

Report of the Comptroller and Auditor General of India

on State Finances

**For the year ended 31 March 2010
(Report No. 1)**



GOVERNMENT OF NAGALAND

Laid before state legislature
on _____

28 मार्च 2011
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**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

ON

STATE FINANCES

FOR THE YEAR ENDED 31 MARCH 2010

GOVERNMENT OF NAGALAND

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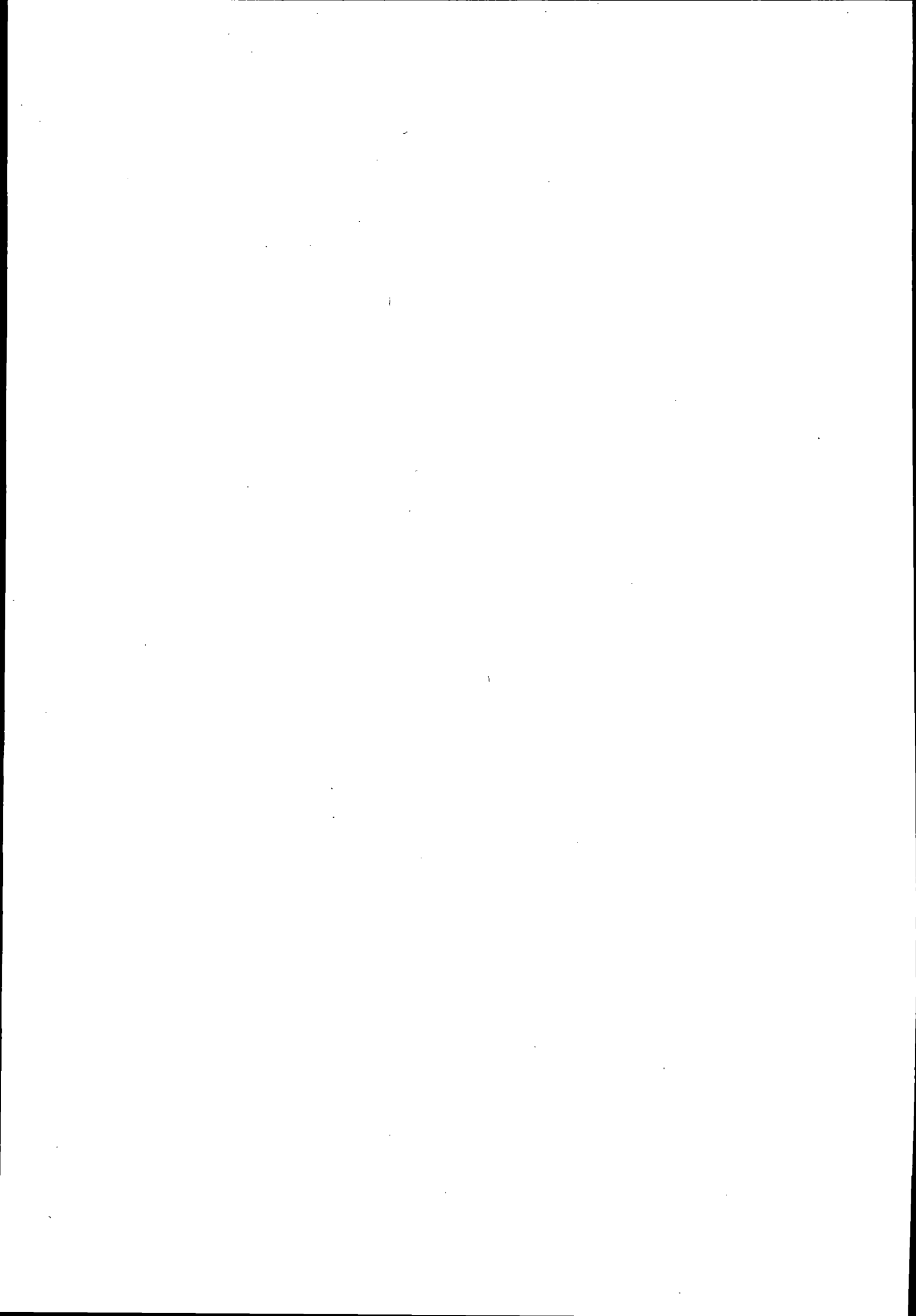


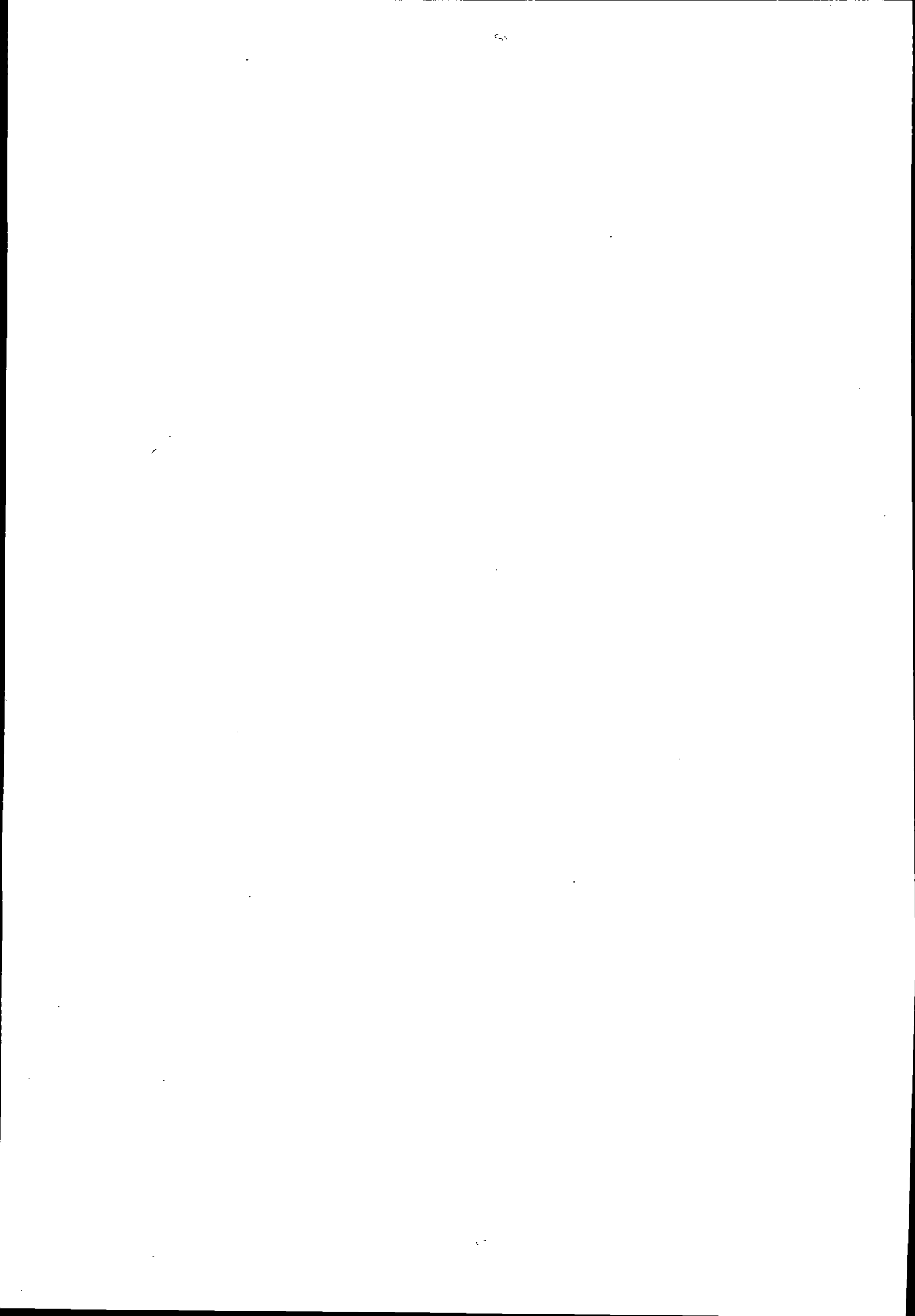
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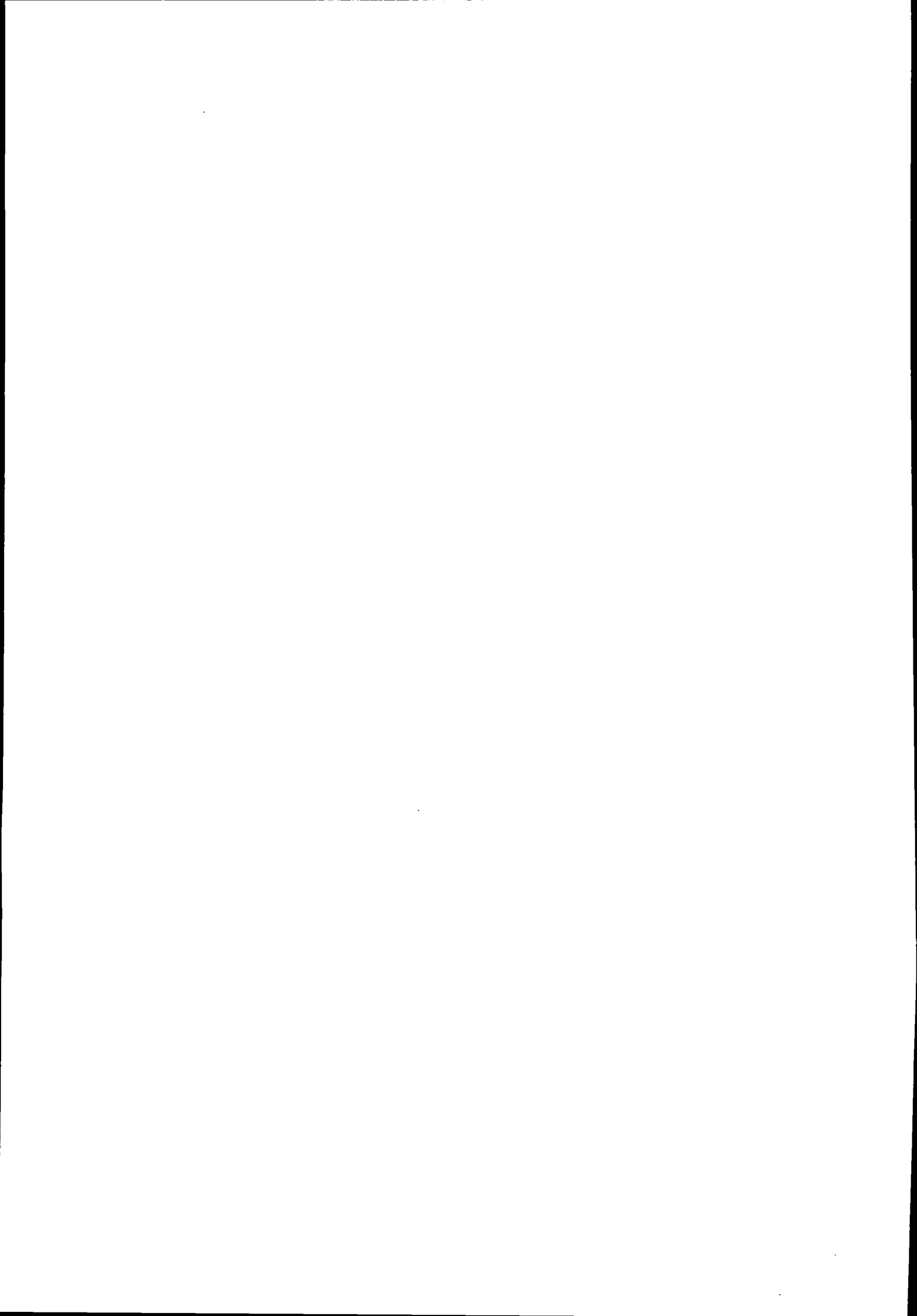
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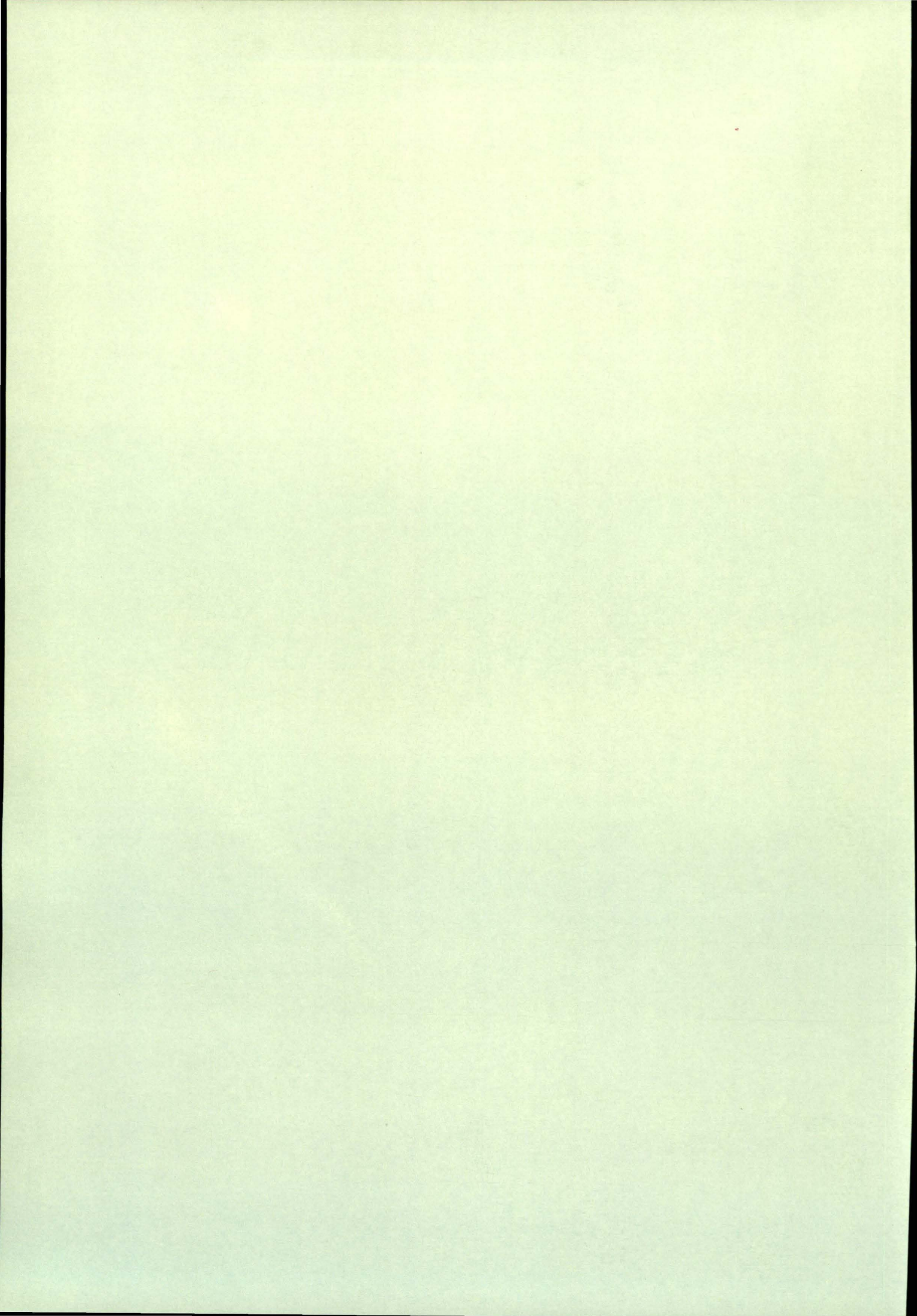


PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report contain audit findings on matters arising from examination of Finance Accounts and Appropriation Accounts respectively of the State Government for the year ended 31 March 2010.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives issued during the current year.
4. Audit observations on matters arising from performance audit and audit of transactions in various departments, audit of revenue receipts and Statutory Corporations, Boards and Government Companies for the year ended 31 March 2010 are included in a separate Report.
5. The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Background

This Report on the Finances of the Government of Nagaland is being presented to the State Legislature, along with the Finance and Appropriation Accounts, with a view to assess objectively the financial performance of the State during the year 2009-10. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into both well performing as well as ill performing schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the normative assessment made by the Finance Commission (TFC) and achievements with the targets envisaged by the State Government in Fiscal Responsibility and Budget Management Act, 2005 as well as in the Budget Estimates of 2009-10. A comparison has been made to see whether the State has given adequate fiscal priority to developmental, social sector and capital expenditure compared to other North Eastern States and whether the expenditure has been effectively absorbed by the intended beneficiaries.

The Comptroller and Auditor General has been commenting upon the Government's finances for over three years since the FRBM legislation and have published three Reports already. Since these comments formed part of the Civil Audit Report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well-intentioned but all inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to centre-stage once again, a standalone Report on State Government finances was considered an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, Comptroller and Auditor General of India had decided to bring out a separate volume titled "Report on State Finances." This is the second Report in this endeavour.

The Report

Based on the audited accounts of the Government of Nagaland for the year ending March 2010, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of the Government of Nagaland's fiscal position as on 31 March 2010. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of Central funds transferred directly to the State implementing agencies through off-budget route.

Chapter 2 is based on audit of Appropriation Accounts and gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter 3 is an inventory of Nagaland Government's compliance with various reporting requirements and financial rules. This chapter also provides details on non-submission of annual accounts and delays in placement of Separate Audit Reports in the Legislature by the Autonomous Bodies. Besides, the cases of misappropriation and loss that indicate inadequacy of controls in the Government departments are also detailed in this chapter.

This report also has an appendage of additional data collated from several sources in support of the findings.

Audit findings and recommendations

Revenue Receipts: During 2009-10, 92 *per cent* of the total revenue came from the Government of India as Central transfers (12 *per cent*) and grants-in-aid (80 *per cent*). The State could not achieve the total revenue collection target fixed by the TFC during 2009-10. Besides, the own tax revenue of the State fell short of the TFC recommendations in all the years from 2005-10.

The State Government needs to boost its own tax revenue at least to the level recommended by the TFC in order to reduce dependency on funds from Government of India.

Revenue Expenditure: During 2009-10, non-plan revenue expenditure was ₹ 756.18 crore (39.64 *per cent*) more than the TFC recommendations. The expenditure on salaries and wages increased by 15.48 *per cent* against the TFC norms of growth rate of six *per cent*. The expenditure on salary was 55.26 *per cent* of revenue expenditure, net of interest payment and pension, which was within the ceiling of 61 *per cent* targeted in NFRBM Act, but was much higher than the norm of 35 *per cent* recommended by the TFC.

The ratio of developmental expenditure as a proportion of aggregate expenditure was lower than NE State's average which indicates that the State has not given priority to this category of expenditure as compared to other NE States. The State Government's social sector expenditure as a percentage of aggregate expenditure was much less than the NE States average during the years 2005-06 and 2009-10. The expenditure on education in Nagaland (as a proportion of aggregate) was also lower than that of the average in other NE States. In the case of health, Nagaland accorded a much higher priority in 2005-06 than other NE States. In the current year however, the priority given to health was lower in the case of Nagaland as compared to other NE States.

The non-plan revenue expenditure on salary needs to be contained and developmental expenditure needs to be given more priority especially in the areas of education, health etc.

Debt Sustainability: The State should have adequate incremental non-debt receipts to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could also be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. During 2009-10, the non-debt receipts were not sufficient and therefore, the State recorded a negative resource gap of ₹ 182 crore.

The State needs to strive to bring the resource gap to positive by enhancing incremental non-debt revenue and reduce incremental expenditure in the coming years.

Fiscal Correction Path: During 2009-10 the State's revenue surplus had declined while the fiscal deficit and the primary deficit had increased relative to the previous

year. Overall fiscal liabilities of the State increased at a compound annual growth rate of 14.08 *per cent* during 2005-10. The fiscal liabilities increased by ₹ 831 crore (18.18 *per cent*) from ₹ 4571 crore in 2008-09 to ₹ 5402 crore in 2009-10. The committed liabilities for the State projected by the TFC was ₹ 1208 crore of non-plan revenue expenditure for the year 2009-10. Compared to this, there was an increase of ₹ 876 crore (72.52 *per cent*) in the actual expenditure during 2009-10.

The interest received on outstanding loans and advances by the State Government decreased from 4.22 *per cent* in 2008-09 to 1.63 *per cent* in 2009-10, which was much less than the interest paid (11.50 *per cent*) by the Government on its own borrowings.

There is a reasonable prospect of returning back to a fiscal correction path if efforts are made to increase tax compliance, collection of revenue arrears and prune unproductive expenditure so that deficits are contained.

Review of Government investments: The Government had invested ₹ 192.09 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives at the end of March 2010. The average return on this investment was NIL during the last five years while the Government paid an average interest rate of 11.50 *per cent* on its borrowing during 2006-10.

A performance based system of accountability should be put in place in the Government Companies/Statutory Corporations so as to derive profitability and improve efficiency in service. The Government should ensure better value for money in investments by identifying the Companies/Corporations which are endowed with low financial but high socio-economic returns and justify if high cost borrowings are to be channelized in those Companies/Corporations.

Incomplete Projects: A total of 111 projects were incomplete as on 31 March 2010 in which ₹ 645.38 crore were blocked. There has already been a cost overrun of ₹ 24.89 crore in these projects. One project costing ₹ 32 crore has been fore-closed and another costing ₹ 13.42 crore has been kept on hold. Delay in completion of works invites the risk of escalation in the cost of the works. The actual cost overrun would be available on closure of the claims of the construction after completion of the projects.

The works needs to be completed in time to contain time and cost overrun especially on high cost works. Besides, projects should be selected after proper survey and investigation in order to avoid force-closure of projects leading to unfruitful outflow of Government funds.

Oversight of funds transferred directly from the GOI to the State implementing agencies: During 2009-10, an approximate amount of ₹ 957.33 crore was directly transferred by GOI to the State Implementing Agencies. As long as these funds remain outside the State budget, there is no single agency monitoring its use and there is no readily available data on how much is actually spent in any particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies but are funded directly by the GOI.

A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (Accounts & Entitlement).

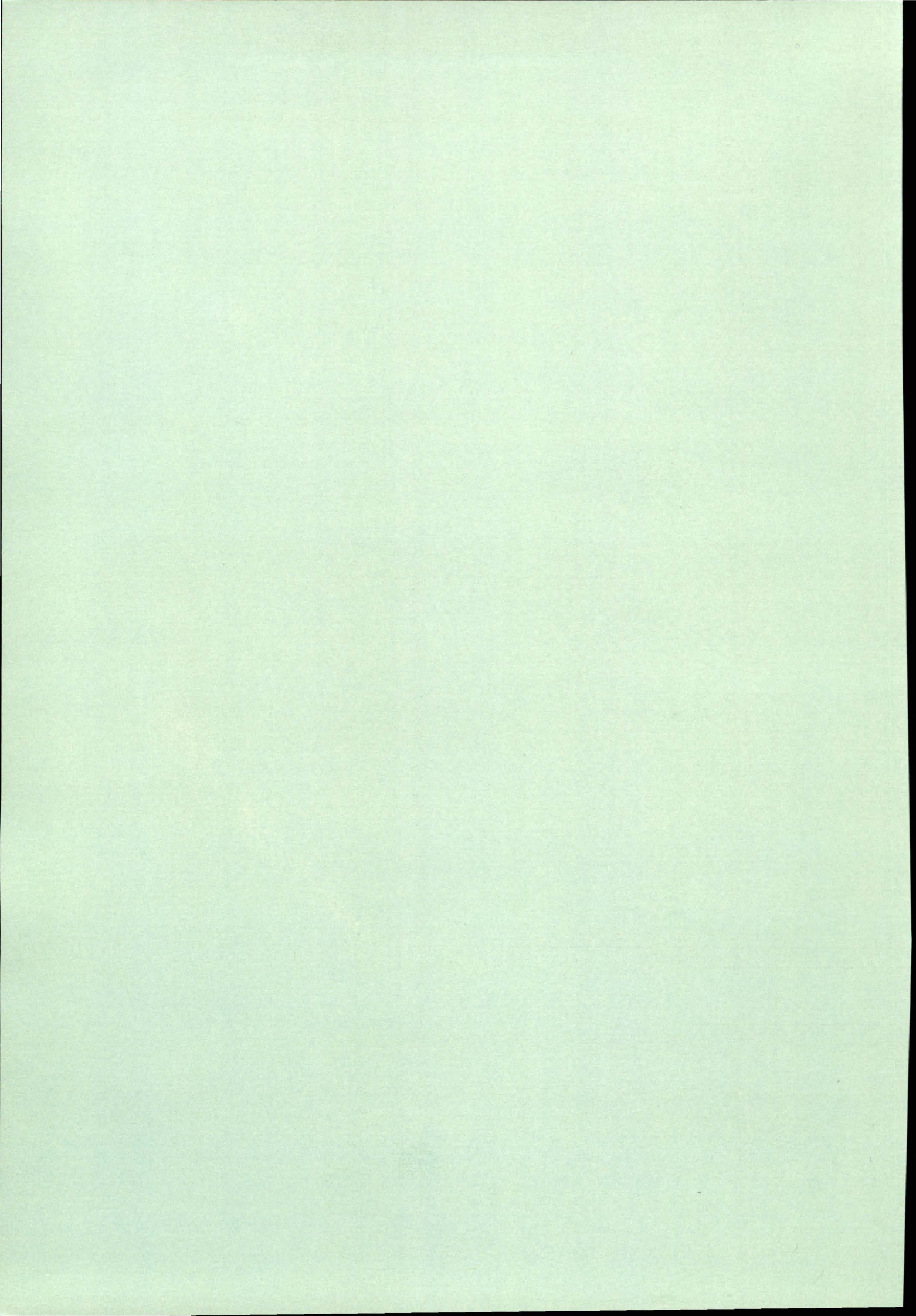
Financial management and budgetary control: There was an overall saving of ₹ 1023.23 crore after adjusting the excess expenditure of ₹ 62.17 crore during 2009-10. This excess expenditure of 2009-10 compounded with an excess expenditure of ₹ 2011.58 crore pertaining to 1996-2010, require regularisation by the Legislature under Article 205 of the Constitution of India. A rush of expenditure was observed towards the end of the year. In respect of 34 Grants/Appropriations, more than 50 per cent of the total expenditure during the year was incurred either during the last quarter or during the last month of the financial year, despite clear directions to the contrary. The Abstract Contingent Bills amounting to ₹ 17.18 crore had not been adjusted for long periods of time which is fraught with the risk of mis-appropriation and therefore needs to be monitored closely.

Financial Reporting: There were deficiencies in not furnishing utilization certificates in time against grants/loans received, non-furnishing of detailed information about financial assistance received by various Institutions and non-submission of Accounts in time. There were huge arrears in finalization of accounts by the Autonomous Bodies/Authorities and also by the Departmental Commercial Undertakings. The delay in finalisation of accounts opens the system to risk of fraud and leakage of public money. Besides, cases of misappropriation and loss indicated inadequacy of controls in the departments.

The accounts of Autonomous Bodies/Authorities and Departmental Commercial Undertakings need to be finalized at the earliest. Departmental inquiries in all fraud and misappropriation cases should be expedited to bring the defaulters to book. Internal controls in all the Organizations should be strengthened to prevent such cases.

CHAPTER – I

FINANCE OF THE STATE GOVERNMENT



Chapter I

Finances of the State Government

Profile of Nagaland

Nagaland is a Special Category State and is situated in the North-Eastern region of India bordering three States viz. Assam in North and West, Arunachal Pradesh in East and Manipur in the South. It has an international border with Myanmar in the East and runs parallel to the bank of Brahmaputra. With a geographical area of 16579 sq. kms i.e. about 0.51 *per cent* of country's total geographical area, Nagaland provides shelter to 0.19 *per cent* population of the Country. Nagaland has a lower density of population, higher proportion of rural population, higher literacy rate and lower infant mortality rate as compared to the All India Average figures (**Appendix 1.1 D**). The population growth of NE States in 2009-10 over 2000-01 stood at 11.79 *per cent* while Nagaland's population grew at 10.50 *per cent* during the same period. The compound annual growth rate of GSDP in respect of Nagaland for the period 2000-01 to 2008-09 at 10.68 *per cent* was marginally lower than the NE States average of 11.52 *per cent*.

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (**Appendix 1.1 A**). The annual accounts of the State Government consist of Finance Accounts and Appropriation Accounts. The Financial Accounts of the Government of Nagaland are laid out in nineteen statements, the layout of which are depicted in (**Appendix 1.1 B**). The definitions of the selected terms used in assessing the trends and pattern of fiscal aggregates are shown in **Appendix 1.1 C**.

The State Government developed its Own Fiscal Correction Path (FCP) indicating the milestones of outcome indicators with target dates of implementation during the period from 2005-06 to 2009-10 (**Appendix 1.2 A**). Keeping in view the fiscal targets laid down in the Nagaland Fiscal Responsibility and Budget Management Act, 2005 (NFRBM) and the rules made there under and the anticipated annual rate of reduction of fiscal deficit of the State worked out by the Government of India (GOI) for the Twelfth Finance Commission (TFC) award period.

This chapter provides a broad perspective of the finances of the Government of Nagaland during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years. **Appendix 1.1 C** of the chapter briefly outlines the methodology adopted for the assessment of the fiscal position of the State and **Appendix 1.3** presents the time series data on key fiscal variables/parameters and fiscal ratios relating to the State Government finances for the period 2005-10.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2009-10) vis-à-vis the previous year while **Appendix 1.4 A** provides details of receipts and disbursements as well as overall fiscal position during the same period.

Table 1.1 Summary of Current Year's Fiscal Operations

(Rupees in crore)

2008-09	Receipts	2009-10	2008-09	Disbursements	2009-10		
Section-A: Revenue					Non Plan	Plan	Total
3400.89	Revenue receipts	3719.76	2889.54	Revenue expenditure	2663.89	588.55	3252.44
156.02	Tax revenue	180.51	1348.84	General services	1573.64	10.34	1583.98
180.55	Non-tax revenue	126.35	696.76	Social services	571.37	202.23	773.60
421.84	Share of Union Taxes/ Duties	434.03	843.94	Economic services	518.88	375.98	894.86
2642.48	Grants from Government of India	2978.87	...	Grants-in-aid and Contributions	0.00	0.00	0.00
Section-B: Capital							
...	Misc. Capital Receipts	0.00	853.09	Capital Outlay	12.90	976.63	989.53
2.57	Recoveries of Loans and Advances	4.20	1.46	Loans and Advances disbursed	0.19	3.36	3.55
651.54	Public Debt receipts*	805.25	205.38	Repayment of Public Debt*			274.60
...	Contingency Fund	0.00	...	Contingency Fund			0.00
1841.41	Public Account receipts	2373.46	1717.75	Public Account disbursements			2374.50
(-)134.69	Opening Cash Balance	94.50	94.50	Closing Cash Balance	...	...	102.55
5761.72	Total	6997.17	5761.72	Total			6997.17

* Excluding net transactions under ways and means advances and overdraft.

The following are the significant changes during 2009-10 over the previous year:

- Revenue receipts increased by ₹ 318.87 crore (9.38 per cent) from ₹ 3400.89 crore in 2008-09 to ₹ 3719.76 crore in 2009-10 mainly due to increase in grants from Government of India (GOI) (₹ 336.39 crore), State's Own Tax revenue (₹ 24.49 crore) and State's share of Union taxes and duties (₹ 12.19 crore). The revenue receipts at ₹ 3719.76 crore was however, higher than the assessment made by the State Government in its fiscal Correction Path (FCP) for the year 2009-10 by ₹ 517.99 crore.
- Revenue expenditure of the State, on the other hand increased by ₹ 362.90 crore (12.56 per cent) from ₹ 2889.54 crore in 2008-09 to ₹ 3252.44 crore in 2009-10, mainly under the head Administrative services (₹ 123.95 crore), Interest payment and Servicing of Debt (₹ 50.18 crore), Pension and Miscellaneous General Services (₹ 50.79 crore), Education, Sports and Art & Culture (₹ 64.94 crore) and Agriculture and Allied Activities (₹ 58.66 crore). The revenue expenditure exceeded the assessment made by the State Government in its FCP for the year 2009-10 by ₹ 579.05 crore.

- Capital Expenditure increased by ₹ 136.44 crore (15.99 per cent) from ₹ 853.09 crore in 2008-09 to ₹ 989.53 crore in 2009-10, mainly under the head Transport (₹ 152.28 crore) offset by decrease in Energy (₹ 37.53 crore).
- Recoveries of Loans and Advances increased by ₹ 1.63 crore and disbursement also increased by ₹ 2.09 crore in 2009-10 over the previous year.
- Public debt receipts¹ increased by ₹ 153.71 crore and repayment increased by ₹ 69.22 crore during 2009-10 over the previous year.
- Public Account Receipts increased by ₹ 532.05 crore and disbursement increased by ₹ 656.75 crore during 2009-10 over the previous year.

The flow of funds under various major heads mentioned above, resulted in improvement in the cash balance position of the State, as the balance increased from ₹ 94.50 crore at the beginning of 2009-10 to ₹ 102.55 crore at the close of the year.

1.2 Nagaland Fiscal Responsibility and Budget Management Act, 2005 and Twelfth Finance Commission Recommendations

With the enactment of a Fiscal Responsibility and Budget Management Act (FRBM) Act, 2005 at the centre, Twelfth Finance Commission (TFC) recommended that each State must enact a fiscal responsibility legislation prescribing specific annual targets with a view to eliminate the revenue deficit by 2008-09 and reducing fiscal deficit based on a path for reduction of borrowings and guarantees. The targets prescribed in NFRBM Act and projections made by State Government in its Medium Term Fiscal Policy Statement vis-à-vis achievements during the year 2009-10 is detailed in the table below:

Table 1.2: Trends in major Fiscal Variables vis-à-vis Projections for 2009-10

Fiscal Parameters	Targets as prescribed in NFRBM Act.	Projections made by State Government in MTFPS*	Actual
Revenue deficit	Strive to remain revenue surplus by building up further surplus	No revenue deficit	Revenue surplus - 12.56 per cent of RR
Fiscal deficit	3 per cent of GSDP	6.46 per cent of GSDP	6.15 per cent of GSDP
Consolidated debt	40 per cent of GSDP	53.87 per cent of GSDP	63.74 per cent of GSDP
Incremental risk Guarantee	1 per cent of GSDP	No projection made	0.13 per cent of GSDP-

* Medium Term Fiscal Policy Statement.

It can be seen from the table above that the State Government was able to achieve two out of the four targets set in NFRBM Act but could not achieve the Fiscal deficit target of 3 per cent of GSDP (actual being 6.15 per cent of GSDP) and Consolidated debt of 40 per cent of GSDP (actual being 63.74 per cent of GSDP). Besides, the State Government

¹ Public Debt Receipts includes market loans, special securities issued by RBI and loans and advances from GOI.

could also not achieve the projections made in the MTFPS in respect of consolidated debt of 53.87 per cent of GSDP.

1.2.1 The Twelfth Finance Commission Recommendations

The Twelfth Finance Commission has recommended growth of Tax and Non-Tax Revenue during 2005-10. The targets fixed by TFC vis-à-vis the actual are given below:

Table 1.3: TFC recommendations vis-à-vis the actual

(Rupees in crore)

Year	TFC recommendations			Actual		
	Tax revenue	Non-Tax revenue	Total	Tax revenue	Non-Tax revenue	Total
2005-06	158.06	35.78	193.84	105.53	96.82	202.35
2006-07	177.19	42.01	219.19	119.02	91.14	210.16
2007-08	198.63	49.24	247.87	131.37	119.48	250.85
2008-09	222.66	57.69	280.35	156.02	180.55	336.57
2009-10	249.60	67.61	317.22	180.51	126.35	306.86

Source: Twelfth Finance Commission Report and Finance Account

Though the State achieved the total revenue collection targets fixed by the TFC during 2005-06 to 2008-09, it could not achieve the target in 2009-10. Besides, the own tax revenue of the State fell short of the TFC recommendations in all the years from 2005-06 to 2009-10 whereas the non-tax revenue was always much higher than the TFC recommendations mainly due to substantial receipts under power sector.

The tax and non-tax revenue receipts vis-à-vis the normative assessment made by the Twelfth Finance Commission (TFC) and the assessment made by the State Government in 2009-10 were as under:

(Rupees in crore)

	Assessment by the TFC	Assessment by the State Government	Actual Receipts
Own Tax Revenue	249.60	155.89	180.51
Non-Tax Revenue	67.61	165.05	126.35

The Own Tax Revenue (OTR) of the State was more than the assessment made by the State Government but remained 27.68 per cent less than the assessment of TFC for 2009-10 whereas the Non-Tax Revenue receipts exceeded the assessment made by the TFC but was 23.45 per cent less than the assessment made by the State Government in 2009-10.

The Twelfth Finance Commission has also fixed the sector-wise target for non-plan revenue expenditure for the period 2005-10. The targets fixed by TFC vis-à-vis the actual are given below:

Table 1.4: TFC recommendation vis-à-vis actual
(Rupees in crore)

Year	TFC recommendation				Actual			
	General	Social	Economic	Total	General	Social	Economic	Total
2005-06	876.59	418.38	132.99	1427.96	931.74	391.91	314.03	1637.68
2006-07	939.13	453.17	139.87	1532.17	1009.17	419.26	340.03	1768.46
2007-08	1014.75	491.06	147.12	1652.93	1185.34	501.18	400.86	2087.38
2008-09	1086.79	532.37	154.72	1773.88	1337.94	534.41	473.54	2345.89
2009-10	1167.55	577.41	162.75	1907.71	1573.64	571.37	518.88	2663.89

Source: Twelfth Finance Commission Report and Finance Account

It can be seen from the above table that the State failed to contain its non-plan revenue expenditure to the levels recommended by the TFC during the entire period. During 2009-10, Non-plan revenue expenditure was 39.64 per cent (₹ 756.18 crore) more than the TFC recommendation. Nevertheless the State continued to remain revenue surplus during the entire period.

1.2.2 Debt waiver under Debt Consolidation and Relief facilities

The Twelfth Finance Commission has framed a scheme of debt relief of Central loans named debt Consolidation and Relief Facility based on fiscal performance of the State linked to the reduction of deficits of the States. Under the scheme, the repayments due on Central loans from 2005-06 to 2009-10, after consolidation and reschedulement of loans, will be eligible for write off. The amount sanctioned by GOI as debt relief each year will be adjusted by showing repayment of Central loans and crediting the amount to the head of account '0075 Miscellaneous receipts'. The states will be eligible for the benefit subject to fulfilment of certain conditions, viz. Legislating FRBM Act, gradual abolition of revenue deficit by 2008-09, bringing annual reduction targets for fiscal deficit, bringing out the Annual Fiscal Policy Statement etc. As assessed by the TFC, in the case of Nagaland, the amount of repayment due for the period 2005-10 after consolidation and reschedulement was ₹ 80.15 crore. The ratio of total repayment to average revenue deficit (2001-02 to 2003-04) is 1.47 by which repayments will be written off for every rupee reduction in revenue deficit. Thus, the annual repayment due was ₹ 16.03 crore. During the period 2005-10, GOI sanctioned ₹ 35.42 crore as debt relief for Government of Nagaland, as detailed below.

Table 1.5: Debt Relief due and received during the period 2005-10
(Rupees in crore)

Year	Debt relief due as per TFC recommendations	Debt relief sanctioned by the Central Government
2005-06	16.03	0.00
2006-07	16.03	3.68
2007-08	16.03	15.87
2008-09	16.03	15.87
2009-10	16.03	0.00
Total	80.15	35.42

Thus, due to non-fulfilment of the conditionality's for receiving the debt relief, the State Government failed to receive an amount of ₹ 44.73 crore as debt relief during the period 2005-10.

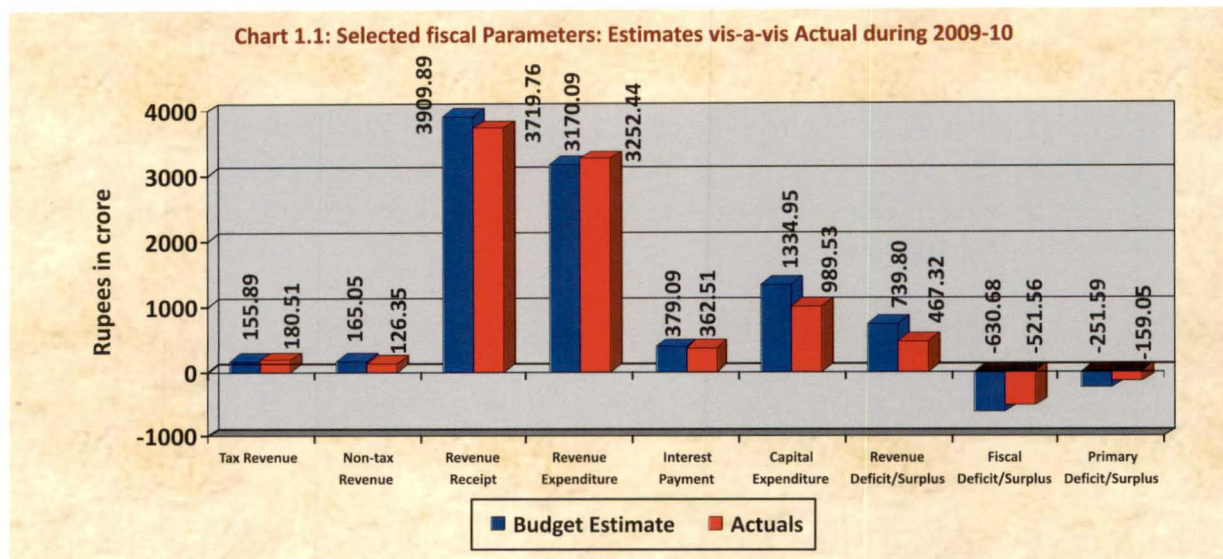
1.3 Budget Analysis

The budget papers presented by State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Several reasons may account for the deviation of the actual realization/expenditure from the budget estimates. It may be because of unanticipated and unforeseen events or under or over estimation of expenditure or revenue at the budget stage etc. Actual realization of revenue and its disbursement however, depends on a variety of factors, some internal and others external. **Table 1.6** presents the consolidated picture of State Finances during 2008-09 Actual, 2009-10 Budget Estimates (BEs), 2009-10 Revised Estimates (REs) and 2009-10 Actual.

Table 1.6: Variation in Actual Fiscal parameters over estimates

(Rupees in crore)

Parameters	2008-09	2009-10		
	Actual	Budget Estimates	Revised Estimates	Actual
Tax Revenue	156.02	155.89	156.40	180.51
Non-Tax Revenue	180.55	165.05	140.55	126.35
Revenue Receipt	3400.89	3909.89	3953.34	3719.76
Non-debt Capital Receipt	2.57	4.63	4.63	4.20
Revenue Expenditure	2889.54	3170.09	3534.44	3252.44
Interest Payment	313.99	379.09	372.41	362.51
Capital Expenditure	853.09	1334.95	1329.94	989.53
Disbursement of Loans & Advances	1.46	40.15	24.50	3.55
Revenue Deficit/Surplus	511.35	739.80	418.90	467.32
Fiscal deficit/Surplus	-340.63	-630.68	-930.91	-521.56
Primary Deficit/surplus	-26.64	-251.59	-558.50	-159.05



- During 2009-10, the actual revenue receipts fell short of the budget estimates by ₹ 190.13 crore (4.86 per cent) while actual revenue expenditure was higher by ₹ 82.35 crore (2.60 per cent) over budget estimates resulting in attaining a lower revenue surplus of ₹ 272.48 crore as compared to the projections in the budget estimates.
- During the current year the tax revenue of the State increased by 15.70 per cent (₹ 24.49 crore) over the previous year. The actual collection of tax revenue during the year also increased by 15.79 per cent (₹ 24.62 crore) over the budget estimate for the year mainly due to higher collection of Sales Tax (₹ 16.58 crore), Taxes on vehicle (₹ 2.73 crore) and Tax on goods and passengers (₹ 1.61 crore). The revenue from Sales Tax, Trade etc. contributed the major share of Tax Revenue (73.25 per cent) during the current year and it increased by 15.27 per cent over the previous year.
- The decrease in Non-Tax Revenue (₹ 38.70 crore) as compared to the budget estimates for 2009-10 was due to decrease in receipts mainly under Power (₹ 40.83 crore) offset by increase in interest receipt (₹ 3.52 crore).
- The increase in Revenue Expenditure (₹ 82.35 crore) by 2.60 per cent over the budget provision was due to increase in General service (₹ 171.59 crore) 12.15 per cent offset by decrease in Social Service (₹ 3.02 crore) 0.39 per cent and Economic Service (₹ 86.22 crore) 8.79 per cent.
- Capital Expenditure of the State grew by ₹ 136.44 crore (15.99 per cent) over the previous year. The decrease in Capital Expenditure of ₹ 345.42 crore (25.88 per cent) during the year over the budget provision was due to decrease in General

Service (₹ 241.39 crore) and Social Service (₹ 137.34 crore) offset by increase in Economic Service (₹ 33.30 crore).

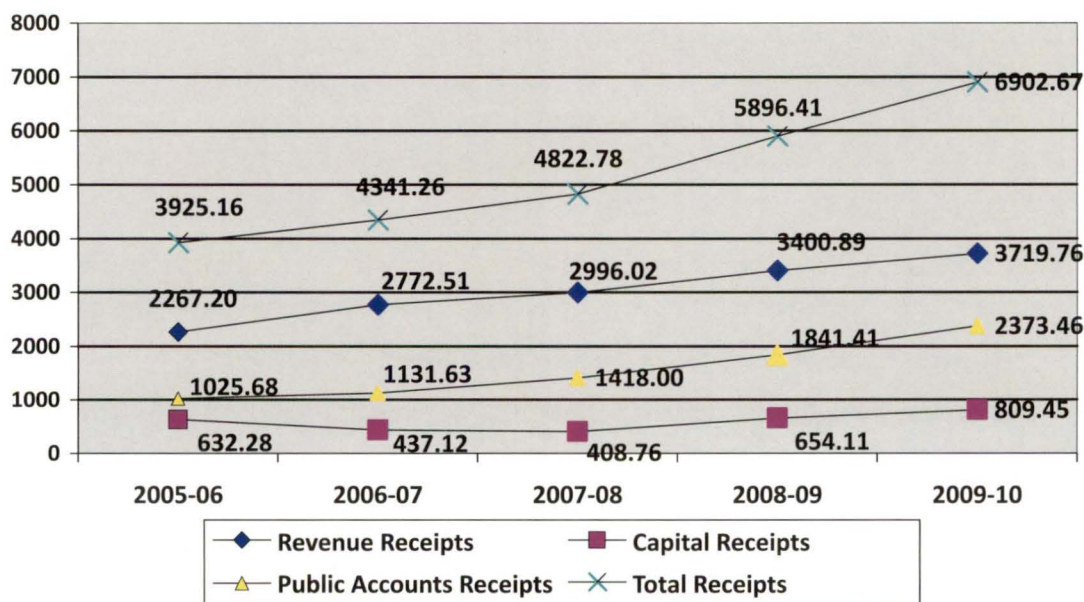
- Actual fiscal deficit fell short of assessment made in the budget estimates by ₹ 109.12 crore (17.30 per cent) mainly due to decrease in Capital Expenditure. The primary deficit also decreased by ₹ 92.54 crore as compared to the budget estimates for 2009-10.

1.4 Resources of the State

1.4.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table-1.1** presents the receipts and disbursements of the State during the last two years as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2005-10. **Chart 1.3** depicts the composition of resources of the State during the current year.

Chart 1.2: Trends in Receipts



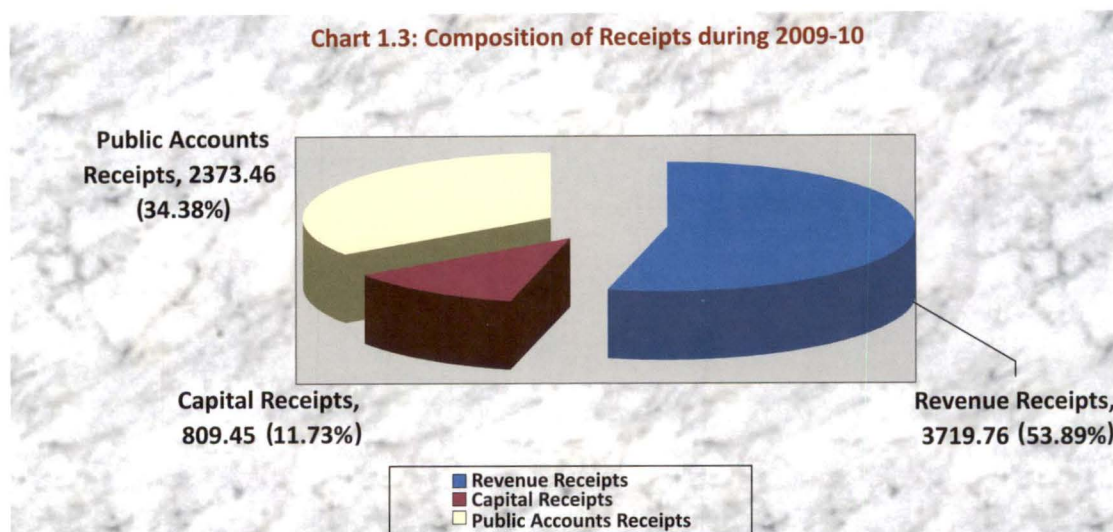


Chart 1.2: shows that the total receipts of the State Government for the year 2009-10 was ₹ 6902.67 crore out of which, the revenue receipts was ₹ 3719.76 crore constituting 53.89 per cent of the total receipts. The balance came from capital receipts and Public Account receipts.

The revenue receipts of the State increased from ₹ 2267.20 crore in 2005-06 to ₹ 3719.76 crore in 2009-10 at a compound annual growth rate of 13.18 per cent. The buoyancy of Revenue receipts w.r.t GSDP during the year was 0.76 per cent.

The capital receipts (including Public Account receipts) constituted 46.11 per cent of the total receipts of the State during the year 2009-10, an increase of 91.98 per cent from ₹ 1657.96 crore in 2005-06 to ₹ 3182.91 crore in 2009-10.

Public Account receipts increased by 28.89 per cent (₹ 532.05 crore) in 2009-10 over the previous year due to increase in Remittances (₹ 137.37 crore), Deposit and Advances (₹ 417.00 crore) and Provident Fund (₹ 5.01 crore) offset by decrease in Reserve Fund (₹ 2.26 crore) and Suspense and Miscellaneous (₹ 25.07 crore).

1.4.2 Funds Transferred to State Implementing Agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies² for the implementation of various schemes/programmes in social and economic sectors recognized as critical. As these funds are not routed through the State Budget/State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. To present a holistic

² State Implementing Agency includes any Organization/Institution including Non-Governmental Organization which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA and State Health Mission for NRHM etc.

picture on availability of aggregate resources, funds directly transferred to State Implementing Agencies is detailed in **Appendix 1.5**. An approximate amount of ₹ 957.33 crore has been directly transferred during the year. Significant amounts released for major programmes/schemes are presented in **Table 1.7**.

Table-1.7: Funds Transferred Directly to State Implementing Agencies

(Rupees in crore)

Name of the Programme/Scheme	Name of the Implementing Agency in the State	Total funds released by the GOI during 2009-10
National Rural Employment Guarantee Programme	Project Directors, DRDA, 11 Districts	562.95
Sarva Shiksha Abhiyan (SSA)	SSA State Mission Authority	67.54
Pradhan Mantri Gram Sadak Yojana	SGO	60.02
National Rural Health Mission (NRHM)	State Health Society	59.56
Rural Housing (Indira Awas Yojana)	Project Directors, DRDA, 11 Districts	39.94
Accelerated Rural Water supply Programme	DWSM	37.70
Central Rural Sanitation Programme	DWSM	10.59
National Aforestation Programme	FDA	10.07
National Bamboo Mission	NBMDA	9.65
National Aides Control	Nagaland State Aids Control Society	7.21
DRDA Administration	Project Director (DRDA)	6.65
Swarnjayanti Gram Swarozgar Yojana (SGSY)	Project Director (DRDA)	6.48
Promotion and Dissemination of art and Culture	ABIOGENSIS	5.97
Conservation of Natural Resources & Eco. System	PHE Department	5.81
MPs Local Area Development Scheme	Dy. Commissioner, Dimapur	5.00
Total		895.14

Source: 'Central Plan Scheme Monitoring System' portal in Controller General of Account's website

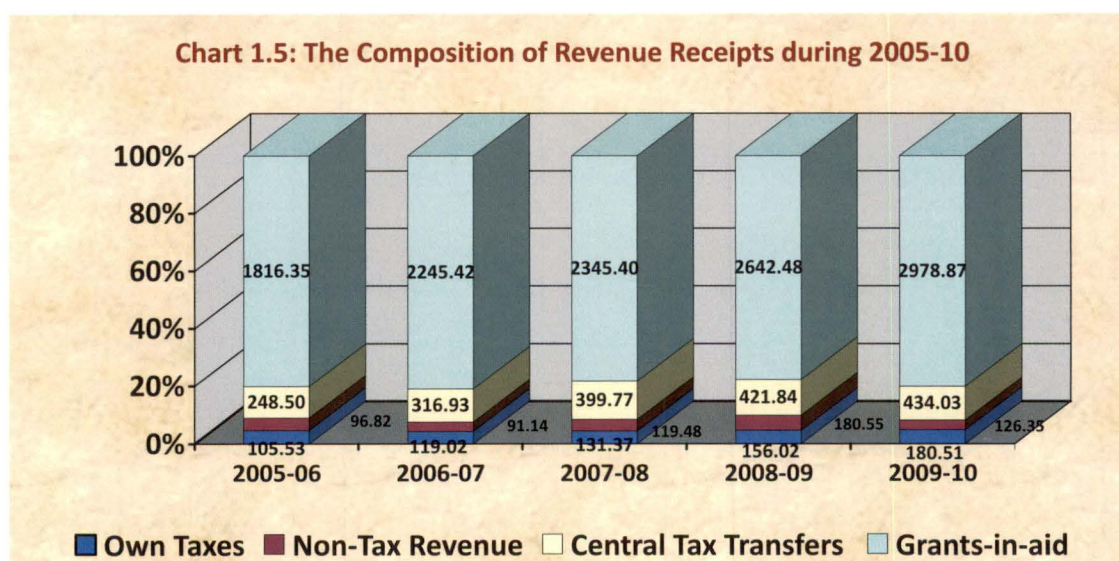
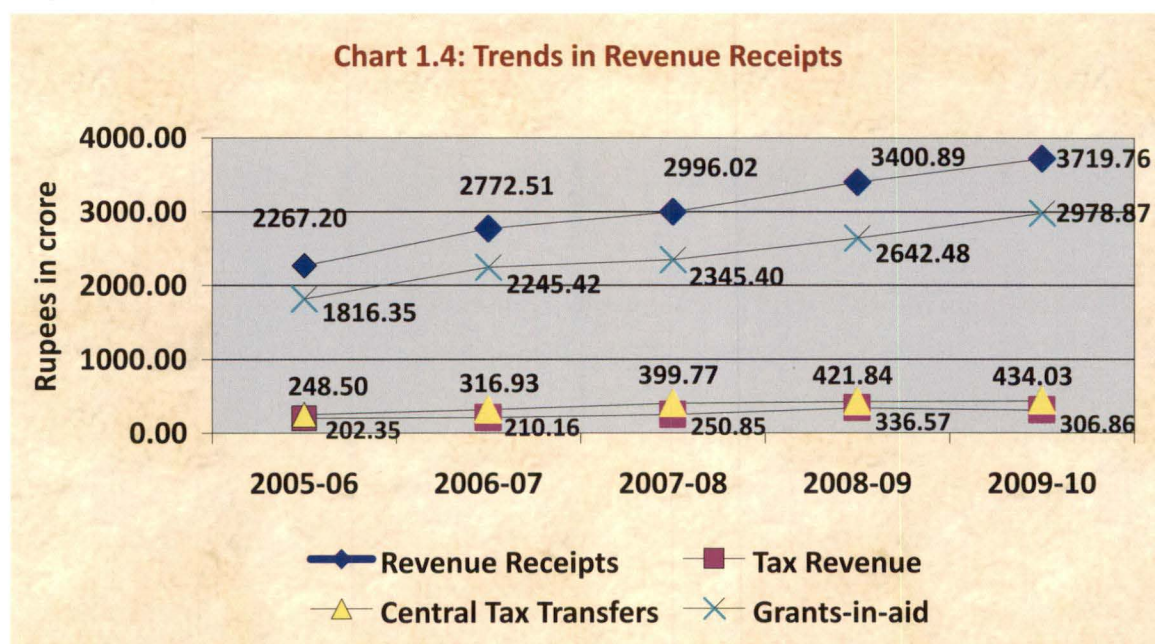
An amount of ₹ 957.33 crore was directly transferred by GOI to the State Implementing Agencies during 2009-10 an increase of ₹ 485.40 crore (102.85 per cent) from the previous year. Out of a total amount of ₹ 957.33 crore directly transferred to implementing agencies during the year, ₹ 750.07 crore (93.50 per cent) was transferred for four Central schemes viz., National Rural Employment Guarantee Programme ₹ 562.95 crores (58.80 per cent), Sarva Shiksha Abhiyan (SSA) ₹ 67.54 crore (7.06 per cent), Pradhan Mantri Gram Sadak Yojana ₹ 60.02 (6.27 per cent) and National Rural Health Mission ₹ 59.56 crores (6.22 per cent).

With the transfer of an approximate amount of ₹ 957.33 crore directly by GOI to the state Implementing Agencies, the total availability of State resources during 2009-10 had increased from ₹ 6902.67 crore to ₹ 7860.00 crore. There is no single agency monitoring the funds directly transferred by the GOI and there is no readily available data on how much is actually spent in any particular year on major flagship schemes and other important schemes which are being implemented by the State Implementing Agencies

and funded directly by the GOI and therefore, utilization of these funds remain to be verified by Audit to establish accountability of the State Government for these funds.

1.5 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2005-10 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively.



The revenue receipts have shown a progressive increase over the period 2005-10 with marginal inter-year variations and changes in its composition i.e. the share of own taxes, non-tax revenue and Central transfers during the period 2005-10.

Tax Revenue receipt increased from ₹ 202.35 crore in 2005-06 to ₹ 306.86 crore in 2009-10 at a compound annual growth rate of 10.97 *per cent*.

The trends in revenue receipts relative to GSDP are presented in **Table 1.8** below:

Table 1.8: Trends in Revenue Receipts relative to GSDP

	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue Receipts (RR) (Rupees in crore)	2267.20	2772.51	2996.02	3400.89	3719.76
Rate of growth of RR (<i>per cent</i>)	23.25	22.29	8.06	13.51	9.38
R R/GSDP (<i>per cent</i>)	35.57	39.85	41.79	45.03	43.90
Buoyancy Ratios³					
Revenue Buoyancy w.r.t GSDP	2.26	2.44	2.66	2.52	0.76
State's Own Tax Buoyancy w.r.t GSDP	3.37	1.40	3.43	3.50	1.29

The Revenue Receipts of the State increased from ₹ 2267.20 crore in 2005-06 to ₹ 3719.76 crore in 2009-10 at a compound annual growth rate of 13.18 *per cent*. While 8.25 *per cent* of the revenue receipts during 2009-10 have come from the State's Own Resources comprising taxes and non-taxes, Central Tax Transfers and Grants-in-aid together contributed 91.75 *per cent*. The share of State's Own Resources and the Central Transfers in Revenue receipts of the State exhibited relative stability during the last five years (2005-10).

Central tax transfers to the State increased by 2.89 *per cent* (₹ 12.19 crore) from ₹ 421.84 crore in 2008-09 to ₹ 434.03 crore in 2009-10. This was due to increase in Corporation Tax (₹ 40.46 crore), Tax on Income Other than Corporation Tax (₹ 12.58 crore), Tax on Wealth (₹ 0.29 crore) and Service Tax (₹ 0.22 crore) offset by decrease in Customs (₹ 13.16 crore) and Union Excise Duties (₹ 28.20 crore).

Grants-in-aid from Government of India have increased by 12.73 *per cent* (₹ 336.39 crore) from ₹ 2642.48 crore in 2008-09 to ₹ 2978.87 crore in 2009-10 contributing 80.08 *per cent* of the total Revenue Receipts during 2009-10. This increase was due to enhanced grants for non-plan grants (₹ 144.10 crore), Grants for State/Union Territory Plan Scheme (₹ 37.73 crore), Grants for Central Plan Scheme (₹ 109.54 crore), Centrally Sponsored Plan Schemes (₹ 23.14 crore) and Grants for Special Plan Scheme (₹ 21.88 crore).

The growth rate of Revenue Receipts was more than twice that of GSDP growth rate during 2005-06 to 2008-09. The growth rate of Revenue Receipts was however, less than the growth rate of GSDP in 2009-10. The State's own tax buoyancy with respect to

³Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one *per cent*.

GSDP was 3.37 in 2005-06 which declined to 1.29 in 2009-10 indicating that the State's own tax was not keeping pace with the GSDP of the State.

1.5.1 State's Own Resources

As the State's share in Central taxes and Grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts and Central assistance for plan schemes etc, the State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. **Appendix 1.3** presents the gross collection in respect of major taxes and duties as well as the components of non-tax receipts vis-à-vis budget estimates, the expenditure incurred on their collection and the percentage of such expenditure to the gross collection during the years from 2005-06 to 2009-10. **Appendix 1.6 A & B** also presents the component-wise tax and non-tax revenue for the years 2005-10.

The tax revenue increased by ₹ 24.49 crore (15.70 per cent) from ₹ 156.02 crore in 2008-09 to ₹ 180.51 crore in 2009-10. The share of sales tax in total tax revenue not only remained significant but increased from 73.12 per cent in 2005-06 to 73.25 per cent in the current year. Taxes on Vehicles (₹ 16.73 crore) and Tax on Goods and Passengers (₹ 3.96 crore) were the other contributors to the State's tax revenue.

The increase in sales tax revenue (₹ 17.52 crore) which was mainly on account of introduction of VAT, contributed around 71.54 per cent of incremental tax revenue of the State during the year.

Non-tax revenue exhibited fluctuation over the period 2005-10 and increased steeply from ₹ 91.14 crore in 2006-07 to ₹ 180.55 crore in 2008-09 but decreased (₹ 54.20 crore) to ₹ 126.35 crore in 2009-10. The major contributors in the non-tax revenue included Power (₹ 75.17 crore), Road Transport (₹ 10.81 crore), Miscellaneous General Services (₹ 7.04 crore), Forestry and Wildlife (₹ 7.70 crore), Housing (₹ 3.43 crore), Co-operation (₹ 3.15 crore) and Roads and Bridges (₹ 2.34 crore). Decrease in Non Tax Revenue (NTR) in 2009-10 was mainly on account of Power (₹ 36.32 crore) and Miscellaneous General Service (₹ 21.01 crore).

1.5.2. Loss of Revenue due to Evasion of Taxes, Write off/Waivers and Refunds

The Sales Tax Department of the State Government could not furnish the information about evasion of tax. The details of tax refunds, write off and waiver of revenue during the year 2009-10 was stated to be nil.

1.5.3 Revenue Arrears

The Sales Tax Department could not furnish the information about revenue arrears for the year 2009-10. However, it was observed from the arrear revenue furnished up to the year 2008-09 (₹ 18.71 crore) that it increased by ₹ 2.99 crore during 2008-09 over the

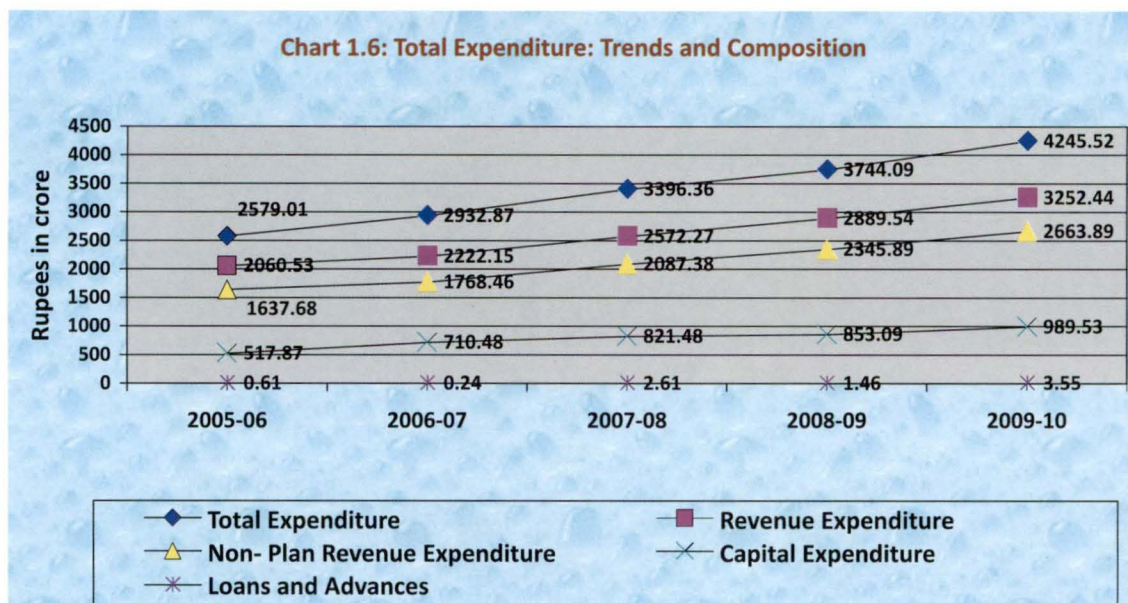
previous year. The increase was mainly on Sales & Trade ₹ 3.07 crore and Petroleum Tax ₹ 0.08 crore offset by marginal decrease on Central Sales Tax ₹ 0.13 crore, Purchase Tax ₹ 0.02 crore and Professional Tax ₹ 0 01 crore.

1.6 Application of resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially expenditure directed towards development and social sectors.

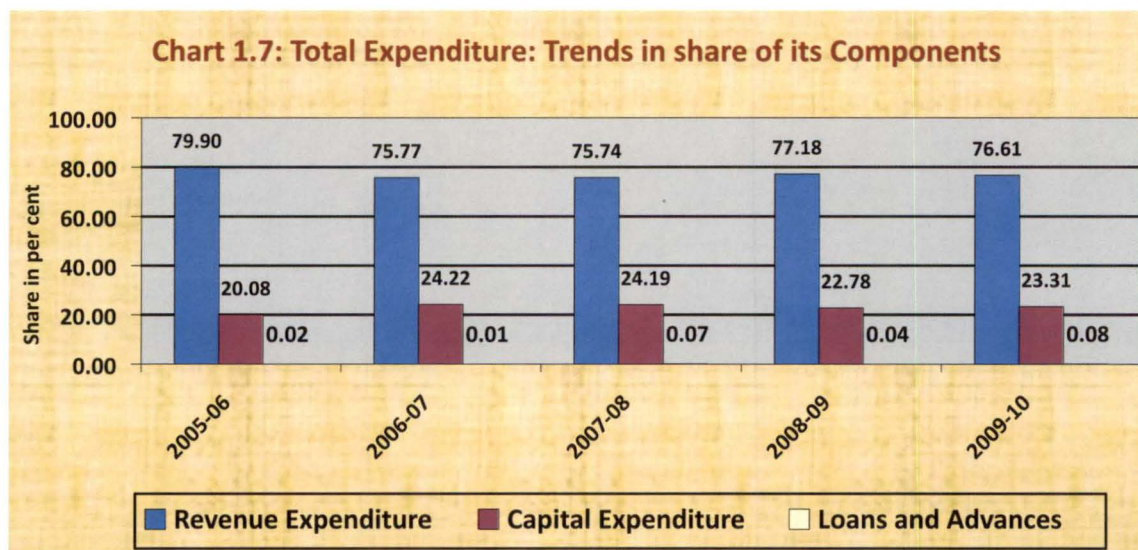
1.6.1 Growth and Composition of Expenditure

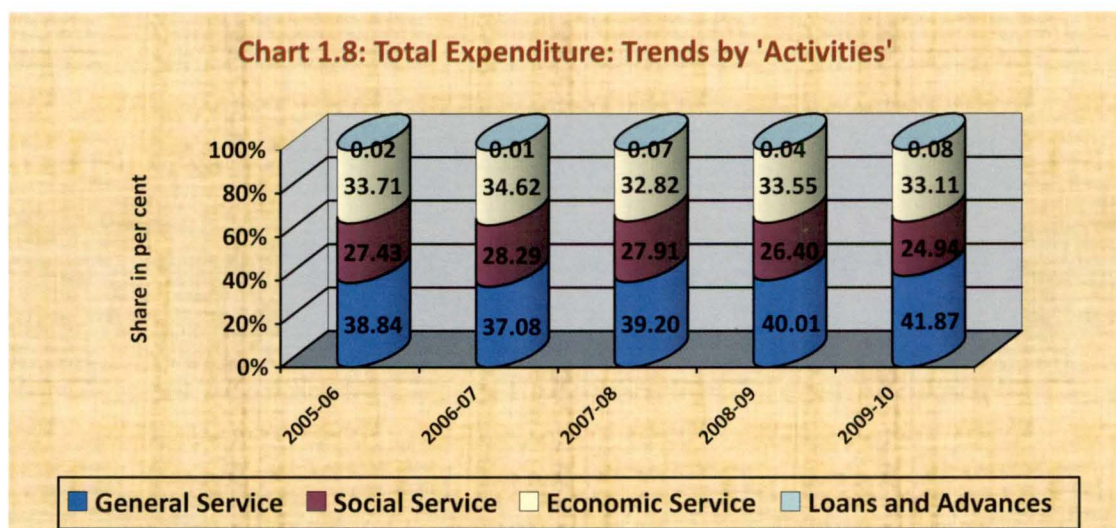
Chart 1.6 presents the trends in total expenditure over a period of five years (2005-10) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in Charts 1.7 and 1.8.



Statements 12 & 13 of the Finance Accounts depict the detailed revenue expenditure by minor heads and capital expenditure respectively. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services and extend the network of these services through capital expenditure and investments to discharge their debt service obligations. The total expenditure of the State increased from ₹ 2579.01 crore in 2005-06 to ₹ 4245.52 crore in 2009-10.

Total expenditure during 2009-10 at ₹ 4245.52 crore increased by ₹ 501.43 crore (13.39 per cent) over the previous year. Out of the total expenditure in 2009-10, revenue expenditure was 76.61 per cent (₹ 3252.44 crore) while capital expenditure was 23.31 per cent (₹ 989.53 crore) and loans and advances was 0.08 per cent (₹ 3.55 crore). The break-up of total expenditure in terms of plan and non-plan reveals that while the share of plan expenditure constituted 36.95 per cent (₹ 1568.54 crore), the remaining 63.05 per cent was non-plan expenditure (₹ 2676.98 crore). The increase in total expenditure during 2009-10 over the previous year was due to increase of revenue expenditure by ₹ 362.90 crore and capital expenditure by ₹ 136.44 crore and disbursement of loans and advances by ₹ 2.09 crore. The non-plan revenue expenditure increased by 13.56 per cent during the year compared to the projection of 6.51 per cent made by the State Government in Fiscal Correction Path (FCP) for 2009-10. The capital expenditure (₹ 989.53 crore) exceeded by ₹ 267.04 crore (36.96 per cent) the assessment made by State Government in its FCP (₹ 722.49 crore).





Revenue expenditure had predominant share varying from 75.74 per cent to 79.90 per cent of the total expenditure of the State during 2005-10. Revenue expenditure is incurred to maintain the current level of services and payments for the past obligations and as such does not result in any addition to the State's infrastructure and service network.

Revenue expenditure of the State has increased by 57.84 per cent from ₹ 2060.53 crore in 2005-06 to ₹ 3252.44 crore in 2009-10 at a compound annual growth rate of 12.09 per cent. Both Non Plan Revenue expenditure (NPRE) and Plan Revenue expenditure (PRE) have shown a consistent increase over the period 2005-10. Of the total increase of ₹ 362.90 crore in revenue expenditure during 2009-10 over the previous year, increase in NPRE contributed 87.63 per cent (₹ 318.00 crore) while PRE accounted for the remaining 12.37 per cent (₹ 44.90 crore). The increase of ₹ 318.00 crore in NPRE during 2009-10 over the previous year was mainly due to increase in Police (₹ 100.84 crore), Interest Payments (₹ 48.52 crore), Pensions and Other Retirement Benefits (₹ 50.01 crore), Medical and Public Health (₹ 19.39 crore), Crop Husbandry (₹ 15.95 crore) and Power (₹ 16.74 crore). The PRE has increased by ₹ 44.90 crore from ₹ 543.65 crore in 2008-09 to ₹ 588.55 crore in 2009-10 mainly due to increase in expenditure under Animal Husbandry (₹ 13.73 crore), Technical Education (₹ 10.64 crore), Village and Small Industry (₹ 7.30 crore) and Agriculture Research and Education (₹ 6.94 crore). The actual non-plan revenue expenditure vis-à-vis assessment made by TFC and State Government are given below:-

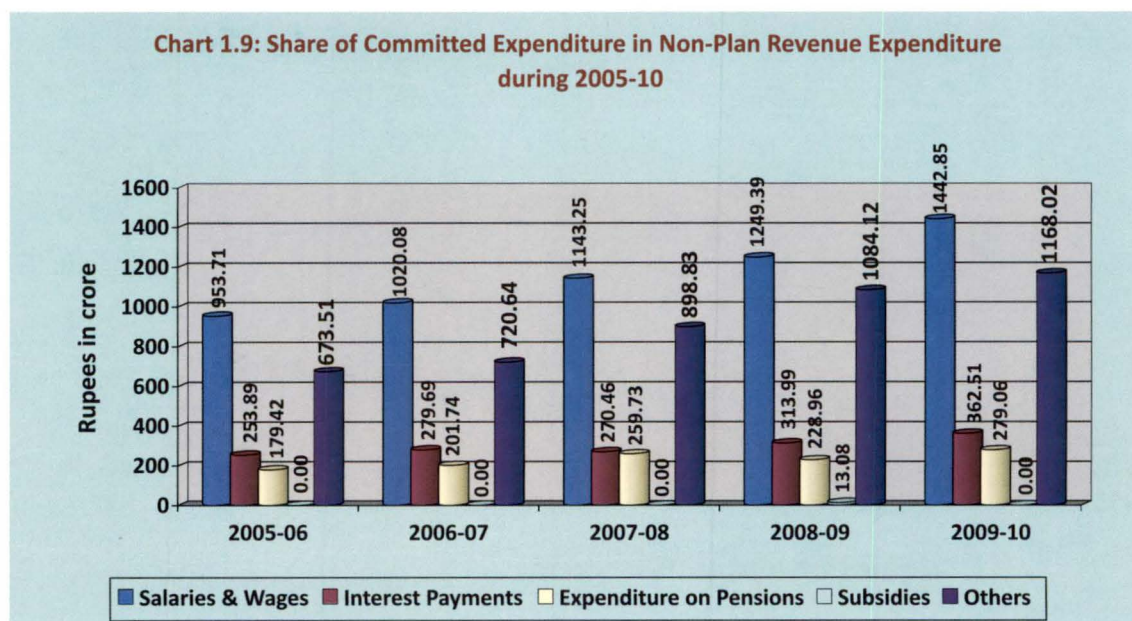
	Assessment made by TFC	Assessment made by State Government in FCP	Actual
Non-Plan Revenue Expenditure	1907.71	2117.61	2663.89

(Rupees in crore)

The actual NPRE exceeded the normative assessment made by TFC by ₹ 756.18 crore (39.64 per cent) and the assessment made by the State Government in its FCP for the year 2009-10 by ₹ 546.28 crore (25.80 per cent).

1.6.2 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Chart 1.9** present the trends in the expenditure on these components during 2005-10.



Expenditure on salaries under Non-Plan and Plan during the current year is ₹ 1405.90 crore and ₹ 36.95 crore respectively. The increase in salaries by ₹ 193.46 crore over the previous year was mainly due to release of dearness allowance installments and incremental benefits. Salary and wages accounted for 38.79 per cent of the revenue receipts during 2009-10. *Salary expenditure was 55.26 per cent of revenue expenditure, net of interest payment and pension, which was within the ceiling of 61 per cent targetted in Nagaland Fiscal Responsibility and Budget Management (NFRBM) Act, but was much higher than the norm of 35 per cent recommended by the TFC.*

The expenditure on pension has increased by 21.88 per cent (₹ 50.10 crore) from ₹ 228.96 crore in 2008-09 to ₹ 279.06 crore in 2009-10 mainly due to introduction of new retirement policy for Government employees. The pension payments were ₹ 31.06 crore less than the projection made in the FCP (₹ 310.12 crore) while it was ₹ 5.12 crore less than the assessment made by TFC (₹ 284.18 crore) for the year 2009-10. *The State Government has introduced the new pension policy only with effect from 1 January 2010.*

Interest payments increased by 42.78 per cent (₹ 108.62 crore) from ₹ 253.89 crore in 2005-06 to ₹ 362.51 crore in 2009-10. The interest payments increased by ₹ 48.52 crore during 2009-10 over the previous year due to increase in Internal Debt (₹ 35.66 crore), and Small Savings, Provident Fund etc. (₹ 2.35 crore). There was also an increase in interest payment on Loans and Advances from Central Government (₹ 10.51 crore).

Interest payments relative to revenue receipts at 9.75 per cent was well within the norm of 15 per cent as recommended by TFC.

1.6.3 Financial Assistance by State Government to local bodies and other Institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.9**

Table 1.9: Financial Assistance to Local Bodies etc.

Financial Assistance to Institutions	2005-06	2006-07	2007-08	2008-09	(Rupees in crore)	
					2009-10	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	6.24	2.55	2.40	2.90	8.81	31.22
Municipal Corporations and Municipalities	...	0.27	0.27	0.13	9.46	9.46
Zilla Parishads and Other Panchayati Raj Institutions	...	...	...	...	...	...
Development Agencies	0.28	...	29.03	24.83	26.35	26.35
Hospitals and Other Charitable Institutions	5.74	8.12	8.73	9.41	10.23	3.98
Other Institutions	21.17	23.10	1.41	2.53	1.75	1.51
Total	33.43	34.04	41.84	39.80	56.60	72.52
Assistance as percentage of RE	1.62	1.53	1.63	1.38	1.79	2.23

The total assistance to local bodies has increased (₹ 39.09 crore) from ₹ 33.43 crore in 2005-06 to ₹ 72.52 crore in 2009-10. **Table 1.9** shows that the assistance declined gradually from ₹ 6.24 crore in 2005-06 to ₹ 2.90 crore in 2008-09 in respect of Educational Institutions due to less release of grants to non-Government Colleges and Institutions. However, ₹ 31.22 crore was released during the year mainly as Assistance to Non-Government Secondary Schools (₹ 27.57 crore). The assistance increased in respect of Hospitals and other Charitable Institutions from ₹ 5.74 crore in 2005-06 to ₹ 9.41 crore in 2008-09 mainly due to increase of grants to Naga Hospital Authority but declined during the year (₹ 3.98 crore). The financial assistance granted under the head Development Agencies (₹ 26.35 crore) was given to Village Development Boards mainly for community development schemes (₹ 25.26 crore), matching grant (₹ 0.50 crore) and additional grants (₹ 0.59 crore).

1.7 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provision for providing public services); efficiency of expenditure use and the effectiveness (assessment of outlay-outcome relationships for select services).

1.7.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to social sector and economic infrastructure are largely assigned to the State Governments. Enhancing human development levels requires the States to step up their expenditure on key social services like, education, health etc. **Table 1.10** analyses the fiscal priority given by the Nagaland Government to various expenditure heads in 2005-06 (the first year of the Twelfth Finance Commission Award Period) and the current year viz 2009-10 with regard to developmental expenditure, social sector expenditure and capital expenditure.

Table-1.10: Fiscal priority of the State during 2008-09

Fiscal priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE	Education/AE	Health/AE
All NE States Average* 2005-06	29.92	65.98	32.91	16.21	18.06	4.63
Nagaland 2005-06	40.46	61.16	27.43	20.08	17.46	11.65
All NE States Average* 2009-10	37.18	64.98	34.64	17.55	16.47	5.65
Nagaland 2009-10	50.10	58.13	24.93	23.31	12.03	4.18

AE: Aggregate Expenditure DE: Developmental Expenditure SSE: Social Sector Expenditure
CE: Capital Expenditure
Developmental expenditure includes Developmental Revenue Expenditure, Developmental Capital Expenditure and Loans and Advances disbursed.
Source: For GSDP, the information was collected from the State's Directorate of Economics and Statistics

The Government of Nagaland had a much higher AE/GSDP ratio in both the years under consideration compared to the average of NE States. The ratio of developmental expenditure as a proportion to aggregate expenditure was lower than NE States average which indicates that the State has not given priority to this category of expenditure as compared to other States. In Social Sector Expenditure Nagaland Government's expenditure as a percentage of AE was much less than the NE States during both the years. The expenditure on education in Nagaland (as a proportion of AE) was also lower than that of average NE states. However, in the case of health, Nagaland gave a much higher priority in 2005-06 than other NE states. In the current year however, the priority given to health was lower in the case of Nagaland compared to the other NE states.

The Government may consider giving greater emphasis to Social Sector considering the higher BPL population in the State.

1.7.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on developmental heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods⁴. Apart from improving the allocation towards

⁴ Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such goods leads to no subtractions from any other individual's consumption of that goods, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

developmental expenditure⁵, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.11** presents the trends in developmental expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis budgeted and the previous years, **Table 1.12** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table-1.11: Developmental Expenditure

Components of Developmental Expenditure	2005-06	2006-07	2007-08	2008-09	(Rupees in crore)	
					2009-10	
					BE	Actual
Developmental Expenditure (a to c)	1577.27 (61.15)	1845.39 (62.92)	2065.21 (60.81)	2246.10 (59.99)	2658.09	2467.96 (58.13)
a. Developmental Revenue Expenditure	1120.63 (43.45)	1201.83 (40.98)	1378.83 (40.60)	1540.70 (41.15)	1757.70	1668.46 (39.30)
b. Developmental Capital Expenditure	456.03 (17.68)	643.32 (21.93)	683.77 (20.13)	703.94 (18.80)	899.99	795.95 (18.75)
c. Developmental Loans and Advances	0.61 (0.02)	0.24 (0.01)	2.61 (0.08)	1.46 (0.04)	0.40	3.55 (0.08)

Figures in parentheses indicate percentage to aggregate expenditure

The developmental expenditure (₹ 2467.96 crore) is less than the assessment made by the State Government in the budget by ₹ 190.13 crore. The developmental revenue and capital expenditure increased by 8.29 *per cent* (₹ 127.76 crore) and 13.07 *per cent* (₹ 92.01 crore) respectively over the previous year. The increase in developmental revenue expenditure was mainly under Education, Sports, Art & Culture (₹ 64.94 crore), Health & Family Welfare (₹ 23.28 crore), Agriculture & Allied Activities (₹ 58.66 crore) and Energy (₹ 17.32 crore) offset by decrease in Water Supply, Sanitation, Housing and Urban Development (₹ 12.92 crore), Rural Development (₹ 22.37 crore) and Special Area Programmes (₹ 11.06 crore).

⁵The analysis of expenditure data is disaggregated into developmental and non-developmental expenditure. All expenditure relating to Revenue Account, Capital Account and Loans and Advances are categorized into social services, economic services and general services. Broadly, the social and economic services constitute developmental expenditure, while expenditure on general services is treated as non-developmental expenditure.

Table 1.12 –Efficiency of Expenditure Use in Selected Social and Economic Services

(In per cent)

Social/Economic Infrastructure	2008-09		2009-10	
	Ratio of CE to TE	In RE, the share of S&W	Ratio of CE to TE	In RE, the share of S&W
Social Services (SS)				
General Education	4.71	86.06	2.62	81.23
Health and Family Welfare	9.42	81.17	10.97	80.89
WS, Sanitation, & HUD	83.43	66.47	63.30	27.62
Total (SS)	29.52	73.15	25.81	71.71
Economic Services (ES)				
Agri & Allied Activities	17.14	47.79	15.01	76.83
Irrigation and Flood Control	11.64	13.05	2.43	14.85
Power & Energy	41.68	19.46	29.59	21.25
Transport	47.75	59.81	68.82	76.91
Total (ES)	32.81	32.22	40.88	50.54
Total (SS+ES)	31.36	50.73	13.14	62.60

TE: Total Expenditure of respective section; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages

Table 1.12 shows that the ratio of CE to TE under Social services decreased from 29.52 *per cent* in 2008-09 to 25.81 *per cent* in 2009-10 mainly due to decrease under Water Supply, Sanitation, Housing & Urban Development. The ratio of CE to TE under Economic services increased by 8.07 *per cent* over the previous year mainly due to increase under Transport.

The share of salary and wages on General Education under Social service was 81.23 *per cent* of its revenue expenditure and on Health & Family Welfare and Water Supply Sanitation, Housing & Urban Development, the share was 80.89 *per cent* and 27.62 *per cent* respectively. The percentage of salary and wages relative to its revenue expenditure on Social services was 1.44 *per cent* lower than the previous year.

The salary and wage expenditure in terms of percentage of revenue expenditure under Economic services was higher by 18.32 *per cent* over the previous year.

The percentage of salary and wage expenditure relative to revenue expenditure under Social and Economic services taken together was higher by 11.87 *per cent* during 2009-10 over the previous year.

1.8 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowing) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market based resources, the State Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite

steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year vis-à-vis previous years.

1.8.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2010 is given in **Table 1.13**.

Table 1.13: Department-wise Profile of Incomplete Projects

(Rupees in Crore)

Department	No. of Incomplete Projects	Initial Budgeted Cost	Cost Over Runs	Cumulative actual exp as on 31.3.2010
Power Department	2	124.67	15.13	45.42
PWD (R&B)	62	667.30	9.76	410.02
Public Health Engineering	41	64.94	-	44.75
Police Engineering Project	6	443.99	-	145.19
Total	111	1300.90	24.89	645.38

Source: Finance Accounts and Departmental records

As per the Finance Accounts there were 47 incomplete projects as on 31 March 2010 pertaining to two departments in which ₹ 189.94 crore were blocked. The targeted year of completion, physical progress and cost overruns, if any, on these projects have not been furnished by the departments through called for and hence could not be ascertained in audit.

Two other departments viz. Power and PWD (R & B) furnished to audit that 64 projects were incomplete as on 31 March 2010 in which ₹ 455.44 crore have been blocked. There has been a cost overrun of ₹ 24.89 crore in these projects. One project of the Power Department on which ₹ 32 crore had been spent was force-closed on the advice of the Planning Commission, Government of India and another project on which ₹ 13.42 crore have been spent has been kept on hold due to landslide and fund constraint.

Delay in completion of works invites the risk of escalation in the cost of the works. The actual cost overrun would be available on closure of the claims of the construction after completion of the projects. Thus, works need to be completed in time to contain time and cost overrun especially on high cost works. Besides, projects should be selected after proper survey and investigation in order to avoid force-closure of projects leading to unfruitful outflow of Government funds.

1.8.2 Investment and returns

As on 31 March 2010, Government had invested ₹ 192.09 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 1.14**). The average return on this investment was 'Nil' during the last five years while the Government paid an average interest rate of 11.50 per cent on its borrowings during 2006-2010.

Table-1.14: Return on Investment

Investment/Return/Cost of Borrowings	(Rupees in crore)				
	2005-06	2006-07	2007-08	2008-09	2009-10
Investment at the end of the year (a-e) (₹ in crore)	103.11	119.84	141.90	164.94	192.09
(a) Joint Stock Companies	18.66	24.66	28.66	32.10	32.10
(b) Government Companies	58.54	69.27	81.16	100.76	127.91
(c) Statutory Corporations	0.04	0.04	0.04	0.04	0.04
(d) Rural Banks	0.00	0.00	0.00	0.00	0.00
(e) Co-operatives	25.87	25.87	32.04	32.04	32.04
Return (₹ in crore)	...	...	...	...	...
Return (per cent)	...	...	...	...	...
Average rate of interest on Govt borrowing (per cent)	10.50	11.50	11.50	11.50	11.50
Difference between interest rate and return (per cent)	10.50	11.50	11.50	11.50	11.50

Out of the total Government investment of ₹ 192.09 crore at the close of the current year, ₹ 127.91 crore was invested in 6 Government companies, ₹ 32.10 crore in 2 Joint Stock Companies and the remaining amount of ₹ 32.08 crore was invested in Statutory Corporations, Co-operative Bank and Co-operative Societies etc. During the current year, the Government made additional investment of ₹ 27.15 crore in State public sector and other Undertakings.

A Government company *viz.*, Nagaland Sugar Mills Ltd. (₹ 7.29 crore-investment) and a Joint Stock Company, Nagaland Paper and Pulp Corporation (₹ 6.33 crore-investment) were closed down; while three Government Corporations- Nagaland Industrial Development Corporation Ltd. (₹ 8.39 crore), Nagaland Industrial Raw Materials & Supply Corporation Ltd., (₹ 4.05 crore) and Nagaland Handloom & Handicrafts Development Corporation Ltd., (₹ 2.82 crore) were incurring losses. Since the accounts of Nagaland State Mineral Development Corporation Ltd., (₹ 59.28 crore) are outstanding from 1998-99, the actual financial status of the company as of March 2010 could not be assessed.

A performance-based system of accountability should be put in place in the Government Companies/Statutory Corporations so as to derive profitability and improve efficiency in service. The Government should ensure better value for money in investments by identifying the Companies/Corporations which are endowed with low financial but high socio-economic returns and justify if high cost borrowings are worth to be channelised in those Companies/Corporations.

1.8.3 Loans and advances by State Government

In addition to investments in Co-Operative Societies, Corporations and Companies, Government has also been providing loans and advances to many Institutions/Organizations. **Table 1.15** presents the outstanding loans and advances as on 31 March 2010, interest receipts vis-à-vis interest payments during the last three years.

Table-1.15: Average Interest Received on Loans Advanced by the State Government

Quantum of loans/interest receipts/ cost of borrowings	2007-08	2008-09	2009-10	
			BE	Actual
Opening Balance	26.19	25.74	25.74	24.63
Amount advanced during the year	2.61	1.46	24.50	3.55
Amount repaid during the year	3.06	2.57	4.63	4.20
Closing Balance	25.74	24.63	45.61	23.98
Net addition	(-)0.45	(-)1.11	-	-0.65
Interest Receipts	1.68	1.04	-	0.39
Interest receipts as <i>per cent</i> to outstanding loans and advances	6.53	4.22	-	1.63
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government.	11.50	11.50	-	11.50
Difference between interest payments and interest receipts (<i>per cent</i>)	4.97	7.28	-	9.87

At the end of March 2010, the Government had outstanding loans and advances of ₹ 23.98 crore. The amount of loans disbursed during the year increased from ₹ 1.46 crore in 2008-09 to ₹ 3.55 crore in 2009-10. Out of the total amount of loans advanced during the year, ₹ 3.36 crore was for Economic Services and ₹ 0.19 crore to Government Servants. Under the Economic Service, cent per cent of loans went to Co-operatives. Recovery of loans and advances increased from ₹ 2.57 crore in 2008-09 to ₹ 4.20 crore in 2009-10. The interest received as percentage of outstanding loans decreased from 4.22 *per cent* in 2008-09 to 1.63 *per cent* in 2009-10, which was much less than the interest paid by the Government on its own borrowings (11.50 *per cent*).

1.8.4 Cash Balances and Investment of Cash balances

Table 1.16 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table-1.16: Cash Balances and Investment of Cash balances

Particulars	As on 1 April 2009	As on 31 March 2010	Increase/
			Decrease
Cash Balances	94.50	102.55	8.05
Investments from Cash Balances (a to d)	440.33	612.12	171.79
a. GOI Treasury Bills	164.57	311.05	146.48
b. GOI Securities	...	...	...
c. Other Securities, if any specify	...	...	...
d. Other Investments	275.76	301.07	25.31
Funds-wise Break-up of Investment from Earmarked balances (a to c)	67.44	89.77	22.33
a. Guarantee redemption fund Investment Account	2.00	3.00	1.00
b. CRF Investment Account	15.55	15.68	0.13
c. Sinking Fund Investment Account	49.89	71.09	21.20
Interest Realized	8.90	7.87	-1.03

The State Government's net cash balance at the end of current year amounted to ₹ 102.55 crore, an increase of ₹ 8.05 crore over the previous year. Investments from cash balances increased by ₹ 171.79 crore from ₹ 440.33 crore in 2008-09 to ₹ 612.12 crore in 2009-10. This was mainly due to increase in investment in Treasury bills (₹ 146.48 crore) and Sinking Fund Account (₹ 21.20 crore). An amount of ₹ 7.87 crore was realized during the year as interest on the amount invested, a decrease of ₹ 1.03 crore from the previous year. The interest received against Investment on Cash Balance was around 1 *per cent* during 2009-10 while Government paid interest at the rate of 11.50 *per cent* on its borrowing during the year. Hence, it is in-advisable to maintain idle cash balances.

1.9 Assets and Liabilities

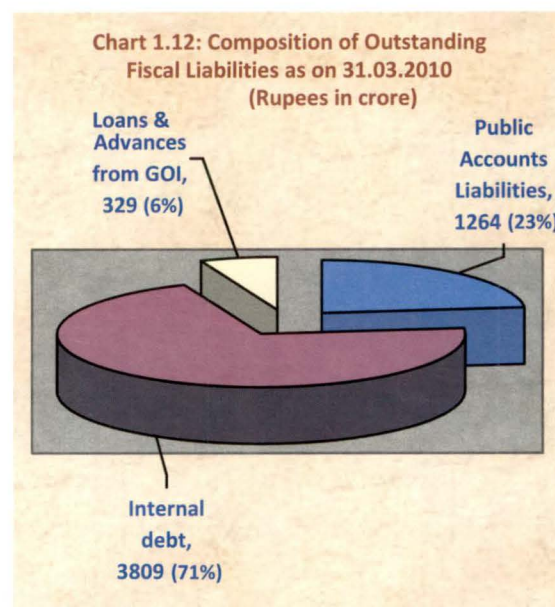
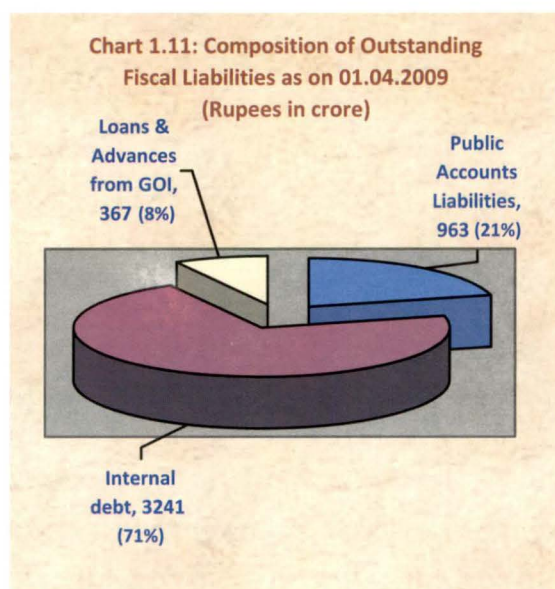
1.9.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4 B** gives an abstract of such liabilities and the assets as on 31 March 2010, compared with the corresponding position on 31 March 2009. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital expenditure and loans and advances given by the State Government and cash balances.

'Total liabilities' as defined in Nagaland Fiscal Responsibility and Budget Management Act, 2005 means the liabilities under the Consolidated Fund of the State and the Public Accounts of the State. Other liabilities, which are a part of the Public Accounts, include deposits under Small Savings scheme, Provident Fund and Other deposits.

1.9.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.3**. However the composition of fiscal liabilities during the current year vis-à-vis the previous year is presented in **Charts 1.11** and **1.12**.



The growth rate of fiscal liability was 18.18 per cent during 2009-10 over previous year. Fiscal Liabilities of the State comprised of Consolidated Fund Liabilities and Public Account Liabilities. The Consolidated Fund Liability (₹ 4137.97 crore) comprised of market loan (₹ 2878.76 crore), loans from Government of India (₹ 329.48 crore) and other loans (₹ 929.73 crore). The Public Account Liabilities (₹ 1264.07 crore) comprise of Small Saving, Provident Fund (₹ 485.54 crore), interest bearing obligations (₹ Nil) and non-interest bearing obligations like deposits and other earmarked funds (₹ 778.53 crore). *The ratio of fiscal liabilities to GSDP has increased from 60.52 per cent in 2008-09 to 63.75 per cent in 2009-10. These fiscal liabilities stood at nearly 1.45 times the revenue receipts and 17.60 times of the State own resources at the end of 2009-10. The fiscal liabilities to GSDP was 9.88 per cent higher than the assessment made by State Government in its Medium Term Fiscal Policy Statement (MTFPS) for the year 2009-10.*

1.9.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per NFRBM Act 2005, the State Government set up a guarantee redemption fund in 2006-07 and decided to charge guarantee fees at the rate of 1 per cent of GSDP to cover the risk in the guarantees. During the year 2009-10 there was a balance of rupees one crore in the guarantee redemption fund investment account.

As per **Statement 9** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years is given in **Table1.17**.

Table-1.17: Guarantees given by the Government of Nagaland

Guarantees	(Rupees in crore)		
	2007-08	2008-09	2009-10
Max amount guaranteed	7.24	7.24	20.00
Outstanding amount of guarantees	NA	NA	10.91
Percentage of maximum amount guaranteed to total revenue receipts	0.24	0.21	0.54
Criteria as per FRBM Act/any other Act or Order of the State	1 per cent of GSDP	1 per cent of GSDP	1 per cent of GSDP

Government had guaranteed loans raised by various corporations and others which at the end of 2009-10 stood at ₹ 10.91 crore. It was 0.13 per cent of the GSDP i.e. well within the limit prescribed in the Act. Out of the total outstanding guarantees, ₹ 8.78 crore (80 per cent) pertained to Nagaland Sugar Mills Company Limited, Dimapur for repayment of principal and payment of interest on loan obtained from the NIDC.

1.9.4 Off - Budget Borrowings

The State Government had no off-budget borrowings during the year. As per the recommendations of the TFC, the State Government has set up a Sinking Fund for amortization of market borrowings as well as other loans and debt obligations during 2009-10. Contribution to the Sinking Fund was ₹ 16.17 crore as of March 2010 and the entire amount of the fund was invested.

1.10 Debt Sustainability

During 2009-10, Government raised internal debt of ₹ 805.25 crore and other obligations of ₹ 158.03 crore. Government repaid internal debt of ₹ 237.25 crore, GOI loans of ₹ 37.35 crore and other obligations of ₹ 134.16 crore along with interest of ₹ 362.51 crore resulting in net increase in debt receipts by ₹ 192.01 crore during the year.

Apart from the magnitude of debt of State Government, it is important to analyze various indicators that determine the debt sustainability⁶ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilization⁷; sufficiency

⁶ The Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match the increase in capacity to service the debt.

⁷ A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

of non-debt receipts⁸; net availability of borrowed funds⁹; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.18** analyzes the debt sustainability of the State according to these indicators for a period of five years beginning from 2005-06.

Table 1.18: Debt Sustainability: Indicators and Trends

<i>(Rupees in crore)</i>					
Indicators of Debt Sustainability	2005-06	2006-07	2007-08	2008-09	2009-10
Debt Stabilization (Quantum Spread + Primary Deficit)	(-)58.58	40.14	(-)455.54	(-)307.30	(-)121.24
Sufficiency of Non-debt Receipts (Resource Gap)	(-)88	150	(-)241	57	(-)182
Net Availability of Borrowed Funds	-80.40	113.18	152.59	374.71	469.44
Burden of Interest Payments (IP/RR Ratio) (in per cent)	11.20	10.08	9.03	9.23	9.75
Maturity Profile of State Debt (In Years)					
0 – 1	-	-	-	293.90(09)	274.60(6)
1 – 3	-	-	-	317.86(10)	551.94(13)
3 – 5	-	-	-	476.51(15)	303.74(7)
5 – 7	-	-	-	296.00(09)	596.65(13)
7 and above	-	-	-	1870.95(57)	2685.62(61)
Total				3255.22	4412.55

Figures in the parenthesis indicate percentage to total debt.

Debt will stabilize if the quantum spread plus primary deficit is positive. However, it would be seen from the above table that the sum of quantum spread together with primary deficit remained negative during the period from 2007-08 to 2009-10. The sum of quantum spread and primary deficit at (-) ₹ 307.30 crore in 2008-09 against (-) ₹ 121.24 crore in 2009-10 indicates that additional efforts are required by the State to stabilize the debt and then attain sustainability in the ensuing years.

Of the total debt burden of ₹ 4412.55 crore, ₹ 274.60 crore matured and was paid during 2009-10. The majority of rest of the debt burden (₹ 2685.62 crore i.e. 61 per cent) would mature after 7 years.

A negative resource gap indicates the non-sustainability of debt while a positive resource gap strengthens the capacity of the State to sustain the debt. During the year 2009-10, there was a negative resource gap, as compared to a positive resource gap in the previous

⁸ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

⁹ Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

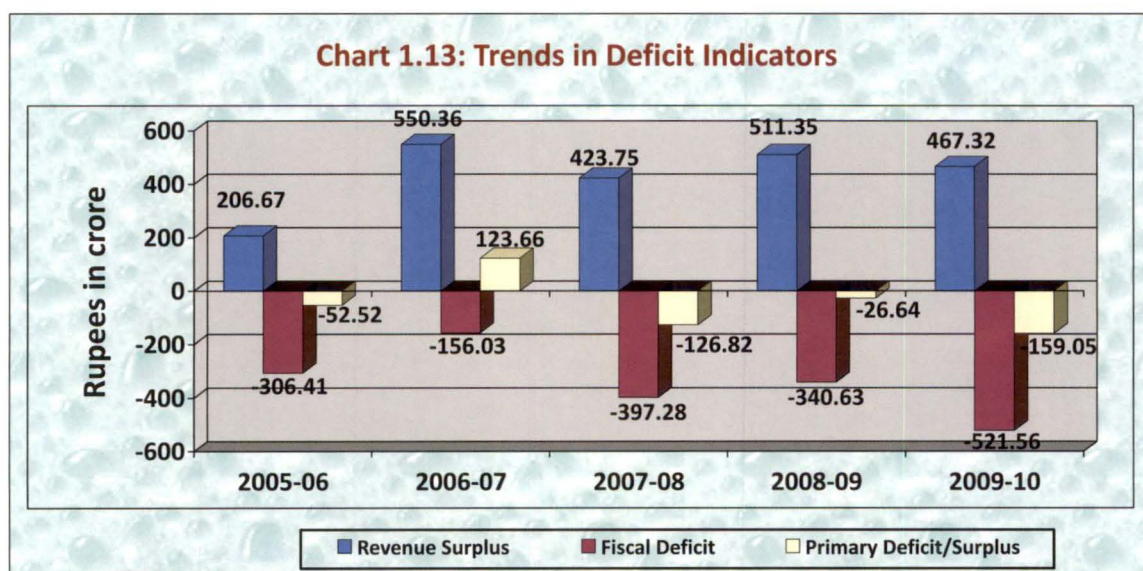
year, indicating inability of the State to sustain its debt. The State therefore, needs to strive to bring the resource gap to positive by enhancing incremental non-debt revenue and reducing incremental expenditure.

1.11 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set under FRBM Act/Rules for the financial year 2009-10.

1.11.1 Trends in Deficits

Charts 1.13 and 1.14 present the trends in deficit indicators over the period 2005-10.



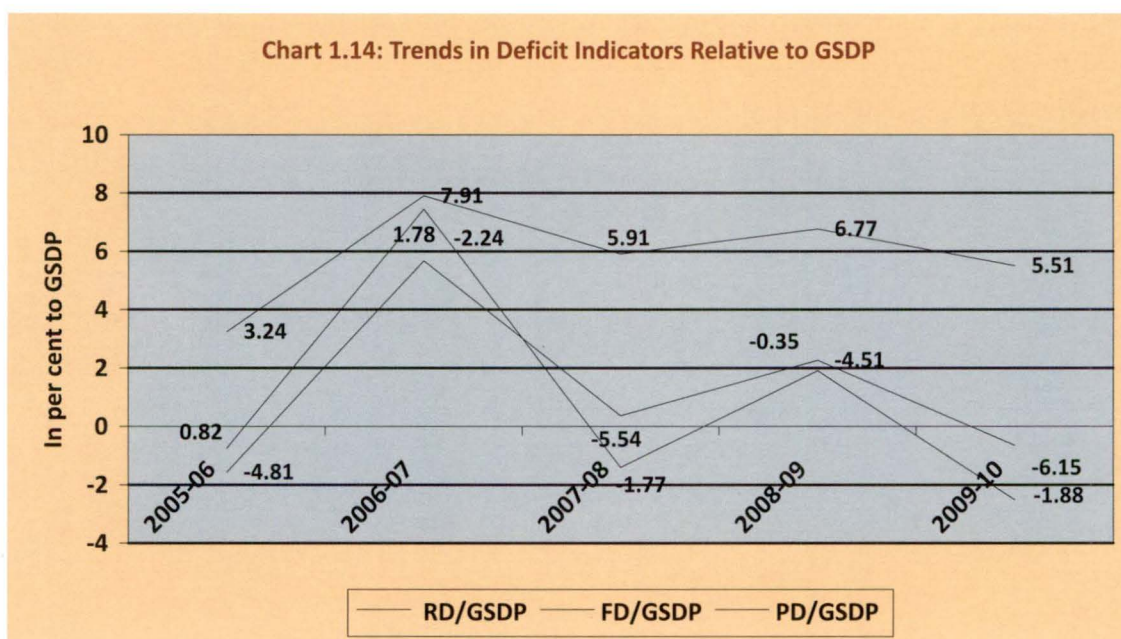


Chart 1.13 reveals that the revenue account experienced a surplus of ₹ 467.32 crore during 2009-10, an increase from ₹ 206.67 crore in 2005-06. However, the significant deterioration in revenue account during the current year as compared to the previous year was mainly on account of increase in revenue expenditure by ₹ 362.90 crore (12.56 per cent) against an increase of revenue receipt by ₹ 318.87 crore (9.38 per cent) over the previous year.

Due to the decrease in revenue surplus along with a marginal increase of ₹ 1.63 crore in non-debt capital receipts accompanied by an increase of ₹ 136.44 crore in capital expenditure including loans & advances disbursement ₹ 2.09 crore during 2009-10 over the previous year, the fiscal deficit increased by ₹ 180.93 crore during the current year from the level of ₹ 340.63 crore in 2008-09.

The primary deficit also increased (₹ 132.41 crore) from ₹ 26.64 crore in 2008-09 to ₹ 159.05 crore in 2009-10. The increase in primary deficit was due to increase of fiscal deficit (₹ 180.93 crore) and increase of interest payment (₹ 48.52 crore) during the current year.

1.11.2 Composition of Fiscal deficit and its financing Patterns

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table 1.19**.

Table 1.19: Components of Fiscal Deficit and its Financing Pattern

		<i>(Rupees in crore)</i>				
Particulars		2005-06	2006-07	2007-08	2008-09	2009-10
Decomposition of Fiscal Deficit		-306	-156	-397	-341	-522
		(-1.66)	(-2.24)	(-5.54)	(-4.51)	(6.16)
1	Revenue Deficit	207	550	424	511	467
2	Net Capital Expenditure	518	710	821	853	990
3	Net Loans and Advances	-5	-4	...	-1	-1
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	214	250	297	373	433
2	Loans from GOI	-14	-17	-15	-22	-37
3	Special Securities Issued to National Small Savings Fund	11	15	...	-2	3
4	Loans from Financial Institutions	97	56	52	96	132
5	Small Savings, PF etc	4	-7	13	30	23
6	Deposits and Advances	-46	92	75	214	278
7	Suspense and Misc	-27	-60	-58	-189	-147
8	Remittances	-32	-78	-42	-126	-349
9	Others	106	-44	-91	...	...

Figures in brackets indicate the per cent to GSDP.

It can be seen from **Table 1.18** that fiscal deficit increased (₹ 216 crore) from ₹ 306 crore in 2005-06 to ₹ 522 crore in 2009-10 mainly due to increase in Capital expenditure (₹ 137 crore) Market Borrowings (₹ 60 crore), Deposits and Advances (₹ 64 crore) and Loans from Financial Institutions (₹ 36 crore).

The increase in capital expenditure indicated that borrowed funds were being allocated for productive use. The solution to the Government debt problem lies on the actual outcome of borrowed funds i.e., whether they are being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity to the economy which may result in increase in Government revenue in future, making debt payments manageable.

1.11.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit (**Table 1.20**) would indicate the extent to which the deficit/surplus has been on account of enhancement in

capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.20: Primary deficit/surplus – Bifurcation of factors

(Rupees in crore)

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and Advances	Primary expenditure ¹⁰	Primary revenue surplus	Primary deficit (-) /surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2005-06	2273	1807	518	...	2325	466	52
2006-07	2777	1942	710	...	2652	835	125
2007-08	2999	2302	821	3	3126	697	(-)127
2008-09	3403	2576	853	1	3430	827	(-)27
2009-10	3724	2889	990	4	3883	834	(-)159

The non-debt receipts of the State during 2005-10 were sufficient to meet the primary revenue expenditure. The non-debt receipts increased by 64 *per cent* from ₹ 2,273 crore in 2005-06 to ₹ 3,724 crore in 2009-10 while the primary revenue expenditure increased by 60 *per cent* from ₹ 1,807 crore in 2005-06 to ₹ 2,889 crore in 2009-10. During this period (2005-10) Capital Expenditure grew by 91 *per cent*. The State enjoyed a primary surplus during 2005-07 which however, turned to primary deficit during the last three years and was ₹ 159 crore in 2009-10.

1.12 Conclusion and Recommendations

The fiscal position of the State viewed in terms of the key fiscal parameters during 2009-10 revealed that the State's revenue surplus had declined by ₹ 44.03 crore while the fiscal deficit had increased by ₹ 180.93 crore and the primary deficit had also increased by ₹ 132.41 crore in 2009-10 relative to the previous year.

Revenue Receipts

During 2009-10, 92 *per cent* of the total revenue came from the Government of India as Central transfers (12 *per cent*) and grants-in-aid (80 *per cent*). The State could not achieve the total revenue collection target fixed by the TFC during 2009-10. Besides, the own tax revenue of the State fell short of the TFC recommendations in all the years from 2005-10.

The State Government needs to boost its own tax revenue at least to the level recommended by the TFC in order to reduce dependency on funds from Government of India.

Revenue Expenditure

During 2009-10, non-plan revenue expenditure was ₹ 756.18 crore (39.64 *per cent*) more than the TFC recommendations. The expenditure on salaries and wages increased by 15.48 *per cent* against the TFC norms of growth rate of six *per cent*. The expenditure on

¹⁰ Primary expenditure of the State, defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

salary was 55.26 per cent of revenue expenditure, net of interest payment and pension, which was within the ceiling of 61 per cent targeted in NFRBM Act, but was much higher than the norm of 35 per cent recommended by the TFC.

The ratio of developmental expenditure as a proportion to aggregate expenditure was lower than NE State's average which indicates that the State has not given priority to this category of expenditure as compared to other NE States. The State Government's social sector expenditure as a percentage of aggregate expenditure was much less than the NE States average during the years 2005-06 and 2009-10. The expenditure on education in Nagaland (as a proportion of aggregate) was also lower than that of average NE States. In the case of health, Nagaland accorded a much higher priority in 2005-06 than other NE States. In the current year however, the priority given to health was lower in the case of Nagaland as compared to other NE States.

The non-plan revenue expenditure on salary needs to be contained and the ratio of developmental expenditure needs to be given more priority especially in the areas of education, health etc.

Debt Sustainability

The State should have adequate incremental non-debt receipts to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could also be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. During 2009-10, the non-debt receipts were not sufficient and therefore, the State recorded a negative resource gap of ₹ 182 crore.

The State, needs to strive to bring the resource gap to positive by enhancing incremental non-debt revenue and reduce incremental expenditure in the coming years.

Fiscal Correction Path

During 2009-10 the State's revenue surplus had declined while the fiscal deficit and the primary deficit had increased relative to the previous year. Overall fiscal liabilities of the State increased at a compound annual growth rate of 14.08 per cent during 2005-10. The fiscal liabilities increased by ₹ 831 crore (18.18 per cent) from ₹ 4571 crore in 2008-09 to ₹ 5402 crore in 2009-10. The committed liabilities for the State projected by the TFC was ₹ 1208 crore of non-plan revenue expenditure for the year 2009-10. Compared to this, there was an increase of ₹ 876 crore (72.52 per cent) in the actual expenditure during 2009-10.

The interest received on outstanding loans and advances by the State Government decreased from 4.22 per cent in 2008-09 to 1.63 per cent in 2009-10, which was much less than the interest paid (11.50 per cent) by the Government on its own borrowings.

There is a reasonable prospect of returning back to a fiscal correction path if efforts are made to increase tax compliance, collection of revenue arrears and prune unproductive expenditure so that deficits are contained.

Investments and Returns

The Government had invested ₹ 192.09 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives at the end of March 2010. The average return on this investment was NIL during the last five years while the Government paid an average interest rate of 11.50 per cent on its borrowing during 2006-10.

A performance based system of accountability should be put in place in the Government Companies/Statutory Corporations so as to derive profitability and improve efficiency in service. The Government should ensure better value for money in investments by identifying the Companies/Corporations which are endowed with low financial but high socio-economic returns and justify if high cost borrowings are to be channelized in those Companies/Corporations.

Cash Balances

The State Government's net cash balance at the end of 2009-10 was ₹ 102.55 crore which had increased by ₹ 8.05 crore over the previous year. The interest received on investment of cash balance during 2009-10 was around 1 per cent while the State Government paid interest at the rate of 11.50 per cent on its borrowing during the year.

Since it is not advisable to maintain idle cash balances, the State Government may refrain from holding cash balances in excess of requirements.

Incomplete Projects

A total of 111 projects were incomplete as on 31 March 2010 in which ₹ 645.38 crore were blocked. There has already been a cost overrun of ₹ 24.89 crore in these projects. One project costing ₹ 32 crore has been force-closed and another costing ₹ 13.42 crore has been kept on hold. Delay in completion of works invites the risk of escalation in the cost of the works. The actual cost overrun would be available on closure of the claims of the construction after completion of the projects.

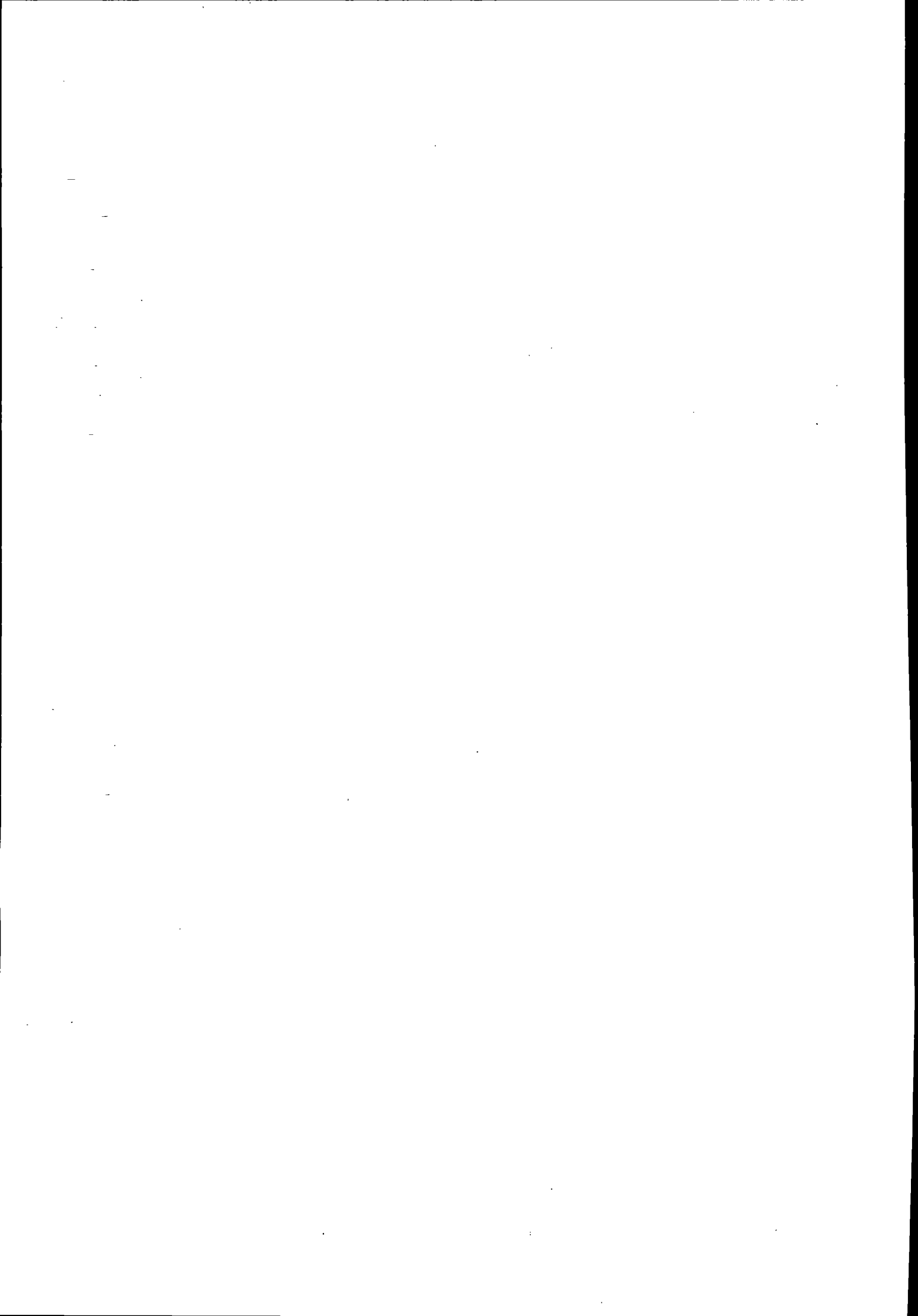
The works needs to be completed in time to contain time and cost overrun especially on high cost works. Besides, projects should be selected after proper survey and investigation in order to avoid force-closure of projects leading to unfruitful outflow of Government funds.

Oversight of funds transferred directly from the GOI to the State implementing agencies

An approximate amount of ₹ 957.33 crore was directly transferred by Government of India to the State Implementing Agencies during 2009-10. There is no single agency for

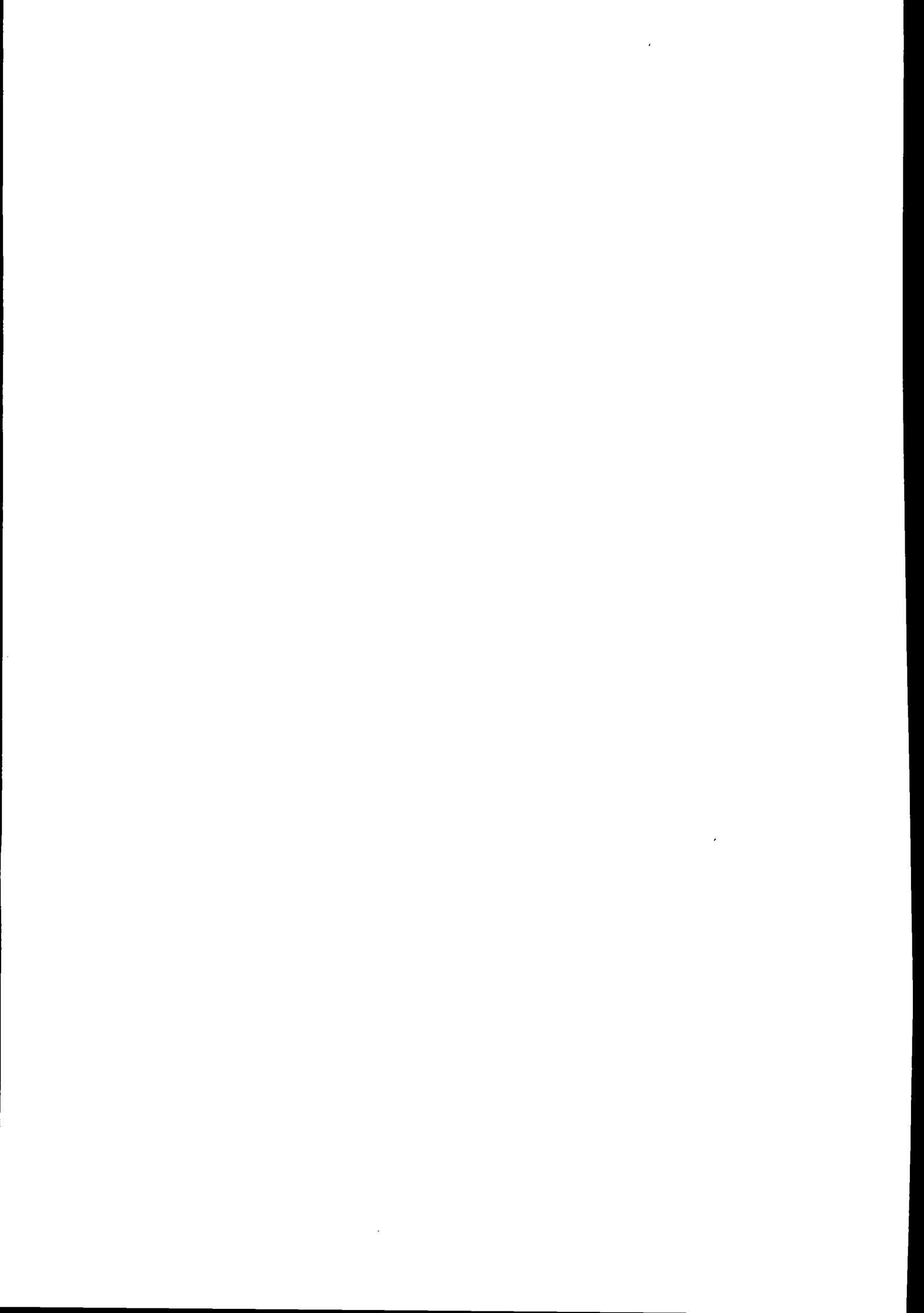
monitoring the funds directly transferred by the Government of India and there is no readily available data on how much is actually spent in any particular year on major flagship schemes and other important schemes which are being implemented by the State Implementing Agencies and funded directly by the Government of India and therefore, utilisation of this funds remain to be verified by audit to establish the accountability of the State Government for these funds.

A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (Accounts & Entitlement).



CHAPTER – II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL



Chapter II

Financial Management and Budgetary Control

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provision and are therefore complementary to Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provision of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2009-2010 against 80 grants/appropriations is given in **Table 2.1**:

Table 2.1: Summarized Position of Actual Expenditure vis-à-vis Original/Supplementary provision

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	2806.97	404.67	3211.64	2889.59	(-)322.05
	II Capital	1335.17	296.75	1631.92	992.89	(-)639.03
	III Loans and Advances	0.19	0.00	0.19	0.19	0.00
Total Voted		4142.33	701.42	4843.75	3882.67	(-)961.08
Charged	IV Revenue	409.15	2.24	411.39	394.76	(-)16.63
	V Capital	0.00	0.00	0.00	0.00	0.00
	VI Public Debt-Repayment	771.35	0.00	771.35	725.83	(-)45.52
Total Charged		1180.50	2.24	1182.74	1120.59	(-)62.15
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00
Grand Total		5322.83	703.66	6026.49	5003.26	(-)1023.23

The overall saving of ₹ 1023.23 crore was the result of saving of ₹ 1085.40 crore in 51 grants and 5 appropriations under Revenue Section, 34 grants and 1 appropriation (Public Debt-Repayments) under Loan Section, set off by excess of ₹ 62.17 crore in 19 grants and one appropriation under Revenue Section and 7 grants under Capital Section.

The savings/excess (Detailed Appropriation Accounts) were intimated in September 2010 to the Controlling Officers requesting them to explain the significant variations. Besides regular reminders, separate meetings were also held with the Controlling Officers of each department by the Senior Deputy Accountant General (Accounts and Entitlement) in which they were again requested to furnish reasons for excess/savings. The explanations for variation were not received (December 2010) in any case except two departments i.e. Public Service Commission and Urban Development having excess expenditure, who submitted the reasons before finalization of the Appropriation Accounts (December 2010).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit revealed that in 46 cases, savings exceeded ₹ one crore in each case or by more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of ₹ 1023.23 crore, savings of ₹ 535.63 crore (52.35 per cent)¹ occurred in 4 cases relating to four grants as indicated in **Table 2.2**.

Table 2.2: List of Grants with savings of ₹ 50 crore and above

<i>(Rupees in crore)</i>						
Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1	27-Planning Machinery	111.35	0.00	111.35	33.46	77.89
2	43-Social Security and Welfare	128.82	10.27	139.09	55.17	83.92
Capital-Voted						
3	27-Planning Machinery	299.46	0.00	299.46	42.47	256.99
4	36-Urban Development	164.16	32.48	196.64	79.81	116.83
Total		703.79	42.75	746.54	210.91	535.63

The reason for savings under Planning Machinery, Social Security and Welfare under Revenue Voted and Planning Machinery under Capital Voted have not been intimated (December 2010). However, saving under grant number 36 - Urban Development, was stated to be due to non-utilisation of CSS fund.

2.3.2 Persistent Savings

In 8 cases, during the last five years there were persistent savings of more than ₹ 50 lakh in each case and also by 10 per cent or more of the total grant (**Table 2.3**)

¹ Exceeding ₹ 50 crore in each case.

Table 2.3: List of Grants indicating Persistent Savings during 2005-10

(Rupees in crore)

Sl. No.	No. and Name of the grant	Amount of savings				
		2005-06	2006-07	2007-08	2008-09	2009-10
Capital-Voted						
1	27-Planning Machinery	32.32	49.67	121.36	118.85	256.99
2	31-School Education	1.23	5.04	3.20	2.08	8.56
3	35-Medical, Public Health and Family Welfare	28.38	9.90	7.93	37.61	14.23
4	36-Urban Development	40.21	14.97	17.07	60.37	116.83
5	39-Tourism	10.43	3.88	1.00	0.60	22.73
6	45-Co-operation	3.02	8.76	11.94	14.71	28.34
7	55-Power Projects	22.66	52.99	66.63	18.28	30.61
8	65-State Council of Education Research and Training	1.31	1.53	4.06	1.20	1.46

The reasons for persistent savings have not been intimated (December 2010).

2.3.3 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 96.83 crore was incurred in 18 cases as detailed in **Table 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table 2.4: Expenditure incurred without provision during 2009-10

(Rupees in crore)

Number and Name of Grants		Head of Account	Amount of Expenditure without provision	Reasons/Remarks
Grants				
11-District Administration and Special Welfare Schemes		4059-01-800-01-Upgradation of Standards of Admn.	0.40	Not indicated
14-Jails		2059-01-053-14-TFC Awards (Jail)	0.35	Not indicated
26-Civil Secretariat		3451-090-01-APC Cell	0.04	Not indicated
35-Medical, Public Health and Family Welfare		2210-01-110-02-Dispensaries	2.26	Not indicated
36-Urban Development		4217-60-051-07-Initiative for strengthening of Urban Infrastructure	0.29	Not indicated
36-Urban Development		4217-60-800-10-Other Expenditure	4.49	Not indicated
38-Information and Public Relations		2220-60-102-01-Information Centre, New Delhi	0.09	Not indicated
45-Co-Operatin		4425-107-01-State Scheme	1.29	Not indicated
48-Agriculture		2401-103-05-Pungro Seed Farm	0.50	Not indicated
50-Animal Husbandry and Dairy Development		2403-101-02-Veterinary Outposts	0.10	Not indicated
50-Animal Husbandry and Dairy Development		2403-101-04-Disease Investigation Unit	0.86	Not indicated
52-Forest		2406-01-101-06-Maintenance of Forest under TFC Award	0.10	Not indicated
56-Road Transport		5055-050-02-Drivers Training Institute	0.48	Not indicated

56-Road Transport	5055-800-12-ISBT	2.62	Not indicated
58-Roads & Bridges	3054-80-799-01-Stock (Dr)	0.13	Not indicated
58-Roads & Bridges	3054-80-799-03-Misc. Advance (Dr)	0.02	Not indicated
58-Roads & Bridges	5054-03-800-Other Expenditure	0.16	Not indicated
60-Water Supply Schemes	2215-01-799-02-Stock (Dr)	82.65	Not indicated
Total		96.83	

2.3.4 Drawal of funds to avoid lapse of budget grant

As per provision of Central Treasury Rules read with Rule 290 of Financial Rules, no money shall be drawn from the treasury unless it is required for immediate disbursement. In respect of the cases mentioned below the amounts drawn were neither fully spent for the specific purposes nor remitted to Government Account before closure of financial year 2009-10.

Information in this regard, during the year 2009-10 was called for (September 2010) from 48 departments. However, only 22 departments furnished (December 2010) the information which showed that an amount of ₹ 67.38 crore remained undisbursed in respect of 17 departments as shown below:

Table 2.5: List of Grants indicating drawal of funds to avoid lapse of budget grant
(Rupees in crore)

Sl. No	Number and name of Grants	Amount drawn during 2009-10	Amount remaining undisbursed
1.	52-Principal Chief Conservator of Forests	63.19	6.64
2.	79-Border Affairs	3.23	0.73
3.	40-Employment and Craftsmen Training	3.84	1.75
4.	42-Rural Development	0.74	0.74
5.	78-Technical Education	10.25	10.25
6.	25-Land Records and Survey	0.85	0.11
7.	5-Election	6.18	1.11
8.	22-Food and Civil Supplies	1.45	0.81
9.	59-Irrigation and Flood Control	51.29	21.93
10.	77-Development of Under Developed Areas	58.24	4.00
11.	47-Weights and Measures	2.48	1.91
12.	46-Economics and Statistics	0.39	0.39
13.	53-Industries and Commerce	1.94	1.94
14.	44-Evaluation	0.26	0.26
15.	41-Labour	0.89	0.89
16.	29-Printing and Stationery	2.25	1.37
17.	36-Urban Development	72.70	12.55
	Total	280.17	67.38

It is evident from the above that funds were drawn to avoid lapse of budget grant in violation of rules and regulations.

2.3.5 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Article, the

regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹ 2011.58 crore for the years 1996-2009 was yet to be regularized (Appendix 2.2).

2.3.6 Excess over provision during 2009-10 requiring regularisation

Appendix 2.3 contains the summary of total excess in 24 grants and one appropriation amounting to ₹ 61.77 crore over authorization from the Consolidated Fund of the State during 2009-10 requiring regularization under Article 205 of the Constitution.

An expenditure aggregating ₹ 66.80 crore in four cases exceeded the approved provision by ₹ 15.11 crore and by more than 20 per cent of the total provision in each case. Details are given in Table 2.6.

Table 2.6: Statement of various grants/appropriations where Expenditure was more than ₹ 1 crore each or more than 20 per cent of the total provision

(Rupees in Crore)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/Appropriation	Expenditure	Percentage of Excess Expenditure
(1)	(2)	(3)	(4)	(5)	(6)
Revenue (Voted)					
1.	64	Housing	29.92	37.81	26
2.	78	Information Technology & Technical Education Department	16.63	21.39	29
Capital (Voted)					
3.	22	Civil Supplies	1.75	3.21	84
4.	32	Higher Education	3.39	4.39	29
Total			51.69	66.80	

Government did not furnish any reason/explanation for the excess expenditure (December 2010) except under the following:-

- The excess expenditure under grant number 36 in respect of Urban Development Department was stated to be due to payment of Engineering Cell salary from Plan Fund.
- The excess expenditure in grant number 60 under Capital (Voted) was stated to be due to adjustment of material for Chan and Chenwatnyu village under Mon district against the funds released by the Government during 2007-08 and also due to emergency Operation and Maintenance expenditure out of NRDWP schemes.
- The excess expenditure incurred against grant number 10 under Revenue (Charged) was attributed to non-inclusion of additional funds provided by Finance Department and due to appointment of Contingency staff and major repairs of the staff and the pool vehicles.

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating ₹ 97.36 crore obtained in 17 cases, ₹ 10 lakh or more in each case, during the year proved unnecessary as the expenditure did not come up

to the level of original provision as detailed in **Appendix 2.4**. In 12 cases, supplementary provision of ₹ 189.94 crore proved insufficient by ₹ one crore or above in each case leaving an aggregate uncovered excess expenditure of ₹ 58.74 crore (**Appendix 2.5**).

2.3.8 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings of ₹ 772.82 crore in 124 sub-heads. The excess was ₹ 613.54 crore in 74 sub-heads as detailed in **Appendix 2.6**.

2.3.9 Unexplained re-appropriations

According to Budget Manual, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and specific expressions should be used and expressions such as “based on actual requirements”, “based on trend of expenditure”, etc., should be avoided. However, a scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 54 items out of 80 (68 per cent) reasons for additional provision/withdrawal of provision in re-appropriation orders have not been mentioned.

2.3.10 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 16 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹ 443.89 crore in these 16 schemes, ₹ 351.85 crore (79 per cent) were surrendered, which included cent per cent surrender in one scheme (₹ 0.22 crore). The details of such cases are given in **Appendix 2.7**.

2.3.11 Surrender in excess of actual saving

In 5 cases, the amount surrendered (₹ 1 crore or more in each case) was in excess of actual savings indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 103.00 crore, the amount surrendered was ₹ 222.18 crore resulting in excess surrender of ₹ 119.18 crore. Details are given in **Appendix 2.8**. Departments did not furnish any reason/explanation regarding surrender in excess of actual savings.

2.3.12 Anticipated savings not surrendered

As per Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2009-10, there were, however, 12 grants in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was ₹ 98.09 crore (10 per cent of the total savings) (**Appendix 2.9**).

Similarly, out of total savings of ₹ 1085.40 crore an amount of ₹ 393.50 crore (36 per cent of total savings) were not surrendered, details of which are given in **Appendix 2.10**. Besides, in 16 cases (surrender of funds in excess of ₹ 10 crore), ₹ 727.01 crore

(Appendix 2.11) were surrendered on the last two working days of March 2010 indicating inadequate financial control. Thus, these funds could not be utilized for other developmental purposes.

2.3.13 Rush of expenditure

According to Rule 56 of GFR, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 7 sub-heads listed in Appendix 2.12, expenditure exceeding ₹ 10 crore and also more than 50 per cent of the total expenditure for the year was incurred in March 2010. Appendix 2.13 also presents the major heads where more than 50 per cent expenditure was incurred either during the last quarter or during the last month of the financial year.

The uniform flow of expenditure is a primary requirement of budgetary control. Appendix 2.13 reveals that during the year 2009-10 expenditure in the last quarter ranged between 50 per cent and cent percent of the total expenditure which is indicative of lack of effective financial control and violation of financial rules.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

As per rule 309 of Central Treasury Rules, every drawing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General (Accounts & Entitlement). The total amount of DCC bills received during the period 2007-2010 was only ₹ 11.13 crore against the amount of AC bills of ₹ 28.31 crore leading to an outstanding balance of DCC bills of ₹ 17.18 crore as on 31 March 2010. Year wise details are given in Table 2.7.

Table 2.7: Pendency in submission of detailed countersigned contingent bills against abstract contingent bills

Year	Amount of AC bills	Amount of DCC bills	DCC bills as percentage of AC bills	Outstanding AC bills
2007-08	5.56	4.96	89.21	0.60
2008-09	12.62	1.95	15.45	10.67
2009-10	10.13	4.22	41.66	5.91
Total	28.31	11.13		17.18

Department-wise pending DCC bills for the year up to 2009-10 are detailed in Appendix 2.14.

Non submission of DCC bills for long periods after drawal of AC bills is fraught with the risk of misappropriation and therefore needs to be monitored closely.

2.5 Non-utilisation of fund

Information on un-utilized funds lying in bank account/Civil Deposit (CD) was called for from the departments, in reply Directorate of Soil and Water Conservation stated that an amount of ₹ 18.25 crore was received out of which an expenditure of ₹ 15.79 crore was incurred leaving an unspent balance of ₹ 2.46 crore which was kept in Current Account during 2009-10. Further, funds amounting to ₹ 2.28 crore was also kept in Civil Deposit as on 31 March 2010 against the scheme Rastriya Krishi Viksh Yajana and Special Plan Assistance to be implemented by Soil and water Conservation department.

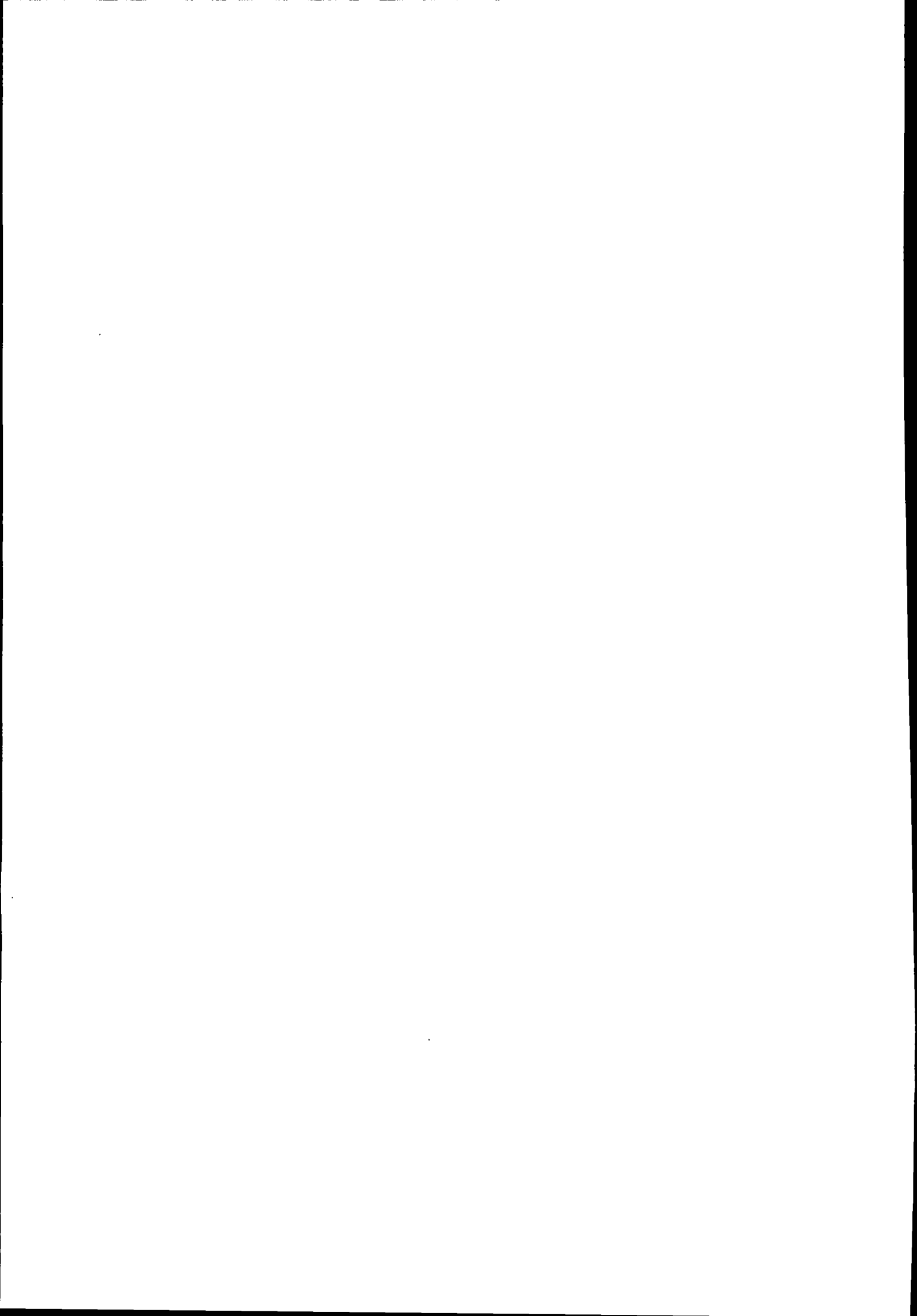
2.6 Conclusion and Recommendations

There was saving of ₹ 1085.40 crore and excess expenditure of ₹ 62.17 crore. This excess expenditure together with an excess expenditure of ₹ 2011.58 crore pertaining to 1996-2009 require regularisation by the Legislature under Article 205 of the Constitution of India. A rush of expenditure was also noticed towards the end of the year. In respect of 7 major heads expenditure exceeding ₹ 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in the last quarter of the year. The AC Bills amounting to ₹ 17.18 crore had not been adjusted for long periods and therefore was fraught with the risk of misappropriation.

Budgetary controls should be strengthened in all Government Departments particularly in the departments whose savings/excess persisted for last five years. Issuance of re-appropriation/surrender orders at the end of the year should be avoided. A close and rigorous monitoring mechanism should be put in place in the departments to ensure that DCC bills in respect of all outstanding AC bills are submitted by the DDOs within the specified period.

CHAPTER – III

FINANCIAL REPORTING



Chapter III

Financial Reporting

A sound internal financial reporting with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing utilisation certificates

Financial Rules provide that for the grants provided for specific purposes, Utilization Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General (Accounts & Entitlement) within 12 months from the date of their sanction unless specified otherwise. However, of the 1036 utilization certificates (UC) due in respect of eight departments aggregating ₹ 18.95 crore paid up to 2009-10, 548 UCs (52.90 per cent) for an aggregate amount of ₹ 3.94 crore were in arrears. The department-wise break-up of outstanding UCs is given in **Appendix 3.1**, the age-wise delay in submission of UCs is summarized in **Table 3.1**.

Table 3.1: Age-wise arrears of utilization certificates

Sl. No.	Range of delay in number of years	Total grants paid		Utilization certificates outstanding	
		Number of cases	Amount	Number of cases	Amount
1	0 - 1	184	8.07	100	1.97
2	1 - 3	494	7.64	275	1.28
3	3 - 5	358	3.24	173	0.69
	Total	1036	18.95	548	3.94

In the absence of the certificates it could not be ascertained whether the recipients had utilized the grant for the purpose for which these were given.

3.2 Non-submission/delay in submission of Accounts

In order to identify the Institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Head of the Departments are required to furnish to Audit every year detailed information about the financial assistance given to various Institutions, the purpose of assistance granted and the total expenditure of the Institutions.

60 annual accounts of 16 autonomous Bodies/Authorities due up to 2009-10 had not been received as of September 2010 by the Accountant General (Audit). The details of these accounts are given in **Appendix 3.2** and their age-wise pendency is presented in **Table 3.2**.

Table 3.2: Age-wise arrears of Annual Accounts due from Government Bodies

Sl. No.	Delay in number of years	No. of the Bodies/ Authorities	Grants received (Rupees in Lakhs)
1	1 – 3	8	Not Available
2	3 – 5	8	Not Available

It is seen from the above table that delay in submission of accounts ranged between one and three years in respect of eight Bodies/Authorities and between three and five years in respect of eight Bodies/Authorities.

Due to the absence of annual accounts and subsequent audit of these 16 Bodies and Authorities involving 60 annual accounts, the proper accountal/utilisation of the grants and loans disbursed to these Bodies/Authorities remained unverified. The reasons for non-preparation of the accounts were, however, not intimated.

3.3 Delay in submission of Accounts/Audit Reports of Autonomous Bodies

Several Autonomous Bodies have been set up by the State Government in the field of development of Khadi and Village Industries, State Legal activities, Power and pollution regulations etc. Of these, the audit of accounts of the Nagaland Khadi and Village Industries Board (NKVIB) up to 2009-10 was entrusted to the Comptroller and Auditor General of India under Section 19(3) of the DPC Act. However, the annual account of the NKVIB for the year 2008-09, due for submission by June 2009 had been furnished in July, 2010 and is under process of issue of Separate Audit Report (SAR). The annual account of the board for the year 2009-10 had not been furnished (October, 2010). The status of entrustment of audit, issuance of SAR and its placement in the Legislature are indicated in **Table 3.3**

Table 3.3: Delay in submission of Accounts and tabling of Separate Audit Reports

Year of SAR	Period of entrustment	Date of issue of SAR	Date of placement in the Legislature	Delay in placement in the Legislature (Years)
2000-01 to 2003-04	2000-01 to 2004-05	25.09.08	25.11.09	1
2004-05 to 2005-06	2005-06 to 2007-08	23.09.09	Not Available	-
2006-07 to 2007-08		18.12.09	Not Available	-
2008-09	2008-09 to 2009-10	Under progress (2008-09)	-	-

The Nagaland Legal Service Authority, Nagaland Electricity Regulatory Commission and Nagaland State Pollution Control Board was established under the State Legislative Act¹ and the audit of accounts entrusted to the Comptroller and Auditor General of India under Section (18) of the Legal Services Authority Act 1987, Section 104 and 105 of Central Electricity Act 2003 and Section 40 of the Water (Prevention and Control of Pollution Act.1974 respectively. However, though the annual accounts of these Authorities/Bodies were due for submission to the Accountant General (Audit) every year since their inception they had not been furnished despite vigorous pursuance.

3.4 Departmental Commercial Undertakings

Activities of quasi-commercial nature are also performed by the departmental undertakings of certain Government departments. The department-wise position of the year up to which proforma accounts have been finalized in these undertakings are given in **Appendix 3.3**. It was noticed that:

As on 31 March 2010, there were eight departmentally managed Government commercial undertakings.

A mention was made in the Report of the Comptroller and Auditor General of India on State Finances for the year 2008-09 about delay in preparation of Proforma accounts of these undertakings. Despite this, accounts were in arrears for periods ranging from one to 25 years as on 30 September 2010.

The finalized accounts of departmentally managed commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalization of accounts, Government's investment remains outside the scrutiny of the Audit/State Legislature. Consequently corrective measures, if any, required could not be taken in time. Besides, the delay also opens the system to risk of fraud and leakage of public money.

3.5 Misappropriation, loss, defalcation, etc.

Rule 20 of General Financial and Accounts Rules Part-I provides that any loss of public money, departmental revenue or receipts, stamps, stores or other property held by or on behalf of Government caused by misappropriation, fraudulent drawal/payment or otherwise discovered in a treasury, any other office/department shall be reported immediately by the office concerned to the next higher authority as well as to the Accountant General. An attempt was made to collect the information regarding misappropriation, loss, defalcation etc. in all the departments of the State Government. But no department could furnish the said information. However, on further pursuance, State Vigilance Commission reported 25 cases of misappropriation, defalcation, etc. involving Government money amounting to ₹ 68.20 crore and 1 theft case amounting to ₹ 1.20 lakh up to the period March 2010 on which final action was pending. The department-wise break

¹ Nagaland Electricity Regulatory commission (04.03.08) Nagaland Legal Service Authority (19.06.1998) and Nagaland State Pollution control Board (19.02.1991)

up of pending cases and age wise analysis is given in **Appendix 3.4** and nature of these cases is given in **Appendix 3.5** The age-profile of the pending cases and the number of cases pending in each category – theft and misappropriation/loss as emerged from these appendices are summarized in **Table 3.4**

Table 3.4: Profile of Misappropriations, losses, defalcation, etc.

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in Years	Number of Cases	Amount Involved (₹ in lakhs)	Nature/Characteristics of the Cases	Number of Cases	Amount Involved (₹ in lakhs)
0 - 5	24	6811.93	Theft	1	1.20
5 - 10	1	1.92			
10 - 15			Misappropriation/Loss of material	25	6819.83
15 - 20	1	7.18			
Total	26	6821.03	Total Pending cases	26	6821.03

A further analysis indicates that the reasons for which the cases were outstanding are as detailed in **Table 3.5**.

Table 3.5: Reasons for Outstanding cases of Misappropriation, loss, defalcation, etc.

Reasons for the Delay/Outstanding Pending Cases		Number of Cases	Amount (₹ in lakh)
i)	Awaiting departmental and criminal investigation	12	4145.78
ii)	Departmental action initiated but not finalised	8	1138.05
iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	1	1.20
iv)	Awaiting orders for recovery or write off	1	450.54
v)	Pending in the courts of law	4	1085.46
Total		26	6821.03

Out of ₹ 68.21 crore, the highest amount of misappropriation and loss was ₹ 29.60 crore in Education Department involving 6 cases, where final action is yet to be taken by the State Government.

3.6 Conclusion and Recommendations

Timely submission of utilization certificates is a major area of concern. Out of a total of 548 UCs amounting to ₹ 3.94 crore awaited from various departments at the end of March 2010, 275 certificates amounting to ₹ 1.28 crore were still pending even after a lapse of one to three years.

Internal control in all the organizations needs to be strengthened to avoid delay in submission of utilization certificates.

Despite mention in the Report of the Comptroller and Auditor General of India on State Finances for the year 2008-09, there were delays in preparation of Proforma Accounts of eight departmentally managed Government commercial undertakings at the end of March 2010 also. The arrears in accounts ranged from one to 25 years as on 30 September 2010. The finalised accounts of departmentally managed commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalization of accounts, Government's investment remains outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures if any, required could not be taken in time. Besides, the delay also opens the system to risk of fraud and leakage of public money.

Departmental enquiries in all fraud and misappropriation cases should be expedited to bring the defaulters to book.



(Rajesh Singh)
Accountant General (Audit)
Nagaland

Kohima
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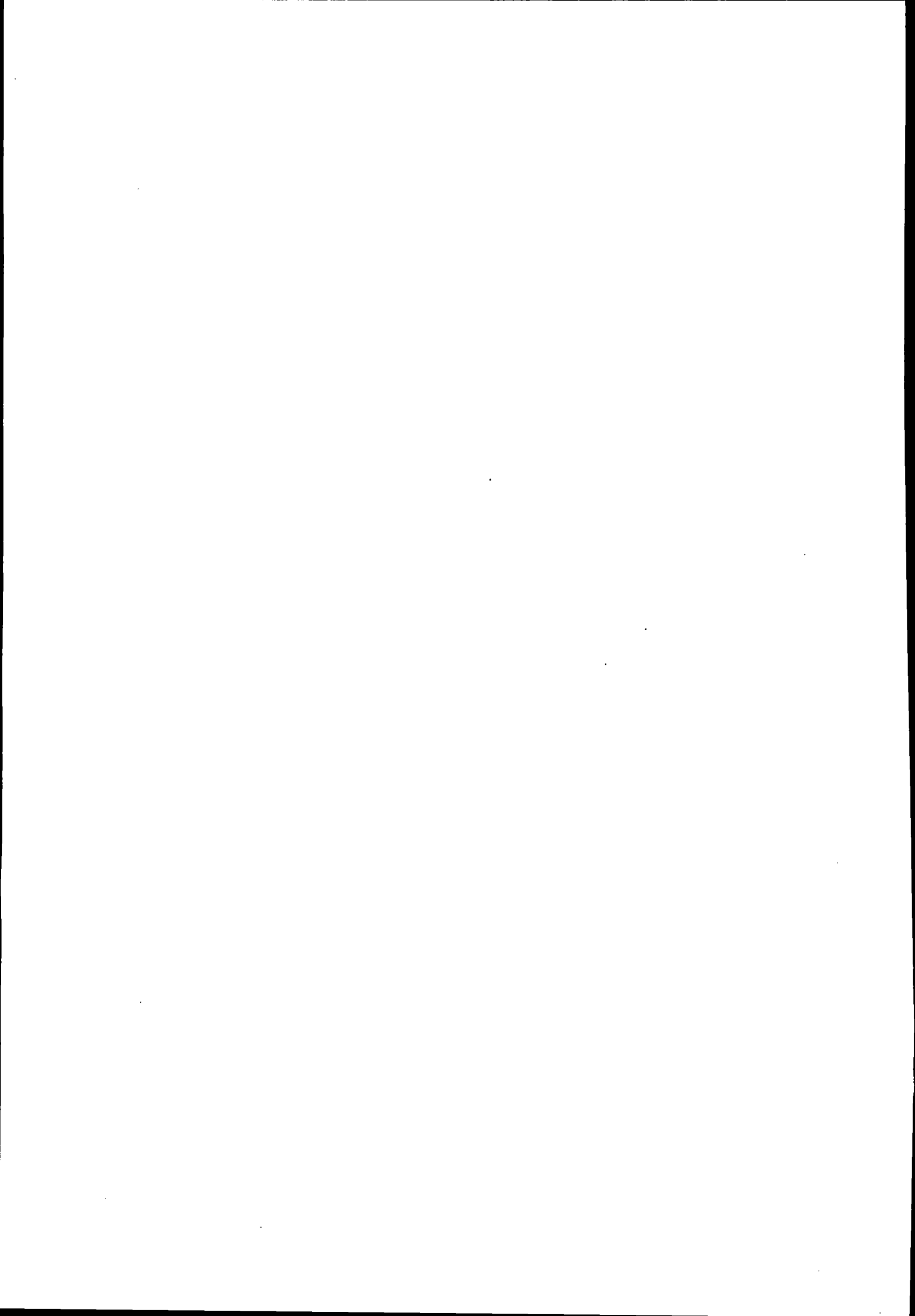
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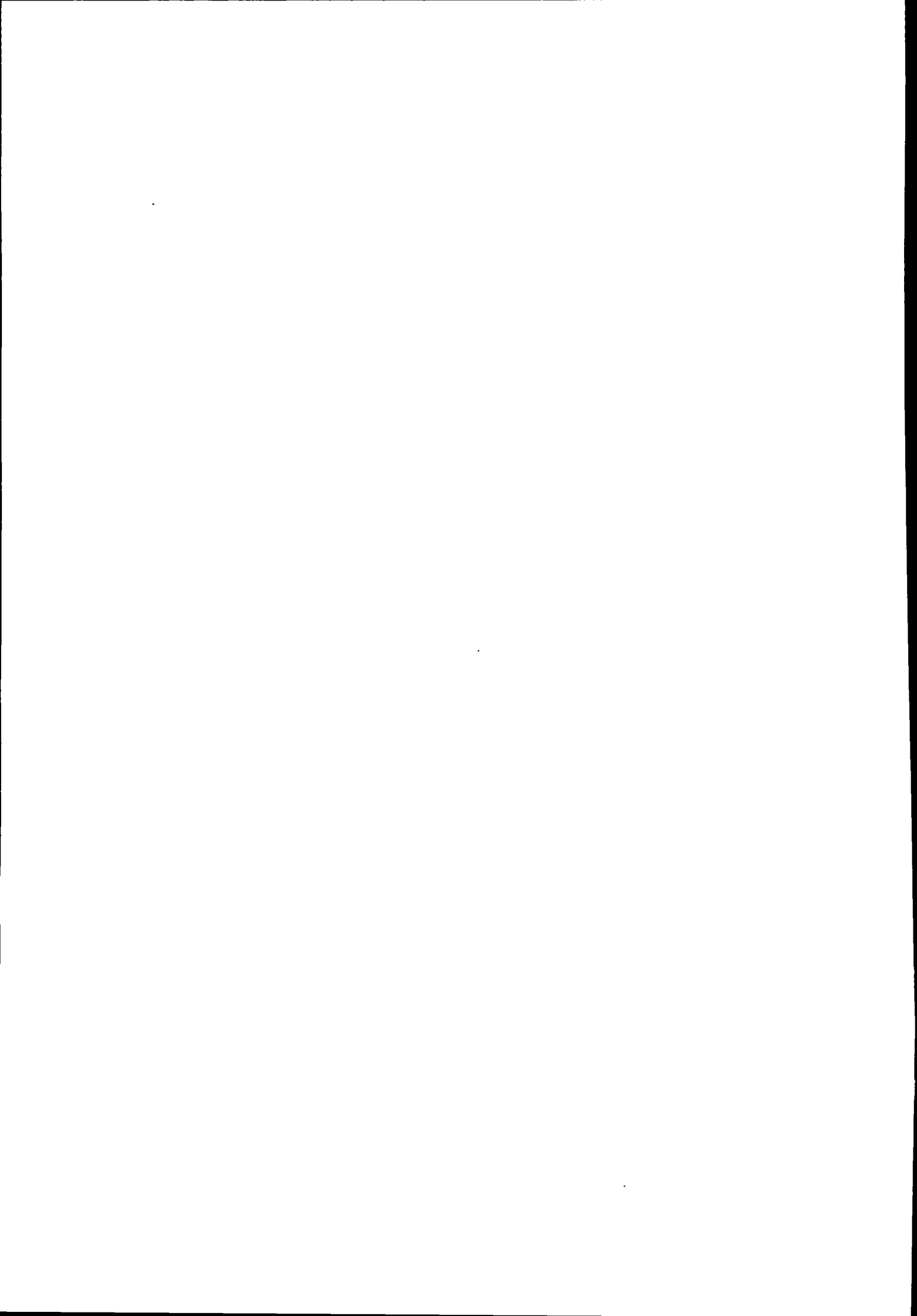
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APPENDICES



Appendix – 1.1

(Reference: Page 1)

Part A: Structure and Form of Government Accounts

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I : Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II : Contingency Fund

Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorization by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III : Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature.

Appendix – 1.1

(Reference: Page 1)

Part B: Layout of Finance Accounts

Statement	Layout
VOLUME 1	
Statement No.1	Statement of Financial Position
Statement No.2	Statement of Receipts and Disbursements
Statement No.3	Statement of Receipts (Consolidated Fund)
Statement No.4	Statement of Expenditure (Consolidated Fund) By Function and Nature, Notes of Accounts & Appendix I: Cash Flow Statement.
VOLUME 2	
PART I	
Statement No.5	Statement of Progressive Capital expenditure
Statement No.6	Statement of Borrowings and other Liabilities
Statement No.7	Statement of Loans and Advances given by the Government
Statement No.8	Statement of Grants-in-aid given by the Government
Statement No.9	Statement of Guarantees given by the Government
Statement No.10	Statement of Voted and Charged Expenditure
PART II	
Statement No.11	Detailed Statement of Revenue and Capital Receipts by minor heads
Statement No.12	Detailed Statement of Revenue Expenditure by minor heads
Statement No.13	Detailed Statement of Capital Expenditure
Statement No.14	Detailed statement of Investments of the Government
Statement No.15	Detailed Statement of Borrowings and other Liabilities
Statement No.16	Detailed Statement on Loans and Advances given by the Government
Statement No.17	Detailed statement on Sources and Application of funds for expenditure other than revenue account
Statement No.18	Detailed statement on Contingency Fund and other Public Account transactions
Statement No.19	Detailed statement on Investments of earmarked funds
PART III Appendices	
II	Comparative Expenditure on Salary
III	Comparative Expenditure on Subsidy
IV	Grants-in-aid (Scheme wise and Institution wise)
V	Externally Aided Projects
VI	Plan Scheme expenditure (Central and State Plan schemes)
VII	Direct transfer of funds to implementing agencies
VIII	Summary of Balances
IX	Financial results of Irrigation schemes
X	Incomplete Works
XI	Maintenance expenditure with segregation of salary and non-salary portion
XII	Statement of items for which allocation of balances as a result of re-organisation of States has not been finalized
XIII	Statement of detailed information on pensioners and expenditure on pension
XIV	Statement on accretion and erosion in financial assets
XV	Statement of information on debt and other liabilities

Appendix – 1.1

(Reference: Page 1)

Part C: Methodology Adopted for the Assessment of Fiscal Position

The norms/ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Government in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

The trends in GSDP for the last five years are indicated below:

Trends in Gross State Domestic Product (GSDP)

	2005-06	2006-07	2007-08	2008-09	2009-10
Gross State Domestic Product (Rs. in crore)	6374.56	6957.97	7168.52	7552.63	8474.12
Growth rate of GSDP	10.31	9.15	3.03	5.36	12.20
Source:	The provisional figures of GSDP for 2009-10 furnished by the Director of Economic and Statistics in August 2010.				

The definition of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Term	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$
Interest spread	GSDP Growth – Average Interest Rate
Quantum spread	Debt stock* Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net

	Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts.
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt.
Compound Annual Growth Rate (CAGR)	The compound annual growth rate is calculated by taking the n th root of the total percentage growth rate, where n is the number of years in the period being considered. CAGR= [ending value /beginning value] ^{1/no of years} -1

Appendix – 1.1

(Reference : Page 1)

Part D: State Profile

A. General Data			
Sl. No	Particulars	Figures	
1	Area (in sq. kms.)	16579	
2	Population As per 2001 census (In crore)	0.20	
3	Population 2009-10 (In crore)	0.22	
4	Density of Population (2001) (per sq. kms.) (All India Average= 325 person per sq km)	120	
5	Population below poverty line (All India Average=27.5%)	19	
6	Literacy (2001) (in per cent) (All India Average=64.8%)	67	
7	Infant Mortality (per 1000 live births) (All India Average=53 per 1000 live birth)	26	
8	Gross State domestic Product (GSDP) 2009-10 (Rs. In crore)	8474.12	
9	GSDP CAGR (2000-01 to 2008-09)	Nagaland	10.68
		NE State	11.52
10	GSDP CAGR (2000-01 to 2009-10)	10.85	
11	Per capita GSDP CAGR (2000-01 to 2009-10)	9.63	
12	Population Growth (2000-01 to 2009-10)	Nagaland	10.50
		NE State	11.79

B. Financial Data			
Particular	Figure (in per cent)		
	2000-01 to 2008-09		2000-01 to 2009-10
CAGR	NE States	Nagaland	Nagaland
(a) of Own Tax Revenue	15.15	16.41	16.33
(b) of Non-Tax Revenue	17.53	21.02	13.88
(c) of Revenue Receipt	14.87	13.28	12.84
(d) of Capital Expenditure	19.67	18.17	17.92
(e) of Revenue Expenditure on Education	7.69	10.21	10.88
(f) of Revenue Expenditure on Health	11.29	7.33	8.39
(g) of Salary and Wages*	7.26	10.22	11.08
(h) of Pension	11.03	12.77	13.74
(i) of Total Expenditure	11.80	11.82	11.99

* For the period from 2003-04 to 2008-09 and 2003-04 to 2009-10

Appendix – 1.2

(Reference: Page 1)

Part A: Outcome Indicators of the States' Own Fiscal Correction Path

(Rupees in crore)

	Base Year estimate	2004-05 Actual	2005-06 (RE)	2006-07 (BE)	2006-07 (RE)	2007-08	2008-09	2009-10
A.STATE REVENUE ACCOUNT								
1. Own Tax Revenue	58.53	78.21	111.31	118.74	118.91	128.24	138.50	149.58
2. Own Non-Tax Revenue	49.42	77.90	79.46	90.70	84.46	98.47	107.03	116.49
3. Own Tax + Non-Tax Revenue (1+2)	107.95	156.11	190.77	209.44	203.37	226.71	245.53	266.07
4. Share in Central Taxes and Duties	97.11	160.25	248.50	275.32	298.67	328.54	363.29	418.68
5. Plan Grants	622.80	723.42	912.10	1120.62	1049.02	1127.52	1172.73	1224.72
6. Non- Plan Grants	779.06	799.74	1032.16	1108.83	1191.84	1198.19	1244.76	1292.30
7. Total Central Transfer (4 to 6)	1498.97	1683.41	2192.76	2504.77	2539.53	2654.25	2780.78	2935.70
8. Total Revenue Receipts (3+7)	1606.92	1839.52	2383.53	2714.21	2742.90	2880.96	3026.31	3201.77
9. Plan Expenditure	279.65	294.81	361.72	504.69	543.49	506.67	529.81	555.78
10. Non-Plan Expenditure	1302.47	1389.82	1647.64	1684.90	1792.70	1879.45	1988.15	2117.61
11. Salary Expenditure	745.30	824.78	946.88	984.18	1003.04	1041.27	1124.56	1211.97
12. Pension	128.82	133.80	202.92	233.00	223.70	256.30	281.93	310.12
13. Interest Payments	216.60	249.62	281.24	280.91	272.61	318.36	338.46	359.90
14. Subsidies-General								
15. Subsidies Power								
16. Total Revenue Expenditure (9+10)	1582.13	1684.63	2009.36	2189.59	2336.19	2386.12	2517.96	2673.39
17. Salary+Interest+Pensions (11+12+13)	1090.71	1208.20	1431.04	1498.09	1499.35	1615.93	1744.95	1881.99
18. As % of Revenue Receipts (17/8)	70.14	65.68	60.04	55.19	54.66	56.09	57.66	58.78
19. Revenue Surplus/Deficit (8-16)	24.79	154.89	374.17	524.62	406.71	494.84	508.35	528.38
B Consolidated Revenue Account:								
1. Power Sector Loss/Profit net of actual subsidy transfer.								
2. Increase in debtors during the year in power utility accounts [increase (-)]								
3. Interest payment on off budget borrowings made by PSU/SPUs outside budget.								
4. Total (1 to 3)								
5. Consolidated Revenue Deficit (A 19 + B4)	24.79	154.89	374.17	524.62	406.71	494.84	508.35	528.38
C. CONSOLIDATED DEBT:								
1. Outstanding debt & liability	2487.14	2813.40	3014.50	3335.75	3544.93	3614.94	3893.09	4171.13
2. Total outstanding guarantee of which (a) guarantee on account of off budgeted borrowing & SPV borrowing	57.93	47.03	52.25	53.50	54.00	51.00	50.00	49.00
D CAPITAL ACCOUNT								
1. Capital Outlay	323.52	379.44	610.37	689.86	798.48	669.23	693.68	722.49
2. Disbursement of Loans & Advances	3.61	0.34	4.66	5.90	5.90	5.99	6.29	6.65
3. Recovery of Loans & Advances	7.34	6.50	6.71	5.74	5.74	5.16	4.64	4.18
4. Other Capital Receipts	5.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E GROSS FISCAL DEFICIT (GFD)	295.00	218.39	234.15	165.40	391.93	175.22	186.98	196.58
F PRIMARY SURPLUS (+) DEFICIT (-)	78.40	-31.23	-47.09	-115.51	119.32	-143.14	-151.48	-163.32
GSDP (Rs. In Crore) at current Price	4708	5894	6631	7460	6957.97	8392	9441	10622
Actual/Assumed nominal growth rate (%)	12.52	0.00	12.50	12.50	-6.73	12.50	12.50	12.50

Appendix – 1.2

**Fiscal Responsibility and Budget Management (FRBM) Act, 2005
Part B****The Fiscal Responsibility and Budget Management (FRBM) Act, 2005**

The State Government enacted (August 2005) the NFRBM Act, 2005 to ensure prudence in fiscal management and fiscal stability by achieving revenue surplus, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework. To give effect to the fiscal management principles, the Act prescribed the following fiscal targets for the State Government:

- strive to remain revenue surplus by building up further surplus;
- bring down fiscal deficit to 3 *per cent* of GSDP by the year ending 31 March 2011.
- ensure within a period of 5 years, beginning 1 April 2005 and ending 31 March 2010, that the total debt stock does not exceed 40 *per cent* of the estimated GSDP for that year;
- limit the amount of annual increment risk weighted guarantees to 1 *per cent* of the total revenue receipts (TRR) or 1 *per cent* of the estimated GSDP in the year preceding the current year, whichever is lower;
- follow a recruitment and wage policy, where the total salary bill relative to revenue expenditure, net of interest payments and pensions does not exceed 61 *per cent* in any financial year.

Though the NFRBM Act was enacted in August 2005, the rules governing the Act were framed by the Government in February 2007. But the rules did not prescribe any annual target for adjustments in these parameters.

Appendix - 1.3

(Reference: Paragraph 1.5, 1.5.1 & 1.9.2; Page 11, 13 & 25)

Time series data on the State Government finances

(Rupees in crore)

	2005-06	2006-07	2007-08	2008-09	2009-10
Part A. Receipts					
1. Revenue Receipts	2267.20	2772.51	2996.02	3400.89	3719.76
(i) Tax Revenue	105.53(5)	119.02(4)	131.37(4)	156.02(5)	180.51(5)
Taxes on Agricultural Income	-	-	-	-	-
Taxes on Sales, Trade, etc.	77.16(73)	85.02(71)	94.79(72)	114.70(74)	132.22(73)
State Excise	1.96(2)	2.13(2)	2.83(2)	3.34(2)	3.14(2)
Taxes on Vehicles	8.71(8)	12.26(10)	12.30(9)	14.14(9)	16.73(9)
Stamps and Registration fees	0.89(1)	1.05(1)	1.02(1)	1.01(1)	1.19(1)
Land Revenue	0.55(1)	0.50(1)	0.50(0)	0.60(0)	0.63(0)
Taxes on Goods and Passengers	1.35	1.69	2.19	2.34(1)	3.96(2)
Other Taxes	14.91	16.37	17.74	19.89(13)	22.64(13)
(ii) Non Tax Revenue	96.82(4)	91.14(3)	119.48(4)	180.55(5)	126.35(3)
(iii) State's share of Union taxes and duties	248.50(11)	316.93(11)	399.77(14)	421.84(12)	434.03(12)
(iv) Grants in aid from Government of India	1816.35(80)	2245.42(82)	2345.40(78)	2642.48(78)	2978.87(80)
2. Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
3. Recoveries of Loans and Advances	5.40	4.33	3.06	2.57	4.20
4. Total Revenue and Non debt capital receipts (1+2+3)	2272.60	2776.84	2999.08	3403.46	3723.96
5. Public Debt Receipts	626.88	432.79	405.70	651.54	805.25
Internal debt (excluding Ways and Means Advances and Overdrafts)	413.50	454.33	511.92	667.41	805.25
Net transactions under Ways and Means Advances and Overdrafts	108.61	(-)22.69	(-)95.32	0.00	0.00
Loans and Advances from Government of India	104.77	1.15	(-)10.90	(-)15.87	0.00
6. Total Receipts in the Consolidated Fund (4+5)	2899.48	3209.63	3404.78	4055.00	4529.21
7. Contingency Fund Receipts	0.00	0.00	0.00	0.00	0.00
8. Public Account Receipts	1025.68	1131.63	1418.00	1841.41	2373.46
9. Total Receipts of the State (6+7+8)	3925.16	4341.26	4822.78	5896.41	6902.67
Part B. Expenditure/Disbursement					
10 Revenue Expenditure	2060.53	2222.15	2572.27	2889.54	3252.44
Plan	422.85(21)	453.69(20)	484.89(19)	543.65(19)	588.55(18)
Non Plan	1637.68(79)	1768.46(80)	2087.38(81)	2345.89(81)	2663.89(82)
General Services (including interest payments)	939.90(46)	1020.32(46)	1193.44(46)	1348.84(47)	1583.98(49)
Social Services	552.23(27)	588.85(27)	656.95(26)	696.76(24)	773.60(24)
Economic Services	568.40(27)	612.98(27)	721.88(28)	843.94(29)	894.86(27)
Grants-in-aid and contributions	0.00	0.00	0.00	0.00	0.00
11. Capital Expenditure	517.87	710.48	821.48	853.09	989.53
Plan	504.40(97)	695.31(98)	809.47(99)	853.08(100)	976.63(99)
Non Plan	13.47(3)	15.17(2)	12.01(1)	0.01(0)	12.90(1)
General Services (including interest payments)	61.84(12)	67.16(19)	137.72(17)	149.15(18)	193.58(20)

Social Services	155.09(30)	240.95(34)	290.81(35)	291.78(34)	285.02(29)
Economic Services	300.94(58)	402.37(57)	392.95(48)	412.16(48)	510.93(51)
12. Disbursement of Loans and Advances	0.61	0.24	2.61	1.46	3.55
13. Total (10+11+12)	2579.01	2932.87	3396.36	3744.09	4245.52
14. Repayments of Public Debt	220.90	152.13	166.55	205.38	274.60
Internal Debt (excluding Ways and Means Advances and Overdrafts)	102.36	133.83	162.24	199.64	237.25
Net transactions under Ways and Means Advances and Overdraft	0.00	0.00	0.00	0.00	0.00
Loans and Advances from Government of Inida	118.54	18.30	4.31	5.74	37.35
15. Appropriation to Contingency Fund	0.00	0.00	0.00	0.00	0.00
16. Total disbursement out of Consolidated fund (13+14+15)	2799.91	3085.00	3562.91	3949.47	4520.12
17. Contingency Fund disbursements	0.00	0.00	0.00	0.00	0.00
18. Public Account disbursements	1040.94	1175.14	1346.78	1717.75	2374.50
19. Total disbursement by the State (16+17+18)	3840.85	4260.14	4909.69	5667.22	6894.63
Part C. Deficits					
20. Revenue Deficit(-)/ Revenue surplus(+) (1-10)*	206.67	550.36	423.75	511.35	467.32
21. Fiscal Deficit(-)/ Fiscal Surplus(+) (4-13)	-306.41	-156.03	-397.28	-340.63	-521.56
22. Primary deficit (21+23)	-52.52	123.66	-126.82	-26.64	-159.05
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	253.89	279.69	270.46	313.99	362.51
24. Financial assistance to local bodies etc.	33.43	34.04	41.84	39.80	72.52
25. Ways and Means Advances/ Overdraft availed (days)	274.92(16)	266.71(12)	367.17(35)	184.58(13)	451.23 (39)
Ways and Means Advances availed (days)	195.08(14)	188.18(7)	297.99(32)	150.69(10)	361.81 (31)
Overdraft availed (days)	79.84(2)	78.53(5)	69.18(3)	33.89(3)	89.42 (8)
26. Interest on Ways and Means Advances/ Overdraft	0.64	0.51	0.56	0.26	0.56
27. Gross State domestic Product (GSDP)[@]	6374.56	6957.97	7168.52	7552.63	8474.12
28. Outstanding Fiscal liabilities (year end)	3189	3554	3881	4571	5402
29. Outstanding guarantees (year end) (including interest)	NA	NA	NA	NA	NA
30. Maximum amount guaranteed (year end)	7.24	7.24	7.24	7.24	20.00
31. Number of incomplete projects	NA	NA	NA	NA	NA
32. Capital blocked in incomplete projects	NA	NA	NA	NA	NA
Part E. Fiscal Health Indicators					
I Resource Mobilization					
Own tax revenue/GSDP	1.66	1.71	1.83	2.07	2.13
Own non-Tax Revenue/GSDP	1.52	1.31	1.67	2.39	1.49
Central Transfer/GSDP	3.90	4.55	5.58	5.59	5.12
II Expenditure Management					
Total Expenditure/GSDP	40.46	42.15	47.38	49.57	50.10
Total Expenditure/Revenue Receipts	113.75	105.78	113.36	110.09	114.13

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Revenue Expenditure/Total Expenditure	79.90	75.77	75.74	77.18	76.61
Expenditure on Social Services/ Total Expenditure	27.43	28.29	27.91	26.40	24.93
Expenditure on Economic services/ Total Expenditure	33.71	34.62	32.82	33.55	93.11
Capital Expenditure/Total Expenditure	20.08	24.22	24.19	22.78	23.31
Capital Expenditure on Social and Economic Services/Total Expenditure.	17.68	21.93	20.13	18.80	18.75
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	3.24	7.91	5.91	6.77	5.51
Fiscal deficit/GSDP	-4.81	-2.24	-5.54	-4.51	-6.15
Primary Deficit (surplus)/GSDP	-0.82	1.78	-1.77	-0.35	-1.88
Revenue deficit/Fiscal deficit	*	*	*	*	*
Primary Revenue Balance/GSDP	3.09	2.95	3.42	4.30	3.50
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	50.03	51.08	54.14	60.52	63.75
Fiscal Liabilities/RR	140.66	128.19	129.54	134.41	145.22
Primary deficit vis-à-vis quantum spread	-58.58	40.14	-455.54	(-) 307.30	-121.24
Debt Redemption (Principal+Interest)/Total debt Receipts	85.28	86.44	79.19	73.48	73.78
V Other Fiscal Health Indicators					
Return on Investment	0.00	0.00	0.00	0.00	0.00
Balance from Current Revenue (Rs in crore)	-58.01	-169.27	-190.73	-270.72	-462.14
Financial assets/Liabilities	1.20	1.32	1.39	1.42	1.38

Figures in brackets represent percentages (rounded) to total of each sub-heading
 .@ GSDP figures communicated by the Government adopted.

*The State experienced revenue surplus during all the years

Appendix - 1.4

(Reference: Paragraph 1.1; Page 2)

Part A: Abstract of Receipts and Disbursements for the year 2009-10										
Receipts				Disbursement						
2008-09			2009-10	2008-09			Non-Plan	Plan	Total	2009-10
		<i>Section A: Revenue</i>								
3400.89	I	Revenue receipts	3719.76	2889.54	I	Revenue expenditure	2663.89	588.55	3252.44	3252.44
156.02		Tax revenue	180.51	1348.84		General services	1573.64	10.34	1583.98	
				696.76		Social services	571.37	202.23	773.60	
180.55		Non-Tax revenue	126.35	395.86		Education, Sports, Art and culture	373.34	87.46	460.80	
				134.60		Health and Family Welfare	128.28	29.60	157.88	
421.84		State's share of Union Taxes	434.03	43.96		Water Supply, Sanitation, Housing and Urban development	26.99	4.05	31.04	
				13.61		Information and Broadcasting	9.96	2.17	12.13	
1316.76		Non-Plan grants	1460.86	14.51		Welfare of Scheduled Castes, scheduled Tribes and other Backward Classes	1.81	14.51	16.32	
1003.27		Grants for State Plan Schemes	1041.00	11.03		Labour and labour Welfare	10.18	5.15	15.33	
				77.48		Social Welfare and Nutrition	14.73	59.29	74.02	
322.45		Grants for Central and Centrally Sponsored plan Schemes	477.01	5.71		Others	6.08	0.00	6.08	
				843.94		Economic Services	518.88	375.98	894.86	
				207.53		Agriculture and Allied Activities	134.99	131.20	266.19	
				118.18		Rural Development	25.45	70.36	95.81	
				78.57		Special Areas Programmes	2.63	64.87	67.50	
				68.18		Irrigation and Flood Control	10.90	59.34	70.24	
				152.25		Energy	168.28	1.29	169.57	
				49.51		Industry and Minerals	28.92	30.29	59.21	
				117.52		Transport	117.39	0.26	117.65	
				12.98		Science, Technology and environment	0.83	3.73	4.56	
				39.22		General Economic Services	29.49	14.64	44.13	
				0.00		Grants-in-aid and Contributions	0.00	0.00	0.00	
				2889.54		Total	2663.89	588.55	3252.44	
0.00	II	Revenue deficit carried over to section B	0.00	511.35	II	Revenue surplus carried over to Section B				467.32
3400.89		Total	3719.76	3400.89		Total				3719.76
		<i>Section B: Others</i>								

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(-)134.69	III	Opening Cash balance including Permanent advances and cash Balance Investment	94.50	0.00	III	Opening Overdraft from Reserve Bank of India				0.00
0.00	IV	Miscellaneous Capital receipts	0.00	853.09	IV	Capital Outlay	12.90	976.63	989.53	989.53
				149.15		General Services	0.40	193.18	193.58	
				291.78		Social services	0.00	285.02	285.02	
				45.45		Education, Sports, Art and culture	0.00	49.95	49.95	
				14.01		Health and Family Welfare	0.00	19.45	19.45	
				221.38		Water supply, Sanitation, Housing and Urban Development	0.00	210.57	210.57	
				0.20		Information and Broadcasting	0.00	0.08	0.08	
				0.00		Welfare of scheduled Castes, Scheduled Tribes and Other Backward Classes	0.00	0.00	0.00	
				7.33		Social Welfare and Nutrition	0.00	1.42	1.42	
				3.41		Others	0.00	3.55	3.55	
				412.16		Economic Services	12.50	498.43	510.93	
				42.92		Agriculture and Allied activities	1.30	28.06	29.36	
				0.88		Rural Development	0.00	0.00	0.00	
				83.61		Special Areas Programmes	10.32	86.91	97.23	
				8.98		Irrigation and Flood Control	0.00	1.75	1.75	
				108.80		Energy	0.00	71.27	71.27	
				52.77		Industry and Minerals	0.88	45.05	45.93	
				107.40		Transport	0.00	259.68	259.68	
				5.10		General Economic Services	0.00	3.72	3.72	
				1.70		Science, Technology and environment	0.00	1.99	1.99	
2.57	V	Recoveries of Loans and Advances	4.20	1.46	V	Loans and Advances disbursed	0.19	3.36	3.55	3.55
0.00		From Power Projects	0.00	0.00		For Power Projects	0.00	0.00	0.00	
2.41		From Government Servants	0.53	0.64		To Government servants	0.19	0.00	0.19	
0.16		From Others	3.67	0.82		To Others	0.00	3.36	3.36	
511.35	VI	Revenue surplus brought down	467.32	0.00	VI	Revenue Deficit brought down				0.00
651.54	VII	Public debt receipts	805.25	205.38	VII	Repayment of Public debt				274.60
		External debt		0.00		External debt			0.00	
667.41		Internal debt other than Ways and Means Advances and Overdrafts	805.25	199.64		Internal debt other than Ways and Means advances and Overdrafts			237.25	
0.00		Net transactions under Ways and Means Advances	0.00	0.00		Net transactions under ways and Means Advances			0.00	

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0.00		Net transactions under overdraft	0.00	0.00		Net transactions under Overdrafts			0.00
(-)15.87		Repayment of Loans and Advances from Central Government	0.00	5.74		Repayment of Loans and Advances to Central Government			37.35
0.00	VIII	Appropriation to Contingency Fund	0.00	0.00	VIII	Appropriation to Contingency Fund			0.00
0.00	IX	Amount transferred to Contingency Fund	0.00	0.00	IX	Expenditure from Contingency Fund			0.00
1841.41	X	Public Account receipts	2373.46	1717.75	X	Public Account disbursements			2374.50
144.53		Small Savings and Provident funds		114.20		Small Savings and Provident Funds			126.45
28.75		Reserve Funds		10.74		Reserve Funds			4.16
78.01		Suspense and Miscellaneous		89.80		Suspense and Miscellaneous			27.90
1220.72		Remittance		1347.15		Remittances			1707.45
369.40		Deposits and Advances		155.86		Deposits and Advances			508.54
0.00	XI	Closing Overdraft from Reserve Bank of India	0.00	94.50	XI	Cash Balance at end of 31st March 2009			102.55
				0.05		Cash in Treasuries and Local Remittances			0.05
				(-) 413.32		Deposits with Reserve Bank			-599.39
				275.76		Departmental Cash Balance including permanent Advances			301.07
				164.57		Cash Balance Investment			311.05
				67.44		Investment in earmarked funds			89.77
6273.07		Total	7464.49	6273.07		Total			7464.49

Appendix - 1.4 (Continued)
(Reference: Paragraphs 1.9.1; Pages 25)

(Rupees in crore)

Part 'B'				
Summarized financial position of the Government of Nagaland as on 31.03.2010				
As on 31.03.2009		Liabilities	As on 31.03.2010	
3240.49		Internal Debt -		3808.49
	2437.92	Market Loans bearing interest	2878.73	
	0.03	Market Loans not bearing interest	0.03	
	88.34	Loans from Life Insurance Corporation of India	76.87	
	714.20	Loans from other Institutions	852.86	
	0.00	Ways and Means Advances	0.00	
	0.00	Overdrafts from Reserve Bank of India	0.00	
366.84		Loans and Advances from Central Government-		329.48
	5.47	Pre 1984-85 Loans	4.48	
	20.39	Non-Plan Loans	19.57	
	307.33	Loans for State Plan Schemes	273.78	
	0.58	Loans for Central Plan Schemes	0.21	
	22.71	Loans for Centrally Sponsored Plan schemes	21.37	
	0.00	Ways and Means Advances	0.00	
	10.36	Loans for Spl. Scheme	10.07	
0.35		Contingency Fund		0.35
462.45		Small Savings, Provident funds, etc.		485.54
501.10		Deposits		778.53
36.61		Reserve Funds		58.95
0.00		Suspense and Miscellaneous Balances		0.00
(-)383.47		Remittance Balances		-732.84
4224.37		Total		4728.50
Assets				
6242.73		Gross Capital Outlay on Fixed Assets -		7232.26
	164.94	Investments in shares of Companies, Corporations, etc.	192.09	
	6077.97	Other Capital Outlay	7040.17	
24.64		Loans and Advances -		23.99
	0.00	Loans for Power Projects	0.00	
	23.81	Other Development Loans	23.51	
	0.83	Loans to Government servants and Miscellaneous loans	0.48	
		Reserve Fund Investments		
1.56		Advances		1.13
127.11		Suspense and Miscellaneous Balances		102.06
94.50		Cash -		102.55
	0.05	Cash in Treasuries and Local Remittances	0.05	
	(-)413.32	Deposits with Reserve Bank	-599.39	
	275.76	Departmental Cash Balance	301.07	
	0.00	Permanent Advances	0.00	
	67.44	Investment on earmarked funds	89.77	
	164.57	Cash Balance investments	311.05	
(-)2266.17		Deficit on Government account -		-2733.49
	(-)511.35	(i) Less Revenue Surplus of the current year	-467.32	
	-	(ii) Miscellaneous deficit		
	(-)1754.82	Accumulated deficit at the beginning of the year	-2266.17	
4224.37				4728.50

Explanatory Notes: The abridged accounts in the foregoing statements have to be read with comments and explanations in the finance Accounts. Suspense and Miscellaneous balances include cheques issued but not paid, inter-departmental and inter-Government payments and others awaiting settlement..

Appendix –1.5

(Reference: Paragraph 1.4.2; Page 10)

Statement showing the funds transferred to the State Implementing Agencies under Programmes/Schemes outside the State budget during 2009-10

(Rupees in crore)

Sl. No	Programme/Scheme	Implementing Agency in the State	2009-10
			Central share
1	Hospitals and Dispensaries under NRHM	Directorate of H &FW, Govt of Nagaland	3.05
2	Medicinal Plants	State Medicinal Plants Board	2.32
3	Medicinal Plants Processing Zones	Nagaland Bio Resource Mission	2.82
4	Development of Market Infrastructure grading and Standardisation	Nagaland State Agril Marketing Board	2.49
5	National Bamboo Mission	Nagaland Bamboo Mission Development Agency (NBMDA)	9.65
6	Support to State Extension Programme for Extension Reforms	SAMETI, Nagaland	3.79
7	BIOINFORMATICS	National Research Centre on Mithun, Nagaland	0.01
8	BIOTECHNOLOGY FOR SOCIETAL DEVELOPMENT	Keyho Farmers Multipurpose Cooperative Society Ltd.	0.07
9	Human Resource Development Biotechnology	National Research Centre on Mithun, Nagaland	0.87
10	Aside Assistance to States for Developing Export Infrastructure	Nagaland Industrial Dev. Corporation (NIDC)	2.20
11	Accelerated Rural Water Supply Programme	DWSM NL 101 Updae Description, Zunheboto	37.70
12	Central Rural Sanitation Programme	DWSM NL	10.59
13	National Aids Control	Nagaland State AIDS Control Society	7.21
14	National Rural Health Mission (NRHM)	ORG Centre for Social Research	0.38
15	National Rural Health Mission (NRHM) CSP	State Health Society	59.56
16	Electronic Governance	Nagaland E Governance Society	2.50
17	DRDA Administration	DRDA Project Director	6.65
18	National Rural Employment Guarantee Act.	DRDA Project Director	562.95

19	Pradhan Mantri Gram Sadak Yojana	SGO NL307 Update Description Kohima	60.02
20	Rural Housing IAY RD	DRDA Project Director	39.94
21	Swarnjayanti Gram Swarozgar Yojana (SGSY)	DRDA Project Director	6.48
22	Sarva Shiksha Abhiyan (SSA)	SSA State Mission Authority	67.54
23	Support to NGOs Institutions SRCs for Adult Education and Skill	Jan Shikshan Sansthan	0.29
24	Science and Technology Programme for Socio Economic Development	Nagaland Institute of Health	0.06
25	National Project for Livestock Development	State Implementing Agency	0.40
26	MPs Local Area Development (MPLADs)	Deputy Commissioner, Dimapur	5.00
27	Promotion and Dissemination of Art & Culture	ABIOGENSIS Society	5.97
28	North Eastern Council	Colligate Mission Association	4.87
29	National Afforestation and ECO Development Board	Young Women Association and CREEPERS CLUB	0.01
30	National Afforestation Programme	FDA	10.07
31	Pollution Abatement	Nagaland Pollution Control Board	0.29
32	Scheme for Infrastructure Development FPI	Dimapur Municipal Council	4.31
33	Scheme for Technology Upgradation Establishment Modernisation	Naga Fragrance Pvt Ltd	0.58
34	National Child Labour Project including Grants-in-Aid	NCLPOING and others	0.22
35	Free Coaching and Allied Scheme for Minorities	Intigrated Social Development Organisation	0.07
36	GRID Interactive Renewable Power	Renewable Energy Development Agency	0.61
37	Health Insurance for unorganized Sector workforce (Rashtriya-Swasthya Bima)	Nagaland State Labour Welfare society	2.40
38	Swarna Jayantri Shahari Rojgar Yojana (SGSRY)	State Urban Development Agency, Nagaland, Kohima	2.78
39	Assistance to IHMS FCIS etc.	Institute of Hotel Management	1.19
40	Domestic Promotion and Publicity including Hospitality	Nagaland Tourism Board	8.20
41	Advocy and Publicity	Sunrise Welfare Society	0.02
42	Assistance to Voluntary Organization for Social Defence	Voluntary Organization	0.22
43	Handicrafts	Nagaland Handloom Development Corpn. And other Co-op Societies	2.40

44	Handlooms	Nagaland Handloom and Handicrafts Development Corp	3.79
45	Grants-in Aid to NGOs	Grace Society	0.08
46	Vocational Training Centre	Women Welfare Society	0.94
47	Scheme for the Welfare of Working Children in Need of Care	Welfare Societies	0.37
48	Step Support to Training and Employment Programme for Women	Cooperative Societies and other organisation	1.01
49	SWADHAR	Women Welfare Societies	0.11
50	WWH Working Women Hostel	Abiogenesis Society and Vision Home Club	0.48
51	National Programme for Youth and Adolescent Development	Welfare Societies	0.17
52	Museums	Naga Heritage Museum (NGO)	0.10
53	Conservation of Natural Resources & Eco. Systems	PHE Dept.	5.81
54	Research and Development in Earth and Atmospheric Science	Nagaland University	0.14
55	Crime & Control	Nagaland Police	1.35
56	Upgradation of 1396 Government. ITI through PPP	IMC Society	2.50
57	GIA for innovative work on women and child Development	Krotho Women Welfare Society	0.07
58	National Project for Cattle & Buffalo Breeding	Nagaland State dairy Co-operative Ltd.	0.70
59	Intensive dairy development Programme	Nagaland State dairy Co-operative Ltd.	0.71
60	Strengthening and Modernisation of PEST Management	Director of Agriculture	0.25
Grand Total			957.33

Source: 'Central Plan Scheme Monitoring System' portal in Controller General of Account's website

Appendix – 1.6

(Reference to Paragraph 1.5.1; Page 13)

(A) Tax Revenue for the years 2005-10

(Rupees in crore)

Heads	2005-06	2006-07	2007-08	2008-09	2009-10	
					Budget Estimates	Actual
Taxes on Sales	77.16	85.02	94.79	114.70	115.64	132.22
State Excise	1.96	2.13	2.83	3.33	3.35	3.14
Taxes on Vehicle	8.71	12.26	12.30	14.14	14.00	16.73
Stamps and Registration Fees	0.89	1.05	1.02	1.01	1.08	1.19
Land Revenue	0.54	0.50	0.50	0.60	0.75	0.63
Taxes on goods & Passeengers	1.35	1.69	2.19	2.34	2.35	3.96
Other taxes	14.92	16.37	17.74	19.90	18.72	22.64
Total	105.53	119.02	131.37	156.02	155.89	180.51

(B) Non-Tax Revenue for the years 2005-10

(Rupees in crore)

Heads	2005-06	2006-07	2007-08	2008-09	2009-10	
					Budget Estimates	Actual
Interest receipts, dividends and profits	5.60	5.22	5.66	11.57	6.50	10.02
General Services	24.93	18.82	24.51	31.83	14.29	9.76
Social Services	3.96	6.48	4.21	4.97	5.43	5.14
Economic Services	62.33	60.62	85.10	132.18	138.83	101.43
Total	96.82	91.14	119.48	180.55	165.05	126.35

Appendix 2.1

(Reference: Paragraph 2.3.1; Page 40)

Statement of various grants/appropriations where saving was more than ₹ 1 crore each or more than 20 per cent of the total provision

(Rupees in crore)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
Revenue (Voted)					
1.	18	Pension and other Retirement Benefits	306.93	27.86	9
2.	21	Relief of Distress caused by Natural calamities	12.76	8.47	66
3.	22	Civil Supplies	11.05	1.17	11
4.	27	Planning Machinery	111.35	77.89	70
5.	31	School Education	395.94	33.04	8
6.	32	Higher Education	69.91	18.01	26
7.	33	Youth Resources and sports	20.30	2.77	14
8.	38	Information and Public relations	13.90	1.76	13
9.	42	Rural Development	95.70	4.25	4
10.	43	Social Security and Welfare	139.09	83.92	60
11.	45	Co-Operation	24.54	10.74	44
12.	49	Soil and Water conservation	43.42	3.58	8
13.	51	Fisheries	20.69	6.02	29
14.	53	Industries	44.68	6.89	15
15.	59	Irrigation and Flood Control	116.53	46.29	40
16.	60	Water Supply Schemes	30.34	9.15	30
17.	65	SCERT	17.35	2.67	15
18.	72	Land Resource Development	37.42	10.39	28
19.	76	Women Welfare	13.00	1.07	8
Capital (Voted)					
20.	4	Administration of Justice	39.39	12.00	30
21.	9	Taxes on Vehicles	7.91	4.74	60
22.	27	Planning Machinery	299.46	256.99	86
23.	31	School Education	14.18	8.56	60
24.	33	Youth resources and Sports	44.43	8.34	19
25.	34	Art and Culture and Gazetteers Unit	3.24	1.50	46
26.	35	Medical, Public Health and Family Welfare	33.68	14.23	42
27.	36	Urban Development	196.64	116.83	59
28.	39	Tourism	24.65	22.73	92
29.	43	Social Security and Welfare	18.50	18.20	98
30.	45	Co-Operation	36.90	28.34	77
31.	48	Agriculture	21.79	11.95	55
32.	50	Animal Husbandry and Dairy Development	1.77	1.07	60
33.	52	Forest	27.92	27.38	98
34.	54	Mineral Development	22.64	1.01	4

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35.	55	Power Projects	106.33	30.61	29
36.	58	Roads and Bridges	299.28	36.78	12
37.	59	Irrigation and Flood Control	12.67	10.25	81
38.	62	Civil administration Works	48.34	21.34	44
39.	65	SCERT	2.58	1.46	57
40.	68	Police Engineering Project	61.25	6.01	10
41.	72	Land resources Development	6.45	3.45	53
42.	74	Mechanical Engineering	5.88	1.34	23
43.	77	Development of Under Developed Areas	57.94	3.68	6
44.	78	Information Technology & Technical Education Department	11.40	10.40	91
Revenue (Charged)					
45.	75	Servicing of Debt	401.29	16.58	4
Capital (Charged)					
46.	75	Servicing of Debt	771.35	45.52	6

Appendix 2.2

(Reference: Paragraph 2.3.5 ; Page 43)

Excess over provision of previous years requiring regularization

(Rupees in crore)

Year	Number of Grants	Number of Appropriation	Amount of excess over provision	Status of regularization
1996-97	31	0	33.43	Not yet regularized
1997-98	25	1	241.09	Not yet regularized
1998-99	24	2	263.80	Not yet regularized
1999-2000	24	2	167.14	Not yet regularized
2000-01	16	1	51.81	Not yet regularized
2001-02	16	0	27.98	Not yet regularized
2002-03	18	1	723.75	Not yet regularized
2003-04	30	2	230.79	Not yet regularized
2004-05	18	2	28.82	Not yet regularized
2005-06	23	2	64.96	Not yet regularized
2006-07	24	2	46.03	Not yet regularized
2007-08	23	2	88.46	Not yet regularized
2008-09	16	0	43.52	Not yet regularized
Total			2011.58	

Appendix 2.3

(Reference: Paragraph 2.3,6; Page 43)

Excess over provision requiring regularization during 2009-10

(Rupees in crore)

Sl. No.	Number and title of grant/appropriation		Total grant appropriation	Expenditure	Excess
Revenue (Voted)					
1.	11	District Administration & Special Welfare Schemes	54.31	56.98	2.67
2.	14	Jails	13.15	13.50	0.35
3.	16	States Guest House	8.09	8.59	0.50
4.	25	Land Records and Survey	10.36	10.42	0.06
5.	26	Civil Secretariat	70.76	70.83	0.07
6.	28	Civil Police	582.03	593.53	11.50
7.	34	Art and Culture and Gazetteers Unit	12.19	12.31	0.12
8.	35	Medical, Public Health and Family Welfare	154.94	158.33	3.39
9.	36	Urban Development	4.68	4.71	0.03
10.	41	Labour	4.17	4.21	0.04
11.	48	Agriculture	72.25	77.03	4.78
12.	50	Animal Husbandry and Dairy Development	60.24	60.64	0.40
13.	58	Roads and Bridges	100.56	104.01	3.45
14.	64	Housing	29.92	37.81	7.89
15.	67	Home Guards	10.79	11.23	0.44
16.	68	Police Engineering Project	4.49	4.50	0.01
17.	69	Fire Service	8.15	8.21	0.06
18.	70	Horticulture	12.91	12.94	0.03
19.	78	Information Technology & Technical Education	16.63	21.39	4.76
Total Revenue (Voted)			1230.62	1271.17	40.55
Capital (Voted)					
20.	22	Civil Supplies	1.75	3.21	1.47
21.	32	Higher Education	3.39	4.39	1.00
22.	53	Industries	22.60	23.40	0.80
23.	56	Road Transport	17.04	19.95	2.91
24.	60	Water Supply Schemes	71.15	79.14	7.99
25.	64	Housing	40.11	47.02	6.91
Total Capital (Voted)			156.04	177.11	21.08
Revenue (Charged)					
26.	10	Public Service Commission	2.11	2.25	0.14
Total Revenue (Charged)			2.11	2.25	0.14
Grand Total			1388.77	1450.53	61.77

Appendix 2.4

(Reference: Paragraph 2.3.7 ; Page 43)

Cases where supplementary provision (₹ 10 lakh or more in each case)
proved unnecessary

(Rupees in thousands)

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original provision	Supplementary provision
A Revenue (Voted)					
1.	38- Information and Public Relation	125021	121321	17647	13947
2.	43- Social Security and Welfare	1288195	551709	839155	102669
3.	45- Co-operation	218490	138066	107351	26927
4.	51- Fisheries	169169	146683	60223	37737
5.	53- Industries	399044	377923	68914	47793
6.	59- Irrigation and Flood Control	1162875	702409	462929	2463
7.	60- Water Supply Schemes	281184	211947	91502	22265
8.	62- civil Administration Works	12145	9048	4226	1129
9.	65- SCERT	165778	146820	26667	7709
Total Revenue (Voted)		3821901	2405926	1678614	262639
B Capital (Voted)					
10.	4- Administration of Justice	328200	273900	119960	65660
11.	31- School Education	131500	56130	85646	10276
12.	35- Medical, Public Health and Family Welfare	299803	194488	142307	36992
13.	36- Urban Development	1641600	798105	1168306	324811
14.	52- Forest	205000	5462	273764	74226
15.	55- Power Projects	885000	757183	306073	178256
16.	62- Civil Administration Works	467200	270023	213377	16200
17.	72- Land Resources Development	60000	30000	34500	4500
Total-capital (Voted)		4018303	2385291	2343933	710921
Grant Total		7840204	4791217	4022547	973560

Appendix 2.5

(Reference: Paragraph 2.3.7; Page 44)

Statement of various grants/appropriations where supplementary provision proved insufficient by more than ₹ 1 crore each

(Rupees in crore)

Sl. No.	Grant Number	Name of the Grants and Appropriation	Original Provision	Supplementary provision	Total	Expenditure	Excess
Revenue (Voted)							
1	11	District administration & special Welfare Schemes	49.70	4.60	54.30	56.97	2.67
2	28	Civil Police	445.39	136.64	582.03	593.53	11.50
3	35	Medical, Public Health and Family Welfare	139.84	15.10	154.94	158.33	3.39
4	48	Agriculture	69.21	3.04	72.25	77.04	4.79
5	58	Roads and Bridges	94.44	6.12	100.56	104.01	3.45
6	64	Housing	27.39	2.53	29.92	37.82	7.90
7	78	Information Technology & Technical Education Department	13.47	3.17	16.64	21.40	4.76
Total Revenue (Voted)			839.44	171.20	1010.64	1049.10	38.46
Capital (Voted)							
8	22	Civil supplies	1.39	0.36	1.75	3.22	1.47
9	32	Higher Education	2.67	0.72	3.39	4.39	1.00
10	56	Road Transport	14.42	2.62	17.04	19.95	2.91
11	60	Water Supply Schemes	65.49	5.66	71.15	79.14	7.99
12	64	Housing	30.73	9.38	40.11	47.02	6.91
Total Capital (Voted)			114.70	18.74	133.44	153.72	20.28
Grand Total			954.14	189.94	1144.08	1202.82	58.74

Appendix 2.6

(Reference: Paragraph 2.3.8 ; Page 44)
Excess/Unnecessary/Insufficient re-appropriation of funds

(Rupees in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
Revenue (Voted)					
1	7	Commissioner's Establishment	2039-001-01	(-) 52.26	(-) 2.26
2	11	District Establishments	2053-093	(-) 73.81	(+) 270.98
3	16	Nagaland House, New Delhi	2070-115-01	(-) 29.42	(-) 2.61
4	21	Transfer to Reserve Funds and Deposit Accounts-Calamity Relief Fund	2245-05-101	(-) 846.00	(-) 1.00
5	22	Direction	2408-01-001-01	(-) 5.67	(-) 116.26
6	22	Subordinate Establishment	2408-01-001-02	(+) 1.54	(+) 3.74
7	25	Survey and Settlement Operations	2029-102	(+) 54.10	(+) 5.74
8	26	Attached Offices Secretarial Transport Sector	2052-090-01	(+) 9.89	(+) 2.92
9	27	Planning Board/Planning Commission	3451-101	(+) 33.47	(-) 18.00
10	27	District Planning Machinery	3451-102	(+) 24.20	(-) 5984.01
11	28	Indian Reserve Battalion 9 th & 10 th NAP Battalion	2055-104-02	(+) 6481.53	(+) 1370.66
12	28	Police Headquarters	2055-001-01	(-) 4929.56	(-) 119.01
13	30	Administrative Training Institute	2070-003-01	(-) 32.50	(+) 21.19
14	31	Primary Schools	2202-01-101-01	(+) 1342.12	(-) 8485.84
15	31	Middle Schools	2202-01-101-02	(+) 671.06	(-) 7690.09
16	31	Assistance to Non-Government Primary Schools	2202-01-102	(-) 50.00	(-) 85.13
17	31	Sarva Shiksha Abhiyan	2202-01-800-02	(-) 80.00	(-) 654.40
18	31	Nutrition Support against Conversion of Mid-day meal	2202-01-800-04	(-) 102.98	(-) 55.22
19	31	RMSA (CSS)	2202-01-800-15	(+) 93.06	(-) 93.06
20	31	District Education Officer's Establishment	2202-02-101-03	(+) 5.00	(-) 15.18
21	31	Text Books	2202-02-106	(+) 100.00	(-) 354.51
22	31	Engineering Division	2202-02-800-01	(+) 4.85	(-) 24.28
23	31	Assistance to Sainik School, Punglwa	2202-02-800-05	(-) 556.50	(-) 62.30
24	31	Direction	2202-02-001-01	(-) 2722.59	(+) 8005.69
25	31	Inspectorates	2202-02-101-01	(+) 10.00	(+) 791.74
26	31	Subordinate Establishment (DIS)	2202-02-101-02	(+) 19.00	(+) 5184.57
27	31	Government Schools	2202-02-109-01	(+) 668.06	(+) 2673.92
28	31	Science Education	2202-02-109-02	(+) 2.00	(+) 12.52
29	31	Education Technological Cell (CSS)	2202-02-109-03	(+) 3.00	(+) 53.72
30	31	Assistance to Non- Govt. Secondary Schools	2202-02-110	(-) 19.00	(+) 2326.30
31	32	Government Colleges	2202-03-103-01	(+) 11.31	(+) 200.49
32	32	Centrally sponsored scheme for post Matric-Scholarship	2225-02-277-01	(-) 3318.00	(+) 1631.89
33	32	Direction and Administration	2202-03-001	(-) 99.55	(-) 284.95

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34	34	Public Libraries	2205-105	(+) 15.95	(+) 12.04
35	35	Direction	2210-01-001-01	(+) 477.26	(+) 5301.01
36	35	Subordinate Establishment	2210-01-001-02	(+) 302.99	(+) 875.09
37	35	Engineering Cell	2210-01-001-03	(-) 22.96	(+) 84.53
38	35	Medical Store Depots	2210-01-104	(-) 113.33	(+) 479.33
39	35	Mental Hospitals	2210-01-110-03	(-) 13.71	(+) 372.76
40	35	T.B. Hospitals	2210-01-110-04	(-) 58.70	(+) 106.79
41	35	Other Hospitals	2210-03-110-01	(-) 2212.80	(+) 53.10
42	35	National Malaria Eradication Programme Urban	2210-06-101-02	(-) 506.39	(+) 8.60
43	35	Food Testing Laboratory	2210-06-107-01	(+) 31.07	(+) 296.27
44	35	Subordinate Establishment	2211-001-12	(-) 65.00	(+) 7.50
45	35	School Health Scheme	2210-01-109	(-) 7.18	(-) 4.67
46	35	Other Hospitals	2210-01-110-01	(+) 239.20	(-) 1178.68
47	35	Drug De-Addiction Clinic	2210-01-110-07	(+) 38.42	(-) 51.66
48	35	Artificial Limb Centre	2210-01-110-08	(-) 28.33	(-) 4.71
49	35	Goitres and Nutrition Programme	2210-01-200-01	(-) 8.53	(-) 5.52
50	35	Homeopathy	2210-02-102	(+) 10.00	(-) 13.70
51	35	Health Sub-centres	2210-03-101	(+) 575.41	(-) 927.57
52	35	Primary Health Centres	2210-03-103-01	(+) 809.87	(-) 1938.41
53	35	Community Health Centres	2210-03-103-02	(+) 683.15	(-) 933.55
54	35	Education	2210-05-105-01	(+) 6.63	(-) 8.11
55	35	Training (PMTI)	2210-05-105-04	(+) 5.17	(-) 74.12
56	35	National Malaria Eradication Programme Rural	2210-06-101-01	(+) 601.44	(-) 517.27
57	35	National Small pox Eradication Programme (Rural)	2210-06-101-04	(+) 155.42	(-) 162.47
58	35	B.C.G. + T.B Control Programme (Urban)	2210-06-101-05	(+) 16.37	(-) 325.85
59	35	National Leprosy Control Programme (Urban)	2210-06-101-07	(+) 91.46	(-) 340.95
60	35	STD Control Programme	2210-06-101-09	(-) 22.66	(-) 9.33
61	35	National Trachoma and Blindness Control Programme	2210-06-101-10	(-) 49.03	(-) 46.87
62	35	Drug Control	2210-06-104	(-) 34.35	(-) 17.18
63	35	Rural Family Welfare Centres	2211-101-01	(-) 333.77	(-) 84.83
64	35	Family Welfare Sub-Centres (CSS)	2211-101-02	(-) 124.30	(-) 110.29
65	35	Compensation (CSS)	2211-200-03	(+) 4.40	(-) 4.40
66	36	Engineering Cell	2217-80-800-02	(+) 10.63	(+) 2.43
67	38	Direction	2220-60-001-01	(-) 73.38	(-) 47.20
68	38	Exhibition and Hoarding	2220-60-101-02	(+) 13.91	(-) 9.98
69	38	Press Information Services	2220-60-103	(-) 2.54	(-) 149.99
70	38	Subordinate Establishment	2220-60-001-02	(+) 309.98	(+) 23.02
71	38	Information Centres	2220-60-102	(-) 195.57	(+) 24.31
72	38	Field Publicity	2220-60-106	(-) 83.27	(+) 11.27
73	41	Subordinate Establishment	2230-01-001-02	(+) 40.91	(+) 6.92
74	41	Direction	2230-01-001-01	(-) 55.56	(-) 3.35
75	42	DRDA Administration (75:25)	2515-102-03	(+) 54.74	(-) 48.52
76	42	Renewable energy	2810-60-600-06	(-) 8.92	(-) 91.08
77	42	Renewable Energy (CSS)	2810-60-600-60	(-) 204.50	(-) 83.42

78	42	Direction and Administration (IREP-NPBD)	2810-01-001	(+) 19.73	(+) 20.00
79	43	I.C.D.S. (CSS)	2235-02-102-11	(-) 4.51	(-) 2481.96
80	43	National Social Assistance Programme	2235-02-104-02	(+) 50.86	(-) 564.18
81	43	National social Assistance Programme (CSS)	2235-02-104-12	(-) 2245.21	(-) 1031.09
82	43	Nutrition Including NSAP (CSS)	2236-02-101-12	(-) 3794.00	(-) 645.60
83	43	Direction	2235-02-001-01	(-)10.50	(+) 3.26
84	43	I.C.D.S. Scheme	2235-02-102-01	(+) 249.17	(+) 2232.36
85	43	Preventional Control of Juvenile social Maladjustment	2235-02-102-04	(+) 52.00	(+) 1.73
86	44	Direction (Evaluation)	3451-092-01	(+) 9.40	(-) 6.51
87	44	Subordinate Establishment (Evaluation)	3451-092-02	(-) 10.01	(-) 1.00
88	45	Other Scheme (CSS)	2425-108-02	(-) 1177.59	(+) 248.84
89	45	Direction	2425-001-01	(-) 11.14	(-) 129.35
90	46	Direction	3454-02-111-01	(-) 199.83	(-) 2.83
91	48	Direction (Agri)	2401-001-01	(-) 411.72	(+) 1425.79
92	48	National Pulses Development Project (CSS)	2401-108-23	(-) 58.22	(+) 31.38
93	48	Farm Mechanisation	2401-104-04	(+) 34.00	(-) 34.00
94	48	National Pulses Development Project	2401-108-03	(+) 31.38	(-) 31.38
95	48	Pilot Project on Multiple Cropping	2401-800-08	(+) 211.22	(-) 914.99
96	49	Soil Survey and Testing	2402-101-01	(+) 81.91	(-) 4.64
97	49	Vermi Composing Project	2552-02-101-02	(+) 8.00	(-) 10.00
98	49	Pilot Projects	2402-102-02	(-) 129.12	(+) 4.64
99	50	Direction	2403-001-01	(-) 599.30	(+) 4.47
100	50	Integrated Piggery Production (CSS)	2403-105-11	(+) 143.44	(+) 3.00
101	50	Subordinate Establishment	2403-001-02	(+) 643.42	(-) 57.79
102	50	Integrated Piggery Production	2403-105-01	(-) 82.95	(-) 3.60
103	52	Subordinate Establishment	2406-01-001-02	(+) 196.01	(+) 386.63
104	52	Working Plan	2406-01-005-03	(-) 2.00	(+) 20.70
105	52	Integrated forest Protection Scheme (IFPS) (IFN)	2406-01-800-15	(-) 729.55	(+) 121.76
106	52	Control of poaching and illegal trade into Wild life	2406-02-110-04	(-) 6.00	(+) 5.92
107	52	Development of National park and Sanctuaries (CSS)	2406-02-800-07	(+) 6.06	(+) 79.60
108	52	Direction	2406-01-001-01	(+) 277.83	(-) 489.59
109	52	Grant to State Pollution Control Board.	2406-01-800-01	(+) 11.74	(-) 28.54
110	52	Environment Wing	2406-01-800-02	(+) 50.00	(-) 50.00
111	52	Bamboo Plantation	2406-01-800-03	(+) 138.00	(-) 138.00
112	52	Nagaland Forest Infrastructure Development Project	2406-01-800-05	(+) 30.05	(-) 30.05
113	52	Grants to Committee on Nagaland Bio-diversity Draft Roles	2406-01-800-14	(+) 20.00	(-) 20.00
114	52	Sanctuary	2406-02-110-02	(+) 6.00	(-) 6.00
115	52	Elephant Project (CSS)	2406-02-110-08	(-) 484.00	(-) 1.68
116	52	Development of National parks and Sanctuaries, Fakim Wild Life Sanctuary (CSS)	2406-02-800-05	(+) 31.43	(-) 31.43

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117	52	Forestry Training School	2415-06-277-01	(-) 10.51	(-) 54.63
118	53	Grants-in-Aid (VRS)	2851-800-04	(+) 100.00	(-) 87.99
119	55	Execution	2801-01-001-01	(-) 216.99	(-) 18.66
120	55	Operation and Maintenance of Likimro Hydro Electric Project	2801-01-800-02	(+) 16.00	(-) 6.40
121	55	Direction	2801-05-001-01	(-) 198.45	(-) 25.74
122	55	Execution	2801-05-001-02	(+) 372.82	(-) 17.62
123	55	Linemen Training Centre	2801-05-800-02	(+) 1.24	(-) 16.06
124	58	Maintenance	3054-04-105-01	(+) 13.29	(+) 3376.42
125	58	Direction	3054-80-001-01	(-) 592.22	(+) 3.72
126	58	Maintenance under TFC Grant	3054-03-103-02	(+) 1964.30	(-) 3008.48
127	58	Superintending Engineer's Establishment	3054-80-001-04	(+) 9.95	(-) 2.73
128	58	Execution	3054-80-001-05	(+) 575.98	(-) 38.34
129	59	Investigation	2702-02-005	(-) 20.72	(-) 1.63
130	59	Direction and Administration	2702-80-001	(+) 43.26	(-) 1.49
131	59	Land Reclamation	2702-80-800-12	(+) 11.23	(-) 3.45
132	59	Agriculture Workshops	2702-80-800-13	(+) 6.00	(-) 2.72
133	60	Execution	2215-01-001-02	(+) 924.55	(-) 15.01
134	60	Urban Water Supply Programmes	2215-01-101	(+) 30.13	(-) 14.50
135	60	Operation and Maintenance	2215-01-102-01	(-) 1037.30	(+) 10.65
136	62	Direction (CAWD)	2059-80-001-11	(-) 58.13	(+) 20.87
137	65	Class Project	2202-02-004-04	(+) 7.77	(-) 1.19
138	65	Class Project (CSS)	2202-02-004-14	(-) 243.79	(-) 111.21
139	67	Home Guards	2070-107-01	(-) 4.14	(+) 30.43
140	68	Police Engineering	2055-001-03	(-) 4.02	(+) 5.09
141	69	Direction and Administration	2070-108-01	(-) 7.46	(+) 5.56
142	70	Subordinate Establishment (Horticulture)	2401-001-12	(+) 22.81	(+) 1.78
143	72	Direction	2501-05-101-01	(+) 212.73	(+) 21.60
144	73	Rural Development Training Centre	2515-003-01	(+) 4.44	(-) 6.42
145	76	Direction	2235-02-103-03	(-) 13.56	(-) 1.22
146	76	Awareness General Programme	2235-02-104-15	(-) 5.00	(-) 5.00
147	76	National Nutrition Mission for pregnant women	2236-80-800-01	(+) 25.00	(+) 40.00
148	78	Kheloshe Polytechnic	2203-105-01	(-) 1.32	(+) 11.90
149	78	Technical Scholarship	2203-107-01	(-) 1.41	(+) 1105.56
150	78	Direction	3425-60-001-01	(-) 579.39	(+) 15.01
151	78	Technical Scholarships (CSS)	2203-107-11	(-) 14.73	(-) 41.77
Capital (Voted)					
152	4	Housing (Law)	4216-01-106-03	(+) 192.00	(-) 529.00
153	27	Non-Functional Buildings (Planning Machinery)	4059-60-051-27	(-) 23899.16	(-) 1800.00
154	31	Direction and Administration	4202-01-800-01	(-) 100.00	(-) 642.64
155	31	Repairs and Renovation	4202-01-202-06	(+) 57.24	(+) 93.94
156	33	Indira Gandhi Stadium	4202-03-800-13	(+) 194.70	(-) 342.70
157	33	Development of Infrastructure for sports and Youth Affairs activities	4202-03-800-06	(+) 40.85	(-) 840.85
158	33	Development of Infrastructure for sports and Youth Affairs activities (CSS)	4202-03-800-16	(+) 481.07	(+) 359.78
159	35	Upgradation of standards of	4210-01-800-02	(+) 225.00	(-) 143.29

Administration under Award of TFC					
160	35	Naga Hospital Kohima Authority	4210-01-800-05	(-) 645.82	(-) 54.18
161	35	NRHM	4210-01-800-07	(+) 921.77	(-) 446.96
162	35	Hospitals and Dispensaries (Non-Lapsable Pool)	4210-01-110	(-) 277.05	(+) 993.51
163	36	Town Planning Schemes	4217-60-051-01	(-) 1859.00	(-) 148.88
164	36	Other Schemes	4217-60-051-03	(+) 100.00	(-) 88.65
165	36	National Urban Renewal Mission	4217-60-051-14	(+) 1627.39	(-) 5095.47
166	36	Special Development Fund for Nagaland and Schemes under NLCPR (CSS)	4217-60-051-19	(-) 3963.31	(-) 1566.69
167	36	Master plan for Modern Town	4217-60-051-22	(+) 250.00	(-) 1250.00
168	36	Purchase of Machineries for Municipal and Town Councils	4217-60-190-02	(-) 8.90	(-) 54.18
169	36	Special Development fund for Nagaland and Schemes under NLCPR	4217-60-190-09	(+) 275.82	(+) 154.49
170	36	Construction works	4217-60-190-10	(-) 100.00	(+) 218.04
171	45	Other Scheme (CSS)	6425-108-02	(-) 2339.87	(+) 266.41
172	50	Maintenance of Assets.	4403-001-01	(-) 50.00	(-) 7.00
173	55	Other Micro Hydel Schemes	4801-01-800-03	(-) 1471.49	(-) 38.63
174	55	Other Micro Hydel Schemes (CSS)	4801-01-800-33	(+) 10.14	(-) 100.00
175	55	Transmission Scheme	4801-05-800-02	(+) 1644.89	(-) 4303.26
176	55	Sub-Transmission Scheme	4801-05-800-01	(-) 587.50	(+) 1680.71
177	56	ISBT	4552-05-800-11	(+) 65.55	(+) 1.00
178	56	ISBT (CSS)	5055-800-22	(-) 261.91	(+) 576.61
179	56	Lands and Buildings	5055-050	(+) 47.56	(-) 47.56
180	58	Roads and Bridges (CSS)	4552-04-800-01	(-) 1189.17	(-) 338.24
181	58	Special Programme Roads (Non-Lapsable pool)	5054-04-800-02	(-) 232.82	(-) 15220.08
182	58	Special Programme Roads (Non-Lapsable pool)	5054-04-800-42	(+) 100.00	(-) 500.00
183	58	Department Schemes	5054-04-800-01	(-) 163.77	(+) 13850.02
184	60	Accelerated Rural Water Supply Programme (RGNDWM) (CSS)	4215-01-800-01	(-) 613.26	(+) 1751.12
185	60	Augmentation of Water Supply (Non-Lapsable pool)	4215-01-800-05	(+) 412.99	(+) 11.26
186	60	State Share towards CSS	4215-01-800-24	(+) 6.71	(+) 21.51
187	60	Operation and Maintenance (RWS)	4215-01-800-31	(-) 309.67	(+) 16.41
188	60	BMS.PMGY-Urban Water Supply (Major Town)	4215-01-800-13	(+) 532.04	(-) 36.54
189	60	BMS/PMGY-Rural Water Supply (Disaster Management)	4215-01-800-15	(+) 210.41	(-) 39.41
190	60	SWAJALDHARA (CSS)	4215-01-800-20	(+) 82.92	(-) 299.77
191	60	Iron Removal plant/Computerisation (CSS)	4215-01-800-29	(-) 540.24	(-) 395.42
192	60	Support (CSS)	4215-01-800-32	(-) 61.94	(-) 31.62
193	64	Others	4059-80-051-24	(-) 75.04	(+) 1899.63
194	64	Housing	4216-01-106-64	(+) 75.04	(-) 1208.15
195	74	Machinery and Equipment	5054-80-800-01	(-) 35.55	(-) 98.75
Revenue (Charged)					
196	75	Interest on Special securities issued to	2049-01-123	(-) 244.03	(-) 49.70

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		NSS fund of the Central Government by State Government.			
197	75	Interest on loans for State/Union Territory plan Schemes	2049-04-101	(-) 4.74	(-) 120.29
Capital (Charged)					
198	75	Other Loans	6004-03-800	(-) 1.35	(-) 5.74
Total				(-)69143.00 (+)28225.81	(-)77281.91 (+)61354.15

Appendix 2.7

(Reference: Paragraph 2.3.10; Page 44)

Results of review of substantial surrenders made during the year

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Total Grant/ Appropriation (Rupees in crore)	Amount of Surrender (Rupees in crore)	Percentage of Surrender
Revenue (Voted)					
1	21- Relief of Distress caused by natural calamities	2245-05-101 Transfer to Reserve fund and deposit accounts calamity relief fund	12.76	8.46	66
Capital (Voted)					
2	9-Taxes on Vehicles	4059-60-051(9)- Non- functional Buildings	7.91	4.74	60
3	27- Planning Machinery	4049-60-051 (27) – Planning machinery	299.46	238.99	80
4	39- Tourism	5452-80-800 (11) – Development of Tourist circuits Due to non-release of fund from GOI	24.65	22.73	92
5	43- Social security and Welfare	4235-02-800 (4) other works (CSS) 4235-02-800 (6) Construction of Angawadi House. Due to non-release of fund from GOI	18.50	14.50	78
6	45- Co-Operation	4425-00-108 (2) other scheme 6425-00-108 (2) other schemes Due to non-release of fund from GOI	36.90	35.36	96
7	48- Agriculture	4401,4408 4401-800 (11) Establishment of NE Expo As per requirement	21.79	11.95	55
8	57- Housing Loans	7610-201 (1) HBA and AIS officers	0.22	0.22	100
9	59- Irrigation and Flood Control	4702-800 (5) Construction NLCPR Non-receipt from GOI	12.67	9.99	79
10	65- SCERT	4202-01-800 (5) – DIET Due to non-receipt of fund	2.58	1.46	57
11	72- Land Resources Development	4406,4552 4552-190 (1) N/L Bamboo Development	6.45	3.45	53
Total			443.89	351.85	79

Appendix 2.8

(Reference: Paragraph 2.3.11; Page 44)
Surrender in excess of actual savings (₹1 crore or more)

(Rupees in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
Revenue (Voted)					
1	32- Higher Education	69.91	18.01	33.36	15.35
2	45 – Co-Operation	24.54	10.74	11.93	1.19
3	52- Forest	41.88	0.39	6.65	6.26
Capital (Voted)					
4	45 – Co-Operation	36.90	28.34	35.36	7.02
Capital (Charged)					
5	75-Serving of Debt	771.35	45.52	134.88	89.36
Total		944.58	103.00	222.18	119.18

Appendix 2.9

(Reference Paragraph 2.3.12; Page 44)
Statement of various grants/appropriations in which savings occurred
but no part of which had been surrendered

(Rupees in crore)

I - Grant			
Sl. No.	Grant No.	Number and Name of grant/appropriation	Saving
Revenue (Voted)			
1	1	State Legislature	0.34
2	18	Pensions and other Retirement Benefits	27.86
3	55	Power Projects	0.79
Total			28.99
Capital (Voted)			
4	16	State Guest House	0.17
5	38	Information and Public relation	0.01
6	52	Forest	27.38
7	62	Civil Administration works	21.34
8	63	Science Technology, Ecology and Environment	0.01
9	66	Sericulture	0.10
10	68	Police Engineering Project	6.01
11	77	Development of Under Developed Areas	3.68
12	78	Information Technology and Technical Education Department	10.40
Total			69.10
Grand Total			98.09

Appendix 2.10

(Reference Paragraph 2.3.12 ; Page 44)

Details of saving of ₹ 1 crore and above not surrendered

(Rupees in crore)

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Saving which remained to be surrendered
1	2	3	4	5
Revenue (voted)				
1	18- Pension and other retirement Benefits	27.86	0.00	27.86
2	22- Civil Supplies	1.17	0.04	1.13
3	27- Planning Machinery	77.89	17.87	60.02
4	31- School Education	33.04	25.00	8.04
5	38- Information and Public Relations	1.76	0.31	1.45
6	42- Rural Development	4.25	2.21	2.04
7	43- Social security and Welfare	83.92	57.13	26.79
8	60- Water Supply Schemes	9.15	0.30	8.85
9	65- SCERT	2.67	1.54	1.13
Capital (Voted)				
10	4- Administration of Justice	12.00	6.71	5.29
11	27- Planning Machinery	257.00	239.00	18.00
12	31- School Education	8.56	0.43	8.13
13	33- Youth Resources and Sports	8.34	0.10	8.24
14	35- Medical, Public Health and Family Welfare	14.23	1.50	12.73
15	36- Urban Development	116.83	36.78	80.05
16	43- Social Security and Welfare	18.20	14.50	3.70
17	52- Forest	27.38	0.00	27.38
18	55- Power Projects	30.61	3.00	27.61
19	58- Roads and Bridges	36.78	14.86	21.92
20	62- Civil Administration Works	21.34	0.00	21.34
21	68- Police Engineering Project	6.01	0.00	6.01
22	77- Development of Under Developed Areas	3.68	0.00	3.68
23	78- Information Technology & Technical Education Department	10.40	0.00	10.40
Revenue (Charged)				
24	75- Servicing of Debt	16.58	14.87	1.71
Total				393.50

Appendix 2.11

(Reference Paragraph 2.3.12 ; Page 44)

Cases of surrender of funds in excess of ₹ 10 crore on 30 and 31 March 2010

(Rupees in crore)

Sl. No.	Grant No.	Major Head	Amount of Surrender	%age of Total Provision
1	2	3	4	5
Revenue (Voted)				
1.	27	3451- Secretariat Economic Services	17.87	(16)
2.	31	2202- General Education	25.00	(6)
3.	32	2552- North Eastern Areas	33.36	(48)
4.	43	2236- Nutrition	57.13	(41)
5.	45	2425- Co-operation	11.93	(49)
6.	59	2702- Minor Irrigation	46.19	(40)
7.	72	2501- Special Programmes for Rural Development	10.61	(28)
Revenue (Charged)				
8.	75	2049- Interest Payment	14.87	(4)
Capital (Voted)				
9.	27	4059- Capital outlay on Public Works	238.99	(80)
10.	36	4217- Capital outlay on Urban Development	36.78	(19)
11.	39	5452- Capital outlay on Tourism	22.73	(92)
12.	43	4235- Capital outlay on Social Security and Welfare	14.50	(78)
13.	45	6425- Loans for co-operation	35.36	(96)
14.	48	4408- Capital outlay on Food, storage and Warehousing	11.95	(55)
15.	58	5054- Capital outlay on Roads and Bridges	14.86	(4)
Capital (Charged)				
16.	75	6004-Loans and Advances from the Central Government	134.88	(17)
Total			727.01	

Appendix 2.12

(Reference: Paragraph 2.3.13; Page 45)
Rush of Expenditure

(Rupees in crore)

Sl. No	Grant Number and Name	Head of Account	Expenditure incurred during Jan-March 2010	Expenditure incurred in March 2010	Total Expenditure	Percentage of total expenditure incurred during	
						Jan-March 2010	March 2010
1	13 - Village Guards	2055	15.43	13.19	17.96	85.91	73.44
2	27 - Planning Machinery	4059	29.65	29.66	42.46	69.83	69.85
3	35 - Medical, Public Health and Family Welfare	4210	11.44	11.44	19.44	58.85	58.85
4	43 - Social Security and Welfare	2235	23.12	18.61	32.69	70.72	56.93
5		2236	21.33	21.33	22.47	94.93	94.93
6	59 - Irrigation and Flood Control	2702	52.22	55.09	70.24	74.35	78.43
7	72 - Land Resource Development	2501	16.43	15.57	27.03	60.78	57.60

Appendix 2.13

(Reference: Paragraph 2.3.13; Page 45)

Cases of Rush of Expenditure towards the end of the financial year 2009-10

(Rupees in crore)

Sl. No	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2010	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2029	9.87	5.85	59.27	4.48	45.39
2	2030	0.16	0.15	93.75	0.08	50.00
3	2045	0.34	0.21	61.76	0.15	44.12
4	2059	48.51	28.37	58.48	13.12	27.05
5	2205	11.72	6.41	54.69	5.46	46.59
6	2216	5.20	2.66	51.15	2.35	45.19
7	2235	46.17	25.27	54.73	18.64	40.37
8	2236	23.57	21.33	90.50	21.32	90.45
9	2245	4.29	2.15	50.12	2.14	49.88
10	2401	85.04	47.61	55.99	36.35	42.74
11	2402	34.50	21.76	63.07	15.53	45.01
12	2403	49.90	25.32	50.74	21.11	42.30
13	2405	12.93	8.43	65.20	7.52	58.16
14	2415	15.84	8.13	51.33	7.38	46.59
15	2425	13.81	12.18	88.20	5.80	42.00
16	2501	27.45	16.85	61.38	15.65	57.01
17	2505	15.54	15.54	100.00	0.00	0.00
18	2575	60.63	34.35	56.66	0.99	1.63
19	2702	70.24	62.22	88.58	55.09	78.43
20	2810	2.14	1.23	57.48	1.13	52.80
21	2851	48.04	27.16	56.54	20.43	42.53
22	2853	11.17	5.82	52.10	4.25	38.05
23	3452	7.38	5.03	68.16	2.88	39.02
24	3475	6.40	4.31	67.34	3.76	58.75
25	4210	19.45	11.44	58.82	11.43	58.77
26	4235	1.42	1.36	95.77	1.36	95.77
27	4250	3.55	2.79	78.59	2.74	77.18
28	4402	0.40	0.36	90.00	0.35	87.50
29	4408	4.37	2.20	50.34	2.06	47.14
30	4425	5.19	3.71	71.48	0.65	12.52
31	4702	1.75	1.75	100.00	1.74	99.43
32	5425	1.99	1.99	100.00	1.98	99.50
33	5452	1.92	1.19	61.98	1.18	61.46
34	6425	3.67	2.33	63.49	0.04	1.09

Appendix - 2.14

(Reference paragraph 2.4.1; Page 45)

Pending DCC bills for the year up to 2009-10

(Rupees in crore)

Sl. No.	Department	Number of AC bills	Amount
1	Election	9	3.84
2	Administration of Justice	5	0.22
3	Home Department	3	0.12
4	Urban Development	2	0.06
5	Governor Secretariat	4	0.10
6	Animal Husbandry & Dairy Development	1	2.81
7	Home Guards	2	7.03
8	Tourism	3	0.22
9	Planning Machinery	2	0.28
10	Civil Secretariat	21	2.26
11	Vigilance Commission	1	0.02
12	General Administration	1	0.22
	Total	54	17.18

Appendix – 3.1

(Reference: Paragraph 3.1; Page 49)

Utilisation certificates outstanding as on 31 March, 2010

(Rupees in lakh)

Sl. No.	Department	Year of Payment of grant	Total grants paid		Utilization Certificates			
			Number	Amount	Received		Outstanding	
					Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I	Art & Culture	2005-06	42	20.00	42	20.00	0	0.00
		2006-07	44	20.00	44	20.00	0	0.00
		2007-08	33	20.00	33	20.00	0	0.00
		2008-09	52	20.00	52	20.00	0	0.00
		2009-10	42	20.00	41	19.50	1	0.50
		Total	213	100.00	212	99.50	1	0.50
II	Urban Development	2005-06	11	1635.98	11	1635.98	0	0.00
		2006-07	10	779.06	10	779.60	0	0.00
		2007-08	16	1945.21	16	1945.21	0	0.00
		2008-09	21	3745.06	18	2379.75	3	1365.31
		2009-10	7	1273.71	5	826.83	2	446.88
		Total	65	9379.02	60	7566.83	5	1812.19
III	Registrar Co-operative Societies	2005-06	21	925.80	0	0.00	21	925.80
		2006-07	25	266.24	0	0.00	25	266.24
		2007-08	100	1204.90	0	0.00	100	1204.90
		2008-09	37	478.72	0	0.00	37	478.72
		2009-10	22	1132.99	0	0.00	22	1132.99
		Total	205	4008.65	0	0.00	205	4008.65
IV	Directorate of Rural Development Blocks	2005-06	76	4700.72	12	1622.88	64	3077.84
		2006-07	75	4131.22	12	1496.57	63	2634.65
		2007-08	84	10065.91	16	7399.60	68	2666.31
		2008-09	89	33396.25	22	26276.64	67	7119.61
		2009-10	88	63635.58	22	50213.91	66	13421.67
		Total	412	115929.68	84	87009.60	328	28920.08
V	Directorate of Social Welfare	2005-06	5	3832.96	5	3832.96	0	0.00
		2006-07	6	4254.29	6	4254.29	0	0.00
		2007-08	8	4183.76	8	4183.76	0	0.00
		2008-09	18	5689.72	18	5689.72	0	0.00
		2009-10	11	7447.05	6	4198.08	5	3248.97
		Total	48	25407.78	43	22158.81	5	3248.97
VI	Horticulture	2005-06	3	1700.00	3	1700.00	0	0.00
		2006-07	5	2356.00	5	2356.00	0	0.00
		2007-08	4	2499.50	4	2499.50	0	0.00
		2008-09	6	2595.00	6	2595.00	0	0.00
		2009-10	6	4225.00	5	4020.00	1	205.00
		Total	24	13375.50	23	13170.50	1	205.00
VII	Directorate of Veterinary & Animal Husbandry	2005-06	11	963.46	11	963.46	0	0.00
		2006-07	9	885.81	9	885.81	0	0.00
		2007-08	6	597.92	6	597.92	0	0.00
		2008-09	6	456.41	6	456.41	0	0.00
		2009-10	5	326.44	4	183.00	1	143.44

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Sl. No.	Department	Year of Payment of grant	Total grants paid		Utilization Certificates			
					Received		Outstanding	
			Number	Amount	Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Total	37	3230.04	36	3086.60	1	143.44
VIII	PHED	2005-06	9	2861.68	9	2861.68	0	0
		2006-07	6	3026.70	6	3026.70	0	0
		2007-08	8	4157.15	8	4157.15	0	0
		2008-09	6	5327.15	6	5327.15	0	0
		2009-10	3	2662.23	1	1581.67	2	1080.56
		Total	32	18034.91	30	16954.35	2	1080.56
Grand Total			1036	189465.58	488	150046.19	548	39419.39

Appendix - 3.2

(Reference: paragraph 3.2; page 50)

Statement showing names of Bodies and Authorities, the Accounts of which had not been received

Sl. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
1	District Rural Development Agency, Zunheboto	2007-08 to 2009-10	NA
2	District Rural Development Agency, Longleng	2007-08 to 2009-10	NA
3	District Rural Development Agency, Mon	2007-08 to 2009-10	NA
4	District Rural Development Agency, Tuensang	2007-08 to 2009-10	NA
5	Nagaland State Social Advisory Board, Kohima	2007-08 to 2009-10	NA
6	State Legal Services Authority,	2007-08 to 2009-10	NA
7	District Rural Development Agency, Phek	2008-09 to 2009-10	NA
8	Nehru Yuva Kendra, Mokokchung	2008-09 to 2009-10	NA
9	Nehru Yuva Kendra, Zunheboto	2005-06 to 2009-10	NA
10	Nehru Yuva Kendra, Mon	2005-06 to 2009-10	NA
11	Nehru Yuva Kendra, Tuensang	2005-06 to 2009-10	NA
12	District Rural Development Agency, Kohima	2006-07 to 2009-10	NA
13	District Rural Development Agency, Mokokchung	2006-07 to 2009-10	NA
14	Kohima Municipal Council	2005-06 to 2009-10	NA
15	Dimapur Municipal Council	2005-06 to 2009-10	NA
16	Mokokchung Municipal Council	2005-06 to 2009-10	NA

Appendix – 3.3
(Reference: Paragraph 3.4; Page 51)

Summarized Financial Statement of Departmentally Managed Commercial Undertakings

Sl. No	Name of the Undertaking	Period of accounts
1	2	3
1	Nagaland State Transport Department	2008-09 to 2009-10
2	Nagaland Power Department	2006-07 to 2009-10
3	Farms Under Agriculture Department	
	i) Potato Seed Farm, Kuthur	1999-00 to 2009-10
	ii) Medium size seed farm, Merapani	2001-02 to 2009-10
	iii) Seed Farm, Tizit	2000-01 to 2009-10
4	Changki Valley Fruit Preservation Factory	1987-88 to 2009-10
5	Timber Treatment and Seasoning Plant, Dimapur	1998-99 to 2009-10
6	Government Cottage Industries Emporia, Kohima	1998-99 to 2009-10
7	Farms under Veterinary and Animal Husbandry Department	
	i) Cattle Breeding Farm, Medziphema	1998-99 to 2009-10
	ii) Cattle Breeding farm, Tuensang	1998-99 to 2009-10
	iii) Cattle Breeding Farm, Aliba	1998-99 to 2009-10
	iv) Chick Rearing Centre (with Hatchery Unit), Mokokchung	1998-99 to 2009-10
	v) Chick Rearing Centre (with Hatchery Unit), Dimapur	1998-99 to 2009-10
	vi) Chick Rearing Centre, Tuensang	1985-86 to 2009-10
	vii) Chick Rearing Centre, Medziphema	1985-86 to 2009-10
	viii) Pig Breeding Centre, Medziphema	1997-98 to 2009-10
	ix) Pig Breeding Centre, Tizit	1997-98 to 2009-10
	x) Pig Breeding Centre, Tuensang	1985-86 to 2009-10
	xi) Pig Breeding Centre, Tuli	1980-81 to 2009-10
	xii) Regional Rabbit Breeding Farm, Jharnapani	1998-99 to 2009-10
	xiii) Pig Breeding Centre, Merangkong	1998-99 to 2009-10
	xiv) Chick Rearing Centre, Kohima	1998-99 to 2009-10
	xv) Pig Breeding Centre, Sathuja	1998-99 to 2009-10
	xvi) Cattle Breeding farm, Baghty	1998-99 to 2009-10
	xvii) Sheep Farm, Poilwa	1998-99 to 2009-10
	xviii) Buffalo Farm, Jalukie	1998-99 to 2009-10
8	Farm under Horticulture Department	
	Fruit Canning Factory, Longnak	2006-07 to 2009-10

Appendix - 3.4

(Reference: Paragraph 3.5; page 52)

Department wise/duration wise break-up of the cases of misappropriation, defalcation, etc,
(Cases where final action was pending at the end of March 2010)

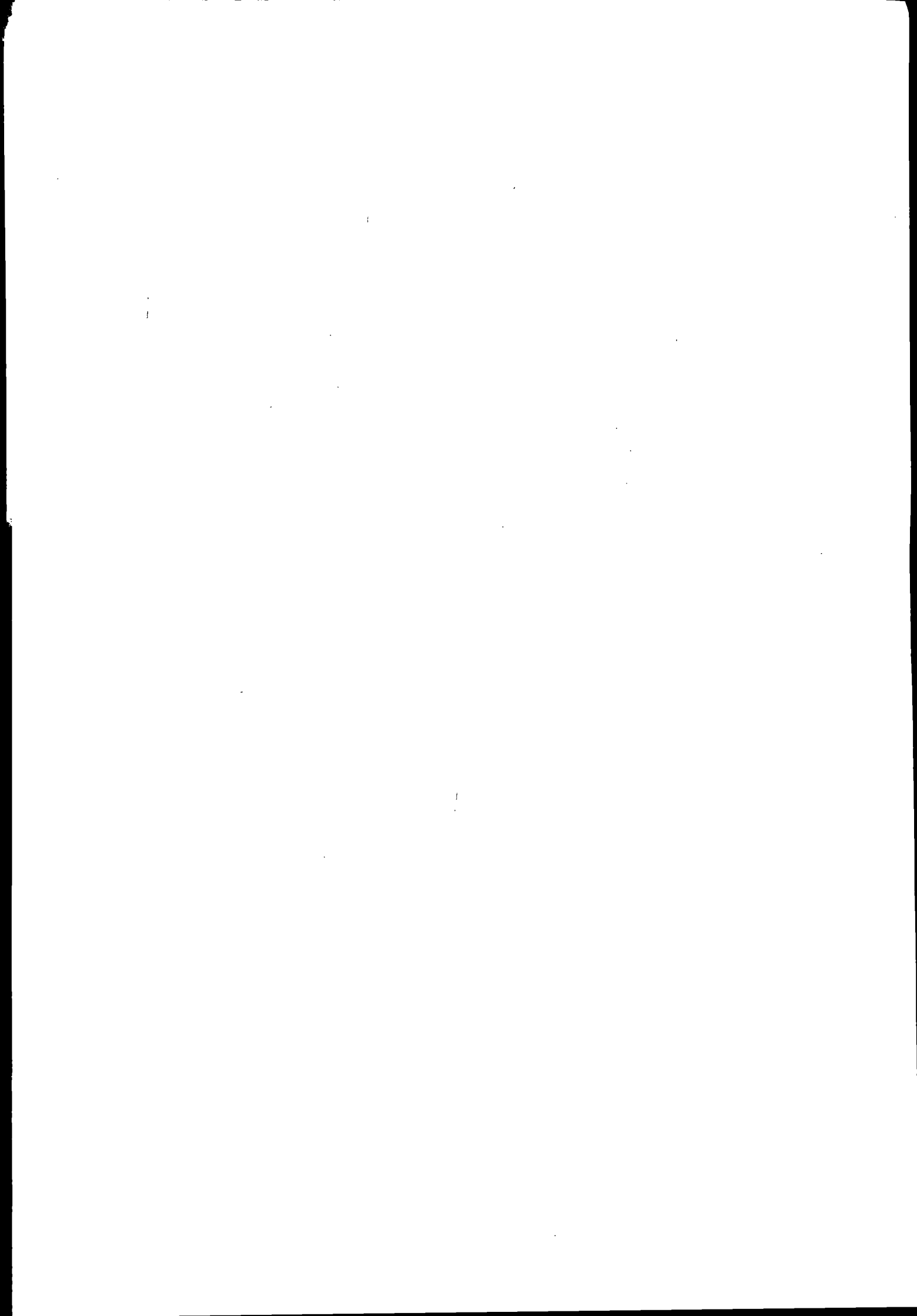
Sl. No.	Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Total No. of Cases.
1	PWD	5	-	-	-	5
2	Medical	3	-	-	-	3
3	Employment & Craftsman	-	1	-	-	1
4	Education	5	-	-	1	6
5	Treasuries & Accounts	1	-	-	-	1
6	Rural Development	1	-	-	-	1
7	Irrigation & Flood	1	-	-	-	1
8	Development Authority of Nagaland	1	-	-	-	1
9	Urban Development	1	-	-	-	1
10	DUDA	1	-	-	-	1
11	Food & Civil supplies	1	-	-	-	1
12	Registrar of Co-operative Societies	1	-	-	-	1
13	Transport commissioner	2	-	-	-	2
14	Vigilance Commissioner	1	-	-	-	1
	TOTAL	24	1	-	1	26

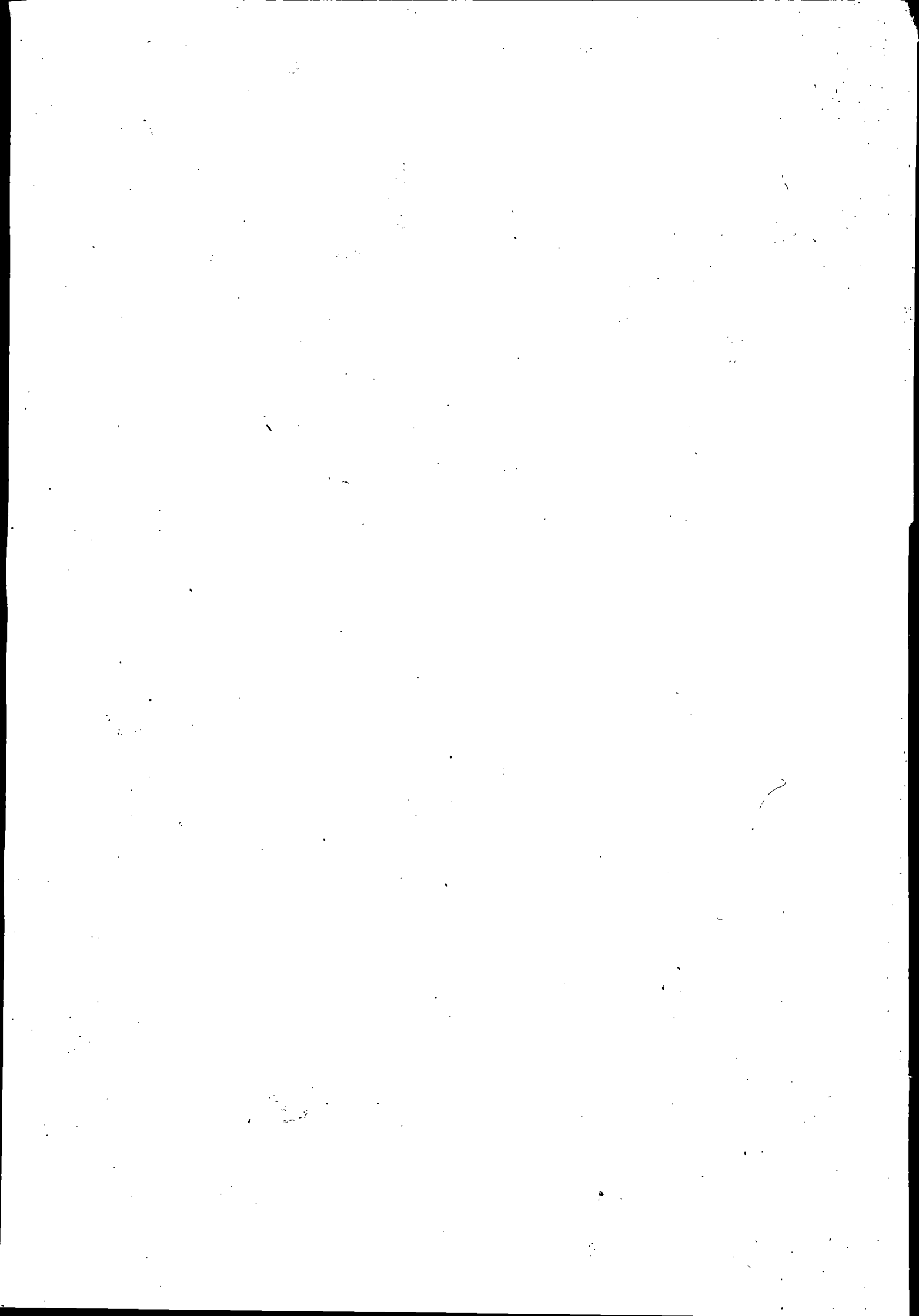
Appendix - 3.5

(Reference : Paragraph 3.5; Page 52)

Department/category wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material

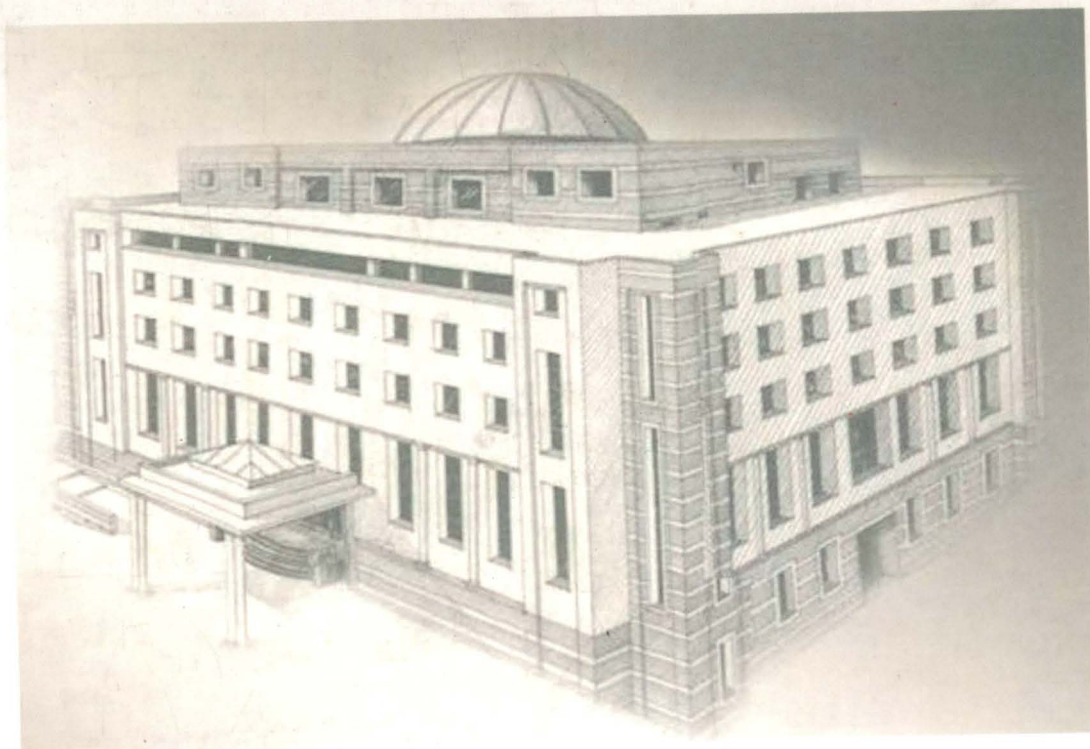
Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount (₹ in lakh)	Number of Cases	Amount (₹ in lakh)	Number of Cases	Amount (₹ in lakh)
PWD	-	-	5	1749.75	5	1749.75
Medical	-	-	3	17.90	3	17.90
Employment & Craftsman	-	-	1	1.92	1	1.92
Education	-	-	6	2960.42	6	2960.42
Treasuries & Accounts	-	-	1	460.89	1	460.89
Rural Development	-	-	1	126.82	1	126.82
Irrigation & Flood	-	-	1	386.00	1	386.00
Development Authority of Nagaland	-	-	1	100.00	1	100.00
Urban Development	-	-	1	545.00	1	545.00
DUDA	-	-	1	47.50	1	47.50
Food & Civil Supplies	-	-	1	266.25	1	266.25
Registrar of Co-operative Societies	-	-	1	10.81	1	10.81
Transport Commissioner	-	-	2	146.57	2	146.57
Vigilance Commission	1	1.20	-	-	1	1.20
Total	1	1.20	25	6819.83	26	6821.03







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