishment and procurement of furniture and materials for State Institute of Adult Education; the Institute remained virtually defunct till 1986-87 and was partially functional thereafter.

(Paragraph 3.1.7(g))

- The enrolment of neo-literates in Jana Sikshan Nilayams was very poor and exposed the literates to the risk of relapse into illiteracy.

(Paragraph 3.1.8 (i))

- The JSNs were not provided with modern technopedagogical inputs (Radio/TV) and audio-visual aids, even though this was an integral part of the programme.

(Paragraph 3.1.8(iii))

- There were abnormal delays in procurement and distribution of teaching-learning and other materials for the JSNs.

(Paragraph 3.1.8(iv))

- Though an expenditure of Rs.1.09 lakhs on purchase of newspapers and magazines was incurred there was no evidence of their having been supplied to JSNs.

(Paragraph 3.1.8.(vi))

- Entertainment of staff and officers in the higher scales of pay had increased the expenditure on project administration by Rs.28.80 lakhs.

(Paragraph 3.1.9)

- Mass Programme for Functional Literacy which was launched in May 1986 remained inoperative in the State till 1988-89.

(Paragraph 3.1.10)

- Learners of two TDDs (Kohima and Tuensang) did not receive the benefit of technopedagogic inputs in their literacy programme as one videorama (Rs.0.86 lakh) and 60 Solar Power Packages (Rs.10.53 lakhs) received from the Government of India in April 1989 and April 1990 respectively, remained idle for six months to more than one year.

(Paragraph 3.1.11(b))

There were discrepancies in the figures of enrolment of illiterates monitored to Government of India and figures indicated in the Project records.

(Paragraph 3.1.13)

### 3.1.5 Financial outlay and expenditure

The table below shows the amount of Central assistance and provisions made by the State from its own resources and expenditure incurred thereagainst for various components of the adult education programme during the years 1985-86 to 1989-90.

Year	Budget allotment			Amount released for CSS projects (Rupees in lakhs)	Expenditure		
	Centrally sponsored schemes	State	Total		Centrally sponsored schemes	State	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1985-86	23.10	17.53	40.63	29.65	20.76	16.84	37.60
1986-87	38.27	18.91	57.18	32.71	38.18	20.26	58.44
1987-88	41.10	20.89	61.99	59.65	43.03	21.16	64.19
1988-89	70.00	22.81	92.81	28.62	73.64	23.44	97.08
1989-90	55.20	25.09	80.29	41.01	45.63	26.13	71.76
Total:-	227.67	105.23	332.90	191.64	221.24	107.83	329.07

Against the Central assistance of Rs.191.64 lakhs, expenditure incurred for Centrally Sponsored Projects was Rs. 221.24 lakhs. Excess expenditure of Rs. 29.60 lakhs was yet to be reimbursed by the Centre (June 1990).

### 3.1.6 Targets and Achievements

(a) **Rural Functional Literacy Projects (RFLP)** : The scheme envisaged setting up of 300 Adult Education Centres, covering one or two contiguous development blocks in the case of States and upto 100 centres in the case of Union Territories as well as in hilly and difficult terrain of some States with an average enrolment of 30 learners in each centre so as to cover all the districts with at least one project (RFLP). As on 31st March 1990, there were 8 Adult Education Projects in

Nagaland out of which 6 projects\* with 100 centres were financed from Central assistance (100 per cent CSS projects) and the remaining two\*\* with 150 centres (one 100 centres and other 50 centres) were run from the State's resources and lump sum grant assistance received from the Central Government.

(b) **Enrolment** : In the Central sector as against a target for enrolment of 1,02,000 adult learners during 1985-86 to 1989-90 the actual enrolment was 94,615; shortfall in enrolment being 7,385 (7.24 per cent of target). In the State sector actual enrolment during 3 years from 1987-88 to 1989-90 was 13,341 adult learners against a target of 15,000; shortfall in enrolment being 1,659 (11.06 per cent of target).

District wise enrolment and number of persons made literate, as per records made available to Audit, during the period from 1985-86 to 1989-90 is given below :-

District	Enrolment		Number of persons made literate		Percentage of literacy achieved to total enrolment	
	Male	Female	Male	Female	Male	Female
1	2	3	4	5	6	7
<b>(a) Central Sector (100 per cent Centrally Sponsored Scheme) (1985-90)</b>						
Kohima	4,210	13,345	3,281	7,620	78	57
Phek	6,381	6,797	4,484	4,522	70	67
Mokokchung	5,359	6,777	3,155	4,129	59	61
Mon	12,148	2,868	3,494	1,003	29	35
Tuensang	9,076	6,625	4,783	3,306	53	50
Zunheboto	6,906	8,379	4,573	4,955	66	59
Wokha (upto 1986-87)	2,146	3,598	1,947	3,522	91	98
Total :	46,226	48,389	25,717	29,057	56	60
<b>(b) State Sector (1987-90)</b>						
Wokha	3,243	4,131	3,079	3,668	95	89
Tuensang	3,489	2,478	1,936	1,624	55	66
Total :	6,732	6,609	5,015	5,292	74	80

\* **6 CSS Plan Projects:-**  
**District (location)** Kohima (Tseminyu),  
Phek (Meluri),  
Mokokchung (Changtongya),  
Mon (Aboi),  
Tuensang (Shamator),  
Zunheboto (Aghunato)

\*\* **State Project** Tuensang (Kiphire)  
- State Plan  
Wokha (Bhandari) -  
State Non-Plan

Out of 1,07,956 illiterates enrolled, 65,081 (60 per cent) were made literate during 1985-90. The percentage of persons made literate against the persons enrolled ranged from 30 (Mon) to 95 (Wokha). The percentage of persons (male and female) made literate in Mon district was very poor as compared to other districts. No remedial measures were taken either at the Directorate or at the District level to improve adult literacy in Mon district.

The programme envisaged opening of 50 per cent centres for females to give priority to female literacy. While no separate centres were opened for women, the enrolment of women in the centres of Tuensang and Mon district was low. Adequate steps were not taken to enrol more women in these centres.

### 3.1.7 Implementation

(a) **Appointment of Instructors:** Government of India had prescribed the guideline for selection of Instructors in April 1988. Out of seven projects test-checked none of the projects except Tseminyu project (100 centres) had maintained any records regarding mode of selection and appointment of Instructors. A test check of the appointment orders issued by Tseminyu project for 1988-89 revealed that as against requirement of 100 Instructors, appointment orders were issued for 81 Instructors only. Although the 12 month literacy session commenced from May 1988, 61 Instructors were appointed in July 1988 and the remaining in September 1988.

(b) **Non-maintenance of attendance registers:** The Instructors of the AE centres were required to maintain attendance registers in the prescribed form and mark attendance of learners daily except on holidays. Out of the seven projects test-checked only two projects could furnish 325 attendance registers (Tseminyu 200 and Wokha 125) which was 20 per cent of the total number of attendance registers which were required to be maintained.

(c) **Inspection of Centres:** Government of India provided annual financial assistance of Rs.260 upto 1987-88 and Rs.400 from 1988-89 per centre for meeting the cost of inspection of centres by the supervising staff. In terms of instructions issued by the Directorate, each centre was to be inspected by a Supervisor once in a month, and once and twice by DAEO and Assistant Project Officer respectively in a year.

Though an amount of Rs.9.48 lakhs intended for inspection was spent on the pay and allowances of 22 Supervisors and 2 Sub-Inspectors of Schools during the period from 1987-88 to 1989-90, no record was made available to Audit to show that such inspections were carried out.

(d) **Procurement of teaching and learning materials:** While the State implemented the AE programme in a time bound schedule of two sessions of 8 and 4 months commencing from the month of May each year, teaching - learning and other requisite materials were procured mostly at the end of each financial year i.e. after a lapse of about 10 months from commencement of the session, and once the materials were procured, it took another 1 to 9 months for their distribution to respective projects. Thus, the centres were virtually run without any teaching and learning materials.

Delay in procurement of teaching, learning and other materials was attributed to late receipt of sanctions from the Government.

Out of total teaching-learning and other materials valued Rs.28 lakhs procured during 1985-86 to 1989-90, materials worth Rs.5.61 lakhs were not issued by the Directorate till June 1990. It was stated that due to natural calamities like road blockade and landslide distribution of the materials to the project functionaries were delayed.

Test-check revealed that except Changtongya, Shamator and Kiphire none of the projects maintained stock registers of materials received from the Directorate. Reasons for non-maintenance of stock registers were neither on record nor could be explained. It was also noticed that Changtongya project had not received materials comprising tape recorders, cameras, furniture and other learning materials worth Rs.1 lakh sent by the Directorate.

**(e) Late drawal of money for honorarium for Instructors and kerosene oil:** There were abnormal delays by the DAEOs in drawal and payment of money relating to honorarium of Instructors and kerosene oil for the centres. These amounts drawn at the fag end of each financial year were disbursed between April and May in the following financial year. In the absence of regular supply of kerosene and timely payment of honorarium, possibilities of non-functioning or improper functioning of AECs could not be ruled out.

The amounts allotted for kerosene oil (Rs.0.30 lakh) and honorarium (Rs.1.20 lakhs) for Instructors could not be paid by the Shamator project during 1986-87 as the said amount was already spent on pay and allowances of excess staff entertained in the project. The amount was, however, drawn and paid in 1987-88 in addition to the normal expenditure of the year.

**(f) Diversion of funds:** According to the financial pattern and norms of utilisation of Central assistance the recurring expenditure on running and maintenance of vehicles, office expenses, travel expenses etc. was to be met by the State Government. It was seen that during 1985-86 to 1989-90 a total sum of Rs.2.70 lakhs on running and maintenance of vehicles and Rs.2.44 lakhs on office expenses were incurred out of the Central assistance for RFLP which was irregular. This had resulted in diversion of Central assistance to the extent of Rs.5.14 lakhs.

The revised pattern of financial assistance of NLM provided Rs.100 per AE Centre per annum for supply of newspapers from 1988-89. Although Rs.1.20 lakhs was received from Government of India during 1988-89 it was seen from the record of the Directorate as well as of projects that newspapers were not procured and supplied to these centres.

**(g) Training :** According to norms, cost of training of AE functionaries viz. Supervisors/Preraks and Instructors for 21 days in a session year was prescribed at Rs.0.58 lakh upto 1987-88 and Rs.0.54 lakh thereafter.

Against the total amount of Rs. 17.40 lakhs released for training, in accordance with the prescribed norms, the actual expenditure incurred was Rs. 3.47 lakhs during the period of 1985-86 to 1989-90. The saving of Rs. 13.93 lakhs on

training component of the programme was attributable to non-conducting of prescribed quantum of training. This had adversely affected the teaching of the illiterates. At the District level training for a reduced period of 6 to 10 days was conducted in a year. The Department stated (March 1991) that the reduced quantum of training was conducted to suit local conditions. The deviation was not, however, got approved by the Government of India.

The State Institute of Adult Education (SIAE) set up in 1978, organised and conducted the following training :-

Year	Categories of officers/functioneries trained				
	Master	Supervisor	Prerak	Instructor	Duration of training (in number of mandays)
1	2	3	4	5	6
1985-86	-	-	-	-	-
1986-87	-	-	-	-	-
1987-88	-	22	-	-	6
1988-89	7	24	50	-	1,11,10 respectively
1989-90	-	24	75	-	6 days for each

Prior to 1987-88, training was stated to have been conducted by the DAEOs in their respective projects. None of the DAEOs was, however, trained ; this was because of their frequent transfers from formal education to adult education programme.

Thus, the SIAE remained virtually defunct till 1986-87 and was only partially functional thereafter though a considerable amount (Rs. 13.97 lakhs) was spent towards its establishment (Rs. 10.95 lakhs) and procurement of furniture and other materials (Rs. 3.02 lakhs).

### 3.1.8 Post-Literacy and continuing education/ Jana Shikshan Nilayams

The revised scheme of NTML proposed institutionalisation of post literacy and continuing education by setting up "Jana Shikshan Nilayams" (JSN) with a view to preventing the neo-literates from relapsing into illiteracy. Post literacy and follow up programmes were to be implemented at places where the regular AEP had been completed. Government of India decided in February 1988 to establish "Jana Shikshan Nilayams" (JSN) in a cluster of 4-5 villages.

JSN is also a cent *per cent* Centrally Sponsored Programme. The functionaries of RFLP both at the Directorate and at the Project level were to organise

and implement the JSN programmes while a person incharge of a JSN was a Prerak (motivator).

In Nagaland, post-literacy and follow up programme was in operation since 1983-84. At the end of 1989-90, there were 88 JSN centres wholly financed by the Central Government. In addition, State Government also sanctioned 25 JSN centres at Bhandari (Wokha District)

**Test-check of the records revealed the following :-**

(i) Out of 65,081 persons made literate (under RFLP) during 1985-86 to 1989-90, only 2,254 neo-literates were enrolled in the post-literacy/JSN centres by the end of 1989-90. Therefore, the prospect of remaining 62,827 neo-literates relapsing into illiteracy could not be ruled out. Lack of proper motivation and supervision at the field level was responsible for such low enrolment in JSN centres.

(ii) None of the JSN could furnish attendance registers and performance report of post-literacy though honorarium of Preraks and cost of kerosene oil for the centres continued to be paid regularly.

(iii) The scheme envisaged provision of games and sports materials to all projects for their onward distribution to all JSN centres. But, records of project offices test-checked did not show receipt and distribution of such materials. The JSN centres responsible for organising 'Charcha Mandal' (discussion group), sports and other socio-cultural activities etc. could not also produce any record or evidence towards performance of such activities. Moreover, the adult learners were not provided with the modern technopedagogical inputs with the help of audio visual displays as required under the programme.

(iv) Inordinate delay in procurement of teaching and learning materials by the Directorate and their distribution to the centres, affected the implementation of the programme badly. During 1988-89 and 1989-90 the Directorate procured materials worth Rs.12.39 lakhs (from Central assistance: Rs. 10.85 lakhs and State Plan fund: Rs.1.54 lakhs). Out of this, materials worth Rs.6.57 lakhs remained in store in the Directorate godown as of July 1990.

The Directorate stated (March 1991) that due to communication gap and remoteness of the location of centres, the materials could not be despatched.

(v) The financial pattern of JSN centres (non-recurring) provided Rs.700 per centre towards the cost of a bicycle for Prerak. Against the provision of Rs.0.62 lakh for purchase of 88 bicycles, the Directorate procured 90 wrist watches and 75 brass bells at a cost of Rs.0.60 lakh for 75 JSN centres without approval of the Government of India.

The Directorate stated that the uneven topography of the State was not suitable for movement of bicycles. The brass bells and the wrist watches procured would create awareness and maintain proper timings amongst the people and the Preraks.

(vi) A sum of Rs.1.09 lakhs was spent in 75 JSN under CSS programme (Rs.0.85 lakh) and 25 JSNs under State programme (Rs.0.24 lakh) during 1988-89 and 1989-90 for supply of newspapers and magazines. However, the said materials were neither received by the DAEOs nor were they aware of supply of the same to the JSNs.

(vii) Tseminyu Project drew Rs.1.44 lakhs (Honorarium : Rs.1.14 lakhs and kerosene oil : Rs.0.30 lakh) during 1988-89 and 1989-90. Out of this, Rs.0.63 lakh was found to have been disbursed leaving a balance of Rs.0.81 lakh, which remained unspent.

### 3.1.9 Strengthening of administrative structure

Project administration at District level - a supplement to the administrative structure at the State level was financed entirely from the project cost component of RFLP with a view to augment the total administration at the District level for smooth and efficient functioning of the programme of NLM. It was noticed that extra expenditure to the extent of 115 *per cent* was incurred on project administration from the funds released for RFLP for entertainment on regular basis of incumbents of Education Department having higher scales of pay in contravention to the staffing pattern as envisaged in the scheme. Thus, entertainment of staff in the higher scale of pay resulted in an excess expenditure of Rs.28.80 lakhs.

### 3.1.10 Mass Programme for Functional Literacy (MPFL)

The National Policy on Education 1986 envisaged Mass Programme for Functional Literacy with a view to give a marked impetus to the National Programme on Adult Literacy. This programme was to involve youth, teachers, students, workers of universities/colleges/ schools/trade unions/Panchayati Raj and other voluntary agencies etc. to organise people and to give impact of literacy to the adult of the desired age group (15 to 35) in a most disciplined manner. Participation of women in the programme was also stressed under the programme. At the National level the programme was launched on 1st May, 1986. Each student volunteers was to attend an orientation programme for three days and was supplied with literacy kits proposed by the SRC.

In Nagaland, the programme remained inoperative till 1988-89 when Rs.0.60 lakh was received from the Government of India in March 1989. Because of late receipt of sanction from the Government, the amount remained unutilised during 1988-89. However, on receipt of a revised renewal sanction from the Government of India during 1989-90 the amount was utilised in preparation and procurement of 'Literacy kits' for NSS and non-NSS volunteers at a cost of Rs.0.60 lakh.

The materials were stated to have been distributed in October 1989 and achievements during the year was 3000 adult learners.

No progress report in regard to achievement of adult literacy by involving NSS and non-NSS volunteers of the specified institutions was forthcoming.

### 3.1.11 Technology Demonstration

(a) Project of Technology Demonstration included in NTML envisaged application of the findings of scientific and technological research to improve the pace of development in literacy programme. From 1988-89 two districts viz; Kohima and Tuensang in Nagaland were identified as the Technology Demonstration Districts (TDDs) under *cent per cent* Central assistance for the purpose of development, transfer and application of technopedagogic inputs in the Adult Literacy Programme.

Although the State Government proposed to operate 300 additional AEC in these two districts (Kohima 100 and Tuensang 200) enrolment was actually done in 200 additional (100 in each district) AECs for 1988-89 learning session. For opening another 100 centres a proposal for allotment of additional fund for Rs.10.17 lakhs was submitted to Government of India in June 1988. As no further assistance was released by the Government of India for the purpose, the additional centres were not opened.

(b) It was, however, seen that the Central Government procured instruments and appliances under the component as detailed below and supplied to the State without assessing the feasibility and infrastructural facilities for their application in the State.

(i) One Videorama (a projection television system) procured in 1988-89 at a total cost of Rs. 0.86 lakh was transferred to the State in April 1989.

The Videorama had neither been installed nor was any training imparted by the supplier to departmental personnels for its use till June 1990. The Department stated (March 1991) that the same had been installed subsequently. But the date of installation and whether videorama was being put to use had not been indicated.

(ii) Sixty Solar Power Packages procured by the Government of India from Central Electronics Limited (CEL) at a cost of Rs. 10.53 lakhs for improving the lighting of 2 TDDs were received by the Directorate in April 1990 and were awaiting installation till June 1990 as no technical personnels was sent by the supplier for their installation. The same were, however, stated (March 1991) to have been installed in September - October 1990 only

### 3.1.12 Assistance to Voluntary Agencies

Under the scheme, registered voluntary societies were sanctioned grants according to the norm prescribed by the Central Government for undertaking functional and post-literacy activities. The amounts of the grants were released to the Societies directly by the Government of India.

A sum of Rs. 0.62 lakh was released and paid directly to the Voluntary Agencies in Nagaland between 1985-86 to 1987-88. Records of State Directorate however, revealed that the said Agencies received only Rs. 0.39 lakh.

No further assistance was released to the Voluntary Agencies after 1987-88.

A test-check of the records of the Directorate revealed that the Voluntary Agencies to whom the grants were paid by the Government of India had not submitted any accounts duly certified by the Chartered Accountant to the State Directorate for their onward transmission to the Government of India to show the actual utilisation of the grants for the purpose for which they were granted as contemplated in the scheme. Thus, the actual utilisation of the funds released to VAs could not be ascertained in Audit.

### **3.1.13 Monitoring and evaluation**

It was noticed that the figures of enrolment intimated to the Government of India were not based on records. While the records of the Directorate in respect of 7 projects revealed that 1,07,956 learners were enrolled during 1985-90, the figure reported to the Government of India was 89,940.

Instructors, Preraks of AE/JSN centres were required to submit monthly reports indicating the names of learners, daily attendance to their respective DAEOs. Altogether 700 centres upto 1986-87 and 750 centres thereafter were to submit monthly reports/returns to their respective DAEOs/Project Officers. No evidence in support of rendering of such reports/returns could be furnished to Audit.

No report on evaluation study had been brought out by the State Government, though the scheme had been in implementation since 2nd October 1987. At the project level, the evaluation report of learners, required to be furnished by the Instructors/Preraks, were also not furnished.

Though the scheme envisaged introductions of a system of data audit by special staff for ensuring creditability of the data supplied by the AECs/Project officials, such data audit was not introduced in the State (July 1990).

The points included in the review were referred to Government in July 1990; reply has not been received (February 1993).

## **FOREST DEPARTMENT**

### **3.2 WASTELAND DEVELOPMENT PROGRAMME**

#### **3.2.1 Introduction**

The National Wasteland Development Board was constituted in May 1985 in the Ministry of Environment and Forests of the Government of India, with the objectives of reclaiming wastelands in the country through a massive programme of

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The abbreviations figuring in this Review are listed alphabetically in *Appendix VII* (at page 125 )

afforestation and other appropriate measures, and thereby restoring the disturbed ecological balance and providing employment opportunities in the rural areas.

Keeping in view the above objectives, following schemes had been sponsored in Nagaland by the National Wasteland Development Board.

Sl. No.	Name of the Scheme	Year of implementation in the State	Pattern of financing
(a)	Rural Fuelwood Plantation	1985-86	50 per cent Central assistance as grants-in-aid 50 per cent State share
(b)	Soil, Water and Tree Conservation. (Operation Soil Watch)	1985-86	100 per cent Central assistance out of which 50 per cent as grants-in-aid 50 per cent as loan
(c)	Decentralised People's Nurseries/ Kissan Nurseries	1986-87	100 per cent Central assistance, as grants-in-aid.
(d)	Raising plantation of Minor Forest Produce including medicinal plants.	1988-89	100 per cent Central assistance as grants-in-aid

The two schemes viz. Rural Fuelwood Plantation and Soil, Water and Tree Conservation (Operation Soil Watch) have been discontinued from 1990-91.

### 3.2.2 Organisational set up

The schemes sponsored by the National Wasteland Development Board (NWDB) were implemented by the Forest Department of the State. The Chief Conservator of Forests at the State level and Divisional Forest Officers at District level were responsible for overall supervision and monitoring and implementation of the scheme of the State and district level respectively. Forest Range Officers and Forest Beat Officers were entrusted with the execution of the schemes in association with the people of the villages.

### 3.2.3 Audit coverage

The accounts and records maintained in the State Secretariat, office of the Chief Conservator of Forests, and 4 out of 9 Forest Divisions, were test-checked during the period from May 1990 to June 1990. The important points noticed in test-check are mentioned in the succeeding paragraphs.

The present review covers the period from 1985-86 to 1989-90.

#### 3.2.4 Highlights

- Against the budget provision of Rs.2137.63 lakhs expenditure of Rs.1462.94 lakhs was incurred during 1985-90. Central assistance of Rs.66.50 lakhs (52 *per cent*) could not be utilised in 1989-90. Besides, Rs.177.55 lakhs of Central assistance was irregularly spent.

(Paragraphs 3.2.5, 3.2.7,  
3.2.10, 3.2.13 (a))

- No survey was conducted to identify the wastelands in the State. The State Government projected in its reports, the existence of 5.74 lakh hectares against Government of India's projection of 13.86 lakh hectares of wastelands.

(Paragraph 3.2.6(i))

- Plantations were done in lands which belonged to private persons and the Department had little control. Plantation records such as site survey, location maps, plantation journal etc. were not maintained.

(Paragraph 3.2.6 (ii) & (iii))

- Plantation of slow growing plants and other than fuel wood in some areas did not conform to the objectives of the schemes.

(Paragraph 3.2.7(c))

- The monitoring system of the programmes was not effective. The impact of the implementation of the schemes had never been evaluated.

(Paragraphs 3.2.11 and 3.2.12)

- Extra expenditure of Rs.15.21 lakhs was incurred for purchase of barbed wires at higher rate.

(Paragraph 3.2.13(b))

#### 3.2.5 Financial outlay

(i) Funds for implementation of the schemes sponsored by the NWDB were provided to the States by NWDB out of Plan funds received from the Government of India.

(ii) Amounts of Central assistance released, budget provision made by the State Government and expenditure incurred during the period from 1985-86 to 1989-90 under the scheme are shown below :-

Year	Central assistance received Grants in aid and loans	Budget provision	Expenditure
(Rupees in lakhs)			
1985-86	170.54	261.00	255.21
1986-87	189.46	379.00	372.03
1987-88	199.46	351.25	331.15
1988-89	190.30	264.20	263.20
1989-90	128.00	882.18	241.35
Total	877.76	2137.63	1462.94

(iii) In 1989-90 following amounts of Central assistance could not be drawn and utilised.

Name of the Scheme	Pattern of Central assistance	Total amount remained undrawn/ unutilised	Central assistance/ unuti- lised
(Rupees in lakhs)			
Rural Fuelwood Plantation	50 per cent (grants-in- aid) and 50 per cent State share	18.58	9.29
Soil, Water and Tree Conservation (Operation Soil Watch)	100 per cent (50 per cent grants-in-aid 50 per cent loan)	54.78	27.39
Decentralised People's Nurseries	100 per cent (grants- in-aid)	0.80	0.80
Minor Forest Produce	100 per cent (grants- in-aid)	1.63	1.63
Total		75.79	39.11

Thus, the Department failed to utilise Rs.66.50 lakhs (52 per cent) of Central assistance (Rs.39.11 lakhs grants-in-aid and Rs.27.39 lakhs loan) out of Rs.128 lakhs received from the Government of India. This was attributed by the Department to the embargo imposed by the Reserve Bank of India on the payments to the State Government on 29th March 1990.

### 3.2.6 Implementation

(i) The guidelines issued by the NWDB prescribed the norms for identification on village by village basis, the extent and nature of lands which were wasteland in forest areas, farm land and public land.

In Nagaland, no survey had ever been conducted to identify the areas of wasteland. However, in 1984, the Society for Promotion of Wasteland Development, New Delhi, a Non-Government Organisation (NGO), estimated the existence of 13.86 lakh hectares of wasteland, in the State, out of which 5.08 lakh hectares was non-forest degraded area and 8.78 lakh hectares forest degraded area. Annual Administrative Report for 1988-89 of the Forest Department of the Government of Nagaland, however, projected that out of the State's total land area of 16.63 lakh hectares, forests occupied an area of 8.63 lakh hectares, of which 7.62 lakh hectares were village forests under private control. Out of 7.62 lakh hectares of village forests, 2.84 lakh hectares were degraded forests. Further, the Chief Conservator of Forests of Nagaland in his Plan Scheme for Rural Fuelwood Plantation of Green Belt 1987-96, stated (June 1987) that 38 *per cent* of village forests i.e. 2.90 lakh hectares were under Jhum\* cultivation. The total wastelands projected was 5.74 lakh hectares (2.84 lakh hectares degraded forest plus 2.90 lakh hectares Jhum cultivation), whereas Government of India had projected wastelands of the State as 13.86 lakh hectares.

(ii) In Nagaland 88 *per cent* of the forest lands are village forest under private control. The plantation works were, therefore, done on private lands. Owners of private lands sometimes turned back on initial agreement for plantation works, and the plot of land where plantations were done, were given to another Department for some other purpose.

(iii) The survival rates as reported in the field offices test-checked, were as under :

Name of the Districts	Survival rate (in percentage)
Kohima	75 - 80
Wokha	50 - 60
Mokokchung	60 - 70

Plantation records such as site survey, location maps, treatment maps, plantation journal etc. were not maintained in any of the field offices test-checked. Consequently the accuracy of figures reported could not be verified by Audit.

\* 'Jhum' cultivation is the practice of shifting cultivation

### 3.2.7 Rural Fuelwood Plantation

(a) National Wasteland Development Board selected 3 out of 7 districts for implementation of the Rural Fuelwood Plantation programme. The total expenditure incurred on this scheme during the period 1986-90, was Rs. 705.87 lakhs. Test-check of records revealed that the State Government had been spending the funds intended for the scheme in all the 7 districts without identifying the fuelwood deficient areas. Even though funds were thinly spread, physical targets were reported to have fully achieved in respect of 3 authorised districts as under :

Year	Plantation target	Achievements
	(In hectares)	
1985-86	--	----
1986-87	3,370	3,370
1987-88	2,980	2,980
1988-89	2,500	2,500
1989-90	2,160	2,160

(b) During 1985-86 to 1989-90 the Department spent Rs.312.80 lakhs in 4 districts not selected by the NWDB. The expenditure was irregular and unauthorised. As 50 per cent of the expenditure under the scheme was borne by the Government of India by way of grants-in-aid, Rs.156.40 lakhs of Central assistance were refundable by the State to the Central Government.

(c) In Dimapur range under DFO Kohima and Changtongya Beat under DFO Mokokchung scrutiny of cash accounts and vouchers showed that seeds of Teak, Simul, Sisoo, Eucalyptus were purchased which had more timber value than fuel and did not conform to the objective in as much as those species had slow rate of growth and would not be fit for cutting even as fuelwood before attaining age of 15 years to 40 years. None of the plantations under the programme had become ripe for felling and so far there had been no addition to fuelwood resources in the concerned villages from those plantations.

### 3.2.8 Soil, Water and Tree Conservation (Operation Soil Watch) Scheme

(a) The scheme was introduced for treatment of identified catchments in micro watersheds in the Himalayan States. The objective of the scheme is to treat selected micro watersheds in an integrated manner involving mainly soil and moisture conservation measures, afforestation and pasture development.

The scheme provided for undertaking the following :

assistance to Panchayats or local bodies for rendering help in management and protection;

survey and protection works plan;

afforestation of wastelands, degraded lands and forests with fuel, fodder, fruit and small timber species.

stabilisation slips (gully, plugging, torrent control etc.); and

raising of seedling for plantation by individual farmers in their lands.

(b) Physical targets and achievements were reported as under :

Year	Target		Achievement	
	Afforestation (In hectares)	Raising of seed- lings (In number)	Afforestation (In hectares)	Raising of seed- lings (In number)
1985-86	3,600	59.20 lakhs	3,600	59.20 lakhs
1986-87	4,500	137.12 lakhs	4,500	137.12 lakhs
1987-88	6,000	--	6,000	--
1988-89	2,350	--	2,350	--
1989-90	3,825	--	3,825	--

The scheme had been introduced in Nagaland since 1985-86 but the area of catchments in macro watersheds had not been identified as of June 1990. Also the working programmes were confined only to afforestation and raising of seedlings.

### 3.2.9 Decentralised People's Nurseries/Kissan Nurseries

(a) The scheme was introduced by the National Wasteland Development Board in 1986-87 with the objective to promote people's participation in afforestation and like activities. The scheme aimed at setting up village nurseries, each producing 25,000 - 50,000 seedlings through small farmers, schools, voluntary agencies (including women groups) and co-operatives. The subsidy of Re.0.45 per seedling was paid in cash and kind to beneficiaries by the Forest Department. The Forest Department was to select the small farmers, schools, voluntary agencies and co-operatives etc. in the villages for raising nurseries under the scheme. On the seedlings being ready, the Forest Department was to inspect and determine the number of good quality seedlings and to ensure that the number was in accordance with species and its break up as decided earlier. The beneficiaries were responsible for marketing the seedlings and those left unsold were to be lifted by Forest Department free of cost.

(b) Due to delay in getting sanction to expenditure, the Forest Department could not utilise the Central assistance released in 1986-87. This delayed introduction of the scheme in the State by one year. The State also failed to avail of the Central assistance of Rs.20 lakhs allocated by the Centre in 1987-88 for raising 44 lakhs seedlings.

(c) Targets and achievements under the scheme as reported by the Department were as under:

Year	Target		Achievement	
	Number of seedlings	Amount (Rs.)	Number of seedlings	Amount (Expenditure) (Rs.)
1986-87	33.00 lakhs	10.00 lakhs	nil	nil
1987-88	37.80 lakhs	17.01 lakhs	18.90 lakhs	10.00 lakhs
1988-89	22.00 lakhs	10.00 lakhs	22.22 lakhs	10.00 lakhs
1989-90	22.00 lakhs	10.00 lakhs	20.44 lakhs	9.20 lakhs

Test-check of records revealed that :

In some cases in the payment vouchers the number of seedlings actually raised were not on record. Lump sum payments were made on the basis of number of nursery beds.

In other cases although the number of seedlings were mentioned, payments were not made as per prescribed norms i.e. 45 paise per seedling as shown below :-

Name of the Forest Range	Month of Payment	Number of seedlings shown to have been raised	Amount paid	Amount admissible
Kohima	December 1989	40,000	Rs.8,000	Rs.18,000
Dimapur	March 1989	10,000	Rs.4,908	Rs. 4,500
Dimapur	March 1989	4,909	Rs.4,870	Rs. 2,209

Although the scheme provided for raising of nurseries by groups of women, 90 *per cent* of the beneficiaries were male beneficiaries.

The Department did not ascertain whether the beneficiaries could sell the seedlings and meet the overall requirements of the villages/villagers.

### 3.2.10 Raising of Plantation for minor Forest Produce including medicinal plants

(a) The scheme was introduced in 1988-89 with the objective of associating tribals and other rural poor people to augment production of specified items (such as bamboo, cane etc. and medicinal plants) of minor forest produce. This was intended to help restore the degraded forest and to safeguard the continuance of the vegetal cover.

(b) Targets and achievements under the scheme were reported as under :-

Year	Target		Achievement	
	Area in hectares	Amount (Rupees in lakhs)	Area in hectares	Amount (Rupees in lakhs)
1988-89	500 (Advance work)	18.00	500	14.20
1989-90	500	10.95	500	2.17

Out of the expenditure of Rs.14.20 lakhs during 1988-89, Rs.7.15 lakhs was spent for protection of plants by fencing which had been disallowed by the Government of India, as there was no provision for protection of plants by fencing under the scheme. Hence out of Rs.18 lakhs of Central assistance released in 1988-89 a sum of Rs.10.95 lakhs was available with the State Government (as at the end of the financial year 1988-89). No additional proposals under the scheme for 1989-90, were considered by the NWDB as the State failed to utilise fully the unspent fund of 1988-89 even in 1989-90. The Department neither refunded nor got adjusted the unspent amount.

### 3.2.11 Monitoring

The National Wasteland Development Board prescribed (March 1986) the submission of the following reports to it by the States:

- (a) monthly progress report to be sent through telex/telegram within a week of the following months; and
- (b) quarterly progress reports to be submitted within a week following the last month of the quarter.

Test-check of the records in the office of the Chief Conservator of Forests as well as Divisional Forest Offices, revealed that monthly progress reports were never sent and the submission of quarterly progress reports relating to soil, water and tree conservation schemes by the Chief Conservator of Forests was irregular. Delays in submission ranging from 1 month to 7 months were noticed in respect of quarterly progress reports.

Similar delays were also noticed in respect of other schemes such as Rural Fuelwood Plantations, Decentralised Peoples Nurseries and Minor Forest Produce.

No monitoring system existed in the field offices. There was no evidence to show that the Range/Beat level offices sent any progress reports to the Divisional Forest Offices, nor did the latter send any such report to the Chief Conservator of Forests. Thus, it was apparent that the reports furnished by the Chief Conservator of Forests to the Government of India were not based on facts. Physical achievements were being computed by dividing the amounts of recorded expenditure by the unit rate .

### 3.2.12 Evaluation

The impact of the implementation of the various schemes had never been evaluated (June 1990), though an Evaluation Officer was appointed from February 1988 in the office of the Chief Conservator of Forests.

As the progress reports were not based on facts and also lacked requisite data/information, the impact of the implementation of the various schemes could not be effectively reviewed/evaluated.

### 3.2.13 Other points of interest

(a) **Unauthorised expenditure:** Under Soil, Water and Tree Conservation Scheme the Department spent in 1985-86 Rs.28.80 lakhs for raising 59.20 lakhs of seedlings. Government of India prescribed the rate at 25 paise per seedling, accordingly total cost of raising 59.20 lakhs of seedlings should have been Rs.14.80 lakhs. Thus, there was an excess expenditure of Rs.14 lakhs, which was unauthorised and refundable to the Government of India by the State.

On being pointed out (January 1986) by the Government of India, the Department contended (February 1986) that the rate of 25 paise per seedling was too low and it was not possible to do the work at that rate.

(b) **Avoidable extra expenditure :(i)** In 1986-87 the Department purchased 404 tonnes of barbed wires for fencing the plantations under the scheme Rural Fuel Wood Plantations at rates higher than the lowest tendered rates approved by the Government without assigning any reason for non-acceptance of the lowest rates. This resulted in an extra expenditure of Rs.12.92 lakhs.

(ii) In order to ensure uniformity in rates for procurement of all common items by various departments, Government nominated some nodal departments for finalising the rates of these items and directed all departments to procure their requirements at the rates fixed by the nodal departments.

For barbed wire, PWD was nominated as the nodal Department ; hence all other departments were required to purchase the same at the rate approved by the PWD. But in 1988-89, the Forest Department purchased barbed wires at rates much higher than those of the PWD. This resulted in an extra expenditure of Rs.2.29 lakhs in purchase of 0.39 lakh Kgs of barbed wire for fencing the plantations under these schemes (i) Rural Fuelwood Plantation (ii) Soil, Water and Tree Conservation and (iii) Raising plantation for Minor Forest Produces.

The matter was referred to Government in July 1990; reply has not been received (February 1993).

### 3.3 Extra expenditure on purchase of sleeper clamps

In connection with the supply of sleepers to the Railways, the Forest Utilisation Officer (FUO), Dimapur, invited tenders in October 1988 for the supply of C type broad gauge (BG) and metre gauge (MG) steel clamps, during the timber year 1988-89 (October 1988 to September 1989). The specifications were given in the

notice inviting tenders. In response, five tenders were received. The lowest rates, quoted by supplier 'A', were Re.0.61 each for BG clamps, and Re.0.51 each for MG clamps exclusive of Nagaland Sales Tax.

While forwarding the comparative statement to Government in January 1989 through the Chief Conservator of Forests, the F.U.O had recommended higher rates of Rs.1.20 each for BG clamps and Re.0.80 each for MG clamps on the ground that the previous year's (1987-88) rates were very low and that the quality of clamps supplied was of low standard.

Although the basis of these observations was not on record, Government approved (March 1989) the higher rates recommended by the F.U.O.

The F.U.O procured (April 1989) 1.80 lakhs BG clamps and 0.22 lakh MG clamps from three local suppliers. This resulted in an extra expenditure of Rs.1.13 lakhs (excluding sales tax). It was noticed in audit that two out of these three suppliers were the same ones who had supplied the entire quantity of clamps during 1987-88.

The matter was referred to Government in February 1990; reply has not been received (February 1993).

#### 3.4 Infertuous/unfruitful expenditure

The Forest Utilisation Officer (F.U.O), Dimapur informed the Chief Conservator of Forests, Nagaland, in June 1988 that the Seasoning and Treatment Plant at Dimapur was not functioning since 1985-86 due to financial constraints, and suggested leasing out the Plant. But no action was taken by the Department to lease out the Plant as of May 1992.

Expenditure of Rs.17.87 lakhs was incurred during 1985-86 to 1991-92 on repairs to plant and machinery and building etc. The expenditure proved unfruitful as the plant remained idle. Expenditure of Rs.23.28 lakhs on salaries of staff during the aforesaid period also proved infertuous.

The F.U.O stated (May 1992) that the Plant could not be made viable due to non-availability of timber, high cost of kiln dried timber and paucity of funds. Non-letting out of the Plant to private parties was attributed to non-receipt of approval from the Government. The matter was referred to Government in February 1990; reply has not been received (February 1993).

### SOIL AND WATER CONSERVATION DEPARTMENT

#### 3.5 Avoidable extra expenditure

Between March 1988 and March 1989, the Director, Soil and Water Conservation (S&WC), Nagaland, purchased 2.54 lakhs fruit plants of four varieties worth Rs.17.54 lakhs at rates ranging from Rs.6.75 to Rs.8 per plant, after inviting tenders and on the basis of recommendations of the Departmental Purchase Board (March 1988). The above purchases were made under the scheme "Integrated

Watershed Management" and "Control of Shifting Cultivation" from four local suppliers. The Directorate could not produce any records showing Government's approval of the rates recommended by the Purchase Board. Approval of Government was necessary under 'Delegation of Financial and Cognate Power Rule, 1964 (Nagaland)'.

It was, however, noticed (January 1990) that the Agriculture Department purchased the same varieties of fruits plants during the aforesaid period at Government (Agriculture Department) approved rate of Rs.5.85 per plant. Had the purchase been made by the Director, Soil and Water Conservation at Government approved rates of the Agriculture Department, an extra expenditure of Rs.2.68 lakhs could have been avoided.

The matter was referred to Government in May 1990; in reply the Government accepted the facts (July 1990).

### **HOME (POLICE/JAIL/PRINTING AND STATIONERY) DEPARTMENT**

#### **3.6 Non-realisation of the cost of police guards**

Government of Nagaland, Home Department had in a circular in March 1971, instructed the Inspector General of Police (since up-graded to Director General of Police), Nagaland to effect recovery from the banks and offices the cost of police guards provided to them at the rate of 10 and 50 *per cent* (depending on the place of deployment) of the pay and allowances paid to the police guards deployed. During audit (April 1988 to March 1989) of accounts of the three Superintendents of Police stationed at Tuensang, Wokha and Phek, and two Commandants, Nagaland Armed Police Battalions stationed at Thizama and Chumukedima it was noticed that demands were also raised for police guards provided to different banks amounting to Rs.27.33 lakhs for the period from 1978-79 to 1988-89. Out of this amount, claims amounting to Rs.11.14 lakhs pertaining to the period from 1985-86 to 1988-89 were partially received and credited to Government account and the balance (Rs.16.19 lakhs) remained unrealised (March 1990).

In August 1992, the Director General of Police reported that out of Rs.16.19 lakhs, Rs.0.94 lakh had been realised and credited to Government account in July 1990; the balance of Rs.15.25 lakhs remained unrealised.

The matter was referred to Government in May 1990; reply has not been received (February 1993).

#### **3.7 Unauthorised retention of public property**

During audit (September 1987) of the accounts of the Directorate of Civil Defence, Kohima, it was seen that the Director, Civil Defence purchased furniture and fixtures valued at Rs.6.85 lakhs during the period from July to August 1987 for the Home Guards Organisation. Out of this purchase of Rs. 6.85 lakhs, furniture and fixtures worth Rs.3.53 lakhs were received by a VIP directly from the supplier and were not accounted for in the stock account of the organisation. The Deputy

Commandant General, Home Guards also reported (July 1988) to the Government that the said VIP took away 2 jeeps (costing Rs. 2.13 lakhs) from the Civil Defence Organisation during his spell of public office from November 1986 to November 1987.

The furniture and fixtures worth Rs. 3.53 lakhs and the jeeps worth Rs. 2.13 lakhs were not returned to the Department by the VIP as of January 1990.

The matter was referred to Government in April 1988. In reply, Government stated (October 1990) that as all records of Civil Defence Organisation were seized by the Vigilance Commissioner, they were unable to offer any comments on the matter. Further reply from the Government was awaited as of February 1993.

### **3.8 Undue benefit to supplier**

For purchase of tinned milk for police personnel during 1987-88, Government approved a rate of Rs.24.41 per kilogram in May 1987 on the basis of competitive tenders and recommendations of the Purchase Board. Accordingly, the Director General of Police (DGP) entered into an agreement on 1st June 1987 with firm 'A' for the supply of 20,167 kg of tinned milk by the 10th of each month from June 1987 to March 1988. Government had increased (February 1988) the rate to Rs.25.31 per kg with effect from 1st June 1987, and to Rs.26.67 per kg with effect from 15th October 1987. During audit (December 1988) it was noticed that the firm had supplied only 42,240 kg. upto 10th October 1987, instead of 1,00,835 kg. (20,167 x 5 months) to be supplied as stipulated in the agreement. Despite the recommendation of the DGP to Government in February 1988 for payment at the rate of Rs.25.31 per kg for the balance quantity of 58,595 kg. supplied after 10th October 1987, Government directed that the enhanced rate of Rs.26.67 per kg be allowed which resulted in an undue financial benefit of Rs.0.80 lakh to the supplier.

Similarly, the DGP entered into an agreement with firm 'B' for supply of a minimum quantity of 17,500 kgs of vegetable ghee at the rate of Rs.24.99 per kg by 10th of each month commencing from July 1987 upto March 1988. Government increased the rate of vegetable ghee to Rs.29.34 per kg with effect from 28th August 1987. The contractor, supplied only 17,295 kg upto 10th August 1987 instead of 35,000 kg as envisaged. The enhanced rate of Rs.29.34 was paid for the balance of 17,705 kg which was supplied after 28th August 1987. The undue financial benefit to the contractor on this account amounted to Rs.0.77 lakh.

The matter was referred to Government in January 1989; reply has not been received (February 1993).

### **3.9 Infructuous expenditure on idle driver**

During audit (November 1989) it was noticed that a prison-van under the Superintendent, District Jail, Mokochung went off the road from June 1979, and was disposed off in January 1983 after being condemned. The driver attached to the van, however, remained idle as of November 1989, since his services were not utilised by the Department elsewhere. This fact had been brought to the notice of the Department/Government by Audit in March 1983, but no action was taken in this

regard. The Department had incurred expenditure of Rs.1.26 lakhs on account of pay and allowances from July 1979 to October 1989 which was infructuous.

Inspector General of Prisons stated (August 1992) that the services of the driver were being utilised at times.

The matter was referred to Government in March 1990; reply has not been received (February 1993).

## **HEALTH AND FAMILY WELFARE DEPARTMENT**

### **3.10 Diversion of furnishing articles**

In March 1988, the Sub-divisional Medical Officer (SDMO), Dimapur purchased 55 items of furnishing materials costing Rs.4.96 lakhs including woollen carpet, air conditioner, curtains, sofa sets, woollen blankets, dinner set, dinning table and chairs, cutlery, etc., against a sanction of Rs. 5 lakhs accorded in March 1988 by the Director, Health and Family Welfare for furnishing the Medical Store at Dimapur.

During audit (March - April 1990) of the accounts of the SDMO, Dimapur it was noticed that all the items had been issued in March 1988 to a departmental rest house at Dimapur, although there were no records to show that such a rest house existed. It was stated by the SDMO that the rest house had been closed down in June 1989, but he could not produce any records to show how the articles were accounted for and utilised after the closure of the rest house.

The matter was referred to Government in July 1990; reply has not been received (February 1993).

### **3.11 Shortage of medicines**

During audit (March 1989) of the Sub-divisional Medical Officer (SDMO), Peren it was noticed that in the Primary Health Centre (PHC) Jalukie, under the jurisdiction of the SDMO, Peren, huge quantities of medicines (Multi-Vitamin tablets - 18 lakhs, Soda-bicarbonate tablets - 1.34 lakhs and Metronidazol tablets - 0.08 lakh) valued at Rs. 2.51 lakhs were shown less while striking the balances in the stock registers during the period from November 1986 to February 1989. Though the financial rules provide for periodical physical verification of stores, the stock registers of medicines did not indicate that such physical verification was ever conducted by the Medical Officer - in - charge of the PHC or any other authorised officer. Thus medicines valued at Rs.2.51 lakhs was short-accounted.

The matter was referred to Government in May 1990; reply has not been received (February 1993).

## TOURISM DEPARTMENT

### 3.12           **Extra expenditure on purchase of furniture**

For maintaining uniformity, the Government of Nagaland nominated the Home Department as nodal Department for fixing the rates at which furnishing materials were to be procured by various Departments of the Government.

During audit (May 1990) of the Director of Tourism, Kohima, it was noticed that various items of furniture valued at Rs. 6.79 lakhs had been purchased for different tourist lodges in the State during 1987-88 and 1988-89 from different local suppliers at their quoted rates without inviting tenders. These rates were much higher than the rates fixed by the nodal Department. The reasons for such deviation could not be explained to Audit. The extra expenditure on account of this amounted to Rs. 4.43 lakhs.

The matter was referred to Government in July 1990. In reply the Government stated (October 1990) that in future due caution would be exercised while accepting rates of various items.

## AGRICULTURE/TOURISM DEPARTMENT

### 3.13           **Temporary misappropriation of Government money**

According to Rules, money received on behalf of Government should be entered into the Cash Book on the very day of transaction, and should be remitted into the treasury on the next working date, at the latest.

During 1989-90, audit inspections were carried out in four offices under the Agriculture Department; and one office of the Tourism Department. Non-observance of the aforesaid Rules led to temporary misappropriation of Government money in the following two cases.

(a)           The Sub-Divisional Agriculture Officer, Dimapur, realised sale proceeds of fertilizer, seeds and plant protection equipment amounting to Rs.1.63 lakhs during the period from 1987-88 to 1989-90 which were neither accounted for in cash book nor deposited into the treasury.

The matter was referred to Government in July 1990; in reply, Government stated (August 1991) that the entire amount had been accounted for and deposited into the treasury by February 1991.

(b)           An amount of Rs.0.68 lakh being accommodation charges for the period from 16th February 1990 to 15th May 1990 realised by the Tourist Officer, Tourist Lodge, Dimapur and minibus hire charges of Rs.0.36 lakh for the period from 3rd February 1987 to 18th May 1990 realised by the Directorate of Tourism were neither accounted for in cash book nor deposited into the treasury.

On being pointed out by Audit in July 1990, an amount of Rs. 1.03 lakhs was accounted for and deposited into the treasury by August 1990.

## VETERINARY AND ANIMAL HUSBANDRY

### 3.14 Blocking of funds in purchasing a tractor

The District Veterinary and Animal Husbandry Officer (DV & AHO), Wokha received (June 1987) a tractor with trailer purchased (March 1987) at a cost of Rs. 2.50 lakhs by the Director, Veterinary and Animal Husbandry (V & AH) Kohima for the Regional Cross-Breeding Cattle Farm (RCBC Farm) Baghty, a scheme financed by the North Eastern Council, under the DV & AHO, Wokha. During audit (February 1990) it was noticed that the farm had not started functioning and as a result the tractor so procured, remained idle since its purchase. Thus, purchase of tractor had resulted in blocking of Government money amounting to Rs.2.50 lakhs.

The matter was referred to Government in May 1990. In reply (June 1990) Government accepted the fact and stated that the tractor could not be used due to late finalisation of land and non-creation of posts, and that the farm had then started functioning with temporary staff from other schemes and the tractor would be fully engaged for development of land for fodder cultivation at Baghty.

## CO-OPERATION DEPARTMENT

### 3.15 Irregular drawal of money

Section 43 of the Assam Co-operative Act 1949, which is in force in Nagaland, provides that financial assistance can be granted by Government to the co-operative societies only if they are registered.

During audit (October - November 1989) of the accounts of the Deputy Registrar of Co-operative Societies, Dimapur, it was seen that Government had sanctioned Rs.3.40 lakhs being transport and managerial subsidy to 10 unregistered co-operative societies during 1986-89. The reasons for sanctioning subsidies to unregistered societies by Government in contravention of the provisions of the Act were neither stated nor available on record. The amounts were drawn and deposited (March 1987 - Rs. 1.50 lakhs, March 1988- Rs. 1.50 lakhs and March 1989 - Rs. 0.40 lakh) by the Registrar of Co-operative Societies, Kohima in the respective saving bank accounts of the societies in Nagaland State Co-operative Bank Limited, Dimapur. The amounts were to be paid to the societies after receipt of orders from the Registrar.

In reply, the Deputy Registrar of Co-operative Societies, Dimapur stated (January 1991) that the amounts could not be released to the beneficiaries as out of the 10 societies, 5 were not organised at all. The remaining 5 societies though organised, were yet to be registered. Thus, financial assistance was sanctioned to societies in violation of the provision of the Act and moneys were irregularly deposited into the bank account of the societies by the Registrar.

The matter was referred to Government in August 1990. Government did not give reasons for release of funds to unregistered societies, it, however, stated (July 1991/April 1992) that "the Department had not drawn the money in advance intentionally, but the amount being sanctioned under Plan Scheme had to be drawn before the end of the financial year".

**CHAPTER IV**  
**WORKS EXPENDITURE**  
**PUBLIC HEALTH ENGINEERING DEPARTMENT**

**4.1 Technology Mission on Drinking Water**

**4.1.1 Introduction**

The Seventh Five Year Plan (1985-1990) envisaged providing safe drinking water facilities to the entire population. This would involve development of adequate safe water sources on the basis of existing norms in the rural areas for taking care of the needs of individual hamlets and habitations. In certain areas, specific problems such as difficult terrain, water contamination due to excess salinity, fluoride, iron contents etc. were to be tackled by use of suitable technologies. These facilities were being provided by the State Government under the "Minimum Needs Programme" (MNP) in operation from 1975-76. Efforts of the State Governments were supplemented by the Central Government through the "Accelerated Rural Water Supply Programme" (ARWSP) commencing from 1972-73. To further help this process and to effectively co-ordinate the functions of different agencies involved, the 'Technology Mission on Drinking Water' was set up in August 1986.

The main objectives of the Technology Mission were to improve the performance and cost effectiveness of the ongoing programmes in the field of rural drinking water supply so as to ensure the availability of adequate drinking water of acceptable quality and to ensure sustained availability of such water on a long term basis. This was to be done by providing low cost but practicable and effective solutions to identified problems associated with the supply of safe drinking water in rural areas through the application and aid of available scientific and technological inputs from various national laboratories and by promoting water management. The other objectives of the Mission were to cover the residual problem-villages by March 1990, to supply potable water at 40 litres per capita per day (lpcd) for human beings in all areas and to evolve a cost effective technology mix to achieve these objectives within the constraints of plan resources.

The Mission was required to deal with the problems, (1) scientific source finding, water quantity, quality monitoring and assessment and conservation of water, (2) control of flurosis, (3) eradication of guinea-worm, (4) removal of excess iron, and (5) control of brackishness.

In Nagaland, a Mini-mission (Pilot Project) was set up under the Technology Mission in the district of Kohima (out of seven districts) for providing safe drinking water to the identified problem villages after removal of excess iron only. It started functioning from 1988-89.

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The abbreviations figuring in this Review are listed alphabetically in *Appendix VII* (at page 125 )

#### 4.1.2 Organisational set up

In accordance with the approved (November 1986) pattern of the posts of Technology Mission Project district created by the Centre, the State Government appointed (November 1988) an Executive Director of the rank of Superintending Engineer with headquarters at Dimapur for execution and effective implementation of various activities of the Mini-mission in the district of Kohima under the Public Health Engineering Department, who was functioning as the State Project Co-ordinator for the Mission.

A Co-ordination Committee consisting of 5 members with the Development Commissioner, Nagaland as Chairman and Additional Chief Engineer, Public Health Engineering Department as member-secretary was constituted in December 1989 to see proper utilisation of funds released by the Central Government for the approved schemes in accordance with prescribed norms.

#### 4.1.3 Audit coverage

The records of the Executive Director, Mini-mission, Chief Engineer, PHE Department, Nagaland and Public Health Engineering Divisions of Kohima district for the period from 1985-86 to 1989-90 were test checked during April-June 1990. Important points noticed in audit are incorporated in the succeeding paragraphs.

#### 4.1.4 Highlights

- Against the central grants of Rs.425.00 lakhs received between 1986-87 and 1989-90 for implementation of the Mini-mission project in Kohima district, expenditure incurred was Rs.442.76 lakhs.

(Paragraph 4.1.5)

- During 1988-89 and 1989-90, against the target for covering 65 villages having a population of 36,387 with safe drinking water facilities under the Mini-mission, 58 villages with a population of 31,880 were covered and a population of 4,507 in 7 villages failed to get the benefit of drinking water facilities at the end of March 1990.

(Paragraph 4.1.6(i))

- No iron removal plants were installed under the Mini-mission project till the end of March 1990 for removal of excess iron from water.

(Paragraph 4.1.6 (ii))

- Rupees 2.77 lakhs were diverted for the purchase of 2 vehicles, even though there was no provision in the sanctioned estimates of the respective schemes under the Mini-mission project.

(Paragraph 4.1.7.(iv))

- Expenditure of Rs.26.60 lakhs incurred during 1989-90 in 5 villages having a population of 1,851 under the water supply schemes of the Mini-mission appeared to be doubtful.

(Paragraph 4.1.7. (i)(a))

- Three Rural Water Supply schemes for 3 villages having population of 4,115, which were taken up and completed at a total cost of Rs.46.88 lakhs during 1987-88 and 1988-89 under ARWSP, had been taken up again under the Mini-mission project and an expenditure of Rs.54.58 lakhs was incurred upto the end of March 1990 against the sanctioned estimated cost of Rs.62.87 lakhs. The expenditure of Rs.54.58 lakhs appears to be doubtful.

(Paragraph 4.1.7.(i)(b))

- Procurement of 90 water tanks worth Rs.10.37 lakhs without proper assessment of requirement for the Mini-mission project was unnecessary.

(Paragraph 4.1.7.(ii))

- Extra expenditure of Rs.0.88 lakh was incurred due to procurement of 175 socket wrenches at higher rate. Similarly, extra expenditure of Rs.7.29 lakhs was also incurred on purchase of 425 sets of die sets at higher rates.

(Paragraph 4.1.7.(iii)(a)&(b))

- No water quality laboratory was established in the State though an amount of Rs.2 lakhs was sanctioned and released by the Central Government.

(Paragraph 4.1.6.(iv))

- There was no arrangement in the Department or Mini-mission to check and ascertain whether the beneficiaries were being supplied with potable water at 40 litres per capita per day (lpcd) as envisaged under the Technology Mission.

(Paragraph 4.1.6 (v))

- Monitoring was not done by the Mini-mission in accordance with the guidelines issued by the Government of India.

(Paragraph 4.1.8)

#### 4.1.5 Financial progress

The entire expenditure on Technology Mission was to be borne by the Central Government.

Yearwise grants released by the Centre and the expenditure incurred thereagainst by the Mini-mission of Kohima district upto the end of March 1990 are shown below :-

Year	Amount of Central grant received	Expenditure	Balance, (-) Saving (+) Excess
(Rupees in lakhs)			
1986-87	50.00	NIL	(-) 50.00
1987-88	NIL	NIL	NIL
1988-89	80.00	97.47	(+) 17.47
1989-90	295.00	345.29	(+) 50.29
Total :	425.00	442.76	(+) 17.76

(i) The excess expenditure of Rs.17.76 lakhs was adjusted against the subsequent assistance by the Directorate of Rural Development, Government of India.

(ii) The first instalment of the grant amounting of Rs.50 lakhs, received from the Government of India in March 1987, remained with the Rural Development Department till December 1988, when it was transferred to the Executive Director of Mini-mission, Dimapur. The delay in transfer was due to the long time taken in deciding by Government as to the Department under which the project works of the Mini-mission were to be implemented.

(iii) A total amount of Rs.0.46 lakh on account of commission and exchange for demand drafts, collection charges of demand drafts, cheques, etc. charged and debited to the current account of the Mini-mission during the period from January 1989 to March 1990 by the bank was not included in the expenditure of the Mini-mission upto the end of 1989-90.

#### 4.1.6 Targets and achievements

(i) Of the total 1507 identified villages (population: 7.66 lakhs) in the State, drinking water supply facilities were provided to 820 villages (population: 4.04 lakhs) by the end of the Sixth Five Year Plan. The Seventh Five Year Plan envisaged to cover the remaining 687 villages (population: 3.62 lakhs) with safe drinking water facilities under the ongoing schemes of MNP and ARWSP as well as Technology Mission.

According to the records of Public Health Engineering Department 620 villages having a population of 3.23 lakhs could only be covered with water supply facilities during the Seventh Five Year Plan period. The programme-wise achievements are indicated below :-

Name of programme	1985-86	1986-87	1987-88	1988-89	1989-90	Total
	No. of population covered. (No. of villages covered)					
Minimum Needs Programme (MNP)	14,620 (29)	14,727 (25)	14,722 (38)	21,822 (40)	7,227 (18)	73,118 (150)
Accelerated Rural Water Supply Programme (ARWSP)	26,423 (56)	23,407 (51)	23,407 (61)	48,646 (124)	96,069 (120)	2,17,952 (412)
Technology Mission	-	-	-	5,138 (23)	26,742 (35)	31,880 (58)
Total :-	41,043 (85)	38,134 (76)	38,129 (99)	75,606 (187)	1,30,038 (173)	3,22,950 (620)

Thus, a population of 0.39 lakh in 67 villages failed to get the benefit of safe drinking water facilities by the end of March 1990.

For implementation of the Mini-mission project under the Technology Mission, the Directorate of Rural Development under the Ministry of Agriculture, approved a Pilot Project amounting to Rs.530.48 lakhs and on receipt of the detailed project reports from the State Government (Public Health Engineering Department) from time to time, conveyed approval to the schemes to be taken up by the Mini-mission, as per the details shown below :-

Sl. No.	Date of sub-mission by State	Date of sanction by Centre	No. of schemes sanctioned.	No. of villages to be covered	Populat-ion (1981 census) to be covered	Year of execut-ion	Amoun- sanctioned
	(Rupees in lakhs)						
1.	November 1988	November 1988	5	34	8,313	1988-89	135.63
2.	February 1989	March 1989	7	8	5,996	1988-89	112.73
3.	August 1989	September 1989	17	17	15,908	1989-90	220.59
4.	November 1989	November 1989	6	6	6,170	1989-90	61.53
	Total		35	65	36,387		530.48

The Mini-mission could, however, cover only 58 villages (23 villages in 1988-89 and 35 villages in 1989-90) benefiting a population of 31,880 at the end of March 1990 by incurring a total expenditure of Rs.442.76 lakhs.

(ii) The Mini-mission envisaged providing safe drinking water to the identified problem villages after removal of excess iron from water. But none of the schemes taken up and covered under the Mini-mission project was installed with any iron removal plant till the end of March 1990. The Executive Director of the Mini-

mission merely stated that the Director of Rural Development Department, Government of India, New Delhi had taken up the scheme for installation of iron removal plants coupled with hand pumps in the foot hill areas of Kohima district and the work was directly awarded to NIDC, New Delhi for 174 hand pumps.

(iii) One of the main objectives of the Technology Mission was to enforce cost effectiveness in implementation of the project by obtaining scientific/technological advice from the concerned laboratories and research institutions. But the works under the Pilot Project were being executed according to the usual conventional system, as was being done in the cases of the ongoing schemes like MNP and ARWSP. The cost effectiveness was neither enforced nor any scientific and technological help obtained by the Mini-mission while implementing the scheme.

(iv) An amount of Rs.2 lakhs was sanctioned (November 1988) and released by the Central Government during 1988-89 for establishment of a water quality laboratory in the State under the Technology Mission for testing of quality of water regularly. But no such laboratory was established by the Mini-mission till the end of March 1990. It was, however, stated by the Executive Director of the Mini-mission that the work would be taken up during 1990-91.

(v) According to the objectives of the programme, potable water at 40 litres per capita per day (lpcd) was to be supplied to the beneficiaries from the water supply schemes completed under the Technology Mission. But there was no device or arrangement in the Public Health Engineering Department or Mini-mission to check and ascertain whether the quantity of water was being supplied to the consumers at the prescribed norms.

#### 4.1.7 Execution

(i)(a) In the detailed project reports against which the Centre conveyed their approvals in November 1988 and March 1989 under Pilot Project of the Mini-mission for Kohima district the following 5 villages were included in the respective schemes, as shown below :-

Sl. No.	Name of village	Name of scheme in which included	Date of approval by Centre	Estimated cost of scheme (Rupees in lakhs)	No. of population as per 1981 census	Remarks
1	2	3	4	5	6	7
1.	Sozhukhu village	Providing W/S to Sozhukhu and Domukhyu	March 1989	8.37 (for both the villages)	290	completed during 1989-90
2.	Lukuto village	Providing W/S to Tohovi and 12 villages	November 1988	41.64 (for all the 13 villages)	226	-do-

1	2	3	4	5	6	7
3.	Tohovi village	-do-	November 1988	-do-	190	completed during 1988-89
4.	Kheoto village	-do-	November 1988	-do-	416	completed during 1989-90
5.	Khakhekhu village	providing W/S to Achózhe & 5 villages	November 1988	26.37 (for all the 6 villages)	729	completed during 1988-89
Total		-	-	-	1,851	

The four villages at Sl.2 to 5 were taken up during 1988-89 and remaining one village was taken up during 1989-90 for execution by the Mini-mission and all the villages were covered with water supply facilities by the end of 1989-90.

It was, however, noticed in audit that all the above mentioned five villages with same population were included again in a subsequent detailed project report of the Mini-mission prepared by the Chief Engineer PHED at an estimated cost of Rs.31.12 lakhs. The same was also approved by Central Government on 5th September 1989 and an expenditure of Rs.26.60 lakhs was incurred during 1989-90 as detailed below :-

Sl. No.	Name of village/ scheme	Population	Estimated cost	Expenditure during 1989-90
(Rupees in lakhs)				
1.	Prov. W/S to Sozhukhu village	290	5.19	5.23
2.	Prov. W/S to Lukuto village	226	6.63	6.52
3.	Prov. W/S to Tuhovi village	190	4.20	2.30
4.	Prov. W/S to Kheoto village	416	5.89	5.67
5.	Prov. W/S to Khakhekhu village	729	9.21	6.88
Total :		1,851	31.12	26.60

The expenditure of Rs.26.60 lakhs incurred on the 5 (five) villages against the Water Supply Schemes sanctioned subsequently (September 1989), therefore, appeared to be doubtful.

(b) Three villages (Burma camp, Netaji Colony and Ndunglwa village) having population of 4,115 (according to 1981 census) were taken up for providing

piped water supply under ARWSP and completed (Burma camp and Netaji colony in March 1988 and Ndunglwa in March 1989) at a total cost of Rs.46.88 lakhs. But the said villages were again included in the detailed project report under the Technology Mission and approval (dated 5th September 1989) of the Central Government obtained. The Mini-mission again incurred a total expenditure of Rs.54.58 lakhs on the water supply schemes of the villages against the estimated cost of Rs.62.87 lakhs upto the end of March 1990 and hence the expenditure of Rs.54.58 lakhs appeared to be doubtful.

The Additional Chief Engineer, Public Health Engineering Department stated in February 1993 that these irregularities were under investigation by a committee appointed for the purpose. In this regard departmental action was also initiated and the concerned Executive Director (TM) was placed under suspension. But unfortunately, the departmental proceedings could not be completed since the said officer died in an air-crash near Imphal in August 1991.

**(ii) Unnecessary purchase**

For providing water supply to 14 villages under the Scheme, 170 pressed steel (PS) tanks of 1950 litres capacity were required to be procured according to sanctioned estimates. Against this, 260 tanks (236 PS tanks of 1950 litres capacity and 24 sintex tanks of 2,500 litres capacity) were purchased at a cost of Rs.25.50 lakhs in November 1989. The actual utilisation of the tanks purchased in excess of quantity required as per estimate could neither be produced to Audit nor stated. Thus, the procurement of 90 tanks at a cost of Rs.10.37 lakhs was in excess of requirement and proved unnecessary.

**(iii) Extra expenditure due to purchase at higher rates**

**(a)** In February-March 1990, the Mini-mission purchased 175 sets of socket wrenches at a total cost of Rs.7 lakhs (at the rate of Rs.4,000 per set) from the local suppliers and simultaneously, during the said period i.e., February-March 1990 the Mini-mission procured further quantities of socket wrench from other local suppliers at the rate of Rs.3,500 per set. The Mini-mission did not invite any tenders/quotations for procurement of the materials. There were also no other records with the Mini-mission to show as to how the rates were fixed. The specifications of the socket wrenches were not prescribed. Had the 175 sets of socket wrench been purchased at the rate of Rs.3,500 per set, the Mini-mission could have avoided an extra expenditure of Rs.0.88 lakh.

**(b)** During January to October 1989, the Mini-mission purchased 425 sets of Die set (best quality -15 mm to 40 mm) at the rate of Rs.2,700 per set at a total cost of Rs.11.48 lakhs from local suppliers. The said item of the article of the same specification was also purchased by the Mini-mission locally at the rate of Rs.985 per set. For procurement of the materials no quotations/tenders were invited by the Mini-mission. No other records also could be made available to show as to how the exorbitant rate of Rs.2,700 per set was fixed. Had the procurement of 425 sets of die set been done at the rate of Rs.985 per set, the Mini-mission could have avoided an extra expenditure of Rs.7.29 lakhs.

(iv) **Purchase of Vehicles**

One Maruti Gypsy purchased in February 1989 at a cost of Rs.1.44 lakhs for the Mini-mission as per the prescribed norm of entitlement was not used for the purpose for which it was purchased, but was attached to a VIP since its procurement. The Department stated (August 1992) that the vehicle had been received back in April 1992, after winding up of the Mini-mission.

Another Maruti Gypsy worth Rs.1.50 lakhs was purchased by the Mini-mission in September 1989 and the expenditure was charged to a water supply scheme which was allotted to an Assistant Engineer of the Mini-mission. Similarly, an Ambassador car was also purchased in February 1990, at a cost of Rs.1.27 lakhs and the expenditure was debited to six schemes equally. The car was attached to the Secretary, PHE Department from the date of its procurement and hence the vehicle was not utilised for the purpose of the Mini-mission. In both the cases the vehicles were purchased even though there was no provision in the sanctioned estimates of the respective schemes.

**4.1.8 Monitoring and Evaluation**

According to the guidelines of the Technology Mission, the Mini-mission was required to submit a monthly physical and financial progress report in the prescribed format by the end of first week of the following month of the approved schemes/activities under the Pilot Project. But it was seen that out of the 16 monthly progress reports submitted by the Mini-mission between January 1989 and April 1990, only 5 reports were submitted on time and submission of the remaining 11 reports were delayed by 3 to 47 days.

At the State level, there was no arrangement either in the Directorate or in the Secretariat to monitor the progress of works under the scheme on the basis of the monthly progress reports received from the Executive Director of the Mini-mission and no review of the achievements and shortfalls had also been done (June 1990). No record was also made available to show whether the State level officers in-charge of Rural Water Supply undertook any field visits for assessing the progress of implementation of the schemes under the Technology Mission. Although a State level Co-ordination Committee was constituted in December 1989, no meeting of the committee was held till March 1990.

No evaluation of works of the Mini-mission project was done by the Government or any other independent agency.

**4.1.9** The matter was referred to the Chief Engineer, PHE Department and Government in July 1990. Replies from the Chief Engineer received in August 1992 and February 1993 have been suitably reflected in preceding paragraphs. Reply from the Government has not been received (February 1993).

#### 4.2 Extra expenditure due to incorrect computation of rates

In December 1984, the Additional Chief Engineer, Public Health Engineering Department, Kohima placed orders on 8 local suppliers for supply of 1,18,618 metres galvanised iron pipes 50 mm to 150 mm dia. The rates approved by the Department were based on the DGSD rates for Dimapur. But due to statutory increase in price of steel and zinc with effect from 21st February 1985, the suppliers asked for enhancement of price of the GI pipes.

The Additional Chief Engineer recommended (July 1985) to Government the enhancement of the approved price by 30 *per cent* on the basis of the price of a Guwahati based manufacturer. Government approved the enhancement by 28 *per cent* for the supplies received during the period from 21st February to 30th June 1985, though there was no provision for such enhancement in the supply orders.

During audit of accounts of the Executive Engineer, PHE Store Division, Dimapur (May 1988) and the Monitoring Cell Division, Kohima (July 1989), it was noticed that the price increase in the DGSD's rate contract for this item with effect from 21st February 1985, on account of the statutory increase in the price of steel and zinc, varied between 12 to 14 (13 *per cent* on average).

Between 21st February and 30th June 1985, the two Divisions mentioned above purchased GI pipes totalling 1,18,618 metres valued at Rs.120.51 lakhs (Rs.94.15 lakhs original cost plus Rs.26.36 lakhs as enhancement). Thus, due to allowance of excess enhancement of price by 15 *per cent*, the Department incurred an extra expenditure of Rs.14.05 lakhs. The Chief Engineer (PHED) stated in August 1992 that the matter was under examination.

The matter was referred to Government in March 1989 and February 1990; reply has not been received (February 1993).

#### 4.3 Unnecessary purchase of steel tanks

The Executive Engineer, Store Division, Public Health Engineering Department (PHED), Dimapur, received in December 1986 supply of 20 pressed steel tanks of 5,000 gallons capacity valued at Rs.10.91 lakhs. This was on the basis of the supply orders issued by the Additional Chief Engineer, PHED, Kohima.

A test-check of records of the Division revealed that 36 steel tanks of the same capacity and in good condition were already in stock of the Division when the supply of 20 tanks was received. The Division could utilise only 4 of 56 tanks till March 1990. Thus, the further purchase of tanks was injudicious and resulted in blocking of Government money to the extent of Rs.10.91 lakhs. The Chief Engineer (PHED) stated (August 1992) that all the steel tanks were issued on subsequent dates.

The matter was referred to Government in March 1989. Despite issue of repeated reminders in July 1990, September 1990, December 1990 and March 1991; reply has not been received (February 1993).

## WORKS AND HOUSING DEPARTMENT

### 4.4 Extra payment to contractor due to incorrect calculation of rates

In November 1984, the Chief Engineer, Works and Housing Department, Nagaland awarded the work, "Construction of New Secretariat Complex at Kohima (Construction of R.C.C. Office accommodation)" estimated to cost Rs.35.70 lakhs to contractor 'A' at 85 *per cent* above the Nagaland PWD Schedule of Rates for building works (1979), after inviting tenders. On the recommendations of the Chief Engineer, on an application of the contractor, in September 1989 Government approved enhancement in the rates from 85 *per cent* to 150 *per cent* above the Schedule of Rates effective from commencement of the work.

A scrutiny of the 4th running account bill (paid in November 1989) of the contractor, revealed that instead of giving the approved enhanced rate of 150 *per cent* on the total value of the schedule items of work done, the Executive Engineer, New Secretariat Complex Division, Kohima, in the first instance allowed 85 *per cent* above the total value of the schedule items of work done in the bill and then added 65 *per cent* on the amount thus arrived at. This resulted in excess payment of Rs.2.85 lakhs.

The Chief Engineer (PWD) confirmed (August 1992) the excess payment pointed out by Audit; reply from Government has not been received (February 1993), though the matter was referred to it in May 1990.

### 4.5 Non-recovery of cost of materials

The work, "construction of double storied residential building" for the Geology and Mining Department at Dimapur was awarded to 5 contractors after splitting the work in 5 units in October 1984 by the Chief Engineer, PWD, Nagaland, Kohima on the basis of open tenders. The total estimated value was Rs.11.37 lakhs, plus 64 *per cent* above the 1979 Schedule of Rates for building works. In terms of the contracts all units of the work were to be completed within 36 months. But since June 1987, after doing about 30 *per cent* of the work all the contractors abandoned the work in spite of repeated request made by the Executive Engineer, PWD, Dimapur Division.

In May 1989, after issuing formal notices to the contractors, the Chief Engineer decided to get the works done through another agency at the risk and cost of the original contractors in terms of the contracts. However, as instructed by the Chief Engineer, in September 1989, only one unit of the work was taken up departmentally by the Division. No action was taken by the Department in regard to the remaining work in respect of other units as of February 1990.

It was, also noticed during audit (February - March 1990) that stock materials worth Rs.3.90 lakhs issued to the contractors and not utilised in the works, had been taken away by them from the works site. According to the contracts, for departmental stores issued in excess of the requirements and not returned, recoveries were to be made at double the issue rates. Thus, an amount of Rs.7.80 lakhs was recoverable from the contractors. But as of March 1990 no attempt had been made by the Division to recover the amounts. On the contrary, security deposit totalling Rs.2.06

lakhs was released in September 1989 and December 1989 to two of the defaulting contractors without any effort to effect the recoveries. Reasons for not recovering the cost of the materials were not on record. The Chief Engineer (PWD) stated (August 1992) that the Department had issued notices to all concerned for recovery of the cost of the materials.

The matter was referred to Government in July 1990; reply has not been received (February 1993).

#### **4.6 Extra expenditure due to higher rates**

In March 1988, the Executive Engineer, PWD, Mon Division, invited tenders for collection and supply of stone metal\*grade I (40 mm to 90 mm) and grade III (25 mm to 50 mm) in respect of the work "Special repairs to station road at Mon Headquarters at new site - metalling and black topping" in three groups. Two valid tenders were received for each group. After negotiation with the tenderers, the rates of Rs.404 (Rs.115 + Rs. 289 Carriage) and Rs.439 (Rs.150 + Rs.289 Carriage) per cu.m for grade I and grade III stone metals respectively were accepted by the Superintending Engineer in April 1988 and work orders were issued to 2 contractors in April 1988. Quantities of 551.80 cu.m of grade I and 376.28 cu.m. of grade III stone metals were supplied by the contractors at a cost of Rs.3.88 lakhs.

It was noticed in Audit that the rate approved by the Superintending Engineer, PWD, Mon for grade I was Rs.225 per cu.m. (August 1985) and for grade III it was Rs.175 per cu.m. (November 1986) including carriage and the Division had been obtaining supply of such stone metal at those rates, for other similar works even during 1989-90.

Had the Division obtained the supply of stone metals at the approved rates of the SE as done in respect of other works, the Department could have avoided an expenditure of Rs.1.98 lakhs (Rs.3.88 lakhs minus Rs.1.90 lakhs).

The Chief Engineer stated (September 1992) that the rates approved by the SE, Mon during 1985-86 did not mention any lead or specific approved stone quarries, from where stone had to be carried. Hence, the EE, Mon had to accept negotiated rates among the two valid tenders at the rate of Rs.404 for grade I and Rs.439 for grade III stone in April 1988. The reply is not tenable since it was noticed in audit that subsequently during October 1988 the Division procured stone metals grade III at the rate of Rs.175 per cu.m.(vide voucher number 26-27 of October 1988). Similarly, grade I stone metals were also procured at much lower rate of Rs.275 per cu.m. during 1990-91 (vide voucher number 238 and 153 of March 1991).

The matter was referred to Government in August 1990; reply has not been received (February 1993).

#### **4.7 Loss due to non-imposition of penalty and non-recovery of cost of materials**

In March 1983, the Chief Engineer, Public Works Department, Kohima allotted the work, "Construction of steel girder bridge over river Pagla on Champang -

Chen Road (span 37 metres)" to a contractor 'A', after inviting tenders, at an estimated cost of Rs.10.97 lakhs. The work was to be completed within 36 months. After doing some portion of the work, the contractor stopped work in August 1985 and did not resume it in spite of repeated requests made by the Department. The Chief Engineer rescinded the contract in August 1988 and also ordered that the earnest money deposited by the contractor should stand forfeited to Government.

During audit (March - April 1990) of the Aboi Public Works Division, it was seen that upto the second running account bill (paid in October 1985), a total amount of Rs.3.68 lakhs had been paid to the contractor for the value of work done according to the latest and final measurement. Out of materials worth Rs.1.71 lakhs issued to the contractor for the work, material valued at Rs.1.11 lakhs was used on the work against which Rs.0.63 lakh had been recovered.

Since the contractor removed the unutilised materials from the work site and did not return them, the cost of such materials was recoverable at double the issue rate in terms of the contract. As such, a total amount of Rs.1.68 lakhs was due from the defaulting contractor which had not been recovered (as of March 1990).

The Chief Engineer, however, stated (September 1992) that the cost of the materials could not be recovered as the contractor did not re-start the work. Earnest money of Rs.0.20 lakh had been forfeited and the contractor has been black listed.

The matter was referred to Government in May 1990; reply has not been received (February 1993).

#### **4.8 Materials not accounted for**

Against a supply order issued in March 1989 by the Superintendent Engineer, Mon Circle, the Executive Engineer paid Rs.0.83 lakh to the supplier towards the cost of 10 (ten) tarpaulins and 60 (sixty) diamond cutters. During audit (May 1990) of the Division, it was noticed from the measurement book and vouchers that the materials were to be accounted for in the site account for June 1989 of the work "Repair Roads" under Tizit Sub-division. But on scrutiny of records of the Division it was found that the materials were not accounted for in that month's site account or in any subsequent one, pertaining to that work. The Division could also not produce any other records to show that the materials had actually been received and accounted for.

The Chief Engineer stated (September 1992) that owing to misplacement of records, site account in question in respect of work 'Repair of roads under Tizit Sub-division' for the month of June 1989 could not be produced at the time of audit. However, materials had since been accounted for in the month of June 1989. The contention of the Chief Engineer is not tenable in as much as the site account of the work for the month of June 1989 was produced to audit and it was seen in audit that the said materials had not been taken into account.

The matter was referred to Government in July 1990; reply has not been received (February 1993).

#### 4.9 Extra expenditure due to award of work at higher rates

During audit (July 1989) of accounts of the Executive Engineer, Tuensang Central Public Works Division, it was noticed that the Superintending Engineer, Tuensang Circle, awarded (October 1987) the work "Improvement of town road at Tuensang" in three groups (estimated cost: Rs.3.41 lakhs) to three different contractors at the negotiated rate of 100 *per cent* above the Schedule of Rates (SOR), 1985. The Executive Engineer also awarded (October/November 1987) similar works of comparable quantities in two groups on the same road in the proximity of the works awarded by the Superintending Engineer, at the negotiated rate of 78 *per cent* above the SOR. The reason for award of the works by the Superintending Engineer at a rate higher than that allowed by the Executive Engineer was stated to be the rise in price of materials and labour. The argument is not tenable, since the works were awarded by the Superintending Engineer and the Executive Engineer at about the same time. The extra expenditure involved was Rs.0.75 lakh.

The matter was referred to Government in July 1990; reply has not been received (February 1993).

### WORKS AND HOUSING/HOME (POLICE)/PUBLIC HEALTH ENGINEERING DEPARTMENTS

#### 4.10 Non-encashment of earnest money deposits

According to the rules, any amount received on behalf of Government, should at once be brought to account in the cash book and deposited into the treasury at the earliest opportunity.

In the following cases, earnest money received in the form of deposit-at-call receipts by the Divisions mentioned against each was neither brought to account nor deposited into treasury:

	Name of Division	Period	Amount
			(Rupees in lakhs)
i)	New Secretariat Division, Kohima	January 1984 to December 1989	0.73
ii)	PWD Aboi Division	February 1985 to February 1990	0.85
iii)	Public Health Engineering Division, Mon	July 1987 to March 1990	0.62
iv)	Police Engineering Project Division, Chumukhedima	April 1972 to December 1989	8.77
Total			Rs.10.97

Due to non-accounting of the receipts, Government had been deprived of the benefit of interest from deposits totalling Rs.10.97 lakhs.

The matter was referred to Government/ Department in May to August 1990; reply has not been received (February 1993).

## **PUBLIC HEALTH ENGINEERING/POWER DEPARTMENTS**

### **4.11 Unnecessary purchases**

According to Government Financial Rules, stores should not be purchased much in advance of actual requirement. Contrary to the aforesaid provision of rules, two Divisions under PHE/Power Department made excess purchases as follows:

(a) In April 1986, the Executive Engineer Monitoring Cell Division, Public Health Engineering Department, Kohima, received supply of two 50 HP Pumpsets valued at Rs.4.11 lakhs on the basis of supply order issued (January 1986) to a firm 'A' by the Additional Chief Engineer, PHED.

During audit (July 1989) it was seen that the pump sets had been lying idle in stock since there was no water supply scheme under the Division where these pump sets could be utilised. This resulted in unnecessary purchase and blocking of Government money to the extent of Rs.4.11 lakhs.

The matter was referred to Government in February 1990. Government stated (May 1991) that one of the pump sets was procured for one scheme while the second pump set was for stock as reserve. Government reply, however, did not specify as to whether the pump sets were actually utilised and if so, when.

(b) During audit (February 1990) of the accounts of the Executive Engineer, Electrical Division, Mokokchung, it was noticed that 48 items of stores valued at Rs.12.19 lakhs purchased by the Division during the period 1981-82 to 1983-84 were found surplus and transferred between March and December 1988 to the Store Division (Electrical), Dimapur for future use, if any, by other divisions on the orders of the Chief Engineer (Power).

The matter was referred to Government in July 1990. In reply it was stated (September 1990) by Government that the materials became surplus mainly due to transfer of rural electrification works of Electrical Division, Mokokchung to Electrical Division, Zunheboto. But due to delay in transfer of the stores by the Executive Engineer, Mokokchung, the materials could not be utilised in works under Zunheboto Division and these were lying idle in the Stores Division, Dimapur since their transfer. Moreover, inventory of one of the stores viz. insulators valuing Rs.3.35 lakhs was rendered surplus due to lesser utilisation and was lying in stores as idle stock.

#### 4.12 Dikhu Hydro Electric Project

With a view to augmenting generation of power within the State, Government of Nagaland took up in 1978-79, a microhydel project named "Dikhu Hydro Project" on river Dikhu (a tributary of river Brahmaputra) in Mokokchung district with an estimated generation capacity of 1000 KW (1 MW). The project originally estimated to cost Rs.64.82 lakhs and expected to be completed in early part of 1982-83 was actually completed in October 1990. The expenditure incurred on the project upto March 1990 was Rs.483.46 lakhs.

Some of the financial irregularities in the execution of the project noticed during test check in audit are mentioned in the following paragraphs:

##### (I) Construction of Power House

(a) Tenders for the construction of the power house were invited for the third time (July 1983) by the Executive Engineer, Hydro Electric Division, Kohima. In response two tenders were received from Firms 'A' and 'B' for the total tendered value of Rs.50.20 lakhs and Rs.125.41 lakhs respectively. It was seen from the records that on two earlier occasions Firm 'A' (a registered class I contractor of Public Works Department Nagaland) was a tenderer but its offer was not considered by the Department, since it was single tenderer on first occasion and all tenderers had quoted exorbitantly high rates on the second occasions. The tender of Firm 'A' was rejected on the third occasion on the ground that it did not have adequate resources, was inexperienced in such works and the rates offered were cost loaded which might lead to increase in cost of the work by about 40 *per cent*. The work was awarded to Firm 'B' after negotiation at Rs.90.36 lakhs.

According to the provisions of the notice inviting tenders, tender paper would be issued only to the contractors who had sufficient experience and resources. Tender papers on all the three occasions were issued to Firm 'A' and therefore the consideration that the firm did not have adequate resources or was inexperienced in such work was not quite satisfactory. Inclusive of the cost load factor at 40 *per cent* as assessed by the department, the amount of its offer worked out to Rs.70.28 lakhs compared to Rs.90.36 lakhs for which the work was awarded to Firm 'B'. The rejection of offer of Firm 'A' did not, therefore, appear to be judicious.

According to the terms and conditions of the agreement entered into with Firm 'B' in November 1984, in the event of variations in quantities, the rates were to be revised as follows:

- (i) for variation exceeding (-) 10 *per cent*, the rate should be increased by 0.1 *per cent* of the accepted rate for every 1 *per cent* decrease in the quantity to be executed;
- (ii) for variations exceeding (+) 10 *per cent*, the rate would be decreased by 0.5 *per cent* of the accepted rate for every 1 *per cent* increase in the quantity to be executed.

The final payment of Firm 'B' was, however, settled in September 1987 for Rs.115.78 lakhs without taking into consideration the provisions of the above

clause. It was seen from the records made available to Audit that there were excess quantities of work in 13 items and reduction in quantities in 16 items resulting in an excess payment of Rs.62.26 lakhs and under payment of Rs.0.44 lakhs respectively. Therefore there was a net excess payment of Rs.61.82 lakhs to the contractor.

(b) The construction of the entrance to Dikhu Power House was undertaken at 491 metres flood level without considering the likely flood level which according to the scientifically computed estimates would be 497.60 metres at the power house site in the case of high flood discharge. The actual flood recorded at the site was 491.80 metres and 491.37 metres in 1971 and 1973 respectively.

During the flood in July 1989, the level of flood water went upto 492.80 metres at the power house site and submerged all the machinery installed there which had to be repaired at a cost of Rs.2.50 lakhs.

Thus due to non-consideration of likely flood levels while designing construction of power house, flood water submerged machineries resulting in avoidable expenditure of Rs.2.50 lakhs on its repair.

(2) **Construction of power channel**

The construction of power channel was completed departmentally in 1984-85 without doing any soil test. It was seen from the records made available to Audit that the channel passed through a land-slide zone and 76 metres of the said channel had collapsed during its construction and the same was got reconstructed at a cost of Rs.3.91 lakhs. Subsequently during rainy season of 1988, the bed of the channel had sunk in many places by 3 feet to 3<sup>1</sup>/<sub>2</sub> feet owing to its passing through land-slide zone. Mild steel plates costing Rs.4.12 lakhs were procured by the Division in February/ March 1989 for repairing the channel thus damaged.

The undertaking of the construction without doing soil test thus resulted in an avoidable expenditure of Rs.8.03 lakhs on repairs of the power channel.

The above irregularities in the execution of the project were referred to Government in May 1990; reply has not been received (February 1993).

## CHAPTER V

### STORES AND STOCK

#### 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 annual stock registers should be closed each year after 30th September and valuation of stores done with reasonable accuracy. The valuation should be reviewed from time to time and revised, where necessary to enable the authorities to know the profit or 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.

Information regarding closing of stock registers in respect of seventeen out of twenty seven Public Works Divisions and two out of fourteen Electrical Divisions was not available. Seven Electrical Divisions had not closed their registers for periods ranging from 1 to 7 years.

Due to delay in closing the registers, the objective of re-adjustment of prices was not achieved and the accounts of stores did not reflect a true picture of the value of stores held.

##### 5.2 Physical verification of stores

The Nagaland Public Works Department Code prescribes that the Sub-divisional officers should carry out *cent per cent* check of the stores under their charge once a year. The Divisional Officers are required to verify annually 10 *per cent* of all stores of Divisional stores within three months to the date of submission of Annual stock returns. Such verifications enable the authorities to detect shortages and discrepancies in stores. These provisions are applicable to the other Departments as well where stores are maintained such as the Public Health Engineering Divisions. It was, however, noticed in audit that:

(i) In two out of the twenty seven Public Works Divisions, information relating to physical verification was not available. In one out of remaining twenty five Divisions, stores had not been physically verified from September 1985.

(ii) In one out of the fourteen Electrical Divisions, information relating to physical verification was not available. In one out of thirteen remaining Divisions stores had not been physically verified from September 1988.

In the absence of physical verifications of stock, the possibility of loss due to pilferage of stock could not be ruled out.

### 5.3 Reserve stock limit

(i) Reserve Stock limit had been prescribed for seventeen Divisions only out of twenty-seven Public Works Divisions. Information relating to balance of stock held as on 31st March 1990 was not available in respect of any of the Divisions.

(ii) Out of fourteen Electrical Divisions, four Divisions exceeded the sanctioned limit of stock by 181 to 592 *per cent*, while three Divisions had a *minus* balance of Rs.11.06 lakhs, Rs.2.42 lakhs and Rs.9.11 lakhs as on 31st March 1990. Information regarding prescription of reserve limit of stock and/or balance of stock held, as on 31st March 1990 in respect of seven Divisions was not available.

(iii) In the Police Engineering Project Division, Chumukedima the sanctioned reserve limit of stock had been exceeded by 6043 *per cent* as on 31st March 1990, while the information regarding prescription of reserve limit of stock was not available in respect of Police Engineering Project Division, Alichen.

The Departments had not analysed the reasons for exceeding the reserve stock limits and *minus* balance in stock.

### 5.4 Tools and Plant

According to the Nagaland Public Works Department Code, the provisions of which are applicable to the Engineering Divisions under the Public Health Engineering and Power Departments as well, the Divisions should close Tools and Plant accounts on 30th September every year and arrive at the balance stock held. Physical verification of tools and plant should be conducted once a year. It was, however, observed that thirteen out of the twenty seven Public Works Divisions had not closed their accounts for periods ranging from one to five years. Information in respect of two Divisions was not available. Eight out of the fourteen Electrical Divisions had not closed their accounts for periods ranging from one to seven years and one Division had not furnished the information regarding closing of Tools and Plant registers.

Due to delay in closing the accounts and non-conducting of physical verification, shortages/ surpluses of tools and plant, if any, could not be detected and adjusted in accounts in time.

### 5.5 Non-receipt of information

Information regarding closing of stock and tools and plant registers, physical verification of stores as well as the position of closing of stock balances as on 31st March 1990 with reference to the reserve stock limit prescribed by the Government in respect of the Divisions under Public Health Engineering Department and Civil Administration Works Division was not received by Audit despite all possible efforts.

## HOME DEPARTMENT (POLICE)

### 5.6 Unnecessary purchase of stores

During audit (February 1990) of the Annual Stock Returns for the year ending September 1988 and September 1989 and Monthly Stock Accounts of the Police Engineering Project Division, Chumukedima, it was noticed that substantial quantity of stock materials viz. water pump repair kit, aluminium soap disc, extra die set, PVC lead pipes etc. worth Rs.302.66 lakhs (Rs.292.50 lakhs for Chumukedima Sub-division and Rs.10.16 lakhs for Kohima Sub-division) were purchased. The purchases were made by the Division between October 1987 and September 1989 without making proper assessment of requirement. It was also seen that sufficient quantities of such items of materials were available and lying in the stores of the Sub-divisions as detailed in *Appendix III* and these were sufficient to cater to the needs of the Division for the next few years.

Thus, further purchase of the materials worth Rs.302.66 lakhs was not necessary.

The Project Engineer, however, stated (September 1990) that the materials could not be utilised mainly due to non-acquisition and non-finalisation of site for certain constructional works viz. residential accommodation for 7th Nagaland Armed Police Battalion, Bhandari; District Executive Force, Dimapur, etc. The fact, however, remains that procurement of these materials even before land was acquired resulted in blocking of funds.

The matter was referred to Government in July 1990; reply has not been received (February 1993).

## FOOD AND CIVIL SUPPLIES DEPARTMENT

### 5.7 Shortage of rice

A Departmental Board, constituted to conduct physical verification of rice stock of various godowns under the Directorate of Food and Civil Supplies, in its physical verification on 31st January 1989, detected shortages of 29,516.30 quintals of rice (18,250.73 quintals of superfine rice and 11,265.57 quintals of common rice) held under general stock. The value of the shortage at the selling rate was Rs.79.42 lakhs (Rs.300 per quintal for superfine rice and Rs.219.00 per quintal for common rice). The Director, Food and Civil Supplies forwarded the copies of the report of the Departmental Board to the Government in March 1989 for further action. No records were produced to Audit to show how the matter was dealt with subsequently.

The matter was referred to Government in August 1990; reply has not been received (February 1993).

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 5.8 Unnecessary purchase of stores

The Executive Engineer, Public Health Engineering Division, Mon during the period from October 1985 to September 1989 procured materials including tools worth Rs.50.91 lakhs, without considering the existing stock position and requirement. The details of material available in stock at the end of September 1985, quantity of materials procured, quantity issued and balance at the end of September 1989 are shown in *Appendix IV*.

It can be seen from *Appendix IV* that the quantity of materials issued from the stock during the period from November 1985 to September 1989 could have been supplied from the stock which existed at the end of September 1985. Therefore, the purchase of materials worth Rs.50.91 lakhs proved to be unnecessary.

The CE, PHED, however, stated (August 1992) that the materials were procured in anticipation of taking up of some new schemes even though there was no immediate requirement. The matter was referred to Government in July 1990; reply has not been received (February 1993).

## WORKS AND HOUSING DEPARTMENT

### 5.9 Blocking of money on unused stores

In the Public Works Division, Dimapur, the following machines and materials were procured without proper assessment of their requirement :-

Description of machineries/ materials	Quantity	Cost at prevailing issue rate	Date of procure- ment
		(Rupees in lakhs)	
1. Vibrators	4 Nos.	0.44	August 1985
2. Tyre - 900-20	7 Nos.	0.22	July 1977
3. Porcelain Glazed tiles	720 Nos.	0.48	May 1988
4. Corrugated Tuff light sheds	184 Nos.	2.46	June 1983
5. Alluminium Strips	2,000 Nos.	1.56	December 1985
6. Diamond glass cutters	200 Nos	0.60	June 1987
7. Steel wire rope	2,200 ft.	0.48	June 1987
Total		6.24	

All the above machines and materials were lying unused since their procurement till March 1990 resulting in blocking of Government funds of Rs.6.24 lakhs.

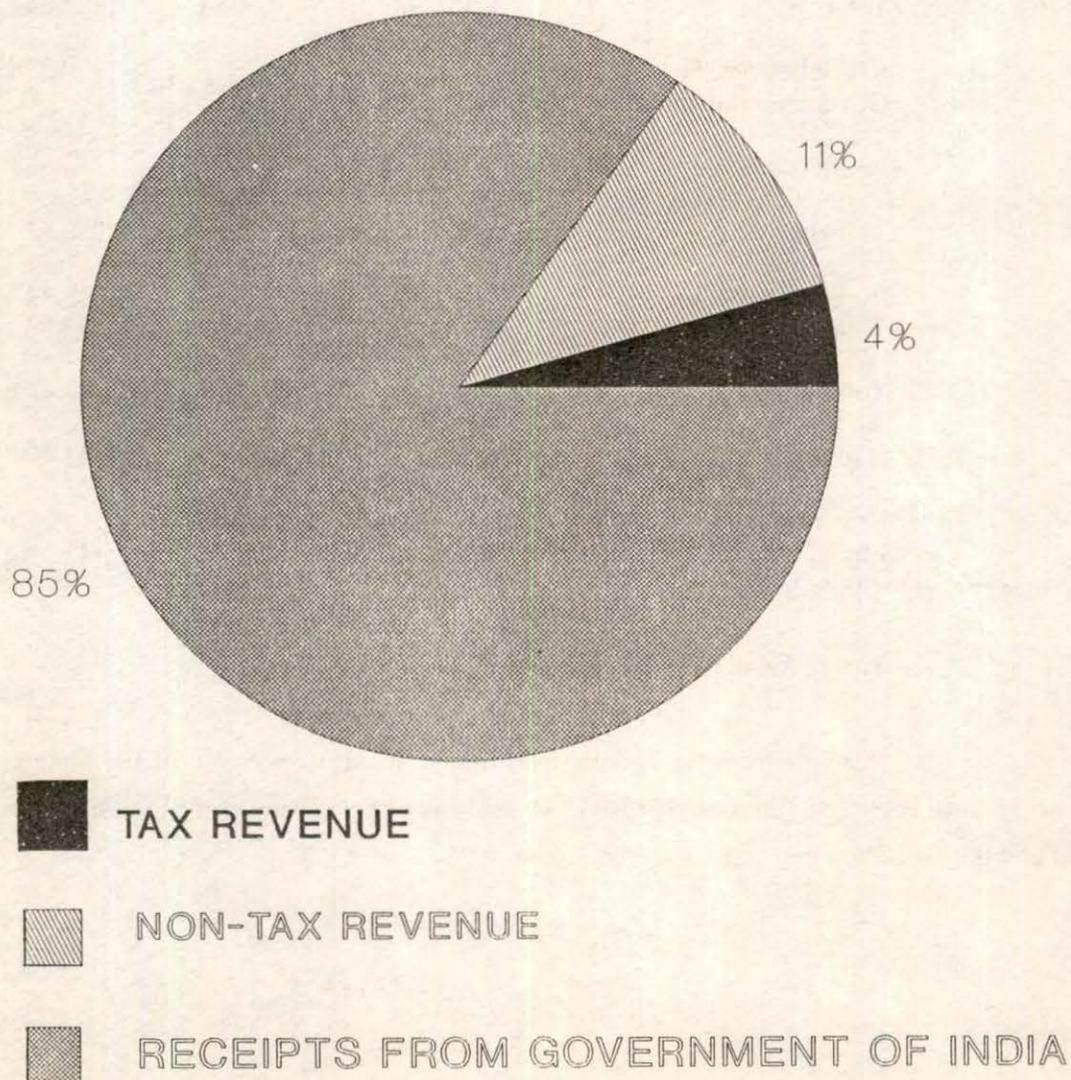
In August 1992, the CE (PWD-R&B) stated that out of 4 vibrators 3 were used against works and one was transferred to Medziphema Sub-division. All the 7 tyres had been used during the period from November 1990 to March 1991 against the vehicles of the Department. All the porcelain, glazed tiles were also issued and reflected in the account of September 1991. Out of 184 corrugated tuff light sheds, 33 had been used. As regards steel wire rope the Department stated that the material was procured for maintenance of suspension bridge over Kuki-Dolong river. Consequent upon construction of R.C.C. bridge the suspension bridge was no longer in use. Hence, there was no scope for utilisation of the steel wire rope by the Department. The matter was reported to Government in July 1990; reply has not been received (February 1993).

**CHAPTER VI**  
**REVENUE RECEIPTS**  
**SECTION A - GENERAL**

**6.1**            **Trend of revenue receipts**

The total receipts of the Government of Nagaland for the year 1989-90 were Rs.335.42 crores, as against the anticipated receipts of Rs.347.31 crores. The total receipts during the year registered a decrease of Rs.58.74 crores (15 *per cent*) over those in the year 1988-89 (Rs.394.16 crores). Out of the total receipts, Rs.49.84 crores represented revenue raised by the State Government, of which Rs.14.82 crores represented tax revenue while the balance of Rs.35.02 crores was from non-tax revenues. The receipts from Government of India amounted to Rs.285.58 crores which accounted for 85 *per cent* of the total receipts.

**REVENUE RECEIPTS DURING 1989-90**  
(Reference: Paragraph 6.1)



## 6.2 Analysis of revenue receipts

### (a) General analysis

An analysis of the receipts during the year 1989-90, alongwith the corresponding figures for the preceding two years, is given below :-

	1987-88	1988-89	1989-90
	(Rupees in lakhs)		
I. Revenue raised by the State Government			
(a) Tax revenue	1,788.11	1,708.34	1,481.86
(b) Non-tax revenue	2,533.87	2,716.49	3,501.78
Total : I	4,321.98	4,424.83	4,983.64
II. Receipts from the Government of India			
(a) State's Share of divisible Union Taxes	8,777.07	11,370.94	7,889.62
(b) Grants-in-aid	23,412.62	23,619.85	20,668.34
Total : II	32,189.69	34,990.79	28,557.96
III. Total receipts of the State (I plus II)	36,511.67	39,415.62	33,541.60
IV. Percentage of I to III	12	11	15

### (b) Tax revenue raised by the State

Receipts from tax revenue constituted about 30 per cent of the State's own revenue receipts in the year 1989-90. An analysis of tax revenue for the year 1989-90 and the preceding two years is given below :-

	1987-88	1988-89	1989-90	Percentage Increase (+) Decrease (-) in 1989-90 with refer- ence to 1988-89
(Rupees in lakhs)				
1. Other taxes on Income and Expenditure*	68.75	77.63	141.33	(+) 82
2. Land Revenue	6.89	7.98	6.72	(-) 16
3. Stamps and Re- gistration fees	6.79	10.03	10.24	(+) 2
4. State Excise	580.90	566.67	110.72	(-) 80
5. Sales Tax	1,001.58	908.88	1,022.83	(+) 13
6. Taxes on Vehicles	104.81	118.12	169.04	(+) 43
7. Taxes and Duties on Electricity	0.05	0.33	0.04	(-) 88
8. Other Taxes and Duties on Commodities and Services**	18.34	18.70	20.94	(+) 12

The reasons for variations are awaited from the Departments (February 1993).

(c) **Non-tax revenue of the State**

Non-tax revenue receipts of the State constituted 70 per cent of the revenue raised by the State during 1989-90. An analysis of non-tax revenue under the principal heads for the year 1989-90 and the preceding two years are given below :-

\* Taxes on Professions and Trades, Calling and Employment.  
\*\* Taxes on IMFL, opium, fines and confiscation, CST etc.

	1987-88	1988-89	1989-90	Percentage Increase (+) Decrease (-) in 1989-90 with reference to 1988-89
	(Rupees in lakhs)			
1. Interest	404.33	394.76	202.90	(-) 49
2. Police	11.11	34.05	22.78	(-) 33
3. Stationery and Printing	55.69	51.27	45.98	(-) 10
4. Public Works	35.97	35.07	33.73	(-) 4
5. Miscellaneous General Services	311.65	458.38	453.20	(-) 1
6. Labour and Employment	2.19	4.45	1.71	(-) 62
7. Animal Husbandry	16.84	15.73	25.99	(+) 65
8. Forestry and Wild Life	737.37	662.34	841.35	(+) 27
9. Power	506.79	585.69	546.85	(-) 7
10. Village and Small Industries	3.44	4.30	3.20	(-) 26
11. Industries	0.99	...	0.16	(+)100
12. Road Transport	241.65	279.21	244.31	(-) 12
13. Tourism	4.73	14.00	17.72	(+) 27

The reasons for variations have not been intimated by the respective Departments (February 1993).

### 6.3 Variations between Budget Estimates and actuals

The figures of Budget Estimates and Actual Receipts under the major heads of revenues for the year 1989-90 and the preceding two years are given below :-

Major head of revenue	Year	Budget Estimates	Actual receipts	Percentage of variations of actuals over Budget Estimates
		(Rupees in lakhs)		
Land revenue	1987-88	5.51	6.89	25
	1988-89	5.51	7.98	45
	1989-90	9.09	6.72	(-) 26
Stamps and Registration fees	1987-88	8.81	6.79	(-) 23
	1988-89	8.81	10.03	14
	1989-90	10.00	10.24	2
State Excise	1987-88	472.00	580.90	23
	1988-89	515.00	566.67	10
	1989-90	85.00	110.72	30
Sales Tax	1987-88	845.00	1,001.58	19
	1988-89	944.00	908.88	(-) 4
	1989-90	1,387.00	1,022.83	(-) 26
Taxes on Vehicles	1987-88	70.73	104.81	48
	1988-89	80.00	118.12	48
	1989-90	104.00	169.04	63
Other Taxes and Duties on Commodities and Services	1987-88	26.90	18.34	(-) 32
	1988-89	27.00	18.70	(-) 31
	1989-90	33.60	20.94	(-) 38
Forestry and Wild Life	1987-88	132.74	737.37	456
	1988-89	140.00	662.34	373
	1989-90	864.00	841.35	(-) 3

Targets fixed for collection of Land revenue, Sales Tax, Other Taxes and Duties on Commodities and Services as well as Forestry and Wildlife could not be achieved during 1989-90. The reasons for failure to achieve the targets have not been stated (February 1993) by the Departments concerned.

## SECTION - B

### FINANCE AND TAXATION DEPARTMENT

#### 6.4 Arrears in assessment

As at the end of March 1990, in Mokokchung, Dimapur, Tuensang, Kohima, Zunheboto and Mon 1065 cases relating to the years from 1985-86 to 1989-90 were pending assessments as detailed below :-

			Number of cases pending assessments
1.	Sales Tax	534	(190 cases pertaining to the years 1985-86 to 1988-89 and 344 cases to 1989-90).
2.	Central Sales Tax	78	(12 cases pertaining to the years 1985-86 to 1988-89 and 66 cases to 1989-90).
3.	Profession Tax	453	(155 cases pertaining to the years 1985-86 to 1988-89 and 298 cases to 1989-90).
Total :		1,065	

Number of pending cases of assessment of Sales Tax increased by 61 per cent with reference to that of the preceding year (1988-89).

### 6.5 Arrears of revenue pending collection

The table below indicates the arrears of revenue pending collection as at the end of 31st March 1990 in respect of important sources of revenue. These figures are based on information received from the State Government. Regarding discrepancy noticed during audit in regard to arrears of Sales Tax, please refer to para 6.7.5 of this Chapter.

Sl. No.	Revenue head	Amount pending collection		Percentage of increase in arrear	Remarks
		as on 31-3-89	as on 31-3-90		
		(Rupees in lakhs)			
1.	Sales Tax	423.25	463.16	9	Arrears amounting to Rs.109.93 pertains to the period upto 1985-86; Rs.238.31 lakhs to the years 1986-87 to 1988-89 and Rs.114.92 relating to 1989-90.
2.	Central Sales Tax	11.74	38.93	232	Arrears amounting to Rs.0.60 lakh pertaining to the period upto 1985-86; Rs.22.63 lakhs to the years 1986-87 to 1988-89 and Rs.15.70 lakhs to the year 1989-90.

Sl. No.	Revenue head	Amount pending collection		Percentage of increase in arrear	Remarks
		as on 31-3-89	as on 31-3-90		
(Rupees in lakhs)					
3.	Profession Tax	1.42	1.52	6	Arrears amounting to Rs.1.06 lakhs pertaining to the period upto 1988-89 and Rs.0.46 lakh to the year 1989-90.
4.	Petroleum Tax	0.46	0.53	52	Arrears relating to the year 1985-86 (Rs.0.13 lakh) and 1986-87 (Rs.0.40 lakh).
5.	Amusement Tax	0.38	5.05	1229	Rs.0.38 lakh pertains to the year 1980-81 and Rs.4.67 lakhs to the year 1989-90.
6.	Forest Royalty	...	55.39*	...	Pertain to the years 1963-64 to 1989-90.
7.	Motor Vehicle Tax	...	8.74	...	Rs.2.13 lakhs pertains to the year 1987-88; Rs.2.61 lakhs pertains to the year 1988-89 and Rs.4.00 lakhs relates to 1989-90.
Total :-		423.25	573.32		

Accumulation of arrears in collection of Central Sales Tax and Amusement Tax increased by 232 *per cent* and 1229 *per cent* respectively with reference to those of the preceding year.

#### 6.6 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in initial accounts noticed during local audit and not settled on the spot, are communicated to the

\* Yearwise details not available.

Heads of Offices and higher departmental authorities through audit inspection reports. The more important irregularities are also reported to the Heads of Departments and Government for initiating immediate corrective action.

The number of outstanding items indicating the nature of outstanding objections and details of Local Audit Reports/paras for which even first replies are pending together with money value for the period from 1979-80 to 1989-90 in respect of different Departments are shown below :-

Sl.No.	Nature of objection	No. of items	Money value (Rupees in lakhs)
(as at the end of June 1992)			
(a)	<b>Forest Department</b>		
1.	Loss of revenue	35	133.91
2.	Excess payment	3	0.66
3.	Non-realisation of revenue	28	123.86
	Total:-	66	258.49
(b)	<b>Sales Tax Department</b>		
1.	Non-realisation of revenue	5	15.78
2.	Loss of revenue	11	24.05
3.	Under-assessment of taxes	19	17.90
4.	Evasion of taxes	2	2.87
	Total:-	37	60.60
(c)	<b>Excise Department</b>		
1.	Loss of revenue	9	41.58
2.	Non-realisation of excise duty	2	1.37
3.	Shortage of Government money	2	0.20
	Total :-	13	43.15

Sl.No.	Nature of objection	No. of items	Money value (Rupees in lakhs)
(as at the end of June 1992)			
<b>(d)</b>	<b>Transport Department</b>		
1.	Loss of revenue	8	12.35
2.	Less realisation of revenue	8	2.44
3.	Non-realisation of revenue	1	0.57
	Total :-	17	15.36
<b>(e)</b>	<b>Land Record and Survey Department</b>		
1.	Loss of revenue	2	25.06
<b>(f)</b>	<b>Home Department (ADC-Land Revenue)</b>		
1.	Loss of revenue	2	28.79
2.	Non-realisation of revenue	2	2.61
	Total :-	4	31.40
	Grand Total :-	139	434.00

Details of the Inspection Reports for which even first replies were pending (February 1993) are given below:-

Sl. No.	Name of Department	Year of the IR	No. of IRs	No. of Paras	Amount involved (Rupees in lakhs)
1.	Sales Tax	1987-88	2	6	9.38
		1988-89	1	2	110.72
2.	Forest	1987-88	6	20	305.90
		1988-89	2	7	2.79
		1989-90	6	28	479.37
		Total :-	17	63	908.16

## 6.7 Arrears in collection of Sales Tax

### 6.7.1 Introduction

Under the Nagaland Sales Tax Act 1967, the registering authority is empowered to demand from any dealer who has been registered or has applied for registration, security for proper payment of the tax by him. According to Section 15 read with Rule 6(2) of the Nagaland Sales Tax Rules, 1970, as amended from time to time, every dealer is required to submit to the assessing authority quarterly returns of the turnover within 30 days after the close of the quarter duly remitting the tax due on the basis of such returns in a manner prescribed in Section 36(2) of the Act. Under Section 16(4) of the Act, where the dealer fails to submit return on or before the due date or where the returns filed appear to be incorrect or incomplete, the assessing authority shall assess the dealer to the best of his judgement and determine the tax payable by him on the basis of such assessment. For non-submission of returns in time, penalty is leviable at the discretion of the assessing authority.

During the three years ending as on 31st March 1989 the average collection of Sales Tax per year was Rs.997.61 lakhs. In 1986-87 tax amounting to Rs.819.75 lakhs was collected under the Nagaland Sales Tax Act and Central Sales Tax Act. The collection of Sales Tax increased by 34 *per cent* in 1987-88, but decreased by 2 *per cent* in 1988-89 as compared to the immediate preceding year.

### 6.7.2 Scope of Audit

The position of arrears in collection of Sales Tax in the State was reviewed in audit generally, but with particular reference to 2 (out of 8) tax circles, viz. Dimapur and Kohima, during January to March 1990 to verify the efficacy and adequacy of the action taken by the Department in the recovery of tax dues.

### 6.7.3 Organisational set up

The Taxes Department is headed by the Commissioner of Taxes. He is assisted by the Deputy Commissioner of Taxes, Assistant Commissioner of Taxes, Superintendent of Taxes and Inspector of Taxes. Superintendents of Taxes are generally responsible for assessment and collection of revenue under Taxation Act. Section 39(3) of the Nagaland Sales Tax Act, 1967 provides that where a dealer is in default, the Commissioner may order that the amount due shall be recoverable as a public demand under the Bengal Public Demands Recovery Act, 1913 and may proceed to realise the amount due as such.

### 6.7.4 Highlights

- Revenue amounting to Rs.630.98 lakhs (Rs.605.55 lakhs under State Act and Rs.25.43 lakhs under Central Act) was pending collection as on 31st March, 1989 from defaulting assesseees as against Rs.432.28 lakhs reported by State Government. In Dimapur and Kohima tax circles, arrears amounting to Rs.198.70 lakhs had been under reported.

- Due to grant of Registration certificates without proper verification, Sales Tax arrears amounting to Rs.25.36 lakhs could not be recovered from the defaulting dealers.
- Cases involving Sales Tax arrears of Rs.453.70 lakhs from 1979-80 were not referred to 'Certificate Officer' for initiating certificate proceedings.
- Delay in completion of assessments by the assessing authorities led to non-realisation of tax amounting to Rs.2.39 lakhs due to closure of business by two assessees.
- Non-observance of provisions regarding demand of security from the dealers at the time of registration resulted in non-realisation of tax amounting to Rs.51.12 lakhs.
- Due to omission to take effective action for realisation of dues, tax arrears amounting to Rs.76.94 lakhs had accumulated.

Some of the important points are discussed in the succeeding paragraphs.

#### 6.7.5 Arrears kept out of account

During a test check in audit (January-March 1990) in the two tax circles viz. Dimapur and Kohima and according to the information collected from the office of the 'Certificate Officer' (Deputy Commissioner of Taxes), it was noticed that the arrears of Sales Tax actually worked out to Rs.630.98 lakhs against the figures of Rs.432.28 lakhs reported in January 1990 by the Department. The difference in the figures of the tax arrears amounting to Rs.198.70 lakhs was on account of the following discrepancies in the accounts maintained by the Department as detailed below :-

Year	Circle	Amount reported by Department	Amount noticed in Audit	Difference
(Rupees in lakhs)				
<b>A. Dimapur</b>				
<b>(a) State Sales Tax</b>				
1979-80 to 1981-82		Nil	3.47	3.47
1982-83		2.44	14.38	11.94
1983-84		9.19	27.47	18.28
1984-85		34.66	37.62	2.96
1985-86		46.78	49.12	2.34
1986-87		62.34	82.68	20.34
1987-88		86.53	103.50	16.97
1988-89		98.80	99.86	1.06

Year	Circle	Amount reported by Department	Amount noticed in Audit	Difference
(Rupees in lakhs)				
<b>(b) Central Sales Tax</b>				
1985-86 to 1988-89		8.70	25.43	16.73
	Total:-	349.44	443.53	94.09
<b>B. Kohima</b>				
1980-83		Nil	34.59	34.59
1983-84		1.69	1.69	Nil
1984-85		2.91	2.91	Nil
1985-86		NIL	15.06	15.06
1986-87		9.34	9.34	NIL
1987-88		13.11	13.11	NIL
1988-89		32.34	32.34	NIL
	Total :-	59.39	109.04	49.65
<b>(c)* Certificate Officer, Dimapur</b>				
1981-82 to 1988-89		23.45	78.41	54.96
	Grand Total (A+B+C) :-	432.28	630.98	198.70

(i) According to the report received from the Commissioner of Taxes, the arrears of tax, including arrears of Central Sales Tax in Dimapur Circle for the period from 1982-83 to 1988-89 were Rs.349.44 lakhs. From the records of the Superintendent of Taxes, Dimapur it was noticed in audit that the above arrears did not take into account the arrears due from 1979-80 to 1988-89 amounting to Rs.94.09 lakhs which were kept out of accounts and not reflected as such in the report sent (July 1989) to the Commissioner.

(ii) Similarly, in Kohima Circle, the figures reported as arrears of Sales Tax, by the Commissioner pertaining to the period from 1983-84 to 1988-89, were Rs.59.39 lakhs whereas arrears as per Demand and Collection Register (DCR) of the Superintendent of Taxes, Kohima worked out to Rs.109.04 lakhs resulting in short projection of arrears to the extent of Rs.49.65 lakhs.

It is to be mentioned that the arrears in respect of Dimapur Circle for the period prior to April 1982 were shown as nil in the report sent to the Commissioner

\* Yearwise details not available.

by scoring off an amount of Rs.3.47 lakhs pertaining to the period from 1979-80 to 1981-82, in respect of 20 dealers in the DCR, without assigning any reason, which was irregular.

Similarly, in Kohima Circle, it was noticed in audit that accumulated arrears of Rs.34.59 lakhs in respect of 11 dealers pertaining to the period prior to April 1983 were not reflected in the arrear position, and were deleted from DCR. The reason for such deletion was not available on record.

(iii) Further, the figure reported to Audit under 'certificate proceedings' was Rs.23.45 lakhs whereas according to the information collected from the 'Certificate Officer', the actual amount pending collection, as on 31st March 1990 under 'certificate proceedings' was Rs.78.41 lakhs. The difference of Rs.54.96 lakhs was not reflected in the arrears reported.

Since test-check was confined to 2 out of 8 circles only, the correctness of the figures relating to the remaining circles could not be confirmed. Based on the limited check conducted in audit, it would appear that the total arrears in Sales Tax in the state would amount to at least Rs.630.98 lakhs against the projected figure of Rs.432.28 lakhs by the Department.

(iv) **Action taken for recovery of arrears**

As verified by Audit, the arrears were in the following stages of action.

1.	Recoveries under 'certificate proceedings'	Rs. 78.41 lakhs
2.	Recoveries under pursuance by Superintendent of Taxes	Rs.552.57 lakhs
<hr/>		
	Total :	Rs.630.98 lakhs

No amount was under stay by judicial and appellate authorities and hence, the entire arrears were susceptible to recovery by earnest and diligent action by the departmental authorities.

**6.7.6 Certificate proceedings**

As per the information collected from the 'Certificate Officer' of the Department, out of 237 cases referred to him from 1981-82 to 1989-90 involving arrears of Sales Tax amounting to Rs.87.52 lakhs, recoveries were effected in 67 cases amounting to Rs.9.11 lakhs. The percentage of recovery to certified amount worked out to 10.41 only.

**6.7.7 Non-verification of the details of dealers before granting registration**

Under the Nagaland Sales Tax Act, every dealer liable to pay tax should apply to the respective Superintendent of Taxes in the prescribed form for registration as dealer. The Superintendent of Taxes in turn will register the applicant and issue registration certificate after verification. But it was noticed in audit that the prescribed procedures for granting registration certificate were not followed by the

registering authority which resulted in granting of registration in a number of cases to fictitious dealers. For instance, out of 23 registration cases test-checked in Audit it was seen that in 16 cases registration certificates were issued to the dealers on the same day of application. This implied that proper verification, including in the field, was not being conducted in such cases. In seven other cases it was noticed that registration was granted to the dealers without recording vital information such as permanent address, financial position, Income Tax registration number, Bank account number, etc.

Granting of registration without proper verification led to 'certificate proceedings' getting held up as in following cases.

(a) The 'Certificate Officer' reported during audit that in 20 cases involving tax liability of Rs.1.03 lakhs, 'certificate proceedings' could not be taken up due to granting of registration to fictitious dealers.

(b) Notice under Section 7 of the Bengal Public Demand Recovery Act, 1913 could not be served to a dealer who was in default in payment of taxes amounting to Rs.18.09 lakhs for the period from 1983-84 to 1985-86 as his whereabouts could not be traced. In addition, the 'Certificate Officer' reported (February 1990) that in respect of 47 other dealers arrears amounting to Rs.5.15 lakhs could not be recovered as their whereabouts were not known.

(c) In another case, a retail liquor dealer who was in default in payment of taxes and penalties to the extent of Rs.1.09 lakhs for the year 1981-82, was not traceable for serving of notice as the shop was found closed in 1984 and the permanent address of the dealer was not available on record.

#### 6.7.8 Delay in referring cases of default to 'Certificate Officer'

Instances of delay in forwarding of cases to the 'Certificate Officer' are given below :-

(a) It was noticed that in Dimapur Circle not even a single case was referred to the 'Certificate Officer' during the four years ending 31st March 1989 although the extent of arrears was Rs.443.53 lakhs from 1979-80 onwards.

(b) In Kohima Circle, arrears amounting to Rs.18.77 lakhs pertaining to assessment years from 1978-79 to 1984-85 were sent to the 'Certificate Officer' only in January 1989.

#### 6.7.9 Delay in completion of assessments leading to arrears

A few instances where delay in assessment led to accumulation of arrears of tax, are given below :-

(i) In Dimapur, the assessment of a dealer for the years 1984-85 to 1986-87 were finalised exparte in August 1988 levying tax (including penalty) of Rs.69,793. While serving the demand notice, it was noticed that the dealer had closed down his business in mid 1985 and left the State. The recovery of arrears of tax of Rs.54,284 and penalty of Rs.15,509 has still not been made (March 1990).

(ii) In another case in Dimapur, a liquor trader did not submit any returns from 1984. The assessment of the dealer for the year 1984-85 (November 1984 to March 1985) was completed *ex-parte* in October 1988 after three and half years. Meanwhile, the dealer closed down the business as the licence for the retail vending of liquor expired on 31st March 1985. The recovery of Rs.1.69 lakhs was still pending (March 1990)

(iii) The Chief Conservator of Forests, Nagaland was assessed on the basis of returns submitted for the period from 1970-71 to 1976-77 for Rs.6.62 lakhs. The assessments were completed during December 1980 and demand notices issued in January 1981. The assessed tax was yet to be realised (March 1990).

#### 6.7.10 Deduction at source

As per sub-rule 2 (a) of Rule 13 *ibid* the Government Departments, while making payments for goods/materials purchased from dealers, should deduct Sales Tax payable from the bills and deposit the same into the treasury. Two copies of treasury challans in support of payment of tax is required to be forwarded to the respective dealers to enable them to submit the same to the tax authorities alongwith their tax returns. Section 129(2) of the Act also provides that the Commissioner may authorise any officer upto the level of Inspector of Taxes, to assist him in investigating any case or points in a case at any stage, in order to prevent evasion of tax.

Contrary to these provisions, the assessments were being made by the Department on the basis of statements furnished by the dealers, without verifying documentary evidence regarding deduction of tax at source viz. Treasury challans, supply orders etc. In none of the 5 cases test checked by Audit, there was any evidence of the assessing authorities having utilised the services of the field staff to verify from the concerned officers, the veracity of the statements of the dealers. Failure to conduct such verification on the part of the Department led to loss/evasion of tax of Rs.6.04 lakhs in 5 cases test-checked.

#### 6.7.11 Non-obtaining of securities

As per provision of Section 12(4) of Nagaland Sales Tax Act 1967, the tax authorities are authorised to demand security from any dealer either at the time of registration or during the continuation of registration for proper payment of tax.

(i) A dealer in spare parts of automobiles in Kohima Circle was registered without payment of any security, although it was found during verification at the time of registration, that he had no permanent residence or assets in Nagaland. The dealer left the State without making payment of Rs.1.80 lakhs as tax dues for the assessment year 1975-76 to 1981-82.

(ii) In the cases of registration granted in Dimapur and Kohima circle test-checked by Audit, there were no instances where such deposits were insisted upon.

(iii) The licence for liquor trade are issued by the Excise Department through auction for each year. The licence holders get themselves registered under Sales Tax Act on the basis of the said licence and remain in business during the year

and close down their business if no fresh licences are received. While granting Sales Tax registration even to such dealers who have short-term licences for conducting the business no securities were demanded or obtained. In order to check evasion of tax in liquor trade the Commissioner of Taxes, Nagaland specifically instructed (September 1988) all Superintendents of Taxes to complete the assessment of wine dealers on quarterly basis as the licences for wine dealers are issued by the Excise Department for a single year and the current licence holders are not necessarily granted licences for the subsequent year.

(iv) In Dimapur Circle tax dues amounting to Rs.43.03 lakhs were in arrears from 17 liquor dealers from 1983-84 onwards; but all of them had closed down their business on expiry of the respective licences.

(v) In Kohima Circle, an amount of Rs.6.29 lakhs remained outstanding from 5 liquor traders since 1978-79 to July 1990.

No action was taken by the Department for realisation of the dues.

#### 6.7.12 Ineffective action for recovery of arrears

It was seen that substantial tax arrears had accumulated due to omission to take effective action for realisation of the dues. On a test check of 72 assessment cases finalised between 1982-83 to 1985-86 it was noticed that after raising demands on account of either tax and penalty or any other dues, the Department did not take any follow-up action to recover these dues for several years and as a result arrears of Rs.76.94 lakhs had accumulated in 6 cases alone at the end of March 1990. Even in remand cases revision orders and notices issued by the Tax Recovery Officer remained unattended to.

The cases of such ineffective action noticed by Audit are mentioned below :-

(i) A Nagaland Government Undertaking engaged in supplying of cogging sleepers and other mining timbers to a Central Public Undertaking and its subsidiaries was summarily assessed for the period ending December 1984 in February 1985 and demand notice for Rs.16.73 lakhs was issued in February 1985 under Central Sales Tax Act. No action was taken to realise the demand (March 1990).

(ii) A dealer in radio, T.V. and sound equipments in Dimapur Circle, having Sales Tax arrears amounting to Rs.3.08 lakhs for the assessment years from 1982-83 to 1985-86 under the State Act and Rs.21,000 under the Central Act for the assessment year from 1982-83 to 1985-86 did not clear the dues. No action was taken by the assessing authority to realise the amount or to impose penalty. While making *suo moto* revision for the years ending 1986-87, 1987-88 and 1988-89 for which Rs.3.90 lakhs were in arrears, the Revisional Authority directed the Superintendent of Taxes in April 1989 to initiate penal action to realise the entire arrears. The Superintendent of Taxes, however, served notice under Section 39(2) for imposition of penalty and asked the dealer to ensure appearance on 30th August 1990. Further progress has not been known (June 1992).

(iii) Tax demands amounting to Rs.10.17 lakhs were due from a dealer in medicines for the assessment years 1983-84 to 1985-86. Except sending demand notices after each assessment, no further action was taken to realise the amount. While making *suo moto* revision on the aforesaid assessment, the Deputy Commissioner of Taxes in his order (October 1986) directed that penal proceedings under Section 39(2) be initiated immediately against the dealer and if he still remained in default, the case was to be transferred to the "Certificate Officer". No action has, however, been taken by the Superintendent of Taxes (July 1990) though four and half years had elapsed.

(iv) A dealer dealing in MS rods, pipe fittings and hardware in Dimapur Circle, did not clear the tax arrears for assessment years from 1984-85 to 1987-88 amounting to Rs.20.49 lakhs. No efforts were made by the Department to realise the tax except for sending notices at irregular intervals. The said dealer was again assessed for the period ending 31st March 1989 for Rs.2.44 lakhs. It was subsequently found on verification that the dealer had closed down his business from December 1989.

The entire amount of tax had not been recovered (August 1990).

(v) A dealer dealing in Indian Made Foreign Liquor (IMFL) in Dimapur, was assessed for the period 1982-83 for Rs.1.83 lakhs. The assessee filed an appeal to the appellate authority. After hearing, the appellate authority remanded the case in November 1985 for re-examination of records and thereafter, for re-assessment, if necessary. It was, however, noticed that no action was taken by the assessing officer on the remand order (July 1990).

(vi) Tax demands amounting to Rs. 18.09 lakhs were due from a dealer of Dimapur for the assessment year 1983-84 to 1985-86. The case was referred to the "Certificate Officer" for recovery who in turn issued notice under Section 7 of Bengal Public Demand Recovery Act, 1913 on 20th March 1989 with direction to the concerned Superintendent of Taxes to serve notice to the dealer. Though a period of one year had elapsed, the notice was yet to be served (January 1991).

In the above cases, had the prescribed procedures for realisation of dues been followed by the Department, the bulk of the arrears could have been realised either at the initial stage or through 'certificate proceedings'.

### 6.7.13 Maintenance of records

The defects/irregularities noticed in maintenance of records and registers are enumerated below.

#### (a) Demand/Assessment Register

The register was not being maintained in the prescribed manner. Demand notices issued were found not recorded in the register and the columns of the registers were not filled in properly. The entries of tax realised were not authenticated by an officer authorised to do so.

(b) **Register of Arrears of Sales Tax**

No register for arrears of Sales Tax was being maintained and as such, the actual arrears at a given time could not be worked out. The basis on which the arrears were being reported to Audit as well as to the higher authorities was not available and non-existence of the register resulted in discrepancies in reporting of arrears as brought out in para 6.7.5.

(c) The cases referred to the 'Certificate Officer' were not recorded in any register and hence, the progress of recovery could not be maintained by the Department regularly.

The above findings were reported to Government in May 1990, followed up by latest reminder in January 1991; reply had not been received (February 1993).

6.8 **Loss of revenue due to concealment of turnover**

According to provisions of the Nagaland Sales Tax Act, 1967, no dealer liable to pay tax, shall carry on business unless he has been registered with the Sales Tax Authority and submits periodical returns showing his total taxable turnover. Further, if a dealer conceals the particulars of his turnover or deliberately furnishes inaccurate particulars of his turnover or evades, in any way, the liability to pay tax, the Commissioner may direct that such dealer shall pay, by way of penalty, in addition to the tax payable by him, a sum not exceeding one and a half time the amount of tax evaded.

A dealer of Kohima, engaged in the business of Indian Made Foreign Liquor was assessed to tax for the year 1988-89 on the basis of turnover declared by him. During audit (February 1990) it was noticed that the dealer, while submitting the return, did not disclose both the opening and the closing stock balances in his return. On scrutiny of the assessment records of the earlier year it was observed that there was a closing stock worth Rs.1.96 lakhs as on 31 March 1988 which was not taken into account by the assessing authority. Thus, the dealer had suppressed taxable turnover of Rs.1.96 lakhs (without considering the element of profit). Failure on the part of the assessing authority to take it into account resulted in escapement of taxable turnover with consequent loss of tax amounting to Rs.39,188 computed at the rate of 20 *per cent.* Penalty of Rs.59,782 payable by assessee was also not levied (August 1992).

The matter was referred to Government in July 1990. Despite reminders issued in October 1990 and January 1991, their reply had not been received (February 1993).

## AGRICULTURE DEPARTMENT

### 6.9 Non-levy of Sales Tax on cement

According to provision of the Nagaland Sales Tax Act 1967, every dealer including any Department of Government whose gross turnover from sales which have taken place wholly in Nagaland or both in and outside Nagaland during the twelve months immediately preceding the date of such commencement exceeded Rs.12,000 shall be liable to pay tax on sales under the Act.

In the office of the Director, Agriculture Department, Kohima it was noticed (June 1989) that out of the cement procured against the allotment made by Government of India for minor irrigation schemes in Nagaland, the Department sold 6,31,891 bags of cement to private individuals/institutions for a total amount of Rs.488.23 lakhs during the period from April 1985 to January 1989 without realising Sales Tax at the rate of 7 *per cent* from the purchasers. This resulted in a loss of revenue to the extent of Rs.34.18 lakhs.

The matter was referred to Government in July 1990. Despite reminders issued upto January 1991, their reply had not been received (February 1993).

## FOREST DEPARTMENT

### 6.10 Non-realisation of arrear of exit duty

Government of Nagaland (Forest Department) introduced (with effect from October 1985) levy of exit duty (surcharge) on veneer transported out of Nagaland at the rate of 20 paise per square metre and the mills are required to deposit the amount of exit duty in advance i.e. before actual despatch from the mills. The Government also directed the Forest Department to collect exit duty for the period from 1st October 1985 to 31st May 1986 in reasonable instalments.

(a) On a scrutiny of the records of the Divisional Forest Officer, Mon, it was noticed (March 1989) that arrears of exit duty to the tune of Rs.6.27 lakhs pertaining to the period from 1st October 1985 to 31st May 1986 had not been recovered from 7 mills (March 1989).

The matter was referred to Government in January 1990, followed up by reminder in January 1991, their reply had not been received (August 1992).

(b) In the Forest Division Wokha, it was observed (June 1990) that 2 mills had exported 22.79 lakhs square metre of veneer during the period from 1988-89 to 1989-90 on which exit duty of Rs.3.23 lakhs only was paid instead of Rs.3.50 lakhs. This resulted in short realisation of exit duty amounting to Rs.27,000. No demands had also been raised for the balance amount against the mills till the completion of audit (June 1990).

The matter was referred to Government in July 1990. Despite reminders issued in January 1991, their reply had not been received (February 1993).

#### 6.11 Loss of revenue due to incorrect determination of working capacity

With a view to enforce effective checks in the leakage of forest revenue, Government of Nagaland (Forest Department) introduced from 1st October 1985 a revised system for collection of forest royalty from the saw mills on the basis of annual working capacity of each mill.

Mention was made in paras 6.9(c) and (b) of CAG's Audit Report for 1987-88 (Government of Nagaland) regarding loss of revenue arising from introduction of the above procedure for collections of royalty. A few other similar losses noticed in audit subsequently are given below :-

(a) In the case of mills located at Jalukie the working capacity was fixed at 990 cu.m. for 1987-88 (October 1987 to September 1988). In the Forest Division, Peren, Jalukie it was seen from the consumption report that the mill had consumed 1,972.321 cu.m. timber during 1987-88 which was 982.321 cu.m. in excess of the capacity fixed for the year for calculation of royalty payable by the mill. Thus, fixing of reduced working capacity of the mill resulted in net loss of revenue amounting to Rs.1.66 lakhs.

The matter was referred to Government in February 1990. Despite reminder issued in January 1991, their reply had not been received (February 1993).

(b) Similarly, in the Forest Division, Wokha it was seen from the consumption report of the 7 mills that the mills had consumed 21,089.73 cu.m. timber during the years 1985-86 to 1989-90 which was in excess of the capacity by 11,629.73 cu.m. fixed for the years for calculation of royalty payable by the mills. Thus, fixing of reduced working capacity of the mills resulting in a net loss of revenue amounting to Rs.19.62 lakhs.

The matter was referred to Government in July 1990. Despite reminder issued in January 1991, their reply had not been received (February 1993).

(c) Under the Divisional Forest Officer (DFO), Mon, for determining the annual working capacity of 6 (six) mills located in Tiru (three mills), Naginimora (two mills) and Tizit (one mill) the consumption of timber by the mills at Naginimora and Tizit areas was assumed as 80 per cent of 'B' class timber and 20 per cent for 'C' class timber, for Tiru area 85 per cent of 'B' class and 15 per cent of 'C' class timber. Forest royalty payable was Rs.120 per cu.m. for 'B' class timber, and Rs.60 per cu.m. for 'C' class timber and 100 per cent of royalty as surcharge and 7 per cent Nagaland Sales Tax on royalty.

A test-check of the records of DFO, Mon revealed that in six mills 14,847.703 cu.m. of timber were consumed against the total working capacity of 11,920 cu.m. during the year 1987-88 resulting in loss of revenue of Rs.6.63 lakhs for excess consumption of 2,927.703 cu.m. of timber.

The matter was referred to Government in January 1990. Despite reminder issued in January 1991, their reply had not been received (February 1993).

#### 6.12 Non-realisation of forest royalty, Sales Tax and surcharge

According to instructions (February 1988) of the Chief Conservator of Forests, Nagaland, timber found surplus over requirement within the jurisdiction of a Divisional Forest Officer (DFO) may be allowed for transportation to other mills within Nagaland, on payment of usual forest royalty, surcharge and Sales Tax.

Since there was no veneer and saw mills under the jurisdiction of DFO, Tuensang, surplus timber available in the district was required to be transported to other places on realisation of usual forest royalty, Sales Tax and surcharge.

In the above Forest Division, it was noticed (February 1989) that 1,200.987 cu.m of various classes of timber was transported to different mills located at Naginimora under the jurisdiction of DFO, Mon, during February and March 1988 against the challans issued by the DFO Tuensang. However, forest royalty, surcharge and Sales Tax in respect of the above was neither realised by DFO, Tuensang nor by DFO, Mon. This resulted in loss of revenue to the Government to the tune of Rs.3.07 lakhs.

The matter was referred to Government in June 1989. Despite reminder issued in January 1991, their reply had not been received (February 1993).

#### 6.13 Loss of revenue owing to closure of mills

Under the revised procedure introduced by the Government (Forest Department) from 1st October 1985, forest royalty was payable by saw/veneer mills on the basis of their annual (October to September) working capacities, fixed by the Government, in 4 instalments, i.e. in December, January, February and on 15th March of each year. It was noticed in audit that in the Forest Division, Wokha, forest royalty amounting to Rs.2.36 lakhs was not paid by two mills at Baghty.

In the case of one mill, out of Rs.1.92 lakhs payable, Rs.73,778 related to 1987-88 and Rs. 1.18 lakhs to 1988-89 which were payable on 15th March 1988 and 15th March 1989 respectively. In the case of the other mill, Rs.44,539 relating to the year 1985-86 was payable in February 1986. But, despite failure of the mills to clear the dues, they were allowed to extract timber upto September 1989 after which period the mills were closed down.

Thus, failure of the Department to take timely action to realise the forest royalty from the defaulting mills resulted in loss of revenue amounting to Rs.2.36 lakhs.

The matter was referred to Government in July 1990. Despite reminders issued in January 1991, their reply had not been received (February 1993).

#### 6.14 Undue financial benefit to timber mills due to defective order

The forest royalties fixed for each timber year (October to September) from the saw/veneer/plywood mills was payable in 4 instalments, that is 20 per cent in

December; 30 *per cent* in January; 30 *per cent* in February and 20 *per cent* by 15th March.

In the Forest Division, Wokha it was noticed (June 1990) that an amount of Rs.9.51 lakhs recoverable towards royalty remained unrealised from the mills for periods extending to 51 months.

The Government's order dated 1st October 1985 introducing the revised procedure for collection of royalties did not provide for charging of any interest for delay in payment of instalment. Absence of provision for recovery of interest from the defaulters, resulted in loss of revenue of Rs.57,948 from 6 mills for the period of delay in repayment, i.e. 1987-88, and 1988-89, computed at the rate at which the state Government borrows money from the Central Government, namely 8 *per cent* per annum (with additional interest of  $2\frac{1}{2}$  *per cent* for delay in repayment of the loan).

The matter was referred to Government in July 1990. Despite reminder issued in January 1991, their reply had not been received (February 1993).

## HOME DEPARTMENT

### 6.15 Loss of revenue due to short accountal and short collection of house tax

The Government prescribed (20th September 1979) uniform rate of house tax at the rate of Rs.5 per house per annum. The Gaon Burahs (Village Headman) are required to collect the house tax and deposit the same with the Deputy Commissioner for crediting the entire amount to Government account. For collection of house tax the Gaon Burahs are paid commission at the rate of 25 *per cent* of the tax collected, which are paid seperately and are not to be deducted from the receipts.

During audit (March-April 1990) of the accounts of the Deputy Commissioner, Wokha it was noticed that against the collection of Rs.90,945 as house tax in 1988-89 and 1989-90, the Department had deposited Rs.68,190 only into Government account leaving a balance amount of Rs.22,755 which was not credited to Government. However, the commission payable to Gaon Burahs was drawn and disbursed to them seperately.

It was further noticed that instead of levying house tax on 20,438 houses during 1988-89 and 1989-90, tax was levied and collected from 18,189 houses only thereby resulting in non-recovery of tax amounting to Rs.11,245 from 2,249 houses.

Thus, the total loss of revenue to the Government amounted to Rs.34,000.

On being pointed out by Audit the entire amount of Rs.34,000 was deposited into treasury by the Deputy Commissioner, Wokha in May 1991.

The matter was referred to Government in July 1990. Despite reminder issued in January 1991, reply had not been received (February 1993).

## POWER DEPARTMENT

### 6.16 Loss of revenue due to non-billing

The Government increased (May 1988) the rate of energy charges with effect from 1st April 1988 from Re.0.70 to Rs.1.00 and from Re.0.65 to Rs.1.00 for domestic and other types of consumers respectively.

In the Longnak Sub-division (Electrical) under the Executive Engineer (Electrical), Mokokchung it was noticed (February 1990) in audit that demands for arrears (April and May 1988) at the enhanced rate effective from 1st April 1988 were not raised on the respective consumers by the Department. The total units of energy consumed by the domestic and other types of consumers during the above two months were 60,547 and 41,506 units respectively. This resulted in loss of revenue amounting to Rs.32,691.

The matter was referred to Government in July 1990 and in reply (October 1990) the Government admitted the facts and stated that bills at enhanced rate were preferred subsequently, the realisation of which was under process.

## CHAPTER VII

### FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

#### 7.1 Extent of assistance to autonomous bodies and utilisation of grants

During 1989-90, Rs.1156.32 lakhs (3 per cent of the total revenue expenditure of the Government) were paid as grants to the autonomous bodies of the State as indicated below :-

		Amount (Rupees in lakhs)
(i)	Village Development Board	667.28
(ii)	Development Authority	60.40
(iii)	Non-Government Educational Institutions	30.33
(iv)	Town Committees	6.02
(v)	Co-operative Societies	36.97
(vi)	Industrial Institutions/ Organisations	214.07
(vii)	Other Institutions	141.25
		1156.32

The financial rules of Government require that certificate of proper utilisation of grants paid should be obtained by the sanctioning authorities verified and accepted and forwarded to the Accountant General not later than 18 months from the date of sanction of the grants. At the end of June 1992 utilisation certificates from some major departments for Rs.1,463.90 lakhs had not been received in respect of grants paid upto March 1990 as detailed below :

Sl. No.	Name of the Department	Period	Utilisation Certificate			
			Number	Amount	Number	Amount
(Amount in lakhs of rupees)						
i)	Director of Industries	1986-87 to 1988-89	11	648.27	11	648.27
ii)	Director of School Education	1982-83 to 1987-88	1118	129.02	136	58.81
iii)	Director of Rural Development	1980-81 to 1987-88	7242	1608.70	1573	453.90
iv)	Registrar of Co-operative Societies	1967-68 to 1989-90	237	302.92	237	302.92

From the above, it would be seen that the monitoring of receipts of utilisation certificates was inadequate.

## 7.2 Audit arrangements

7.2.1 The Registrar of Co-operative Societies is the auditor for Co-operative Societies. The relevant Act provides that the Registrar of Co-operative Societies shall audit or cause to be audited by some person authorised by him the accounts of every registered society at least once every year.

During 1985-86 to 1988-89, 67 to 80 *per cent* of the co-operative societies were not audited each year.

Account Year	Audit Year	Number of Co-operative societies to be audited	Number of Co-operative societies audited	Co-operative Societies remained to be audited	
				Number	Percentage
1985-86	1986-87	708	140	568	80
1986-87	1987-88	792	216	576	73
1987-88	1988-89	665	164	501	75
1988-89	1989-90	720	235	485	67

7.2.2(a) Under Section 14(i) 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 lakhs 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 three authorities/bodies have received large amounts of grants/loans from Government of India/State Government during 1988-89 and 1989-90.

Sl. No.	Name of body/ authority	Source of fund	Amount of grant/loans	
			1988-89	1989-90
1	2	3	4	5
(Rupees in crores)				
i)	State Rural Development Agency, Kohima	Government of Nagaland and Government of India	0.39	10.34
ii)	State Social Welfare Advisory Board, Kohima	Central Social Welfare Advisory Board	0.36	0.34
iii)	Development Authority Nagaland, Dimapur	State Government	1.24	0.60

The accounts of State Social Welfare Advisory Board, Kohima and the Development Authority, Nagaland, Dimapur were in arrears from 1973-74 and 1978-79 respectively. The State Rural Development Agency, Kohima had compiled its accounts upto 1989-90.

(b) Khadi and Village Industries Board, Kohima is a Corporation formed under an Act passed by the State Legislature. During 1988-89 and 1989-90 the Board had received Rs.0.34 crore and Rs. 0.49 crore as loans/grants from the Khadi and Village Industries Commission and the Government of Nagaland. The Board had not compiled its accounts since inception in 1978.

## CHAPTER VIII

### GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

#### 8.1 General

This chapter deals with the results of audit of Government companies and departmentally managed Government commercial and quasi-commercial undertakings. Paragraph 8.2 gives a general view of Government companies and paragraph 8.3 deals with general aspects relating to departmentally managed Government commercial and quasi-commercial undertakings. Paragraphs 8.4 to 8.6 bring out irregularities relating to Government companies.

#### 8.2 General view of Government companies

8.2.1 There were six Government companies in the State as on 31st March 1990; the position being the same as on 31st March 1989.

8.2.2 *Appendix V* gives the particulars of paid-up capital, outstanding loans, amount of guarantees given by Government and amount outstanding thereagainst and up-to-date working results, etc. in respect of all Government companies. The position is summarised below :-

(a) In respect of all companies wholly owned by the State Government, the aggregate paid-up capital as on 31st March 1990 was at Rs.31.91 crores (State Government - Rs.27.57 crores, Central Government- Rs.0.63 crore and others Rs.3.71 crores), as against the aggregate paid-up capital of Rs.29.39 crores as on 31st March 1989.

(b) The State Government had guaranteed the repayment of loans and payment of interest thereon raised by two companies. The amounts guaranteed and outstanding including interest thereagainst as on 31st March 1990 was Rs.7.40 crores and Rs.5.04 crores respectively.

8.2.3 The financial results of all the companies based on the latest available accounts are given in *Appendix VI*.

None of the companies had finalised the accounts for the year 1989-90. The extent of arrears in respect of each company included in *Appendix VI* is summarised as under :

\*

This figure differs from the figure of Rs.26.20 crores appearing in Finance Accounts for 1989-90 commented upon at para 1.12 of Chapter I. The difference is under reconciliation.

Years of arrears	Number of years involved	Number of companies involved	Serial number of Appendix. VI.
1976-77 to 1989-90	14	1	4
1978-79 to 1989-90	12	1	5
1980-81 to 1989-90	10	1	2
1981-82 to 1989-90	9	2	1 and 6
1982-83 to 1989-90	8	1	3

In the absence of finalisation of accounts of these companies, the productivity of the investment of Rs.51.40 crores (share capital : Rs.31.91 crores and loans: Rs.19.49 crores) in these companies could not conclusively be vouchsafed.

The position of arrears in finalisation of accounts was being brought to the notice of Government regularly.

### 8.3 Departmentally managed Government commercial/quasi commercial undertakings

8.3.1 As on 31st March 1990, there were eight departmentally managed Government commercial and quasi- commercial undertakings.

8.3.2 Mention was made in paragraph 8.3.2 of the Report of the Comptroller and Auditor General of India for the year 1988-89 about the delay in preparation of *pro-forma* accounts of these undertakings. During the year none of the undertakings has finalised its accounts.

The following table gives the extent of arrears in the preparation of *pro-forma* accounts by the undertakings.

Sl. No.	Name of the department/ undertaking	Extent of arrears
1.	Organisation of the Director of Food and Civil Supplies Department	1971-72 to 1989-90
2.	Nagaland State Transport Department	1985-86 to 1989-90
3.	Nagaland Power Department	1979-80 to 1989-90
4.	Farms under Agriculture Department	
	i) Medium size Seed Farm, Merapani	1988-89 to 1989-90
	ii) Seed Farm, Tizit	1987-88 to 1989-90
	iii) Potato seed Farm, Kutur	
5.	Changki Valley Fruit Preservation Factory	1987-88 to 1989-90
6.	Timber Treatment and Seasoning Plant, Dimapur	1982-83 to 1989-90
7.	Government Cottage Industries Emporia	
	i) Kohima	1979-80 (transferred to the Nagaland Hand- loom and Handi- crafts Development Corporation Limit- ed in 1980-81)
	ii) Mokokchung	

Sl. No.	Name of the department/ undertaking	Extent of arrears
8.	Farms under Veterinary and Animal Husbandry Department	
i)	Cattle Breeding Farm, Medziphema	
ii)	Cattle Breeding Farm, Tuensang	
iii)	Cattle Breeding Farm, Aliba	
iv)	Chick Rearing Centre (with Hatchery Unit), Mokokchung	
v)	Chick Rearing Centre, Tuensang	
vi)	Pig Breeding Centre, Medziphema	
vii)	Pig Breeding Centre, Tizit	1985-86 to 1989-90
viii)	Chick Rearing Centre (with Hatchery Unit), Dimapur	
ix)	Chick Rearing Centre, Medziphema	
x)	State Cattle Breeding Farm, Lerie	
xi)	Pig Breeding Centre, Tuensang	
xii)	Pig Breeding Centre, Merongkong	
xiii)	Pig Breeding Centre, Tuli (Mokokchung)	1980-81 to 1989-90
xiv)	Duck Farm, Dimapur	1968-69(Disconti- nued from 1969-70)

The delay in preparation of the *pro-forma* accounts was being brought to the notice of Government regularly.

## INDUSTRIES AND COMMERCE DEPARTMENT

### NAGALAND SUGAR MILLS COMPANY LIMITED

#### 8.4 Extra expenditure on purchase of gunny bags

For the supply of A. Twill gunny bags for the sugar season 1987-88, the Tripura Jute Mills offered (May 1987) the rates of Rs.675 (FOR Agartala). The offer made by the firm was not considered on the ground that in earlier supplies made by them, the bags did not bear ISI marking and some of the bags were sub-standard. The Company, however, could not show any records to justify the above reasons for rejection.

The Company placed (November 1987) a supply order on another firm Swastika Engineering Works of Calcutta at the rate of Rs.1,060 per 100 bags FOR Calcutta for supply of 60,000 A. Twill gunny bags. Between November 1987 and April 1988, 60,000 bags were supplied by the firm out of which 10,000 bags were of inferior quality, but no replacement of same was made though payment was released in full. Thus, the Company incurred an extra expenditure of Rs.2.31 lakhs on purchase of 60,000 gunny bags due to non-acceptance of lowest rate.

The matter was referred to Government/Company in August 1990; their replies had not been received (February 1993).

#### 8.5 Irregular grant of advance

The Company procured 60,000 and 70,800 A. Twill gunny bags for the sugar cane crushing seasons 1987-88 and 1988-89, from two firms 'A' and 'B' during the period November 1987 to April 1988 and December 1988 to March 1989 respectively.

A scrutiny of records revealed that the Company had made lumpsum advance payments to the firms from time to time, instead of making payments on the basis of gunny bags actually supplied though there was no condition for advance payment in the supply order. Consequently, the value of the supplies of gunny bags received by the company during the aforesaid periods as per supply orders were Rs.7.64 lakhs and Rs.8.70 lakhs respectively, against which advance payment totalling Rs.10.93 lakhs and Rs.9.73 lakhs had already been made. The excess payments totalling Rs.4.32 lakhs (Rs.3.29 lakhs plus Rs.1.03 lakhs) had been lying unrecovered till May 1990. The basis of making advance payment to such extent to the firms was neither available on record nor stated.

Further, it was noticed that the entire advance were paid to the firms out of loans obtained from the Nagaland State Co-operative Bank Limited at 17<sup>1</sup>/<sub>2</sub> per

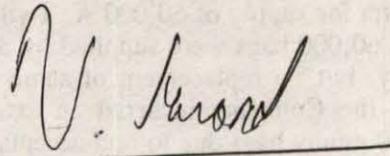
cent annual interest. Thus, the Company sustained a loss of Rs.1.40 lakhs upto April 1990 by way of interest paid to the Bank on excess advance payment made to the firms.

The matter was referred to Government and Company in August 1990; their replies had not been received (February 1993).

#### 8.6 Avoidable expenditure

In April 1989, the company invited tenders for the purchase of 500 MT limestone. In response to the tender enquiry 7 tenders were received. The lowest rate of Rs.1,385.67 per tonne quoted by firm 'A' was not considered without assigning any reason. The second lowest rate of Rs.1,563 per tonne quoted by firm 'B' was accepted and supply order for supply of 500 tonnes of limestone was issued to firm 'B' in June, 1989. The entire quantity of limestone was supplied by firm 'B'. Purchase of limestone at higher rates from firm 'B' without considering the lowest rate quoted by firm 'A' had resulted in avoidable expenditure of Rs.0.89 lakh.

The matter was referred to Government and the Company in August 1990; their replies had not been received (February 1993).

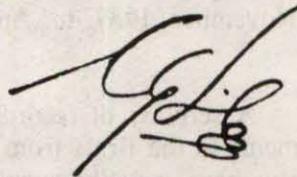


( SWORD VASHUM )  
Accountant General (Audit)  
Nagaland :: Kohima

Kohima,  
The

19 OCT 1993

**COUNTERSIGNED**



(C. G. SOMIAH)  
Comptroller and Auditor  
General of India

New Delhi,  
The

22 OCT 1993

APPENDICES

## APPENDIX - I

Cases of excess over grants/appropriation requiring regularisation

(Reference : Paragraph 2.2.1, page 23 )

Sl. No.	Number and name of the grant/appropriation	Total grant/ appropriation Rs.	Total expenditure Rs.	Excess Rs.
<b>Revenue Sections (Voted)</b>				
1.	12- Treasury and Accounts Administration	1,80,01,000	1,80,57,146	56,146
2.	18- Pension and other Retirement Benefits	3,38,90,000	7,90,83,285	4,51,93,285
3.	22- Civil Supplies	1,61,23,000	1,61,89,308	66,308
4.	34- Art and Culture and Gazetteers Unit	1,72,19,000	1,72,80,149	61,149
5.	41- Labour	41,98,000	42,04,756	6,756
6.	42- Rural Development	17,45,36,000	17,87,49,250	42,13,250
7.	61- Water Supply Schemes	21,92,21,000	27,61,49,889	5,69,28,889
8.	65- Establishment of C.E. (Development)	13,61,000	93,76,488	80,15,488
9.	67- Sericulture	93,31,000	1,23,84,584	30,53,584
10.	70- Police Engineering Project	6,27,16,000	7,54,14,237	1,26,98,237
<b>Capital Section (Voted)</b>				
11.	58- Public Works, Housing, Roads and Bridges	31,63,94,000	31,74,35,581	10,41,581
12.	59- Functional Buildings and other Development Schemes	16,61,000	17,52,982	91,982
<b>Capital Section (Charged)</b>				
13.	72- Servicing of Debt	35,34,88,000	156,65,23,760	121,30,35,760

## APPENDIX - II

## Statement showing the details of non-submission of accounts

(Reference : Paragraph 2.2.9, page 29 )

Sl. No.	Department	Name of Division	Month of accounts
1.	P.W. Department	i) Aghunato	4/89 to 3/90
		ii) Pfutsero	3/90
		iii) Kohima Housing Division No.I	12/89, 1/90, 3/90
		iv) Kohima Housing Division No.II	3/90
		v) Referral Hospital Dimapur	3/90
2.	Power Department	i) Dimapur Electrical Division	3/90
3.	Home Department	i) Civil Administration Works Division, Kohima	3/90
4.	Planning and Co-ordination Department	i) Town Planning Division, Kohima	3/90

## APPEN

(Reference :- Para

Statement showing details of un-necessary

Sl. No.	Name of the items purchased	Opening balance as on 30-9-87	Total receipt from 1-10-87 to 30-9-89
1	2	3	4
<b>SUB-DIVISION CHUMUKEDIMA</b>			
1.	Alluminium Tower Bolt 9" Size	58,887 Nos.	2,033 Nos.
2.	-do- 6" Size	60,991 Nos.	3,600 Nos.
3.	-do- 4" Size	56,902 Nos.	5,636 Nos.
4.	Decorative Handle Alluminium 6"/8" Size	41,115 Nos.	10,700 Nos.
5.	Alluminium Handle	45,327 Nos.	6,000 Nos.
6.	Bitumen washer	34,516 Gross	17,750 Gross
7.	Limpet washer	37,585 Gross	29,035 Gross
8.	Extra Dia set 65 mm x 100 mm	906 Sets	674 Sets
9.	Extra Dia set 15 mm x 50 mm	433 Sets	470 Sets
10.	G.I. roofing sereas	16,323 Kgs.	300 Kgs.
11.	White Putty	25,086 Kgs.	7,000 Kgs.
12.	G.I. Socket 1/2"	5,284 Nos.	3,000 Nos.
13.	G.I. Elanges 2 1/2"	2,193 pairs	4,380 pairs
14.	C.P. Bib cock 1/2"	7,291 Nos.	4,550 Nos.
15.	C.P. Stop cock 1/2"	9,231 Nos.	2,400 Nos.
16.	C.P. Pillar cock 1/2"	8,456 Nos.	6,090 Nos.
17.	C.I. Air valve 65 mm	1,177 Nos.	1,710 Nos.

**DIX - III**

graph 5.6, page 78 )

purchase of stock materials.

Total issue from 1-10-87 to 30-9-89	Un-necessary purchase (Quantity)	Purchase rate (Rs.)	Amount (Rs.)
5	6	7	8
186 Nos.	2,033 Nos.	14.95 each	30,393
196 Nos.	3,600 Nos.	12.65 each	45,540
34 Nos.	5,636 Nos.	11.25 each	63,405
556 Nos.	10,700 Nos.	25.00 each	2,67,500
104 Nos.	6,000 Nos.	11.00 each	66,000
67 Gross	17,750 Gross	10.00 Gross	1,77,500
69 Gross	29,035 Gross	28.00 Gross	8,12,980
1 set	674 sets	1,502.00 per set	10,12,348
1 set	470 sets	942.40 per set	4,42,928
60 Kgs.	300 Kgs.	34.00 per Kg.	10,200
146 Kgs.	7,000 Kgs.	20.00 per Kg.	1,40,000
32 Nos.	3,000 Nos.	10.40 each	31,200
23 pairs	4,380 pairs	99.95 per pair	4,37,181
246 Nos.	4,550 Nos.	78.40 each	3,56,720
38 Nos.	2,400 Nos.	70.00 each	1,68,000
23 Nos.	6,090 Nos.	83.30 each	5,07,297
5 Nos.	1,710 Nos.	1,520.00 each	25,99,200

1	2	3	4
18.	C.I. Slause valve 65 mm	1,439 Nos.	2,980 Nos.
19.	C.I. Non-return reflex valve 65 mm	1,495 Nos.	2,775 Nos.
20.	P/Lead pipe 1/2"	9,227 Nos.	53,600 Nos.
21.	C.I. Cowel 2"	91,566 Nos.	9,000 Nos.
22.	C.P. Shower Rose	826 Nos.	14,015 Nos.
23.	Alluminium soap mise	7,019 Nos.	68,200 Nos.

**SUB - DIVISION KOHIMA**

1.	Cotton thread	1,411 Kgs.	1,900 Kgs.
2.	P/Lead pipe	434 Nos.	1,000 Nos
3.	S.I. flanges 2 1/2"	6,509 Nos.	849 Nos.
4.	C.P. Stop cock 1/2"	8,738 Nos.	1,900 Nos.
5.	C.P. Bib cock 1/2"	12,297 Nos.	1,900 Nos.
6.	C.P. Pillar cock 1/2"	5,710 Nos.	1,600 Nos.
7.	Extra dia set 2 1/2"x4"	4 Nos.	117 Nos.
8.	C.I. Air valve 80 mm	40 sets	70 sets

5	6	7	8
7 Nos.	2,980 Nos.	1,718.00 each	51,19,640
1 No.	2,775 Nos.	2,600.00 each	72,15,000
62 Nos.	53,600 Nos.	40.00 each	21,44,000
39 Nos.	9,000 Nos.	31.00 each	2,79,000
31 Nos.	14,015 Nos.	240.00 each	33,63,600
6 Nos.	68,200 Nos.	30.00 each	<u>20,46,000</u>
			2,73,36,232
		Add 7% N.S.T.	<u>19,13,536</u>
		Total:	2,92,49,768
1,050 Kgs.	1,900 Kgs.	68.30 per Kg.	1,29,770
31 Nos.	1,000 Nos.	40.00 each	40,000
6 Nos.	849 Nos.	49.87 each	42,340
78 Nos.	1,900 Nos.	70.00 each	1,33,000
116 Nos.	1,900 Nos.	78.40 each	1,48,960
40 Nos.	1,600 Nos..	83.30 each	1,33,280
NIL	117 per set	1,502.00 per set	1,75,734
NIL	70 set	2,100.00 per set	<u>1,47,000</u>
			9,50,084
		Add 7% N.S.T	<u>66,506</u>
		Total:	10,16,590

## APPEN

(Reference :- Para

Statement showing details of unnecessary

Sl. No.	Items of material/unit		Balance Quantity as on 30-9-85	Quantity purchased during 10/85 to 9/89
<b>(A) In Mon PHE Sub-divisional Store</b>				
1.	GI Pipe 2 <sup>1</sup> / <sub>2</sub> " dia	mtr.	10,225.5	4,048 (10/86 to 9/87)
2.	GI Socket 3"	no.	3,847	600
3.	GI Union 1 <sup>1</sup> / <sub>2</sub> "	no.	6,596	4,050
4.	Bib cock 3"	no.	3,999	3,590
5.	GI Flange 3"	Pair	619	640
6.	Steel wool	Kg.	1,924	1,000
7.	Extra dia set 2 <sup>1</sup> / <sub>2</sub> " to 4"	set	510	920
8.	Extra dia set 1 <sup>1</sup> / <sub>2</sub> " to 2"	set	531	585
9.	Chain wrench 900 mm	no.	1,313	150
10.	Chain wrench 600 mm	no.	269	80
<b>(B) In Aboi PHE Sub-divisional Store</b>				
1.	GI Pipe 1 <sup>1</sup> / <sub>2</sub> "	mts.	33,072	8,708
2.	GI Pipe 2 <sup>1</sup> / <sub>2</sub> "	mts.	1,929	10,097

**DIX - IV**

graph 5.8, page 79 )

procurement of stock materials.

Quantity issued during 10/85 to 9/89	Quantity of unnecessary purchase	Procurement rate (per unit) (Rs.)	Value (Rs.)
6,068	4,048	148.00 per mtr.	5,99,104
5.87	600	108.00 each	64,800
6,195	4,050	29.00 each	1,17,450
2,268	3,590	75.00 each	2,69,250
388	640	82.00 Pair	52,480
229	1,000	71.50 per Kg.	71,500
23	920	1,667.65 per set	15,34,238
58	585	862.00 per set	5,04,270
55	150	555.00 each	83,250
38	80	377.00 each	30,160
		Total (A)	33,26,502
32,836	8,708	31.00 per mtr.	2,69,948
680	10,097	148.00 per mtr.	14,94,356
		Total (B)	17,64,304
		Grand total :-	50,90,806
		Say	Rs.50.91 lakhs.

## APPEN

Statement showing the particulars of paid up  
of Government

(Reference : Para

Sl. No.	Name of the company	Paid up capital at the end of current year				Loans outstanding at the close of the current year	Amount of guarantees given	
		State	Central	others	Total		As on 31st March 1989	As on 31st March 1990
1	2	3(a)	3(b)	3(c)	3(d)	4	5(a)	5(b)
								(Rupees)
1.	Nagaland Industrial Development Corporation Limited	801.60	-	371.17	1172.77	1360.57	-	-
2.	Nagaland Handloom and Handicrafts Development Corporation Limited	238.00	62.74	-	300.74	53.30	-	-
3.	Nagaland Plantation Crops Development Corporation Limited	611.70	-	-	611.70	352.02	-	477.08
4.	Nagaland Sugar Mills Company Limited	496.00	-	-	496.00	176.00	200.63	263.00
5.	Nagaland Industrial Raw Materials and Supply Corporation Limited	49.00	-	-	49.00	7.10	-	-
6.	Nagaland State Mineral Development Corporation Limited	560.55	-	-	560.55	-	-	-

**DIX -V**

capital, outstanding loans, working results etc. companies.

graph 8.2.2, page 107 )

Amount of guarantee outstanding at the close of year		Year for which accounts were finalised	Accumulated profit (+) loss (-) at the end of the current year	Any excess of loss over paid up capital	Remarks
As on 31st March 1989	As on 31st March 1990				
6(a)	6(b)	7(a)	7(b)	7(c)	8
in lakhs)					
-	-	1980-81	(-) 20.52	-	
-	-	1979-80	(-) 31.33	-	
-	454.45	1981-82	(-) 284.23	-	
160.93	50.00	1975-76	(-) 827.00	331.00	
-	-	1977-78	(-) 22.00	-	
-	-	-	-	-	

## APPEN

## Summarised financial results of Government

(Reference : Para

Sl. No.	Name of the company	Name of department	Date of incorporation	Period of account	Year in which finalised	Total capital investment at the end of the year of account
1	2	3	4	5	6	7
	(Rupees in					
1.	Nagaland Industrial Development Corporation limited	Industries and commerce	26th March 1970	1980-81	1988-89	410.77
2.	Nagaland Handloom and Handicrafts Development Corporation Limited	-do-	27th February 1979	1979-80	1980-81	53.00
3.	Nagaland Plantation Crops Development Corporation Limited	Agriculture	6th April 1981	1981-82	1987-88	963.72
4.	Nagaland Sugar Mills Company Limited	Industries and commerce	22nd March 1973	1975-76	1982-83	496.00
5.	Nagaland Industrial Raw Materials and Supply Corporation Limited	-do-	28th March 1973	1977-78	1987-88	56.00
6.	Nagaland State Mineral Development Corporation Limited	Geology and Mining	21st May 1981			-

## DIX - VI

companies for the year for which accounts were finalised

graph 8.2.3, page 107 )

Profit(+) Loss (-)	Total interest charged to profit and loss account	Interest on long term loans	Total return capital invested (8+10)	Capital employed	Total return on capital employed	Percentage of total return on capital		Remarks
						Invested	Employed	
8	9	10	11	12	13	14	15	16
in lakhs)								
(-) 2.99	5.97	5.97	2.98	10.00	2.98	0.72	29.8	
(-) 31.33	-	-	-	53.00	-	-	-	
(-)284.23	102.43	102.43	(-)231.71	611.70	231.72	27	27	
-	17.75	-	-	247.00	(-)18.70	-	-	
(-) 22.00	1.27	-	(-) 22.00	34.00	(-)23.27	42	40	
-	-	-	-	-	-	-	-	First year accounts awaited.

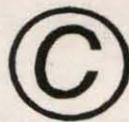
## APPENDIX - VII

## Glossary of abbreviations

JSN	-	Jana Sikshan Nilayam
KW	-	Kilo Watt
MFP	-	Minor Forest Produce
MNP	-	Minimum Needs Programme
MPFL	-	Mass Programme for Functional Literacy
MPW Advance	-	Miscellaneous Public Works Advance
MW	-	Mega Watt
NAEP	-	National Adult Education Programme
NEC	-	North Eastern Council
NEEPCO	-	North East Electric Power Corporation
NGO	-	Non Gazetted Officer
NLM	-	National Literacy Mission
NTML	-	National Technology Mission on Literacy
NSS	-	National Service Scheme
NWDB	-	National Wasteland Development Board
PHED	-	Public Health Engineering Department
PO	-	Project Officer
POL	-	Petrol, Oil and Lubricants
PWD	-	Public Works Department
RFLP	-	Rural Functional Literacy Projects
SAS	-	Strengthening of Administrative Structure
SE	-	Superintending Engineer
SIAE	-	State Institute of Adult Education
SRC	-	State Resource Centre
RCC	-	Reinforced Cement Concrete
TD	-	Technology Demonstration
TDAEO	-	Technology Demonstration Adult Education Officer
TDD	-	Technology Demonstration District
VA	-	Voluntary Agency



COMPTROLLER AND AUDITOR GENERAL OF INDIA  
1933



COMPTROLLER AND AUDITOR GENERAL OF INDIA  
1993