

Chapter 3 Financial Management

3.1 Financial Outlay and Expenditure

The Department operates the PDS system in the State with the support of District Supply offices. There was no direct financial role of Government of Nagaland (GON) in the operation of PDS in the State except the transportation cost of APL commodities from FCI to FPS as the same was to be borne by the State as per norms.

The year-wise receipt and expenditure of funds for the period from 2005-11 for implementation of the programmes are detailed below:

Table No. 3.1

(₹ in lakh)

Type of expenditure/ Name of the Programme	Receipts						Total	Expenditure						Total
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	
FUNDS FROM GOI														
Annapurna	56.32	74.94	101.98	0	53.25	0	286.49	45.61	50.21	49.30	54.61	0	65.52	265.25
Village Grain Bank	0	21.00	18.30	2.70	22.69	0	64.69	0	21.0	18.30	2.70	22.69	0	64.69
TOTAL	56.32	95.94	120.28	2.70	75.94	0	351.18	45.61	71.21	67.60	57.31	22.69	65.52	329.94
FUNDS FROM GON														
Transportation	0	500.80	660.82	0	0	0	1161.62	0	500.80	660.82	0	0	0	1161.62
Operational cost of AAY	0	20.36	30.00	40.00	33.41	37.00	160.77	0	20.36	29.94	40.00	33.41	37.00	160.71
TOTAL	0	521.16	690.82	40.00	33.41	37.00	1322.39	0	521.16	690.76	40.00	33.41	37.00	1322.33
Grand Total	56.32	617.10	811.10	42.70	109.35	37.00	1673.57	45.61	592.37	758.36	97.31	56.10	102.52	1652.27

(Source: Departmental records)

It can be seen from the above table that out of the total receipt of ₹351.18 lakh under CSS during 2005-11, ₹286.49 lakh was meant for implementation of the Annapurna Scheme.

- Out of ₹286.49 lakh received by the Department for implementation of Annapurna scheme during 2005-06 to 2010-11, the Department could utilise only ₹265.25 lakh. The Department could not utilise the balance funds of ₹21.24 lakh for Annapurna scheme and instead retained it in the bank as of July 2011 thereby depriving the scheme benefit to the beneficiaries as detailed in Paragraph 7.6.
- Further, out of ₹53.25 lakh received by the Department for implementation of Annapurna scheme during 2009-10, the Department could utilise the funds only during 2010-11. This was due to non-allocation of foodgrains by GOI owing to delay in submission of Utilisation Certificate (UC) by the Department for the year 2008-09. The impact on implementation is discussed in paragraph 7.6 of Chapter-7.

The Department while admitting the facts (December 2011) stated that foodgrains could not be lifted for five months in 2006-07 and 12 months in 2009-10 due to non-allocation

of foodgrains by GOI on account of delay in submission of utilisation certificate by the State Government.

- The State Government also did not release the funds for transportation of foodgrains on a regular basis. A total amount of ₹1161.62 lakh was sanctioned by the State Government during 2006-07 and 2007-08 for clearance of pending transportation charges in respect of BPL, AAY and APL categories for the period from 1990 to 2006.

The Department while admitting the facts (December 2011) stated that due to financial constraints GON could not release the funds and hence the outstanding liability of transportation cost for the years 1988-2006 could be cleared only in 2006 and 2008.

- The State Government did not release any funds for transportation during 2008-11 resulting in accumulation of transportation bills from the year 2006 onwards. Besides, the Department did not maintain proper documentation showing the actual transportation of foodgrains vis-à-vis charges to be paid. Hence, the payment of transportation charges could not be vouched in audit and the amount outstanding as on 31 March 2011 could not be ascertained in audit.

The Department in its reply (December 2011) stated that the outstanding liability of transportation cost as of March 2011 was ₹6.50 crore.

Conclusion

The Department was unable to utilise the entire funds provided by GOI on year to year basis which deprived the beneficiaries of the indented benefits. The State Government also did not release the transportation cost during 2008-2011 which resulted in accumulation of outstanding bills.

Recommendation

The State Government should release funds on a regular basis for clearance of outstanding transportation charges in order to avoid accumulation of bills for long periods.