

## **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 2009.
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 2009 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

### 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 2008-09. 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 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 2008-09. 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 States in the country 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 is considered an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, Comptroller & Auditor General of India has decided to bring out a separate volume titled "Report on State Finances."

### The Report

Based on the audited accounts of the Government of Nagaland for the year ending March 2009, 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 2009. 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 also delays in placement of Separate Audit Reports in the Legislature by the Autonomous Bodies. Besides, the cases of misappropriation and losses that indicate inadequacy of controls in the Government departments are also detailed in this chapter. The report also has an appendage of additional data collated from several sources in support of the findings.

### **Audit findings and recommendations**

**Greater priority to capital expenditure:** There is an urgent need to prioritise spending under capital heads and contain revenue expenditure. An internal control mechanism should be put in place to watch if the Government money is expended prudently so that value for money is channelized in its entirety to the beneficiaries.

**Enhancing fiscal priority:** From the point of view of improving developmental expenditure, it is important for the Government of Nagaland to take appropriate expenditure measures and lay emphasis on provision of expending more under social and economic sectors. The increase in the ratio of developmental expenditure to aggregate expenditure indicates fiscal priority of the State which in turn improves its fiscal health.

**Review of Government investments:** 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 there.

**Oversight of funds transferred directly from the 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:** This chapter deals with the position of actual expenditure against 80 Grants/Appropriations during 2008-09. It was noticed that there was an overall saving of Rs.964.02 crore and excess expenditure of Rs.43.52 crore during 2008-09. This excess expenditure of 2008-09 compounded with an excess expenditure amount of Rs.1968.06 crore pertaining to 1996-2009, require regularisation by the Legislature under Article 205 of the Constitution of India. A rush of expenditure was also observed towards the end of the year. In respect of 35 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 had not been adjusted for long periods of time which is fraught with the risk of misappropriation and therefore needs to be monitored closely.

**Financial Reporting:** This chapter provides an account of the Nagaland Government's compliance with various reporting requirements and financial rules. 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 also delay in placement of Separate Audit Reports to Legislature and huge arrears in finalization of accounts by the Autonomous Bodies/Authorities. Besides, cases of misappropriation and losses indicated inadequacy of controls in the departments.

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

### Finances of the State Government

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 structure and lay out of which are depicted in **Appendix 1.1**.

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 1.2** 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 2004-09.

#### 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 (2008-09) vis-à-vis the previous year while **Appendix 1.4** provides details of receipts and disbursements as well as overall fiscal position during the current year.

**Table 1.1 Summary of Current Year's Fiscal Operations**

(Rupees in crore)

2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09		
Section-A: Revenue					Non Plan	Plan	Total
2996.02	Revenue receipts	3400.89	2572.27	Revenue expenditure	2345.89	543.65	2889.54
131.37	Tax revenue	156.02	1193.45	General services	1337.94	10.90	1348.84
119.48	Non-tax revenue	180.55	656.94	Social services	534.41	162.35	696.76
399.77	Share of Union Taxes/ Duties	421.84	721.88	Economic services	473.54	370.40	843.94
2345.40	Grants from Government of India	2642.48	...	Grants-in-aid and Contributions	...	...	...
Section-B: Capital							
...	Misc. Capital Receipts	...	821.48	Capital Outlay	0.01	853.08	853.09
3.06	Recoveries of Loans and Advances	2.57	2.61	Loans and Advances disbursed	0.63	0.83	1.46
405.70	Public Debt receipts*	651.54	166.55	Repayment of Public Debt*			205.38
...	Contingency Fund	...	...	Contingency Fund			...
1418.00	Public Account receipts	1841.41	1346.78	Public Account disbursements			1717.75
(-)61.96	Opening Cash Balance <sup>#</sup>	(-)134.69	(-)148.87	Closing Cash Balance	...	...	94.50
<b>4760.82</b>	<b>Total</b>	<b>5761.72</b>	<b>4760.82</b>	<b>Total</b>			<b>5761.72</b>

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

# OB differ from last year's CB due to detailed bifurcation made in Statement 16 of Finance Accounts under MH 8222 Sinking Fund

The following are the significant changes during 2008-09 over the previous year:

- Revenue receipts increased by Rs.404.87 crore (14 *per cent*) from Rs.2996.02 crore in 2007-08 to Rs.3400.89 crore in 2008-09 mainly due to increase in grants from Government of India (GOI) (Rs.297.08 crore), State's Own Tax revenue (Rs.24.65 crore), Non-Tax revenue (Rs.61.07 crore) and State's share of Union taxes and duties (Rs.22.07 crore). The revenue receipts at Rs.3400.89 crore is however, higher than the assessment made by the State Government in its fiscal Correction Path (FCP) for the year 2008-09.
- Revenue expenditure of the State, on the other hand increased by Rs.317.27 crore (12 *per cent*) from Rs.2572.27 crore in 2007-08 to Rs.2889.54 crore in 2008-09, mainly under the head Administration services (Rs.139.79 crore), Education, Sports and Art & Culture (Rs.16.05 crore), Energy (Rs.34.21 crore), Welfare of Scheduled Caste, Scheduled Tribes and Other Backward Classes (Rs.13.24 crore). The revenue expenditure exceeded the assessment made by the State Government in its FCP for the year 2008-09 by Rs.371.58 crore.
- Capital Expenditure increased by Rs.31.61 crore (4 *per cent*) from Rs.821.48 crore in 2007-08 to Rs.853.09 crore in 2008-09.
- Recoveries of Loans and Advances declined by Rs.0.49 crore, and disbursement also decreased by Rs.1.15 crore in 2008-09 over the previous year.
- Public debt receipts<sup>1</sup> increased by Rs.245.84 crore and repayment increased by Rs.38.83 crore during 2008-09 over the previous year.
- Public Account Receipts increased by Rs.423.41 crore against an increase in disbursement by Rs.370.97 crore during 2008-09 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 (-) Rs.134.69 crore at the beginning of 2008-09 to Rs.94.50 crore at the close of the year.

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

**Chart 1.1** presents the budget estimates and actual for some important fiscal parameters.

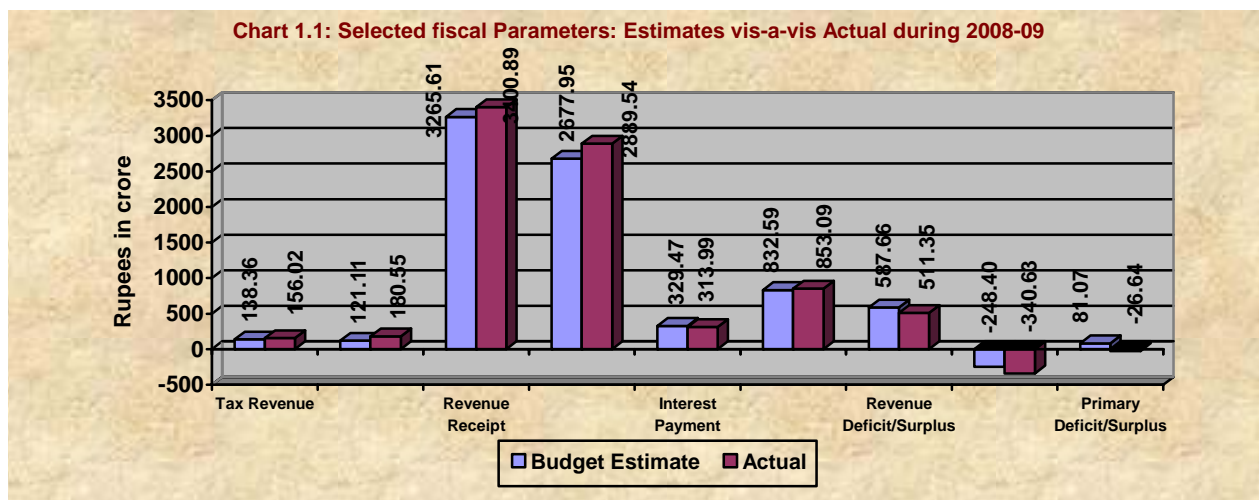
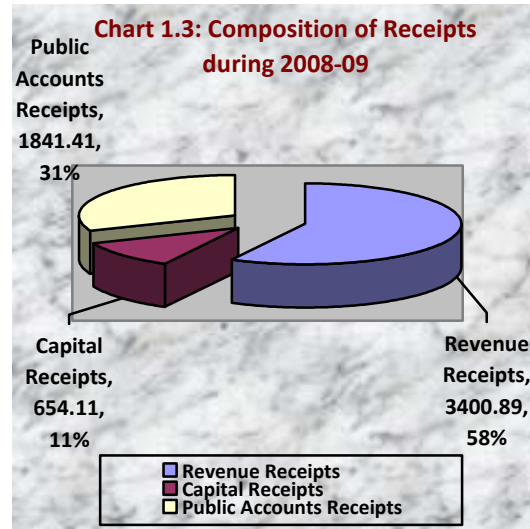
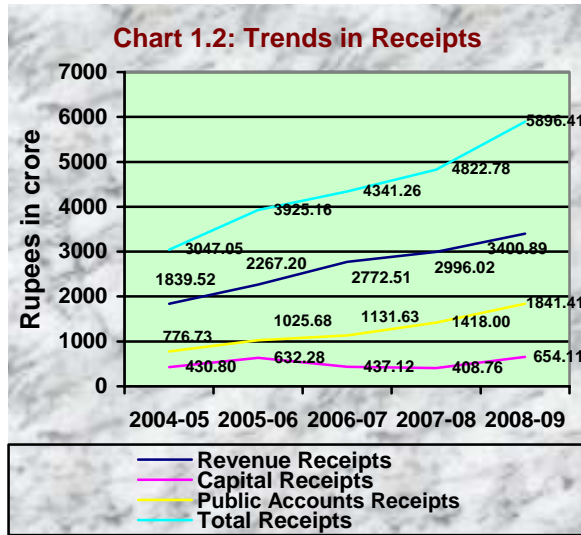


Chart 1.1: shows that the actual Revenue Receipts increased by Rs.135.28 crore while revenue expenditure increased by Rs.211.59 crore over the Budget estimates. Resultantly, the revenue surplus decreased by Rs.76.31 crore over the budget estimate. Actual fiscal deficit exceeded the assessment made by the State Government in budget estimates for the year 2008-09 by Rs.92.23 crore. The increase in fiscal deficit accompanied by a decrease of Rs.15.48 crore in actual interest payment over the budget estimates led to an increase of Rs.107.71 crore in primary deficit as the estimated primary surplus of Rs.81.07 crore turned into primary deficit of Rs.26.64 crore.

## 1.2 Resources of the State

### 1.2.1 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 revenues, non-tax revenues, 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 current year as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2004-09. **Chart 1.3** depicts the composition of resources of the State during the current year.



**Chart 1.2:** shows that total receipts of the State Government for the year 2008-09 was Rs.5896.41 crore out of which, the revenue receipts was Rs.3400.89 crore, constituting 57.68 per cent of the total receipts. The balance came from capital receipts, borrowings and Public Account receipts.

The revenue receipts of the State increased from Rs.1839.52 crore in 2004-05 to Rs.3400.89 crore in 2008-09 at an annual average rate of 9.01 per cent.

The buoyancy of Revenue receipts w.r.t GSDP during the year was 2.52 per cent.

The capital receipts (including Public Account receipts) constituted 42.32 per cent of total receipts of the State during the year 2008-09, an increase of 106.66 per cent from Rs.1207.53 crore in 2004-05 to Rs.2495.52 crore in 2008-09.

Public Account receipts increased by 29.86 per cent (Rs.423.41 crore) in 2008-09 over the previous year mainly due to Remittances (Rs.205.08 crore), Deposit and Advances (Rs.160.38 crore) and Provident Fund (Rs.9.21 crore).

The increase in remittance was due to increase in Public Works Remittance (Rs.195.53 crore), Cash Remittance between treasury and currency chest (Rs.4.69 crore) and Forest Remittance (Rs.4.52 crore).

### 1.2.2 Funds Transferred to State Implementing Agencies outside the State Budgets

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies<sup>2</sup> 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

<sup>2</sup> 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, an approximate amount of Rs. 471.93 crores directly transferred to State Implementing Agencies is detailed in **Appendix 1.5**. Significant amounts released for major programmes/schemes are presented in **Table 1.2**.

**Table-1.2: Funds Transferred Directly to State Implementing Agencies<sup>3</sup>**

		<i>(Rs in crore)</i>
Name of the Programme/Scheme	Name of the Implementing Agency in the State	Total funds released by the GOI during 2008-09
National Rural Employment Guarantee Programme	Project Directors, DRDA, 11 Districts	268.36
Rural Housing (Indira Awas Yojana)	Project Directors, DRDA, 11 Districts	39.52
National Rural Health Mission (NRHM)	State Health Society	30.02
Swarnajayanti Gramin Swarojgar Yojana	Project Directors, DRDA, 11 Districts	8.73
DRDA Administration Rural Development	Project Directors, DRDA, 11 Districts	5.33
Pradhan Mantri Gram Sadak Yojana	Public Works Department.	20.00
Sarva Shiksha Abhiyan (SSA)	SSA State Mission Authority	28.68
MPs Local Area Development Scheme	Dy. Commissioner, Dimapur	5.00
<b>Total</b>		<b>405.64</b>

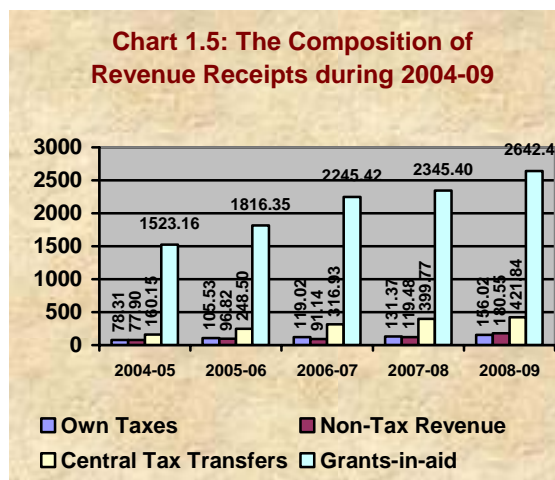
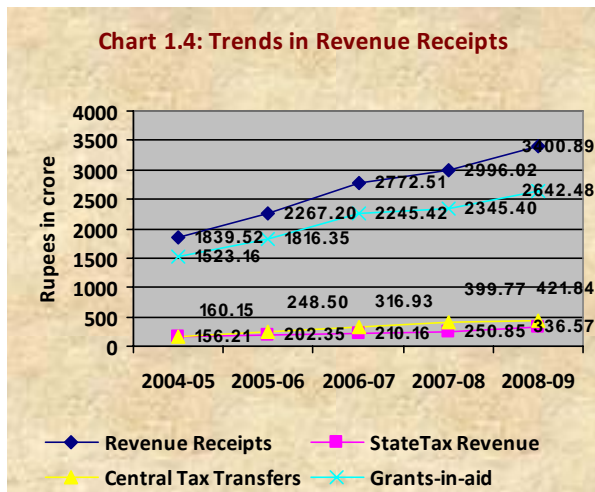
*Source: 'Central Plan Scheme Monitoring System' portal in Controller General of Account's website*

Table 1.2 shows that an amount of Rs. 268.36 crores (56.86 per cent of total funds transferred) was transferred for National Rural Employment Guarantee Programme, Rs. 39.52 crores (8.37 per cent) for Rural Housing (Indira Awas Yojana), Rs. 30.02 crores (6.36 per cent) for National Rural Health Mission and Rs. 28.68 crores (6.08 per cent) for Sarva Shiksha Abhiyan during 2008-09. This data is yet to be verified by the Implementing Agencies. The consolidated data base at apex level was not maintained by the State Government. With the transfer of an approximate amount of Rs. 471.93 crores directly by Government of India to the State Implementing Agencies, the total availability of State resources during 2008-09 had increased by 8 per cent from 5896.41 crores to Rs. 6368.34 crores.

### 1.3 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 2004-09 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively.

<sup>3</sup> Table represents few selected Implementing Agencies.



The revenue receipts have shown a progressive increase over the period 2004-09 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 2004-09.

The trends in revenue receipts relative to GSDP are presented in **Table 1.3** below:

**Table 1.3: Trends in Revenue Receipts relative to GSDP**

	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Revenue Receipts (RR) (Rupees in crore)</b>	<b>1839.52</b>	<b>2267.20</b>	<b>2772.51</b>	<b>2996.02</b>	<b>3400.89</b>
Rate of growth of RR ( <i>per cent</i> )	(-)22.05	23.25	22.29	8.06	13.51
R R/GSDP ( <i>per cent</i> )	31.83	35.57	39.85	41.79	45.03
<b>Buoyancy Ratios<sup>4</sup></b>					
Revenue Buoyancy w.r.t GSDP	*	2.26	2.44	2.66	2.52
State's Own Tax Buoyancy w.r.t GSDP	1.38	3.37	1.40	3.43	3.50
Revenue Buoyancy with reference to State's own taxes	*	0.67	1.74	0.78	0.72

\* *Figure not shown since it is negative.*

The Revenue Receipts of the State increased from Rs.1839.52 crore in 2004-05 to Rs.3400.89 crore in 2008-09 at an annual average rate of 9.01 *per cent*. While 9.90 *per cent* of the revenue receipts during 2008-09 have come from the State's Own Resources comprising taxes and non-taxes, Central Tax Transfers and Grants-in-aid together contributed 90.10 *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 (2004-09).

Central tax transfers to the State increased by 5.52 *per cent* from Rs.399.77 crore in 2007-08 to Rs.421.84 crore in 2008-09. The increase was due to increase of Corporation Tax (Rs.11.29 crore), Customs (Rs.5.11 crore) and Service Tax (Rs.5.68 crore).

Grants-in-aid from Government of India have increased by 12.67 *per cent* from Rs.2345.40 crore in 2007-08 to Rs.2642.48 crore in 2008-09 contributing 77.70 *per cent* of the total Revenue Receipts during 2008-09. This increase was due to enhanced grants

<sup>4</sup>Buoyancy 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*.

for Centrally Sponsored Plan Schemes (Rs.73.95 crore) and non-plan grants (Rs.70.73 crore).

The growth rate of Revenue Receipts was more than twice that of GSDP growth rate for the past four years.

### **1.3.1 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. 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 2004-05 to 2008-09 are presented in **Appendix 1.3**.

The tax revenue increased by Rs.24.65 crore (18.76 per cent) from Rs.131.37 crore in 2007-08 to Rs.156.02 crore in 2008-09. The share of sales tax in total tax revenue not only remained significant but increased from 67.78 per cent in 2004-05 to 73.52 per cent in the current year. State Excise (Rs.3.34 crore), Taxes on Vehicles (Rs.14.14 crore), Stamps and Registration fees (Rs.1.01 crore) were the other contributors to the State's tax revenue.

The increase in sales tax revenue (Rs.19.91 crore) which was mainly on account of introduction of VAT, contributed around 80.77 per cent of incremental tax revenue of the State during the year.

Non-tax revenue exhibiting fluctuation over the period 2004-09 increased steeply from Rs.119.48 crore in 2007-08 to Rs.180.55 crore in 2008-09. The major contributors in the non-tax revenue included Power (Rs.111.49 crore), Miscellaneous General Services (Rs.28.05 crore) including incentive in the form of debt waiver granted by GOI under DCRF in 2008-09 (Rs.15.87 crore), Road Transport (Rs.9.38 crore), Forestry and Wildlife (Rs.4.78 crore), Housing (Rs.2.97 crore), other Rural Development Programme (Rs.2.25 crore) and Roads and Bridges (Rs.1.09 crore). Increase in Non Tax Revenue (NTR) in 2008-09 was primarily on account of Power (Rs.42.02 crore) which accounted for more than 68.81 per cent of incremental non tax receipts during the year.

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 2008-09 were as under:

	<i>(Rupees in crore)</i>		
	Assessment by the TFC	Assessment by the State Government	Actual Receipts
Own Tax Revenue	222.66	138.50	156.02
Non-Tax Revenue	57.69	107.03	180.55

The Own Tax Revenue (OTR) of the State was more than the assessment of the Government but remained 29.93 per cent less than the assessment of TFC for 2008-09 whereas the Non-Tax Revenue receipts exceeded both the assessment made by the

Government in 2008-09 by 68.69 *per cent* and the normative assessment of TFC by 212.97 *per cent*.

**1.3.2. 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 2008-09 was shown as nil.

**1.3.3 Revenue Arrears**

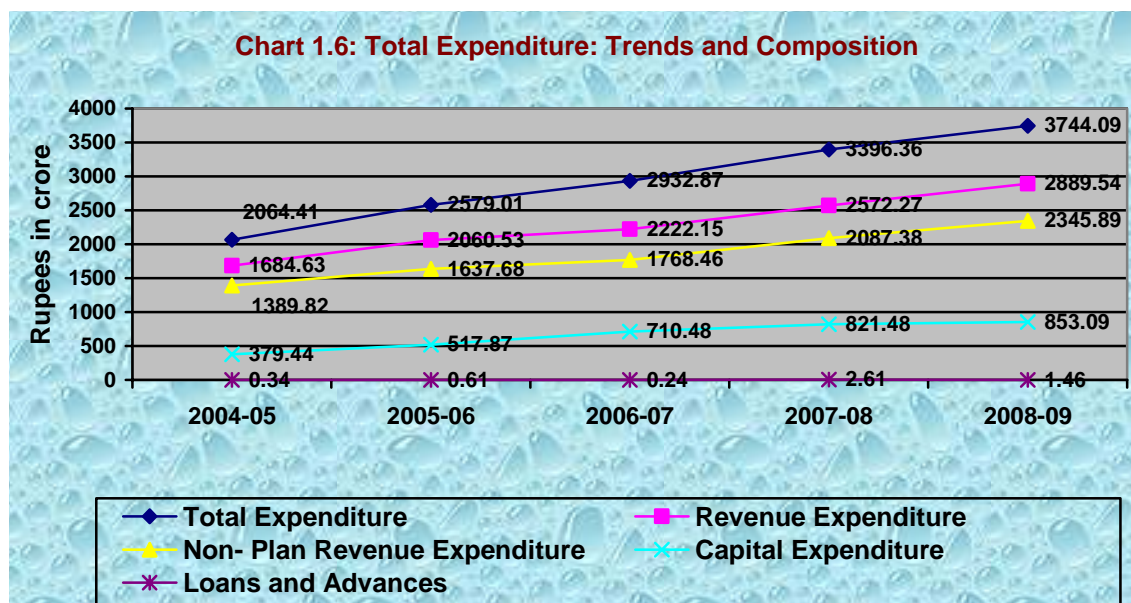
The Sales Tax Department could not furnish the information about revenue arrears for the year 2008-09. However, from the arrear revenue furnished up to the year 2007-08 (Rs. 15.73 crore) it was observed that the arrear of revenue increased by Rs. 3.43 crore during 2007-08 over the previous year. Arrears were mainly in respect of Taxes on Sales, Trades etc. (Rs. 8.98 crore), Central Sales Tax (Rs. 3.31 crore), Purchase Tax (Rs. 1.72 crore), Petroleum Tax (Rs. 1.49 crore) and Professional Tax (Rs. 0.23 crore).

**1.4 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.

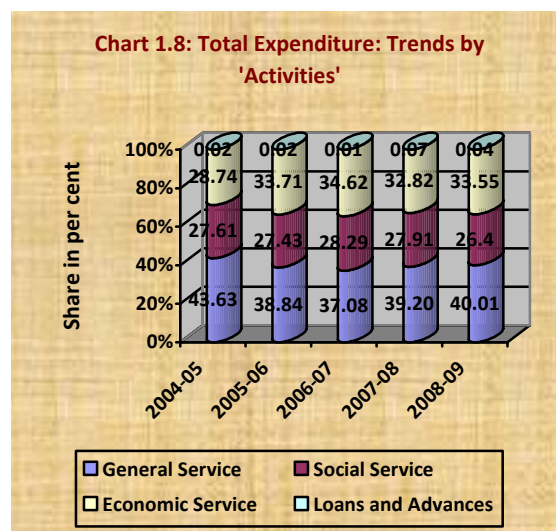
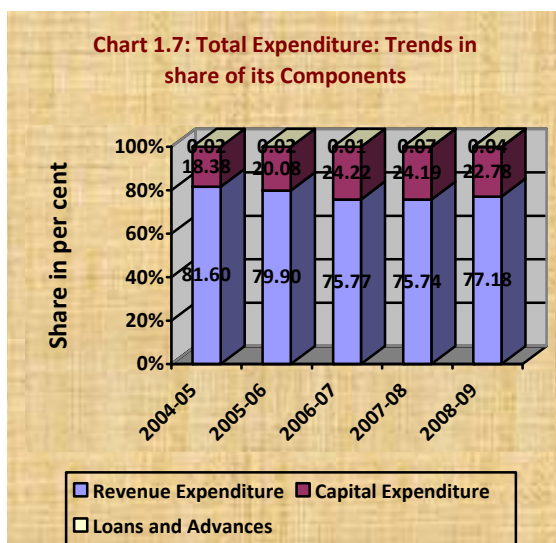
**1.4.1 Growth and Composition of Expenditure**

**Chart 1.6** presents the trends in total expenditure over a period of five years (2004-09) and its composition both in terms of ‘economic classification’ and ‘expenditure by activities’ is depicted respectively in **Charts 1.7 and 1.8**.



**Statement 12** of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. 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 Rs.2064.41 crore in 2004-05 to Rs.3744.09 crore in 2008-09.

Total expenditure during 2008-09 at Rs.3744.09 crore increased by Rs.347.73 crore (10.24 *per cent*) over the previous year. Out of the total expenditure in 2008-09, revenue expenditure was 77.18 *per cent* (Rs.2889.54 crore) while capital expenditure was 22.78 *per cent* (Rs.853.09 crore) and loans and advances was 0.04 *per cent* (Rs.1.46 crore). The breakup of total expenditure in terms of plan and non-plan reveals that while the share of plan expenditure constituted 37.33 *per cent* (Rs.1397.56 crore), the remaining 62.67 *per cent* was non-plan expenditure (Rs.2346.53 crore). The increase in total expenditure during 2008-09 over the previous year was due to increase of revenue expenditure by Rs.317.27 crore and capital expenditure by Rs.31.61 crore and decrease in disbursement of loans and advances by Rs.1.15 crore. The non-plan revenue expenditure increased by 12.38 *per cent* during the year compared to the projection of 5.78 *per cent* made by the State Government in Fiscal Correction Path (FCP) for 2008-09. The capital expenditure at Rs.853.09 crore exceeded the assessment made by State Government in its FCP (Rs.693.68 crore).



Revenue expenditure had predominant share varying from 75.74 *per cent* to 81.60 *per cent* of the total expenditure of the State during 2004-09. 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. The fall in Revenue expenditure as a percentage of total expenditure over the years is encouraging, as a greater proportion is being spent on Capital expenditure which will increase the productive asset base of the country.

Revenue expenditure of the State has increased by 71.52 *per cent* from Rs.1684.63 crore in 2004-05 to Rs.2889.54 crore in 2008-09 at an average annual rate of 10.23 *per cent*.

Both Non Plan Revenue expenditure (NPRE) and Plan Revenue expenditure (PRE) have shown a consistent increase over the period 2004-09. Of the total increase of Rs.317.27 crore in revenue expenditure during 2008-09, increase in NPRE contributed 81.48 per cent (Rs.258.51 crore) while PRE accounted for the remaining 18.52 per cent (Rs.58.76 crore). The increase of Rs.258.51 crore in NPRE during 2008-09 over the previous year was mainly due to increase in Police (Rs.108.59 crore), salary expenses (Rs.93.43 crore), General Education (Rs.28.44 crore) and Power (Rs.33.63 crore) which was offset mainly due to decrease in Pensions and Other Retirement Benefits (Rs. 30.77 crore). The PRE has increased by Rs.58.76 crore from Rs.484.89 crore in 2007-08 to Rs.543.65 crore in 2008-09 mainly due to increase of funds for Special Areas Programmes (Rs.54.27 crore). The actual non-plan revenue expenditure vis-à-vis assessment made by TFC and State Government are given below:-

*(Rupees in crore)*

	Assessment made by TFC	Assessment made by State Government in FCP	Actual
Non-Plan Revenue Expenditure	1811.81	1988.15	2345.89

The actual NPRE exceeded the normative assessment made by TFC by Rs.534.08 crore (29.48 per cent) and the assessment made by the State Government in its FCP for the year 2008-09 by Rs.357.74 crore (17.99 per cent).

### 1.4.2 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. **Table 1.4** and **Chart 1.9** present the trends in the expenditure on these components during 2004-09.

**Table-1.4: Components of committed expenditure**

*(Rupees in crore)*

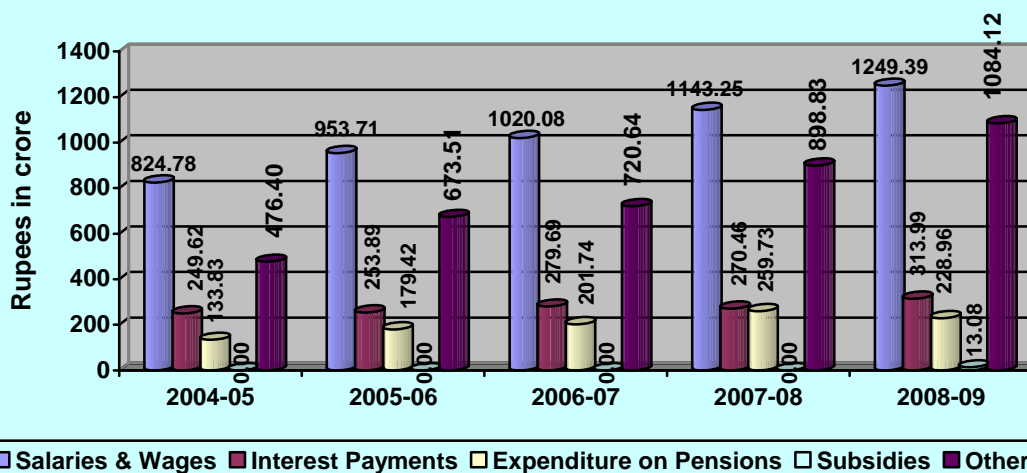
Components of committed expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actuals
Salaries* & Wages , <i>Of which</i>	824.78 (44.84)	953.71 (42.07)	1020.08 (36.79)	1143.25 (38.16)	1212.34	1249.39 (36.74)
Non-Plan Head	774.04 (42.08)	898.32 (39.62)	965.98 (34.84)	1123.47 (37.49)	1187.74	1216.90 (35.78)
Plan Head**	50.74 (2.76)	55.39 (2.45)	54.10 (1.95)	19.78 (0.67)	24.60	32.49 (0.96)
Interest Payments	249.62 (13.57)	253.89 (11.20)	279.69 (10.09)	270.46 (9.03)	329.47	313.99 (9.23)
Expenditure on Pensions	133.83 (7.28)	179.42 (7.91)	201.74 (7.28)	259.73 (8.67)	290.95	228.96 (6.73)
Subsidies	...	...	...	...	15.24	13.08 (0.38)
Other Components	476.40 (25.90)	673.51 (29.71)	720.64 (25.99)	898.83 (30.00)	829.95	1084.12 (31.88)
<b>Total</b>	<b>1684.63</b>	<b>2060.53</b>	<b>2222.15</b>	<b>2572.27</b>	<b>2677.95</b>	<b>2889.54</b>

Figures in the parentheses indicate percentage to Revenue Receipts

\* Represents salaries only and includes salaries spent from grants-in-aid.

\*\*Plan Head also includes the salaries paid under Centrally Sponsored Schemes.

**Chart 1.9: Share of Committed Expenditure in Non-Plan Revenue Expenditure during 2004-09**



Expenditure on salaries under Non-Plan and Plan during the current year is Rs.1216.90 crore and Rs.32.49 crore respectively. The increase in salaries by Rs.106.14 crore over the previous year was mainly due to release of dearness allowance installments and incremental benefits. Salary and wages accounted for 36.74 per cent of the revenue receipts during 2008-09. Salary expenditure was 53.24 per cent of revenue expenditure, net of interest payment and pensions, which was within the ceiling of 61 per cent targeted 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 pensions has decreased by 11.85 per cent from Rs.259.73 crore in 2007-08 to Rs.228.96 crore in 2008-09 mainly due to increase of retirement age of Government employees by three years. The pension payments were Rs.52.97 crore less than the projection as made in the FCP (Rs.281.93 crore) while it was Rs.29.38 crore less than the assessment made by TFC (Rs.258.34 crore) for the year 2008-09. The State Government has not introduced the new pension policy so far, to meet the pension liabilities.

Interest payments increased by 25.79 per cent from Rs.249.62 crore in 2004-05 to Rs.313.99 crore in 2008-09. The interest payments increased during 2008-09 over the previous year mainly on Internal Debt (Rs.30.64 crore) and Small Savings, Provident Fund etc. (Rs.0.95 crore). There was also an increase in interest payment over previous year on Loans and Advances from Central Government (Rs.11.94 crore). Interest payments relative to revenue receipts at 9.23 per cent was well within the norm of 15 per cent as recommended by TFC.

Subsidy of Rs.13.08 crore was paid to (i) Nagaland Armed Police, Ration subsidies (Rs.13.03 crore) and (ii) Horticulture subsidy (Rs.0.05 crore) against the budget provision of Rs.15.24 crore during the year.

### **1.4.3 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 1.5**

**Table 1.5: Financial Assistance to Local Bodies etc.**

*(Rupees in crore)*

Financial Assistance to Institutions	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	3.05	6.24	2.55	2.40	2.40	2.90
Municipal Corporations and Municipalities	...	...	0.27	0.27	0.26	0.13
Zilla Parishads and Other Panchayati Raj Institutions	...	...	...	...	...	...
Development Agencies	24.67	0.28	...	29.03	24.36	24.83
Hospitals and Other Charitable Institutions	5.59	5.74	8.12	8.73	9.25	9.41
Other Institutions	1.02	21.17	23.10	1.41	0.62	2.53
<b>Total</b>	<b>34.33</b>	<b>33.43</b>	<b>34.04</b>	<b>41.84</b>	<b>36.89</b>	<b>39.80</b>
Assistance as per percentage of RE	2.04	1.62	1.53	1.63	1.28	1.38

The total assistance to local bodies has increased from Rs. 34.33 crore in 2004-05 to Rs.39.80 crore in 2008-09. Table 1.5 shows that the assistance declined gradually from Rs.6.24 crore in 2005-06 to Rs.2.90 crore in 2008-09 in respect of Educational Institutions due to less release of grants to non-Government Colleges and Institutions, whereas it increased in respect of Hospital and Charitable Institutions from Rs.5.59 crore in 2004-05 to Rs.9.41 crore in 2008-09 mainly due to increase of grants to Naga Hospital Authority. The financial assistance granted under the head Development Agencies constituted more than 62.39 *per cent* of the total assistance given by the State during the current year. Moreover, under this head all the assistance was given to Village Development Boards (Rs.24.83 crore) mainly for community development schemes (Rs.23.83 crore), matching grant (Rs.0.50 crore) and additional grants (Rs.0.50 crore).

## **1.5 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).

### **1.5.1 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. The low level of spending on any sector by a particular State may be either due to low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both working together. The low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective national average while the low fiscal capacity would be reflected if the State's per capita expenditure is below the respective national average



even after having a fiscal priority that is more than or equal to the national average. **Table 1.6** analyses the fiscal priority and fiscal capacity of the State Government with regard to developmental expenditure, social sector expenditure and capital expenditure during the current year.

**Table-1.6: Fiscal priority and fiscal capacity of the State during 2008-09**

<b>Fiscal priority by the State</b>	<b>AE/GSDP</b>	<b>DE/AE</b>	<b>SSE/AE</b>	<b>CE/AE</b>
All States/National Average* (Ratio) 2005-06	19.50	61.44	30.41	14.13
Nagaland's Average (Ratio) 2005-06	40.45	61.15	27.41	20.09
All States/National Average* (Ratio) 2008-09	19.16	67.68	33.90	16.87
Nagaland's Average (Ratio) 2008-09	49.57	59.99	26.40	22.78
Fiscal Capacity of the State	DE#	SSE	CE	
All States Average Per capita expenditure 2005-06	3010	1490	692	
Nagaland's Per Capita expenditure (Amount in Rs) in 2005-06	7510	3367	2467	
Adjusted Per Capita** expenditure (Amount in Rs) in 2005-06	7545	3735	NR	
All States Average Per capita expenditure 2008-09	5030	2520	1254	
Nagaland's Per Capita expenditure (Amount in Rs) in 2008-09	10210	4493	3878	
Adjusted Per Capita** expenditure (Amount in Rs) in 2008-09	11517	5770	NR	
<p>*As per cent to GDP  **Calculated as per the methodology explained in the Appendix 1.2  AE: Aggregate Expenditure DE: Developmental Expenditure SSE: Social Sector Expenditure  CE: Capital Expenditure  Population of Nagaland: 0.21 crore in 2005-06 and 0.22 crore in 2008-09.  # Developmental expenditure includes Developmental Revenue Expenditure, Developmental Capital Expenditure and Loans and Advances disbursed.  Source: (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics (2)Population figures were taken from Projection 2001-2026 of the Registrar General &amp; Census Commissioner, India (Website: <a href="http://www.censusindia.gov.in">http://www.censusindia.gov.in</a>) Population = Average of Projected population for 2005 and 2006.  NR = No adjustment required since the State is giving adequate fiscal priority. Data for Arunachal Pradesh has not been included in All States average.</p>				

**Table 1.6** shows 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, 2008-09. The Government of Nagaland had a much higher AE/GSDP ratio in both years under consideration compared to all State's Average. In CE the Nagaland Government's expenditure as a percentage of AE was higher than the National average while in SSE the Government's expenditure as a percentage of AE was lower in both the years compared to national average. In DE, however the DE/AE ratio for Nagaland was marginally lower in 2005-06 (compared to all states average) and this ratio was even lower in 2008-09.

Since the population of Nagaland is low, the per capita expenditure in DE, SSE and CE in both the years was higher than the national average. Had the DE/AE ratio been as high as the national average for Nagaland, then the per capita expenditure for DE would have been much higher (as indicated in **Table 1.6** and calculated using the methodology in **Appendix 1.1**).

### 1.5.2 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 goods<sup>5</sup>. Apart from improving the allocation towards developmental expenditure<sup>6</sup>, 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 1.7** 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 1.8** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

**Table-1.7: Developmental Expenditure**

*(Rupees in crore)*

Components of Developmental Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actuals
<b>Developmental Expenditure (a to c)</b>	1163.66 (56.37)	1577.27 (61.15)	1845.39 (62.92)	2065.21 (60.81)	2037.01	2246.10 (59.99)
a. Developmental Revenue Expenditure	826.68 (40.04)	1120.63 (43.45)	1201.83 (40.98)	1378.83 (40.60)	1413.16	1540.70 (41.15)
b. Developmental Capital Expenditure	336.64 (16.31)	456.03 (17.68)	643.32 (21.93)	683.77 (20.13)	615.63	703.94 (18.80)
c. Developmental Loans and Advances	0.34 (0.02)	0.61 (0.02)	0.24 (0.01)	2.61 (0.08)	8.22	1.46 (0.04)

Figures in parentheses indicate percentage to aggregate expenditure

The developmental expenditure exceeded the assessment made by the State Government in the budget by Rs.209.09 crore. The developmental revenue and capital expenditure increased by 11.74 *per cent* (Rs.161.87 crore) and 2.95 *per cent* (Rs.20.17 crore) respectively over the previous year. The increase of developmental revenue expenditure

<sup>5</sup> *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.

<sup>6</sup>The 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.

was mainly under General Education (Rs.21.46 crore), Health & Family Welfare (Rs.12.43 crore), Other Social Service (Rs.0.36 crore), Agriculture & Allied Activities (Rs.2.07 crore), Irrigation & Flood Control (Rs.5.24 crore) and Energy (Rs.34.21 crore), while it decreased in Water Supply, Sanitation, Housing and Urban Development (Rs.9.55 crore). During 2008-09, revenue expenditure on Social and Economic sector was Rs.696.76 crore and Rs.843.94 crore respectively.

**Table 1.8 –Efficiency of Expenditure Use in Selected Social and Economic Services**

*(In per cent)*

Social/Economic Infrastructure	2007-08		2008-09	
	Ratio of CE to TE	In RE, the share of S&W	Ratio of CE to TE	In RE, the share of S&W
<b>Social Services (SS)</b>				
General Education	3.19	82.69	4.71	86.06
Health and Family Welfare	21.03	83.19	9.42	81.17
WS, Sanitation, & HUD	80.39	49.80	83.43	66.47
<b>Total (SS)</b>	<b>30.68</b>	<b>71.77</b>	<b>29.52</b>	<b>73.15</b>
<b>Economic Services (ES)</b>				
Agri & Allied Activities	15.81	48.17	17.14	47.79
Irrigation and Flood Control	4.18	12.96	11.64	13.05
Power & Energy	29.87	23.02	41.68	19.46
Transport	66.94	71.98	47.75	59.81
<b>Total (ES)</b>	<b>35.25</b>	<b>35.90</b>	<b>32.81</b>	<b>32.22</b>
<b>Total (SS+ES)</b>	<b>33.15</b>	<b>52.99</b>	<b>31.36</b>	<b>50.73</b>
TE: Total Expenditure of respective section; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages				

**Table 1.8** shows that the ratio of CE to TE under Social services decreased from 30.68 *per cent* in 2007-08 to 29.52 *per cent* in 2008-09 mainly due to decrease under Health and Family Welfare. The ratio under Economic services also decreased by 2.44 *per cent* over the previous year mainly due to decrease in Transport and Science & Technology.

The share of salary and wages on General Education under Social service was 86.06 *per cent* of its revenue expenditure and on Health & Family Welfare and Water Supply Sanitation, Housing & Urban Development, the share was 81.17 *per cent* and 66.17 *per cent* respectively. The percentage of salary and wages in relation to its revenue expenditure on Social services was higher by 1.38 *per cent* over the previous year. However, the percentage of salary expenditure in respect of Health & Family Welfare decreased by 2.02 *per cent* over the previous year.

The salary and wage expenditure in terms of percentage of revenue expenditure under Economic services was lower by 3.68 *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 lower by 2.26 *per cent* during 2008-09 over the previous year.

### **1.5.3 Effectiveness of the Expenditure, i.e. Outlay-Outcome Relationship**

Two performance reviews pertaining to ‘Modernisation of Police Force’ and ‘Implementations of Irrigation schemes’ included in a separate Report of Comptroller and Auditor General of India for the year ended 31 March 2009 highlights the following aspects:

#### **(a) Modernisation of Police Force**

*The scheme “Modernisation of Police Force” was revised by GOI with substantial outlay of Central assistance for a ten year period starting from 2000-01 to make good the deficiencies in basic police infrastructure as identified by the Bureau of Police Research and Development. Performance audit of the scheme revealed that the scheme was implemented in the State without a long term Perspective Plan as envisaged in guidelines and distribution of vehicles was skewed in favour of Headquarters/officers to the detriment of the field units. Though the State had been declared ‘A’ category by the Government of India, being maximum security threat, the Department had not endeavoured to gear up its weaponry to face the threat. The satellite based integrated Police Communication Network and Common Integrated Police Application system were not functioning in the State and Forensic Science Laboratory was not functioning in a modern environment. The training and housing needs of the force had not been adequately addressed by the Department and there was lack of monitoring and evaluation mechanism.*

**(Paragraph 1.1 of Audit Report 2008-09)**

#### **(b) Implementation of Irrigation Schemes**

The Government of India introduced two schemes viz., Rural Infrastructure Development Fund (funded by NABARD) and Non-Lapsable Central Pool of Resources in 1996-97 and 2000-01 respectively and the Accelerated Irrigation Benefit Programme (AIBP) in 1999-2000 with the main aim of facilitating investment for improving infrastructure in agriculture and completion of projects delayed on account of financial constraints. A performance audit of the schemes revealed that the minor irrigation schemes were implemented in the State without adequate planning leading to non-completion/abandonment of projects. Water charges were not collected from the users to meet the operation and maintenance cost of the projects. The records of the Department were also not reliable as projects stated to be completed were found to be incomplete/abandoned during physical verification of the sites. Hence, the impact assessment of the projects on agriculture was neither undertaken by the Department nor could be ascertained in audit. Besides, there were several cases of fictitious, doubtful and unfruitful expenditure on the projects apart from inadequate monitoring of the implementation both at the State and Central Government levels. These issues indicate that irrigation projects in the State were not implemented efficiently.

**(Paragraph 1.2 of Audit Report 2008-09)**

## 1.6 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.

### 1.6.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2009 is given in **Table 1.9**.

**Table 1.9: Department-wise Profile of Incomplete Projects**

*(Rupees in Crore)*

Department	No. of Incomplete Projects	Initial Budgeted Cost	Total increase in Cost of Projects	Cost Over Runs	Cumulative actual exp as on 31.3.2009
Irrigation & Flood Control Department	1	5.39	-	-	4.80
Health & Family Welfare	1	36.00	-	-	30.00
Urban Development	6	40.27	10.96	-	31.62
Industries & Commerce	3	4.50	-	-	1.83
Public Health Engineering	63	62.54	20.54	-	40.88
<b>Total</b>	<b>74</b>	<b>148.70</b>	<b>31.50</b>	<b>-</b>	<b>109.13</b>

*Source: Departmental records.*

As per information received from the State Government, there were 74 incomplete projects as on 31 March 2009 pertaining to five departments in which Rs.109.13 crore were blocked. The revised cost of 3 incomplete projects under Urban Development Department increased by 125 *per cent* from Rs.8.76 crore (initial budget cost) to Rs.19.72 crore (total revised cost) and the revised cost of 63 incomplete projects under Public Health Engineering Department increased by 33 *per cent* from 62.54 crore (initial budget cost) to Rs.83.08 crore (total revised cost). The main reasons for delay in completion of works were non-release of balance amount by the State Government, non availability of site and revision of estimates.

### 1.6.2 Investment and returns

As on 31 March 2009, Government had invested Rs.164.94 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 1.10**). 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 2006-2009.

**Table-1.10: Return on Investment**

<b>Investment/Return/Cost of Borrowings</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Investment at the end of the year (Rs in crore)	73.41	103.11	119.84	141.90	164.94
Return (Rs in crore)	...	...	...	...	...
Return ( per cent)	...	...	...	...	...
Average rate of interest on Govt borrowing ( per cent)	12.26	10.50	11.50	11.50	11.50
Difference between interest rate and return ( per cent)	12.26	10.50	11.50	11.50	11.50

Out of the total Government investment of Rs.164.94 crore at the close of the current year, Rs.100.76 crore was invested in 6 Government companies, Rs.32.11 crore in 2 Joint Stock Companies and the remaining amount of Rs.32.07 crore was invested in Statutory Corporations, Co-operative Bank and Co-operative Societies etc. During the current year, the Government made additional investment of Rs.14.88 crore in State Mineral Development Corporation, Rs.4.72 crore in other State public sector Undertakings and Rs.3.44 crore in Nagaland Forest Products Limited.

A Government company *viz.*, Nagaland Sugar Mills Ltd. (Rs.7.29 crore-investment) and a Joint Stock Company, Nagaland Paper and Pulp Corporation (Rs.6.33 crore-investment) were closed down; while three Government Corporations- Nagaland Industrial Development Corporation Ltd. (Rs.8.39 crore), Nagaland Industrial Raw Materials & Supply Corporation Ltd., (Rs.4.05 crore) and Nagaland Handloom & Handicrafts Development Corporation Ltd., (Rs.2.82 crore) were incurring losses. Since the accounts of Nagaland State Mineral Development Corporation Ltd., (Rs.59.28 crore) are outstanding from 1998-99, the actual financial status of the company as of March 2009 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.

### **1.6.3 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 1.6**. It was noticed that:

As on 31 March 2009, there were eight departmentally managed Government commercial and quasi-commercial Undertakings.

A mention was made in paragraph 7.1.19 of the Report of the Comptroller and Auditor General of India for the year 2007-08 about delay in preparation of Proforma accounts of these undertakings. Despite this, accounts were in arrears for periods ranging from one to 29 years as on 30 September 2009.

The finalized accounts of departmentally managed commercial and quasi-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.

#### 1.6.4 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 1.11** presents the outstanding loans and advances as on 31 March 2009, interest receipts vis-à-vis interest payments during the last three years.

**Table-1.11: Average Interest Received on Loans Advanced by the State Government**

Quantum of loans/interest receipts/ cost of borrowings	2006-07	2007-08	2008-09	
			BE	Actual
Opening Balance	30.27	26.19	22.27	25.74
Amount advanced during the year	0.24	2.61	8.22	1.46
Amount repaid during the year	4.33	3.06	4.75	2.57
<b>Closing Balance</b>	<b>26.19</b>	<b>25.74</b>	<b>25.74</b>	<b>24.63</b>
<i>Of which</i> Outstanding balance for which terms and conditions have been settled				
Net addition	(-)4.09	(-)0.45	-	(-)1.11
Interest Receipts	1.38	1.68	-	1.04
Interest receipts as <i>per cent</i> to outstanding loans and advances	5.27	6.53	-	4.22
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> )	6.23	4.97	-	7.28

At the end of March 2009, the Government had outstanding loans and advances of Rs.24.63 crore mainly from Co-operative Societies (Rs.21.10 crore), Village & Small Industries (Rs.0.29 crore) and Government Servants (Rs.0.83 crore). The interest received as percentage of outstanding loans decreased from 5.27 to 4.22 *per cent* during the period 2006-09, which was much less than the interest paid by the Government on its own borrowings (11.50 *per cent*).

#### 1.6.5 Cash Balances and Investment of Cash balances

**Table 1.12** depicts the cash balances and investments made by the State Government out of cash balances during the year.

**Table-1.12: Cash Balances and Investment of Cash balances**

*(Rs in crore)*

Particulars	As on 1 April 2008	As on 31 March 2009	Increase/Decrease
Cash Balances	(-)134.69	94.50	229.19
Investments from Cash Balances (a to d)	262.84	440.33	177.49
a. GOI Treasury Bills	81.50	164.57	83.07
b. GOI Securities	...	...	...
c. Other Securities, if any specify	...	...	...
d. Other Investments	181.34	275.76	94.42
Funds-wise Break-up of Investment from Earmarked balances (a to c)	49.42	67.44	18.02
a. Guarantee redemption fund Investment Account	1.00	2.00	1.00
b. CRF Investment Account	18.07	15.55	(-)2.52
c. Sinking Fund Investment Account	30.35	49.89	19.54
Interest Realized	3.83	8.90	5.07

The interest received against Investment on Cash Balance was 2 per cent during 2008-09 while Government paid interest at the rate of 11.50 per cent on its borrowing during the year.

The State Government's net cash balance at the end of current year amounted to Rs.94.50 crore, an increase of Rs.229.19 crore over the previous year. An amount of Rs.440.33 crore was invested in Government of India Securities and earned an interest of Rs. 8.90 crore during the year. Further, Rs.67.44 crore was invested in earmarked funds. However, balance with Reserve Bank of India was (-) Rs.413.26 crore during the year.

The efficiency of handling the cash balances by the State can also be assessed by monitoring the trends in monthly daily average of cash balances held by the State to meet its normal banking transactions. **Table 1.13** presents the trends in monthly average daily cash balances and the investments in Auction Treasury Bills for the last three years (2006-09).

**Table-1.13: Trends in Monthly average daily cash balances and the investments in Auction Treasury bills**

*(Rs in crore)*

Month	Monthly average daily cash balances			Investment in 14 days Treasury bills		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
April	0.91	1.74	2.15	102.73	146.84	203.74
May	2.78	2.71	3.61	252.68	215.98	362.00
June	1.47	2.25	2.92	300.45	360.51	361.30
July	0.83	3.41	4.61	204.81	325.49	456.47
August	2.81	4.81	7.46	311.33	463.36	659.08
September	2.17	3.02	7.29	358.17	337.94	624.36
October	1.13	0.81	6.87	255.58	399.71	565.14
November	1.05	1.69	7.39	182.24	212.62	526.45
December	1.50	1.08	3.18	304.91	150.84	650.18
January	...	1.91	2.40	249.64	123.85	401.99
February	...	1.38	5.40	174.50	197.10	410.17
March	3.17	2.72	5.49	339.57	319.45	555.15



State Government has maintained a minimum cash balance of Rs.0.25 crore as per agreement with the Reserve Bank of India during the last three years except in the month of January and February during the year 2006-07 as exhibited in the **Table 1.13**.

## 1.7 Assets and Liabilities

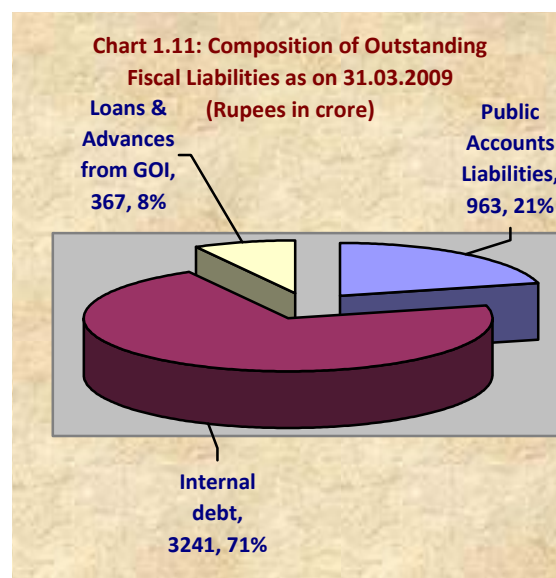
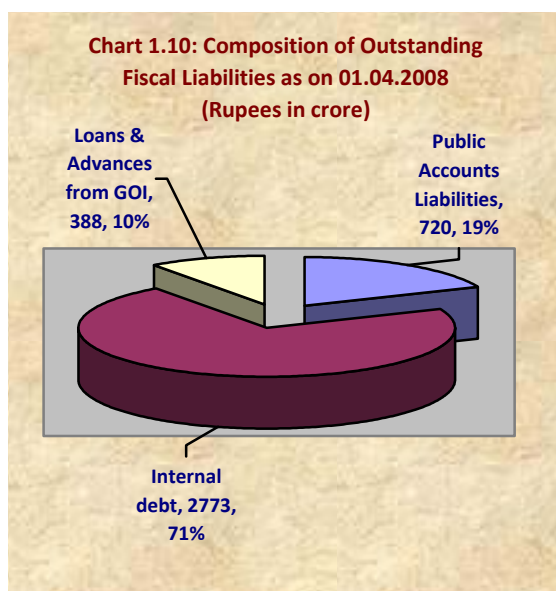
### 1.7.1 Growth and composition of Assets and Liabilities

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** gives an abstract of such liabilities and the assets as on 31 March 2009, compared with the corresponding position on 31 March 2008. 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 NFRBM 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.

### 1.7.2 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 1.10** and **1.11**.



The growth rate of fiscal liability was 17.77 per cent during 2008-09 over previous year. Fiscal Liabilities of the State comprised of Consolidated Fund Liabilities and Public

Account Liabilities. The Consolidated Fund Liability (Rs.3607.33 crore) comprised of market loan (Rs.2437.95 crore), loans from Government of India (Rs 366.84 crore) and other loans (Rs.802.54 crore). The Public Account Liabilities (Rs.963.55 crore) comprise of Small Saving, Provident Fund (Rs.462.45 crore), interest bearing obligations (Rs. Nil) and non-interest bearing obligations like deposits and other earmarked funds (Rs.501.10 crore). *The ratio of fiscal liabilities to GSDP was 61 per cent in 2008-09 and was 10 per cent higher than assessment made by the State Government in its Medium Term Fiscal Policy Statement (MTFPS) for the year 2008-09.* These liabilities stood at 1.30 times of revenue receipts and 13.60 times of the State's own resources at the end of 2008-09.

### **1.7.3 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 2008-09 there was a balance of rupees two crore in the guarantee redemption fund investment account.

As per **Statement 6** 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 **Table1.14**.

**Table-1.14: Guarantees given by the Government of Nagaland**

(Rupees in crore)

Guarantees	2006-07	2007-08	2008-09
Max amount guaranteed	7.24	7.24	7.24
Outstanding amount of guarantees	NA	NA	NA
Percentage of maximum amount guaranteed to total revenue receipts	0.26	0.24	0.21
Criteria as per FRBM Act/any other Act or Order of the State	1 <i>per cent</i> of GSDP	1 <i>per cent</i> of GSDP	1 <i>per cent</i> of GSDP

Guarantee for Rs.7.24 crore has been given to four Government Companies up to 31 March 2009 but no information has been received from the Government regarding outstanding amount of guarantees. Hence, it could not be ascertained in audit whether the criteria regarding guarantees has been followed by Government of Nagaland.

### **1.7.4 Off - Budget Borrowings**

The State Government had no off-budget borrowings during the year. However 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 2008-09. Contribution to the Sinking Fund was Rs.16.17 crore as of March 2009 and the entire amount of the fund was invested.

## 1.8 Debt Sustainability

Apart from the magnitude of debt of State Government, it is important to analyze various indicators that determine the debt sustainability<sup>7</sup> of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilization<sup>8</sup>; sufficiency of non-debt receipts<sup>9</sup>; net availability of borrowed funds<sup>10</sup>; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.15** analyzes the debt sustainability of the State according to these indicators for the period of three years beginning from 2004-05.

**Table 1.15: Debt Sustainability: Indicators and Trends**

*(Rupees in crore)*

Indicators of Debt Sustainability	2004-05	2005-06	2006-07	2007-08	2008-09
Debt Stabilization (Quantum Spread + Primary Deficit)	(-)23.62	(-)58.58	40.14	(-)455.54	(-)307.30
Sufficiency of Non-debt Receipts (Resource Gap)	(-)376	(-)88	150	(-)241	57.00
Net Availability of Borrowed Funds	(-)91.25	(-)41.30	1.47	(-)34.17	19.63
Burden of Interest Payments (IP/RR Ratio) ( in per cent)	13.57	11.20	10.08	9.03	9.23
Maturity Profile of State Debt (In Years)					
0 – 1	-	-	-	-	293.90(09)
1 – 3	-	-	-	-	317.86(10)
3 – 5	-	-	-	-	476.51(15)
5 – 7	-	-	-	-	296.00(09)
7 and above	-	-	-	-	1870.95(57)
<b>Total</b>					<b>3255.22</b>

It would be seen from the above table that the sum of quantum spread and primary deficit remained negative in 2008-09. Though the resource gap of the State was positive

<sup>7</sup> 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.

<sup>8</sup> 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.

<sup>9</sup> 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.

<sup>10</sup> 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.

(Rs.57 crore) in 2008-09 against the negative (Rs.241 crore) in 2007-08, the sufficiency of the non-debt receipts was not adequate to cover the interest burden (9.23 per cent). These trends revealed that a lot more efforts are required by the State to stabilize the debt and then attain sustainability in ensuing years. Availability of borrowed funds was positive in 2008-09 while it was negative in the previous year.

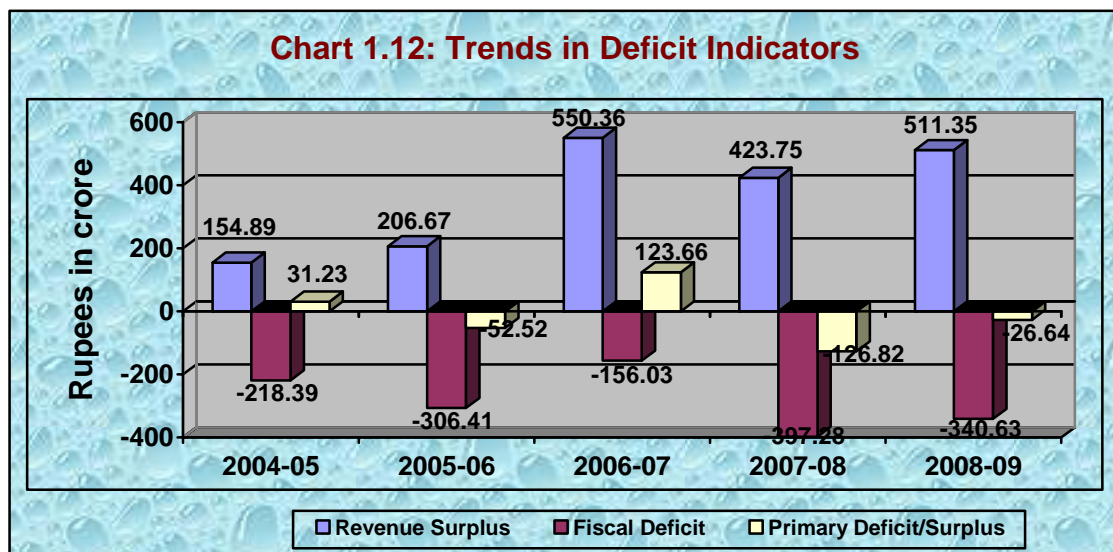
Of the total debt burden of Rs.3255.22 crore, Rs.293.90 crore matured and was paid during 2008-09 and maximum of the rest of the debt burden (Rs.1870.95 crore i.e. 57 per cent) would mature during the coming 7 years and above.

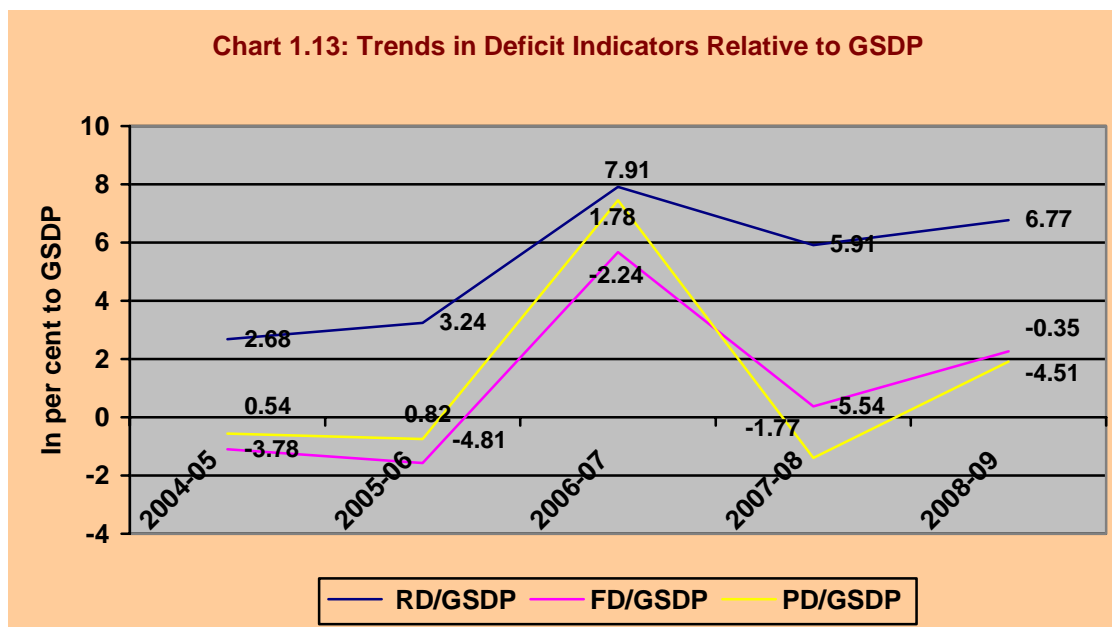
## 1.9 Fiscal Imbalances

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 2008-09.

### 1.9.1 Trends in Deficits

Charts 1.12 and 1.13 present the trends in deficit indicators over the period 2004-09.





During the current year, revenue receipts increased by 13.51 *per cent* (Rs.404.87 crore) while revenue expenditure increased by 12.33 *per cent* (Rs.317.27 crore) over the previous year resulting in an increase of Rs.87.60 crore in revenue surplus during 2008-09 over the previous year. Given the increase in revenue surplus along with a marginal decline of Rs.0.49 crore in non-debt capital receipts accompanied by an increase of Rs.30.46 crore in capital expenditure including loans & advances disbursed during 2008-09 over the previous year, the fiscal deficit decreased by Rs.56.65 crore during the current year from the level of Rs.397.28 crore in 2007-08. The fiscal deficit is related to decrease in GSDP from 6 *per cent* in 2007-08 to 5 *per cent* in 2008-09 which was over the target of 3 *per cent* as prescribed in NFRBM Act for 2008-09. A decrease in fiscal deficit together with an increase in interest payment (Rs.43.53 crore) resulted in primary deficit of Rs.26.64 crore against Rs.126.82 crore in 2007-08.

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table 1. 16**.

**Table1.16: Components of Fiscal Deficit and its Financing Pattern**

*(Rs in crore)*

	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Decomposition of Fiscal Deficit</b>		<b>(-)218</b> (**)	<b>(-)306</b> (**)	<b>(-)156</b> (**)	<b>(-)397</b> (**)	<b>(-)341</b> (**)
1	Revenue Deficit	155 (2.68)	207 (3.25)	550 (7.90)	424 (5.91)	511 (6.77)
2	Net Capital Expenditure	379 (6.56)	518 (8.13)	710 (10.20)	821 (11.45)	853 (11.29)
3	Net Loans and Advances	(-)6 (**)	(-)5 (**)	(-)4 (**)	...	(-)1 (**)
<b>Financing Pattern of Fiscal Deficit*</b>		<b>220</b> <b>(3.81)</b>	<b>313</b> <b>(4.91)</b>	<b>207</b> <b>(2.98)</b>	<b>231</b> <b>(3.22)</b>	<b>374</b> <b>(4.95)</b>
1	Market Borrowings	139 (2.41)	214 (3.36)	250 (3.59)	297 (4.14)	373 (4.94)
2	Loans from GOI	40 (0.69)	(-)14 (**)	(-)17 (**)	(-)15 (**)	(-)22 (**)
3	Special Securities Issued to National Small Savings Fund	11 (0.19)	11 (0.17)	15 (0.22)	...	(-)2 (**)
4	Loans from Financial Institutions	39 (0.67)	97 (1.52)	56 (0.80)	52 (0.73)	96 (1.27)
5	Small Savings, PF etc	11 (0.19)	4 (0.06)	(-)7 (**)	13 (0.18)	30 (0.40)
6	Deposits and Advances	42 (0.73)	(-)46 (**)	92 (1.32)	75 (1.05)	214 (2.83)
7	Suspense and Misc	(-)20 (**)	(-)27 (**)	(-)60 (**)	(-)58 (**)	(-)189 (**)
8	Remittances	(-)46 (**)	(-)32 (**)	(-)78 (**)	(-)42 (**)	(-)126 (**)
9	Others	4 (0.07)	106 (1.66)	(-)44 (**)	(-)91 (**)	...
10	Overall Surplus/Deficit	2 (0.03)	7 (0.11)	51 (0.73)	(-)166 (**)	33 (0.44)
Figures in brackets indicate the per cent to GSDP. *All these figures are net of disbursements/outflows during the year ** Figure not shown since those are negative.						

The fiscal deficit decreased by Rs.56.65 crore over the previous year mainly on account of increase of Rs.87.60 crore in revenue account. During 2008-09 the fiscal deficit of Rs.340.63 crore was mainly met from market borrowings of Rs.373.39 crore.

### **1.9.2 Quality of Deficit/Surplus**

**Table 1.17** indicates 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 1.17: Primary deficit/surplus – Bifurcation of factors

(Rupees in crore)

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and Advances	Primary expenditure <sup>11</sup>	Primary revenue surplus	Primary deficit (-) /surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2004-05	1846	1435	379	...	1814	411	32
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

The non-debt receipts of the State during 2004-09 were sufficient to meet the primary revenue expenditure. The non-debt receipts increased by 84 *per cent* from Rs.1846 crore in 2004-05 to Rs.3403 crore in 2008-09. The primary revenue expenditure, however, increased by 80 *per cent* from Rs.1435 crore in 2004-05 to Rs.2576 crore in 2008-09. During this period (2004-09) Capital Expenditure grew by 125 *per cent*. The State enjoyed a primary surplus during 2004-07 which however, turned to primary deficit during last two years and was Rs.27 crore in 2008-09.

### 1.9.3 State's Own Revenue and Deficit Correction

It is worthwhile to observe the extent to which the deficit correction is achieved by the State on account of improvement in its own resources which is an indicator of the durability of the correction in deficit indicators. **Table 1.18** presents the change in revenue receipts of the State and the correction of the deficit during the last three years.

Table-1.18: Change in revenue receipts and correction of deficit

(Per cent of GSDP)

Parameters	2006-07	2007-08	2008-09	
			BE	Actual
<b>Revenue Receipts (a to d)</b>	39.85	41.79	43.23	45.03
a. State's Own Tax Revenue	1.71	1.83	1.83	2.06
b. State's Own Non- tax Revenue	1.31	1.66	1.60	2.39
c. State's Share in Central Taxes and Duties	4.56	5.58	6.23	5.59
d. Grants-in-Aid	32.27	32.72	33.57	34.99
<b>Revenue Expenditure</b>	31.94	35.88	35.46	38.26
<b>Revenue Deficit/Surplus</b>	7.91	5.91	7.78	6.77
<b>Fiscal Deficit/Surplus</b>	(-)2.24	(-)5.54	(-)3.29	(-)4.51

Table 1.18 shows that the percentage of revenue receipts relative to GSDP increased from 41.79 *per cent* in 2007-08 to 45.03 *per cent* in 2008-09 which was higher than the budget estimates. The percentage of revenue expenditure relative to GSDP (38.26) was higher than the budget estimates (35.46) during the current year. As a result, the percentage of revenue surplus (6.77) was lower than the budget estimate (7.78). The percentage of fiscal deficit decreased from 5.54 in 2007-08 to 4.51 in 2008-09.

<sup>11</sup> 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.

### **1.10 Conclusion /Recommendation**

The fiscal position of the State viewed in terms of the key fiscal parameters indicates improvement during 2008-09 relative to the previous year. The State had maintained a revenue surplus of Rs.87.60 crore while the fiscal deficit decreased by Rs.56.65 crore and primary deficit also decreased by Rs.100.18 crore in 2008-09 relative to the previous year.

During 2008-09, 90 *per cent* of the total revenue came from the Government of India as Central transfers (12 *per cent*) and grants-in-aid (78 *per cent*) while the Own Tax Revenue (OTR) of the State constituted 5 *per cent* of total revenue receipts and remained far below the normative assessment made by the twelfth Finance Commission (TFC) for the State for 2008-09. The non-tax revenue (NTR) also constituted 5 *per cent* of the revenue receipts which was higher than both the TFC projection and State's own projection made in the budget estimates for the year 2008-09

During 2008-09, the revenue expenditure stood at Rs. 2889.54 crore (77.18 *per cent* of the total expenditure) which grew by Rs. 317.27 crore over the previous year while the expenditure incurred under capital head was Rs. 853.09 crore (22.78 *per cent* of the total expenditure) which grew by Rs 31.61 crore over the previous year.

During 2008-09 the developmental expenditure (Rs. 2246.10 crore) increased by Rs.180.89 crore over the previous year, which was above the budget estimates (Rs.2037.01 crore) for 2008-09. The relative share of revenue developmental expenditure was 41.15 *per cent* of the total expenditure while this share in respect of capital developmental expenditure was only 18.80 *per cent*. The expenditure pattern of the State thus revealed that there is an increasing pressure on revenue expenditure than on capital expenditure.

During 2008-09, there was an increase in revenue surplus by Rs.87.60 crore and yet the fiscal deficit decreased by Rs.56.65 crore over the previous year mainly due to increase in revenue receipts. The State, however, could not manage to attain the fiscal deficit target of 3 *per cent* of GSDP (actual 4.51 *per cent*) as prescribed in the NFRBM Act, 2005 for the year 2008-09.

The State had attached low fiscal priority towards developmental expenditure, as the developmental expenditure/aggregate expenditure ratio was lower than the national average in 2008-09. Since the population of Nagaland is low, the per capita expenditure in DE, SSE and CE was higher than the national average but if the DE/AE ratio had been as high as the national average for Nagaland, the per capita expenditure would have been much higher.

The percentage of outstanding liabilities to GSDP during 2008-09 was higher by 10 *per*



cent than the projection (51 per cent) made in the Medium Term Fiscal Policy Statement (MTFPS).

The expenditure on salaries and wages increased by 9.28 per cent (from Rs.1143.25 crore in 2007-08 to Rs.1249.39 crore in 2008-09) against the TFC norms of growth rate of 6 per cent. According to recommendation of the TFC, the State should follow a recruitment and wages policy, in a manner such that the total salary bill relative to revenue expenditure net of interest payments and pensions does not exceed 35 per cent. This norm was not followed in the State and the salary and wages expenditure stood at 53.24 per cent during 2008-09. Interest receipts, as percentage of outstanding loans and advances was 4.22 against interest paid by the Government as percentage of outstanding liabilities at 11.50 during 2008-09.

Investment of the Government money in the Government companies and statutory corporations are increasing year after year, but no return from this investment has been received by the Government during 2008-09.

**Greater priority to capital expenditure:** There is an urgent need to prioritise spending under capital heads and contain revenue expenditure. An internal control mechanism should be put in place to watch if the Government money is expended prudently so that value for money is channelized in its entirety to the beneficiaries.

**Enhancing fiscal priority:** From the point of view of improving developmental expenditure, it is important for the Government of Nagaland to take appropriate expenditure measures and lay emphasis on provision of expending more under social and economic sectors. The increase in the ratio of developmental expenditure to aggregate expenditure indicates fiscal priority of the State which in turn improves its fiscal health.

**Review of Government investments:** 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.

**Oversight of funds transferred directly from the 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).

## 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 2008-2009 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 (+)
<b>Voted</b>	I Revenue	2346.26	452.89	2799.15	2565.77	(-) 233.38
	II Capital	840.62	402.57	1243.19	854.36	(-) 388.83
	III Loans and Advances	0.19	0.00	0.19	0.19	0.00
<b>Total Voted</b>		<b>3187.07</b>	<b>855.46</b>	<b>4042.53</b>	<b>3420.32</b>	<b>(-) 622.21</b>
<b>Charged</b>	IV Revenue	356.95	3.42	360.37	342.44	(-) 17.93
	V Capital	0.00	0.00	0.00	0.00	0.00
	VI Public Debt- Repayment	713.85	0.00	713.85	389.97	(-) 323.88
<b>Total Charged</b>		<b>1070.80</b>	<b>3.42</b>	<b>1074.22</b>	<b>732.41</b>	<b>(-) 341.81</b>
<b>Appropriation to Contingency Fund (if any)</b>		0.00	0.00	0.00	0.00	0.00
<b>Grand Total</b>		<b>4257.87</b>	<b>858.88</b>	<b>5116.75</b>	<b>4152.73</b>	<b>(-) 964.02</b>

The overall saving of Rs.964.02 crore was the result of saving of Rs 1007.54 crore in 52 grants and 4 appropriations under Revenue Section, 43 grants under Capital Section and one appropriation (Public Debt-Repayments) under Loan Section, set off by excess of Rs.43.52 crore in 20 grants under Revenue Section and 2 grants under Capital Section.

The savings/excesses (Detailed Appropriation Accounts) were intimated in August 2009 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 excesses/savings. The explanations for variation were not received (August 2009) in any case (Saving and Excess) except District Administration Department having excess expenditure, who submitted the reasons before finalization of the Appropriation Accounts (August 2009).

## **2.3 Financial Accountability and Budget Management**

### **2.3.1 Appropriation vis-à-vis Allocative Priorities**

The outcome of the appropriation audit reveals that in 37 cases, savings exceeded Rs. 1 crore in each case or by more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of Rs.964.02 crore, savings of Rs 565.09 crore (58.62 per cent)<sup>2</sup> occurred in 4 cases relating to three grants and one appropriation as indicated in **Table 2.2**.

**Table 2.2: List of Grants with savings of Rs.50 crore and above**

*(Rupees in crore)*

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
<b>Revenue-Voted</b>						
1	18-Pensions and Other Retirement Benefits	290.95	0.00	290.95	228.96	61.99
<b>Capital-Voted</b>						
2	27-Planning Machinery	155.77	0.00	155.77	36.92	118.85
3	36-Urban Development	57.38	93.68	151.06	90.69	60.37
<b>Capital-Charged</b>						
4	75-Servicing of Debt	713.85	0.00	713.85	389.97	323.88

The savings under Pensions and Other Retirement Benefits was due to increase of retirement age of Government employees by three years. However, the reason for savings under Urban Development and Servicing of Debt was not intimated (August 2009). In grant number 27 under Planning Machinery (4059-60-051-27), surrender of Rs.119.17 crore against savings of Rs.118.85 crore was injudicious and led to an ultimate excess of Rs.0.32 crore under the head.

### **2.3.2 Persistent Savings**

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

<sup>2</sup>. Exceeding Rs 50 crore in each case.

**Table 2.3: List of Grants indicating Persistent Savings during 2004-09**

(Rupees in crore)

Sl. No.	No. and Name of the grant	Amount of savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
<b>Revenue-Voted</b>						
1	34-Art and Culture and Gazetteers Unit	5.18	2.30	6.45	7.21	8.32
<b>Capital-Voted</b>						
2	27-Planning Machinery	12.15	32.32	49.67	121.36	118.85
3	31-School Education	2.46	1.23	5.04	3.20	2.08
4	35-Medical, Public Health and Family Welfare	12.73	28.38	9.90	7.93	37.61
5	36-Urban Development	10.20	40.21	14.97	17.07	60.37
6	39-Tourism	9.56	10.43	3.88	1.00	0.60
7	45-Co-operation	3.21	3.02	8.76	11.94	14.71
8	55-Power Projects	36.48	22.66	52.99	66.63	18.28
9	56-Road Transport	6.30	3.90	5.92	6.83	3.39
10	65-State Council of Education Research and Training	0.57	1.31	1.53	4.06	1.20

The reasons for persistent savings have not been intimated (August 2009).

### 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 Rs.189.95 crore was incurred in 14 cases as detailed in **Table 2.5** 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 2008-09**

(Rupees in crore)

Number and Name of		Amount of Expenditure without provision	Reasons/ Remarks
Grants	Head of Account		
35-Medical, Public Health and Family Welfare	4552-06-800-01-Medical	0.15	Not indicated
36-Urban Development	2217-80-800-06-Slum Improvement	1.18	Not indicated
37-Local Self Government	2217-80-191-01-Grants to Town Committees	0.83	Not indicated
38-Information & Public Relations	2220-60-001-03-Research and Training in Mass Communication	0.06	Not indicated
39-Tourism	3452-80-001-02-Subordinate Establishment	0.45	Not indicated
53-Industries	4860-60-600-16-NKVIB	2.49	Not indicated
55-Power Projects	2801-01-799-03-Debit to MPWA	0.17	Not indicated
58-Roads and Bridges	3054-80-799-01-Stock (Dr)	0.03	Not indicated
60-Water Supply Schemes	2215-01-052-102-Rural Water Supply Programmes	0.51	Not indicated
60-Water Supply Schemes	2215-01-799-02-Stock (Dr)	94.16	Not indicated
60-Water Supply Schemes	2215-01-799-05-Stock (Cr)	83.12	Not indicated
60-Water Supply Schemes	2215-01-799-07-MPWA (Cr)	2.95	Not indicated
60-Water Supply Schemes	4215-01-800-24-Share towards Sub Mission Programmes	2.84	Not indicated
64-Housing	2059-80-102-02-Maintenance and Repairs (Building)	1.01	Not indicated

### **2.3.4 Drawal of funds to avoid lapse of budget grant**

As per provision of Central Treasury Rules read with Rules 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 Accounts before closure of financial year 2008-09.

Information on lapse of budget provision during the year 2008-09 was called for (August 2009) from 49 departments. However only 27 departments furnished (December 2009) the information on lapse of budget provision which showed that an amount of Rs.36.17 crore remained undisbursed in respect of 15 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 2008-09	Amount remaining undisbursed
1.	Youth Resources and Sports	0.81	0.81
2.	Election	2.14	0.50
3.	Sericulture	7.45	0.40
4.	Geology and Mining	1.48	0.85
5.	School Education	3.87	1.63
6.	Food and Civil Supplies	1.07	0.95
7.	Employment and Craftsmen Training	1.32	1.06
8.	Treasuries and Accounts	7.28	7.03
9.	Information Technology	4.32	4.32
10.	Urban Development	67.56	3.76
11.	Art and Culture	0.44	0.44
12.	Transport	6.10	2.35
13.	Evaluation	0.46	0.07
14.	Economics and Statistics	0.09	0.09
15.	Police	195.17	11.91
<b>Total</b>		<b>299.56</b>	<b>36.17</b>

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, but 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 Rs.1968.06 crore for the years 1996-2008 was yet to be regularized as detailed in **Appendix 2.2**. The year-wise amount of excess expenditure pending regularization for grants/appropriations is summarized in **Table 2.6**.

**Table 2.6: Excess over provision relating to previous years requiring regularisation***(Rupees in crore)*

Year	Number of		Amount of excess over provision
	Grants	Appropriations	
1996-97	31	0	33.43
1997-98	25	1	241.09
1998-99	24	2	263.80
1999-2000	24	2	167.14
2000-01	16	1	51.81
2001-02-	16	0	27.98
2002-03	18	1	723.75
2003-04	30	2	230.79
2004-05	18	2	28.82
2005-06	23	2	64.96
2006-07	24	2	46.03
2007-08	23	2	88.46
<b>Total</b>			<b>1968.06</b>

**2.3.6 Excess over provision during 2008-09 requiring regularisation**

**Table 2.7** contains the summary of total excess in 16 grants amounting to Rs.43.52 crore over authorization from the Consolidated Fund of the State during 2008-09 and requiring regularization under Article 205 of the Constitution.

**Table 2.7: Excess over provision requiring regularization during 2008-09***(Rupees in crore)*

Sl. No.	Number and title of grant/appropriation		Total grant appropriation	Expenditure	Excess
<b>Revenue (Voted)</b>					
1.	7	State Excise	6.79	6.87	0.08
2.	11	District Administration and Special Welfare Schemes	46.62	47.44	0.82
3.	13	Village Guards	16.68	17.14	0.46
4.	26	Civil Secretariat	55.53	56.51	0.98
5.	36	Urban Development	4.63	5.79	1.16
6.	38	Information and Public Relations	13.55	13.61	0.06
7.	39	Tourism	6.86	6.90	0.04
8.	46	Statistics	10.57	10.59	0.02
9.	58	Roads and Bridges	94.80	96.59	1.79
10.	60	Water Supply Schemes	28.01	36.07	8.06
11.	64	Housing	31.62	34.17	2.55
12.	65	SCERT	15.17	16.42	1.25
13.	66	Sericulture	9.52	10.26	0.74
14.	67	Home Guards	9.28	9.58	0.30
15.	70	Horticulture	11.71	11.85	0.14
<b>Total Revenue (Voted)</b>			<b>361.34</b>	<b>379.79</b>	<b>18.45</b>
<b>Capital (Voted)</b>					
16.	53	Industries	32.07	35.75	3.68
17.	64	Housing	45.53	66.92	21.39
<b>Total Capital (Voted)</b>			<b>77.60</b>	<b>102.67</b>	<b>25.07</b>
<b>Grand Total</b>			<b>438.94</b>	<b>482.46</b>	<b>43.52</b>

Out of the above, in 3 cases, expenditure aggregating Rs.108.78 crore exceeded the approved provision by Rs. 30.61 crore or more in each case or by more than 20 *per cent* of the total provision Details are given in **Appendix 2.3**.

Government did not furnish any reason/explanation for the excess expenditure (August 2009) except in grant number 11 under District Administration and Special Welfare Schemes where excess expenditure was attributed to enhancement of DA rate and excess appointment of contingency paid employees.

### **2.3.7 Unnecessary/Excessive/Inadequate supplementary provision**

Supplementary provision aggregating Rs 84.25 crore obtained in 12 cases, Rs.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 7 cases, supplementary provision of Rs.41.05 crore proved insufficient by more than Rs.1 crore in each case leaving an aggregate uncovered excess expenditure of Rs.39.88 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 over Rs.509.71 crore in 86 sub-heads. The excess was more than Rs.434.48 crore in 65 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 53 items out of 80 (66 *per cent*) reasons given for additional provision/withdrawal of provision in re-appropriation orders were not intimated.

### **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 29 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to Rs.330.87 crore in these 29 schemes, Rs.218.04 crore (66 *per cent*) were surrendered, which included *cent per cent* surrender in one scheme (Rs.0.50 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 (Rs.50 lakh 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 Rs.96.24 crore, the amount surrendered was Rs.134.20 crore resulting in excess surrender of Rs.37.96 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 2008-09, there were, however, 23

grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was Rs.119.79 crore (12 per cent of the total savings) (**Appendix 2.9**).

Similarly, out of total savings of Rs.1007.54 crore under 68 other grants/appropriations (savings of Rs.1 crore and above in each grant/appropriation) amount of Rs.291.56 crore (29 per cent of total savings) were not surrendered, details of which are given in **Appendix 2.10**. Besides, in 12 cases (surrender of funds in excess of Rs.10 crore), Rs.666.12 crore (**Appendix 2.11**) were surrendered on the last two working days of March 2009 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 13 sub-heads listed in **Appendix 2.12**, expenditure exceeding Rs.10 crore and also more than 50 per cent of the total expenditure for the year was incurred in March 2009. **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 2008-09 expenditure in the last quarter ranged between 53 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 2007-2009 was only Rs.5.23 crore against the amount of AC bills of Rs.21.09 crore leading to an outstanding balance of DCC bills of Rs.15.86 crore as on 31 March 2009. Year wise details are given in Table 2.8.

**Table 2.8: Pendency in submission of detailed countersigned contingent bills against abstract contingent bills**

<i>(Rupees in crore)</i>				
Year	Amount of AC bills	Amount of DCC bills	DCC bills as percentage of AC bills	Outstanding AC bills
2007-08	6.49	3.51	54.08	2.98
2008-09	14.60	1.72	11.78	12.88
<b>Total</b>	<b>21.09</b>	<b>5.23</b>		<b>15.86</b>

Department-wise pending DCC bills for the years up to 2008-09 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.

#### **2.4.2 Un-reconciled Expenditure**

To enable Controlling Officers of departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (Accounts & Entitlement). Even though non-reconciliation of departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2008-09 also. Two Controlling Officers did not reconcile expenditure amounting to Rs.230.26 crore as of December 2009 as indicated in **Table 2.9**:

**Table 2.9:S List of controlling officers whose expenditure remained un-reconciled during 2008-2009**

*(Rupees in crore)*

Sl. No.	Controlling Officers	Amount not reconciled
1.	Commissioner & Secretary, Municipalities, Nagaland	18.33
2.	Commissioner & Secretary, Works and Housing, Nagaland	211.93

#### **2.5 Conclusion and Recommendation**

There was an overall saving of Rs.964.02 crore and excess expenditure of Rs.43.52 crore. This excess expenditure together with an excess expenditure of Rs.1968.06 crore pertaining to 1996-2008 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 13 major heads expenditure exceeding Rs.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 were not adjusted for long periods and therefore was fraught with the risk of misappropriation.

Budgetary controls should be strengthened in all Government Department 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 by the DDOs to adjust the AC Bills within sixty days from the date of drawal of the amount.

## 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 1317 utilization certificates (UC) due in respect of two<sup>1</sup> departments aggregating Rs.8.76 crore paid up to 2008-09, 75 UCs (5.7 per cent) for an aggregate amount of Rs.1.04 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**

*(Rupees in crore)*

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	330	2.00	15	0.24
2	1 - 3	540	3.86	25	0.54
3	3 - 5	447	2.90	35	0.26
	<b>Total</b>	<b>1317</b>	<b>8.76</b>	<b>75</b>	<b>1.04</b>

<sup>1</sup> School Education & Urban Development.

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/Heads of the Department 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.

72 annual accounts of 22 autonomous Bodies/Authorities due up to 2008-09 had not been received as of September 2009 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**

<b>Sl. No.</b>	<b>Delay in number of years</b>	<b>No. of the Bodies/ Authorities</b>	<b>Grants received (Rs in Lakhs)</b>
1	1 - 3	13	Not Available
2	3 - 5	9	Not Available

It is seen from the above table that delay in submission of accounts ranged between one and three years in respect of 13 Bodies/Authorities and between three and five years in respect of nine Bodies/Authorites.

Due to the absence of annual accounts and subsequent audit of these 22 Bodies and Authorities involving 72 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**

An<sup>2</sup> Autonomous Body has been set up by the State Government in the field of development of Khadi. The Body is audited by the CAG with regard to the verification of its transactions, operational activities and accounts, regulatory compliance audit of all transactions, review of internal management and financial control, review of systems and procedures etc. The audit of Accounts of the Body in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, issuance of Separate Audit Report and its placement in the Legislature are indicated in **Table 3.3**.

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<sup>2</sup> Nagaland and Khadi and Village Industries Board (NKVIB)

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	-

### 3.4 Departmental Commercial Undertakings

The departmental Undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare proforma accounts in the prescribed format annually showing the working results of financial operations so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial Undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay may also open the system to risk of fraud and leakage of public money.

The Heads of Department in the Government are to ensure that the Undertakings prepare such Accounts and submit the same to Accountant General for audit within a specified time frame. As of September 2009, there were five such Undertakings which had not prepared Accounts up to 2008-09. The delay in preparation of Accounts ranged between 9 and 26 years. The arrears in preparation of Accounts has been repeatedly commented in the Comptroller and Auditor General of India's Audit Reports but there is no improvement so far in preparation of proforma Accounts by these Undertakings. The department-wise position of arrears in preparation of proforma Accounts and investment made by the Government are given in **Appendix 3.3**.

### 3.5 Misappropriation, losses, 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. However, this information was not furnished by any Department/Office.

Review of the Comptroller and Auditor General's Audit Report of last 11 years revealed 26 cases of theft/loss, fraudulent drawal, misappropriation, etc involving Government money amounting to Rs.54.74 crore up to the period March 2009 on which final action was awaited from the State Government. The department-wise break 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 26 theft and misappropriation/loss as emerged from these appendices are summarized in **Table 3.4**

**Table 3.4: Profile of misappropriations, losses, defalcations, etc.**

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in Years	Number of Cases	Amount Involved (Rs in lakh)	Nature/Characteristics of the Cases	Number of Cases	Amount Involved (Rs in lakh)
0 - 5	15	4989.92	Theft	01	3.50
5 - 10	11	484.31	Fraudulent	16	2252.85
			Misappropriation/Loss of material	09	3217.88
<b>Total</b>	<b>26</b>	<b>5474.23</b>	<b>Total Pending cases</b>	<b>26</b>	<b>5474.23</b>

An effective mechanism needs to be put in place to check recurrence of such cases in future and also to ensure speedy settlement of cases relating to misappropriation and losses.

### **3.6 Conclusion**

Foregoing discussion disclosed 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 also delay in placement of Separate Audit Reports to Legislature and huge arrears in finalization of accounts by the Autonomous Bodies/Authorities. Besides, cases of misappropriation and losses indicated inadequacy of controls in the departments.

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.

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The

**(ARINDAM N. SARKAR)**  
Accountant General (Audit), Nagaland

**Countersigned**

New Delhi  
The

**(VINOD RAI)**  
Comptroller and Auditor General of India

## **Appendix – 1.1**

*(Reference: Paragraph 1.1 & 1.5.1; Page 1 & 13)*

### **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: Paragraph 1.1 & 1.5.1; Page 1 & 13)*

**PART B: Layout of Finance Accounts**

<b>Statement</b>	<b>Layout</b>
Statement No.1	Presents the summary of transactions of the State Government- receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State
Statement No.2	Gives the summarized statement of capital outlay showing progressive expenditure up to the end of 2008-09
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No. 4	Indicates the summary of debt position of the State which includes borrowing from internal debt, Government of India, other obligations and servicing of debt.
Statement No.5	Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears etc.
Statement No. 6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No. 7	Gives the summary of cash balances and investments made out of such balances.
Statement No. 8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009.
Statement No. 9	Shows the revenue and expenditure under different heads for the year 2008-09 as a percentage of revenue/expenditure.
Statement No. 10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No. 11	Indicates the detailed account of revenue receipts by minor heads.
Statement No. 12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major heads wise.
Statement No. 13	Depicts the detailed capital expenditure incurred during and to the end of 2008-09.
Statement No. 14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2008-09.
Statement No. 15	Depicts the capital and other expenditure to the end of 2008-09 and the principal sources from which the funds were provided for that expenditure.
Statement No. 16	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency fund and Public Account.
Statement No. 17	Presents detailed account of debt and other interest bearing obligations of the Government of Nagaland.
Statement No. 18	Provides the detailed account of loans and advances given by the Government of Nagaland, the amount of loan repaid during the year, the balance as on 31 March 2009.
Statement No. 19	Gives the details of earmarked balances of reserve funds.



**Appendix – 1.2**

(Reference: Paragraph 1.1; Page 1)

**Methodology Adopted for the Assessment of Fiscal Position  
Part A**

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)**

	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Gross State Domestic Product (Rs. in crore)	5778.77	6374.56	6957.97	7168.52	7552.63
Growth rate of GSDP	10.31	10.31	9.15	3.03	5.36
Source:	The provisional figures of GSDP for 2008-09 furnished by the Director of Economic and Statistics in September 2009.				

**Methodology for Estimating the Fiscal Capacity**

For working out the fiscal capacity of the State Government, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/SSE-AE

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AE-GSDP less than the national average, i.e., if

$$AE/GSDP = x$$

$$AE = x * GSDP \dots\dots\dots(1)$$

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and COAE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, i.e., if

$$DE/AE = y$$

$$DE = y * AE \dots\dots\dots(2)$$

where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

$$DE = y * x * GSDP \dots\dots\dots(3)$$

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CO as per equation (3), respective per capita expenditure was calculated, i.e.,

$$PCDE = DE/P \dots\dots\dots (4)$$

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

$$PDE = (y * x * GSDP)/p \dots\dots\dots (5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the State's low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

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 <b>minus</b> all plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt.

**Appendix – 1.2***(Reference: Paragraph 1.1: Page 1)***Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005  
Part B****The Fiscal Responsibility and Budget Management (FRBM) Act, 2005**

The State Government enacted (August 2005) the NERBM 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 2010.
- 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 1.1, 1.3, 1.3.1 & 1.7.2; Page 1, 5, 7 & 21)

**Time series data on the State Government finances**

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	1839.52	2267.20	2772.51	2996.02	3400.89
<b>(i) Tax Revenue</b>	78.31(4)	105.53(5)	119.02(4)	131.37(4)	156.02(5)
Taxes on Agricultural Income	-	-	-	-	-
Taxes on Sales, Trade, etc.	53.08(68)	77.16(73)	85.02(71)	94.79(72)	114.70(74)
State Excise	2.07(3)	1.96(2)	2.13(2)	2.83(2)	3.34(2)
Taxes on Vehicles	7.30(9)	8.71(8)	12.26(10)	12.30(9)	14.14(9)
Stamps and Registration fees	0.73(1)	0.89(1)	1.05(1)	1.02(1)	1.01(1)
Land Revenue	0.43(2)	0.55(1)	0.50(1)	0.50(0)	0.60(0)
Taxes on Goods and Passengers	1.10	1.35	1.69	2.19	2.34(1)
Other Taxes	13.60	14.91	16.37	17.74	19.89(13)
<b>(ii) Non Tax Revenue</b>	77.90(4)	96.82(4)	91.14(3)	119.48(4)	180.55(5)
<b>(iii) State's share of Union taxes and duties</b>	160.15(9)	248.50(11)	316.93(11)	399.77(14)	421.84(12)
<b>(iv) Grants in aid from Government of India</b>	1523.16(83)	1816.35(80)	2245.42(82)	2345.40(78)	2642.48(78)
<b>2. Miscellaneous Capital Receipts</b>	0.00	0.00	0.00	0.00	0.00
<b>3. Recoveries of Loans and Advances</b>	6.50	5.40	4.33	3.06	2.57
<b>4. Total Revenue and Non debt capital receipts (1+2+3)</b>	1846.02	2272.60	2776.84	2999.08	3403.46
<b>5. Public Debt Receipts</b>	424.30	626.88	432.79	405.70	651.54
Internal debt (excluding Ways and Means Advances and Overdrafts)	256.22	413.50	454.33	511.92	667.41
Net transactions under Ways and Means Advances and Overdrafts	4.16	108.61	(-)22.69	(-)95.32	0.00
Loans and Advances from Government of India	163.92	104.77	1.15	(-)10.90	(-)15.87
<b>6. Total Receipts in the Consolidated Fund (4+5)</b>	2270.32	2899.48	3209.63	3404.78	4055.00
<b>7. Contingency Fund Receipts</b>	0.00	0.00	0.00	0.00	0.00
<b>8. Public Account Receipts</b>	776.73	1025.68	1131.63	1418.00	1841.41
<b>9. Total Receipts of the State (6+7+8)</b>	3047.05	3925.16	4341.26	4822.78	5896.41
<b>Part B. Expenditure/Disbursement</b>					
<b>10 Revenue Expenditure</b>	1684.63	2060.53	2222.15	2572.27	2889.54
Plan	294.81(17)	422.85(21)	453.69(20)	484.89(19)	543.65(19)
Non Plan	1389.82(83)	1637.68(79)	1768.46(80)	2087.38(81)	2345.89(81)
General Services (including interest payments)	857.95(51)	939.90(46)	1020.32(46)	1193.44(46)	1348.84(47)
Social Services	420.95(25)	552.23(27)	588.85(27)	656.95(26)	696.76(24)
Economic Services	405.73(24)	568.40(27)	612.98(27)	721.88(28)	843.94(29)
Grants-in-aid and contributions	0.00	0.00	0.00	0.00	0.00
<b>11. Capital Expenditure</b>	379.44	517.87	710.48	821.48	853.09
Plan	376.86(99)	504.40(97)	695.31(98)	809.47(99)	853.08(100)
Non Plan	2.58(1)	13.47(3)	15.17(2)	12.01(1)	0.01(0)
General Services (including interest payments)	42.80(11)	61.84(12)	67.16(19)	137.72(17)	149.15(18)

Social Services	148.97(39)	155.09(30)	240.95(34)	290.81(35)	291.78(34)
Economic Services	187.67(50)	300.94(58)	402.37(57)	392.95(48)	412.16(48)
<b>12. Disbursement of Loans and Advances</b>	0.34	0.61	0.24	2.61	1.46
<b>13. Total (10+11+12)</b>	2064.41	2579.01	2932.87	3396.36	3744.09
<b>14. Repayments of Public Debt</b>	202.42	220.90	152.13	166.55	205.38
Internal Debt (excluding Ways and Means Advances and Overdrafts)	77.98	102.36	133.83	162.24	199.64
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	124.44	118.54	18.30	4.31	5.74
<b>15. Appropriation to Contingency Fund</b>	0.00	0.00	0.00	0.00	0.00
<b>16. Total disbursement out of Consolidated fund (13+14+15)</b>	2266.83	2799.91	3085.00	3562.91	3949.47
<b>17. Contingency Fund disbursements</b>	0.00	0.00	0.00	0.00	0.00
<b>18. Public Account disbursements</b>	795.29	1040.94	1175.14	1346.78	1717.75
<b>19. Total disbursement by the State (16+17+18)</b>	3062.12	3840.85	4260.14	4909.69	5667.22
<b>Part C. Deficits</b>					
<b>20. Revenue Deficit(-)/ Revenue surplus(+)</b> <b>(1-10)</b>	154.89	206.67	550.36	423.75	511.35
<b>21. Fiscal Deficit(-)/ Fiscal Surplus(+)</b> <b>(4-13)</b>	-218.39	-306.41	-156.03	-397.28	-340.63
<b>22. Primary deficit (21+23)</b>	31.23	-52.52	123.66	-126.82	-26.64
<b>Part D. Other data</b>					
<b>23. Interest Payments (included in revenue expenditure)</b>	249.62	253.89	279.69	270.46	313.99
<b>24. Financial assistance to local bodies etc.</b>	34.33	33.43	34.04	41.84	39.80
<b>25. Ways and Means Advances/ Overdraft availed (days)</b>	354.37(56)	274.92(16)	266.71(12)	367.17(35)	184.58(13)
Ways and Means Advances availed (days)	297.35(53)	195.08(14)	188.18(7)	297.99(32)	150.69(10)
Overdraft availed (days)	57.02(3)	79.84(2)	78.53(5)	69.18(3)	33.89(3)
<b>26. Interest on Ways and Means Advances/ Overdraft</b>	0.81	0.64	0.51	0.56	0.26
<b>27. Gross State domestic Product (GSDP)<sup>®</sup></b>	5778.77	6374.56	6957.97	7168.52	7552.63
<b>28. Outstanding Fiscal liabilities (year end)</b>	2813	3189	3554	3881	4571
<b>29. Outstanding guarantees (year end) (including interest)</b>	NA	NA	NA	NA	NA
<b>30. Maximum amount guaranteed (year end)</b>	7.24	7.24	7.24	7.24	7.24
<b>31. Number of incomplete projects</b>	NA	NA	NA	NA	NA
<b>32. Capital blocked in incomplete projects</b>	NA	NA	NA	NA	NA
<b>Part E. Fiscal Health Indicators</b>					
<b>I Resource Mobilization</b>					
Own tax revenue/GSDP	1.36	1.66	1.71	1.83	2.07
Own non-Tax Revenue/GSDP	1.35	1.52	1.31	1.67	2.39

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Central Transfer/GSDP	2.77	3.90	4.55	5.58	5.59
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	35.72	40.46	42.15	47.38	49.57
Total Expenditure/Revenue Receipts	112.23	113.75	105.78	113.36	110.09
Revenue Expenditure/Total Expenditure	81.60	79.90	75.77	75.74	77.18
Expenditure on Social Services/ Total Expenditure	27.61	27.43	28.29	27.91	26.40
Expenditure on Economic services/ Total Expenditure	28.74	33.71	34.62	32.82	33.55
Capital Expenditure/Total Expenditure	18.38	20.08	24.22	24.19	22.78
Capital Expenditure on Social and Economic Services/Total Expenditure.	16.31	17.68	21.93	20.13	18.80
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit (surplus)/GSDP	2.68	3.24	7.91	5.91	6.77
Fiscal deficit/GSDP	-3.78	-4.81	-2.24	-5.54	-4.51
Primary Deficit (surplus)/GSDP	0.54	-0.82	1.78	-1.77	-0.35
Revenue deficit/Fiscal deficit	*	*	*	*	*
Primary Revenue Balance/GSDP	2.65	3.09	2.95	3.42	4.30
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	48.68	50.03	51.08	54.14	60.52
Fiscal Liabilities/RR	152.92	140.66	128.19	129.54	134.41
Primary deficit vis-à-vis quantum spread	-23.62	-58.58	40.14	-455.54	(-) 307.30
Debt Redemption (Principal+Interest)/Total debt Receipts	99.58	85.28	86.44	79.19	73.48
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	0.00	0.00	0.00	0.00	0.00
Balance from Current Revenue (Rs in crore)	-386.32	-58.01	-169.27	-190.73	-270.72
Financial assets/Liabilities	1.17	1.20	1.32	1.39	1.42

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 1)

Part A: Abstract of Receipts and Disbursements for the year 2008-09										
Receipts				Disbursement						
2007-08			2008-09	2007-08			Non-Plan	Plan	Total	2008-09
		<b>Section A: Revenue</b>								
2996.02	I	Revenue receipts	3400.89	2572.72	I	Revenue expenditure	2345.89	543.65	2889.54	2889.54
131.37		Tax revenue	156.02	1193.44		General services	1337.94	10.90	1348.84	
				656.94		Social services	534.41	162.35	696.76	
119.48		Non-Tax revenue	180.55	379.81		Education, Sports, Art and culture	345.33	50.53	395.86	
				122.16		Health and Family Welfare	110.63	23.97	134.60	
399.77		State's share of Union Taxes	421.84	53.51		Water Supply, Sanitation, Housing and Urban development	37.23	6.73	43.96	
				10.99		Information and Broadcasting	9.02	4.59	13.61	
1246.03		Non-Plan grants	1316.76	1.27		Welfare of Scheduled Castes, scheduled Tribes and other Backward Classes	0.00	14.51	14.51	
818.62		Grants for State Plan Schemes	1003.27	11.08		Labour and labour Welfare	8.90	2.13	11.03	
				72.77		Social Welfare and Nutrition	17.59	59.89	77.48	
280.75		Grants for Central and Centrally Sponsored plan Schemes	322.45	5.35		Others	5.71	0.00	5.71	
				721.88		Economic Services	473.54	370.40	843.94	
				205.46		Agriculture and Allied Activities	105.61	101.92	207.53	
				89.21		Rural Development	30.89	87.29	118.18	
				35.98		Special Areas Programmes	2.39	76.18	78.57	
				62.95		Irrigation and Flood Control	8.99	59.19	68.18	
				118.04		Energy	151.10	1.15	152.25	
				39.56		Industry and Minerals	27.68	21.83	49.51	
				92.82		Transport	112.22	5.30	117.52	
				2.50		Science, Technology and environment	9.89	3.09	12.98	
				75.36		General Economic Services	24.77	14.45	39.22	
				-2572.27		Grants-in-aid and Contributions	0.00	0.00	0.00	
				2572.27		Total	2345.89	543.65	2889.54	2889.54
0	II	Revenue deficit carried over to section B	0.00	423.75	II	Revenue surplus carried over to Section B				511.35

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2996.02		Total	3400.89	2996.02		Total				3400.89
		<i>Section B: Others</i>								
(-) 61.96	III	Opening Cash balance including Permanent advances and cash Balance Investment	(-)134.69	0.00	III	Opening Overdraft from Reserve Bank of India				0.00
0.00	IV	Miscellaneous Capital receipts	0.00	821.48	IV	Capital Outlay	0.01	853.08	853.09	853.09
				137.72		General Services		149.15	149.15	
				290.82		Social services		291.78	291.78	
				27.03		Education, Sports, Art and culture		45.45	45.45	
				32.54		Health and Family Welfare		14.01	14.01	
				219.43		Water supply, Sanitation, Housing and Urban Development		221.38	221.38	
				3.23		Information and Broadcasting		0.20	0.20	
				0.00		Welfare of scheduled Castes, Scheduled Tribes and Other Backward Classes		0.00	0.00	
		<i>Section B: Other (concl'd)</i>								
				6.36		Social Welfare and Nutrition		7.33	7.33	
				2.23		Others		3.41	3.41	
				392.95		Economic Services	0.01	412.15	412.16	
				38.58		Agriculture and Allied activities	0.01	42.91	42.92	
				0.00		Rural Development		0.88	0.88	
				76.83		Special Areas Programmes		83.61	83.61	
				2.88		Irrigation and Flood Control		8.98	8.98	
				50.27		Energy		108.80	108.80	
				30.21		Industry and Minerals		52.77	52.77	
				6.92		Transport		107.40	107.40	
				3.52		General Economic Services		5.10	5.10	
				2.68		Science, Technology and environment		1.70	1.70	
3.06	V	Recoveries of Loans and Advances	2.57	2.61	V	Loans and Advances disbursed	0.64	0.82	1.46	1.46
0.00		From Power Projects	0.00	0.00		For Power Projects			0.00	
2.90		From Government Servants	2.41	0.00		To Government servants	0.64		0.64	
0.16		From Others	0.16			To Others		0.82	0.82	
423.75	VI	Revenue surplus brought down	511.35	0.00	VI	Revenue Deficit brought down				0.00



<b>405.70</b>	<b>VII</b>	<b>Public debt receipts</b>	<b>651.54</b>	<b>166.55</b>	<b>VII</b>	<b>Repayment of Public debt</b>				<b>205.38</b>
		External debt				External debt			0.00	
511.92		Internal debt other than Ways and Means Advances and Overdrafts	667.41	162.24		Internal debt other than Ways and Means advances and Overdrafts			199.64	
(-95.32)		Net transactions under Ways and Means Advances	0.00	0.00		Net transactions under ways and Means Advances			0.00	
0.00		Net transactions under overdraft	0.00	0.00		Net transactions under Overdrafts			0.00	
(-10.90)		Repayment of Loans and Advances from Central Government	(-15.87)	4.31		Repayment of Loans and Advances to Central Government			5.74	
0.00	<b>VIII</b>	<b>Appropriation to Contingency Fund</b>	<b>0.00</b>	0.00	<b>VIII</b>	<b>Appropriation to Contingency Fund</b>				<b>0.00</b>
0.00	<b>IX</b>	<b>Amount transferred to Contingency Fund</b>	<b>0.00</b>	0.00	<b>IX</b>	<b>Expenditure from Contingency Fund</b>				<b>0.00</b>
<b>1418.00</b>	<b>X</b>	<b>Public Account receipts</b>	<b>1841.41</b>	<b>1346.78</b>	<b>X</b>	<b>Public Account disbursements</b>				<b>1717.75</b>
135.42		Small Savings and Provident funds	144.53	122.44		Small Savings and Provident Funds			114.20	
6.85		Reserve Funds	28.75	5.37		Reserve Funds			10.74	
51.07		Suspense and Miscellaneous	78.01	27.29		Suspense and Miscellaneous			89.80	
1015.64		Remittance	1220.72	1057.59		Remittances			1347.15	
209.02		Deposits and Advances	369.40	134.09		Deposits and Advances			155.86	
<b>0.00</b>	<b>XI</b>	<b>Closing Overdraft from Reserve Bank of India</b>	<b>0.00</b>	<b>(-148.87)</b>	<b>XI</b>	<b>Cash Balance at end of 31st March 2009</b>				<b>94.50</b>
				0.93		Cash in Treasuries and Local Remittances			0.05	
				(-447.89)		Deposits with Reserve Bank			(-) 413.32	
				181.35		Departmental Cash Balance including permanent Advances			275.76	
				81.50		Cash Balance Investment			164.57	
				35.24		Investment in earmarked funds			67.44	
<b>5184.57</b>		<b>Total</b>	<b>6273.07</b>	<b>5184.57</b>		<b>Total</b>				<b>6273.07</b>

**Appendix - 1.4 (Continued)**

(Reference: Paragraphs 1.7.1; Pages 21)

(Rupees in crore)

<b>Part 'B'</b>				
<b>Summarized financial position of the Government of Nagaland As on 31.03.2009</b>				
<b>As on 31.03.2008</b>		<b>Liabilities</b>	<b>As on 31.03.2009</b>	
2772.72		Internal Debt -		3240.49
	2072.42	Market Loans bearing interest	2437.92	
	0.03	Market Loans not bearing interest	0.03	
	99.44	Loans from Life Insurance Corporation of India	88.34	
	600.83	Loans from other Institutions	714.20	
	0.00	Ways and Means Advances	0.00	
	0.00	Overdrafts from Reserve Bank of India	0.00	
388.44		Loans and Advances from Central Government-		366.84
	6.45	Pre 1984-85 Loans	5.47	
	21.61	Non-Plan Loans	20.39	
	324.65	Loans for State Plan Schemes	307.33	
	0.92	Loans for Central Plan Schemes	0.58	
	24.13	Loans for Centrally Sponsored Plan schemes	22.71	
	0.00	Ways and Means Advances	0.00	
	10.68	Loans for Spl. Scheme	10.36	
0.35		Contingency Fund		0.35
432.12		Small Savings, Provident funds, etc.		462.45
287.47		Deposits		501.10
4.42		Reserve Funds		36.61
0.00		Suspense and Miscellaneous Balances		0.00
(-)257.03		Remittance Balances		(-)383.47
<b>3628.49</b>		<b>Total</b>		<b>4224.37</b>
<b>Assets</b>				
5389.64		Gross Capital Outlay on Fixed Assets -		6242.73
	15.90	Investments in shares of Companies, Corporations, etc.	23.04	
	5373.74	Other Capital Outlay	6219.69	
25.74		Loans and Advances -		24.64
	0.00	Loans for Power Projects	0.00	
	23.14	Other Development Loans	23.81	
	2.60	Loans to Government servants and Miscellaneous loans	0.83	
		Reserve Fund Investments		
1.48		Advances		1.56
115.32		Suspense and Miscellaneous Balances		127.11
(-)148.87		Cash -		94.50
	0.93	Cash in Treasuries and Local Remittances	0.05	
	(-)447.89	Deposits with Reserve Bank	(-)413.32	
	181.05	Departmental Cash Balance	275.76	
	0.30	Permanent Advances	0.00	
	35.25	Investment on earmarked funds	67.44	

	81.51	Cash Balance investments	164.57	
(-)1754.82		Deficit on Government account -		(-)2266.17
	(-)550.37	(i) Less Revenue Surplus of the current year	(-)511.35	
	-	(ii) Miscellaneous deficit	-	
	(-)1204.45	Accumulated deficit at the beginning of the year	(-)1754.82	
<b>3628.49</b>				<b>4224.37</b>

Explanatory Notes for Appendices 1.3 and 1.4

Increase/decrease Rs.0.01 crore due to rounding problem

The abridged accounts in the foregoing statements have to be read with comments and explanations in the finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.4 indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc. There was a difference of Rs.205.01 crore (Net debit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank". A net difference to the extent of Rs.213.26 crore (Net debit) had been reconciled (June 2008) leaving a balance of net debit of Rs.205.01 crore which was under reconciliation.

Appendix –1.5

(Reference: Paragraph 1.2.2; Page 5)

Statement showing the funds transferred to the State Implementing Agencies under Programmes/Schemes outside the State budget during 2008-09

(Rupees in crore)

Sl. No	Programme/Scheme	Implementing Agency in the State	2008-09		
			Central share	State share, If approved	Total
1	Drugs Quality Control	Joint Drug Controller, Govt of Nagaland	0.14		0.14
2	Hospitals and Dispensaries under NRHM	Directorate of H &FW, Govt of Nagaland	0.50		0.50
3	Medicinal Plants	Pr. Chief Conservator of Forests	0.08		0.08
		State Medicinal Plants Board	0.10		0.10
		Conservator of Forest Dimapur	0.08		0.08
		<b>Total</b>	<b>0.26</b>		<b>0.26</b>
4	Medicinal Plants Processing Zones	Nagaland Bio Resource Mission	1.29		1.29
5	Development of Market Infrastructure grading and Standardisation	Nagaland State Agril Marketing Board	0.67		0.67
6	National Bamboo Mission	Nagaland Bamboo Mission Development Agency (NBMDA)	3.77		3.77
		NBMDA, Kohima	6.02		6.02
		NBMDA, Dimapur	3.91		3.91
		<b>Total</b>	<b>13.70</b>		<b>13.70</b>
7	National Project on Management of Soil and Health Fertility	SAMETI Nagaland	0.15		0.15
8	Support to State Extension Programme for Extension Reforms	SAMETI, Nagaland	1.37		1.37
9	BIOINFORMATICS	National Research Centre on Mithun, Nagaland	0.13		0.13
10	BIOTECHNOLOGY	Keyho Farmers	0.01		0.01

	FOR SOCIETAL DEVELOPMENT	Multipurpose Cooperative Society Ltd.			
11	Human Resource Development Biotechnology	National Research Centre on Mithun, Nagaland	<b>0.03</b>		<b>0.03</b>
12	Research and Development Department of Biotechnology	National Research Centre on Mithun, Nagaland	<b>0.19</b>		<b>0.19</b>
13	Aside Assistance to States for Developing Export Infrastructure	Nagaland Industrial Dev. Corporation (NIDC)	<b>2.20</b>		<b>2.20</b>
14	Accelerated Rural Water Supply Programme	DWSM NL 101 Updae Description, Zunheboto	<b>0.08</b>		<b>0.08</b>
15	Central Rural Sanitation Programme	DWSM NL 101 Updae Description, Zunheboto	1.00		1.00
		DWSM MEMBER, SECRETARY, KOHIMA	0.05		0.05
		<b>Total</b>	<b>1.05</b>		<b>1.05</b>
16	National Aids Control including STD Control	Nagaland State AIDS Control Society	<b>8.37</b>		<b>8.37</b>
17	National Cancer Control Programme	Naga Hospital Authority, Kohima	<b>0.90</b>		<b>0.90</b>
18	National Rural Health Mission (NRHM)	ORG Centre for Social Research	<b>0.33</b>		<b>0.33</b>
19	National Rural Health Mission (NRHM) CSP	State Health Society	30.02		30.02
		Naga Hospital Authority, Kohima	0.02		0.02
		Nagaland State Blindness Control	1.60		1.60
		Dist. Hospital, Wokha	0.02		0.02
		Dist. Hospital, Dimapur	0.02		0.02
		State TB Control Society1.62	1.62		1.62
		<b>Total</b>	<b>33.30</b>		<b>33.30</b>
20	Strengthening of Institutions for Medical Education	Nsg Superintendent DHS, Nagaland	<b>0.08</b>		<b>0.08</b>

21	Tobacco Control	Mission Director, Nagaland	<b>0.12</b>		<b>0.12</b>
22	Electronic Governance	Nagaland E Governance Society	<b>1.58</b>		<b>1.58</b>
23	DRDA Administration, RD	DRDA Project Director, Longleng	0.27		0.27
		DRDA Project Director, Mon	0.41		0.41
		DRDA Project Director, Wokha	0.49		0.49
		DRDA Project Director, Zunheboto	0.54		0.54
		DRDA Project Director, Mokokchung	0.70		0.70
		DRDA Project Director, Kipherie	0.23		0.23
		DRDA Project Director, Tuensang	0.68		0.68
		DRDA Project Director, Dimapur	0.50		0.50
		DRDA Project Director, Peren	0.31		0.31
		DRDA Project Director, Kohima	0.69		0.69
		DRDA Project Director, Phek	0.51		0.51
		<b>Total</b>	<b>5.33</b>		<b>5.33</b>
24	Management Support to RD Programme and Strengthening of District	DRDA Project Director, Mokokchung	0.01		0.01
		DRDA Project Director, Kohima	1.79		1.79
		DRDA Project Director, Phek	0.01		0.01
		<b>Total</b>	<b>1.81</b>		<b>1.81</b>
25	National Rural Employment Guarantee Scheme (NREGS)	DRDA Project Director, Longleng	22.13		22.13
		DRDA Project Director, Mon	6.50		6.50
		DRDA Project Director, Wokha	32.78		32.78
		DRDA Project Director, Zunheboto	37.23		37.23

		DRDA Project Director, Mokokchung	18.63		18.63
		DRDA Project Director, Kipherie	12.29		12.29
		DRDA Project Director, Tuensang	22.73		22.73
		DRDA Project Director, Dimapur	34.20		34.20
		DRDA Project Director, Peren	33.17		33.17
		DRDA Project Director, Kohima	27.35		27.35
		DRDA Project Director, Phek	21.35		21.35
		<b>Total</b>	<b>268.36</b>		<b>268.36</b>
26	Pradhan Mantri Gram Sadak Yojana	SGO NL307 Update Description Kohima	<b>20.00</b>		<b>20.00</b>
		DRDA Project Director, Longleng	2.16		2.16
		DRDA Project Director, Mon	4.64		4.64
		DRDA Project Director, Wokha	2.32		2.32
		DRDA Project Director, Zunheboto	2.83		2.83
		DRDA Project Director, Mokokchung	3.92		3.92
27	Rural Housing IAY RD	DRDA Project Director, Kipherie	2.41		2.41
		DRDA Project Director, Tuensang	4.84		4.84
		DRDA Project Director, Dimapur	5.52		5.52
		DRDA Project Director, Peren	2.76		2.76
		DRDA Project Director, Kohima	4.73		4.73
		DRDA Project Director, Phek	3.39		3.39
		<b>Total</b>	<b>39.52</b>		<b>39.52</b>
28	Swarnjayanti Gram Swarozgar Yojana (SGSY)	DRDA Project Director, Longleng	0.58		0.58

		DRDA Project Director, Mon	0.93		0.93
		DRDA Project Director, Wokha	0.57		0.57
		DRDA Project Director, Zunheboto	0.86		0.86
		DRDA Project Director, Mokokchung	1.11		1.11
		DRDA Project Director, Kipherie	0.48		0.48
		DRDA Project Director, Tuensang	1.04		1.04
		DRDA Project Director, Dimapur	1.06		1.06
		DRDA Project Director, Peren	0.53		0.53
		DRDA Project Director, Kohima	0.82		0.82
		DRDA Project Director, Phek	0.75		0.75
		<b>Total</b>	<b>8.73</b>		<b>8.73</b>
29	Adult Education and Skill Development Scheme	Mon District Literacy Mission Authority	<b>0.12</b>		<b>0.12</b>
30	Sarva Shiksha Abhiyan (SSA)	SSA State Mission Authority	<b>28.68</b>		<b>28.68</b>
31	Support to NGOs Institutions SRCs for Adult Education and Skill	Jan Shikshan Sansthan Dimapur	<b>0.15</b>		<b>0.15</b>
32	Science and Technology Programme for Socio Economic Development	Nagaland Institute of Health	0.28		0.28
		Patkai Christian College, Dimapur	0.03		0.03
		<b>Total</b>	<b>0.31</b>		<b>0.31</b>
33	State Science and Technology Programme	Nagaland State Council of Science & Technology	1.05		1.05
		M R Morarka GDC Rural Research Foundation	0.03		0.03
		<b>Total</b>	<b>1.08</b>		<b>1.08</b>
34	Technology Development Programme				



35	National Project for Livestock Development	State Implementing Agency	1.37		1.37
36	DFID Project for Capacity Building for Poverty Reduction PPG	Administrative Training Institute	0.25		0.25
37	Training for All Support for Training Activities and Capacity Building	Administrative Training Institute	0.07		0.07
38	UNDP Capacity Building for Access to Information	Administrative Training Institute	0.13		0.13
39	Capacity Development SPI	NSSO FOD Kohima	3.15		3.15
40	MPs Local Area Development (MPLADs)	Deputy Commissioner, Dimapur	5.00		5.00
41	Promotion and Dissemination of Art & Culture	ABIOGENSIS Society	0.07		0.07
42	North Eastern Council	Colligate Mission Association	0.07		0.07
		Govt Higher Secondary & other School,	1.00		1.00
		Nagaland Board of School Education	1.30		1.30
		IFC Nagaland	0.48		0.48
		NG Institute of Health Env'n Welfare	0.15		0.15
		<b>Total</b>	<b>3.00</b>		<b>3.00</b>
43	Environment Information Education and Awareness	Nagaland Pollution control Board	0.12		0.12
		Nagaland NIHESWENVIS	0.08		0.08
		<b>Total</b>	<b>0.20</b>		<b>0.20</b>
44	National Afforestation and ECO Development Board	Young Women Association and CREEPERS CLUB	0.09		0.09
45	National Afforestation Programme	FDA Kiphire JHUM	0.80		0.80
		FDA Wokha	0.30		0.30
		FDA Peren	0.40		0.40
		Dimapur JHUM	1.73		1.73
		FDA Zunheboto	1.16		1.16

		FDA Mokokchung	0.50		0.50
		FDA Peren	0.95		0.95
		FDA Tuensang	0.38		0.38
		<b>Total</b>	<b>6.22</b>		<b>6.22</b>
46	Pollution Abatement	Nagaland Pollution Control Board	<b>0.25</b>		<b>0.25</b>
47	Project Elephant	Project Elephant, Nagaland	<b>0.17</b>		<b>0.17</b>
48	Scheme for Infrastructure Development FPI	Dimapur Municipal Council	<b>1.44</b>		<b>1.44</b>
49	Scheme for Technology Upgradation Establishment Modernisation	Naga Fragrance Pvt Ltd	1.19		1.19
		Development Support Service	0.07		0.07
		Doulo Builders and Suppliers	0.53		0.53
		<b>Total</b>	<b>1.79</b>		<b>1.79</b>
50	National Child Labour Project including Grants-in-Aid	NCLPOING and others	<b>0.34</b>		<b>0.34</b>
51	Free Coaching and Allied Scheme for Minorities	Intigrated Social Development Organisation	<b>0.07</b>		<b>0.07</b>
52	GRID Interactive Renewable Power	Nagaland Empowerment of People through Econo Devop	0.46		0.46
		Nagaland Renewable Energy Devop Agency	0.02		0.02
		<b>Total</b>	<b>0.48</b>		<b>0.48</b>
53	OFF GRID DRPS	Nagaland Renewable Energy Development Agency	<b>1.20</b>		<b>1.20</b>
54	Assistance to Voluntary Organisation for providing Social Defenced	Voluntary Organisations of Nagaland	<b>0.29</b>		<b>0.29</b>
55	Handicrafts	MSEC Kohima	0.01		0.01
		Nagaland Handloom Development Corpn. And other Co-op Societies	1.96		1.96
		<b>Total</b>	<b>1.97</b>		<b>1.97</b>

56	Handlooms	Nagaland Handloom and Handicrafts Development Corp	0.73		0.73
57	Domestic Promotion and Publicity including Hospitality	Programme Division PEIT	0.06		0.06
58	Grants-in Aid to NGOs	Grace Society MKG	0.04		0.04
59	Vocational Training Centre in Tribal Areas	Women Welfare Society	0.45		0.45
60	Comprehensive Scheme for Combating Trafficking	Welfare Organisation & Society	0.05		0.05
61	Scheme for the Welfare of Working Children in Need of Care	Welfare Societies	0.33		0.33
62	Step Support to Training and Employment Programme for Women	Cooperative Societies and other organisation	1.47		1.47
63	SWADHAR	Women Welfare Societies	0.20		0.20
64	WWH Working Women Hostel	Abiogenesis Society and Vision Home Club	0.26		0.26
65	National Programme for Youth and Adolescent Development	Welfare Societies	0.21		0.21
66	Promotion of National Integration	Welfare Societies	0.04		0.04
<b>G. Total</b>			<b>471.93</b>		<b>471.93</b>

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

**Appendix - 1.6**

(Reference: Paragraph 1.6.3; Page 18)

**Summarized Financial Statement of Departmentally Managed Commercially/ Quasi-commercially Undertakings**

Sl. No	Name of the Undertaking	Period of accounts
1	2	3
1	Nagaland State Transport Department	2008-09
2	Nagaland Power Department	2006-07 to 2008-09
3	Farms Under Agriculture Department	
	i) Potato Seed Farm, Kuthur	1999-2000 to 2008-09
	ii) Medium size seed farm, Merapani	2001-02 to 2008-09
	iii) Seed Farm, Tizit	2000-01 to 2008-09
4	Changki Valley Fruit Preservation Factory	1987-88 to 2008-09
5	Timber Treatment and Seasoning Plant, Dimapur	1998-99 to 2008-09
6	Government Cottage Industries Emporia, Kohima	1979-80 to 2008-09
7	Farms under Veterinary and Animal Husbandry Department	
	i) Cattle Breeding Farm, Medziphema	1998-99 to 2008-09
	ii) Cattle Breeding farm, Tuensang	1998-99 to 2008-09
	iii) Cattle Breeding Farm, Aliba	1998-99 to 2008-09
	iv) State Cattle Breeding Farm, Lerie	1993-94 to 2008-09
	v) Chick Rearing Centre (with Hatchery Unit), Mokokchung	1998-99 to 2008-09
	vi) Chick Rearing Centre (with Hatchery Unit), Dimapur	1998-99 to 2008-09
	vii) Chick Rearing Centre, Tuensang	1985-86 to 2008-09
	viii) Chick Rearing Centre, Medziphema	1985-86 to 2008-09
	ix) Pig Breeding Centre, Medziphema	1997-98 to 2008-09
	x) Pig Breeding Centre, Tizit	1997-98 to 2008-09
	xi) Pig Breeding Centre, Tuensang	1985-86 to 2008-09
	xii) Pig Breeding Centre, Mokokchung	1985-86 to 2008-09
	xiii) Pig Breeding Centre, Tuli	1980-81 to 2008-09
	xiv) Regional Rabbit Breeding Farm, Jharnapani	1998-99 to 2008-09
	xv) Pig Breeding Centre, Merangkong	1998-99 to 2008-09
	xvi) Chick Rearing Centre, Kohima	1998-99 to 2008-09
	xvii) Pig Breeding Centre, Sathuja	1998-99 to 2008-09
	xviii) Cattle Breeding farm, Baghty	1998-99 to 2008-09
	xix) Sheep Farm, Poilwa	1998-99 to 2008-09
	xx) Buffalo Farm, Jalukie	1998-99 to 2008-09
	xxi) Regional Broiler Centre, Kohima	1998-99 to 2008-09
8	Farm under Horticulture Department	
	Fruit Canning Factory, Longnak	2006-07 to 2008-09

## Appendix 2.1

(Reference: Paragraph 2.3.1; Page 34)

Statement of various grants/appropriations where saving was more than Rs 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)
<b>Revenue (Voted)</b>					
1.	18	Pensions and other retirement benefits	290.95	61.99	21
2.	20	Relief, Rehabilitation	3.82	1.37	36
3.	27	Planning Machinery	67.10	34.11	51
4.	28	Civil Police	498.00	4.35	1
5.	31	School Education	336.45	5.64	2
6.	32	Higher Education	58.40	18.78	32
7.	33	Youth Resources and Sports	14.57	3.59	25
8.	34	Art & Culture and Gazetteers Unit	15.73	8.32	53
9.	42	Rural Decelopment	121.61	8.78	7
10.	45	Co-operation	12.74	3.67	29
11.	52	Forest	48.00	11.99	25
12.	53	Industries	57.05	27.17	48
13.	55	Power Project	156.05	4.19	3
14.	62	Civil Administration	11.95	1.96	16
15.	77	Development of Under Developed Areas	9.21	7.28	79
<b>Capital (Voted)</b>					
16.	1	State Legislature	14.00	7.15	51
17.	27	Planning Machinery	155.77	118.85	76
18.	31	School Education	10.61	2.08	20
19.	35	Medical, Public Health and Family Welfare	58.94	37.61	64
20.	36	Urban Development	151.06	60.37	40
21.	38	Information and Public Relations	2.20	2.00	91
22.	41	Labour	2.29	1.00	44
23.	43	Social Security and Welfare	12.21	9.82	80
24.	45	Co-operation	16.12	14.71	91
25.	52	Forest	20.00	4.47	22
26.	55	Power Project	127.75	18.28	14
27.	56	Road Transport	17.03	3.39	20
28.	58	Roads and Bridges	161.32	45.98	29
29.	60	Water Supply Schemes	100.48	31.99	32
30.	62	Civil Administration Works	31.98	22.80	71
31.	65	SCERT	2.55	1.20	47
32.	68	Police Engineering Project	54.58	4.77	9
33.	72	Land Resources Development	7.50	2.01	27
34.	74	Mechanical Engineering	7.00	2.52	36
35.	77	Development of Under Developed Areas	45.93	10.24	22
36.	79	Border Affairs	3.00	1.01	34
<b>Capital (Charged)</b>					
37.	75	Servicing of Debt	713.85	323.88	45

**Appendix 2.2**

**(Reference: Paragraph 2.3.5; Page 36)**

**Excess over provision of previous years requiring regularization**

**(Rupees in crore)**

<b>Year</b>	<b>Number of Grants</b>	<b>Number of Appropriation</b>	<b>Amount of excess over provision</b>	<b>Status of regularisation</b>
1996-97	31	0	33.43	Not yet regularised
1997-98	25	1	241.09	Not yet regularised
1998-99	24	2	263.80	Not yet regularised
1999-2000	24	2	167.14	Not yet regularised
2000-01	16	1	51.81	Not yet regularised
2001-02	16	0	27.98	Not yet regularised
2002-03	18	1	723.75	Not yet regularised
2003-04	30	2	230.79	Not yet regularised
2004-05	18	2	28.82	Not yet regularised
2005-06	23	2	64.96	Not yet regularised
2006-07	24	2	46.03	Not yet regularised
2007-08	23	2	88.46	Not yet regularised
<b>Total</b>			<b>1968.06</b>	

## Appendix 2.3

(Reference: Paragraph 2.3.6 ; Page 38)

Statement of various grants/appropriations where Expenditure was more than Rs 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)
<b>Revenue (Voted)</b>					
1.	36	Urban Development	4.63	5.79	(25)
2.	60	Water Supply Schemes	28.01	36.07	(29)
<b>Capital (Voted)</b>					
3.	64	Housing	45.53	66.92	(47)

**Appendix 2.4**

*(Reference: Paragraph 2.3.7; Page 38)*  
*Cases where supplementary provision (Rs.10 lakh or more in each case)*  
*proved unnecessary*

*(In thousands of Rupees)*

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original provision	Supplementary provision
	<b>A Revenue (Charged)</b>				
1	75-Servicing of Debt	3500110	3345291	176702	21883
	<b>Total Charged</b>	<b>3500110</b>	<b>3345291</b>	<b>176702</b>	<b>21883</b>
	<b>A Revenue (Voted)</b>				
2	27-Planning Machinery	654889	329913	341079	16103
3	45-Co-operation	93873	90695	36745	33567
4	50-Animal Husbandry and Dairy Development	405369	386345	59436	40412
5	53-Industries	537431	298772	271699	33040
	<b>Total Revenue (Voted)</b>	<b>1691562</b>	<b>1105725</b>	<b>708959</b>	<b>123122</b>
	<b>Total for Revenue</b>	<b>5191672</b>	<b>4451016</b>	<b>885661</b>	<b>145005</b>
	<b>B Capital (Voted)</b>				
6	31-School Education	88500	85325	20775	17600
7	35-Medical, Public Health and Family Welfare	424273	213315	376125	165167
8	45-Co-operation	160100	14147	147053	1100
9	48-Agriculture	117500	109179	21841	13520
10	58-Roads and Bridges	1172400	1153462	459772	440834
11	62-Civil Administration Works	266300	91769	228031	53500
12	65-SCERT	19775	13500	12000	5725
	<b>Total-capital (Voted)</b>	<b>2248848</b>	<b>1680697</b>	<b>1265597</b>	<b>697446</b>
	<b>Grant Total</b>	<b>7440520</b>	<b>6131713</b>	<b>2151258</b>	<b>842451</b>



## Appendix 2.5

(Reference: Paragraph 2.3.7; Page 38)

## Statement of various grants/appropriation where supplementary provision proved insufficient by more than Rs.1 crore each

(Rupees in crore)

Sl. No.	Grant Number	Name of the Grants and Appropriation	Original Provision	Supplementary provision	Total	Expenditure	Excess
<b>Revenue (Voted)</b>							
1	36	Urban Development	3.56	1.06	4.62	5.78	1.16
2	58	Roads and Bridges	90.52	4.28	94.80	96.58	1.78
3	60	Water Supply Schemes	25.56	2.45	28.01	36.07	8.06
4	64	Housing	24.84	6.78	31.62	34.18	2.56
5	65	SCERT	10.78	4.39	15.17	16.42	1.25
<b>Total Revenue (Voted)</b>			<b>155.26</b>	<b>18.96</b>	<b>174.22</b>	<b>189.03</b>	<b>14.81</b>
<b>Capital (Voted)</b>							
6	53	Industries	20.60	11.46	32.06	35.74	3.68
7	64	Housing	34.90	10.63	45.53	66.92	21.39
<b>Total Capital (Voted)</b>			<b>55.50</b>	<b>22.09</b>	<b>77.59</b>	<b>102.66</b>	<b>25.07</b>
<b>Grand Total</b>			<b>210.76</b>	<b>41.05</b>	<b>251.81</b>	<b>291.69</b>	<b>39.88</b>

**Appendix 2.6**

*(Reference: Paragraph 2.3.8; Page 38)*  
**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	4	12 <sup>th</sup> Finance Commission	2014--800`-12	9.60	(-)9.60
2	4	Upgradation of Judicial Administration under Award of 11 <sup>th</sup> Finance Commission	2014-800-02	15.68	8.71
3	7	Subordinate Establishment	2039-001-02	1.72	8.12
4	11	Commissioner's Establishment	2053-093-101	15.00	106.46
5	11	Sub-Divisional Establishment	2053-094-01	(-)10.00	(-)81.29
6	11	Land Rent for Accommodation of Security Forces (SRE)	2053-800-01	(-)5.00	(-)3.00
7	18	Commuted Value of Pensions	2071-01-102	(-)267.83	(-)4425.39
8	18	Gratuities	2071-01-104	(-)532.52	(-)4153.65
9	18	Family Pension	2071-01-105	(-)344.38	(-)5000.89
10	18	Superannuation and Retirement Allowances	2071-01-101	(-)577.33	9103.40
11	26	Attached Offices Secretarial Transport Sector	2052-090-01	2.00	98.01
12	27	District Planning Machinery	3451-102	3788.00	(-)3375.12
13	27	Geographical Information System (GIS)	2575-03-800-03	125.00	23.74
14	27	C.M.'s Corpus Fund for Self Employment	2575-800-04	983.66	18.98
15	27	Planning Board	3451-101	202.84	183.36
16	29	Government Presses	2058-103	(-)40.27	2.35
17	30	Administrative Training Institute	2070-003-01	(-)7.06	(-)17.04
18	31	Primary Schools	2202-101-01	(-)150.00	(-)12178.52
19	31	Middle Schools	2202-101-02	(-)144.00	(-)6214.56
20	31	Physical Education	2202-101-04	(-)26.0	(-)196.03
21	31	Sarva Siksha Abhiyan	2202-800-02	(-)438.04	(-)519.85
22	31	Communitisation of Elementary Education	2202-800-03	483.52	(-)68.65
23	31	Nutrition Support Against Conversion of Mid-Day Meal (CSS)	2202-800-14	254.04	(-)1822.85
24	31	District Education Officer's Establishment	2202-101-03	(-)7.00	(-)7.50
25	31	Text Books	2202-800-106	80.00	(-)314.47
26	31	National Scholarships for Talented Students	2202-107-02	3.00	(-)10.88
27	31	Appointment of Hindi Teachers in Non-Hindi Speaking States (CSS)	2202-102-02	(-)9.60	(-)161.21
28	31	Assistance to Non-Government Primary Schools	2202-01-102	10.00	40.00
29	31	Direction	2202-02-01	50.58	2128.72
30	31	Inspectorates	2202—101-01	2.00	12807.50
31	31	Subordinate Establishment (DIS)	2202-101-02	(-)8.50	1141.11
32	31	Integrated Education for Disabled Children (CSS/CPS)	2202-103-01	(-)12.00	72.60
33	31	Government Schools	2202-109-01	69.00	5044.32
34	31	Science Education	2202-109-02	(-)51.00	21.14
35	31	Vocationalisation of Secondary Education	2202-800-02	1.00	17.99

36	32	Centrally Sponsored Schemes for Post Matric Scholarship	2225-277-01	(-)3225.77	1451.18
37	34	Subordinate Establishment	2205-001-02	7.14	(-)1.41
38	34	Cultural Research and Studies	2205-102-02	28.14	(-)2.45
39	34	State Archive	2205-102-05	280.12	(-)430.95
40	34	Multipurpose Cultural Complex at Zunheboto(CSS)	2205-102-14	(-)20.00	(-)180.00
41	34	Multipurpose Complex at Dimapur(CSS)	2205-102-20	180.00	(-)180.00
42	34	Museums	2205-001-107	3.50	(-)1.61
43	34	Directions	2205-001-01	12.22	5.64
44	34	Gazetter and Statistical Memoirs	3454-02-110	4.20	1.80
45	35	Medical Store Depots	2210-01-104	208.95	(-)1.06
46	35	Family Welfare Sub-centres	2211-101-12	191.38	(-)2.53
47	35	Re-productive and Child Health	2211-103-01	(-)10.00	(-)27.00
48	35	Rural Family Welfare Centres	2211-101-01	(-)384.12	2.53
49	42	Block Headquarters	2515-102-02	71.70	(-)13.16
50	42	Backward Region Grant Fund	2575-800-01	486.15	(-)498.41
51	42	Direction and Administration (IREP-NPBD)	2810-01-001	9.35	(-)38.34
52	42	Direction	2515-102-01	18.60	51.13
53	43	Direction	2235-001-01	(-)2.00	(-)25.05
54	43	Nutrition including NSAP	2236-101-02	1258.92	(-)3.00
55	46	Subordinate Establishment	3454-111-02	109.68	2.38
56	48	Subordinate Establishment (Agriculture)	2401-001-02	801.18	(-)3.11
57	48	Demonstration Farm	2401-104-06	(-)27.15	(-)30.87
58	48	Agriculture Census(CSS)	2401-111-22	36.30	(-)11.31
59	48	Demonstration and Supply of Plant Protection Chemicals and Equipment	2401-107-01	(-)40.50	26.76
60	50	Subordinate Establishment	2403-001-02	586.96	(-)2.06
61	52	Direction	2406-001-01	55.82	4.18
62	52	Subordinate Establishment	2406-001-02	139.60	3.38
63	52	Maintenance of Forest under TFC Award	2406-001-06	(-)500.00	679.50
64	52	Distribution of Seedling	2406-102-13	9.99	41.28
65	52	R.S. & Aesthetic Plantation	2406-102-16	2.00	8.00
66	52	Plantation of Wild Fruits	2406-102-21	1.00	7.00
67	52	Nagaland Forest Infrastructure Development Project	2406-800-05	75.00	156.47
68	52	Bamboo Plantation (CSS)	2406-800-13	(-)800.00	151.57
69	52	Animals Tiger, Leopard, Elephant Census	2406-110-10	3.00	9.72
70	52	Zoological Park	2406-111-10	6.00	2.72
71	52	Botanical Garden	2406-112-01	1.00	7.56
72	52	Eco-Tourism	2415-800-07	3.00	157.53
73	52	Working Plan	2406-005-03	7.00	(-)2.00
74	52	Housing	2406-070-03	126.65	(-)121.45
75	52	Conservation and Development	2406-101-01	(-)92.00	(-)8.00
76	52	Grant to State Population Control Board	2406-800-01	20.90	(-)45.70
77	52	Nagaland Forest Infrastructure Development Project(CSS/CPS)	2406-800-25	(-)752.52	(-)247.48
78	52	Forest Museum	2406-800-01	4.99	(-)5.00
79	52	Silvi-Culture Research	2415-004-01	2.00	(-)2.56

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80	54	Survey and Mapping	2853-02-101	(-)41.37	(-)1.02
81	55	Maintenance	2801-800-01	11.24	3874.41
82	58	Maintenance Under TFC Grant	3054-103-02	1964.30	104.12
83	58	Research Development Cell	3054-001-03	9.07	119.89
84	58	Maintenance	3054-105-01	(-)6.71	(-)10.90
85	58	Execution	3054-001-05	243.41	(-)17.24
86	59	Investigation	2702-02-005	(-)15.07	(-)4.53
87	59	Direction and Administration	2702-80-001	10.07	(-)11.00
88	59	Agriculture Engineering Superintendence	2702-800-01	(-)5.33	(-)16.83
89	59	Land Reclamation	2702-800-12	(-)20.00	11.64
90	59	Statistical Cell (CSS)	2702-800-14	3.00	691.58
91	60	Monitoring Cell	2215-005-11	10.00	2.78
92	60	Operation and Maintenance	2215-102-01	979.40	10.75
93	60	Information, Education and Communication Project (IECP)	2215-800-03	(-)25.49	10.38
94	60	Execution	2215-001-02	934.50	(-)10.60
95	60	Investigation Cell	2215-005-12	10.00	2.78
96	60	Urban Water Supply Programmes	2215-005-101	34.28	(-)4.58
97	63	Science and Technology Cell	3425-800-01	2.52	(-)1.46
98	64	Execution	2059-001-22	243.08	138.73
99	64	Buildings	2059-053-64	31.59	16.35
100	65	DIET (CSS)	2202-02-004	4.86	120.99
101	65	Teachers Training Programme (SCERT)	2202-105-02	(-)5.00	(-)1.00
102	67	Home Guards	2070-107-01	(-)9.93	39.78
103	70	Fruit Canning Factory, Longnak	2401-119-18	(-)8.00	9.90
104	70	Horticulture Development	2401-119-19	184.66	3.82
105	73	Rural Development Training Centre	2515-003-01	142.56	(-)4.64
106	74	Superintending Engineer's Establishment (Mechanical Engineering)	2059-001-32	(-)7.03	1.35
107	78	Direction	2203-001-01	(-)19.28	2.89
108	78	Direction	3425-001-01	(-)729.61	913.82
109	78	Kheloshe Polytechnic	2203-105-01	(-)16.05	(-)99.65
110	78	State Council of Technical Education	2203-800-01	26.70	(-)44.81
			<b>Capital (Voted)</b>		
111	27	Non-functional Buildings (Planning Machinery) (CSS)	4059-051-27	(-)11902.23	31.75
112	31	Direction and Administration	4202-800-01	145.00	(-)99.16
113	31	Upgradation of Standards of Administration Under the Awards of 11 <sup>th</sup> Finance Commission	4202-800-02	190.00	(-)92.59
114	35	Referral Hospital Projects (Non-Lapsable Pool)	4210-800-01	(-)855.72	(-)157.03
115	35	NRHM	4210-800-07	900.00	(-)900.00
116	35	NRHM (CSS)	4210-800-17	(-)900.00	180.42
117	36	Special Development Fund for Nagaland and Schemes Under NLCPR	4217-051-09	(-)396.44	585.46
118	39	Tourist Accommodation	5452-800-06	32.87	(-)32.87
119	50	Works	4403-001-01	450.00	(-)22.59
120	55	Transmission Schemes in Nagaland(CSS/CPS)	4552-800-05	(-)164.00	(-)78.34

121	55	Various Schemes Under REC Loan	4801-800-01	(-)6.59	(-)72.65
122	55	Kutir Jyoti Scheme (CSS)	4801-800-03	26.31	(-)21.28
123	55	Construction of Sub-Transmission Line Under APDRP	4801-800-05	1439.00	(-)1392.86
124	55	Rajiv Gandhi Grammin Vidhyutikaran Yojana (CSS/CPS)	4801-800-06	(-)3827.99	(-)105.14
125	56	Lands and Buildings(CSS)	5055-050-01	(-)200.00	(-)47.96
126	58	Roads and Bridges(CSS)	4552-800-01	615.00	(-)769.20
127	58	Special Programme Roads (Non-Lapsable Pool)	5054-800-02	(-)3219.53	(-)513.22
128	58	Department Schemes	5054-800-01	(-)2261.57	753.69
129	59	Renovation and Up gradation of Capital Asset	4702-800-02	6.00	(-)1.67
130	59	SAP Construction	4702-800-06	(-)30.00	(-)3.25
131	60	Accelerated Rural Water Supply Programme (RGNDWM) (CSS)	4215-800-01	(-)652.95	(-)1099.47
132	60	Augmentation of Water Supply (Non-Lapsable Pool)	4215-800-05	(-)64.00	(-)21.28
133	60	B.M.S. PMGY-Rural Water Supply P.M.G.Y.	4215-800-15	621.45	(-)44.45
134	64	Housing	4059-051-64	(-)639.00	1205.00
135	64	Housing	4216-106-64	639.00	934.35
136	65	Buildings	4202-800-04	5.59	(-)114.34
137	65	DIET (CSS)	4202-800-15	(-)5.59	(-)5.66
138	72	Investment in Nagaland Bamboo Development Agency for Capital Work (CSS)	4552-190-01	(-)200.00	44.44
139	74	Machinery and Equipment	5054-800-01	(-)261.00	8.74
<b>Revenue(Charged)</b>					
140	75	Interest on Ways and Means Advances from Reserve Bank of India	2049-101-115	(-)70.00	(-)3.61
141	75	Interest on Special Securities issued to NSS Fund of the Central Government by State Government	2049-101-123	214.34	(-)202.77
142	75	NABARD Loans	2049-200-12	(-)13.55	(-)3.26
143	75	Interest on Loans for State/Union Territory Plan Schemes	2049-108-101	(-)138.32	(-)1339.90
144	75	Other Non-Plan Loans	2049-104-02	66.93	(-)15.05
145	75	R.E.C. Loans	2049-200-01	133.70	13.02
<b>Capital (Charged)</b>					
146	75	Ways and Means Advances from the Reserve Bank of India	6003-110	(-)30000.00	(-)1541.69
147	75	Block Loans	6004-02-101	38.41	(-)1586.97
148	75	Other Loans	6004-03-800	35.29	(-)8.16
149	75	Consolidated Loans Re-consolidated into 25 years and 30 year Loans	6004-07-107	55.12	(-)1.00
150	75	Share of Small Savings Collections	6004-01-102	(-)9.57	35.94
151	75	Other Loans	6004-04-800	(-)44.64	8.94

**Appendix 2.7**

**(Reference: Paragraph 2.3.10; Page 38)**  
**Results of review of substantial surrenders made during the year**  
**(Rupees in crore)**

<b>SL. No</b>	<b>Number and title of Grant</b>	<b>Name of the scheme (Head of Account)</b>	<b>Amount of Surrender (Rupees in lakh)</b>	<b>Percentage of Surrender</b>
<b>Revenue (Voted)</b>				
1	32-Higher Education	2202, 2225 & 2552 2225-02-277(1) CSS for PM Scholarship Due to non release of G.O.I. Fund Rs 32.26 crore	33.30	57
2	77-Development of Under Developed Areas	2575 2575-03-001(1) Other Special Area Programme. Due to change of Plan Scheme.	7.28	79
3	78-Information Technology and Technical Education	2203 & 3425 3425-60-001(1) Direction, Technical Education. Change of Fund of Scheme of Rs 6.54 crore.	9.55	50
<b>Capital Voted</b>				
4	1-State Legislature	4059	7.15	51
5	8-Sales Tax	4059	0.50	100
6	25-Land Records and Survey	4059	0.27	52
7	27-Planning Machinery	4059 4059-051(27) Planning Machinery, Capital outlay on Public Works. Due to change of Plan Scheme	119.17	77
8	35-Medical, Public Health and Family Welfare	4210	29.00	49
9	38-Information and Public Relations	4220	2.00	91
10	43-Social Security and Welfare	4235	9.82	80
<b>Total</b>			<b>218.04</b>	<b>66</b>

## Appendix 2.8

(Reference: Paragraph 2.3.11; Page38)  
Surrender in excess of actual savings (Rs 50 lakh or more)

(Rupees in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
<b>Revenue (Voted)</b>					
1	32- Higher Education	58.40	18.78	33.30	14.52
2	52- Forest	48.00	11.99	20.06	8.07
3.	78- Information Technology and Technical Education	19.12	1.71	9.55	7.84
<b>Capital (Voted)</b>					
4	36- Urban Development	151.06	60.37	66.14	5.77
5.	56- Road Transport	17.03	3.39	5.15	1.76
	<b>Total</b>	<b>293.61</b>	<b>96.24</b>	<b>134.20</b>	<b>37.96</b>

**Appendix 2.9**

(Reference Paragraph 2.3.12; Page 39)

**Statement of various grants/appropriations in which savings occurred  
but no part of which had been surrendered**

(Rupees in crore)

<b>I - Grant</b>			
<b>Sl. No.</b>	<b>Grant No.</b>	<b>Number and Name of grant/appropriation</b>	<b>Saving</b>
<b>Revenue (Voted)</b>			
1.	9	9-Taxes on Vehicles	0.04
2.	16	16-State Guest House	0.11
3.	20	20-Relief, Rehabilitation	1.37
4.	28	28-Civil Police	4.35
5.	31	31-School Education	5.64
6.	37	37-Local Self Government	0.53
7.	45	45-Co-operation	3.67
8.	53	53-Industries	27.17
9.	55	55-Power Projects	4.19
10.	62	62-Civil Administration Works	1.96
11.	63	63-Science, Technology, Ecology & Environment	0.01
12.	73	73-State Institute of Rural Development	0.05
<b>Total</b>			<b>49.09</b>
<b>Capital (Voted)</b>			
13.	9	9-Taxes on Vehicles	0.13
14.	16	16-State Guest House	0.23
15.	22	22-Civil Supplies	0.05
16.	31	31-School Education	2.08
17.	41	41-Labour	1.00
18.	42	42-Rural Development	0.13
19.	45	45-Co-operation	14.71
20.	50	50-Animal Husbandry and Dairy Development	0.23
21.	52	52-Forest	4.47
22.	62	62-Civil Administration Works	22.80
23.	65	65-SCERT	1.20
24.	66	66-Sericulture	0.16
25.	68	68-Police Engineering Project	4.77
26.	79	79-Border Affairs	1.01
<b>Total</b>			<b>52.97</b>
<b>II – Appropriation</b>			
<b>Revenue (Charged)</b>			
27.	10	10-Public Service Commission	0.06
28.	75	75-Servicing of Debt	17.67
<b>Total</b>			<b>17.73</b>
<b>Grand Total</b>			<b>119.79</b>



## Appendix 2.10

(Reference Paragraph 2.3.12; Page 39)

## Details of saving of Rs 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
	<b>Revenue (voted)</b>			
1	18- Pensions and other Retirement Benefits	61.99	17.22	44.77
2	20- Relief, Rehabilitation	1.37	0.00	1.37
3	27- Planning Machinery	34.11	0.01	34.10
4	28-Civil Police	4.35	0.00	4.35
5	31-School Education	5.64	0.00	5.64
6	34-Art and Culture and Gazetteers Unit	8.32	0.40	7.92
7	42-Rural Development	8.78	0.37	8.41
8	45-Co-operation	3.67	0.00	3.67
9	53-Industries	27.17	0.00	27.17
10	55-Power Projects	4.19	0.00	4.19
11	62-Civil Administration Works	1.96	0.00	1.96
	<b>Capital (Voted)</b>			
12	31-School Education	2.08	0.00	2.08
13	35-Medical, Public Health and Family Welfare	37.61	29.00	8.61
14	41-Labour	1.00	0.00	1.00
15	45-Co-operation	14.71	0.00	14.71
16	52-Forest	4.47	0.00	4.47
17	55-Power Projects	18.28	1.58	16.70
18	58-Roads and Bridges	45.98	40.69	5.29
19	60-Water Supply Schemes	31.99	14.17	17.82
20	62-Civil Administration Works	22.80	0.00	22.80
21	65-SCERT	1.20	0.00	1.20
22	68-Police Engineering Project	4.77	0.00	4.77
23	79-Border Affairs	1.01	0.00	1.01
	<b>Revenue (Charged)</b>			
24	75-Servicing of Debt	17.67	0.00	17.67
	<b>Capital (Charged)</b>			
25	75-Servicing of Debt	323.88	294.00	29.88
	<b>Total</b>	<b>689.00</b>	<b>397.44</b>	<b>291.56</b>

**Appendix 2.11**

*(Reference Paragraph 2.3.12; Page 39)*

**Cases of surrender of funds in excess of Rs 10 crore on 30 and 31 March 2009**

*(Rupees in crore)*

<b>Sl. No.</b>	<b>Grant No.</b>	<b>Major Head</b>	<b>Amount of Surrender</b>	<b>%age of Total Provision</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Revenue (Voted)</b>				
1.	18	2071-Pensions and Other Retirement Benefits	17.22	(6)
2.	32	2552-North Eastern Areas	33.30	(57)
3.	48	2575-Other Special Areas Programmes	10.04	(14)
4.	52	2415-Agricultural Research and Education	20.06	(42)
5.	59	2702-Minor Irrigation	12.35	(15)
<b>Capital (Voted)</b>				
6.	27	4059-Capital Outlay on Public Works	119.17	(77)
7.	35	4552-Capital Outlay on North-Eastern Areas	29.00	(49)
8.	36	4217-Capital Outlay on Urban Development	66.14	(44)
9.	58	5054-Capital Outlay on Roads and Bridges	40.69	(25)
10.	60	4215-Capital Outlay on Water Supply and Sanitation	14.17	(0.14)
11.	77	4575-Capital Outlay on Other Special Areas Programmes	10.24	(22)
<b>Capital (Charged)</b>				
12.	75	6004-Loans and Advances from the Central Government	293.74	(41)
<b>Total</b>			<b>666.12</b>	

## Appendix 2.12

(Reference: Paragraph 2.3.13; Page 39)

## Rush of Expenditure

(Rupees in crore)

Sl. No	Grant Number and Name	Head of account Scheme/Service	Expenditure incurred during Jan-March 2009	Expenditure incurred in March 2009	Total Expenditure	%age of total expenditure incurred during	
						Jan-March 2009	Mar-09
1	27	2575	11.75	11.75	21.44	54.80	54.80
2	33	4202	19.33	19.33	21.10	91.61	91.61
3	37	2515	12.01	12.01	16.01	75.02	75.02
4	42	2505	12.78	10.03	16.00	79.88	62.69
5	43	2235	19.91	12.92	28.01	71.08	46.13
6	43	2236	21.36	21.13	30.20	70.73	69.97
7	48	2401	32.52	23.33	55.71	58.37	41.88
8	49	2402	23.47	11.97	33.72	69.60	35.50
9	50	2403	20.22	13.39	33.46	60.43	40.02
10	53	2851	18.89	12.42	29.88	63.22	41.57
11	53	4860	19.38	13.56	35.35	54.82	38.36
12	60	2215	22.36	2.44	35.08	63.74	6.96
13	72	2501	31.46	17.98	38.74	81.21	46.41

**Appendix 2.13**

*(Reference: Paragraph 2.3.13; Page 39)*

**Cases of Rush of Expenditure towards the end of the financial year 2008-09**

**(Rupees in crore)**

Sl. No	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2015	5.74	3.03	52.79	2.60	45.30
2	2029	10.45	7.28	69.67	4.86	46.51
3	2030	0.37	0.30	81.08	0.27	72.97
4	2047	0.04	0.04	100.00	0.04	100.00
5	2059	54.31	33.88	62.38	18.17	33.46
6	2215	34.10	22.36	65.57	2.45	7.18
7	2235	38.06	24.07	63.24	15.37	40.38
8	2236	31.20	22.06	70.71	21.13	67.72
9	2250	0.01	0.01	100.00	0.01	100.00
10	2401	66.62	38.61	57.96	28.22	42.36
11	2402	33.72	23.47	69.60	11.97	35.50
12	2403	33.46	20.39	60.94	13.40	40.05
13	2425	9.07	5.88	64.83	2.59	28.56
14	2501	39.39	31.46	79.87	17.98	45.65
15	2505	16.00	12.78	79.88	10.03	62.69
16	2575	72.42	43.40	59.93	42.48	58.66
17	2810	1.56	1.12	71.79	0.46	29.49
18	2851	40.14	25.41	63.30	15.55	38.74
19	2853	9.37	6.24	66.60	3.69	39.38
20	3053	5.00	3.29	65.80	0.00	0.00
21	3425	12.98	11.70	90.14	11.35	87.44
22	3475	3.46	2.05	59.25	1.08	31.21
23	4055	49.81	29.58	59.39	0.55	1.10
24	4202	45.45	26.67	58.68	26.61	58.55
25	4401	13.73	8.15	59.36	6.57	47.85
26	4402	0.20	0.17	85.00	0.00	0.00
27	4403	4.77	4.50	94.34	4.50	94.34
28	4405	2.80	2.74	97.86	2.00	71.43
29	4408	3.25	2.66	81.85	2.04	62.77
30	4425	0.59	0.43	72.88	0.43	72.88
31	4515	0.88	0.88	100.00	0.88	100.00
32	4851	1.19	1.19	100.00	0.00	0.00
33	4860	35.35	19.38	54.82	13.56	38.36
34	5425	1.70	1.70	100.00	1.70	100.00
35	5475	1.75	1.06	60.57	0.93	53.14
	<b>Total</b>	<b>678.94</b>	<b>437.94</b>		<b>283.47</b>	

## Appendix - 2.14

*(Reference paragraph 2.4.1; Page 39)***Pending DCC bills for the years up to 2008-09****(Rupees in crore)**

<b>Sl. No.</b>	<b>Department</b>	<b>Number of AC bills</b>	<b>Amount</b>
1	Election	9	4.59
2	Governor Secretariat	1	0.02
3	Home	5	0.89
4	Urban Development	1	0.02
5	Agriculture	1	2.81
6	Tourism	3	0.22
7	Treasury	2	7.03
8	Assembly Secretariat	2	0.28
	<b>Total</b>	<b>24</b>	<b>15.86</b>

**Appendix – 3.1**

**Utilisation certificates outstanding as on 31 March, 2009**

*(Reference: Paragraph 3.1; Page 43)*

*(Rupees in lakh)*

Sl. No	Department	Year of payment of grant	Total grants paid		Utilization certificates			
			Number of cases	Amount	Received		Outstanding	
					Number	Amount	Number	Amount
1	2	3	4	5	6	7	8	9
I	School Education	2004-05	219	70.00	209	68.50	10	1.50
		2005-06	226	75.00	202	57.90	24	17.10
		2006-07	238	90.00	230	87.75	8	2.25
		2007-08	298	105.35	282	87.10	16	18.25
		2008-09	329	125.13	314	101.10	15	24.03
		<b>Total</b>	<b>1310</b>	<b>465.48</b>	<b>1237</b>	<b>402.35</b>	<b>73</b>	<b>63.13</b>
II	Urban Development	2004-05	1	100.00	1	100.00	0	0.00
		2005-06	1	45.00	1	45.00	0	0.00
		2006-07	2	83.50	1	50.00	1	33.50
		2007-08	2	107.50	1	100.00	1	7.50
		2008-09	1	75.00	1	75.00	0	0.00
		<b>Total</b>	<b>7</b>	<b>411.00</b>	<b>5.00</b>	<b>370.00</b>	<b>2</b>	<b>41.00</b>
<b>Grand Total</b>			<b>1317</b>	<b>876.48</b>	<b>1242</b>	<b>772.35</b>	<b>75</b>	<b>104.13</b>

### Appendix - 3.2

(Reference: paragraph 3.2; page 44)

**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, Kohima	2006-07 to 2008-09	NA
2	District Rural Development Agency, Wokha	2005-06 to 2008-09	NA
3	District Rural Development Agency, Mokokchung	2006-07 to 2008-09	NA
4	District Rural Development Agency, Phek	2005-06 to 2008-09	NA
5	District Rural Development Agency, Mon	2007-08 to 2008-09	NA
6	District Rural Development Agency, Longleng	2007-08 to 2008-09	NA
7	District Rural Development Agency, Zunheboto	2007-08 to 2008-09	NA
8	District Rural Development Agency, Tuensang	2006-07 to 2008-09	NA
9	District Rural Development Agency, Peren	2007-08 to 2008-09	NA
10	District Rural Development Agency, Kiphire	2006-07 to 2008-09	NA
11	Development Authority, Dimapur	2006-07 to 2008-09	NA
12	Nehru Yuva Kendra, Mokokchung	2005-06 to 2008-09	NA
13	Naga Hospital Authority, Kohima	2006-07 to 2008-09	NA
14	Nehru Yuva Kendra, Tuensang	2005-06 to 2008-09	NA
15	Nehru Yuva Kendra, Zunheboto	2005-06 to 2008-09	NA
16	Nehru Yuva Kendra, Mon	2005-06 to 2008-09	NA
17	Nagaland Legal Services Authority	2003-04 to 2008-09	NA
18	Nagaland State Aids Control Society, Kohima	2007-08 to 2008-09	NA
19	Kohima Municipal Council	2005-06 to 2008-09	NA
20	Dimapur Municipal Council	2005-06 to 2008-09	NA
21	Mokokchung Municipal Council	2005-06 to 2008-09	NA
22	Nagaland State Welfare Advisory Board, Kohima	2007-08 to 2008-09	NA

**Appendix - 3.3**

*(Reference: Paragraph 3.4; Page 45)*

**Statement of finalization of Accounts and the Government investment in departmentally managed commercial and Quasi-commercial Undertakings**

<b>Sl. No</b>	<b>Name of the Undertaking</b>	<b>Accounts finalized up to</b>	<b>Investment as per the last accounts finalized (Rs in crore)</b>	<b>Remarks/ Reasons for delay in preparation of Accounts</b>
1	Nagaland Industrial Development Corporation Ltd., Dimapur	1999-2000	14.10	Nil
2	Nagaland Handloom & Handicrafts Development Corporation Ltd., Dimapur	1983-84	6.89	Nil
3	Nagaland Industrial Raw Materials & Supply Corporation Ltd., Dimapur	1982-83	1.23	Nil
4	Nagaland Hotels Ltd., Dimapur	1987-88	0.47	Nil
5	Nagaland State Mineral Development Corporation Ltd., Kohima.	1997-98	1.60	Nil



### Appendix - 3.4

(Reference: Paragraph 3.5; page 46)

Department wise/duration wise break-up of the cases of misappropriation, defalcation, etc,  
(Cases where final action was pending at the end of March 2009)

Sl. No	Name of the department	Up to 5 years	5 to 10 years
1	Finance	2	2
2	Industries & Commerce	-	2
3	School Education	5	3
4	Roads & Bridges	-	1
5	Public Health Engineering	-	1
6	Veterinary & Animal Husbandry	-	1
7	Home (police)	-	1
8	Home (General Administration)/Higher Education	1	
8	Horticulture	2	-
9	Home/Power	1	-
10	Irrigation & Flood Control	1	-
11	Health & Family Welfare	2	-
12	Agriculture	1	-
	<b>Total</b>	<b>15</b>	<b>11</b>

**Appendix – 3.5**

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

*(Reference : Paragraph 3.5; Page 46)*

Name of Department	Theft cases		Misappropriation/ fraudulent drawal/ loss of Government material		Total	
	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)
Finance	1	3.50	3	1518.11	4	1521.61
Industries & Commerce	-	-	2	18.24	2	18.24
School Education	-	-	8	690.19	8	690.19
Roads & Bridges	-	-	1	95.13	1	95.13
Public Health Engineering	-	-	1	5.86	1	5.86
Veterinary & Animal Husbandry	-	-	1	4.87	1	4.87
Home (police)	-	-	1	47.37	1	47.37
Home (General Administration)/Higher Education			1	8.02	1	8.02
Horticulture	-	-	2	2701.00	2	2701.00
Home/Power	-	-	1	12.19	1	12.19
Irrigation & Flood Control	-	-	1	44.17	1	44.17
Health & Family Welfare	-	-	2	<b>108.58</b>	2	108.58
Agriculture	-	-	1	217.00	1	217.00
<b>Total</b>	<b>1</b>	<b>3.50</b>	<b>25</b>	<b>5470.73</b>	<b>26</b>	<b>5474.23</b>